GREENE COUNTY MEDICAL CENTER

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2010 AND 2009

GREENE COUNTY MEDICAL CENTER

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GREENE COUNTY MEDICAL CENTER
Officials
June 30, 2010

Board of Trustees:	Address	Term Expires
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
Kim Rueter	Grand Junction, Iowa	2010
Doug Hawn	Scranton, Iowa	2014
Ruth Consier (Resigned January, 2010)	Churdan, Iowa	
Kim Bates (appointed January, 2010)	Scranton, Iowa	2014

Administrator/CEO:	
Karen L. Bossard	Jefferson, Iowa

Director of Financial Services:	
William C. Steussy	Jefferson, Iowa

Controller:	
James Last	Grand Junction, Iowa

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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, 2010 and 2009, 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, 2010 and 2009, 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 December 3, 2010 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 20 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, 2008 (none of which are presented herein) and expressed qualified opinions on those financial statements. The supplementary information (shown on pages 21 through 35) 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, Thylen & Co. P.C.

Atlantic, Iowa
December 3, 2010

GREENE COUNTY MEDICAL CENTER
1000 West Lincolnway
Jefferson, Iowa 50129
Phone: 515-386-2114
Fax: 515-386-3695

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, 2010 and June 30, 2009. 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 $79,856 increase in 2010 and an $18,702 increase in 2009.

Net capital assets increased by $664,952 or 7% in 2010.

The Medical Center added long-term debt of $525,834 with acquisition of radiology equipment through a capital lease.

The Medical Center's operating loss increased from $1,631,694 in 2009 to $1,938,759 in 2010.

Noncapital grants and contributions decreased $69,192 or 15% in 2010.

Capital grants and contributions increased $418,257 or 697% in 2010.

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 $79,856 in 2010 and $18,702 in 2009, as you can see from Table 1.

Table 1: Assets, Liabilities, and Net Assets

	2010	2009	2008
Assets:			
Current assets	$ 7,858,039	$ 7,685,723	$ 7,127,632
Capital assets, net	9,705,871	9,040,919	9,302,338
Other noncurrent assets	5,312,373	5,226,830	4,743,257
Total assets	$ 22,876,283	$ 21,953,472	$ 21,173,227
Liabilities:			
Long-term debt outstanding	$ 811,472	$ 546,442	$ --
Other current and noncurrent liabilities	3,474,960	2,897,035	2,681,934
Total liabilities	$ 4,286,432	$ 3,443,477	$ 2,681,934
Net Assets:			
Invested in capital assets, net of related debt	$ 8,657,171	$ 8,385,146	$ 9,191,585
Restricted - expendable	397,494	417,066	460,753
Unrestricted	9,535,186	9,707,783	8,838,955
Total net assets	$ 18,589,851	$ 18,509,995	$ 18,491,293

Current assets increased by 2% primarily as a result of an increase in grant receivables. Net capital assets increased by $664,952 due to major acquisition and construction-in-progress purchases being greater than the depreciation for the year. Other noncurrent assets increased by 2% due to an increase in funding reserves.

Liabilities increased by 24%, due to a combination of using more long-term debt to fund some capital projects, larger trade accounts payable and larger estimated third party settlements.

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

In 2010, the Medical Center's net assets increased by $79,856, as shown in Table 2. This increase is made up of many different components. This year the most significant changes were the increase in noncapital and capital grants and contributions to offset the increase in operating loss.

Table 2: Operating Results and Changes in Net Assets

	2010	2009	2008
Operating Revenues:			
Net patient service revenues	$ 16,890,188	$ 16,140,053	$ 15,033,541
Other operating revenues	288,599	395,206	438,578
Total operating revenues	17,178,787	16,535,259	15,472,119
Operating Expenses:			
Salaries and benefits	11,610,653	10,870,567	10,574,991
Professional fees	1,576,520	1,406,275	1,256,331
Other operating expenses	4,551,375	4,606,630	4,213,158
Depreciation	1,378,998	1,283,481	1,102,420
Total operating expenses	19,117,546	18,166,953	17,146,900
Operating Loss	(1,938,759)	(1,631,694)	(1,674,781)
Non-Operating Revenues (Expenses):			
Property taxes	1,108,020	1,038,792	902,698
Investment income	71,437	101,958	191,351
Noncapital grants and contributions	398,843	468,035	616,493
Interest expense	(11,721)	(2,168)	--
Gain on disposal of equipment	--	--	3,000
Non-operating revenues, net	1,566,579	1,606,617	1,713,542
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	(372,180)	(25,077)	38,761
Capital grants and contributions	478,286	60,029	371,764
Medical Occupation Scholarships	(26,250)	(16,250)	(25,000)
Increase in net assets	79,856	18,702	385,525
Net Assets Beginning of Year	18,509,995	18,491,293	18,105,768
Net Assets End of Year	$ 18,589,851	$ 18,509,995	$ 18,491,293

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 2008, the operating loss was $1,674,781. In 2009, the operating loss decreased to $1,631,694. In 2010, the operating loss increased to $1,938,759 due to a combination of items.

The primary components of the higher operating loss are:

- -A decrease in Outpatient occasions of service of 3%.
- -Lower volumes in Long Term Care and the OB/GYN clinic than projected.
- -Total operating revenues increased by 4%, while total operating expenses increased 5% in 2010 over 2009.

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 $241,838 from the two organizations for various projects.

In 2010 the Medical Center also received a HRSA federal grant for $253,070 for surgery equipment.

BUDGETARY HIGHLIGHTS

The official county budget of the Medical Center for the year ended June 30, 2010 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 2010, the Medical Center had $9.7 million invested in capital assets, net of accumulated depreciation, as detailed in Note G to the financial statements. In 2010, the Medical Center added $1,341,053 in capital assets, significantly greater than in 2009. The new assets were close to the $1,378,998 in depreciation expense for the year.

Construction-in-Progress:

The Medical Center has undertaken a number of major projects during 2010 which were not completed yet at the end of fiscal year. The pharmacy information technology project and a major air handler replacement project were major reasons for the increase in net capital assets of $664,952 during the year.

Debt:

The Medical Center has incurred an additional $525,834 in long-term debt in 2010. This is related to a capital lease obligation in radiology for a CT digital scanner.

OTHER ECONOMIC FACTORS

The Medical Center considered many factors when setting the fiscal 2010 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

	2010	2009
Current Assets:		
Cash	$ 1,921,674	$ 2,339,957
Patient receivables, less allowances for doubtful accounts and for contractual adjustments ($1,258,245 in 2010, $1,442,616 in 2009)	3,597,928	3,461,285
Accounts receivable - other	258,354	104,776
Inventory	243,552	241,565
Prepaid expense	401,303	347,809
Succeeding year property tax receivable	1,198,000	1,081,000
Internally designated assets	237,228	109,331
Total current assets	7,858,039	7,685,723
Designated and Restricted Assets:		
Internally designated assets	4,794,250	4,532,667
Restricted assets	397,494	417,066
	5,191,744	4,949,733
Less amounts required to meet current liabilities	237,228	109,331
	4,954,516	4,840,402
Capital Assets:		
Depreciable capital assets, net	8,966,301	9,004,246
Non-depreciable capital assets	739,570	36,673
	9,705,871	9,040,919
Notes Receivable	357,857	386,428
Total assets	$ 22,876,283	$ 21,953,472

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2010	2009
Current Liabilities:		
Current maturities of long-term debt	$ 216,818	$ 109,331
Accounts payable - trade	403,681	275,395
Accounts payable - plant	20,410	--
Accrued employee compensation	1,160,051	1,109,309
Estimated third-party payor settlements	476,000	322,000
Deferred revenue for succeeding year property tax receivable	1,198,000	1,081,000
Total current liabilities	3,474,960	2,897,035
Long-Term Debt:		
Note payable, less current maturities	162,963	183,333
Capital lease obligations, less current maturities	648,509	363,109
Total long-term debt	811,472	546,442
Total liabilities	4,286,432	3,443,477
Net Assets:		
Invested in capital assets, net of related debt	8,657,171	8,385,146
Restricted	397,494	417,066
Unrestricted	9,535,186	9,707,783
Total net assets	18,589,851	18,509,995
Total liabilities and net assets	$ 22,876,283	$ 21,953,472

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

	2010	2009
Revenue:		
Net patient service revenue	$ 16,890,188	$ 16,140,053
Other revenue	288,599	395,206
Total revenue	17,178,787	16,535,259
Expenses:		
Nursing service	5,098,819	4,784,682
Other professional service	6,201,212	5,993,331
General service	2,544,183	2,481,583
Fiscal and administrative service	3,894,334	3,623,876
Provision for depreciation	1,378,998	1,283,481
Total expenses	19,117,546	18,166,953
Operating Loss	(1,938,759)	(1,631,694)
Non-Operating Revenues (Expenses):		
County taxes	1,108,020	1,038,792
Noncapital grants and contributions	398,843	468,035
Investment income	71,437	101,958
Interest expense	(11,721)	(2,168)
Non-operating revenues, net	1,566,579	1,606,617
Excess of Expenses Over Revenues Before Capital Grants and Contributions, and Scholarship Distributions	(372,180)	(25,077)
Capital Grants and Contributions	478,286	60,029
Medical Occupation Scholarship Distributions	(26,250)	(16,250)
Increase in Net Assets	79,856	18,702
Net Assets Beginning of Year	18,509,995	18,491,293
Net Assets End of Year	$ 18,589,851	$ 18,509,995

The accompanying notes are an integral part of these statements.

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

	2010	2009
Cash flows from operating activities:		
Cash received from patients and third-party payors	$ 16,753,967	$ 17,351,765
Cash paid to suppliers	(8,570,437)	(8,796,593)
Cash paid to employees	(8,985,993)	(8,306,597)
Other revenue	288,599	395,206
Net cash provided by (used in) operating activities	(513,864)	643,781
Cash flows from non-capital financing activities:		
County tax revenue	1,108,020	1,038,792
Noncapital grants and contributions	398,843	460,431
Net cash provided by non-capital financing activities	1,506,863	1,499,223
Cash flows from capital and related financing activities:		
Capital grants and contributions	478,286	60,029
Capital expenditures	(815,219)	(470,493)
Construction in progress expenditures	(682,487)	(188,592)
Proceeds from note payable	--	200,000
Principal paid on note payable	(14,815)	--
Principal paid on capital leases	(138,502)	(17,957)
Interest paid	(11,721)	(2,168)
Net cash used in capital and related financing activities	(1,184,458)	(419,181)
Cash flows from investing activities:		
Medical occupation scholarship distributions	(26,250)	(16,250)
Change in notes receivable	(30,000)	(130,000)
Change in designated and restricted assets	(6,769)	(267,676)
Investment income	71,437	101,958
Net cash provided by (used in) investing activities	8,418	(311,968)
Net increase (decrease) in cash and cash equivalents	(183,041)	1,411,855
Cash and cash equivalents at beginning of year	3,913,673	2,501,818
Cash and cash equivalents at end of year	$ 3,730,632	$ 3,913,673

(continued next page)

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

	2010	2009
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash in current assets	$ 1,921,674	$ 2,339,957
Cash and cash equivalents in designated and restricted assets	1,808,958	1,573,716
Total cash and cash equivalents	$ 3,730,632	$ 3,913,673
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	$(1,938,759)	$(1,631,694)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Provision for depreciation	1,378,998	1,283,481
Amortization of notes receivable	58,571	68,572
Change in assets and liabilities		
Accounts receivable	(290,221)	638,712
Inventory	(1,987)	(23,049)
Prepaid expense	(53,494)	(94,368)
Accounts payable - trade	128,286	(324,712)
Accrued employee compensation	50,742	153,839
Estimated third-party payor settlements	154,000	573,000
Total adjustments	1,424,895	2,275,475
Net cash provided by (used in) operating activities	$(513,864)	$ 643,781

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:

	2010	2009
Capital leases were entered into for the purchase of equipment	$ 525,834	$ 473,730

The accompanying notes are an integral part of these statements.

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 $204,501 in contributions from the Foundation during the year ended June 30, 2010 ($106,657 in 2009). Blending of the Foundation with the Hospital would result in an increase in total net assets of approximately $1,769,000 ($1,880,000 in 2009) and a decrease in the change in net assets of approximately $111,000 ($94,000 decrease in 2009) for the year ended June 30, 2010.

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.

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 2010 or 2009.

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.

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.

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, 2009. The Hospital's Medicaid cost reports have been audited and finalized by the fiscal intermediaries through June 30, 2008. 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.

NOTE C - ENDOWMENTS AND RESTRICTED NET ASSETS

Restricted expendable net assets are available for the following purposes:

	2010	2009
Healthcare occupation student loans and scholarships	$ 122,494	$ 142,066

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, 2010 and 2009 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:

	2010	2009
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:

	2010	2009
Purchase of property and equipment	$ 241,838	$ 80,029
Medical occupation scholarships	26,250	33,090
Physician recruitment	--	100,000
	$ 268,088	$ 213,119

NOTE D - DESIGNATED NET ASSETS

Of the $9,535,186 ($9,707,783 as of June 30, 2009) of unrestricted net assets as of June 30, 2010, $4,794,250 ($4,532,667 for 2009) 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.

	2010	2009
Capital acquisitions	$ 4,794,250	$ 4,532,667

NOTE E - DEPOSITS AND INVESTMENTS

The Hospital's deposits at June 30, 2010 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:

	2010	2009
Internally Designated Assets:		
Cash and cash equivalents	$ 1,776,399	$ 1,520,372
Certificates of deposit	3,014,429	3,009,661
Interest receivable	3,422	2,634
	$ 4,794,250	$ 4,532,667
Restricted Assets:		
Cash and cash equivalents	$ 32,559	$ 53,344
Certificates of deposit	270,000	270,000
Notes receivable	94,806	93,505
Interest receivable	129	217
	$ 397,494	$ 417,066

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.

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, 2010 and 2009, was as follows:

	2010	2009
Receivable from:		
Patients	$ 2,692,376	$ 2,552,623
Medicare	1,183,138	1,216,839
Medicaid	270,405	248,683
Wellmark	396,735	608,149
Other commercial insurance carriers	313,519	277,607
	4,856,173	4,903,901
Less allowances for doubtful accounts and contractual adjustments	1,258,245	1,442,616
	$ 3,597,928	$ 3,461,285

NOTE G - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2010 and 2009 were as follows:

Cost	Balance 2009	Additions	Disposals	Balance 2010
Land Improvements	$ 554,143	$ 26,258	$ --	$ 580,401
Buildings	7,636,640	30,157	--	7,666,797
Fixed Equipment	8,115,198	--	297	8,114,901
Major Movable Equipment	4,605,797	1,284,638	614,519	5,275,916
	20,911,778	1,341,053	614,816	21,638,015
Depreciation				
Land Improvements	382,273	16,590	--	398,863
Buildings	4,066,008	246,812	--	4,312,820
Fixed Equipment	5,359,885	351,282	297	5,710,870
Major Movable Equipment	2,099,366	764,314	614,519	2,249,161
Total Depreciation	11,907,532	1,378,998	614,816	12,671,714
Depreciable Capital Assets, Net	$ 9,004,246	$(37,945)	$ --	$ 8,966,301
Land	$ 36,673	$ --	$ --	$ 36,673
Construction in Progress	--	702,897	--	702,897
Total Non-Depreciable Capital Assets	$ 36,673	$ 702,897	$ --	$ 739,570

NOTE G - CAPITAL ASSETS - Continued

Cost	Balance 2008	Additions	Disposals	Balance 2009
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	5,965,011	875,283	2,234,497	4,605,797
	22,056,773	1,108,480	2,253,475	20,911,778
Depreciation				
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	3,660,171	673,692	2,234,497	2,099,366
Total Depreciation	12,877,526	1,283,481	2,253,475	11,907,532
Depreciable Capital Assets, Net	$ 9,179,247	$(175,001)	$ --	$ 9,004,246
Land	$ 16,673	$ 20,000	$ --	$ 36,673
Construction in Progress	106,418	77,839	184,257	--
Total Non-Depreciable Capital Assets	$ 123,091	$ 97,839	$ 184,257	$ 36,673

NOTE H - NON-CURRENT LIABILITIES

A schedule of changes in the Hospital's non-current liabilities for the years ended June 30, 2010 and 2009 follows:

	Balance 2009	Additions	Reductions	Balance 2010	Current Portion
Long-Term Debt:					
Rural Economic Development Loan	$ 200,000	$ --	$ 14,815	$ 185,185	$ 22,222
Capital Lease Obligations	455,773	525,834	138,502	843,105	194,596
Total of Non-Current Liabilities	$ 655,773	$ 525,834	$ 153,317	$1,028,290	$ 216,818

NOTE H - NON-CURRENT LIABILITIES - Continued

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

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.

The combined annual debt service on the loan and capital lease obligations is expected to require less than 16% of cash flow available for debt service. For the current year, debt service and cash flow available for debt service were approximately $165,000 and $1,471,000 respectively.

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

	2010	2009
Cost	$ 999,564	$ 473,730
Less: Accumulated Amortization	141,203	13,270
Net Book Value	$ 858,361	$ 460,460

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

Year ending June 30,	Long-Term Debt		Capital Leases		
	Principal	Interest	Principal	Interest	Total
2011	$ 22,222	$ --	$ 194,596	$ 15,998	$ 232,816
2012	22,222	--	198,626	11,968	232,816
2013	22,222	--	202,755	7,839	232,816
2014	22,222	--	182,036	3,704	207,962
2015	22,222	--	65,092	591	87,905
2016-2019	74,075	--	--	--	74,075
	$ 185,185	$ --	$ 843,105	$ 40,100	$1,068,390

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 4.30% (4.50% beginning July 1, 2010) of their annual salary and the Hospital is required to contribute 6.65% (6.95% beginning July 1, 2010) of annual covered payroll. Contribution requirements are established by State statute. The Hospital's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008, were approximately $583,200, $523,100, and $494,600, respectively, equal to the required contributions for each year.

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.

Construction in Progress

During the year ended June 30, 2010, the Hospital began a construction project with an estimated cost of $805,000, encompassing the renovation of the air handling system in the surgery area. At June 30, 2010, costs incurred on the project totaled $466,192. Financing for the project is being provided by funds generated internally. At June 30, 2010, the Hospital had also incurred costs totaling $26,133 related to a master plan for the Hospital facility. As of the date of this report, this project is still in the investigation stages with no commitments yet entered into.

As of June 30, 2010, the Hospital has also entered into separate agreements to purchase various equipment items. The total estimated cost of all the equipment is $276,000. At June 30, 2010, costs incurred on the equipment totaled $210,572, and is included in construction in progress on the Hospital's financial statements. Funding for the equipment is being provided by funds generated internally.

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.

NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Litigation
The Hospital has been named as a defendant in a lawsuit. Legal counsel is unable to evaluate the eventual outcome of the lawsuit. Management believes that, should any liability eventually result, the Hospital's insurance coverage is adequate to cover any potential settlement. Therefore, no related liability has been accrued.

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 December 3, 2010, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER
Budgetary Comparison Schedule
Year ended June 30, 2010

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	$ 1,108,020	$ --	$ 1,108,020
Other revenues	17,867,115	248,517	18,115,632
Transfers in (out)	241,838	(241,838)	--
	19,216,973	6,679	19,223,652
Expenses	19,117,546	26,250	19,143,796
Net	99,427	(19,571)	79,856
Balance beginning of year	18,092,929	417,066	18,509,995
Balance end of year	$ 18,192,356	$ 397,495	$ 18,589,851

	Total Per Financial Statements	Budget Adjustments	Budget Basis	Adopted Budget
Amount raised by taxation	$ 1,108,020	$ 251,640	$ 1,359,660	$ 1,468,960
Other revenues	18,115,632	331,193	18,446,825	41,090,356
	19,223,652	582,833	19,806,485	42,559,316
Expenses	19,143,796	2,568,212	21,712,008	43,889,317
Net	79,856	(1,985,379)	(1,905,523)	(1,330,001)
Balance beginning of year	18,509,995	(9,852)	18,500,143	18,500,143
Balance end of year	$ 18,589,851	$(1,995,231)	$ 16,594,620	$ 17,170,142

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

GREENE COUNTY MEDICAL CENTER
Patient Receivables
June 30,

Analysis of Aging:

Days Since Discharge	2010 Amount	2010 Percent to Total	2009 Amount	2009 Percent to Total
0 - 30	$ 2,131,865	43.9%	$ 1,855,276	37.8%
31 - 60	376,226	7.7	522,467	10.7
61 - 90	193,420	4.0	293,899	6.0
91 - 120	143,368	3.0	181,068	3.7
120 and over	2,011,294	41.4	2,051,191	41.8
	4,856,173	100.0%	4,903,901	100.0%
Allowance for doubtful accounts	974,245		1,004,616	
Allowance for contractual adjustments	284,000		438,000	
	$ 3,597,928		$ 3,461,285	

Allowance for Doubtful Accounts:

	Year ended June 30, 2010	Year ended June 30, 2009
Balance, beginning	$1,004,616	$1,059,000
Provision for bad debts	604,428	465,860
Recoveries of accounts previously written off	33,612	20,819
	1,642,656	1,545,679
Accounts written off	668,411	541,063
Balance, ending	$ 974,245	$1,004,616

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Inventory/Prepaid Expense
June 30,

	2010	2009
Inventory		
Medical and surgical	$ 99,389	$ 102,551
Dietary	7,160	7,618
Pharmacy	64,880	65,999
Laboratory and radiology	53,686	47,702
Maintenance	18,437	17,695
	$ 243,552	$ 241,565
Prepaid Expense		
Health insurance	$ 130,434	$ 127,427
Other insurance	156,578	117,748
Service contracts and dues	114,291	102,634
	$ 401,303	$ 347,809

See Independent Auditor's Report.

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

	2010		
	Inpatient	Outpatient	Swing Bed
Daily Patient Services:			
Medical, surgical and obstetric	$ 1,259,040	$ 208,547	$ 444,798
Long-term care	--	--	25,390
Coronary care	58,460	--	--
Nursery	62,130	--	--
	1,379,630	208,547	470,188
Other Nursing Services:			
Operating room	268,664	1,422,283	1,206
Delivery and labor rooms	64,391	37,026	--
Central services and supply	218,237	421,622	40,533
Emergency service	146,918	1,065,719	--
Cardiac rehabilitation	1,131	153,371	1,218
Treatment room	377	126,498	--
	699,718	3,226,519	42,957
Other Professional Services:			
Emergency room physicians	29,816	371,405	--
Anesthesiology	116,190	364,212	757
Laboratory	258,790	2,567,694	55,099
Radiology	57,746	1,288,383	9,641
Nuclear medicine	126,549	1,546,358	24,489
Pharmacy	839,219	1,205,861	343,446
Electrocardiology	18,480	70,523	1,386
Physical therapy	14,755	410,607	55,617
Inhalation therapy	273,291	580,447	96,228
Diabetic education	--	76,848	--
Speech therapy	1,061	512	1,635
Occupational therapy	11,657	93,772	59,941
Physician clinic	--	317,458	--
Public health	--	620,237	--
	1,747,554	9,514,317	648,239
	$ 3,826,902	$ 12,949,383	$ 1,161,384

See Independent Auditor's Report.

2010		2009
LTC	Total	Total
$ --	$ 1,912,385	$ 1,581,370
2,969,411	2,994,801	3,017,904
--	58,460	81,180
--	62,130	42,756
2,969,411	5,027,776	4,723,210
--	1,692,153	1,715,187
--	101,417	60,575
88,239	768,631	819,990
--	1,212,637	1,320,163
--	155,720	125,708
--	126,875	133,872
88,239	4,057,433	4,175,495
--	401,221	375,760
--	481,159	511,999
--	2,881,583	2,785,874
--	1,355,770	1,302,577
--	1,697,396	1,578,219
30	2,388,556	2,428,964
--	90,389	99,812
--	480,979	439,690
576	950,542	897,506
--	76,848	68,454
--	3,208	10,254
--	165,370	137,592
--	317,458	32,177
--	620,237	633,715
606	11,910,716	11,302,593
$ 3,058,256	$ 20,995,925	$ 20,201,298

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

	2010	2009
Net Patient Service Revenue		
Patient service revenue	$ 20,995,925	$ 20,201,298
Contractual adjustments	(3,415,681)	(3,342,364)
Provision for bad debts	(604,428)	(465,860)
Public health adjustments	(27,414)	(24,298)
Charity care	(122,926)	(206,416)
Adjustments to long-term care revenue	64,712	(22,307)
	$ 16,890,188	$ 16,140,053
Other Revenue		
Meals sold	$ 96,959	$ 92,734
Public health revenue	87,584	116,394
Rental income	80,230	82,473
Ever Greene Ridge operations	(13,900)	59,684
Ancillary service coverage revenue	22,446	34,635
Medical record transcripts	5,499	4,056
Utilization review	--	66
Sale of x-ray film	4,623	--
In-service revenue	1,320	1,455
Miscellaneous	3,838	3,709
	$ 288,599	$ 395,206

See Independent Auditor's Report.

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

	2010	2009
Administrative:		
Salaries and wages	$ 160,077	$ 114,876
Employee benefits	27,085	22,831
Supplies and other expense	2,129	1,457
	189,291	139,164
Education:		
Supplies and other expense	1,776	3,260
Medical and Surgical:		
Salaries and wages	1,250,314	1,221,670
Employee benefits	176,745	170,341
Professional fees	11,706	23,624
Supplies and other expense	122,510	124,910
	1,561,275	1,540,545
Long-Term Care:		
Salaries and wages	1,248,913	1,224,810
Employee benefits	165,856	160,415
Supplies and other expense	85,421	82,899
	1,500,190	1,468,124
Coronary Care:		
Salaries and wages	1,120	20,310
Employee benefits	154	2,749
Professional fees	1,697	--
Supplies and other expense	4,299	1,938
	7,270	24,997
Obstetric:		
Salaries and wages	110,601	68,657
Employee benefits	16,204	8,467
Professional fees	141,477	92,669
Supplies and other expense	29,681	20,646
	297,963	190,439
Nursery:		
Salaries and wages	7,224	8,075
Employee benefits	1,007	1,088
	8,231	9,163
Operating Room:		
Salaries and wages	274,263	312,943
Employee benefits	36,748	43,334
Supplies and other expense	531,743	448,354
	842,754	804,631

(continued next page)

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

	2010	2009
Delivery and Labor Rooms:		
Salaries and wages	$ 5,194	$ 10,498
Employee benefits	722	1,409
	5,916	11,907
Central Services and Supply:		
Salaries and wages	164,820	164,273
Employee benefits	22,085	21,302
Supplies and other expense	6,736	2,069
	193,641	187,644
Emergency Service:		
Salaries and wages	241,034	223,435
Employee benefits	27,250	25,252
Professional fees	81,017	--
Supplies and other expense	47,121	59,612
	396,422	308,299
Eldercare:		
Salaries and wages	32,849	32,125
Employee benefits	4,309	4,144
Supplies and other expense	878	4,230
	38,036	40,499
Cardiac Rehabilitation:		
Salaries and wages	26,606	27,323
Employee benefits	3,922	2,937
Supplies and other expense	6,908	8,450
	37,436	38,710
Treatment Room:		
Salaries and wages	15,223	13,959
Employee benefits	2,177	1,955
Supplies and other expense	1,218	1,386
	18,618	17,300
	$ 5,098,819	$ 4,784,682

SUMMARY

Salaries and wages	$ 3,538,238	$ 3,442,954
Employee benefits	484,264	466,224
Professional fees	235,897	116,293
Other expense	840,420	759,211
	$ 5,098,819	$ 4,784,682

See Independent Auditor's Report.

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

	2010	2009
Emergency Room Physicians:		
Professional fees	$ 702,826	$ 665,534
Anesthesiology:		
Professional fees	297,449	330,659
Supplies and other expense	29,557	37,175
	327,006	367,834
Laboratory:		
Salaries and wages	332,902	340,743
Employee benefits	45,461	45,079
Professional fees	3,763	2,538
Purchased services	101,798	95,042
Supplies and other expense	328,211	335,393
	812,135	818,795
Radiology:		
Salaries and wages	357,455	337,443
Employee benefits	50,822	45,799
Supplies and other expense	148,026	164,768
	556,303	548,010
Nuclear Medicine:		
Purchased services	207,662	305,867
Supplies and other expense	20,355	26,611
	228,017	332,478
Pharmacy:		
Salaries and wages	214,996	213,374
Employee benefits	30,151	28,826
Drugs	337,838	392,889
Supplies and other expense	48,399	45,688
	631,384	680,777
Electrocardiology:		
Salaries and wages	9,348	10,641
Employee benefits	1,337	1,477
Professional fees	7,044	8,184
Supplies and other expense	271	--
	18,000	20,302

(continued next page)

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

	2010	2009
Physical Therapy:		
Salaries and wages	$ 276,902	$ 272,711
Employee benefits	42,548	44,405
Professional fees	2,094	5,185
Supplies and other expense	16,633	24,852
	338,177	347,153
Inhalation Therapy:		
Salaries and wages	154,312	131,654
Employee benefits	20,668	17,624
Oxygen	31,710	28,551
Supplies and other expense	124,679	129,631
	331,369	307,460
Diabetic Education:		
Salaries and wages	116,282	120,961
Employee benefits	17,117	16,416
Supplies and other expense	5,567	5,034
	138,966	142,411
Speech Therapy:		
Salaries and wages	--	2,330
Employee benefits	--	326
Supplies and other expense	861	44
	861	2,700
Occupational Therapy:		
Salaries and wages	44,961	43,816
Employee benefits	6,060	5,833
Supplies and other expense	1,683	2,862
	52,704	52,511
Physician Clinic:		
Salaries and wages	463,139	200,034
Employee benefits	48,313	35,394
Supplies and other expense	97,543	81,795
	608,995	317,223
Public Health:		
Salaries and wages	857,368	817,810
Employee benefits	110,806	105,264
Professional fees	4,804	800
Supplies and other expense	105,299	116,482
	1,078,277	1,040,356

(continued next page)

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

	2010	2009
Medical Records:		
Salaries and wages	$ 286,669	$ 258,284
Employee benefits	39,330	34,440
Supplies and other expense	50,193	57,063
	376,192	349,787
	$ 6,201,212	$ 5,993,331

SUMMARY

Salaries and wages	$ 3,114,334	$ 2,749,801
Employee benefits	412,613	380,883
Professional fees	1,017,980	1,012,900
Other expense	1,656,285	1,849,747
	$ 6,201,212	$ 5,993,331

See Independent Auditor's Report.

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

	2010	2009
Dietary:		
Salaries and wages	$ 554,767	$ 541,141
Employee benefits	73,494	71,976
Food	329,905	358,373
Supplies and other expense	60,031	61,384
	1,018,197	1,032,874
Housekeeping:		
Salaries and wages	249,747	248,187
Employee benefits	36,411	35,723
Supplies and other expense	83,135	90,583
	369,293	374,493
Laundry and Linen:		
Salaries and wages	120,778	121,876
Employee benefits	14,684	15,308
Supplies and other expense	6,154	9,570
	141,616	146,754
Operation of Plant:		
Salaries and wages	300,477	276,863
Employee benefits	40,000	36,238
Utilities	408,046	412,624
Supplies and other expense	125,835	73,387
Purchased services	140,719	128,350
	1,015,077	927,462
	$ 2,544,183	$ 2,481,583

SUMMARY

Salaries and wages	$ 1,225,769	$ 1,188,067
Employee benefits	164,589	159,245
Other expense	1,153,825	1,134,271
	$ 2,544,183	$ 2,481,583

See Independent Auditor's Report.

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

	2010	2009
Fiscal:		
Salaries and wages	$ 578,978	$ 544,592
Employee benefits	76,915	71,372
Professional fees	1,404	1,161
Collection fees	43,760	46,486
Supplies and other expense	48,060	59,619
	749,117	723,230
Personnel:		
Salaries and wages	120,005	98,909
Employee benefits	17,387	12,882
Supplies and other expense	21,532	20,886
	158,924	132,677
Administrative:		
Salaries and wages	188,686	191,602
Employee benefits	46,445	42,701
Professional fees	183,889	195,806
Dues	41,864	33,891
Telephone	51,204	53,934
Supplies and other expense	55,121	65,266
	567,209	583,200
Information Systems:		
Salaries and wages	119,633	101,950
Employee benefits	16,198	13,909
Supplies and other expense	321,710	296,796
	457,541	412,655
Medical Care Evaluation:		
Salaries and wages	95,378	92,339
Employee benefits	12,563	11,802
Professional fees	6,100	4,865
Supplies and other expense	902	2,606
	114,943	111,612
Marketing:		
Salaries and wages	55,714	50,222
Employee benefits	7,066	6,865
Supplies and other expense	38,949	33,421
	101,729	90,508

(continued next page)

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

	2010	2009
Insurance:		
Insurance and bonding	$ 127,311	$ 119,782
Medical Staff:		
Professional fees	131,250	75,250
Supplies and other expense	150,432	130,714
	281,682	205,964
Employee Welfare:		
Employee insurance	1,159,065	1,076,223
Workers' compensation insurance	130,906	103,175
Other employee benefits	25,117	49,706
Life insurance	20,790	15,144
	1,335,878	1,244,248
	$ 3,894,334	$ 3,623,876

SUMMARY

Salaries and wages	$ 1,158,394	$ 1,079,614
Employee benefits	1,512,452	1,403,779
Professional fees	322,643	277,082
Other expense	900,845	863,401
	$ 3,894,334	$ 3,623,876

SUMMARY OF EXPENSES

Salaries and wages	$ 9,036,735	$ 8,460,436
Employee benefits	2,573,918	2,410,131
Professional fees	1,576,520	1,406,275
Other expense	4,551,375	4,606,630
	$ 17,738,548	$ 16,883,472

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Comparative Statistics
Year ended June 30,

	2010	2009	2008	2007	2006
Acute Care:					
Admissions	470	449	433	461	543
Discharges	469	454	430	459	544
Patient Days	1,492	1,326	1,387	1,594	1,719
Average Length of Stay	3.18	2.92	3.23	3.47	3.16
Average Occupied Beds	4.1	3.6	3.8	4.4	4.7
Swing Bed:					
Admissions	146	151	144	139	159
Discharges	147	150	147	145	162
SNF Days	1,163	1,017	1,268	1,637	1,562
ICF Days	175	134	132	141	182
Combined Average Occupied Beds	7.8	6.8	7.6	9.2	9.5
Nursery Days	114	84	125	130	160
Long-Term Care Patient Days	20,871	22,316	23,013	23,482	22,274
Outpatient Occasions of Service	24,313	25,166	23,842	24,576	25,623

See Independent Auditor's Report.

GREENE COUNTY MEDICAL CENTER
Comparative Balance Sheets
June 30,

	2010	2009
Current Assets:		
Cash	$ 1,921,674	$ 2,339,957
Receivables	3,856,282	3,566,061
Inventory	243,552	241,565
Prepaid expense	401,303	347,809
Estimated third-party payor settlements	--	--
Succeeding year property tax receivable	1,198,000	1,081,000
Internally designated assets	237,228	109,331
Total current assets	7,858,039	7,685,723
Other Assets:		
Internally designated and restricted assets, net	4,954,516	4,840,402
Capital assets, net	9,705,871	9,040,919
Notes receivable	357,857	386,428
Total other assets	15,018,244	14,267,749
	$ 22,876,283	$ 21,953,472
Current Liabilities:		
Current maturities of long-term debt	$ 216,818	$ 109,331
Accounts payable	424,091	275,395
Accrued expenses	1,160,051	1,109,309
Deferred grant revenue	--	--
Estimated third-party payor settlements	476,000	322,000
Deferred revenue for succeeding year property tax receivable	1,198,000	1,081,000
Total current liabilities	3,474,960	2,897,035
Long-Term Debt	811,472	546,442
Net Assets	18,589,851	18,509,995
Total liabilities and net assets	$ 22,876,283	$ 21,953,472

See Independent Auditor's Report.

2008	2007	2006
$ 1,081,149	$ 890,376	$ 529,968
4,204,773	4,453,217	4,003,036
218,516	233,186	239,333
253,441	298,264	206,965
251,000	--	--
1,008,000	873,000	782,000
110,753	49,750	44,984
7,127,632	6,797,793	5,806,286
4,418,257	4,854,469	5,614,968
9,302,338	9,110,411	9,026,808
325,000	53,160	30,000
14,045,595	14,018,040	14,671,776
$ 21,173,227	$ 20,815,833	$ 20,478,062
$ --	$ --	$ --
710,860	271,176	336,642
955,470	1,011,285	995,096
7,604	7,604	7,604
--	547,000	315,000
1,008,000	873,000	782,000
2,681,934	2,710,065	2,436,342
--	--	--
18,491,293	18,105,768	18,041,720
$ 21,173,227	$ 20,815,833	$ 20,478,062

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

	2010	2009
Patient Service Revenue	$ 20,995,925	$ 20,201,298
Adjustments to Patient Service Revenue	(4,105,737)	(4,061,245)
Net Patient Service Revenue	16,890,188	16,140,053
Other Revenue	288,599	395,206
Total Revenue	17,178,787	16,535,259
Expenses	19,117,546	18,166,953
Operating Loss	(1,938,759)	(1,631,694)
Non-Operating Revenues, Net	1,566,579	1,606,617
Excess of Revenues Over Expenses (Expenses Over Revenues) Before Capital Grants and Contributions, Scholarship Distributions, and Unusual Item	(372,180)	(25,077)
Capital Grants and Contributions	478,286	60,029
Medical Occupation Scholarship Distributions	(26,250)	(16,250)
Unusual Item	--	--
Increase in Net Assets	$ 79,856	$ 18,702

See Independent Auditor's Report.

2008	2007	2006
$ 18,132,673	$ 18,939,543	$ 17,605,984
(3,099,132)	(3,589,588)	(2,709,604)
15,033,541	15,349,955	14,896,380
438,578	420,027	440,584
15,472,119	15,769,982	15,336,964
17,146,900	16,831,990	16,365,862
(1,674,781)	(1,062,008)	(1,028,898)
1,713,542	1,382,281	1,251,946
38,761	320,273	223,048
371,764	78,060	74,302
(25,000)	(22,500)	(22,500)
--	(311,785)	--
$ 385,525	$ 64,048	$ 274,850

COMMENTS AND RECOMMENDATIONS

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
DAVID L. HANNASCH
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

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, 2010, and have issued our report thereon dated December 3, 2010. 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, and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Trustees
Greene County Medical Center

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item 10-I-A to be a significant deficiency.

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, 2010 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.

Aconewold, Bell, Kyhm & Co. P.C.

Atlantic, Iowa
December 3, 2010

GREENE COUNTY MEDICAL CENTER
Schedule of Findings
Year ended June 30, 2010

PART I - SIGNIFICANT DEFICIENCIES

10-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

10-II-A Certified Budget: Hospital expenditures during the year ended June 30, 2010 did not exceed amounts budgeted.

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

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

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

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

10-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.

* * *