

GREENE COUNTY MEDICAL CENTER  
INDEPENDENT AUDITOR'S REPORT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION  
COMMENTS AND RECOMMENDATIONS  
YEARS ENDED JUNE 30, 2009 AND 2008

# GREENE COUNTY MEDICAL CENTER

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GREENE COUNTY MEDICAL CENTER  
Officials  
June 30, 2009

<u>Board of Trustees:</u>	<u>Address</u>	<u>Term Expires</u>
Jim Schleisman, Chairperson	Jefferson, Iowa	2010
David Hoyt, Vice-Chairperson	Jefferson, Iowa	2012
Judy Sankot, Secretary	Jefferson, Iowa	2010
Ralph Riedesel, Treasurer	Paton, Iowa	2012
Ruth Consier	Churdan, Iowa	2014
Kim Rueter	Grand Junction, Iowa	2010
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Karen L. Bossard	Jefferson, Iowa	
 <u>Director of Financial Services:</u>		
William C. Steussy	Jefferson, Iowa	
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James Last	Grand Junction, Iowa	

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Greene County Medical Center  
Jefferson, Iowa

We have audited the accompanying balance sheets of Greene County Medical Center as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 that our audits provide a reasonable basis for our opinion.

As explained in Note A, the operations of a component unit are excluded from these financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such an entity be blended with these financial statements.

In our opinion, except for the effects of exclusion of a component unit required to be included as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Greene County Medical Center as of June 30, 2009 and 2008, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2009 on our consideration of Greene County Medical Center'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.

To the Board of Trustees  
Greene County Medical Center

The management's discussion and analysis on pages 4 through 4d and the budgetary comparison schedule on page 19 are not a required part 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. However, we did not audit the information and express no opinion on it.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed qualified opinions on those financial statements. The accompanying information (shown on pages 20 through 34) 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 audits 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.

*Arnewold, Bell, Thyer & Co. P.C.*

Atlantic, Iowa  
November 30, 2009

# GREENE COUNTY MEDICAL CENTER

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*nothing's more important than your* **health**™

## GREENE COUNTY MEDICAL CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Greene County Medical Center offers readers of our financial statements this narrative overview and analysis of the financial activities of the Medical Center for the fiscal years ended June 30, 2009 and June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Greene County Medical Center's financial statements, which begin on page 5.

### FINANCIAL HIGHLIGHTS

The Medical Center's net assets have increased in each of the past two years, with a \$18,702 increase in 2009 and a \$385,525 increase in 2008.

The Medical Center's operating loss decreased from \$1,674,781 in 2008 to \$1,631,694 in 2009.

The Medical Center's accounts receivables decreased by \$653,407 or 16% in 2009.

Net capital assets decreased by \$261,419 or 3% in 2009.

Contributions to the Medical Center totaled \$160,029 in 2009, included in noncapital and capital grants and contributions on the Statements of Revenues, Expenses and Changes in Net Assets.

The Medical Center started an OB/GYN clinic with an employed OB/GYN physician in 2009 after the local family practice physicians phased out their OB services. This resulted in \$32,177 additional revenue and \$317,223 more in expenses.

The Medical Center added long-term debt of \$673,730 with a 10-year no interest loan for the IT project and acquisition of radiology equipment with capital leases.

### USING THIS ANNUAL REPORT

The Medical Center's financial statements consist of three statements - a Balance Sheet; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

### THE BALANCE SHEET AND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Our analysis of the Medical Center's finances begins on page 4a. One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net assets and changes in them. You can think of the Medical Center's net assets - the difference between assets and liabilities - as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

## THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

## THE MEDICAL CENTER'S NET ASSETS

The Medical Center's net assets are the difference between its assets and liabilities reported in the Balance Sheet on page 5. The Medical Center's net assets increased in each of the past two years by \$18,702 in 2009, and \$385,525 in 2008, as you can see from Table 1.

Table 1: Assets, Liabilities, and Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Assets:</b>			
Current assets	\$ 7,685,723	\$ 7,127,632	\$ 6,797,793
Capital assets, net	9,040,919	9,302,338	9,110,411
Other noncurrent assets	<u>5,226,830</u>	<u>4,743,257</u>	<u>4,907,629</u>
Total assets	<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>	<u>\$ 20,815,833</u>
<b>Liabilities:</b>			
Long-term debt outstanding	\$ 546,442	\$ --	\$ --
Other current and noncurrent liabilities	<u>2,897,035</u>	<u>2,681,934</u>	<u>2,710,065</u>
Total liabilities	<u>\$ 3,443,477</u>	<u>\$ 2,681,934</u>	<u>\$ 2,710,065</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	\$ 8,385,146	\$ 9,191,585	\$ 9,060,661
Restricted - expendable	417,066	460,753	449,258
Unrestricted	<u>9,707,783</u>	<u>8,838,955</u>	<u>8,595,849</u>
Total net assets	<u>\$ 18,509,995</u>	<u>\$ 18,491,293</u>	<u>\$ 18,105,768</u>

Current assets increased by 8% primarily as a result of an increase in Medicare and Medicaid interim payment rates and lowering the patient receivables, but increasing cash. Other noncurrent assets increased by 10% due to an increase in funding reserves. Liabilities increased by 28%, due to primarily using long-term debt to fund some capital projects.

Net capital assets decreased by \$261,419 due to major acquisition purchases being less than the depreciation for the year.

#### OPERATING RESULTS AND CHANGES IN THE MEDICAL CENTER'S NET ASSETS

In 2009, the Medical Center's net assets increased by \$18,702, as shown in Table 2. This increase is made up of many different components. This year the most significant changes were outpatient volumes bouncing back after the recruiting of two new family practice physicians in the latter part of 2008. This helped to offset the startup costs of the OB/GYN clinic in 2009.

Table 2: Operating Results and Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Operating Revenues:			
Net patient service revenues	\$ 16,140,053	\$ 15,033,541	\$ 15,349,955
Other operating revenues	<u>395,206</u>	<u>438,578</u>	<u>420,027</u>
Total operating revenues	16,535,259	15,472,119	15,769,982
Operating Expenses:			
Salaries and benefits	10,870,567	10,574,991	10,435,269
Professional fees	1,385,024	1,256,331	1,304,701
Other operating expenses	4,627,881	4,213,158	4,123,742
Depreciation	<u>1,283,481</u>	<u>1,102,420</u>	<u>968,278</u>
Total operating expenses	<u>18,166,953</u>	<u>17,146,900</u>	<u>16,831,990</u>
Operating Loss	( 1,631,694)	( 1,674,781)	( 1,062,008)
Non-Operating Revenues (Expenses):			
Property taxes	1,038,792	902,698	809,805
Investment income	101,958	191,351	249,947
Noncapital grants and contributions	468,035	616,493	322,224
Interest expense	( 2,168)	--	--
Gain on disposal of equipment	<u>--</u>	<u>3,000</u>	<u>305</u>
Non-operating revenues, net	<u>1,606,617</u>	<u>1,713,542</u>	<u>1,382,281</u>
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	( 25,077)	38,761	320,273
Capital grants and contributions	60,029	371,764	78,060
Medical Occupation Scholarships	( 16,250)	( 25,000)	( 22,500)
Unusual item	<u>--</u>	<u>--</u>	<u>( 311,785)</u>
Increase in net assets	18,702	385,525	64,048
Net Assets Beginning of Year	<u>18,491,293</u>	<u>18,105,768</u>	<u>18,041,720</u>
Net Assets End of Year	<u>\$ 18,509,995</u>	<u>\$ 18,491,293</u>	<u>\$ 18,105,768</u>

## OPERATING LOSSES

The first component of the overall change in the Medical Center's net assets is its operating loss - generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Hospital has reported an operating loss. This is consistent with the Medical Center's entire operating history. The Medical Center's operations were begun in 1937 as a county hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, making the facility more affordable for the County's lower income residents. In 2007, the operating loss was \$1,062,008. In 2008, the operating loss increased to \$1,674,781. In 2009, the operating loss decreased to \$1,631,694 due to a combination of items.

The primary components of the lower operating loss are:

- An increase in Outpatient occasions of service of 6%.
- Total operating revenues increased by 7%, while total operating expenses increased 6% in 2009 over 2008.

## NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues consist primarily of property taxes levied by the Medical Center, grants mostly through our Public Health department and interest revenue and investment earnings. The change in property tax dollars was due to property valuations increases.

The decrease in investment income was a result of interest rates dropping over the last year.

## GRANTS, CONTRIBUTIONS, AND ENDOWMENTS

The Medical Center has received both capital and operating contributions from both the Greene County Medical Center Foundation and the GCMC Auxiliary over the last two years to fund new equipment and physician recruitment efforts. This year the Medical Center received \$160,029 from the two organizations for various projects.

## BUDGETARY HIGHLIGHTS

The official county budget of the Medical Center for the year ended June 30, 2009 was prepared on a modified accrual basis. Actual revenues and expenses were both below the budgeted figures due to major construction projects not occurring.

## THE MEDICAL CENTER'S CASH FLOWS

Changes in the Medical Center's cash flows are consistent with changes in operating losses and non-operating revenues and expenses, discussed earlier.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

At the end of 2009, the Medical Center had \$9 million invested in capital assets, net of accumulated depreciation, as detailed in Note G to the financial statements. In 2009, the Medical Center added \$1,108,480 in capital assets, significantly less than in 2008. The new assets were less than the \$1,283,481 in depreciation expense, explaining the decrease in depreciable net capital assets.

### Construction-in-Progress:

The Medical Center capitalized the roof replacement project in 2009 to reduce the balance. A new roof replacement project was started in the summer of 2008.

### Debt:

The Medical Center has incurred \$673,730 in long-term debt in 2009. Of this amount, \$200,000 is related to a 10-year no interest Rural Economic Development loan for the IT project. The rest is related to capital lease obligations related to digital mammography and R&F room in radiology.

## OTHER ECONOMIC FACTORS

The Medical Center considered many factors when setting the fiscal 2009 budget. Both local and national economic factors were considered, such as:

- Medicare and Medicaid reimbursement rates
- Privacy legislation (HIPAA)
- Market-driven cost of living salary increases
- Cost of supplies
- Capital purchases
- No major changes in local economic employment
- Physician recruitment

## CONTACTING THE MEDICAL CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administration offices at Greene County Medical Center in Jefferson, Iowa.

\* \* \*

GREENE COUNTY MEDICAL CENTER  
Balance Sheets  
June 30,

ASSETS

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash	\$ 2,339,957	\$ 1,081,149
Patient receivables, less allowances for doubtful accounts and for contractual adjustments (\$1,442,616 in 2009, \$1,630,000 in 2008)	3,461,285	4,114,692
Accounts receivable - other	104,776	90,081
Inventory	241,565	218,516
Prepaid expense	347,809	253,441
Estimated third-party payor settlements	--	251,000
Succeeding year property tax receivable	1,081,000	1,008,000
Internally designated assets	<u>109,331</u>	<u>110,753</u>
Total current assets	7,685,723	7,127,632
Designated and Restricted Assets:		
Internally designated assets	4,532,667	4,068,257
Restricted assets	<u>417,066</u>	<u>460,753</u>
	4,949,733	4,529,010
Less amounts required to meet current liabilities	<u>109,331</u>	<u>110,753</u>
	4,840,402	4,418,257
Capital Assets:		
Depreciable capital assets, net	9,004,246	9,179,247
Non-depreciable capital assets	<u>36,673</u>	<u>123,091</u>
	9,040,919	9,302,338
Notes Receivable	<u>386,428</u>	<u>325,000</u>
Total assets	<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
Current Liabilities:		
Current maturities of long-term debt	\$ 109,331	\$ --
Accounts payable - trade	275,395	600,107
Accounts payable - plant	--	110,753
Accrued employee compensation	1,109,309	955,470
Estimated third-party payor settlements	322,000	--
Deferred grant revenue	--	7,604
Deferred revenue for succeeding year property tax receivable	<u>1,081,000</u>	<u>1,008,000</u>
Total current liabilities	2,897,035	2,681,934
Long-Term Debt:		
Note payable, less current maturities	183,333	--
Capital lease obligations, less current maturities	<u>363,109</u>	<u>--</u>
Total long-term debt	<u>546,442</u>	<u>--</u>
Total liabilities	3,443,477	2,681,934
Net Assets:		
Invested in capital assets, net of related debt	8,385,146	9,191,585
Restricted	417,066	460,753
Unrestricted	<u>9,707,783</u>	<u>8,838,955</u>
Total net assets	<u>18,509,995</u>	<u>18,491,293</u>
Total liabilities and net assets	<u>\$ 21,953,472</u>	<u>\$ 21,173,227</u>

GREENE COUNTY MEDICAL CENTER  
 Statements of Revenues, Expenses and Changes in Net Assets  
 Year ended June 30,

	2009	2008
Revenue:		
Net patient service revenue	\$ 16,140,053	\$ 15,033,541
Other revenue	395,206	438,578
Total revenue	16,535,259	15,472,119
Expenses:		
Nursing service	4,784,682	4,784,031
Other professional service	5,993,331	5,379,460
General service	2,481,583	2,577,127
Fiscal and administrative service	3,623,876	3,303,862
Provision for depreciation	1,283,481	1,102,420
Total expenses	18,166,953	17,146,900
Operating Loss	( 1,631,694)	( 1,674,781)
Non-Operating Revenues (Expenses):		
County taxes	1,038,792	902,698
Noncapital grants and contributions	468,035	616,493
Investment income	101,958	191,351
Interest expense	( 2,168)	--
Gain on disposal of equipment	--	3,000
Non-operating revenues, net	1,606,617	1,713,542
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, and Scholarship Distributions	( 25,077)	38,761
Capital Grants and Contributions	60,029	371,764
Medical Occupation Scholarship Distributions	( 16,250)	( 25,000)
Increase in Net Assets	18,702	385,525
Net Assets Beginning of Year	18,491,293	18,105,768
Net Assets End of Year	\$ 18,509,995	\$ 18,491,293

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER  
Statements of Cash Flows  
Year ended June 30,

	2009	2008
Cash flows from operating activities:		
Cash received from patients and third-party payors	\$ 17,351,765	\$ 14,483,985
Cash paid to suppliers	( 8,796,593)	( 7,220,533)
Cash paid to employees	( 8,306,597)	( 8,413,428)
Other revenue	395,206	438,578
Net cash provided by (used in) operating activities	643,781	( 711,398)
Cash flows from non-capital financing activities:		
County tax revenue	1,038,792	902,698
Noncapital grants and contributions	460,431	616,493
Net cash provided by non-capital financing activities	1,499,223	1,519,191
Cash flows from capital and related financing activities:		
Capital grants and contributions	60,029	371,764
Capital expenditures	( 470,493)	( 637,693)
Construction in progress expenditures	( 188,592)	( 595,651)
Principal paid on capital leases	( 17,957)	--
Proceeds from note payable	200,000	--
Interest paid	( 2,168)	--
Proceeds from sale of property and equipment	--	3,000
Net cash used in capital and related financing activities	( 419,181)	( 858,580)
Cash flows from investing activities:		
Medical occupation scholarship distributions	( 16,250)	( 25,000)
Change in notes receivable	( 130,000)	( 300,000)
Change in designated and restricted assets	( 267,676)	372,700
Investment income	101,958	191,351
Net cash provided by (used in) investing activities	( 311,968)	239,051
Net increase in cash and cash equivalents	1,411,855	188,264
Cash and cash equivalents at beginning of year	2,501,818	2,313,554
Cash and cash equivalents at end of year	\$ 3,913,673	\$ 2,501,818

(continued next page)

GREENE COUNTY MEDICAL CENTER  
 Statements of Cash Flows - Continued  
 Year ended June 30,

	<u>2009</u>	<u>2008</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash in current assets	\$ 2,339,957	\$ 1,081,149
Cash and cash equivalents in designated and restricted assets	<u>1,573,716</u>	<u>1,420,669</u>
Total cash and cash equivalents	<u>\$ 3,913,673</u>	<u>\$ 2,501,818</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$( 1,631,694)	\$( 1,674,781)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Provision for depreciation	1,283,481	1,102,420
Amortization of notes receivable	68,572	28,160
Change in assets and liabilities		
Accounts receivable	638,712	248,444
Inventory	( 23,049)	14,670
Prepaid expense	( 94,368)	44,823
Accounts payable - trade	( 324,712)	378,681
Accrued employee compensation	153,839	( 55,815)
Estimated third-party payor settlements	<u>573,000</u>	<u>( 798,000)</u>
Total adjustments	<u>2,275,475</u>	<u>963,383</u>
Net cash provided by (used in) operating activities	<u>\$ 643,781</u>	<u>\$( 711,398)</u>

Non-Cash Transactions:

The Hospital also incurred the following non-cash transactions in addition to the transactions reflected in the reconciliation of operating loss to net cash provided by (used in) operating activities:

	<u>2009</u>	<u>2008</u>
Capital leases were entered into for the purchase of equipment	<u>\$ 473,730</u>	<u>\$ --</u>

The accompanying notes are an integral part of these statements.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

1. Reporting Entity

Greene County Medical Center (the Hospital) is a critical access county hospital which provides inpatient, outpatient, long-term care, and other related healthcare services. The Hospital is organized under Chapter 347 of the Code of Iowa, accordingly is a political subdivision of the State of Iowa, and is therefore exempt from federal and state income taxes. It is governed by a seven member board of trustees elected for six year terms. The Hospital has 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 Hospital are such that exclusion would cause the Hospital's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an organization's governing body, and (a) the Hospital's ability to impose its will on that organization, or (b) the potential for the organization to provide benefits to or impose financial burdens on the Hospital. The Hospital has identified one component unit: Greene County Medical Center Foundation (the Foundation). Substantially all of the economic resources of the Foundation are designated for the direct benefit of the Hospital. The Hospital received \$106,657 in contributions from the Foundation during the year ended June 30, 2009 (\$651,704 in 2008). Blending of the Foundation with the Hospital would result in an increase in total net assets of approximately \$1,880,000 (\$1,974,000 in 2008) and a decrease in the change in net assets of approximately \$94,000 (\$65,000 increase in 2008) for the year ended June 30, 2009.

2. Enterprise Fund Accounting

The Hospital uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), that do not conflict with or contradict GASB pronouncements.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including designated and restricted assets.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

5. Inventory Valuation

Inventory is valued at the lower of cost (first-in, first-out method) or market.

6. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned, unless restricted by donor or law.

7. Capital Assets

The Hospital's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of one year and cost in excess of \$2,500 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (fifteen to forty years for buildings and land improvements and two to twenty years for equipment).

8. Costs of Borrowing

Except for capital assets acquired through gifts, contributions, or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The Hospital did not capitalize any interest cost in either 2009 or 2008.

9. Compensated Absences

Hospital employees earn paid time off hours at varying rates depending on years of service. Paid time off accumulates to a maximum of 480 hours. Paid time off benefits stop accruing once the maximum hours are reached. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

10. Operating Revenues and Expenses

The Hospital's statement of revenues, expenses and changes in net assets distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the Hospital's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

11. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

12. Property Tax Levy

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. 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 that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied. Property tax revenue is reported as non-operating revenue when collected by the County Treasurer.

13. Grants and Contributions

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

14. Endowments

Endowments are provided to the Hospital on a voluntary basis by individuals and private organizations. *Permanent* endowments require that the principal or corpus of the endowment be retained in perpetuity. If a donor has not provided specific instructions, law permits the Board of Trustees to authorize for expenditure the net appreciation of the investments of endowment funds, as discussed in Note C.

15. Restricted Resources

Use of restricted or unrestricted resources for individual projects is determined by the Hospital Board of Trustees based on the facts regarding each specific situation.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

16. Net Assets

Net assets of the Hospital are classified in three components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net assets* are noncapital net assets that must be used for a particular purpose or permanent endowments, as specified by creditors, grantors, or contributors external to the Hospital. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt or restricted*.

17. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Revenue from services to these patients is automatically recorded in the accounting system at the established rates, but the Hospital does not pursue collection of the amounts. The resulting adjustments are recorded as bad debts or charity service depending on the timing of the charity determination.

NOTE B - THIRD-PARTY PAYOR ARRANGEMENTS

A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid - Inpatient services and most outpatient services related to program beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for the cost of services at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediaries. The Hospital's Medicare cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2008. The Hospital's Medicaid cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2006. However, finalized cost reports are subject to re-opening by the intermediaries within three years after the date of finalization. Outpatient services not paid based on a cost reimbursement methodology are paid based on a prospectively determined fee schedule.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE C - ENDOWMENTS AND RESTRICTED NET ASSETS

Restricted expendable net assets are available for the following purposes:

	2009	2008
Healthcare occupation student loans and scholarships	\$ 142,066	\$ 165,753
Purchase of property and equipment	--	20,000
	\$ 142,066	\$ 185,753

Unless the contributor provides specific instructions, law permits the Hospital Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments in its endowments. When administering its power to spend net appreciation, the Board of Trustees is required to consider the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes designated by the contributor.

The Board of Trustees has chosen to spend the investment income and appreciation on the endowment fund while maintaining adequate amounts of earnings to maintain the principal original value. Any decreases in principal value will be replaced by retaining income in future years to return the principal to its original value.

Restricted nonexpendable net assets as of June 30, 2009 and 2008 represent the principal amounts of permanent endowments, restricted to investment in perpetuity. Investment earnings from the Hospital's permanent endowments are expendable to support these programs as established by the contributor:

	2009	2008
Healthcare occupation student loans and scholarships	\$ 275,000	\$ 275,000

Following is a summary of the use of temporarily restricted net assets during the year ended June 30:

	2009	2008
Purchase of property and equipment	\$ 80,029	\$ 351,764
Medical occupation scholarships	33,090	25,000
Physician recruitment	100,000	300,000
	\$ 213,119	\$ 676,764

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE D - DESIGNATED NET ASSETS

Of the \$9,707,783 (\$8,838,955 as of June 30, 2008) of unrestricted net assets as of June 30, 2009, \$4,532,667 (\$4,068,257 for 2008) has been designated by the Hospital's Board of Trustees for purposes indicated in the following schedule. These assets remain under the control of the Board of Trustees, which may, at its discretion, later use the funds for other purposes.

	2009	2008
Capital acquisitions	\$ 4,532,667	\$ 4,068,257

NOTE E - DEPOSITS AND INVESTMENTS

The Hospital's deposits at June 30, 2009 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Investments are stated as indicated in Note A.

The Hospital 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 Trustees; 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.

The composition of designated and restricted assets is as follows:

	2009	2008
<b>Internally Designated Assets:</b>		
Cash and cash equivalents	\$ 1,520,372	\$ 1,360,417
Certificates of deposit	3,009,661	2,704,286
Interest receivable	2,634	3,554
	\$ 4,532,667	\$ 4,068,257
<b>Restricted Assets:</b>		
Cash and cash equivalents	\$ 53,344	\$ 60,252
Certificates of deposit	270,000	300,000
Notes receivable	93,505	100,036
Interest receivable	217	465
	\$ 417,066	\$ 460,753

The Hospital'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) in 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 Hospital.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE F - ACCOUNTS RECEIVABLE AND CONCENTRATION OF CREDIT RISK

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2009 and 2008, was as follows:

	<u>2009</u>	<u>2008</u>
Receivable from:		
Patients	\$ 2,552,623	\$ 2,644,405
Medicare	1,216,839	1,597,672
Medicaid	248,683	419,609
Wellmark	608,149	663,087
Other commercial insurance carriers	<u>277,607</u>	<u>419,919</u>
	4,903,901	5,744,692
Less allowances for doubtful accounts and contractual adjustments	<u>1,442,616</u>	<u>1,630,000</u>
	<u>\$ 3,461,285</u>	<u>\$ 4,114,692</u>

NOTE G - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2009 and 2008 were as follows:

<u>Cost</u>	<u>Balance 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2009</u>
Land Improvements	\$ 533,693	\$ 20,450	\$ --	\$ 554,143
Buildings	7,427,253	209,387	--	7,636,640
Fixed Equipment	8,130,816	3,360	18,978	8,115,198
Major Movable Equipment	<u>5,965,011</u>	<u>875,283</u>	<u>2,234,497</u>	<u>4,605,797</u>
	22,056,773	1,108,480	2,253,475	20,911,778
<u>Depreciation</u>				
Land Improvements	360,310	21,963	--	382,273
Buildings	3,831,146	234,862	--	4,066,008
Fixed Equipment	5,025,899	352,964	18,978	5,359,885
Major Movable Equipment	<u>3,660,171</u>	<u>673,692</u>	<u>2,234,497</u>	<u>2,099,366</u>
Total Depreciation	<u>12,877,526</u>	<u>1,283,481</u>	<u>2,253,475</u>	<u>11,907,532</u>
Depreciable Capital Assets, Net	<u>\$ 9,179,247</u>	<u>\$( 175,001)</u>	<u>\$ --</u>	<u>\$ 9,004,246</u>
Land	\$ 16,673	\$ 20,000	\$ --	\$ 36,673
Construction in Progress	<u>106,418</u>	<u>77,839</u>	<u>184,257</u>	<u>--</u>
Total Non-Depreciable Capital Assets	<u>\$ 123,091</u>	<u>\$ 97,839</u>	<u>\$ 184,257</u>	<u>\$ 36,673</u>

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE G - CAPITAL ASSETS - Continued

<u>Cost</u>	<u>Balance 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2008</u>
Land Improvements	\$ 530,009	\$ 3,684	\$ --	\$ 533,693
Buildings	7,401,535	25,718	--	7,427,253
Fixed Equipment	7,930,849	199,967	--	8,130,816
Major Movable Equipment	<u>4,124,071</u>	<u>1,857,940</u>	<u>17,000</u>	<u>5,965,011</u>
	19,986,464	2,087,309	17,000	22,056,773
<u>Depreciation</u>				
Land Improvements	333,638	26,672	--	360,310
Buildings	3,605,634	225,512	--	3,831,146
Fixed Equipment	4,665,214	360,685	--	5,025,899
Major Movable Equipment	<u>3,187,620</u>	<u>489,551</u>	<u>17,000</u>	<u>3,660,171</u>
Total Depreciation	<u>11,792,106</u>	<u>1,102,420</u>	<u>17,000</u>	<u>12,877,526</u>
Depreciable Capital Assets, Net	<u>\$ 8,194,358</u>	<u>\$ 984,889</u>	<u>\$ --</u>	<u>\$ 9,179,247</u>
Land	\$ 16,673	\$ --	\$ --	\$ 16,673
Construction in Progress	<u>899,380</u>	<u>706,404</u>	<u>1,499,366</u>	<u>106,418</u>
Total Non-Depreciable Capital Assets	<u>\$ 916,053</u>	<u>\$ 706,404</u>	<u>\$1,499,366</u>	<u>\$ 123,091</u>

NOTE H - NON-CURRENT LIABILITIES

A schedule of changes in the Hospital's non-current liabilities for the years ended June 30, 2009 and 2008 follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2009</u>	<u>Current Portion</u>
Long-Term Debt:					
Rural Economic Development Loan	\$ --	\$ 200,000	\$ --	\$ 200,000	\$ 16,667
Capital Lease Obligations	<u>--</u>	<u>473,730</u>	<u>17,957</u>	<u>455,773</u>	<u>92,664</u>
Total of Non-Current Liabilities	<u>\$ --</u>	<u>\$ 673,730</u>	<u>\$ 17,957</u>	<u>\$ 655,773</u>	<u>\$ 109,331</u>

In October, 2008, the Hospital borrowed \$200,000 through the Midland Power Cooperative under the Rural Economic Development Loan and Grant Program. The loan is non-interest bearing and is due in monthly installments of \$1,852 for 108 months commencing October, 2009. The loan is collateralized by the Hospital's net revenues.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE H - NON-CURRENT LIABILITIES - Continued

The combined annual debt service on the loan and capital lease obligations is expected to require less than 10% of cash flow available for debt service. For the current year, debt service and cash flow available for debt service were approximately \$20,000 and \$1,304,000 respectively.

Assets recorded under capital leases consist of major movable equipment items with totals as follows:

	2009	2008
Cost	\$ 473,730	\$ --
Less: Accumulated Amortization	13,270	--
Net Book Value	\$ 460,460	\$ --

Scheduled principal and interest repayments on long-term debt are as follows:

Year ending June 30,	Long-Term Debt		Capital Leases		Total
	Principal	Interest	Principal	Interest	
2010	\$ 16,667	\$ --	\$ 92,664	\$ 5,331	\$ 114,662
2011	22,222	--	93,899	4,096	120,217
2012	22,222	--	95,156	2,839	120,217
2013	22,222	--	96,436	1,559	120,217
2014	22,222	--	77,618	351	100,191
2015-2019	94,445	--	--	--	94,445
	\$ 200,000	\$ --	\$ 455,773	\$ 14,176	\$ 669,949

NOTE I - PENSION AND RETIREMENT BENEFITS

The Hospital 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.

Plan members are required to contribute 4.10% (4.30% beginning July 1, 2009) of their annual salary and the Hospital is required to contribute 6.35% (6.65% beginning July 1, 2009) of annual covered payroll. Contribution requirements are established by State statute. The Hospital's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007, were approximately \$523,100, \$494,600, and \$472,200, respectively, equal to the required contributions for each year.

GREENE COUNTY MEDICAL CENTER  
Notes to Financial Statements  
June 30, 2009 and 2008

NOTE J - COMMITMENTS AND CONTINGENCIES

Risk Management

The Hospital is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Management believes that the malpractice insurance coverage is adequate to cover all asserted and any unasserted claims, therefore no related liability has been accrued. Greene County Medical Center is exposed to various other common business risks for which it is covered by commercial insurance. Settled claims from these risks have not exceeded insurance coverage during the past three years.

Notes Receivable

The notes receivable represent funds advanced under agreements with healthcare professionals now practicing in the Jefferson community. The funds were partially provided by Greene County Medical Center Foundation through a grant to the Hospital. The agreements include commitments by the healthcare professionals to provide medical services in the community for a specified period of years. In exchange for the commitments of time and services, the Hospital will forgive the notes over the terms of the commitments.

Other Post Employment Benefits (OPEB)

The Hospital implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions during the year ended June 30, 2009.

**Plan Description:** As required by state law, the Hospital offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Hospital employees, and the retiree must pay a health insurance premium equal to that charged for current employees.

**Potential for Liability:** A review of the Hospital's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

Subsequent Event

The Hospital has evaluated all subsequent events through November 30, 2009, the date the financial statements were available to be issued.

\* \* \*

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER  
 Budgetary Comparison Schedule  
 Year ended June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Auditing Standards. In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget following required public notice and hearings. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. The following is a reconciliation between reported amounts and the modified accrual basis used to prepare the budget. The adjustments result from accounting for interest, amortization, general obligation bond payments, capital expenditures, restricted fund expenditures, and net assets differently for financial statement and budget purposes.

	Per Financial Statements			
	Unrestricted Fund	Restricted Fund	Total	
Amount raised by taxation	\$ 1,038,792	\$ --	\$ 1,038,792	
Other revenues	16,993,681	169,432	17,163,113	
Transfers in (out)	<u>196,869</u>	<u>( 196,869)</u>	<u>--</u>	
	18,229,342	( 27,437)	18,201,905	
Expenses	<u>18,166,953</u>	<u>16,250</u>	<u>18,183,203</u>	
Net	62,389	( 43,687)	18,702	
Balance beginning of year	<u>18,030,540</u>	<u>460,753</u>	<u>18,491,293</u>	
Balance end of year	<u>\$ 18,092,929</u>	<u>\$ 417,066</u>	<u>\$ 18,509,995</u>	
	<u>Total Per Financial Statements</u>	<u>Budget Adjustments</u>	<u>Budget Basis</u>	<u>Adopted Budget</u>
Amount raised by taxation	\$ 1,038,792	\$ 252,558	\$ 1,291,350	\$ 1,279,678
Other revenues	<u>17,163,113</u>	<u>314,917</u>	<u>17,478,030</u>	<u>21,451,145</u>
	18,201,905	567,475	18,769,380	22,730,823
Expenses	<u>18,183,203</u>	<u>1,518,797</u>	<u>19,702,000</u>	<u>22,587,785</u>
Net	18,702	( 951,322)	( 932,620)	143,038
Balance beginning of year	<u>18,491,293</u>	<u>( 1,874,003)</u>	<u>16,617,290</u>	<u>16,617,290</u>
Balance end of year	<u>\$ 18,509,995</u>	<u>\$( 2,825,325)</u>	<u>\$ 15,684,670</u>	<u>\$ 16,760,328</u>

See Independent Auditor's Report.

ACCOMPANYING INFORMATION

GREENE COUNTY MEDICAL CENTER  
Patient Receivables  
June 30,

Analysis of Aging:

<u>Days Since Discharge</u>	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>Percent to Total</u>	<u>Amount</u>	<u>Percent to Total</u>
0 - 30	\$ 1,855,276	37.8%	\$ 2,424,579	42.2%
31 - 60	522,467	10.7	518,345	9.0
61 - 90	293,899	6.0	475,553	8.3
91 - 120	181,068	3.7	193,670	3.4
120 and over	2,051,191	41.8	2,132,545	37.1
	<u>4,903,901</u>	<u>100.0%</u>	<u>5,744,692</u>	<u>100.0%</u>
Allowance for doubtful accounts	1,004,616		1,059,000	
Allowance for contractual adjustments	<u>438,000</u>		<u>571,000</u>	
	<u>\$ 3,461,285</u>		<u>\$ 4,114,692</u>	

Allowance for Doubtful Accounts:

	<u>Year ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Balance, beginning	\$1,059,000	\$1,084,437
Provision for bad debts	465,860	439,995
Recoveries of accounts previously written off	<u>20,819</u>	<u>6,423</u>
	1,545,679	1,530,855
Accounts written off	<u>541,063</u>	<u>471,855</u>
Balance, ending	<u>\$1,004,616</u>	<u>\$1,059,000</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Inventory/Prepaid Expense  
June 30,

	2009	2008
<u>Inventory</u>		
Medical and surgical	\$ 102,551	\$ 88,692
Dietary	7,618	8,263
Pharmacy	65,999	65,396
Laboratory and radiology	47,702	38,306
Maintenance	17,695	17,859
	\$ 241,565	\$ 218,516
<u>Prepaid Expense</u>		
Health insurance	\$ 127,427	\$ 114,682
Other insurance	117,748	58,193
Service contracts and dues	102,634	80,566
	\$ 347,809	\$ 253,441

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Patient Service Revenue  
Year ended June 30,

	2009		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Swing Bed</u>
<b>Daily Patient Services:</b>			
Medical, surgical and obstetric	\$ 1,014,903	\$ 203,661	\$ 362,806
Long-term care	--	--	19,060
Coronary care	81,180	--	--
Nursery	<u>42,756</u>	<u>--</u>	<u>--</u>
	1,138,839	203,661	381,866
<b>Other Nursing Services:</b>			
Operating room	224,303	1,485,177	5,707
Delivery and labor rooms	40,840	19,735	--
Central services and supply	224,135	481,586	28,418
Emergency service	178,661	1,140,624	878
Cardiac rehabilitation	--	125,141	567
Treatment room	<u>360</u>	<u>133,512</u>	<u>--</u>
	668,299	3,385,775	35,570
<b>Other Professional Services:</b>			
Emergency room physicians	32,610	343,068	82
Anesthesiology	107,539	401,114	3,346
Laboratory	241,402	2,508,156	36,304
Radiology	41,359	1,250,549	10,669
Nuclear medicine	100,318	1,465,151	12,750
Pharmacy	723,577	1,446,417	258,970
Electrocardiology	19,107	80,125	580
Physical therapy	10,213	374,835	54,386
Inhalation therapy	201,208	618,303	77,519
Diabetic education	--	68,454	--
Speech therapy	1,605	3,522	5,127
Occupational therapy	8,151	74,882	54,487
Physician clinic	--	32,177	--
Public health	<u>--</u>	<u>633,715</u>	<u>--</u>
	1,487,089	9,300,468	514,220
	<u>\$ 3,294,227</u>	<u>\$ 12,889,904</u>	<u>\$ 931,656</u>

See Independent Auditor's Report.

<u>2009</u>		<u>2008</u>
<u>LTC</u>	<u>Total</u>	<u>Total</u>
\$ --	\$ 1,581,370	\$ 1,669,162
2,998,844	3,017,904	2,936,719
--	81,180	53,820
--	42,756	59,500
<u>2,998,844</u>	<u>4,723,210</u>	<u>4,719,201</u>
--	1,715,187	1,441,138
--	60,575	65,508
85,851	819,990	693,289
--	1,320,163	1,107,500
--	125,708	121,254
--	133,872	18,087
<u>85,851</u>	<u>4,175,495</u>	<u>3,446,776</u>
--	375,760	338,269
--	511,999	422,168
12	2,785,874	2,481,214
--	1,302,577	1,121,138
--	1,578,219	1,388,659
--	2,428,964	2,057,383
--	99,812	97,612
256	439,690	339,572
476	897,506	849,258
--	68,454	65,943
--	10,254	4,749
72	137,592	150,887
--	32,177	--
--	633,715	649,844
<u>816</u>	<u>11,302,593</u>	<u>9,966,696</u>
<u>\$ 3,085,511</u>	<u>\$ 20,201,298</u>	<u>\$ 18,132,673</u>

GREENE COUNTY MEDICAL CENTER  
Revenue and Related Adjustments  
Year ended June 30,

	2009	2008
<u>Net Patient Service Revenue</u>		
Patient service revenue	\$ 20,201,298	\$ 18,132,673
Contractual adjustments	( 3,342,364)	( 2,470,363)
Provision for bad debts	( 465,860)	( 439,995)
Public health adjustments	( 24,298)	( 55,101)
Charity care	( 206,416)	( 178,655)
Adjustments to long-term care revenue	( 22,307)	44,982
	<u>\$ 16,140,053</u>	<u>\$ 15,033,541</u>
 <u>Other Revenue</u>		
Meals sold	\$ 92,734	\$ 94,010
Public health revenue	116,394	153,331
Rental income	82,473	80,833
Ever Greene Ridge operations	59,684	59,603
Ancillary service coverage revenue	34,635	40,172
Medical record transcripts	4,056	4,914
Utilization review	66	88
In-service revenue	1,455	1,303
Miscellaneous	3,709	4,324
	<u>\$ 395,206</u>	<u>\$ 438,578</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Nursing Service Expenses  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Administrative:		
Salaries and wages	\$ 114,876	\$ 112,677
Employee benefits	22,831	20,306
Supplies and other expense	1,457	3,350
	<u>139,164</u>	<u>136,333</u>
Education:		
Supplies and other expense	3,260	3,136
Medical and Surgical:		
Salaries and wages	1,221,670	1,434,011
Employee benefits	170,341	189,401
Supplies and other expense	148,534	97,875
	<u>1,540,545</u>	<u>1,721,287</u>
Long-Term Care:		
Salaries and wages	1,224,810	1,186,974
Employee benefits	160,415	158,300
Supplies and other expense	82,899	97,133
	<u>1,468,124</u>	<u>1,442,407</u>
Coronary Care:		
Salaries and wages	20,310	11,831
Employee benefits	2,749	1,579
Supplies and other expense	1,938	5,562
	<u>24,997</u>	<u>18,972</u>
Obstetric:		
Salaries and wages	68,657	64,035
Employee benefits	8,467	8,314
Supplies and other expense	113,315	19,003
	<u>190,439</u>	<u>91,352</u>
Nursery:		
Salaries and wages	8,075	14,484
Employee benefits	1,088	1,916
	<u>9,163</u>	<u>16,400</u>
Operating Room:		
Salaries and wages	312,943	285,155
Employee benefits	43,334	36,322
Supplies and other expense	448,354	407,521
	<u>804,631</u>	<u>728,998</u>

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Nursing Service Expenses - Continued  
Year ended June 30,

	2009	2008
Delivery and Labor Rooms:		
Salaries and wages	\$ 10,498	\$ 12,934
Employee benefits	1,409	1,695
	11,907	14,629
Central Services and Supply:		
Salaries and wages	164,273	155,889
Employee benefits	21,302	20,155
Supplies and other expense	2,069	12,424
	187,644	188,468
Emergency Service:		
Salaries and wages	223,435	246,912
Employee benefits	25,252	30,432
Supplies and other expense	59,612	56,305
	308,299	333,649
Eldercare:		
Salaries and wages	32,125	29,793
Employee benefits	4,144	3,888
Supplies and other expense	4,230	4,581
	40,499	38,262
Cardiac Rehabilitation:		
Salaries and wages	27,323	36,929
Employee benefits	2,937	5,724
Supplies and other expense	8,450	2,301
	38,710	44,954
Treatment Room:		
Salaries and wages	13,959	3,893
Employee benefits	1,955	493
Supplies and other expense	1,386	798
	17,300	5,184
	\$ 4,784,682	\$ 4,784,031

SUMMARY

Salaries and wages	\$ 3,442,954	\$ 3,595,517
Employee benefits	466,224	478,525
Other expense	875,504	709,989
	\$ 4,784,682	\$ 4,784,031

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Other Professional Service Expenses  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Emergency Room Physicians:		
Professional fees	\$ 665,534	\$ 653,160
Anesthesiology:		
Professional fees	330,659	277,971
Supplies and other expense	<u>37,175</u>	<u>27,866</u>
	367,834	305,837
Laboratory:		
Salaries and wages	340,743	342,424
Employee benefits	45,079	44,190
Professional fees	97,580	91,816
Supplies and other expense	<u>335,393</u>	<u>287,808</u>
	818,795	766,238
Radiology:		
Salaries and wages	337,443	348,682
Employee benefits	45,799	47,299
Supplies and other expense	<u>164,768</u>	<u>143,782</u>
	548,010	539,763
Nuclear Medicine:		
Purchased services	305,867	292,717
Supplies and other expense	<u>26,611</u>	<u>45,659</u>
	332,478	338,376
Pharmacy:		
Salaries and wages	213,374	223,446
Employee benefits	28,826	28,860
Drugs	392,889	304,938
Supplies and other expense	<u>45,688</u>	<u>38,520</u>
	680,777	595,764
Electrocardiology:		
Salaries and wages	10,641	9,519
Employee benefits	1,477	1,299
Professional fees	<u>8,184</u>	<u>8,592</u>
	20,302	19,410
Physical Therapy:		
Salaries and wages	272,711	233,916
Employee benefits	44,405	36,023
Professional fees	5,185	3,131
Supplies and other expense	<u>24,852</u>	<u>19,367</u>
	347,153	292,437

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Other Professional Service Expenses - Continued  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Inhalation Therapy:		
Salaries and wages	\$ 131,654	\$ 130,490
Employee benefits	17,624	16,900
Oxygen	28,551	29,052
Supplies and other expense	<u>129,631</u>	<u>113,302</u>
	307,460	289,744
Diabetic Education:		
Salaries and wages	120,961	115,526
Employee benefits	16,416	15,391
Supplies and other expense	<u>5,034</u>	<u>4,811</u>
	142,411	135,728
Speech Therapy:		
Salaries and wages	2,330	--
Employee benefits	326	--
Professional fees	--	2,325
Supplies and other expense	<u>44</u>	<u>667</u>
	2,700	2,992
Occupational Therapy:		
Salaries and wages	43,816	44,242
Employee benefits	5,833	5,776
Supplies and other expense	<u>2,862</u>	<u>2,804</u>
	52,511	52,822
Physician Clinic:		
Salaries and wages	200,034	--
Employee benefits	35,394	--
Supplies and other expense	<u>81,795</u>	<u>--</u>
	317,223	--
Public Health:		
Salaries and wages	817,810	851,150
Employee benefits	105,264	108,652
Professional fees	800	750
Supplies and other expense	<u>116,482</u>	<u>94,481</u>
	1,040,356	1,055,033

(continued next page)

GREENE COUNTY MEDICAL CENTER  
 Other Professional Service Expenses - Continued  
 Year ended June 30,

	2009	2008
Medical Records:		
Salaries and wages	\$ 258,284	\$ 257,250
Employee benefits	34,440	33,771
Supplies and other expense	57,063	41,135
	349,787	332,156
	\$ 5,993,331	\$ 5,379,460

SUMMARY

Salaries and wages	\$ 2,749,801	\$ 2,556,645
Employee benefits	380,883	338,161
Professional fees	1,107,942	1,037,745
Other expense	1,754,705	1,446,909
	\$ 5,993,331	\$ 5,379,460

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
General Service Expenses  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Dietary:		
Salaries and wages	\$ 541,141	\$ 535,110
Employee benefits	71,976	75,396
Food	358,373	355,479
Supplies and other expense	61,384	62,989
	<u>1,032,874</u>	<u>1,028,974</u>
Housekeeping:		
Salaries and wages	248,187	243,038
Employee benefits	35,723	32,417
Supplies and other expense	90,583	78,665
	<u>374,493</u>	<u>354,120</u>
Laundry and Linen:		
Salaries and wages	121,876	126,637
Employee benefits	15,308	15,646
Supplies and other expense	9,570	12,923
	<u>146,754</u>	<u>155,206</u>
Operation of Plant:		
Salaries and wages	276,863	256,337
Employee benefits	36,238	34,219
Utilities	412,624	444,504
Supplies and other expense	73,387	61,402
Purchased services	128,350	242,365
	<u>927,462</u>	<u>1,038,827</u>
	<u>\$ 2,481,583</u>	<u>\$ 2,577,127</u>

SUMMARY

Salaries and wages	\$ 1,188,067	\$ 1,161,122
Employee benefits	159,245	157,678
Other expense	<u>1,134,271</u>	<u>1,258,327</u>
	<u>\$ 2,481,583</u>	<u>\$ 2,577,127</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Fiscal and Administrative Service Expenses  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Fiscal:		
Salaries and wages	\$ 544,592	\$ 583,470
Employee benefits	71,372	74,960
Professional fees	1,161	955
Collection fees	46,486	32,643
Supplies and other expense	<u>59,619</u>	<u>56,940</u>
	723,230	748,968
Personnel:		
Salaries and wages	98,909	97,427
Employee benefits	12,882	11,995
Supplies and other expense	<u>20,886</u>	<u>25,093</u>
	132,677	134,515
Administrative:		
Salaries and wages	191,602	184,009
Employee benefits	42,701	42,829
Professional fees	195,806	173,117
Dues	33,891	26,625
Telephone	53,934	47,242
Supplies and other expense	<u>65,266</u>	<u>71,919</u>
	583,200	545,741
Information Systems:		
Salaries and wages	101,950	66,158
Employee benefits	13,909	8,978
Supplies and other expense	<u>296,796</u>	<u>299,168</u>
	412,655	374,304
Medical Care Evaluation:		
Salaries and wages	92,339	59,544
Employee benefits	11,802	7,378
Professional fees	4,865	4,514
Supplies and other expense	<u>2,606</u>	<u>3,151</u>
	111,612	74,587
Marketing:		
Salaries and wages	50,222	53,721
Employee benefits	6,865	6,994
Supplies and other expense	<u>33,421</u>	<u>28,671</u>
	90,508	89,386

(continued next page)

GREENE COUNTY MEDICAL CENTER  
Fiscal and Administrative Service Expenses - Continued  
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Insurance:		
Insurance and bonding	\$ 119,782	\$ 125,142
Medical Staff:		
Professional fees	75,250	40,000
Supplies and other expense	<u>130,714</u>	<u>81,339</u>
	205,964	121,339
Employee Welfare:		
Employee insurance	1,076,223	946,690
Workers' compensation insurance	103,175	88,287
Other employee benefits	49,706	31,774
Life insurance	<u>15,144</u>	<u>23,129</u>
	<u>1,244,248</u>	<u>1,089,880</u>
	<u>\$ 3,623,876</u>	<u>\$ 3,303,862</u>

SUMMARY

Salaries and wages	\$ 1,079,614	\$ 1,044,329
Employee benefits	1,403,779	1,243,014
Professional fees	277,082	218,586
Other expense	<u>863,401</u>	<u>797,933</u>
	<u>\$ 3,623,876</u>	<u>\$ 3,303,862</u>

SUMMARY OF EXPENSES

Salaries and wages	\$ 8,460,436	\$ 8,357,613
Employee benefits	2,410,131	2,217,378
Professional fees	1,385,024	1,256,331
Other expense	<u>4,627,881</u>	<u>4,213,158</u>
	<u>\$ 16,883,472</u>	<u>\$ 16,044,480</u>

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Comparative Statistics  
Year ended June 30,

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Acute Care:					
Admissions	449	433	461	543	547
Discharges	454	430	459	544	554
Patient Days	1,326	1,387	1,594	1,719	1,927
Average Length of Stay	2.92	3.23	3.47	3.16	3.48
Average Occupied Beds	3.6	3.8	4.4	4.7	5.3
Swing Bed:					
Admissions	151	144	139	159	175
Discharges	150	147	145	162	175
SNF Days	1,017	1,268	1,637	1,562	1,987
ICF Days	134	132	141	182	207
Combined Average Occupied Beds	6.8	7.6	9.2	9.5	11.3
Nursery Days	84	125	130	160	170
Long-Term Care Patient Days	22,316	23,013	23,482	22,274	23,401
Outpatient Occasions of Service	25,166	23,842	24,576	25,623	24,741

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER  
Comparative Balance Sheets  
June 30,

	2009	2008
<b>Current Assets:</b>		
Cash	\$ 2,339,957	\$ 1,081,149
Receivables	3,566,061	4,204,773
Inventory	241,565	218,516
Prepaid expense	347,809	253,441
Estimated third-party payor settlements	--	251,000
Succeeding year property tax receivable	1,081,000	1,008,000
Internally designated assets	109,331	110,753
Total current assets	7,685,723	7,127,632
<b>Other Assets:</b>		
Internally designated and restricted assets, net	4,840,402	4,418,257
Capital assets, net	9,040,919	9,302,338
Notes receivable	386,428	325,000
Total other assets	14,267,749	14,045,595
	\$ 21,953,472	\$ 21,173,227
<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$ 109,331	\$ --
Accounts payable	275,395	710,860
Accrued expenses	1,109,309	955,470
Deferred grant revenue	--	7,604
Estimated third-party payor settlements	322,000	--
Deferred revenue for succeeding year property tax receivable	1,081,000	1,008,000
Total current liabilities	2,897,035	2,681,934
Long-Term Debt	546,442	--
Net Assets	18,509,995	18,491,293
Total liabilities and net assets	\$ 21,953,472	\$ 21,173,227

See Independent Auditor's Report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 890,376	\$ 529,968	\$ 1,564,250
4,453,217	4,003,036	3,641,077
233,186	239,333	197,160
298,264	206,965	95,137
--	--	--
873,000	782,000	681,000
49,750	44,984	184,386
<u>6,797,793</u>	<u>5,806,286</u>	<u>6,363,010</u>
4,854,469	5,614,968	5,523,908
9,110,411	9,026,808	9,187,183
53,160	30,000	120,000
<u>14,018,040</u>	<u>14,671,776</u>	<u>14,831,091</u>
<u>\$ 20,815,833</u>	<u>\$ 20,478,062</u>	<u>\$ 21,194,101</u>
\$ --	\$ --	\$ --
271,176	336,642	360,207
1,011,285	995,096	1,281,420
7,604	7,604	7,604
547,000	315,000	1,097,000
873,000	782,000	681,000
<u>2,710,065</u>	<u>2,436,342</u>	<u>3,427,231</u>
--	--	--
<u>18,105,768</u>	<u>18,041,720</u>	<u>17,766,870</u>
<u>\$ 20,815,833</u>	<u>\$ 20,478,062</u>	<u>\$ 21,194,101</u>

GREENE COUNTY MEDICAL CENTER  
 Comparative Statements of Revenues, Expenses and Changes in Net Assets  
 Year ended June 30,

	<u>2009</u>	<u>2008</u>
Patient Service Revenue	\$ 20,201,298	\$ 18,132,673
Adjustments to Patient Service Revenue	<u>( 4,061,245)</u>	<u>( 3,099,132)</u>
Net Patient Service Revenue	16,140,053	15,033,541
Other Revenue	<u>395,206</u>	<u>438,578</u>
Total Revenue	16,535,259	15,472,119
Expenses	<u>18,166,953</u>	<u>17,146,900</u>
Operating Loss	( 1,631,694)	( 1,674,781)
Non-Operating Revenues, Net	<u>1,606,617</u>	<u>1,713,542</u>
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	( 25,077)	38,761
Capital Grants and Contributions	60,029	371,764
Medical Occupation Scholarship Distributions	( 16,250)	( 25,000)
Unusual Item	<u>--</u>	<u>--</u>
Increase in Net Assets	<u>\$ 18,702</u>	<u>\$ 385,525</u>

See Independent Auditor's Report.

<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 18,939,543	\$ 17,605,984	\$ 16,270,199
( 3,589,588)	( 2,709,604)	( 2,238,200)
15,349,955	14,896,380	14,031,999
<u>420,027</u>	<u>440,584</u>	<u>334,149</u>
15,769,982	15,336,964	14,366,148
<u>16,831,990</u>	<u>16,365,862</u>	<u>15,179,689</u>
( 1,062,008)	( 1,028,898)	( 813,541)
<u>1,382,281</u>	<u>1,251,946</u>	<u>1,149,932</u>
320,273	223,048	336,391
78,060	74,302	1,767,714
( 22,500)	( 22,500)	( 17,500)
<u>( 311,785)</u>	<u>--</u>	<u>--</u>
<u>\$ 64,048</u>	<u>\$ 274,850</u>	<u>\$ 2,086,605</u>

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COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Board of Trustees  
Greene County Medical Center  
Jefferson, Iowa

We have audited the financial statements of Greene County Medical Center as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Medical Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Greene County Medical Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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.

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 the Hospital's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood a misstatement of the Hospital's financial statements, that is more than inconsequential, will not be prevented or detected by the Hospital's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

To the Board of Trustees  
Greene County Medical Center

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 the Hospital'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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greene County Medical Center'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.

Comments involving statutory and other legal matters about the Hospital'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 Hospital. 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 Medical Center's response to findings identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Hospital's response, we did not audit the Hospital'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 constituents of Greene County Medical Center and other parties to whom the Hospital 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.

*Granovold, Bell, Klym + Co. P.C.*

Atlantic, Iowa  
November 30, 2009

GREENE COUNTY MEDICAL CENTER  
Schedule of Findings  
Year ended June 30, 2009

PART I - SIGNIFICANT DEFICIENCIES

09-I-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Hospital. This deficiency is common among most small rural hospitals.

Recommendation: We recognize that it may not be economically feasible for the Hospital to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Hospital to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

\* \* \*

PART II - REQUIRED STATUTORY REPORTING

09-II-A Certified Budget: Hospital expenditures during the year ended June 30, 2009 did not exceed amounts budgeted.

09-II-B Questionable Expenses: During the audit, we noted no expenditures for parties, banquets or other entertainment for employees or Board members.

09-II-C Travel Expense: No expenditures of Hospital money for travel expenses of spouses of Hospital officials and/or employees were noted.

09-II-D Business Transactions: During our audit, we noted no business transactions with Hospital employees or officials.

09-II-E Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

09-II-F Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Hospital's investment policy.

\* \* \*