



**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

March 30, 2010

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 \$16,733,149 for the year ended June 30, 2009, which included \$879,823 in tax credits from the state. The County forwarded \$12,268,419 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$4,464,730 of the local tax revenue to finance County operations, a 6 percent increase over the prior year. Other revenues included charges for service of \$865,360, operating grants, contributions and restricted interest of \$3,519,762, capital grants, contributions and restricted interest of \$114,066, local option sales tax of \$356,170, unrestricted investment earnings of \$45,281 and other general revenues of \$121,619.

Expenses for County operations totaled \$9,571,175, a 4 percent decrease from the prior year. Expenses included \$4,158,576 for roads and transportation, \$1,240,352 for mental health and \$1,223,222 for public safety and legal services.

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/index.html>.

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**GREENE COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2009**

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**Greene County**

**Officials**

**(Before January 2009)**

<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

**(After January 2009)**

Terrance Adams	Board of Supervisors	Jan 2011
Jerry Roberts	Board of Supervisors	Jan 2011
Mary Jane Fields	Board of Supervisors	Jan 2013
John Muir	Board of Supervisors	Jan 2013
Guy Richardson	Board of Supervisors	Jan 2013
Jane Heun	County Auditor	Jan 2013
Donna Lawson	County Treasurer	Jan 2011
Marcia Tasler	County Recorder	Jan 2011
Thomas F. Heater	County Sheriff	Jan 2013
Nicola J. Martino	County Attorney	Jan 2011
Linda Spearman	County Assessor	Jan 2011

**Greene County**



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Independent Auditor's Report

To the Officials of Greene County:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greene County, Iowa, as of and for the year ended June 30, 2009, 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, 2009, 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 February 24, 2010 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 eight years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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

February 24, 2010

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

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Greene County provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2009 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 3.7%, or approximately \$367,000, from fiscal year 2008 to fiscal year 2009. Property tax increased 6.7%, or approximately \$266,000, from fiscal year 2008. Charges for service decreased approximately \$330,000 and capital grants, contributions and restricted interest decreased approximately \$556,000.
- Total program expenses of the County's governmental activities decreased 4.2%, or approximately \$410,000. Non-program expenses decreased approximately \$263,000, county environment and education expenses decreased approximately \$203,000 and mental health expenses decreased approximately \$197,000. Administration expenses increased approximately \$111,000.
- The County's net assets decreased .5%, or approximately \$84,000, from June 30, 2008 to June 30, 2009.

### **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.

## **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 property tax to schools, cities, townships and all other taxing authorities. Greene County excludes these activities from the government-wide financial statements because these assets cannot be used to finance its operations. Fiduciary funds report a liability, due to other governments, and, therefore, no fund balance is reported.

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

Reconciliations between the government-wide financial statements and the 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.

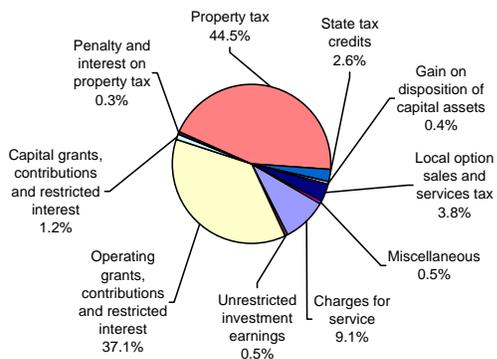
Net Assets of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2009	2008
Current and other assets	\$ 9,687	9,071
Capital assets	13,365	13,701
Total assets	<u>23,052</u>	<u>22,772</u>
Long-term liabilities	480	507
Other liabilities	5,171	4,780
Total liabilities	<u>5,651</u>	<u>5,287</u>
Net assets:		
Invested in capital assets	13,365	13,701
Restricted	2,696	2,447
Unrestricted	1,340	1,337
Total net assets	<u>\$ 17,401</u>	<u>17,485</u>

Net assets of Greene County’s governmental activities decreased approximately \$84,000, or .5%. 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 \$1,337,000 at June 30, 2008 to approximately \$1,367,000 at the end of this year, an increase of 2.2%.

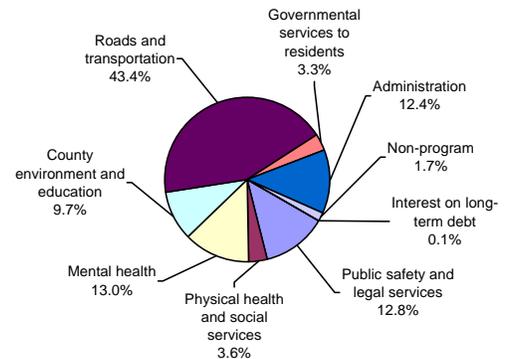
**Changes in Net Assets of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2009	2008
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 865	1,195
Operating grants, contributions and restricted interest	3,520	3,137
Capital grants, contributions and restricted interest	114	670
<b>General revenues:</b>		
Property tax	4,222	3,956
Penalty and interest on property tax	28	25
Local option sales and services tax	356	281
State tax credits	243	266
Unrestricted investment earnings	45	142
Gain on disposition of capital assets	40	38
Miscellaneous	53	143
<b>Total revenues</b>	<b>9,486</b>	<b>9,853</b>
<b>Program expenses:</b>		
Public safety and legal services	1,223	1,184
Physical health and social services	340	270
Mental health	1,240	1,437
County environment and education	928	1,131
Roads and transportation	4,159	4,145
Governmental services to residents	314	294
Administration	1,188	1,077
Non-program	165	428
Interest on long-term debt	13	25
<b>Total expenses</b>	<b>9,570</b>	<b>9,991</b>
<b>Decrease in net assets</b>	<b>(84)</b>	<b>(138)</b>
<b>Net assets beginning of year</b>	<b>17,485</b>	<b>17,623</b>
<b>Net assets end of year</b>	<b>\$ 17,401</b>	<b>17,485</b>

**Revenues by Source**



**Expenditures by Program**



Greene County increased property tax levied county-wide by \$191,442, or 6.7%, and increased rural property tax levied by \$60,074, or 4.9%. Taxable value (without gas and electric utilities) for each and total dollars levied are as follows:

	For Taxes Levied By Fiscal Year	
	2009	2008
County-wide taxable value	\$ 457,479,667	406,244,971
Dollars levied county-wide	3,055,635	2,864,193
Rural taxable value	316,224,202	280,604,477
Dollars levied rural area only	1,282,185	1,222,111
Total dollars levied	4,337,820	4,086,304

County-wide property tax revenue is budgeted to increase approximately \$167,000 in fiscal year 2010, while rural services property tax revenue is budgeted to increase approximately \$82,000. County-wide taxable value (without gas and electric utilities) increased in fiscal year 2010 to \$482,484,401 (5.5%).

**INDIVIDUAL MAJOR FUND ANALYSIS**

As Greene County completed the year, its governmental funds reported a combined fund balance of approximately \$3.86 million, an increase of approximately \$448,000 over last year’s total of approximately \$3.41 million. The following are reasons for the more significant changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$93,000 while expenditures decreased approximately \$171,000. The ending fund balance increased approximately \$163,000 from the prior year to approximately \$1,515,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. The County maintained its mental health levy rate at 100% of the maximum allowable levy in an effort to gain additional mental health growth dollars. The ending fund balance increased approximately \$268,000, or 134%, from the prior year beginning deficit fund balance to an ending fund balance of approximately \$68,000.
- The Rural Services Fund balance decreased approximately \$53,000, while transfers to the Secondary Roads Fund from the Rural Services Fund increased \$50,000. A portion of local option sales and services tax was used to bolster this fund balance as the levy rate was at the maximum.
- Secondary Roads Fund expenditures decreased approximately \$203,000 from the prior year. The largest decrease in expenditures occurred within the road maintenance program. The Secondary Roads fund balance at year end increased approximately \$176,000.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Greene County amended its budget one time. A March 2009 amendment resulted in an increase in budgeted receipts of \$1,129,194 and an increase in budgeted disbursements of \$350,137. The amendment reflected receipt of FEMA funds, reimbursement for the Lincoln Highway Interpretive Site and a new down payment assistance housing program. Roads and transportation, county environment and education, administration, public safety and legal services and physical health and social services disbursements increased \$345,000, \$108,334, \$11,846, \$17,800 and \$5,007, respectively, while capital projects and governmental services to residents disbursements decreased \$113,000 and \$24,850, respectively.

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

- County-wide taxable valuation rose nearly \$51.2 million (12.6%) over the prior year's taxable valuation. Likewise, rural taxable valuation gained approximately \$35.6 million (12.7%). The County restored both general and rural basic levies to their statutory limits of \$3.50 and \$3.95 per \$1,000 of assessed value, respectively. Both rates had been necessarily exceeded beginning in fiscal year 2005, when county-wide valuation decreased nearly \$100 million (20%) and rural valuation dropped nearly 29%.
- The local option sales tax which was 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, replace a sheriff vehicle and boost the Rural Services Fund balance.

The County's cash basis receipts were approximately \$548,000 less than budgeted, a variance of 5.6%. A budget amendment in March reflected expected FEMA receipts, all of which were not received by fiscal year end.

Total cash basis disbursements were approximately \$364,000 less than the amended budget, a variance of 3.7%. The largest variance occurred within the county environment and education function where housing grant flow-through disbursements were approximately \$115,000 less than anticipated and \$45,000 budgeted for a streetscape project was not expended.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2009, Greene County had approximately \$13.4 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 \$337,000, or 2.5%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2009	2008
Land	\$ 1,325	1,325
Buildings and improvements	1,240	1,147
Equipment and vehicles	3,307	3,269
Infrastructure	7,492	7,960
Total	<u>\$ 13,364</u>	<u>13,701</u>

This year's major additions include equipment for secondary roads totaling \$460,780.

The County had depreciation expense of \$978,336 in fiscal year 2009 and total accumulated depreciation of \$9,675,534 at June 30, 2009. More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

### **Long-Term Debt**

At June 30, 2009, Greene County had \$240,686 of outstanding drainage warrants compared to \$280,371 at June 30, 2008.

### **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 year 2010 budget, tax rates and fees charged for various County activities. After weathering the effects of a nearly 29% drop in the rural valuation from fiscal year 2004 to fiscal year 2005, the County's fiscal year 2010 county-wide and rural valuations (without gas and electric utilities) rose 12.6% and 12.7%, respectively. Since fiscal year 2005, the County's budget had exceeded the maximum rates in both general and rural services, as permitted by Iowa Code due to the extraordinary circumstances clause. Those levy rates have finally been restored to the maximum in fiscal year 2009.

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 County's contribution to this project was intended for improvements to the courthouse square area, i.e., property owned by the county, not the city. While budgeted, these funds were not expended as the Streetscape project was downsized. During the year, the County re-committed \$45,000 per year, for three years, plus \$50,000 of in-kind services for a scaled-down enhancement project. While budgeted, funds were not expended for the project during the year.

### **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, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 3,291,330
Receivables:	
Property tax:	
Delinquent	2,731
Succeeding year	4,445,000
Interest and penalty on property tax	3,969
Accounts	845
Accrued interest	3,081
Drainage assessments	240,879
Due from other governments	602,012
Inventories	1,097,146
Capital assets (net of accumulated depreciation)	<u>13,364,824</u>
<b>Total assets</b>	<u>23,051,817</u>
<b>Liabilities</b>	
Accounts payable	580,520
Salaries and benefits payable	6,754
Due to other governments	138,245
Deferred revenue:	
Succeeding year property tax	4,445,000
Long-term liabilities:	
Portion due or payable within one year:	
Compensated absences	205,804
Portion due or payable after one year:	
Drainage warrants	240,686
Compensated absences	<u>33,923</u>
<b>Total liabilities</b>	<u>5,650,932</u>
<b>Net Assets</b>	
Invested in capital assets	13,364,824
Restricted for:	
Supplemental levy purposes	325,023
Mental health purposes	68,162
Secondary roads purposes	1,626,292
Other purposes	676,566
Unrestricted	<u>1,340,018</u>
<b>Total net assets</b>	<u>\$ 17,400,885</u>

See notes to financial statements.

Greene County

Statement of Activities

Year ended June 30, 2009

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,223,222	154,004	9,090	-	(1,060,128)
Physical health and social services	340,003	5,975	37,763	-	(296,265)
Mental health	1,240,352	37,710	836,084	-	(366,558)
County environment and education	928,030	194,590	15,099	114,066	(604,275)
Roads and transportation	4,158,576	170,864	2,621,726	-	(1,365,986)
Governmental services to residents	314,098	181,597	-	-	(132,501)
Administration	1,188,197	8,816	-	-	(1,179,381)
Non-program	165,425	111,804	-	-	(53,621)
Interest on long-term debt	13,272	-	-	-	(13,272)
<b>Total</b>	<b>\$ 9,571,175</b>	<b>865,360</b>	<b>3,519,762</b>	<b>114,066</b>	<b>(5,071,987)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					4,222,039
Penalty and interest on property tax					27,876
Local option sales and services tax					356,170
State tax credits					242,691
Unrestricted investment earnings					45,281
Gain on disposition of capital assets					40,317
Miscellaneous					53,426
<b>Total general revenues</b>					<b>4,987,800</b>
Change in net assets					(84,187)
Net assets beginning of year					17,485,072
Net assets end of year					<b>\$ 17,400,885</b>

See notes to financial statements.

Greene County  
Balance Sheet  
Governmental Funds

June 30, 2009

	General	Mental Health
<b>Assets</b>		
Cash and pooled investments	\$ 1,561,858	208,901
Receivables:		
Property tax:		
Delinquent	1,776	412
Succeeding year	2,537,000	588,000
Interest and penalty on property tax	3,969	-
Accounts	845	-
Accrued interest	2,389	-
Drainage assessments	-	-
Due from other funds	-	-
Due from other governments	36,126	4,243
Inventories	-	-
<b>Total assets</b>	<b>\$ 4,143,963</b>	<b>801,556</b>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 61,177	27,826
Salaries and benefits payable	5,086	-
Due to other funds	494	-
Due to other governments	18,895	117,568
Deferred revenue:		
Succeeding year property tax	2,537,000	588,000
Other	6,379	409
Total liabilities	2,629,031	733,803
Fund balances:		
Reserved for:		
Supplemental levy purposes	313,056	-
Inventories	-	-
Drainage warrants	-	-
Unreserved, reported in:		
General fund	1,201,876	-
Special revenue funds	-	67,753
Capital projects fund	-	-
Total fund balances	1,514,932	67,753
<b>Total liabilities and fund balances</b>	<b>\$ 4,143,963</b>	<b>801,556</b>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
230,493	588,281	701,797	3,291,330
543	-	-	2,731
1,320,000	-	-	4,445,000
-	-	-	3,969
-	-	-	845
-	687	5	3,081
-	-	240,879	240,879
-	1,829	-	1,829
11,263	498,369	52,011	602,012
-	1,097,146	-	1,097,146
<b>1,562,299</b>	<b>2,186,312</b>	<b>994,692</b>	<b>9,688,822</b>
15,747	398,332	77,438	580,520
1,668	-	-	6,754
1,335	-	-	1,829
-	1,782	-	138,245
1,320,000	-	-	4,445,000
4,543	301,784	347,761	660,876
<b>1,343,293</b>	<b>701,898</b>	<b>425,199</b>	<b>5,833,224</b>
11,967	-	-	325,023
-	1,097,146	-	1,097,146
-	-	305,530	305,530
-	-	-	1,201,876
207,039	387,268	263,960	926,020
-	-	3	3
<b>219,006</b>	<b>1,484,414</b>	<b>569,493</b>	<b>3,855,598</b>
<b>1,562,299</b>	<b>2,186,312</b>	<b>994,692</b>	<b>9,688,822</b>

**Greene County**

Greene County

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

June 30, 2009

**Total governmental fund balances (page 19)** \$ 3,855,598

***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 \$23,040,358 and the accumulated depreciation is \$9,675,534. 13,364,824

Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. 660,876

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. (480,413)

**Net assets of governmental activities (page 16)** \$ 17,400,885

See notes to financial statements.

Greene County

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

Year ended June 30, 2009

	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,383,418	591,236
Local option sales and services tax	-	-
Interest and penalty on property tax	26,415	-
Intergovernmental	598,949	909,080
Licenses and permits	5,225	-
Charges for service	349,736	-
Use of money and property	49,694	-
Miscellaneous	17,243	7,860
Total revenues	<u>3,430,680</u>	<u>1,508,176</u>
Expenditures:		
Operating:		
Public safety and legal services	868,459	-
Physical health and social services	340,039	-
Mental health	-	1,240,352
County environment and education	437,100	-
Roads and transportation	-	-
Governmental services to residents	311,687	-
Administration	1,185,034	-
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>3,142,319</u>	<u>1,240,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>288,361</u>	<u>267,824</u>
Other financing sources (uses):		
Drainage warrants issued	-	-
Operating transfers in	-	-
Operating transfers out	(125,000)	-
Total other financing sources (uses)	<u>(125,000)</u>	<u>-</u>
Net change in fund balances	163,361	267,824
Fund balances beginning of year	<u>1,351,571</u>	<u>(200,071)</u>
Fund balances end of year	<u>\$ 1,514,932</u>	<u>67,753</u>

See notes to financial statements.

Special Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
1,246,213	-	-	4,220,867
-	-	356,170	356,170
-	-	-	26,415
157,211	2,571,622	63,366	4,300,228
-	36,121	-	41,346
-	-	2,166	351,902
-	20,362	151	70,207
1,653	191,072	140,498	358,326
1,405,077	2,819,177	562,351	9,725,461
326,825	-	30,385	1,225,669
-	-	-	340,039
-	-	-	1,240,352
297,674	-	-	734,774
-	3,700,267	-	3,700,267
-	-	9,841	321,528
-	-	-	1,185,034
-	-	137,275	137,275
-	46,427	431,113	477,540
624,499	3,746,694	608,614	9,362,478
780,578	(927,517)	(46,263)	362,983
-	-	84,742	84,742
86,500	1,103,500	80,000	1,270,000
(920,000)	-	(225,000)	(1,270,000)
(833,500)	1,103,500	(60,258)	84,742
(52,922)	175,983	(106,521)	447,725
271,928	1,308,431	676,014	3,407,873
219,006	1,484,414	569,493	3,855,598

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, 2009

**Net change in fund balances - Total governmental funds (page 23)** \$ 447,725

**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 in the current year, as follows:

Expenditures for capital assets	\$ 605,091	
Depreciation expense	<u>(978,336)</u>	(373,245)

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. 37,488

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	1,171	
Other	<u>(224,054)</u>	(222,883)

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 repayments exceeded issuances, as follows:

Issued	(84,742)	
Repaid	<u>124,427</u>	39,685

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		<u>(12,957)</u>
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**Change in net assets of governmental activities (page 17)** \$ (84,187)

See notes to financial statements.

Greene County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2009

**Assets**

Cash and pooled investments:	
County Treasurer	\$ 755,467
Other County officials	16,665
Receivables:	
Property tax:	
Delinquent	9,452
Succeeding year	11,635,000
Accounts	11,465
Special assessments	10,001
<b>Total assets</b>	<b>12,438,050</b>

**Liabilities**

Accounts payable	5,053
Due to other governments	12,392,743
Trusts payable	30,320
Compensated absences	9,934
<b>Total liabilities</b>	<b>12,438,050</b>

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

Greene County

Notes to Financial Statements

June 30, 2009

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

Greene County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Greene County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Greene County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Greene County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts 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 Association has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Greene, Guthrie and Dallas County Conservation Boards. 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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, 2009, 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, 2009. 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, 2009 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, 2009, the County had the following investments:

Type	Fair Value	Maturity
FNMA interest only strip	\$ 73	February 2017

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$609,845 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, 2009 is as follows:

Receivable Fund	Payable Fund	Amount
Special Revenue:		
Secondary Roads	General	\$ 494
	Special Revenue:	
	Rural Services	1,335
		<u>1,335</u>
Total		<u>\$ 1,829</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, 2009 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Secondary Roads	General	\$ 50,000
	Special Revenue: Rural Services	920,000
	Local Option Sales Tax	133,500
		<u>1,103,500</u>
Rural Services	Special Revenue: Local Option Sales Tax	86,500
Conservation Land Acquisition	General	75,000
Capital Projects	Special Revenue: Local Option Sales Tax	5,000
Total		<u>\$ 1,270,000</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, 2009 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
Capital assets being depreciated:				
Buildings	2,027,509	128,683	-	2,156,192
Improvements other than buildings	83,059	-	-	83,059
Equipment and vehicles	7,365,224	628,034	(493,219)	7,500,039
Infrastructure, road network	11,975,862	-	-	11,975,862
Total capital assets being depreciated	<u>21,451,654</u>	<u>756,717</u>	<u>(493,219)</u>	<u>21,715,152</u>
Less accumulated depreciation for:				
Buildings	963,950	35,036	-	998,986
Equipment and vehicles	4,096,309	475,301	(379,081)	4,192,529
Infrastructure, road network	4,016,020	467,999	-	4,484,019
Total accumulated depreciation	<u>9,076,279</u>	<u>978,336</u>	<u>(379,081)</u>	<u>9,675,534</u>
Total capital assets being depreciated, net	<u>12,375,375</u>	<u>(221,619)</u>	<u>(114,138)</u>	<u>12,039,618</u>
Governmental activities capital assets, net	<u>\$ 13,700,581</u>	<u>(221,619)</u>	<u>(114,138)</u>	<u>13,364,824</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 49,824
Physical health and social services	599
County environment and education	40,215
Roads and transportation	790,683
Governmental services to residents	1,750
Administration	95,265
Total depreciation expense - governmental activities	<u>\$ 978,336</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	\$ 18,895
Special Revenue:		
Mental Health	Services	117,568
Secondary Roads	Services	1,782
		<u>119,350</u>
Total for governmental funds		<u>\$ 138,245</u>
Agency:		
County Assessor	Collections	\$ 428,194
Schools		7,257,833
Community Colleges		432,284
Corporations		2,194,671
Auto License and Use Tax		225,466
County Hospital		1,459,453
All other		394,842
Total for agency funds		<u>\$ 12,392,743</u>

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

A summary of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Drainage Warrants	Compen- sated Absences	Total
Balance beginning of year	\$ 280,371	226,770	507,141
Increases	84,742	228,944	313,686
Decreases	124,427	215,987	340,414
Balance end of year	<u>\$ 240,686</u>	<u>239,727</u>	<u>480,413</u>
Due within one year	<u>\$ -</u>	<u>205,804</u>	<u>205,804</u>

Drainage Warrants Payable

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

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

**(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, 2009, the E911 Service Board paid principal of \$27,424 on the loan.

The County is contingently liable on the \$130,741 note outstanding at June 30, 2009. 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, 2009 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2010	4.75%	\$ 225,000	22,328	247,328
2011	4.85	240,000	11,640	251,640
Total		\$ 465,000	33,968	498,968

**(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 4.10% of their annual covered salary and the County is required to contribute 6.35% 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, 2009, 2008 and 2007 were \$193,712, \$169,577 and \$163,127, respectively, equal to the required contributions for each year.

**(10) Risk Management**

The 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 577 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, 2009 were \$131,986.

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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, 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 Special Revenue, Conservation Land Acquisition Fund had a deficit balance of \$20,026 at June 30, 2009. The deficit balance was a result of costs incurred prior to availability of funds. The deficit was eliminated by a transfer of camping receipts from the General Fund on July 2, 2009.

**(12) Subsequent Events**

In July 2009, the County approved contracts totaling \$3,408,429 for bridge construction and replacement projects. Costs on the projects will be paid as work on the projects progress.

**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, 2009

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other county tax	\$ 4,570,538	-
Interest and penalty on property tax	26,438	-
Intergovernmental	4,435,025	120,603
Licenses and permits	43,527	-
Charges for service	351,763	-
Use of money and property	64,923	-
Miscellaneous	373,015	134,025
Total receipts	9,865,229	254,628
Disbursements:		
Public safety and legal services	1,226,368	-
Physical health and social services	336,444	-
Mental health	1,360,875	-
County environment and education	752,777	-
Roads and transportation	3,937,063	-
Governmental services to residents	321,544	-
Administration	1,186,312	-
Debt service	13,272	13,272
Capital projects	409,566	148,354
Total disbursements	9,544,221	161,626
Excess (deficiency) of receipts over (under) disbursements	321,008	93,002
Other financing sources, net	(39,260)	(39,260)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	281,748	53,742
Balance beginning of year	3,009,582	445,144
Balance end of year	\$ 3,291,330	498,886

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
4,570,538	4,479,727	4,544,727	25,811
26,438	2,500	2,500	23,938
4,314,422	3,741,647	4,896,074	(581,652)
43,527	9,442	9,442	34,085
351,763	367,200	360,025	(8,262)
64,923	170,818	81,318	(16,395)
238,990	258,100	264,542	(25,552)
<u>9,610,601</u>	<u>9,029,434</u>	<u>10,158,628</u>	<u>(548,027)</u>
1,226,368	1,232,214	1,250,014	23,646
336,444	351,355	356,362	19,918
1,360,875	1,401,602	1,401,602	40,727
752,777	805,466	913,800	161,023
3,937,063	3,603,670	3,948,670	11,607
321,544	354,147	329,297	7,753
1,186,312	1,247,851	1,259,697	73,385
-	-	-	-
261,212	400,000	287,000	25,788
<u>9,382,595</u>	<u>9,396,305</u>	<u>9,746,442</u>	<u>363,847</u>
228,006	(366,871)	412,186	(184,180)
-	-	-	-
228,006	(366,871)	412,186	(184,180)
2,564,438	2,655,996	2,538,449	25,989
<u>2,792,444</u>	<u>2,289,125</u>	<u>2,950,635</u>	<u>(158,191)</u>

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Greene County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information  
 Year ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 9,865,229	(139,768)	9,725,461
Expenditures	9,544,221	(181,743)	9,362,478
Net	321,008	41,975	362,983
Other financing sources (uses), net	(39,260)	124,002	84,742
Beginning fund balances	3,009,582	398,291	3,407,873
Ending fund balances	\$ 3,291,330	564,268	3,855,598

See accompanying independent auditor's report.

Greene County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009

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, one budget amendment increased budgeted disbursements by \$350,137. The budget amendment is 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, 2009, disbursements did not exceed the amounts budgeted by function.

**Greene County**

**Other Supplementary Information**

Greene County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	County Recorder's Records Management	REAP	Forfeiture	Special Drainage Districts
<b>Assets</b>				
Cash and pooled investments	\$ 4,249	62,497	6,332	449,609
Receivables:				
Accrued interest	2	3	-	-
Drainage assessments	-	-	-	240,879
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 4,251</b>	<b>62,500</b>	<b>6,332</b>	<b>690,488</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable	\$ -	1,296	1,364	50,278
Deferred revenue	-	-	-	334,680
Total liabilities	-	1,296	1,364	384,958
Fund equity:				
Fund balances:				
Reserved for drainage warrants	-	-	-	305,530
Unreserved, reported in:				
Special revenue funds	4,251	61,204	4,968	-
Capital projects fund	-	-	-	-
Total fund equity	4,251	61,204	4,968	305,530
<b>Total liabilities and fund equity</b>	<b>\$ 4,251</b>	<b>62,500</b>	<b>6,332</b>	<b>690,488</b>

See accompanying independent auditor's report.

Revenue						
Conservation Land Acquisition	Local Option Sales Tax	K-9	Raccoon River Valley Trail Association	Capital Projects	Total	
7,555	121,039	1,236	49,277	3	701,797	
-	-	-	-	-	5	
-	-	-	-	-	240,879	
-	52,011	-	-	-	52,011	
7,555	173,050	1,236	49,277	3	994,692	
14,500	-	-	10,000	-	77,438	
13,081	-	-	-	-	347,761	
27,581	-	-	10,000	-	425,199	
-	-	-	-	-	305,530	
(20,026)	173,050	1,236	39,277	-	263,960	
-	-	-	-	3	3	
(20,026)	173,050	1,236	39,277	3	569,493	
7,555	173,050	1,236	49,277	3	994,692	

Greene County

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

Year ended June 30, 2009

	County Recorder's Records Management	REAP	Forfeiture	Special Drainage Districts
Revenues:				
Local option sales and services tax	\$ -	-	-	-
Intergovernmental	-	15,099	-	26,802
Charges for service	2,166	-	-	-
Use of money and property	108	43	-	-
Miscellaneous	-	-	2,770	57,263
Total revenues	<u>2,274</u>	<u>15,142</u>	<u>2,770</u>	<u>84,065</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	2,447	-
Governmental services to residents	9,841	-	-	-
Debt service	-	-	-	137,275
Capital projects	-	14,079	-	162,715
Total expenditures	<u>9,841</u>	<u>14,079</u>	<u>2,447</u>	<u>299,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,567)</u>	<u>1,063</u>	<u>323</u>	<u>(215,925)</u>
Other financing sources (uses):				
Drainage warrants issued	-	-	-	84,742
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,742</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,567)</u>	<u>1,063</u>	<u>323</u>	<u>(131,183)</u>
Fund balances beginning of year	<u>11,818</u>	<u>60,141</u>	<u>4,645</u>	<u>436,713</u>
Fund balances end of year	<u>\$ 4,251</u>	<u>61,204</u>	<u>4,968</u>	<u>305,530</u>

See accompanying independent auditor's report.

Revenue					
Conservation Land Acquisition	Local Option sales Tax	K-9	Raccoon River Valley Trail Association	Capital Projects	Total
-	356,170	-	-	-	356,170
21,465	-	-	-	-	63,366
-	-	-	-	-	2,166
-	-	-	-	-	151
-	-	3,703	76,762	-	140,498
21,465	356,170	3,703	76,762	-	562,351
-	25,000	2,938	-	-	30,385
-	-	-	-	-	9,841
-	-	-	-	-	137,275
196,400	-	-	42,919	15,000	431,113
196,400	25,000	2,938	42,919	15,000	608,614
(174,935)	331,170	765	33,843	(15,000)	(46,263)
-	-	-	-	-	84,742
75,000	-	-	-	5,000	80,000
-	(225,000)	-	-	-	(225,000)
75,000	(225,000)	-	-	5,000	(60,258)
(99,935)	106,170	765	33,843	(10,000)	(106,521)
79,909	66,880	471	5,434	10,003	676,014
(20,026)	173,050	1,236	39,277	3	569,493

Greene County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets</b>					
Cash and pooled investments:					
County Treasurer	\$ -	2,070	141,772	105,656	6,978
Other County officials	16,665	-	-	-	-
Receivables:					
Property tax:					
Delinquent	-	98	211	5,177	306
Succeeding year	-	140,000	301,000	7,147,000	425,000
Accounts	11,465	-	-	-	-
Special assessments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 28,130</b>	<b>142,168</b>	<b>442,983</b>	<b>7,257,833</b>	<b>432,284</b>
<b>Liabilities</b>					
Accounts payable	\$ 178	-	4,855	-	-
Due to other governments	19,639	142,168	428,194	7,257,833	432,284
Trusts payable	8,313	-	-	-	-
Compensated absences	-	-	9,934	-	-
<b>Total liabilities</b>	<b>\$ 28,130</b>	<b>142,168</b>	<b>442,983</b>	<b>7,257,833</b>	<b>432,284</b>

See accompanying independent auditor's report.

Corporations	Townships	City Special Assessments	Auto License and Use Tax	County Hospital	Other	Total
26,993	2,857	3,067	225,466	174,555	66,053	755,467
-	-	-	-	-	-	16,665
2,678	83	-	-	898	1	9,452
2,165,000	172,000	-	-	1,284,000	1,000	11,635,000
-	-	-	-	-	-	11,465
-	-	10,001	-	-	-	10,001
<u>2,194,671</u>	<u>174,940</u>	<u>13,068</u>	<u>225,466</u>	<u>1,459,453</u>	<u>67,054</u>	<u>12,438,050</u>
-	-	-	-	-	20	5,053
2,194,671	174,940	13,068	225,466	1,459,453	45,027	12,392,743
-	-	-	-	-	22,007	30,320
-	-	-	-	-	-	9,934
<u>2,194,671</u>	<u>174,940</u>	<u>13,068</u>	<u>225,466</u>	<u>1,459,453</u>	<u>67,054</u>	<u>12,438,050</u>

Greene County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2009

	County Offices	Agricultural Extension Education	County Assessor	Schools	Community Colleges
<b>Assets and Liabilities</b>					
Balances beginning of year	\$ 11,666	136,009	410,153	6,966,555	453,498
Additions:					
Property and other county tax	-	139,761	300,505	7,144,244	424,988
State tax credits	-	7,680	15,533	393,226	25,846
E911 surcharge	-	-	-	-	-
Office fees and collections	264,990	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-	-
Assessments	-	-	-	-	-
Trusts	770,271	-	-	-	-
Miscellaneous	-	-	2,847	-	-
Total additions	1,035,261	147,441	318,885	7,537,470	450,834
Deductions:					
Agency remittances:					
To other funds	118,903	-	-	-	-
To other governments	130,644	141,282	286,055	7,246,192	472,048
Trusts paid out	769,250	-	-	-	-
Total deductions	1,018,797	141,282	286,055	7,246,192	472,048
Balances end of year	\$ 28,130	142,168	442,983	7,257,833	432,284

See accompanying independent auditor's report.

Corpora- tions	Townships	City Special Assess- ments	Auto License and Use Tax	County Hospital	Other	Total
2,168,075	176,120	15,988	202,312	1,396,480	68,721	12,005,577
2,166,380	171,791	-	-	1,283,059	559	11,631,287
114,651	10,024	-	-	70,083	89	637,132
-	-	-	-	-	104,000	104,000
-	-	-	-	-	2,177	267,167
-	-	-	2,499,811	-	-	2,499,811
-	-	16,517	-	-	-	16,517
-	-	-	-	-	-	770,271
-	-	-	-	-	49,128	51,975
2,281,031	181,815	16,517	2,499,811	1,353,142	155,953	15,978,160
-	-	-	107,090	-	-	225,993
2,254,435	182,995	19,437	2,369,567	1,290,169	157,620	14,550,444
-	-	-	-	-	-	769,250
2,254,435	182,995	19,437	2,476,657	1,290,169	157,620	15,545,687
2,194,671	174,940	13,068	225,466	1,459,453	67,054	12,438,050

Greene County

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

For the Last Nine Years

	2009	2008	2007	Modified 2006
<b>Revenues:</b>				
Property and other county tax	\$ 4,220,867	3,956,141	4,069,403	3,986,253
Local option sales and services tax	356,170	281,558	127,529	-
Interest and penalty on property tax	26,415	24,310	24,353	35,501
Intergovernmental	4,300,228	3,746,259	3,796,036	3,914,161
Licenses and permits	41,346	43,750	37,922	35,578
Charges for service	351,902	328,665	339,564	343,893
Use of money and property	70,207	161,155	198,307	122,668
Fines, forfeitures and defaults	-	-	-	-
Miscellaneous	358,326	577,460	297,837	252,281
<b>Total</b>	<b>\$ 9,725,461</b>	<b>9,119,298</b>	<b>8,890,951</b>	<b>8,690,335</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,225,669	1,155,960	1,073,381	1,019,817
Physical health and social services	340,039	269,015	275,513	259,664
Mental health	1,240,352	1,437,086	1,362,286	1,276,025
County environment and education	734,774	1,078,820	964,617	739,948
Roads and transportation	3,700,267	3,950,150	3,399,286	3,325,074
Governmental services to residents	321,528	291,266	273,210	340,250
Administration	1,185,034	1,100,080	1,213,871	1,086,544
Non-program	-	-	4,296	28,753
Debt service	137,275	147,472	12,604	369,683
Capital projects	477,540	370,306	223,843	425,752
<b>Total</b>	<b>\$ 9,362,478</b>	<b>9,800,155</b>	<b>8,802,907</b>	<b>8,871,510</b>

See accompanying independent auditor's report.

Accrual Basis				
2005	2004	2003	2002	2001
3,640,552	3,877,732	3,902,119	3,919,675	3,810,728
-	-	-	-	-
29,058	27,398	27,660	22,838	20,086
3,441,682	3,694,585	3,860,912	3,809,673	3,754,997
32,157	17,760	8,082	2,722	1,517
318,495	331,423	378,589	277,477	282,444
80,580	44,253	65,497	101,981	161,709
-	-	-	4,475	11,984
185,920	218,601	787,417	531,250	382,774
7,728,444	8,211,752	9,030,276	8,670,091	8,426,239
964,140	1,039,041	1,007,160	1,005,995	967,785
250,503	279,004	163,267	146,692	159,243
1,189,201	1,195,522	1,305,554	1,204,554	1,331,577
691,979	648,394	700,151	642,927	684,435
2,999,673	3,368,306	2,967,035	3,934,224	2,745,011
271,529	234,034	223,006	216,302	216,062
1,044,304	991,378	965,603	985,066	146,189
7,601	12,717	89,196	88,079	328,630
48,197	59,597	514,055	344,386	903,977
222,409	601,710	613,615	744,749	373,195
7,689,536	8,429,703	8,548,642	9,312,974	7,856,104

**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, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated February 24, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greene County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greene County's internal control over financial reporting.

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

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

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

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

#### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009 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. 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. 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

February 24, 2010

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

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

	Applicable Offices
(1) Receipts – opening and listing mail receipts (at least on a test basis), collecting, depositing, posting and daily reconciling and change fund custodian.	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 and investments.

County Sheriff – Along with reviewing incoming mail and monies and checking that monies are credited to areas where they are specified for I will also review monthly bank reconciliation statements and will note so by initialing and dating my review.

County Extension Office – Operating procedures for the Greene County Extension Office are reviewed by the Greene County Extension Council and the Regional Extension Education Director (REED) prior to being implemented to ensure maximum control is enforced by those procedures. As part of the standard operating procedure, all financial transactions are receipted or documented and then recorded in the official accounting system. Reconciliations and financial reports produced are reviewed by the Greene County Extension Council Treasurer and REED. Given the number of office employees and the direct accountability to the REED and Extension Council Treasurer, we feel we have implemented the best practices available to us to limit the exposure to losses based on segregation of duties.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Conclusions –

County Treasurer and Sheriff – Responses accepted.

County Extension Office - Response acknowledged. Current personnel should be utilized to provide additional control through review of detailed financial transactions, such as daily collection of receipts.

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

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

Response – We agree.

Conclusion – Response accepted.

- (C) 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 County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The County is currently in the process of writing a disaster recovery plan.

Conclusion – Response accepted.

- (D) 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 \$2,908 at June 30, 2008 and by \$48 at June 30, 2009.

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.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(E) Inventory – Inventory counts are not performed by an individual who does not handle inventory records.

Recommendation – Inventory counts should be performed periodically by an individual who does not handle the inventory records.

Response – This procedure has been put into place.

Conclusion – Response accepted.

(F) Financial Reporting – During the audit, we identified material amounts of payables and capital asset additions and deletions that were not recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables and capital asset additions and deletions are identified and included in the County's financial statements.

Response – We agree.

Conclusion – Response accepted.

(G) Capital Asset Deletions – A capital asset deleted in fiscal year 2007 was not recorded/recognized as a deletion until fiscal year 2009.

Recommendation – The County should comply with its capital asset policy and ensure deletions are recorded in a timely manner.

Response – We agree and implemented a form that needs completion for asset deletions. It was adopted in April 2008.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted by function.
- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expenses – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Maralie Ruth, Driver’s License Deputy, Father owns C&R Construction Co.	Construction	\$ 14,478
Mike Wyatt, Custodian, owner of Wyatt Water Conditioning	Supplies	684

In accordance with Chapter 331.342 of the Code of Iowa, the transactions with Wyatt Water Conditioning do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal year. The C&R 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 have consulted with the County Attorney and the County feels the transactions do not represent a conflict of interest as the employee had no input into the decision making process in these instances.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Greene County

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

- (10) Deficit Fund Balance – The Special Revenue, Conservation Land Acquisition Fund had an accrual basis deficit fund balance of \$20,026 at June 30, 2009.

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

Response – A transfer from the County’s General Fund eliminated this deficit on July 2, 2009.

Conclusion – Response accepted.

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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  
Jenny R. Lawrence, Staff Auditor  
Justin M. Scherrman, Auditor Intern



Andrew E. Nielsen, CPA  
Deputy Auditor of State