



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ June 30, 2010 \_\_\_\_\_

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on the Disaster Grants – Public Assistance program of the Green Bay Levee and Drainage District in Lee County, Iowa.

The Drainage District's Disaster Grants – Public Assistance program disbursements totaled \$596,478 for the year ended June 30, 2009.

A copy of the audit report is available for review 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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**GREEN BAY LEVEE AND DRAINAGE DISTRICT  
PUBLIC ASSISTANCE GRANTS**

**INDEPENDENT AUDITOR'S REPORTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2009**

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**Green Bay Levee and Drainage District**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Craig Pieper	Trustee	Jan 2010
Brian Bonar	Trustee	Jan 2011
Mike Pieper	Trustee	Jan 2012
Victor Pierrot	Clerk	Indefinite

**Green Bay Levee and Drainage District  
Public Assistance Grants**



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Independent Auditor's Report

To the Trustees of the Green Bay  
Levee and Drainage District:

We have audited the accompanying Schedule of Expenditures of Federal Awards (Schedule) for the Green Bay Levee and Drainage District's Disaster Grants – Public Assistance program for the year ended June 30, 2009. The Schedule is the responsibility of the Green Bay Levee and Drainage District's management. Our responsibility is to express an opinion on the Schedule 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, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe our audit provides a reasonable basis for our opinion.

As described in note 1, the Schedule was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards under the Green Bay Levee and Drainage District's Disaster Grants – Public Assistance program on the basis of accounting described in note 1.

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

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 16, 2010

**Green Bay Levee and Drainage District  
Public Assistance Grants**



Green Bay Levee and Drainage District  
Public Assistance Grants

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Disbursements
Indirect:			
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1763-DRIA	<u>\$ 734,269</u>

See notes to the Schedule of Expenditures of Federal Awards.

Green Bay Levee and Drainage District  
Public Assistance Grants

Notes to Schedule of Expenditures of Federal Awards

June 30, 2009

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

The Green Bay Levee and Drainage District is a political subdivision of the State of Iowa located in Lee County. A Board of Trustees elected on a non-partisan basis is responsible for managing the Drainage District. The Drainage District collects drainage assessments from landowners in Green Bay Township for the purpose of maintaining the Mississippi and Skunk River levees.

A. Reporting Entity

The Schedule of Expenditures of Federal Awards includes only the program disbursements of the Drainage District's Disaster Grants – Public Assistance program.

B. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Green Bay Levee and Drainage District and is presented in conformity with an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

C. Basis of Accounting

The Green Bay Levee and Drainage District maintains its financial records on the basis of cash receipts and disbursements and the Schedule of Expenditures of Federal Awards is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the Schedule of Expenditures of Federal Awards is not presented in accordance with U.S. generally accepted accounting principles.

**(2) Related Party Transactions**

During the year ended June 30, 2009, the Green Bay Levee and Drainage District disbursed a total of \$391,224 in Disaster Grants – Public Assistance program funds for contract services to Mepco Inc., Fox Farm Supply and CEECO, all of which are owned and operated by Mike Pieper, Board Trustee. Of the \$391,224 disbursed for contract services, \$169,010 was competitively bid.

Also, Green Bay Levee and Drainage District disbursed a total of \$17,404 in Disaster Grants – Public Assistance program funds for contract services to Henry Pieper Corporation, which is owned and operated by Craig Pieper, Board Trustee.

In addition, the Green Bay Levee and Drainage District Flood Fight Manual and Emergency Procedures includes guidance as to when the Trustees are to initiate the Flood Fight Manual and when bidding is not required due to time constraints to fight the impending disaster. However, one payment of \$23,840 to a business owned and operated by Mike Pieper was approved by the Trustees during a time period not covered by the flood fight. This payment was not let for bids and was not reimbursed by Public Assistance program funds.

**Independent Auditor's Report on Compliance with Requirements  
Applicable to the Federal Program and on Internal Control over Compliance  
in Accordance with the Program – Specific Audit Option Under OMB Circular A-133**

**Green Bay Levee and Drainage District  
Public Assistance Grants**



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Independent Auditor's Report on Compliance with Requirements  
Applicable to the Federal Program and on Internal Control over Compliance  
in Accordance with the Program – Specific Audit Option Under OMB Circular A-133

To the Trustees of the Green Bay  
Levee and Drainage District:

Compliance

We have audited the compliance of the Green Bay Levee and Drainage District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to the Disaster Grants – Public Assistance program for the year ended June 30, 2009. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Green Bay Levee and Drainage District's management. Our responsibility is to express an opinion on the Green Bay Levee and Drainage District's compliance based on our audit.

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

In our opinion, the Green Bay Levee and Drainage District complied, in all material respects, with the requirements referred to above that are applicable to its Disaster Grants – Public Assistance program for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Green Bay Levee and Drainage District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Green Bay Levee and Drainage District's internal control over compliance with requirements that could have a direct and material effect on its Disaster Grants – Public Assistance program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Green Bay Levee and Drainage District's internal control over compliance.

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


A control deficiency in the Green Bay Levee and Drainage District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Green Bay Levee and Drainage District's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Green Bay Levee and Drainage District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items II-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the Green Bay Levee and Drainage District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item II-A-09 to be a material weakness.

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

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 16, 2010

Green Bay Levee and Drainage District  
Public Assistance Grants

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

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

- (a) An unqualified opinion was issued on the Schedule of Expenditures of Federal Awards, which was prepared in conformity with an other comprehensive basis of accounting.
- (b) The audit did not disclose any non-compliance which is material to the Schedule of Expenditures of Federal Awards.
- (c) A material weakness in internal control over the Public Assistance Grants program was disclosed by the audit of the Schedule of Expenditures of Federal Awards.
- (d) An unqualified opinion was issued on compliance with requirements applicable to the Public Assistance Grants program.
- (e) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (f) The major program was CFDA Number 97.036 – Disaster Grants – Public Assistance.
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (h) The Green Bay Levee and Drainage District did not qualify as a low-risk auditee.

Green Bay Levee and Drainage District  
Public Assistance Grants

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

**Part II: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 97.036: Disaster Grants – Public Assistance  
Federal Award Year: 2009  
U.S. Department of Homeland Security**

II-A-09 Allowable Cost Principles – Certain FEMA expenditures may not be allowable since the public benefits to be derived have not been clearly documented. These expenditures were paid from FEMA small projects or were part of a FEMA large project which were not specifically identified on FEMA Project Worksheet Reports, as follows:

Paid to	Purpose	Amount
HyVee	Coffee supplies	\$ 31
Pizza Hut	Pizza for volunteers	282
Wal-Mart	Coolers and visine	173
Wal-Mart	Sunglasses and bunge cords	75
Wal-Mart	Coolers	40
Pieper Inc.	Rent of tables and tent	202
Pieper Inc.	Replacement of stolen generator	720
Pieper Inc.	Payment for demolished harrowgator	2,500
Fox Farm Supply	Payment for demolished pop cooler	500
Fox Farm Supply	Flashlights	52
Total		\$ 4,575

Of the above expenditures, \$3,974 were made to Pieper Inc. and Fox Farm Supply, which are entities owned and operated by Mike Pieper, Board Trustee.

In addition, the following expenditures were included on certain FEMA Project Worksheet Reports but may not be allowable:

Paid to	Purpose	Amount
Pieper Inc.	Food and beverages	\$ 3,723
Pieper Inc.	Food and beverages	457
Pieper Inc.	Food and beverages	1,234
Total		\$ 5,414

The above disbursements, totaling \$5,414, were made to Pieper Inc., which is an entity owned and operated by Mike Pieper, Board Trustee.



Green Bay Levee and Drainage District  
Public Assistance Grants

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Recommendation – The Green Bay Levee and Drainage District should determine and document the above expenditures are necessary and reasonable for proper and efficient performance and administration of federal awards as required by Office of Management and Budget (OMB) Circular A-87.

Response – The expenditures of \$4,575 were items needed to operate a major flood fight. In going over items Green Bay Levee and Drainage District (GBLDD) has determined these items were necessary in order to keep the levee from breaching. These items are made up of food and drinks for the volunteers. There were several items for safety including, flashlights, sunglasses and a generator (for lights at night and operation of computer). The harrowgator was loaned to GBLDD at no charge and needed to be returned to the owner in the same condition it was loaned. The expenditure for the damage to the harrowgator and pop cooler were necessary prior to returning these items to their owner. This was part of GBLDD's responsibility.

The expenditures made to Pieper, Inc. and Farm Fox Supply, which are owned by Mike Pieper, are reimbursements since GBLDD did not have accounts with these vendors. GBLDD asked Mike during the flood fight if products could be charged to his companies so GBLDD could expedite the flood fight. Several flood fighting items were charged to Mike's companies and are being reimbursed to Pieper, Inc. and Fox Farm Supply with no profit. The items damaged or stolen were paid by GBLDD after the other Board members determined the cost. Mike Pieper had no vote or decision making in these payments.

When GBLDD finalized its Project Worksheets with FEMA, the three items charged by Pieper, Inc., were determined necessary items needed during the flood fight.

GBLDD will make any information available to FEMA.

Conclusion – Response accepted.


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Green Bay Levee and Drainage District  
Public Assistance Grants

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Adam D. Steffensmeier, Staff Auditor  
Kristin M. Ockenfels, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State