RINGGOLD COUNTY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2006

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RINGGOLD COUNTY

OFFICIALS

Name	Title	Term Expires
Royce Dredge	Board of Supervisors	December 2008
Wayne Kemery	Board of Supervisors	December 2008
David Inoles	Board of Supervisors	December 2006
Renda Paxson	County Auditor	December 2008
Beverly Noble	County Treasurer	December 2006
Karen Schaefer	County Recorder	December 2006
Michael Sobotka	County Sheriff	December 2008
Clinton Spurrier	County Attorney	December 2006

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To the Officials of Ringgold County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of County officials. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County as of June 30, 2006, and the results in operations and the cash flows of its proprietary fund type for the year 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 October 11, 2006 on our consideration of Ringgold County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 38 through 41 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Offices in 15 states and Washington, DC

Member of HLB International

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ringgold County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 11, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ringgold County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased by more than 11%, or approximately $616,476, from fiscal 2005 to fiscal 2006. Property tax increased by $100,197 and miscellaneous receipts increased by $97,563.
- Program expenses were 1.9%, or $113,664, less in fiscal 2006 than in fiscal 2005.
- The County's net assets increased 5.5%, or $269,101, from June 30, 2005 to June 30, 2006.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Ringgold County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Ringgold County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Ringgold County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

   The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial positon. Ringgold County's combined net assets for FY06 totaled approximately $5,174,123. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

	2006	2005
Current and other assets	$4,180,956	$4,198,498
Capital assets	3,866,259	3,469,785
Total assets	8,047,215	7,668,283
Long-term debt	152,197	185,567
Other liabilities	2,720,895	2,577,697
Total liabilities	2,873,092	2,763,264
Net assets:		
Invested in capital assets, net of related debt	3,714,062	3,284,218
Restricted	26,674	21,070
Unrestricted	1,433,387	1,599,734
Total net assets	$5,174,123	4,905,022

The largest portion of the County's net assets is invested in capital assets (e.g., infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Changes in Net Assets of Governmental Activities

	2006	2005
Revenues:		
Program services:		
Charges for service	$ 687,852	$ 585,246
Operating grants and contributions	2,883,934	2,607,070
Capital grants, contributions, and restricted interest	2,000	3,458
General revenues:		
Property taxes	2,014,079	1,913,847
Property taxes debt service	39,199	39,234
Penalty and interest on property taxes	27,031	30,283
State tax credits	135,825	135,317
Grants and contributions not restricted to specific purpose	1,135	1,136
Investment earnings	74,592	32,320
Gain on disposition	1,177	-
Miscellaneous	258,351	160,788
Total revenues	6,125,175	5,508,699
Program expenses:		
Public safety and legal services	727,150	703,589
Physical health and social services	602,588	587,645
Mental health	813,285	761,998
County environment and education	198,839	174,581
Roads and transportation	2,646,485	2,939,055
Government services to residents	304,781	250,548
Administrative services	539,473	529,057
Non-program	14,605	12,466
Interest on long-term debt	8,868	10,799
Total expenses	5,856,074	5,969,738
Increase (decrease) in net assets	269,101	(461,039)
Net assets, beginning of year	4,905,022	5,366,061
Net assets, end of year	$5,174,123	$4,905,022

Ringgold County's net assets of governmental activities increased by $269,101 during the year. Revenues for governmental activities increased by $616,476 over the prior year.

The cost of all governmental activities this year was $5.8 million compared to $5.9 million last year. However, as shown in the Statement of Activities on page 13, the amount taxpayers ultimately financed for these activities was only $2.5 million because some of the cost was paid by those directly benefited from the programs ($687,852) or by other governments and organizations that subsidized certain programs with grants and contributions ($2,883,934).

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of $1.6 million, a decrease of $166,332 below last year's total of $1.8 million.

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed an increase of $68,367 from the prior year to $731,252.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled $813,173, an increase of 6.6% from the prior year. The Mental Health Fund balance at year ended decreased by ($80,787) over the prior year.
- Secondary Roads Fund expenditures decreased by $93,906 over the prior year, due principally to a decrease in roadway maintenance as the County purchase new equipment in the prior year. The Secondary Roads Fund balance at June 30, 2006 decreased by $135,972.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget four times. The amendments increased budgeted revenue by $430,434 and disbursements by $593,849. These amendments were made to provide for additional expenditures in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, Ringgold County had invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately $396,474.

Capital Assets of Governmental Activities at Year End
(Expressed in Thousands)

	2006	2005
Land	$ 1,688	$ 1,109
Buildings and improvements	547	547
Equipment and vehicles	3,741	3,717
Infrastructure	198	198
Total	$ 6,174	$ 5,571

This year's major additions included (in thousands):

Road construction project	$ 497

The County had depreciation expense of $205,885 in FY06 and total accumulated depreciation of $2,307,403 at June 30, 2006.

Long-term Debt

At June 30, 2006, Ringgold County had approximately $152,197 debt outstanding compared to approximately $185,567 at June 30, 2005, as shown below.

Outstanding Debt of Governmental Activities at Year End
(Expressed in Thousands)

	2006	2005
Capital lease purchase agreements	$ 152	$ 186
Compensated absences	200	188
Total	$ 352	$ 374

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Ringgold County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy.

These indicators were taken into account when adopting the budget for fiscal year 2007. The County has added no major new programs or initiatives to the 2007 budget.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Ringgold County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ringgold County Auditor's Office, 109 W. Madison Street, Mount Ayr, Iowa.

FINANCIAL STATEMENTS

RINGGOLD COUNTY **Exhibit A**

Statement of Net Assets

June 30, 2006

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,335,256
Receivables:	
Property tax:	
Delinquent	146,611
Succeeding year	2,134,376
Accounts	6,307
Accrued interest	6,700
Due from other governments	316,861
Prepaid expenses	64,638
Inventories	170,207
Capital assets, net of accumulated depreciation	3,866,259
Total assets	8,047,215
LIABILITIES	
Accounts payable	229,044
Accrued interest payable	1,998
Salaries and benefits payable	84,416
Due to other governments	70,756
Deferred revenue - succeeding year property tax	2,134,376
Long-term liabilities:	
Portion due within one year:	
Capital lease purchase agreements	35,145
Compensated absences	39,713
Portion due after one year:	
Capital lease purchase agreements	117,052
Compensated absences	160,592
Total liabilities	2,873,092
NET ASSETS	
Invested in capital assets, net of related debt	3,714,062
Restricted for:	
Secondary roads purposes	15,467
Debt service	11,207
Unrestricted	1,433,387
TOTAL NET ASSETS	$ 5,174,123

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

Exhibit B

Statement of Activities

For the Year Ended June 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Public safety and legal services	$ 727,150	$ 146,159	$ 5,872	$ -	$ (575,119)
Physical health and social services	602,588	329,691	199,669	2,000	(71,228)
Mental health	813,285	-	378,988	-	(434,297)
County environment and education	198,839	6,804	8,331	-	(183,704)
Roads and transportation	2,646,485	48,227	2,211,074	-	(387,184)
Governmental services to residents	304,781	112,694	80,000	-	(112,087)
Administrative services	539,473	44,277	-	-	(495,196)
Non-program	14,605	-	-	-	(14,605)
Interest on long-term debt	8,868	-	-	-	(8,868)
Total	$ 5,856,074	$ 687,852	$ 2,883,934	$ 2,000	(2,282,288)

GENERAL REVENUES:	
Property tax levied for:	
General purposes	2,014,079
Debt service	39,199
Penalty and interest on property tax	27,031
State tax credits	135,825
Grants and contributions not restricted to specific purpose	1,135
Unrestricted investment earnings	74,592
Gain on disoposition of assets	1,177
Miscellaneous	258,351
Total general revenues	2,551,389
Change in net assets	269,101
Net assets, beginning of year	4,905,022
Net assets, end of year	$ 5,174,123

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

Balance Sheet
Governmental Funds

June 30, 2006

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
ASSETS				
Cash and pooled investments	$ 523,856	$ 408,738	$ 54,791	$ 287,151
Receivables:				
Property tax:				
Delinquent	81,009	22,770	39,823	-
Succeeding year	1,161,067	326,456	605,954	-
Accounts	6,015	-	-	125
Accrued interest	6,525	-	-	58
Due from other funds	20,643	-	-	-
Due from other governments	121,103	19,798	17,576	153,167
Prepaid expenses	42,750	-	-	21,888
Inventories	-	-	-	170,207
Total assets	$1,962,968	$ 777,762	$ 718,144	$ 632,596
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 23,257	$ 14,763	$ 168	$ 190,856
Salaries and benefits payable	41,275	3,801	3,197	36,143
Due to other governments	6,117	64,639	-	-
Deferred revenue:				
Succeeding year property tax	1,161,067	326,456	605,954	-
Other	-	-	-	-
Total liabilities	1,231,716	409,659	609,319	226,999
Fund balances:				
Reserved for:				
Prepaid expenses	42,751	-	-	21,888
Inventories	-	-	-	170,207
Debt service	-	-	-	-
Unreserved, reported in:				
General fund	688,501	-	-	-
Special revenue fund	-	368,103	108,825	213,502
Total fund balances	731,252	368,103	108,825	405,597
Total liabilities and fund balances	$1,959,719	$ 777,762	$ 718,144	$ 632,596

Nonmajor	Total
$ 40,077	$ 1,314,613
3,009	146,611
40,899	2,134,376
167	6,307
117	6,700
-	20,643
5,217	316,861
-	64,638
-	170,207
$ 89,486	$ 4,180,956
$ -	$ 229,044
-	84,416
-	70,756
40,899	2,134,376
-	-
40,899	2,518,592
-	64,639
-	170,207
11,207	11,207
-	688,501
37,380	727,810
48,587	1,662,364
$ 89,486	$ 4,180,956

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

Exhibit D

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

June 30, 2006

Total governmental fund balances (page 15)	$ 1,662,364
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is $6,173,662 and the accumulated depreciation is $2,307,402.	3,866,259
Long-term liabilities, including bonds payable, capital leases, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(354,500)
Net assets of governmental activities (page 12)	$ 5,174,123

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

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

Year Ended June 30, 2006

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	$1,186,277	$ 327,009	$ 499,070	$ -
Interest and penalty on property tax	27,031	-	-	-
Intergovernmental	581,239	393,191	32,875	2,233,152
Licenses and permits	3,350	-	-	745
Charges for services	426,613	-	-	596
Use of money and property	74,227	-	-	453
Miscellaneous	121,998	12,186	-	149,436
Total revenues	2,420,735	732,386	531,945	2,384,382
Expenditures:				
Current:				
Public safety and legal services	699,035	-	2,732	-
Physical health and social services	589,576	-	-	-
Mental health	-	813,173	-	-
County environment and education services	232,656	-	41,602	-
Roads and transportation	-	-	-	2,522,764
Governmental services to residents	301,208	-	-	-
Administrative services	528,631	-	-	-
Non-program	14,599	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	497,199
Total expenditures	2,365,705	813,173	44,334	3,019,963
Excess (deficiency) of revenues over (under) expenditures	55,030	(80,787)	487,611	(635,581)
Other financing sources (uses):				
Sale of capital assets	1,177	-	-	-
Operating transfers in	12,160	-	-	499,609
Operating transfers out	-	-	(499,609)	-
Total other financing sources (uses)	13,337	-	(499,609)	499,609

Nonmajor	Total
$ 40,921	$2,053,277
-	27,031
10,922	3,251,379
-	4,095
1,716	428,925
985	75,665
-	283,620
54,544	6,123,992
-	701,767
-	589,576
-	813,173
2,212	276,470
-	2,522,764
3,434	304,642
-	528,631
-	14,599
42,680	42,680
-	497,199
48,326	6,291,501
6,218	(167,509)
-	1,177
-	511,769
(12,160)	(511,769)
(12,160)	1,177

(continued)

RINGGOLD COUNTY

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

Year Ended June 30, 2006

		Special Revenue		
	General	Mental Health	Rural Services	Secondary Roads
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	68,367	(80,787)	(11,998)	(135,972)
Fund balances beginning of year	661,126	448,890	120,823	525,814
Increase (decrease) in reserve for:				
Prepaid expenses	1,759	-	-	(200)
Inventories	-	-	-	15,955
Fund balances, end of year	$ 731,252	$ 368,103	$ 108,825	$ 405,597

Nonmajor	Total
(5,942)	(166,332)
54,529	1,811,182
-	1,559
-	15,955
$ 48,587	$1,662,364

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended June 30, 2006

Net change in fund balances - total governmental funds (page 20)		$ (166,332)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlays exceeded depreciation expense in the current year, as follows:		
Expenditures for capital assets	$ 602,359	
Depreciation expense	(205,885)	396,474
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		33,370
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	(12,367)	
Interest on long-term debt	442	(11,925)
Prepaid expenses and inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenditures in the period that the corresponding net asset is exhausted.		17,514
Change in net assets of governmental activities (page 13)		$ 269,101

These financial statements should be read only in connection with the accompanying notes to financial statements.

RINGGOLD COUNTY

Exhibit G

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2006

ASSETS	
Cash and pooled investments:	
County treasurer	$ 400,226
Other county officials	30,084
Receivables:	
Accounts receivable	993
Property tax:	
Delinquent	388,757
Succeeding year	4,540,797
Accrued interest	243
Due from other governments	117,018
Total assets	5,478,118
LIABILITIES	
Accounts payable	18,620
Checks drawn in excess of bank balance	1,099
Salaries and benefits payable	4,384
Due to other funds	20,643
Due to other governments	887,365
Deferred revenue:	
Succeeding year property tax	4,540,797
Compensated absences	5,210
Total liabilities	5,478,118
NET ASSETS	$ -

These financial statements should be read only in connection with the accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Ringgold County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents and administrative services.

The County's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission, County Public Safety Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

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

B. Basis of Presentation (continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

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

B. Basis of Presentation (continued)

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additonally, the County reports the following funds:

Fiduciary Funds - Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

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

C. Measurement Focus and Basis of Accounting (continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable - Property tax in governmental fund types are accounted for using the modifed accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

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

D. Assets, Liabilities and Fund Equity (continued)

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 1/2% per month penalty for delinquent payment; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due From and Due To Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

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

D. Assets, Liabilities and Fund Equity (continued)

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings	40-50 years
Building improvements	20-50 years
Infrastructure	30-50 years
Equipment	2-20 years
Vehicles	3-10 years

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

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

D. Assets, Liabilities and Fund Equity (continued)

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the roads and transportation function and disbursements in certain departments exceeded the amounts appropriated.

(2) **Cash and Pooled Investments**

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of $32,559 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

(2) **Cash and Pooled Investments** (continued)

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipts) 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 County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust & Agency - County Recorder	$ 18,493
General	Trust & Agency - Sheriff	2,150
Total		$ 20,643

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimburseable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	$ 499,609
	Special Revenue:	
General Fund	County Cons Res	12,160
		$ 511,769

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2006 was as follows:

Governmental activities:	**Balance Beginning of Year**	**Increases**	**Decreases**	**Balance End of Year**
Capital assets not being depreciated:				
Land	$ 1,109,303	$ 81,160	$ -	$ 1,190,463
Construction in progress	-	497,199	-	497,199
Total capital assets not being depreciated	1,109,303	578,359	-	1,687,662
Capital assets being depreciated:				
Buildings and building improvements	547,419	-	-	547,419
County equipment	346,541	-	-	346,541
Secondary roads equipment	3,369,707	24,000	-	3,393,707
Infrastructure	198,333	-	-	198,333
Total capital assets being depreciated	4,462,000	24,000	-	4,486,000
Less accumulated depreciation for:				
Buildings and building improvements	77,044	12,048	-	89,092
County equipment	290,512	42,746	-	333,258
Secondary roads equipment	1,726,028	147,124	-	1,873,152
Infrastructure	7,934	3,967	-	11,901
Total accumulated depreciation	2,101,518	205,885	-	2,307,403
Total capital assets being depreciated, net	2,360,482	(181,885)	-	2,307,403
Governmental activities capital assets, net	$ 3,469,785	$ 396,474	$ -	$ 3,866,259

(5) **Capital Assets** (continued)

Depreciation expense was charged to the governmental functions of the County as follows:

Governmental activities:	
Public safety and legal services	$ 23,767
Physical health and social services	13,012
County environment and education	3,529
Roads and transportation	152,691
Administrative services	12,886
Total depreciation expense - governmental activities	$ 205,885

(6) **Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	$ 6,117
Special Revenue:		
Mental Health	Services	64,639
Total for governmental funds		$ 70,756
Agency:		
District Schools		$ 339,645
County Assessor		69,505
Hospital		74,853
Corporations		62,706
Auto License & Use Tax		87,447
Township		80,611
E911 Surcharge		65,236
Anticipated Property Tax		27,210
All Others		80,152
Total for agency funds		$ 887,365

(7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	Capital Lease Purchase Agreements	Compensated Absences	Total
Balance, beginning of year	$ 185,567	$ 187,938	$ 373,505
Increase	-	47,647	47,647
Decreases	33,370	35,280	68,650
Balance, end of year	$ 152,197	$ 200,305	$ 352,502
Due within one year	$ 35,145	$ 39,713	$ 74,858

Capital Lease Purchase Agreements

The County has entered into a capital lease purchase agreement to lease an elevator with a historical cost of $320,000. The following is a schedule of the future minimum lease payments, including interest at 5.25% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2006:

Year Ending June 30,	
2007	$ 42,680
2008	42,680
2009	42,680
2010	42,680
Total minimum lease payments	170,720
Less amount representing interest	18,523
Present value of net minimum lease payments	$ 152,197

Payments under capital lease purchase agreements for the year ended June 30, 2006 totaled $42,680. Accumulated depreciation is $54,126 at June 30, 2006.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll. Certain employees in special risk occupations and the Count contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were $125,386, $121,996, and $120,459, respectively, equal to the required contributions for each year.

(9) Risk Management

Ringgold County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

(9) **Risk Management** (continued)

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2006 were $84,233.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $250,000 per claim. Claims exceeding $250,000 are reinsured in an amount not to exceed $1,750,000 per claim and $5,000,000 in aggregate per year. For members requiring specific coverage from $2,000,000 to $10,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $500,000 and $100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County, but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

Ringgold County Assessor's Conference Board - The County Board of Supervisors are members of or appointed representatives to the Ringgold County Assessor's Conference Board. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

Solid Waste Management Commission - The County is a member of the Wayne - Ringgold - Decatur County Solid Waste Management Commission, hereinafter referred to as the "Commission". The Commission is an intergovernmental group whose members include Wayne, Ringgold and Decatur Counties including cities in and around those counties. The Commission was created with a purpose to operate and maintain solid waste facilities for member units of government, as authorized by Chapter 28E of the Code of Iowa. Ringgold County submits payments to the commission based on the County's usage of the landfill. Ringgold County, in the event of dissolution of the Commission, or the withdrawal of the County from the Commission, shall, as stated in the Joint Powers Agreement creating the Commission, have a perpetual obligation to continue to make contributions to the Commission, or its successors, for closure and post-closure costs. The required contribution will be based upon a formula stated in the Joint Powers Agreement for the Commission. The total costs for closure and post-closure at the end of the landfill's life, based upon estimates included in the Wayne-Ringgold-Decatur County Solid Waste Management Commission's financial status at June 30, 2005 was $897,509, of which Ringgold County would be liable for $102,445. Actual costs at the time of closing may be higher due to inflation, changes in technology or changes in regulations. Ringgold County's proportionate share of the total estimated post-closure costs has not been determined by the County nor the Commission.

(11) Hospital Revenue Capital Loan Notes

The County has issued a total of $700,000 hospital revenue capital loan notes under the provisions of *Chapter* 347A.1 of the Code of Iowa, of which $534,740 is outstanding at June 30, 2006. The bonds are payable solely by the hospital, and the bond principal and interest do not constitute liabilities of the County.

REQUIRED SUPPLEMENTARY INFORMATION

RINGGOLD COUNTY

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds Required Supplementary Information

Year Ended June 30, 2006

	Governmental Fund Types	Budgeted Amounts	
	Actual	Original	Final
RECEIPTS:			
Property and other county tax	$ 2,005,698	$ 2,027,762	$ 2,027,762
Interest and penalty on property tax	27,007	18,400	18,400
Intergovernmental	3,229,587	3,116,340	3,275,589
Licenses and permits	4,260	2,250	2,250
Charges for services	411,591	320,195	320,195
Use of money and property	72,074	15,852	143,452
Miscellaneous	319,319	58,023	201,608
Total receipts	6,069,536	5,558,822	5,989,256
DISBURSEMENTS:			
Public safety and legal services	703,867	710,488	745,856
Physical health and social services	584,030	719,873	720,573
Mental health	816,975	845,545	845,545
County environment and education services	278,976	208,055	303,255
Roads and transportation	2,591,229	2,479,338	2,547,338
Governmental services to residents	299,749	230,700	311,049
Administrative services	524,081	504,767	530,967
Non-program	14,599	16,673	20,673
Debt service	42,680	42,680	42,680
Capital projects	393,768	210,000	494,032
Total disbursements	6,249,954	5,968,119	6,561,968
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(180,418)	(409,297)	(572,712)
OTHER FINANCING SOURCES, NET	1,177	750	750
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS	(179,241)	(408,547)	(571,962)
BALANCES, BEGINNING OF YEAR	2,001,006	1,914,753	1,914,753
BALANCES, END OF YEAR	$ 1,821,765	$ 1,506,206	$ 1,342,791

Final to Actual Variance-Positive/ (Negative)
$ (22,064)
8,607
(46,002)
2,010
91,396
(71,378)
117,711
80,280
41,989
136,543
28,570
24,279
(43,891)
11,300
6,886
6,074
-
100,264
312,014
392,294
427
392,721
86,253
$ 478,974

See accompanying independent auditor's report.

RINGGOLD COUNTY

Budgetary Comparison Schedule - Budget to GAAP Reconciliation Required Supplementary Information

Year Ended June 30, 2005

	Governmental Fund Types		
	Cash Basis	Accrual Adjust-ments	Modified Accrual Basis
Revenues	$ 6,069,536	$ 54,456	$ 6,123,992
Expenditures	6,249,954	41,547	6,291,501
Net	(180,418)	12,909	(167,509)
Other financing sources, net	1,177	-	1,177
Beginning fund balances	2,001,006	(189,824)	1,811,182
Decrease in reserve for prepaid expenses	-	1,559	1,559
Increase in reserve for inventories	-	15,955	15,955
Ending fund balance	$ 1,821,765	$ (159,401)	$ 1,662,364

See accompanying independent auditor's report.

RINGGOLD COUNTY

Notes to Required Supplementary Information-
Budgetary Reporting

Year Ended June 30, 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds, except blended component units and agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund or fund type. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administrative services, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and expendable trust funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department. During the year, the county had four budget amendments. The amendments increased budgeted revenues by $430,434 and disbursements by $593,849. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the roads and transportation function and disbursements in certain departments exceeded the amounts appropriated.

OTHER SUPPLEMENTARY INFORMATION

RINGGOLD COUNTY

Combining Balance Sheet

Nonmajor Special Revenue Funds

Year Ended June 30, 2006

ASSETS	Medicaid Administrative Claiming 10%	REAP	Recorders Records Management
Cash and pooled investments	$ 3,851	$ 16,758	$ 7,940
Receivables:			
Property tax:			
Delinquent	-	-	-
Succeeding year	-	-	-
Accounts receivable	-	-	167
Accrued interest	15	75	26
Due from other governments	-	4,341	-
TOTAL ASSETS	$ 3,866	$ 21,174	$ 8,133
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Deferred revenue:			
Succeeding year property tax	-	-	-
Total liabilities	-	-	-
Fund balances:			
Reserved for:			
Debt service	-	-	-
Unreserved	3,866	21,174	8,133
Total fund equity	3,866	21,174	8,133
TOTAL LIABILITIES AND FUND BALANCES	$ 3,866	$ 21,174	$ 8,133

County Conservation Reserve	Electronic Transaction Fund	Debt Service	Total
$ 4,043	$ 163	$ 7,322	$ 40,077
-	-	3,009	3,009
-	-	40,899	40,899
-	-	-	167
-	1	-	117
-	-	876	5,217
$ 4,043	$ 164	$ 52,106	$ 89,486
$ -	$ -	$ -	$ -
-	-	40,899	40,899
-	-	40,899	40,899
-	-	11,207	11,207
4,043	164	-	37,380
4,043	164	11,207	48,587
$ 4,043	$ 164	$ 52,106	$ 89,486

RINGGOLD COUNTY

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year Ended June 30, 2006

	Medicaid Administrative Claiming 10%	REAP	Recorders Records Management
Revenues:			
Property tax and other county tax	$ -	$ -	$ -
Intergovernmental	-	8,331	-
Charges for services	-	-	1,716
Use of money and property	151	664	147
Total revenues	151	8,995	1,863
Expenditures:			
Physical health and social services	-	-	-
County environment and education	-	2,212	-
Governmental services to residents	-	-	1,505
Debt service	-	-	-
Total expenditures	-	2,212	1,505
Excess (deficiency) of revenues over (under) expenditures	151	6,783	358
Other financing uses:			
Operating transfers out	-	-	-
Fund balances, beginning of year	3,715	14,391	7,775
Fund balances, end of year	$ 3,866	$ 21,174	$ 8,133

County Conservation Reserve	Electronic Transaction Fund	Debt Service	Total
$ -	$ -	$ 40,921	$ 40,921
-	-	2,591	10,922
-	-	-	1,716
-	23	-	985
-	23	43,512	54,544
-	-	-	-
-	-	-	2,212
-	1,929	-	3,434
-	-	42,680	42,680
-	1,929	42,680	48,326
-	(1,906)	832	6,218
(12,160)	-	-	(12,160)
16,203	2,070	10,375	54,529
$ 4,043	$ 164	$ 11,207	$ 48,587

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

ASSETS	County Offices: County Recorder	County Offices: County Sheriff	I-4 Multi-County	Deferred Compensation	Emergency Management	DARE
Cash and pooled investments:						
County Treasurer	$ -	$ -	$ -	$ -	$ 13,668	$ 1,400
Other county officials	24,771	5,313	-	-	-	-
Receivables:						
Accounts receivable	826	-	-	-	-	-
Property tax:						
Delinquent	-	-	-	-	-	-
Succeeding year	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	-	-	7,348	-	-	-
TOTAL ASSETS	$ 25,597	$ 5,313	$ 7,348	$ -	$ 13,668	$ 1,400
LIABILITIES						
Accounts payable	$ -	$ 2,963	$ 13,193	$ -	$ 252	$ -
Checks drawn in excess of bank balance	-	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	654	-
Due to other funds	18,493	2,150	-	-	-	-
Due to other governments	7,104	200	(5,845)	-	12,435	1,400
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Compensated absences	-	-	-	-	327	-
TOTAL LIABILITIES	$ 25,597	$ 5,313	$ 7,348	$ -	$ 13,668	$ 1,400

Sheriff's Forfeiture	Sheriff's-Reserves	Inmate Jail Fee/60%	Inmate Jail Fee/40%	E911 Surcharge	County Assessor	Special Appraisers	Hospital
$ 1,456	$ 12,791	$ 5,884	$ -	$ 54,270	$ 68,190	$ -	$ 16,791
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,371	-	43,415
-	-	-	-	-	63,896	56,306	622,447
-	35	-	-	171	-	-	-
-	-	188	4,436	11,740	2,824	-	14,647
$ 1,456	$ 12,826	$ 6,072	$ 4,436	$ 66,181	$ 143,281	$ 56,306	$ 697,300
$ -	$ -	$ -	$ -	$ 825	$ 1,387	$ -	$ -
-	-	-	1,000	-	-	-	-
-	-	-	-	120	3,610	-	-
-	-	-	-	-	-	-	-
1,456	12,826	6,072	3,436	65,236	69,505	-	74,853
-	-	-	-	-	63,896	56,306	622,447
-	-	-	-	-	4,883	-	-
$ 1,456	$ 12,826	$ 6,072	$ 4,436	$ 66,181	$ 143,281	$ 56,306	$ 697,300

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

ASSETS	Agricultural Extension	District Schools	Area Vocational Schools	County Corpor-ations	2001 Mt. Ayr Sewer Project	City Mt. Ayr Nuisance Assessment
Cash and pooled investments:						
County Treasurer	$ 1,583	$ 72,513	$ 3,341	$ 12,942	$ 942	$ -
Other county officials	-	-	-	-	-	-
Receivables:						
Accounts receivable	-	-	-	-	-	-
Property tax:						
Delinquent	4,107	199,392	8,652	49,611	-	-
Succeeding year	56,888	2,867,346	124,047	621,597	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	1,386	67,740	2,919	153	-	
TOTAL ASSETS	$ 63,964	$ 3,206,991	$ 138,959	$ 684,303	$ 942	$ -
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Checks drawn in excess of bank balance	-	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	7,076	339,645	14,912	62,706	942	-
Deferred revenue:						
Succeeding year property tax	56,888	2,867,346	124,047	621,597	-	-
Compensated absences	-	-	-	-	-	-
TOTAL LIABILITIES	$ 63,964	$ 3,206,991	$ 138,959	$ 684,303	$ 942	$ -

Auto Township	Brucellosis/ Tuberculosis	Sun Valley Sanitary Dist.	Auto License & Use Tax	Anatomical Gift Donation	Anticipated Property Tax	Tax Sale Redemption	Recorder's Electronic Fee
$ 3,976	$ 21	$ 63	$ 87,447	$ 7	$ 27,210	$ 1,786	$ 183
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	167
73,611	53	1,545	-	-	-	-	-
100,656	766	26,848	-	-	-	-	-
-	-	-	-	-	-	-	-
3,024	18	494	-	-	-	-	-
$ 181,267	$ 858	$ 28,950	$ 87,447	$ 7	$ 27,210	$ 1,786	$ 350
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
80,611	92	2,102	87,447	7	27,210	1,786	350
100,656	766	26,848	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 181,267	$ 858	$ 28,950	$ 87,447	$ 7	$ 27,210	$ 1,786	$ 350

(continued)

RINGGOLD COUNTY

Schedule 3

Combining Schedule of Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

ASSETS	Unreim-bursed Medical	Dependent Care	Holding Fund	RC Grid Systems	Total
Cash and pooled investments:					
County Treasurer	$ 1,205	$ -	$ -	$ 12,557	$ 400,226
Other county officials	-	-	-	-	30,084
Receivables:					
Accounts receivable	-	-	-	-	993
Property tax:					
Delinquent	-	-	-	-	388,757
Succeeding year	-	-	-	-	4,540,797
Accrued interest	-	-	-	37	243
Due from other governments	-	101	-	-	117,018
TOTAL ASSETS	$ 1,205	$ 101	$ -	$ 12,594	$5,478,118
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ 18,620
Checks drawn in excess of bank balance	-	99	-	-	1,099
Salaries and benefits payable	-	-	-	-	4,384
Due to other funds	-	-	-		20,643
Due to other governments	1,205	2	-	12,594	887,365
Deferred revenue:					
Succeeding year property tax	-	-	-		4,540,797
Compensated absences	-	-	-	-	5,210
TOTAL LIABILITIES	$ 1,205	$ 101	$ -	$ 12,594	$5,478,118

RINGGOLD COUNTY

Combining Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

	County Offices					
	County Recorder	County Sheriff	I-4 Multi-County	Deferred Compensation	Emergency Management	DARE
ASSETS AND LIABILITIES						
Balances, beginning of year	$ 21,667	$ 5,428	$ 12,027	$ -	$ 11,810	$ 1,142
Additions:						
Property and other county tax	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-
Federal grants and entitlements	-	-	69,678	-	-	-
Contributions from other intergovernmental units	-	-	-	-	26,320	-
Auto license fees and use tax	-	-	-	-	-	-
Office fees and collections	134,971	14,072	-	-	-	532
Electronic transaction fee	-	-	-	-	-	-
Interest on investments	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Received from other funds	-	-	-	-	-	-
Miscellaneous	65	116,589	-	-	150	-
Total additions	135,036	130,661	69,678	-	26,470	532
Deductions:						
Agency remittances:						
To other funds	58,883	14,546	-	-	-	-
To other governments	72,223	15,685	-	-	24,612	274
To private sector	-	100,545	74,357	-	-	-
Total deductions	131,106	130,776	74,357	-	24,612	274
BALANCES, END OF YEAR	$ 25,597	$ 5,313	$ 7,348	$ -	$ 13,668	$ 1,400

Sheriff's Forfeiture	Sheriff's-Reserves	Inmate Jail Fee/60%	Inmate Jail Fee/40%	E911 Surcharge	County Assessor	Special Appraisers	Hospital
$ 1,326	$ 9,151	$ 4,924	$ 3,436	$ 45,246	$ 107,232	$ 91,559	$ 696,786
-	-	-	-	-	67,869	53,014	622,035
-	-	-	-	33,118	-	-	-
-	-	-	-	-	5,580	2,063	42,112
-	-	-	-	-	-	-	-
-	-	-	-	10,829	47	35	465
-	-	-	-	-	-	-	-
700	5,956	2,382	1,564	-	826	-	-
-	-	-	-	-	-	-	-
-	122	-	-	986	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	90,366	-	-
-	-	-	-	-	-	-	-
700	6,078	2,382	1,564	44,933	164,688	55,112	664,612
-	-	-	-	-	-	90,365	-
570	2,403	1,234	564	23,998	128,639	-	664,098
-	-	-	-	-	-	-	-
570	2,403	1,234	564	23,998	128,639	90,365	664,098
$ 1,456	$ 12,826	$ 6,072	$ 4,436	$ 66,181	$ 143,281	$ 56,306	$ 697,300

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

ASSETS AND LIABILITIES	Agricultural Extension	District Schools	Area Vocational Schools	County Corpor-ations	2001 Mt. Ayr Sewer Project	City Mt. Ayr Nuisance Assessment
Balances, beginning of year	$ 65,680	$ 3,030,933	$ 138,649	$ 566,392	$ 1,001	$ 221
Additions:						
Property and other county tax	56,865	2,878,638	123,978	636,269	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	3,974	187,205	8,384	44,831	-	-
Federal grants and entitlements	-	-	-	-	-	-
Contributions from other intergovernmental units	44	1,960	93	1,863	-	-
Auto license fees and use tax	-	-	-	-	-	-
Office fees and collections	-	-	-	-	-	-
Electronic transaction fee	-	-	-	-	-	-
Interest on investments	-	-	-	-	-	-
Assessments	-	-	-	-	8,703	-
Received from other funds	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total additions	60,883	3,067,803	132,455	682,963	8,703	-
Deductions:						
Agency remittances:						
To other funds	-	-	-	-	-	-
To other governments	62,599	2,891,745	132,145	565,052	8,762	221
To private sector	-	-	-	-	-	-
Total deductions	62,599	2,891,745	132,145	565,052	8,762	221
BALANCES, END OF YEAR	$ 63,964	$ 3,206,991	$ 138,959	$ 684,303	$ 942	$ -

Auto Township	Brucellosis/ Tuberculosis	Sun Valley Sanitary Dist.	Auto License & Use Tax	Anatomical Gift Donation	Anticipated Property Tax	Tax Sale Redemption	Recorder's Electronic Fee
$ 136,426	$ 858	$ 31,389	$ 89,409	$ 5	$ 38,821	$ 7,502	$ 334
423,214	764	17,228	-	-	-	-	-
-	-	-	-	-	-	-	-
9,156	52	204	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1	-	-	-	36,725	-	-
-	-	-	1,197,781	-	-	-	-
-	-	-	-	137	-	95,647	-
-	-	-	-	-	-	-	1,716
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
432,370	817	17,432	1,197,781	137	36,725	95,647	1,716
-	-	-	-	-	-	-	-
387,529	817	19,871	1,199,743	135	48,336	101,363	1,700
-	-	-	-	-	-	-	-
387,529	817	19,871	1,199,743	135	48,336	101,363	1,700
$ 181,267	$ 858	$ 28,950	$ 87,447	$ 7	$ 27,210	$ 1,786	$ 350

(continued)

RINGGOLD COUNTY

Schedule 4

Combining Schedule of Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2006

ASSETS AND LIABILITIES	Unreim-bursed Medical	Dependent Care	Holding Fund	RC Grid System	Total
Balances, beginning of year	$ 728	$ 2	$ -	$ -	$5,120,084
Additions:					
Property and other county tax	-	-	-	-	4,879,874
E911 surcharge	-	-	-	-	33,118
State tax credits	-	-	438,694	-	742,255
Federal grants and entitlements	-	-	-	-	69,678
Contributions from other intergovernmental units	-	-	5,642	-	84,024
Auto license fees and use tax	-	-	-	-	1,197,781
Office fees and collections	-	-	-	-	256,787
Electronic transaction fee	-	-	-		1,716
Interest on investments	-	-	-	12,594	13,702
Assessments	-	-	-	-	8,703
Received from other funds	-	-	-	-	90,366
Miscellaneous	18,792	21,386	-	-	156,982
Total additions	18,792	21,386	444,336	12,594	7,534,986
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	163,794
To other governments	18,315	21,287	444,336	-	6,838,256
To private sector	-	-	-	-	54,341
Total deductions	18,315	21,287	444,336	-	7,176,952
BALANCES, END OF YEAR	$ 1,205	$ 101	$ -	$ 12,594	$5,478,118

RINGGOLD COUNTY

Schedule 5

Schedule of Revenues by Source and Expenditures by Function

All Governmental Fund Types

For the Last Three Years

	Modified Accrual Basis 2006	Modified Accrual Basis 2005	Modified Accrual Basis 2004
Revenues:			
Property tax and other county tax	$ 2,053,277	$ 1,953,082	$ 2,032,440
Interest and penalty on property tax	27,031	30,283	24,123
Intergovernmental	3,251,379	2,887,698	2,964,004
Licenses and permits	4,095	4,646	3,071
Charges for services	428,925	329,549	353,875
Use of money and property	75,665	32,856	36,611
Miscellaneous	283,620	270,585	85,149
Total	$ 6,123,992	$ 5,508,699	$ 5,499,273
Expenditures:			
Current:			
Public safety and legal services	$ 701,767	$ 669,817	$ 635,010
Physical health and social services	589,576	574,633	560,803
Mental health	813,173	762,558	719,433
County environment and education services	276,470	171,052	165,054
Roads and transportation	2,522,764	2,899,018	2,623,729
Governmental services to residents	304,642	250,981	218,593
Administrative services	528,631	486,657	521,215
Non-program	14,599	12,467	12,982
Debt service	42,680	42,680	42,680
Capital projects	497,199	214,851	169,414
Total	$ 6,291,501	$ 6,084,714	$ 5,668,913

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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

To the Officials
Ringgold County
Mount Ayr, Iowa

We have audited the accompanying financial statements of the governmental acitivities, each major fund, and the aggregate remaining fund information of Ringgold County as of and for the year ended June 30, 2006, which collectively comprise Ringgold County's basic financial statements listed in the table of contents and have issued our report thereon dated October 11, 2006. 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 Ringgold County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Ringgold County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item I-A-2006 is a material weakness. Prior year reportable conditions have been resolved except for item I-A-2006.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Ringgold County and those parties to whom Ringgold County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Ringgold County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Clifton Gunderson LLP

Cedar Rapids, Iowa
October 11, 2006

RINGGOLD COUNTY

Schedule of Findings

Year ended June 30, 2006

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	x	yes		no
• Reportable condition(s) identified that are not considered to be material weaknesses?		yes	x	no
• Noncompliance material to financial statements noted?		yes	x	no

PART I - FINANCIAL STATEMENT FINDINGS

I-A-06 SEGREGATION OF DUTIES IN THE ACCOUNTING FUNCTION

Criteria: The county has a responsibility to establish and maintain effective internal controls over financial transactions and reporting, which includes adequate segregation of duties.

Condition: The County Treasurer has custody of receipts and performs all record-keeping and reconciling functions for the office, including those related to all federal programs.

Questioned Costs: None.

Context: During our audit we found that the County Treasurer could perform all functions in the collecting of receipts.

Effect: Incompatible duties were not properly segregated.

Cause: Ideal separation of incompatible duties is difficult with the size of the County.

Recommendation: When this condition exists, management's close supervision and review of accounting information is the best means of preventing or detecting errors and irregularities.

We recommend the following:

1. The County review its operating procedures to obtain the maximum internal control possible given the size of the County Treasurer's office.

Management Response and corrective action plan: We agree, and will continue to look for ways to realign and reassign duties where practical.

RINGGOLD COUNTY

Schedule of Findings

Year ended June 30, 2006

PART II - FINDINGS RELATED TO STATUTORY REPORTING

II-A-06 Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year, however, it was noted that no resolution existed for deposit accounts maintained by the Recorder's and Sheriff's offices.

Recommendation - A new resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the Board.

Response - The Board of Supervisors will include all depositories in future resolutions.

Conclusion - Response accepted.

II-B-06 Certified Budget - Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the roads and transportation function and disbursements in certain departments exceeded the amounts appropriated before budget amendments could be made. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

II-C-06 Questionable Expenditures - No expenditures were noted that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-06 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

II-E-06 Business Transactions - We noted the following business transaction between the County and County officials or employees:

3-J's Plumbing, employee, Jim Johnson owner	$ 461.91
Shirley & Daves Computer, employee, David Hightshoe	$5,703.50
Derald's Garage, County Treasurer, Beverly Noble	$3,929.44
Dredge Feed Service, County Supervisor, Royce Dredge	$ 585.10

II-F-06 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions.

II-G-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.

PART II - FINDINGS RELATED TO STATUTORY REPORTING (CONTINUED)

II-H-06 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the code of Iowa and the County's investment policy were noted.

II-I-06 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

II-J-06 Capital Lease Purchase Agreements - During the year ended June 30, 2006, the County had a capital lease purchase agreement for the purchase of an elevator in the County Courthouse.

II-K-06 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2006 for the County Extension Office did not exceed the amount budgeted.

RINGGOLD COUNTY

Audit Staff

Year Ended June 30, 2006

This audit was performed by:

William E. Murray, CPA

William M. Vincent, CPA

Timothy R. Wood, CPA

Andrew J. Johnson, CPA

Justin P. Zimmerman, CPA

Megan McDermott, CPA