



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE

April 2, 2009

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 \$16,129,575 for the year ended June 30, 2008, which included \$919,833 in tax credits from the state. The County forwarded \$11,907,304 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,222,271 of the local tax revenue to finance County operations, a two percent decrease from the prior year. Other revenues included charges for service of \$1,195,133, operating grants, contributions and restricted interest of \$3,136,923, capital grants, contributions and restricted interest of \$669,688, local option sales tax of \$281,558, unrestricted investment earnings of \$141,647 and other general revenues of \$205,479.

Expenses for County operations totaled \$9,990,265, a 10 percent increase over the prior year. Expenses included \$4,145,408 for roads and transportation, \$1,437,086 for mental health and \$1,183,547 for public safety and legal services.

The significant increase in expenses is due primarily to increases in secondary roads maintenance and road repair 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>.

###



**GREENE COUNTY**

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

**JUNE 30, 2008**

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-37
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		40-41
Budget to GAAP Reconciliation		42
Notes to Required Supplementary Information – Budgetary Reporting		43
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46-47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	48-49
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	50-51
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	52-53
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	54
Schedule of Expenditures of Federal Awards	6	55-56
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 <u>Government Auditing Standards</u>		57-58
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		61-62
Schedule of Findings and Questioned Costs		63-71
Staff		72

**Greene County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Officials of Greene County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greene County, Iowa, as of and for the year ended June 30, 2008, 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, 2008, 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 10, 2009 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 seven years ended June 30, 2007 (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 10, 2009

---

## **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, 2008. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2008 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 5.3%, or approximately \$550,000, from fiscal 2007 to fiscal 2008. Property tax decreased 2.6%, or approximately \$107,000, from fiscal 2007. Charges for service increased approximately \$445,000 and capital grants, contributions and restricted interest decreased approximately \$986,000.
- The program expenses of the County's governmental activities increased 10.0%, or approximately \$908,000. Roads and transportation expenses increased approximately \$338,000 and non-program expenses increased approximately \$267,000. County environment and education expenses increased approximately \$131,000.
- The County's net assets decreased .8%, or approximately \$138,000, from June 30, 2007 to June 30, 2008.

### **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 which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net 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.

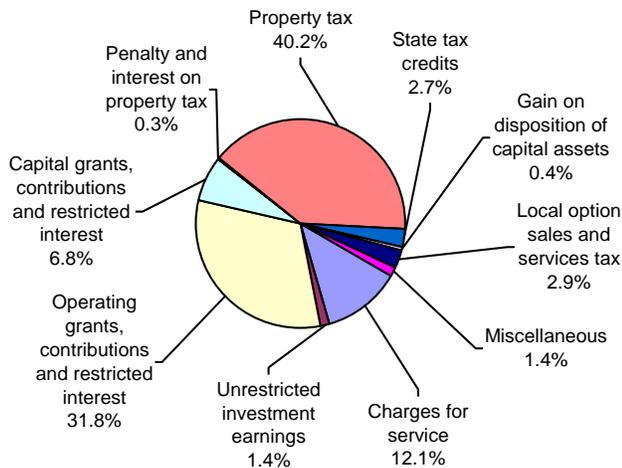
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2008	2007
Current and other assets	\$ 9,071	8,544
Capital assets	13,701	13,856
Total assets	<u>22,772</u>	<u>22,400</u>
Long-term liabilities	507	385
Other liabilities	4,780	4,392
Total liabilities	<u>5,287</u>	<u>4,777</u>
Net assets:		
Invested in capital assets	13,701	13,850
Restricted	2,447	2,442
Unrestricted	1,337	1,331
Total net assets	<u>\$ 17,485</u>	<u>17,623</u>

Net assets of Greene County’s governmental activities decreased approximately \$138,000, or .8%. The largest portion of the County’s net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). 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 \$1,331,000 at June 30, 2007 to approximately \$1,337,000 at the end of this year, an increase of .5%.

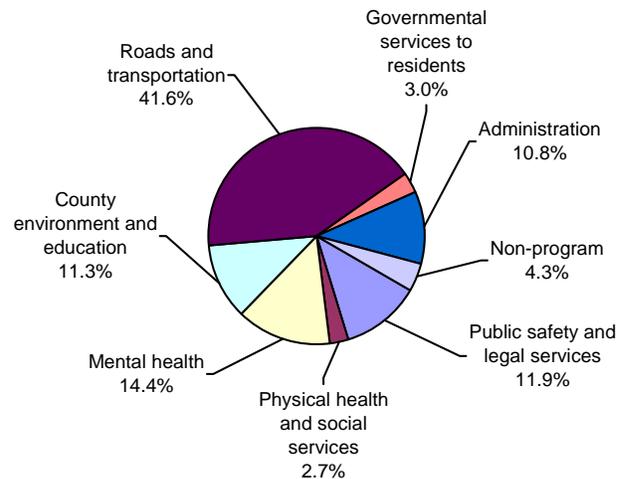
Changes in Net Assets of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2008	2007
Revenues:		
Program revenues:		
Charges for service	\$ 1,195	750
Operating grants, contributions and restricted interest	3,137	3,225
Capital grants, contributions and restricted interest	670	1,656
General revenues:		
Property tax	3,956	4,063
Penalty and interest on property tax	25	9
Local option sales and services tax	281	128
State tax credits	266	250
Unrestricted investment earnings	142	172
Gain on disposition of capital assets	38	94
Miscellaneous	143	56
Total revenues	<u>9,853</u>	<u>10,403</u>
Program expenses:		
Public safety and legal services	1,184	1,117
Physical health and social services	270	281
Mental health	1,437	1,362
County environment and education	1,131	1,000
Roads and transportation	4,145	3,807
Governmental services to residents	294	282
Administration	1,077	1,073
Non-program	428	161
Interest on long-term debt	25	-
Total expenses	<u>9,991</u>	<u>9,083</u>
Increase in net assets	(138)	1,320
Net assets beginning of year	17,623	16,303
Net assets end of year	<u>\$ 17,485</u>	<u>17,623</u>

**Revenues by Source**



**Expenditures by Program**



Greene County decreased property taxes levied county-wide by \$56,106, or 1.9%, and decreased rural property taxes levied by \$36,469, or 2.9%. Taxable value (without gas and electric utilities) for each and total dollars levied are as follows:

	For Taxes Levied	
	FY 2008	FY 2007
County-wide taxable value	\$ 406,244,971	403,095,695
Dollars levied county-wide	2,864,193	2,920,299
Rural taxable value	280,604,477	276,792,960
Dollars levied rural area only	1,222,111	1,258,580
Total dollars levied	4,086,304	4,178,879

County-wide property tax revenue is budgeted to increase approximately \$191,000 in FY09, while rural services property tax revenue is budgeted to increase approximately \$60,000. County-wide taxable value (without gas and electric utilities) increased in FY09 to \$457,479,667 (12.6%).

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Greene County completed the year, its governmental funds reported a combined fund balance of approximately \$3.41 million, a decrease of approximately \$456,000 from last year's total of approximately \$3.86 million. The following are reasons for the more significant changes in fund balances of the major funds from the prior year:

- General Fund revenues decreased approximately \$18,000 while expenditures increased approximately \$53,000. The ending fund balance decreased approximately \$77,000 from the prior year to approximately \$1,352,000.
- 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 71% of the maximum allowable levy in an effort to gain additional mental health growth dollars. The ending fund balance decreased approximately \$328,000, or 256%, from the prior year to an approximately \$200,000 deficit.
- The Rural Services Fund balance increased approximately \$40,000, while transfers to the Secondary Roads Fund from the Rural Services Fund increased \$17,000. A portion of local option sales and services tax was used to bolster this fund balance without further raising the levy rate.
- Secondary Roads Fund expenditures increased approximately \$418,000 over the prior year as a result of escalating fuel costs and the need to replace road maintenance equipment. The Secondary Roads fund balance at year end decreased approximately \$265,000.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Greene County amended its budget two times. A September 2007 amendment resulted in an increase in budgeted receipts of \$150,000 and an increase in budgeted disbursements of \$150,000. The amendment reflected completion of the Lincoln Highway Interpretive Site. The May 2008 amendment decreased receipt estimates \$253,000 and increased overall disbursements \$140,200. Mental health, roads and transportation, administration and public safety and legal services disbursements increased \$150,000, \$100,000, \$12,000 and \$4,200, respectively, while capital projects and county environment and education disbursements decreased \$90,000 and \$36,000, respectively.

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

- County-wide taxable valuation rose nearly \$3.15 million (.78%) from the prior year's taxable valuation. Likewise, rural taxable valuation gained approximately \$3.8 million (1.4%). 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.
- A local option sales and services tax that became effective January 1, 2007 is being used for rural tax relief and rural betterment. This year's collections were used to complete some Secondary Roads projects and to help the rural fund balance.

The County's cash basis receipts were approximately \$19,000 more than budgeted, a variance of .2%. A budget amendment in May brought actual receipts on target with budgeted receipts.

Total cash basis disbursements were approximately \$409,000 less than the amended budget, a variance of 4.4%. The largest variance occurred within the county environment and education function where housing grant disbursements were approximately \$80,000 less than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2008, Greene County had approximately \$13.7 million invested in a broad range of capital assets, including public safety equipment, building, park facilities, roads and bridges. This is a net decrease (including additions and deletions) of approximately \$155,000, or 1.1%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2008	2007
Land	\$ 1,325	1,325
Buildings and improvements	1,147	1,128
Equipment and vehicles	3,269	3,041
Construction in progress	-	1,354
Infrastructure	7,960	7,008
Total	\$ 13,701	13,856

This year's major additions include equipment for Secondary Roads totaling \$863,577.

The County had depreciation expense of \$1,015,051 in FY08 and total accumulated depreciation of \$9,076,279 at June 30, 2008. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

**Long-Term Debt**

At June 30, 2008, Greene County had \$280,371 of outstanding debt compared to \$183,482 at June 30, 2007, as shown below.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2008	2007
Capital lease purchase agreement	\$ -	5,517
Drainage warrants	280,371	177,965
Total	\$ 280,371	183,482

**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 2009 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 FY09 countywide and rural valuations (without gas and electric utilities) rose 12.6% and 12.7%, 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. Those rates have been restored to the maximum in FY09.

In fiscal year 2004, the county-wide valuation was \$480,697,522 and the rural valuation was \$363,979,781. For fiscal year 2009, the county-wide valuation is \$457,479,667 and the rural valuation is \$316,224,202. While the valuations have slowly increased since fiscal year 2005, they remain much lower than fiscal 2004 levels.

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. While budgeted, these funds have not been expended as the Streetscape project has not begun.

**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**

Greene County  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 3,009,582
Receivables:	
Property tax:	
Delinquent	1,542
Succeeding year	4,227,000
Interest and penalty on property tax	2,557
Accounts	5,099
Accrued interest	6,414
Drainage assessments	280,139
Due from other governments	913,636
Inventories	625,309
Capital assets (net of accumulated depreciation)	<u>13,700,581</u>
<b>Total assets</b>	<u>22,771,859</u>
<b>Liabilities</b>	
Accounts payable	298,337
Salaries and benefits payable	7,200
Due to other governments	247,109
Deferred revenue:	
Succeeding year property tax	4,227,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	163,479
Portion due or payable after one year:	
Drainage warrants	280,371
Compensated absences	<u>63,291</u>
<b>Total liabilities</b>	<u>5,286,787</u>
<b>Net Assets</b>	
Invested in capital assets	13,700,581
Restricted for:	
Supplemental levy purposes	359,205
Secondary roads purposes	1,412,183
Other purposes	675,781
Unrestricted	<u>1,337,322</u>
<b>Total net assets</b>	<u>\$ 17,485,072</u>

See notes to financial statements.

Greene County

Statement of Activities

Year ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Expenses				
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 1,183,547	154,131	30,780	- (998,636)
Physical health and social services	269,850	6,217	32,091	- (231,542)
Mental health	1,437,086	40,653	618,231	- (778,202)
County environment and education	1,130,860	98,090	13,046	567,525 (452,199)
Roads and transportation	4,145,408	226,509	2,442,775	101,263 (1,374,861)
Governmental services to residents	293,658	196,345	-	900 (96,413)
Administration	1,076,837	15,747	-	- (1,061,090)
Non-program	427,591	457,441	-	- 29,850
Interest on long-term debt	25,428	-	-	- (25,428)
<b>Total</b>	<b>\$ 9,990,265</b>	<b>1,195,133</b>	<b>3,136,923</b>	<b>669,688 (4,988,521)</b>
<b>General Revenues:</b>				
Property and other county tax levied for general purposes				3,956,432
Penalty and interest on property tax				25,246
Local option sales and services tax				281,558
State tax credits				265,839
Unrestricted investment earnings				141,647
Gain on disposition of capital assets				37,697
Miscellaneous				142,536
<b>Total general revenues</b>				<b>4,850,955</b>
Change in net assets				(137,566)
Net assets beginning of year				17,622,638
Net assets end of year				<b>\$ 17,485,072</b>

See notes to financial statements.

Greene County  
Balance Sheet  
Governmental Funds

June 30, 2008

<b>Assets</b>	General	Mental Health
Cash and pooled investments	\$ 1,391,339	55,867
Receivables:		
Property tax:		
Delinquent	901	223
Succeeding year	2,386,000	592,000
Interest and penalty on property tax	2,557	-
Accounts	2,233	1,285
Accrued interest	5,712	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	404,768	9,850
Inventories	-	-
<b>Total assets</b>	<b>\$ 4,193,510</b>	<b>659,225</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 80,236	36,547
Salaries and benefits payable	5,123	-
Due to other funds	3,231	-
Due to other governments	17,206	229,369
Deferred revenue:		
Succeeding year property tax	2,386,000	592,000
Other	350,143	1,380
Total liabilities	<u>2,841,939</u>	<u>859,296</u>
Fund balances:		
Reserved for:		
Supplemental levy purposes	369,474	-
Inventories	-	-
Drainage warrants	-	-
Unreserved, reported in:		
General fund	982,097	-
Special revenue funds	-	(200,071)
Capital projects fund	-	-
Total fund balances	<u>1,351,571</u>	<u>(200,071)</u>
<b>Total liabilities and fund balances</b>	<b>\$ 4,193,510</b>	<b>659,225</b>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
282,710	641,029	638,637	3,009,582
418	-	-	1,542
1,249,000	-	-	4,227,000
-	-	-	2,557
-	1,581	-	5,099
-	687	15	6,414
-	-	280,139	280,139
-	8,620	-	8,620
5,556	447,957	45,505	913,636
-	625,309	-	625,309
1,537,684	1,725,183	964,296	9,079,898
8,872	164,539	8,143	298,337
2,077	-	-	7,200
5,389	-	-	8,620
-	534	-	247,109
1,249,000	-	-	4,227,000
418	251,679	280,139	883,759
1,265,756	416,752	288,282	5,672,025
16,269	-	-	385,743
-	625,309	-	625,309
-	-	436,713	436,713
-	-	-	982,097
255,659	683,122	229,298	968,008
-	-	10,003	10,003
271,928	1,308,431	676,014	3,407,873
1,537,684	1,725,183	964,296	9,079,898

**Greene County**

Greene County

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

June 30, 2008

**Total governmental fund balances (page 19)** \$ 3,407,873

***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 governmental funds. The cost of assets is \$22,776,860 and the accumulated depreciation is \$9,076,259. 13,700,581

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 883,759

Long-term liabilities, including drainage warrants and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (507,141)

**Net assets of governmental activities (page 16)** \$ 17,485,072

See notes to financial statements.

Greene County

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

Year ended June 30, 2008

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,358,383	417,281
Local option sales and services tax	-	-
Interest and penalty on property tax	24,310	-
Intergovernmental	461,018	687,303
Licenses and permits	5,767	-
Charges for service	325,982	-
Use of money and property	145,363	-
Miscellaneous	17,187	4,461
Total revenues	<u>3,338,010</u>	<u>1,109,045</u>
Expenditures:		
Operating:		
Public safety and legal services	844,733	-
Physical health and social services	269,015	-
Mental health	-	1,437,086
County environment and education	813,008	-
Roads and transportation	-	-
Governmental services to residents	286,435	-
Administration	1,100,080	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>3,313,271</u>	<u>1,437,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,739</u>	<u>(328,041)</u>
Other financing sources (uses):		
Drainage warrants issued	-	-
Operating transfers in	-	-
Operating transfers out	(102,000)	-
Total other financing sources (uses)	<u>(102,000)</u>	<u>-</u>
Net change in fund balances	(77,261)	(328,041)
Fund balances beginning of year	<u>1,428,832</u>	<u>127,970</u>
Fund balances end of year	<u>\$ 1,351,571</u>	<u>(200,071)</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,180,477	-	-	3,956,141
-	-	281,558	281,558
-	-	-	24,310
184,027	2,389,872	24,039	3,746,259
-	37,983	-	43,750
-	-	2,683	328,665
-	15,553	239	161,155
-	188,525	367,287	577,460
1,364,504	2,631,933	675,806	9,119,298
305,298	-	5,929	1,155,960
-	-	-	269,015
-	-	-	1,437,086
265,812	-	-	1,078,820
-	3,950,150	-	3,950,150
-	-	4,831	291,266
-	-	-	1,100,080
-	-	147,472	147,472
-	-	370,306	370,306
571,110	3,950,150	528,538	9,800,155
793,394	(1,318,217)	147,268	(680,857)
-	-	224,450	224,450
116,500	1,053,500	52,000	1,222,000
(870,000)	-	(250,000)	(1,222,000)
(753,500)	1,053,500	26,450	224,450
39,894	(264,717)	173,718	(456,407)
232,034	1,573,148	502,296	3,864,280
271,928	1,308,431	676,014	3,407,873

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, 2008

**Net change in fund balances - Total governmental funds (page 23)** \$ (456,407)

**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. Depreciation expense exceeded capital outlay expenditures and contributed capital assets in the current year, as follows:

Expenditures for capital assets	\$ 722,300	
Capital assets contributed by the Iowa Department of Transportation	101,263	
Depreciation expense	<u>(1,015,051)</u>	(191,488)

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. 36,197

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	291	
Other	<u>595,650</u>	595,941

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	(224,450)	
Repaid	<u>127,561</u>	(96,889)

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	(25,287)	
Interest on long-term debt	<u>367</u>	<u>(24,920)</u>

**Change in net assets of governmental activities (page 17)** \$ (137,566)

See notes to financial statements.

Greene County  
 Statement of Fiduciary Assets and Liabilities  
 Agency Funds  
 June 30, 2008

**Assets**

Cash and pooled investments:

County Treasurer	\$ 720,734
Other County officials	11,596

Receivables:

Property tax:	
Delinquent	4,216
Succeeding year	11,259,000
Accounts	70
Special assessments	9,961

<b>Total assets</b>	12,005,577
---------------------	------------

**Liabilities**

Accounts payable	2,513
Due to other governments	11,982,349
Trusts payable	10,402
Compensated absences	10,313

<b>Total liabilities</b>	12,005,577
--------------------------	------------

<b>Net assets</b>	\$ -
-------------------	------

See notes to financial statements.

Greene County

Notes to Financial Statements

June 30, 2008

**(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* consists of capital assets, net of accumulated depreciation.

*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, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2007.

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, 2008, 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, 2008. 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, 2008 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, 2008 the County had the following investments:

Type	Fair Value	Maturity
FNMA interest only strip	\$ 112	February 2017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$602,275 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 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, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue: Secondary Roads	General	\$ 3,231
	Special Revenue: Rural Services	5,389
Total		<u>\$ 8,620</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, 2008 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 50,000
	Special Revenue:	
	Local Option Sales Tax	133,500
	Rural Services	870,000
Rural Services	Special Revenue:	
	Local Option Sales Tax	116,500
Conservation Land Acquisition	General	47,000
Capital Projects	General	5,000
Total		<u>\$ 1,222,000</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, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,325,206	-	-	1,325,206
Construction in progress	1,353,893	101,263	(1,455,156)	-
Total capital assets not being depreciated	<u>2,679,099</u>	<u>101,263</u>	<u>(1,455,156)</u>	<u>1,325,206</u>
Capital assets being depreciated:				
Buildings	1,976,176	51,333	-	2,027,509
Improvements other than buildings	83,059	-	-	83,059
Equipment and vehicles	6,851,814	925,967	(412,557)	7,365,224
Infrastructure, road network	10,520,706	1,455,156	-	11,975,862
Total capital assets being depreciated	<u>19,431,755</u>	<u>2,432,456</u>	<u>(412,557)</u>	<u>21,451,654</u>
Less accumulated depreciation for:				
Buildings	931,488	32,462	-	963,950
Equipment and vehicles	3,810,924	479,139	(193,754)	4,096,309
Infrastructure, road network	3,512,570	503,450	-	4,016,020
Total accumulated depreciation	<u>8,254,982</u>	<u>1,015,051</u>	<u>(193,754)</u>	<u>9,076,279</u>
Total capital assets being depreciated, net	<u>11,176,773</u>	<u>1,417,405</u>	<u>(218,803)</u>	<u>12,375,375</u>
Governmental activities capital assets, net	<u>\$ 13,855,872</u>	<u>1,518,668</u>	<u>(1,673,959)</u>	<u>13,700,581</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 49,619
Physical health and social services	600
County environment and education	32,514
Roads and transportation	837,614
Governmental services to residents	850
Administration	93,854
Total depreciation expense - governmental activities	<u>\$ 1,015,051</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	\$ 17,206
Special Revenue:		
Mental Health	Services	229,369
Secondary Roads	Services	534
		<u>229,903</u>
Total for governmental funds		<u>\$ 247,109</u>
Agency:		
County Assessor	Collections	\$ 397,658
Schools		6,966,555
Community Colleges		453,498
Corporations		2,168,075
Auto License and Use Tax		202,312
County Hospital		1,396,480
All other		397,771
Total for agency funds		<u>\$ 11,982,349</u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Capital Lease Purchase Agreement	Drainage Warrants	Compensated Absences	Total
Balance beginning of year	\$ 5,517	177,965	201,483	384,965
Increases	-	224,450	211,501	435,951
Decreases	5,517	122,044	186,214	313,775
Balance end of year	\$ -	280,371	226,770	507,141
Due within one year	\$ -	-	163,479	163,479

Capital Lease Purchase Agreement

On May 11, 2005, the County entered into a capital lease purchase agreement to lease a Toro Groundmaster. During the year ended June 30, 2008, the County paid the final payment of \$5,517 on the lease purchase agreement.

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**

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, 2008, the E911 Service Board paid principal of \$23,531 on the loan.

The County is contingently liable on the \$158,165 note outstanding at June 30, 2008. 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.

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, 2008 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
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		\$ 685,000	66,525	751,525

**(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 3.90% of their annual covered salary and the County is required to contribute 6.05% 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, 2008, 2007 and 2006 were \$169,577, \$163,127 and \$153,879, 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 563 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 200 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, 2008 were \$128,591.

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 \$10,000,000 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, 2008, no liability has been recorded in the County's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

**(11) Deficit Fund Balance**

The Mental Health Fund had a deficit balance of \$200,071 at June 30, 2008. The deficit balance was a result of costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of funds.

**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, 2008

	Actual	Less Funds not Required to be Budgeted	Net
<b>Receipts:</b>			
Property and other county tax	\$ 4,227,803	-	4,227,803
Interest and penalty on property tax	24,510	-	24,510
Intergovernmental	3,698,459	-	3,698,459
Licenses and permits	44,722	-	44,722
Charges for service	328,765	-	328,765
Use of money and property	162,965	-	162,965
Miscellaneous	587,170	359,938	227,232
Total receipts	<u>9,074,394</u>	<u>359,938</u>	<u>8,714,456</u>
<b>Disbursements:</b>			
Public safety and legal services	1,148,262	-	1,148,262
Physical health and social services	261,974	-	261,974
Mental health	1,375,960	-	1,375,960
County environment and education	1,094,318	-	1,094,318
Roads and transportation	3,687,292	-	3,687,292
Governmental services to residents	291,754	-	291,754
Administration	1,105,774	-	1,105,774
Debt service	25,428	25,428	-
Capital projects	363,003	347,689	15,314
Total disbursements	<u>9,353,765</u>	<u>373,117</u>	<u>8,980,648</u>
Excess (deficiency) of receipts over (under) disbursements	(279,371)	(13,179)	(266,192)
Other financing sources, net	<u>102,406</u>	<u>102,406</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(176,965)	89,227	(266,192)
Balance beginning of year	<u>3,186,547</u>	<u>355,917</u>	<u>2,830,630</u>
Balance end of year	<u>\$ 3,009,582</u>	<u>445,144</u>	<u>2,564,438</u>

See accompanying independent auditor's report.

---

Budgeted Amounts		Final to Net Variance
Original	Final	
4,223,678	4,243,678	(15,875)
5,000	10,000	14,510
3,840,516	3,702,516	(4,057)
9,565	40,565	4,157
338,327	338,327	(9,562)
125,718	151,718	11,247
255,200	208,200	19,032
<u>8,798,004</u>	<u>8,695,004</u>	<u>19,452</u>
1,169,427	1,173,627	25,365
330,192	330,192	68,218
1,226,500	1,376,500	540
1,120,430	1,234,430	140,112
3,662,750	3,762,750	75,458
304,071	304,071	12,317
1,170,983	1,182,983	77,209
-	-	-
115,000	25,000	9,686
<u>9,099,353</u>	<u>9,389,553</u>	<u>408,905</u>
(301,349)	(694,549)	428,357
-	-	-
(301,349)	(694,549)	428,357
2,551,697	2,796,384	34,246
<u>2,250,348</u>	<u>2,101,835</u>	<u>462,603</u>

---

Greene County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2008

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,074,394	44,904	9,119,298
Expenditures	9,353,765	446,390	9,800,155
Net	(279,371)	(401,486)	(680,857)
Other financing sources, net	102,406	122,044	224,450
Beginning fund balances	3,186,547	677,733	3,864,280
Ending fund balances	\$ 3,009,582	398,291	3,407,873

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2008

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 \$290,200. 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, 2008, disbursements did not exceed the amounts budgeted by function.

**Greene County**

**Other Supplementary Information**

Greene County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2008

	Special			
	County Recorder's Records Management	REAP	Forfeiture	Drainage Districts
<b>Assets</b>				
Cash and pooled investments	\$ 11,808	60,136	4,689	439,712
Receivables:				
Accrued interest	10	5	-	-
Drainage assessments	-	-	-	280,139
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 11,818</b>	<b>60,141</b>	<b>4,689</b>	<b>719,851</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	-	44	2,999
Deferred revenue	-	-	-	280,139
Total liabilities	-	-	44	283,138
Fund equity:				
Fund balances:				
Reserved for drainage warrants	-	-	-	436,713
Unreserved, reported in:				
Special revenue funds	11,818	60,141	4,645	-
Capital projects fund	-	-	-	-
Total fund equity	11,818	60,141	4,645	436,713
<b>Total liabilities and fund equity</b>	<b>\$ 11,818</b>	<b>60,141</b>	<b>4,689</b>	<b>719,851</b>

See accompanying independent auditor's report.

Revenue					
Conservation Land Acquisition	Local Option Sales and Services Tax	K-9	Raccoon River Valley Trail Foundation	Capital Projects	Total
85,009	21,375	471	5,434	10,003	638,637
-	-	-	-	-	15
-	-	-	-	-	280,139
-	45,505	-	-	-	45,505
85,009	66,880	471	5,434	10,003	964,296
5,100	-	-	-	-	8,143
-	-	-	-	-	280,139
5,100	-	-	-	-	288,282
-	-	-	-	-	436,713
79,909	66,880	471	5,434	-	229,298
-	-	-	-	10,003	10,003
79,909	66,880	471	5,434	10,003	676,014
85,009	66,880	471	5,434	10,003	964,296

Greene County

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

Year ended June 30, 2008

	County Recorder's Records Management	REAP	Forfeiture	Special Drainage Districts
Revenues:				
Local option sales tax	\$ -	-	-	-
Intergovernmental	-	24,039	-	-
Charges for service	2,683	-	-	-
Use of money and property	176	63	-	-
Miscellaneous	-	-	2,506	355,034
Total revenues	<u>2,859</u>	<u>24,102</u>	<u>2,506</u>	<u>355,034</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	1,872	-
Governmental services to residents	4,831	-	-	-
Debt service	-	-	-	147,472
Capital projects	-	1,122	-	348,119
Total expenditures	<u>4,831</u>	<u>1,122</u>	<u>1,872</u>	<u>495,591</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,972)</u>	<u>22,980</u>	<u>634</u>	<u>(140,557)</u>
Other financing sources:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Drainage warrants issued	-	-	-	224,450
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,450</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(1,972)</u>	<u>22,980</u>	<u>634</u>	<u>83,893</u>
Fund balances beginning of year	<u>13,790</u>	<u>37,161</u>	<u>4,011</u>	<u>352,820</u>
Fund balances end of year	<u>\$ 11,818</u>	<u>60,141</u>	<u>4,645</u>	<u>436,713</u>

See accompanying independent auditor's report.

Revenue					
Conservation Land Acquisition	Local Option Sales and Services Tax	K-9	Raccoon River Valley Trail Foundation	Capital Projects	Total
-	281,558	-	-	-	281,558
-	-	-	-	-	24,039
-	-	-	-	-	2,683
-	-	-	-	-	239
391	-	4,448	4,908	-	367,287
391	281,558	4,448	4,908	-	675,806
-	-	4,057	-	-	5,929
-	-	-	-	-	4,831
-	-	-	-	-	147,472
18,494	-	-	2,571	-	370,306
18,494	-	4,057	2,571	-	528,538
(18,103)	281,558	391	2,337	-	147,268
47,000	-	-	-	5,000	52,000
-	(250,000)	-	-	-	(250,000)
-	-	-	-	-	224,450
47,000	(250,000)	-	-	5,000	26,450
28,897	31,558	391	2,337	5,000	173,718
51,012	35,322	80	3,097	5,003	502,296
79,909	66,880	471	5,434	10,003	676,014

Greene County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,958	139,044	100,000
Other County officials	11,596	-	-	-
Receivables:				
Property tax:				
Delinquent	-	51	109	2,555
Succeeding year	-	134,000	271,000	6,864,000
Accounts	70	-	-	-
Special assessments	-	-	-	-
<b>Total assets</b>	<b>\$ 11,666</b>	<b>136,009</b>	<b>410,153</b>	<b>6,966,555</b>
<b>Liabilities</b>				
Accounts payable	\$ 315	-	2,182	-
Due to other governments	4,058	136,009	397,658	6,966,555
Trusts payable	7,293	-	-	-
Compensated absences	-	-	10,313	-
<b>Total liabilities</b>	<b>\$ 11,666</b>	<b>136,009</b>	<b>410,153</b>	<b>6,966,555</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	City Special Assess- ments	Auto License and Use Tax	County Hospital	Other	Total
4,382	24,110	3,023	6,027	202,312	173,158	66,720	720,734
-	-	-	-	-	-	-	11,596
116	965	97	-	-	322	1	4,216
449,000	2,143,000	173,000	-	-	1,223,000	2,000	11,259,000
-	-	-	-	-	-	-	70
-	-	-	9,961	-	-	-	9,961
<b>453,498</b>	<b>2,168,075</b>	<b>176,120</b>	<b>15,988</b>	<b>202,312</b>	<b>1,396,480</b>	<b>68,721</b>	<b>12,005,577</b>
-	-	-	-	-	-	16	2,513
453,498	2,168,075	176,120	15,988	202,312	1,396,480	65,596	11,982,349
-	-	-	-	-	-	3,109	10,402
-	-	-	-	-	-	-	10,313
<b>453,498</b>	<b>2,168,075</b>	<b>176,120</b>	<b>15,988</b>	<b>202,312</b>	<b>1,396,480</b>	<b>68,721</b>	<b>12,005,577</b>

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2008

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 17,704	119,939	365,817	6,147,305
Additions:				
Property and other county tax	-	134,125	268,059	6,864,656
State tax credits	-	7,916	16,750	404,638
E911 surcharge	-	-	-	-
Office fees and collections	260,861	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	246,923	-	-	-
Miscellaneous	-	-	155	-
Total additions	507,784	142,041	284,964	7,269,294
Deductions:				
Agency remittances:				
To other funds	130,947	-	-	-
To other governments	138,965	125,971	240,628	6,450,044
Trusts paid out	243,910	-	-	-
Total deductions	513,822	125,971	240,628	6,450,044
Balances end of year	\$ 11,666	136,009	410,153	6,966,555

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
268,420	2,272,466	169,738	5,423	201,367	1,254,617	64,203	10,886,999
449,144	2,138,863	173,151	-	-	1,222,932	2,380	11,253,310
17,720	123,199	11,433	-	-	72,246	92	653,994
-	-	-	-	-	-	91,487	91,487
-	-	-	-	-	-	2,305	263,166
-	-	-	-	2,602,246	-	-	2,602,246
-	-	-	19,545	-	-	-	19,545
-	-	-	-	-	-	-	246,923
-	-	-	-	-	-	26,597	26,752
466,864	2,262,062	184,584	19,545	2,602,246	1,295,178	122,861	15,157,423
-	-	-	-	101,839	-	-	232,786
281,786	2,366,453	178,202	8,980	2,499,462	1,153,315	118,343	13,562,149
-	-	-	-	-	-	-	243,910
281,786	2,366,453	178,202	8,980	2,601,301	1,153,315	118,343	14,038,845
453,498	2,168,075	176,120	15,988	202,312	1,396,480	68,721	12,005,577

Greene County

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

For the Last Eight Years

	2008	2007	2006	Modified 2005
<b>Revenues:</b>				
Property and other county tax	\$ 3,956,141	4,069,403	3,986,253	3,640,552
Local option sales and services tax	281,558	127,529	-	-
Interest and penalty on property tax	24,310	24,353	35,501	29,058
Intergovernmental	3,746,259	3,796,036	3,914,161	3,441,682
Licenses and permits	43,750	37,922	35,578	32,157
Charges for service	328,665	339,564	343,893	318,495
Use of money and property	161,155	198,307	122,668	80,580
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	577,460	297,837	252,281	185,920
<b>Total</b>	<b>\$ 9,119,298</b>	<b>8,890,951</b>	<b>8,690,335</b>	<b>7,728,444</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,155,960	1,073,381	1,019,817	964,140
Physical health and social services	269,015	275,513	259,664	250,503
Mental health	1,437,086	1,362,286	1,276,025	1,189,201
County environment and education	1,078,820	964,617	739,948	691,979
Roads and transportation	3,950,150	3,399,286	3,325,074	2,999,673
Governmental services to residents	291,266	273,210	340,250	271,529
Administration	1,100,080	1,213,871	1,086,544	1,044,304
Non-program	-	4,296	28,753	7,601
Debt service	147,472	12,604	369,683	48,197
Capital projects	370,306	223,843	425,752	222,409
<b>Total</b>	<b>\$ 9,800,155</b>	<b>8,802,907</b>	<b>8,871,510</b>	<b>7,689,536</b>

See accompanying independent auditor's report.

Accrual Basis			
2004	2003	2002	2001
3,877,732	3,902,119	3,919,675	3,810,728
-	-	-	-
27,398	27,660	22,838	20,086
3,694,585	3,860,912	3,809,673	3,754,997
17,760	8,082	2,722	1,517
331,423	378,589	277,477	282,444
44,253	65,497	101,981	161,709
-	-	4,475	11,984
218,601	787,417	531,250	382,774
8,211,752	9,030,276	8,670,091	8,426,239
1,039,041	1,007,160	1,005,995	967,785
279,004	163,267	146,692	159,243
1,195,522	1,305,554	1,204,554	1,331,577
648,394	700,151	642,927	684,435
3,368,306	2,967,035	3,934,224	2,745,011
234,034	223,006	216,302	216,062
991,378	965,603	985,066	146,189
12,717	89,196	88,079	328,630
59,597	514,055	344,386	903,977
601,710	613,615	744,749	373,195
8,429,703	8,548,642	9,312,974	7,856,104

**Schedule 6**

Greene County  
Schedule of Expenditures of Federal Award  
Year Ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Justice:			
Public Safety Partnership and Community			
Policing Grants	16.710	2004UMWX0015	\$ <u>22,224</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>3,073</u>
U.S. Housing and Urban Development:			
Iowa Department of Economic Development:			
HOME Investment Partnerships Program	14.239	07-HM-117	<u>209,790</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	97-EC-06	<u>250,027</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	2,016
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 08-157, Task 74	<u>842</u>
			<u>2,858</u>
U.S. General Services Administration:			
Iowa Secretary of State:			
Help America Vote Act Requirements Payments	90.401	06-HAVA-37-100	<u>900</u>

Greene County  
 Schedule of Expenditures of Federal Award  
 Year Ended June 30, 2008

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		<u>3,356</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		<u>811</u>
Foster Care - Title IV-E	93.658		<u>1,948</u>
Adoption Assistance	93.659		<u>463</u>
State Children's Insurance Program	93.767		<u>28</u>
Medical Assistance Program	93.778		<u>4,258</u>
Social Services Block Grant	93.667		<u>2,201</u>
Social Services Block Grant	93.667		<u>40,653</u>
			<u>42,854</u>
U.S. Department of Homeland Security:			
Iowa Department of Public Defense - Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DR-IA	<u>226,511</u>
Total indirect			<u>746,877</u>
Total			<u>\$ 769,101</u>

**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.

**Greene County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

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

To the Officials of Greene County:

We have audited 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, 2008, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 10, 2009. 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 a deficiency we consider to be a material weakness.

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 item II-A-08 is a material weakness.

#### Compliance and Other Matters

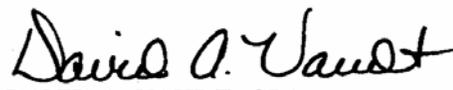
As part of obtaining reasonable assurance about whether Greene County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in 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, 2008 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

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 10, 2009

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

**Greene County**



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on 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 programs for the year ended June 30, 2008. Greene County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs 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 each of its major federal programs for the year ended June 30, 2008.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance we consider to be a significant deficiency and a material weakness.

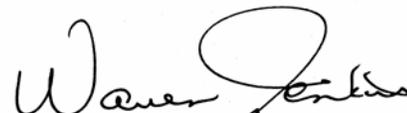
A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

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. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a material weakness.

Greene County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the County's response, we did not audit Greene County's response and, accordingly, we express no opinion on it.

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 10, 2009

Greene County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**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 a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements, which is considered to be a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 20.205 – Highway Planning and Construction and CFDA Number 97.036 – U.S. Department of Homeland Security, Public Assistance (Presidentially Declared Disasters).
- (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, 2008

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

**SIGNIFICANT DEFICIENCIES:**

II-A-08 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 tax mail receipts, disbursements and investments.

County Sheriff - I have continued to assist with the opening of the daily mail and with checking our receipts and cash book. I also will start recording and will make a secondary review of each month’s reconciliation bank statements.

I also continue to 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 that I am reviewing it.

We also have started to record all incoming checks and monies in a mail log that is cross-referenced with where the money is deposited.

County Extension Office – Our office implemented greater segregation of duties a couple of years ago for mail opening, taking in cash, and periodic reconciliation of the cash box.

We have further implemented a division of duties with the new accounting system over the last three months. Our part-time office assistant enters the receipts into the software program as well as generally preparing the bank deposit. The full-time office assistant opens the mail and performs the bank reconciliation. The full-time office assistant will also begin to list mail receipts

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

on a random test basis and trace the receipts to deposit. This list will be maintained for audit purposes.

We believe we have adequate controls and segregation of duties, with tracking mechanisms.

Conclusion – Responses accepted.

II-B-08 Compensated Absences – Certain employees have accumulated vacation and compensatory time hours in excess of the maximum hours allowed to be carried forward to the next year under the County's personnel policy and union agreement.

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

Response – We agree and will try to review.

Conclusion – Response accepted.

II-C-08 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 be 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.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

Response – The County, during FY09, has approved a written policy for passwords that incorporates the named requisites. A written disaster recovery plan is in progress and should be completed during FY09.

Conclusion – Response accepted.

II-D-08 County Treasurer – Monthly reconciliations of the Treasurer’s general ledger accounts to the bank were performed but variances were not resolved. The general ledger balance exceeded the bank balance by \$583 at June 30, 2007 and by \$2,908 at June 30, 2008.

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-08 Inventory – Purchased steel and tire values were not recorded on the Secondary Roads inventory. Adjustments were subsequently made by the County to properly include the inventory value for audit purposes. Also, inventory counts are not performed by an individual who does not handle inventory records.

Recommendation – Purchased steel and tire values should be reported on the Secondary Roads inventory listing. Also, inventory counts should be performed periodically by an individual who does not handle the inventory records.

Response – Steel and tire values will be reported on a first-in, first-out purchase cost basis in lieu of the current replacement value basis. We will comply with inventory counting procedure.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

III-A-08 FEMA Project Materials Usage – When raw materials such as gravel are used in a FEMA road repair project, the Secondary Roads employee delivering the material verbally reports the amounts to the Engineer who prepares a spreadsheet identifying the type of material and amounts used. The employee delivering the raw materials is not required to document and certify the amounts used.

Recommendation – The Secondary Roads Department should implement procedures requiring employees to document and certify the amount of raw materials used.

Response – The report of materials used was documented by each district foreman and checked by the maintenance superintendent. The documents will be signed by the two individuals as certification of those materials used.

Conclusion – Response accepted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

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

- IV-A-08 Certified Budget – Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted by function.
- IV-B-08 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-08 Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- IV-D-08 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Linnette Sondgeroth, Custodian, Husband owns Pottroff Construction Co.	Construction	\$ 4,854
Mike Wyatt, Custodian, owner of Wyatt Water Conditioning	Supplies	1,478

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 the total transactions were less than \$1,500 during the fiscal year. The Pottroff Construction Co. transactions may represent a conflict of interest since the transactions exceed \$1,500 and were not competitively bid.

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

Response – We will consult with the County Attorney.

Conclusion – Response accepted.

- IV-E-08 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-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-08 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

IV-H-08 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-08 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2008 for the County Extension Office did not exceed the amount budgeted.

IV-J-08 Deficit Fund Balance – The Mental Health Fund had an accrual basis deficit fund balance of \$200,071 at June 30, 2008.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – While the County’s Mental Health Fund cash balance was positive at June 30, 2008, the Board is aware and is working with the mental health coordinator to stabilize this fund balance without eliminating essential services.

Conclusion – Response accepted.

---

Greene County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Janet K. Mortvedt, CPA, Staff Auditor  
Adam D. Steffensmeier, Staff Auditor  
Reza Sepehri, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and a distinct dot over the 'i' in Nielsen.

Andrew E. Nielsen, CPA  
Deputy Auditor of State