

RINGGOLD COUNTY
INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

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RINGGOLD COUNTY
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Royce Dredge	Board of Supervisors	December 2010
Kurt Shaha	Board of Supervisors	December 2012
Dale Walters	Board of Supervisors	December 2012
Laurie Greenman	County Auditor	December 2012
Beverly Noble	County Treasurer	December 2010
Karen Schaefer	County Recorder	December 2010
Michael Sobotka	County Sheriff	December 2012
Clinton Spurrier	County Attorney	December 2010



Independent Auditor's Report

To the Officials of Ringgold County

We, CliftonLarsonAllen LLP, formed as a result of a combination of Clifton Gunderson LLP and LarsonAllen LLP on January 2, 2012, have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County, Iowa (County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Ringgold County, Iowa's management. 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 report dated April 29, 2010, we expressed an opinion that the 2009 financial statements were fairly stated. Subsequent to that date, however, it was determined that because of the improper recording of certain federal revenues and certain federal expenditures and related capital assets, the financial statements were, in fact, materially misstated. Additionally, amounts previously reported in an Agency Fund were determined to properly be reported as a Special Revenue Fund and as part of governmental activities. As described in Note 14, the County has now included proper recognition of all federal awards received and expended for the year ended June 30, 2009, has deferred those federal funds received in advance of expenditure, recognized related capital assets, and reflected the balances and activity of the fund previously reported as an Agency Fund as a nonmajor Special Revenue Fund and within governmental activities. Accordingly, our present opinion on the 2009 financial statements, as presented herein, is different than that expressed in our previous report.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County, Iowa as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, 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 April 29, 2010, except for the Restated Schedule of Findings and Questioned Costs, as to which the date is June 30, 2012, on our consideration of Ringgold County, Iowa'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 6 through 11 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ringgold County, Iowa'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 four years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Restated Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
April 29, 2010, except for Note 14, as to
which the date is June 20, 2012

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, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased by more than 39.8%, or \$2,717,365, from fiscal 2008 to fiscal 2009. Property tax increased by \$293,922 and miscellaneous receipts decreased by \$815,517. Capital grants and contributions increased by \$2,693,096.
- Program expenses were 9.5%, or \$646,383, less in fiscal 2009 than in fiscal 2008.
- The County's net assets increased 63.5%, or \$3,348,986, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of 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 governmental and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The County has three 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) Proprietary funds account for the County's Internal Service - Insurance Clearing Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) 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 statement for fiduciary funds is a statement of fiduciary assets and liabilities.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Ringgold County's combined net assets for FY09 totaled \$8,616,647. The analysis that follows focuses on the changes in the net assets for governmental activities.

Net Assets of Governmental Activities

	<u>2009</u>	<u>2008</u>
Current and other assets	\$ 6,375,451	\$ 4,541,785
Capital assets	<u>5,729,060</u>	<u>3,839,233</u>
Total assets	<u>12,104,511</u>	<u>8,381,018</u>
Long-term debt	41,055	80,038
Other liabilities	<u>3,446,809</u>	<u>3,033,319</u>
Total liabilities	<u>3,487,864</u>	<u>3,113,357</u>
Net assets:		
Invested in capital assets, net of related debt	5,688,005	3,759,195
Restricted	328,883	221,067
Unrestricted	<u>2,599,759</u>	<u>1,287,399</u>
Total net assets	<u>\$ 8,616,647</u>	<u>\$ 5,267,661</u>

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

	<u>2009</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 841,481	\$ 753,766
Operating grants and contributions	2,826,389	2,615,189
Capital grants and contributions	2,693,096	-
General revenues:		
Property taxes	2,629,570	2,338,553
Property taxes - debt service	43,017	40,112
Penalty and interest on property taxes	25,387	23,321
State tax credits	189,471	140,041
Grants and contributions not restricted to specific purpose	16,223	989
Investment earnings - unrestricted	17,959	63,315
Local option sales tax	237,735	12,160
Miscellaneous	<u>17,357</u>	<u>832,874</u>
Total revenues	<u>9,537,685</u>	<u>6,820,320</u>
Program expenses:		
Public safety and legal services	904,193	898,205
Physical health and social services	795,426	701,608
Mental health	742,800	770,062
County environment and education	273,574	258,026
Roads and transportation	2,583,537	2,786,051
Government services to residents	253,699	242,769
Administrative services	619,705	1,162,102
Non-program	12,580	11,078
Interest on long-term debt	<u>3,185</u>	<u>5,181</u>
Total expenses	<u>6,188,699</u>	<u>6,835,082</u>
Increase (decrease) in net assets	3,348,986	(14,762)
Net assets, beginning of year	<u>5,267,661</u>	<u>5,282,423</u>
Net assets, end of year	<u>\$ 8,616,647</u>	<u>\$ 5,267,661</u>

Ringgold County's net assets of governmental activities increased by \$3,348,986 during the year. Revenues for governmental activities increased by \$2,717,365 over the prior year.

The cost of all governmental activities this year was \$6.2 million compared to \$6.8 million last year. However, as shown in the Statement of Activities on page 14, the amount taxpayers ultimately financed for these activities was only \$2,115,387 excluding roads and transportation because some of the cost was paid by those directly benefited from the programs (\$841,481) or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2,826,389). The County also received capital grants and contribution of \$2,693,096 related to roads and transportation.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of \$3.0 million, an increase of \$1.3 million above last year's total of \$1.7 million.

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a decrease of \$17,054 from the prior year to \$633,240.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$736,701, a decrease of 4.4% from the prior year. The Mental Health Fund balance at year end increased by \$112,923 over the prior year.
- Secondary Roads Fund expenditures increased by \$4,448,392 over the prior year, due principally to the replacement of bridges damaged by flooding in 2008. The Secondary Roads Fund balance at June 30, 2009 increased by \$911,241.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget two times. The amendments increased budgeted revenue by \$1,415,433 and disbursements by \$1,432,576. These amendments were made to provide for additional expenditures in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, 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 \$1,922,000 over the last year.

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

	<u>2009</u>	<u>2008</u>
Land and construction in progress	\$ 2,724	\$ 1,205
Buildings and improvements	547	547
Equipment and vehicles	3,660	3,723
Infrastructure	<u>1,461</u>	<u>995</u>
Total	<u>\$ 8,392</u>	<u>\$ 6,470</u>

The County had depreciation expense of \$186,103 in FY09 and total accumulated depreciation of \$2,663,231 at June 30, 2009.

Major replacements for the year include completed construction on bridges of \$465,998. Construction in progress at year end consists of \$1,416,218 of bridge construction and \$75,118 for a jail building construction.

Long-term Debt

At June 30, 2009, Ringgold County had \$41,055 of debt outstanding compared to \$80,038 at June 30, 2008, as shown below.

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

	<u>2009</u>	<u>2008</u>
Capital lease purchase agreements	\$ <u>41</u>	\$ <u>80</u>

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 2010 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 2010. The County has added no major new programs or initiatives to the 2010 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.

BASIC FINANCIAL STATEMENTS

RINGGOLD COUNTY

Statement of Net Assets

June 30, 2009

ASSETS	Governmental Activities
Cash and pooled investments	\$ 2,237,220
Receivables:	
Property tax:	
Delinquent	357,166
Succeeding year	2,645,141
Accounts	22,408
Accrued interest	2,949
Due from other governments	890,168
Prepaid expenses	64,392
Inventories	156,007
Capital assets, net of accumulated depreciation	<u>5,729,060</u>
Total assets	<u>12,104,511</u>
 LIABILITIES	
Accounts payable	463,754
Accrued interest payable	539
Salaries and benefits payable	105,890
Due to other governments	104,098
Deferred revenue - succeeding year property tax	2,645,195
Deferred revenue - other	23,249
Long-term liabilities:	
Portion due within one year:	
Capital lease purchase agreements	41,055
Compensated absences	70,703
Portion due after one year:	
Compensated absences	<u>33,381</u>
Total liabilities	<u>3,487,864</u>
 NET ASSETS	
Invested in capital assets, net of related debt	5,688,005
Restricted for:	
Capital projects	318,185
Debt service	10,698
Unrestricted	<u>2,599,759</u>
TOTAL NET ASSETS	<u>\$ 8,616,647</u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Statement of Activities

For the Year Ended June 30, 2009

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Public safety and legal services	\$ 904,193	\$ 227,714	\$ 3,612	\$ -	\$ (672,867)
Physical health and social services	795,426	340,288	289,944	-	(165,194)
Mental health	742,800	134,078	353,281	-	(255,441)
County environment and education	273,574	10,097	13,224	-	(250,253)
Roads and transportation	2,583,537	8,767	2,166,328	2,693,096	2,284,654
Governmental services to residents	253,699	106,157	-	-	(147,542)
Administrative services	619,705	14,380	-	-	(605,325)
Non-program	12,580	-	-	-	(12,580)
Interest on long-term debt	3,185	-	-	-	(3,185)
	<u>\$ 6,188,699</u>	<u>\$ 841,481</u>	<u>\$ 2,826,389</u>	<u>\$ 2,693,096</u>	<u>172,267</u>
GENERAL REVENUES:					
Property taxes levied for:					
General purposes					2,629,570
Debt service					43,017
Penalty and interest on property tax					25,387
State tax credits					189,471
Grants and contributions not restricted to specific purpose					16,223
Unrestricted investment earnings					17,959
Local option sales tax					237,735
Miscellaneous					17,357
					<u>3,176,719</u>
Total general revenues					3,176,719
Change in net assets					3,348,986
Net assets, beginning of year, as restated					<u>5,267,661</u>
Net assets, end of year					<u>\$ 8,616,647</u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

**Balance Sheet
Governmental Funds**

June 30, 2009

		<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>
ASSETS				
Cash and pooled investments	\$ 431,110	\$ 212,291	\$ 127,300	\$ 1,090,605
Receivables:				
Property tax:				
Delinquent	121,262	125,407	63,165	-
Succeeding year	1,499,468	329,960	774,524	-
Accounts receivable	9,417	-	-	-
Accrued interest	2,949	-	-	-
Due from other funds	12,842	-	-	-
Due from other governments	98,638	10,744	-	780,608
Prepaid expenses	42,359	2,201	-	19,832
Inventories	-	-	-	156,007
	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,007</u>
Total assets	<u>\$ 2,218,045</u>	<u>\$ 680,603</u>	<u>\$ 964,989</u>	<u>\$ 2,047,052</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	24,417	2,040	-	435,237
Salaries and benefits payable	55,747	4,558	3,371	42,214
Due to other governments	5,118	98,980	-	-
Deferred revenue:				
Succeeding year property tax	1,499,523	329,960	774,523	-
Other	-	-	-	23,249
	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,249</u>
Total liabilities	<u>1,584,805</u>	<u>435,538</u>	<u>777,894</u>	<u>500,700</u>
Fund balances:				
Reserved for:				
Prepaid expenses	42,359	2,201	-	19,832
Inventories	-	-	-	156,007
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved, reported in:				
General fund	590,881	-	-	-
Special revenue fund	-	242,864	187,095	1,370,513
	<u>-</u>	<u>242,864</u>	<u>187,095</u>	<u>1,370,513</u>
Total fund balances	<u>633,240</u>	<u>245,065</u>	<u>187,095</u>	<u>1,546,352</u>
Total liabilities and fund balances	<u>\$ 2,218,045</u>	<u>\$ 680,603</u>	<u>\$ 964,989</u>	<u>\$ 2,047,052</u>

Exhibit C

<u>Nonmajor</u>	<u>Total</u>
\$ 327,144	\$ 2,188,450
47,332	357,166
41,189	2,645,141
149	9,566
-	2,949
-	12,842
178	890,168
-	64,392
-	156,007
\$ 415,992	\$ 6,326,681
2,060	\$ 463,754
-	105,890
-	104,098
41,189	2,645,195
-	23,249
43,249	3,342,186
-	64,392
-	156,007
10,698	10,698
318,185	318,185
-	590,881
43,860	1,844,332
372,743	2,984,495
\$ 415,992	\$ 6,326,681

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

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

June 30, 2009

Total governmental fund balances (page 16) \$ 2,984,495

***Amounts reported for governmental activities in the
statement of net assets are different because:***

Capital assets used for governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$8,392,291 and the accumulated depreciation is \$2,663,231. 5,729,060

Long-term liabilities, including capital leases, accrued interest payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (145,678)

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 48,770

Net assets of governmental activities (page 13) \$ 8,616,647

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

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

For the Year Ended June 30, 2009

		<u>Special Revenue</u>		
	<u>General</u>	<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>
Revenues:				
Property tax and other county tax	\$ 1,518,482	\$ 342,285	\$ 781,031	\$ -
Interest and penalty on property tax	25,387	-	-	-
Intergovernmental	562,504	503,786	53,676	4,862,423
Licenses and permits	3,490	-	-	1,158
Charges for services	451,517	651	-	-
Use of money and property	25,839	-	-	363
Miscellaneous	<u>606,939</u>	<u>2,902</u>	<u>335</u>	<u>4,395</u>
Total revenues	<u>3,194,158</u>	<u>849,624</u>	<u>835,042</u>	<u>4,868,339</u>
Expenditures:				
Current:				
Public safety and legal services	784,018	-	106,540	-
Physical health and social services	773,573	-	-	-
Mental health	-	736,701	-	-
County environment and education services	212,629	-	50,697	-
Roads and transportation	-	-	-	2,554,590
Governmental services to residents	251,963	-	-	-
Administrative services	1,165,004	-	-	-
Non-program	12,580	-	-	-
Debt service	-	-	-	-
Capital projects	<u>11,500</u>	<u>-</u>	<u>-</u>	<u>1,989,222</u>
Total expenditures	<u>3,211,267</u>	<u>736,701</u>	<u>157,237</u>	<u>4,543,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,109)</u>	<u>112,923</u>	<u>677,805</u>	<u>324,527</u>
Other financing sources (uses):				
Sale of capital assets	55	-	-	-
Operating transfers in	-	-	-	586,714
Operating transfers out	<u>-</u>	<u>-</u>	<u>(586,714)</u>	<u>-</u>
Total other financing sources (uses)	<u>55</u>	<u>-</u>	<u>(586,714)</u>	<u>586,714</u>
Net change in fund balances	(17,054)	112,923	91,091	911,241
Fund balances, beginning of year, as restated	<u>650,294</u>	<u>132,142</u>	<u>96,004</u>	<u>635,111</u>
Fund balances, end of year	<u>\$ 633,240</u>	<u>\$ 245,065</u>	<u>\$ 187,095</u>	<u>\$ 1,546,352</u>

Exhibit E

<u>Nonmajor</u>	<u>Total</u>
\$ 280,753	\$ 2,922,551
-	25,387
16,253	5,998,642
-	4,648
4,954	457,122
2,663	28,865
-	614,571
<u>304,623</u>	<u>10,051,786</u>
492	891,050
24	773,597
-	736,701
7,421	270,747
-	2,554,590
5,130	257,093
-	1,165,004
-	12,580
42,680	42,680
75,118	2,075,840
<u>130,865</u>	<u>8,779,882</u>
<u>173,758</u>	<u>1,271,904</u>
-	55
112,649	699,363
<u>(112,649)</u>	<u>(699,363)</u>
-	55
173,758	1,271,959
<u>198,985</u>	<u>1,712,536</u>
<u>\$ 372,743</u>	<u>\$ 2,984,495</u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

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

For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds (page 19) \$ 1,271,959

***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	\$ 2,075,840	
Depreciation expense	<u>(186,103)</u>	1,889,737

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 38,983

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	99,025	
Interest on long-term debt	<u>512</u>	99,537

The Internal Service Fund is used by management to charge the costs of partial self-funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 48,770

Change in net assets of governmental activities (page 14) \$ 3,348,986

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Statement of Net Assets
Proprietary Fund

June 30, 2009

	Internal Service Insurance <u>Clearing Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>48,770</u>
 NET ASSETS	 \$ <u>48,770</u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund

Year ended June 30, 2009

	Internal Service Insurance <u>Clearing Fund</u>
OPERATING REVENUE:	
Intra-county reimbursements	\$ 103,314
 OPERATING EXPENSES:	
Medical claims	<u>54,544</u>
Operating income	48,770
 NET ASSETS, BEGINNING OF YEAR	 <u>-</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 48,770</u></u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Statement of Cash flows
Proprietary Fund

Year ended June 30, 2009

	Internal Service Insurance <u>Clearing Fund</u>
Cash flows from operating activities	
Cash Received from Operating fund Reimbursements	\$ 103,314
Cash paid to suppliers for services	<u>54,544</u>
Net cash provided by operating activities	48,770
Cash, beginning of year	<u>-</u>
Cash, end of year	<u><u>\$ 48,770</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 48,770</u>
Net cash provided by operating activities	<u><u>\$ 48,770</u></u>

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2009

ASSETS

Cash and pooled investments:		
County treasurer	\$	670,481
Other county officials		23,622
Receivables:		
Accounts receivable		496
Property tax:		
Succeeding year		6,012,770
Due from other governments		<u>5,005</u>
Total assets		<u>6,712,374</u>

LIABILITIES

Accounts payable		12,262
Checks drawn in excess of bank balance		260
Salaries and benefits payable		6,164
Due to other funds		12,842
Due to other governments		662,866
Deferred revenue:		
Succeeding year property tax		6,012,770
Compensated absences		<u>5,210</u>
Total liabilities		<u>6,712,374</u>

NET ASSETS\$ -

The accompanying notes are an integral part of the financial statements.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(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 law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(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, proprietary 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(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.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(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 proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for the internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

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

D. Assets, Liabilities and Fund Equity (continued)

Property Tax Receivable - Property tax in governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date 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.

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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

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

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, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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

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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets.

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.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the non-program function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(2) Cash and Pooled Investments (continued)

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 \$1,353,365 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) 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, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust & Agency - County Recorder	<u>\$ 12,842</u>

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

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2009

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Secondary Roads	Special Revenue: Rural Services	\$ 586,714
Jail Capital Project Fund	Special Revenue: Jail Sales Tax Account Fund	<u>112,649</u>
Total		<u>\$ 699,363</u>

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

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,190,463	\$ 41,810	\$ -	\$ 1,232,273
Construction in progress	<u>14,804</u>	<u>1,491,336</u>	<u>14,804</u>	<u>1,491,336</u>
Total capital assets not being depreciated	<u>1,205,267</u>	<u>1,533,146</u>	<u>14,804</u>	<u>2,723,609</u>
Capital assets being depreciated:				
Buildings and building improvements	547,419	-	-	547,419
County equipment	399,594	91,500	59,590	431,504
Secondary roads equipment	3,323,257	-	94,808	3,228,449
Infrastructure	<u>995,312</u>	<u>465,998</u>	<u>-</u>	<u>1,461,310</u>
Total capital assets being depreciated	<u>5,265,582</u>	<u>557,498</u>	<u>154,398</u>	<u>5,668,682</u>

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(5) Capital Assets (continued)

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Less accumulated depreciation for:				
Buildings and building improvements	106,181	15,161	-	121,342
County equipment	400,731	20,966	59,590	362,107
Secondary roads equipment	2,084,891	129,774	94,808	2,119,857
Infrastructure	<u>39,723</u>	<u>20,202</u>	<u>-</u>	<u>59,629</u>
Total accumulated depreciation	<u>2,631,526</u>	<u>186,103</u>	<u>154,398</u>	<u>2,663,231</u>
Total capital assets being depreciated, net	<u>2,634,056</u>	<u>371,395</u>	<u>-</u>	<u>3,005,451</u>
Governmental activities capital assets, net	<u>\$ 3,839,323</u>	<u>\$ 1,904,541</u>	<u>\$ 14,804</u>	<u>\$ 5,729,060</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 9,530
Physical health and social services	5,642
County environment and education	2,827
Roads and transportation	151,576
Administrative services	<u>16,528</u>
Total depreciation expense - governmental activities	<u>\$ 186,103</u>

(6) Due to Other Governments

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

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,118
Special Revenue:		
Mental Health	Services	<u>98,980</u>
Total for governmental funds		<u>\$ 104,098</u>

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2009

(6) Due to Other Governments (continued)

Agency:		
Auto License and Use Tax	\$	106,601
District Schools		121,529
E911 Surcharge		101,802
RC Grid		110,994
Emergency Management		26,680
Inmate Jail Fee/60%		24,526
Hospital		25,233
County Assessor		21,756
County Corporations		17,294
All Others		<u>106,451</u>
Total for agency funds	<u>\$</u>	<u>662,866</u>

(7) Long-Term Liabilities

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

	<u>Capital Lease Purchase Agreements</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, beginning of year	\$ 80,038	\$ 203,109	\$ 283,147
Decreases, net	<u>(38,983)</u>	<u>(99,025)</u>	<u>(138,008)</u>
Balance, end of year	<u>\$ 41,055</u>	<u>\$ 104,084</u>	<u>\$ 145,139</u>
Due within one year	<u>\$ 41,055</u>	<u>\$ 70,703</u>	<u>\$ 111,758</u>

Capital Lease Purchase Agreement

The County has entered into a capital lease purchase agreement to lease an elevator with a historical cost of \$320,000. Accumulated depreciation is \$81,189 at June 30, 2009. 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 agreement in effect at June 30, 2009:

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2009

(7) **Long-Term Liabilities** (continued)

**Year
Ending
June 30,**

2010		\$ 40,516
Less amount representing interest		<u>539</u>
Present value of net minimum lease payments		<u>\$ 41,055</u>

Payments under the capital lease purchase agreement for the year ended June 30, 2009 totaled \$42,680.

(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.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the County is required to contribute 6.35% of annual covered payroll. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$113,483, \$149,006 and \$138,238, 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 whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

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

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.

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, 2009 were \$91,819.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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, 2009, no liability has been recorded in the County's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

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

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 statements at June 30, 2009 was \$786,500, of which Ringgold County would be liable for \$6,914. 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(11) Hospital Revenue Capital Loan Notes

The County has issued a total of \$700,000 of hospital revenue capital loan notes under the provisions of Chapter 347A.1 of the Code of Iowa, of which \$51,573 is outstanding at June 30, 2009. The bonds are payable solely by the hospital, and the bond principal and interest do not constitute liabilities of the County.

(12) New Governmental Accounting Standards Board (GASB) Statements

As of June 30, 2009, the GASB has issued several Statements not yet implemented by the County. The Statements which might impact the County are as follows:

- GASB Statement No. 45, *Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the County beginning with its year ending June 30, 2010. This statement establishes uniform accounting and financial reporting standards for state and local governmental entities related to postemployment benefits other than pension plans ("OPEB"). The adoption of GASB 45 did not have a material impact on the County's financial statements.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the County beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.
- GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the County beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(12) New Governmental Accounting Standards Board (GASB) Statements (continued)

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued March 2009, will be effective for the County beginning with its year ending June 30, 2011. This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints.

The County's management has not yet determined the effect these Statements will have on the County's financial statements.

(13) Subsequent Events

The County has entered into an agreement to construct a new jail facility. The estimated cost of the project is \$2,500,000 and the project is expected to be completed in 2010.

(14) Dating of Financial Statements

Subsequent to the issuance of the financial statements, the County was notified by the Iowa Department of Transportation that the Schedule of Expenditures of Federal Awards omitted funds received and expended totaling \$360,956 for a certain bridge construction project. Disaster grant expenditures were understated by \$613,414 and grant expenditures for the Department of Health and Human Services totaling \$56,364 and for the Department of Transportation additionally totaling \$1,032 were omitted from the Schedule of Expenditures of Federal Awards. As a result, the County had to reissue and restate the financial statements including the Restated Schedule of Expenditures of Federal Awards included on page 65 and additional material weakness were reported on pages 72 through 74 and reported in the Restated Schedule of Findings and Questioned Costs in Part III on pages 74 through 78 as findings III-A-09, III-B-09, III-D-09, III-E-09, and III-F-09.

The proper reporting of the aforementioned grants also resulted in a modification of a net increase in capital assets of \$317,636. There were resultant adjustments and reclassifications of accounts payable, deferred revenue, and accounts receivable, and reducing net assets by approximately \$196,000.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2009

(14) Dating of Financial Statements (continued)

Additionally, the Jail Sales Tax Fund previously reported as an Agency Fund was determined to properly be reported as a Special Revenue Fund. The impact of this correction is to increase beginning governmental activities net assets and aggregate nonmajor funds beginning fund balance by \$190,782. The effect to the respective ending fund equity positions in both areas is an increase of \$318,185.

Additional other minor corrections and classifications were made in the review. A summary of the amounts originally presented, and as restated, is presented below:

	<u>As Previously Presented</u>	<u>Restated</u>	<u>Change</u>
Statement of Net Assets:			
Assets	\$ 11,680,020	\$ 12,104,511	\$ 424,491
Liabilities	3,502,890	3,487,864	(15,026)
Net assets	8,177,130	8,616,647	439,517
Statement of Activities:			
Revenues	10,141,169	9,537,685	(603,484)
Expenses	7,040,918	6,188,699	(852,219)
Change in net assets	3,100,251	3,348,986	248,735
General Fund:			
Assets	2,353,691	2,218,045	(135,646)
Liabilities	1,584,805	1,584,805	-
Fund balance	768,886	633,240	(135,646)
Revenues	3,327,511	3,194,158	(133,353)
Expenditures	3,209,139	3,211,267	2,128
Change in fund balance	120,720	(17,054)	(137,774)
Mental Health:			
Assets	696,397	680,603	(15,794)
Liabilities	435,539	435,538	(1)
Fund balance	260,858	245,065	(15,793)
Revenues	865,417	849,624	(15,793)
Expenditures	736,701	736,701	-
Change in fund balance	128,716	112,923	(15,793)
Rural Services:			
Assets	974,969	964,989	(9,980)
Liabilities	777,894	777,894	-
Fund balance	197,075	187,095	(9,980)
Revenues	845,022	835,042	(9,980)
Expenditures	157,237	157,237	-
Change in fund balance	101,071	91,091	(9,980)

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2009

(14) **Dating of Financial Statements** (continued)

	<u>As Previously Presented</u>	<u>Restated</u>	<u>Change</u>
Secondary Roads:			
Assets	2,095,767	2,047,052	(48,715)
Liabilities	446,126	500,700	54,574
Fund balance	1,649,641	1,546,352	(103,289)
Revenues	4,940,303	4,868,339	(71,964)
Expenditures	4,490,214	4,543,812	53,598
Change in fund balance	1,036,803	911,241	(125,562)
Aggregate Nonmajor Funds:			
Assets	99,003	415,992	316,989
Liabilities	43,249	43,249	-
Fund balance	55,754	372,743	316,989
Revenues	65,667	304,623	238,956
Expenditures	130,865	130,865	-
Change in fund balance	47,461	173,758	126,297
Fiduciary Funds:			
Assets	7,319,339	6,712,374	(606,965)
Liabilities	7,319,339	6,712,374	(606,965)

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

RINGGOLD COUNTY

**Budgetary Comparison Schedule of Receipts, Disbursements
and Changes in Fund Balances - Budget and Actual (Cash Basis) -
All Governmental Funds**

Required Supplementary Information

Year Ended June 30, 2009

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance- Positive/ (Negative)</u>
		<u>Original</u>	<u>Final</u>	
RECEIPTS:				
Property and other county taxes	\$ 2,564,303	\$ 2,733,242	\$ 2,733,242	\$ (168,939)
Interest and penalty on property tax	25,387	19,400	19,400	5,987
Intergovernmental	5,065,368	3,458,265	4,870,813	194,555
Licenses and permits	9,154	3,820	3,820	5,334
Charges for services	449,500	421,915	421,915	27,585
Use of money and property	28,103	22,078	22,078	6,025
Miscellaneous	604,571	627,325	630,210	(25,639)
	<u>8,746,386</u>	<u>7,286,045</u>	<u>8,701,478</u>	<u>44,908</u>
Total receipts				
DISBURSEMENTS:				
Public safety and legal services	894,191	942,965	945,850	51,659
Physical health and social services	757,568	752,127	790,962	33,394
Mental health	744,770	989,511	989,511	244,741
County environment and education services	267,503	287,065	287,065	19,562
Roads and transportation	2,868,164	2,582,896	3,972,896	1,104,732
Governmental services to residents	254,650	261,806	262,662	8,012
Administrative services	1,155,450	1,321,863	1,321,863	166,413
Non-program	12,580	12,500	12,500	(80)
Debt service	85,360	238,681	238,681	153,321
Capital projects	1,270,011	2,880,000	2,880,000	1,609,989
	<u>8,310,247</u>	<u>10,269,414</u>	<u>11,701,990</u>	<u>3,391,743</u>
Total disbursements				
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	436,139	(2,983,369)	(3,000,512)	3,436,651
OTHER FINANCING SOURCES, NET	<u>2,348</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>(2,497,652)</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS	438,487	(483,369)	(500,512)	938,999
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	<u>1,719,868</u>	<u>882,483</u>	<u>820,483</u>	<u>899,385</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,158,355</u>	<u>\$ 399,114</u>	<u>\$ 319,971</u>	<u>\$ 1,838,384</u>

See accompanying auditor's report.

RINGGOLD COUNTY

Budget to GAAP Reconciliation

Required Supplementary Information

Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,746,386	\$ 1,305,107	\$ 10,051,786
Expenditures	<u>8,310,247</u>	<u>469,635</u>	<u>8,779,882</u>
Net	436,139	835,472	1,271,904
Other financing sources, net	2,348	(2,293)	55
Beginning fund balances	<u>1,719,868</u>	<u>(7,332)</u>	<u>1,712,536</u>
Ending fund balances	<u>\$ 2,158,355</u>	<u>\$ 825,847</u>	<u>\$ 2,984,495</u>

RINGGOLD COUNTY

Notes to Required Supplementary Information- Budgetary Reporting

June 30, 2009

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. 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 by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, the county had two budget amendments. The amendments increased budgeted revenues by \$1,415,433 and disbursements by \$1,432,576. These budget amendments are reflected in the final budgeted amounts. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the non-program function.

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.

OTHER SUPPLEMENTARY INFORMATION

RINGGOLD COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2009

	Special Revenue			
	Medicaid Administrative Claiming 10%	Attorney Special Revenue	REAP	Recorders Records Management
ASSETS				
Cash and pooled investments	\$ -	\$ 4,961	\$ 32,457	\$ 4,132
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts receivable	-	-	-	149
Due from other governments	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ -	\$ 4,961	\$ 32,457	\$ 4,281
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,060
Deferred revenue:				
Succeeding year property tax	-	-	-	-
	-	-	-	-
Total liabilities	-	-	-	2,060
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Unreserved	-	4,961	32,457	2,221
	-	4,961	32,457	2,221
Total fund balances	-	4,961	32,457	2,221
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 4,961	\$ 32,457	\$ 4,281

Schedule 1

<u>County Conservation Reserve</u>	<u>Electronic Transaction Fund</u>	<u>Jail Sales Tax Fund</u>	<u>Jail Capital Project Fund</u>	<u>Debt Service</u>	<u>Total</u>
\$ 4,043	\$ -	\$ 274,173	\$ -	\$ 7,378	\$ 327,144
-	-	44,012	-	3,320	47,332
-	-	-	-	41,189	41,189
-	-	-	-	-	149
-	178	-	-	-	178
<u>\$ 4,043</u>	<u>\$ 178</u>	<u>\$ 318,185</u>	<u>\$ -</u>	<u>\$ 51,887</u>	<u>\$ 415,992</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,060
-	-	-	-	41,189	41,189
-	-	-	-	41,189	43,249
-	-	-	-	10,698	10,698
-	-	318,185	-	-	318,185
4,043	178	-	-	-	43,860
<u>4,043</u>	<u>178</u>	<u>318,185</u>	<u>-</u>	<u>10,698</u>	<u>372,743</u>
<u>\$ 4,043</u>	<u>\$ 178</u>	<u>\$ 318,185</u>	<u>\$ -</u>	<u>\$ 51,887</u>	<u>\$ 415,992</u>

RINGGOLD COUNTY

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

Year Ended June 30, 2009

	<u>Speical Revenue</u>			
	<u>Medicaid Administrative Claiming 10%</u>	<u>Attorney Special Revenue</u>	<u>REAP</u>	<u>Recorders Records Management</u>
Revenues:				
Property tax and other county tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	13,224	-
Charges for services	-	3,489	-	1,465
Use of money and property	-	-	75	181
Total revenues	<u>-</u>	<u>3,489</u>	<u>13,299</u>	<u>1,646</u>
Expenditures:				
Public safety and legal services	-	492	-	-
Physical health and social services	24	-	-	-
County environment and education	-	-	7,421	-
Governmental services to residents	-	-	-	5,130
Debt service	-	-	-	-
Capital Projects	-	-	-	-
Total expenditures	<u>24</u>	<u>492</u>	<u>7,421</u>	<u>5,130</u>
Excess (deficiency) of revenues over (under) expenditures	(24)	2,997	5,878	(3,484)
Other financing sources:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(24)	2,997	5,878	(3,484)
Fund balances, beginning of year	<u>24</u>	<u>1,964</u>	<u>26,579</u>	<u>5,705</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 4,961</u>	<u>\$ 32,457</u>	<u>\$ 2,221</u>

Schedule 2

<u>County Conservation Reserve</u>	<u>Electronic Transaction Fund</u>	<u>Jail Sales Tax Fund</u>	<u>Jail Capital Project Fund</u>	<u>Debt Service</u>	<u>Total</u>
\$ -	\$ -	\$ 237,735	\$ -	\$ 43,018	\$ 280,753
-	-	-	-	3,029	16,253
-	-	-	-	-	4,954
-	-	2,407	-	-	2,663
-	-	240,142	-	46,047	304,623
-	-	-	-	-	492
-	-	-	-	-	24
-	-	-	-	-	7,421
-	-	-	-	-	5,130
-	-	-	-	42,680	42,680
-	-	-	75,118	-	75,118
-	-	-	75,118	42,680	130,865
-	-	240,142	(75,118)	3,367	173,758
-	-	-	112,649	-	112,649
-	-	(112,649)	-	-	(112,649)
-	-	(112,649)	112,649	-	-
-	-	127,493	37,531	3,367	173,758
4,043	178	190,692	(37,531)	7,331	198,985
<u>\$ 4,043</u>	<u>\$ 178</u>	<u>\$ 318,185</u>	<u>\$ -</u>	<u>\$ 10,698</u>	<u>\$ 372,743</u>

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2009

ASSETS	County Offices				DARE	Sheriff's Special Fund
	County Recorder	County Sheriff	I-4 Multi- County	Emergency Management		
Cash and pooled investments:						
County treasurer	\$ -	\$ -	\$ 275	\$ 28,616	\$ 767	\$ 3,356
Other county officials	19,434	4,188	-	-	-	-
Receivables:						
Accounts receivable	389	-	-	-	-	-
Property tax:						
Succeeding year	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 19,823	\$ 4,188	\$ 275	\$ 28,616	\$ 767	\$ 3,356
 LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Checks drawn in excess of bank balance	-	-	-	-	-	-
Salaries and benefits payable	-	-	-	1,609	-	-
Due to other funds	12,842	-	-	-	-	-
Due to other governments	6,981	4,188	275	26,680	767	3,356
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Compensated absences	-	-	-	327	-	-
Total liabilities	\$ 19,823	\$ 4,188	\$ 275	\$ 28,616	\$ 767	\$ 3,356

Schedule 3

<u>Sheriff's Forfeiture</u>	<u>Sheriff's Reserves</u>	<u>Inmate Jail Fee/60%</u>	<u>Inmate Jail Fee/40%</u>	<u>E911 Surcharge</u>	<u>County Assessor</u>	<u>Special Appraisers</u>	<u>Hospital</u>
\$ 1,311	\$ 15,073	\$ 24,526	\$ -	\$ 113,797	\$ 31,174	\$ 15,683	\$ 25,233
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	67,353	85,663	920,778
-	-	-	2,896	-	-	-	-
<u>\$ 1,311</u>	<u>\$ 15,073</u>	<u>\$ 24,526</u>	<u>\$ 2,896</u>	<u>\$ 113,797</u>	<u>\$ 98,527</u>	<u>\$ 101,346</u>	<u>\$ 946,011</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,885	\$ 90	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	110	4,445	-	-
-	-	-	-	-	-	-	-
1,311	15,073	24,526	2,896	101,802	21,756	15,683	25,233
-	-	-	-	-	67,353	85,663	920,778
-	-	-	-	-	4,883	-	-
<u>\$ 1,311</u>	<u>\$ 15,073</u>	<u>\$ 24,526</u>	<u>\$ 2,896</u>	<u>\$ 113,797</u>	<u>\$ 98,527</u>	<u>\$ 101,346</u>	<u>\$ 946,011</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2009

ASSETS	<u>Agricultural Extension</u>	<u>District Schools</u>	<u>Area Vocational Schools</u>	<u>County Corporations</u>	<u>2001 Mt. Ayr Sewer Project</u>	<u>City of Mt. Ayr Nuisance Assessment</u>
Cash and pooled investments:						
County treasurer	\$ 2,160	\$ 121,529	\$ 5,098	\$ 17,294	\$ -	\$ 1,772
Other county officials	-	-	-	-	-	-
Receivables:						
Accounts receivable	-	-	-	-	-	-
Property tax:						
Succeeding year	70,829	3,860,777	166,994	698,623	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 72,989</u>	<u>\$ 3,982,306</u>	<u>\$ 172,092</u>	<u>\$ 715,917</u>	<u>\$ -</u>	<u>\$ 1,772</u>
 LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Checks drawn in excess of bank balance	-	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	2,160	121,529	5,098	17,294	-	1,772
Deferred revenue:						
Succeeding year property tax	70,829	3,860,777	166,994	698,623	-	-
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 72,989</u>	<u>\$ 3,982,306</u>	<u>\$ 172,092</u>	<u>\$ 715,917</u>	<u>\$ -</u>	<u>\$ 1,772</u>

Schedule 3

<u>Auto Township</u>	<u>Brucellosis/ Tuberculosis</u>	<u>Sun Valley Sanitary Dist.</u>	<u>Auto License & Use Tax</u>	<u>Anatomical Gift Donation</u>	<u>Anticipated Property Tax</u>	<u>Tax Sale Redemption</u>	<u>Recorder's Electronic Fee</u>
\$ 4,548	\$ 25	\$ -	\$ 106,601	\$ 14	\$ 12,070	7,495	\$ 97
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	107
140,955	798	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 145,503</u>	<u>\$ 823</u>	<u>\$ 493</u>	<u>\$ 106,601</u>	<u>\$ 14</u>	<u>\$ 12,070</u>	<u>\$ 7,495</u>	<u>\$ 204</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,548	25	493	106,601	14	12,070	7,495	204
140,955	798	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 145,503</u>	<u>\$ 823</u>	<u>\$ 493</u>	<u>\$ 106,601</u>	<u>\$ 14</u>	<u>\$ 12,070</u>	<u>\$ 7,495</u>	<u>\$ 204</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2009

ASSETS	Unreimbursed Medical	Dependent Care	RC Grid Systems	Civil Service Commission	K-9 Unit	Tri-County Sheriff
Cash and pooled investments:						
County treasurer	\$ -	\$ 952	\$ 110,994	\$ 109	\$ 8,212	11,700
Other county officials	-	-	-	-	-	-
Receivables:						
Accounts receivable	-	-	-	-	-	-
Property tax:						
Succeeding year	-	-	-	-	-	-
Due from other governments	<u>1,515</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,515</u>	<u>\$ 1,053</u>	<u>\$ 110,994</u>	<u>\$ 109</u>	<u>\$ 8,212</u>	<u>\$ 11,700</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 287	\$ -
Checks drawn in excess of bank balance	260	-	-	-	-	-
Salaries and benefits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	1,255	1,053	110,994	109	7,925	11,700
Deferred revenue:						
Succeeding year property tax	-	-	-	-	-	-
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 1,515</u>	<u>\$ 1,053</u>	<u>\$ 110,994</u>	<u>\$ 109</u>	<u>\$ 8,212</u>	<u>\$ 11,700</u>

Sun Valley RIZ	Total
\$ -	\$ 670,481
-	23,622
-	496
-	6,012,770
-	<u>5,005</u>
<u>\$ -</u>	<u>\$ 6,712,374</u>

\$ -	\$ 12,262
-	260
-	6,164
-	12,842
-	662,866
-	6,012,770
-	<u>5,210</u>
<u>\$ -</u>	<u>\$ 6,712,374</u>

RINGGOLD COUNTY

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds

Year Ended June 30, 2009

	<u>County Offices</u>					<u>Sheriff's</u>
	<u>County</u>	<u>County</u>	<u>I-4 Multi-</u>	<u>Emergency</u>	<u>DARE</u>	<u>Special</u>
ASSETS AND LIABILITIES	<u>Recorder</u>	<u>Sheriff</u>	<u>County</u>	<u>Management</u>	<u>DARE</u>	<u>Fund</u>
Balances, beginning of year	\$ 15,838	\$ 6,310	\$ 275	\$ 13,240	\$ 399	\$ 416
Additions:						
Property and other county tax	-	-	-	-	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	-	-	-	-	-	-
Intergovernmental units	-	-	-	76,457	-	-
Office fees and collections	-	-	-	-	-	-
Electronic transaction fee	113,917	12,343	-	-	622	-
Interest on investments	-	-	-	-	-	-
Assessments	-	-	-	-	-	-
Miscellaneous	1,466	17,231	-	3,391	-	2,940
Total additions	<u>115,383</u>	<u>29,574</u>	<u>-</u>	<u>79,848</u>	<u>622</u>	<u>2,940</u>
Deductions:						
Agency remittances:						
To other funds	56,364	13,716	-	-	-	-
To other governments	55,034	15,791	-	64,472	254	-
To private sector	-	2,189	-	-	-	-
Total deductions	<u>111,398</u>	<u>31,696</u>	<u>-</u>	<u>64,472</u>	<u>254</u>	<u>-</u>
Balances, end of year	<u>\$ 19,823</u>	<u>\$ 4,188</u>	<u>\$ 275</u>	<u>\$ 28,616</u>	<u>\$ 767</u>	<u>\$ 3,356</u>

Schedule 4

<u>Sheriff's Forfeiture</u>	<u>Sheriff's Reserves</u>	<u>Inmate Jail Fee/60%</u>	<u>Inmate Jail Fee/40%</u>	<u>E911 Surcharge</u>	<u>County Assessor</u>	<u>Special Appraisers</u>	<u>Hospital</u>
\$ 1,397	\$ 13,897	\$ 17,559	\$ 3,246	\$ 106,656	\$ 106,740	\$ 81,744	\$ 811,987
-	-	-	-	-	60,547	77,668	785,946
-	-	-	-	(12,468)	-	-	-
-	-	-	-	-	3,424	4,393	44,449
-	-	-	-	5,018	23	29	292
-	-	-	-	-	-	-	-
15	6,570	6,967	4,645	-	160	-	-
-	6	-	-	9	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	43,772	-	-	-
<u>15</u>	<u>6,576</u>	<u>6,967</u>	<u>4,645</u>	<u>36,331</u>	<u>64,154</u>	<u>82,090</u>	<u>830,687</u>
-	-	-	2,293	-	-	-	-
101	5,400	-	2,702	29,190	72,367	62,488	696,663
-	-	-	-	-	-	-	-
<u>101</u>	<u>5,400</u>	<u>-</u>	<u>4,995</u>	<u>29,190</u>	<u>72,367</u>	<u>62,488</u>	<u>696,663</u>
<u>\$ 1,311</u>	<u>\$ 15,073</u>	<u>\$ 24,526</u>	<u>\$ 2,896</u>	<u>\$ 113,797</u>	<u>\$ 98,527</u>	<u>\$ 101,346</u>	<u>\$ 946,011</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds

Year Ended June 30, 2009

	<u>Agricultural Extension</u>	<u>District Schools</u>	<u>Area Vocational Schools</u>	<u>County Corporation</u>	<u>2001 Mt. Ayr Sewer Project</u>	<u>City of Mt. Ayr Nuisance Assessment</u>
ASSETS AND LIABILITIES						
Balances, beginning of year	\$ 69,468	\$ 3,879,927	\$ 163,762	\$ 687,500	\$ -	\$ 847
Additions:						
Property and other county tax	64,618	3,762,542	158,798	671,531	-	-
E911 surcharge	-	-	-	-	-	-
State tax credits	6,461	-	8,981	37,820	-	-
Intergovernmental units	25	214,071	59	52,605	-	-
Office fees and collections	-	-	-	-	-	-
Electronic transaction fee	-	-	-	-	-	-
Interest on investments	-	-	-	-	-	-
Assessments	-	-	-	-	5,756	-
Miscellaneous	-	-	-	-	-	3,906
Total additions	<u>71,104</u>	<u>3,976,613</u>	<u>167,838</u>	<u>761,956</u>	<u>5,756</u>	<u>3,906</u>
Deductions:						
Agency remittances:						
To other funds	-	-	-	-	-	-
To other governments	67,583	3,874,234	159,508	733,539	5,756	2,981
To private sector	-	-	-	-	-	-
Total deductions	<u>67,583</u>	<u>3,874,234</u>	<u>159,508</u>	<u>733,539</u>	<u>5,756</u>	<u>2,981</u>
Balances, end of year	<u>\$ 72,989</u>	<u>\$ 3,982,306</u>	<u>\$ 172,092</u>	<u>\$ 715,917</u>	<u>\$ -</u>	<u>\$ 1,772</u>

Schedule 4

<u>Auto Township</u>	<u>Brucellosis/ Tuberculosis</u>	<u>Sun Valley Sanitary Dist.</u>	<u>Auto License & Use Tax</u>	<u>Anatomical Gift Donation</u>	<u>Anticipated Property Tax</u>	<u>Tax Sale Redemption</u>	<u>Recorder's Electronic Fee</u>
\$ 138,753	\$ 811	\$ 493	\$ 104,393	\$ 7	16,324	\$ -	\$ 264
130,340	785	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,670	45	-	-	-	-	-	-
-	-	-	1,193,673	-	-	-	-
-	-	-	-	98	-	87,283	1,424
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>137,010</u>	<u>830</u>	<u>-</u>	<u>1,193,673</u>	<u>98</u>	<u>-</u>	<u>87,283</u>	<u>1,424</u>
-	-	-	-	-	-	-	-
130,260	818	-	1,191,465	91	4,254	79,788	1,484
-	-	-	-	-	-	-	-
<u>130,260</u>	<u>818</u>	<u>-</u>	<u>1,191,465</u>	<u>91</u>	<u>4,254</u>	<u>79,788</u>	<u>1,484</u>
<u>\$ 145,503</u>	<u>\$ 823</u>	<u>\$ 493</u>	<u>\$ 106,601</u>	<u>\$ 14</u>	<u>\$ 12,070</u>	<u>\$ 7,495</u>	<u>\$ 204</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds

Year Ended June 30, 2009

	<u>Unreimbursed Medical</u>	<u>Dependent Care</u>	<u>RC Grid Systems</u>	<u>Civil Service Commission</u>	<u>K-9 Unit</u>
ASSETS AND LIABILITIES					
Balances, beginning of year	\$ 1,515	\$ 1,131	\$ 68,453	\$ 109	\$ 5,223
Additions:					
Property and other county tax	-	-	-	-	-
E911 surcharge	-	-	-	-	-
State tax credits	-	-	-	-	-
Intergovernmental units	-	-	-	-	-
Office fees and collections	-	-	-	-	-
Electronic transaction fee	-	-	-	-	-
Interest on investments	-	-	41	-	63
Assessments	-	-	-	-	-
Miscellaneous	19,119	6,916	-	-	5,726
Total additions	<u>19,119</u>	<u>6,916</u>	<u>41</u>	<u>-</u>	<u>5,789</u>
Deductions:					
Agency remittances:					
To other funds	-	-	-	-	-
To other governments	19,119	6,994	(42,500)	-	2,800
To private sector	-	-	-	-	-
Total deductions	<u>19,119</u>	<u>6,994</u>	<u>(42,500)</u>	<u>-</u>	<u>2,800</u>
Balances, end of year	<u>\$ 1,515</u>	<u>\$ 1,053</u>	<u>\$ 110,994</u>	<u>\$ 109</u>	<u>\$ 8,212</u>

Schedule 4

<u>Tri-County Sheriff</u>	<u>Sun Valley RIZ</u>	<u>Total</u>
\$ -	\$ -	\$ 6,318,684
-	-	5,712,775
-	-	(12,468)
-	-	105,528
-	-	355,294
-	-	1,193,673
-	-	234,044
-	-	119
-	-	5,756
<u>11,700</u>	<u>-</u>	<u>116,167</u>
<u>11,700</u>	<u>-</u>	<u>7,710,888</u>
-	-	72,373
-	-	7,242,636
<u>-</u>	<u>-</u>	<u>2,189</u>
<u>-</u>	<u>-</u>	<u>7,317,198</u>
<u>\$ 11,700</u>	<u>\$ -</u>	<u>\$ 6,712,374</u>

RINGGOLD COUNTY

Schedule of Revenues by Source and
Expenditures by Function

All Governmental Funds

For the Last Five Years

	Modified Accrual Basis				
	2009	2008	2007	2006	2005
Revenues:					
Property and other county tax	\$ 2,922,551	\$ 2,378,667	\$ 1,956,741	\$ 2,053,277	\$ 1,953,082
Interest and penalty on property tax	25,387	23,318	25,247	27,031	30,283
Intergovernmental	5,998,642	2,953,366	3,166,022	3,251,379	2,887,698
Licenses and permits	4,648	4,063	3,990	4,095	4,646
Charges for services	457,122	463,708	445,510	428,925	329,549
Use of money and property	28,865	70,008	97,606	75,665	32,856
Miscellaneous	614,571	748,897	626,826	283,620	270,585
Total	\$ 10,051,786	\$ 6,642,027	\$ 6,321,942	\$ 6,123,992	\$ 5,508,699
Expenditures:					
Current:					
Public safety and legal services	\$ 891,050	\$ 886,922	\$ 874,604	\$ 701,767	\$ 669,817
Physical health and social services	773,597	692,498	627,573	589,576	574,633
Mental health	736,701	770,648	845,620	813,173	762,558
County environment and education services	270,747	255,199	218,889	276,470	171,052
Roads and transportation	2,554,590	2,675,684	2,270,960	2,522,764	2,899,018
Governmental services to residents	257,093	238,969	224,146	304,642	250,981
Administrative services	1,165,004	1,151,770	951,928	528,631	486,657
Non-program	12,580	11,078	12,461	14,599	12,467
Debt service	42,680	42,680	42,681	42,680	42,680
Capital projects	2,075,840	35,430	299,780	497,199	214,851
Total	\$ 8,779,882	\$ 6,760,878	\$ 6,368,642	\$ 6,291,501	\$ 6,084,714

See accompanying auditor's report.

RINGGOLD COUNTY
RESTATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security		
Passed Through the Iowa Homeland Security and Emergency Management Division		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		
Public Assistance Secondary Roads	97.036	\$2,091,359
Emergency Management Performance Grant	97.042	<u>24,854</u>
Total U.S. Department of Homeland Security		<u>2,116,213</u>
U.S. Department of Transportation		
Passed Through the Iowa Department of Transportation		
Highway Planning and Construction (Federal Aid Highway Program)		
Highway Planning and Construction	20.205	360,956
Passed Through the Iowa Department of Traffic Safety		
Safety Belt Performance Grant	20.609	<u>1,032</u>
Total U.S. Department of Transportation		<u>361,988</u>
U.S. Department of Health and Human Services		
Passed Through the Iowa Department of Public Health		
Immunization Services	93.268	7,639
Iowa Healthy Communities Initiative	93.283	18,262
Social Services Block Grant	93.667	<u>30,463</u>
Total U.S. Department of Health and Human Services		<u>56,364</u>
Total		<u>\$2,534,565</u>

See accompanying notes to Restated Schedule of Expenditures of Federal Awards.

RINGGOLD COUNTY
NOTES TO RESTATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Note 1 - Basis of Presentation

The Schedule of Federal Awards includes the federal grant activity of Ringgold County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Restatement

Subsequent to the issuance of the financial statements, the County was notified by the Iowa Department of Transportation that the Schedule of Expenditures of Federal Awards omitted the Highway Planning and Construction Program 20.205, a major program. Subsequent investigation led to additional nonmajor programs also being added: 93.268; 93.283; 93.667, 20.609, and 97.042.



CliftonLarsonAllen

**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 Supervisors
Ringgold County
Mount Ayr, Iowa

We, CliftonLarsonAllen LLP, formed as a result of a combination of Clifton Gunderson LLP and LarsonAllen LLP on January 2, 2012, have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa (County) as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated April 29, 2010. Subsequent to that date, it was determined that certain federal revenues and certain federal expenditures and related capital assets were improperly recorded in a material amount. Additionally, amounts reported in an agency were determined to properly be reported in a Special Revenue Fund and as part of governmental activities. Financial statements have been restated and the modifications reflected in a note, as to which the date is June 20, 2012. 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

Management of Ringgold County, Iowa is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the County'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 an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying restated schedule of findings and questioned costs, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying restated schedule of findings as questioned costs to be material weaknesses as findings II-A-09, II-B-09, and II-C-09.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The findings involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Ringgold County's responses to findings identified in our audit are described in the accompanying restated schedule of findings and questioned costs. While we have expressed our conclusions on the County's responses, we did not audit Ringgold County's responses and, accordingly, we express no opinion on them.

This report 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.

Clifton Larson Allen LLP

Cedar Rapids, Iowa
April 29, 2010, except for the Restated
Schedule of Findings and Questioned
Costs, as to which the date is June 20, 2012



CliftonLarsonAllen

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Supervisors
Ringgold County
Mount Ayr, Iowa

Compliance

We, CliftonLarsonAllen LLP, formed as a result of a combination of Clifton Gunderson LLP and LarsonAllen LLP on January 2, 2012, have audited the compliance of Ringgold County, Iowa (County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. Ringgold County, Iowa's major federal programs are identified in the summary of auditor's results section of the accompanying restated schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Ringgold County's management. Our responsibility is to express an opinion on Ringgold County's compliance based on our audit.

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

As described in items III-C-09, III-D-09, III-E-09, and III-F-09 in the accompanying restated schedule of findings and questioned costs, Ringgold County did not comply with requirements regarding award reporting, expenditure tracking, and debarment testing that are applicable to its Highway Planning and Construction Grant and Disaster Grant and Public Assistance. Compliance with such requirements is necessary, in our opinion, for Ringgold County to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, Ringgold County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2009. Additionally, the results of our auditing procedures disclosed other instances of noncompliance with the requirements referred to above, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying restated schedule of findings and questioned costs as items III-A-09 and III-B-09.

Internal Control Over Compliance

The management of Ringgold County, Iowa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Ringgold County, Iowa's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the entity's internal control over compliance that might be significant deficiencies or material weaknesses as defined below and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the deficiencies listed as III-A-09, III-B-09, III-C-09, III-D-09, III-E-09, and III-F-09 to be material weaknesses.

Ringgold County, Iowa's responses to the findings identified in our audit are described in the accompanying restated schedule of findings and questioned costs. We did not audit Ringgold County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of Ringgold County, Iowa and other parties to whom Ringgold County, Iowa may report, including federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
April 29, 2010, except for the Restated Schedule
of Expenditures of Federal Awards and the Restated
Schedule of Findings and Questioned costs, as to
which the date is June 20, 2012

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART I - 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 None Reported
- Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X None Reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X Yes None Reported
- Deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Public Assistance Grants
20.205	Federal Aid Highway Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

II-A-09: LACK OF SEGREGATION OF DUTIES

Criteria: The County has a responsibility to establish and maintain effective internal controls over cash receipts and disbursements, which includes adequate segregation of duties.

Condition: There is a lack of segregation of duties within the Treasurer function. The Deputy Treasurer and Treasurer have the ability to initiate, authorize and record cash receipts and cash disbursements. Additionally, the Treasury Department has access to blank check stock. While the Board reviews financial activity, there is no process for determining that the cash activity reviewed is complete. There is a lack of segregation of duties within the Auditor function. The Deputy Auditor and Auditor have the ability to initiate, authorize and record general disbursements and payroll disbursements. While the Board reviews and approves disbursements, there is no process to ensure completeness over the disbursements and payroll runs. The Deputy Auditor and Auditor have the ability to modify pay rates and there is no review over payrates to ensure that modifications are proper. Software access rights need to be limited for employees within the treasurer and auditor office. In addition, there is no review process over federal expenditure tracking and reporting.

Questioned Costs: None.

Context: During our audit we found that the County Treasurer and Deputy Treasurer could perform all functions in the collecting of receipts. Also, during our audit we found that the County Auditor and Deputy Auditor could perform all functions in the issuing of disbursements.

Effect: Incompatible duties were not properly segregated.

Cause: The County has not properly segregated responsibilities for cash handling and does not have a method in place to ensure that the Board receives a complete population of cash activity for monthly review and approval.

Recommendation: Duties for initiation and recording of cash activity should immediately be segregated. The auditor's office (Deputy) should have responsibility for initiating all cash disbursements. The Treasurer should review and approve the bank reconciliations monthly, and make all cash transfers. The County should determine policies and procedures to ensure the completeness of the cash disbursements submitted to the Board, and the Board should review cash disbursements and cash transfers on a regular basis. Wage or salary modifications should be reviewed. Software access rights should be limited and appropriately segregated. Personal passwords should be set up for each employees computer. A review process of federal expenditure and tracking and reporting should be established.

Management Response and Corrective Action Plan: We agree, and will continue to look for ways to realign and reassign duties where practical.

Conclusion: Response accepted.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

II-B-09: PREPARATION OF FINANCIAL STATEMENTS

Criteria: The Board of Supervisors and management share the ultimate responsibility for the County's financial statements, including disclosures.

Condition: The County has not implemented procedures, to the degree necessary, to perform a review of, and assume responsibility for, the County's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Context: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The independent auditor cannot be considered a part of the County's internal control system. The County has implemented procedures to review the financial statements and disclosures but has not utilized review aids, such as a disclosure checklist, and may not have monitored recent accounting developments to the extent necessary to provide a high level of assurance that financial statement omissions or other errors would be identified and corrected.

Effect: As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected.

Cause: The County has relied on the independent auditor to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

Recommendation: We recommend that sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

Management Response: The County does not have the resources to employ staff possessing the detailed understanding of applicable generally accepted accounting principles to the extent required to utilize such a disclosure checklist. As a result, Ringgold County will continue to rely on the independent auditor to identify disclosures required in the financial statements.

Conclusion: Response accepted.

II-C-09: AUDIT ADJUSTMENTS

Criteria: The County should have adequate procedures to provide for the accuracy and reliability of the trial balance given to the auditor.

Condition: During the course of the audit, misstatements that had a material effect on the County's financial statements were discovered. Adjusting journal entries were made to correct these misstatements. Additionally, subsequent to the audit, we became aware of additional adjustments related to the Federal Awards that needed to be recorded.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (CONTINUED)

II-C-09: AUDIT ADJUSTMENTS (CONTINUED)

Context: Although adjustments during the course of an audit are not uncommon, the independent auditor cannot be considered part of the County's internal control system.

Effect: As a result of this condition, there is a higher risk that misstatements that are material to the financial statements could occur and not be detected.

Cause: The County has relied on the independent auditor to assist in recording all accrual adjustments and to provide assurance that the financial statements are not materially misstated.

Recommendation: We recommend that the County establish internal procedures to ensure all financial activity is recorded and the funds are in balance prior to the audit.

Management Response: Management believes establishing these procedures will result in potential financial statement misstatements being identified and corrected prior to audit.

Conclusion: Response accepted.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INTERNAL CONTROL OVER COMPLIANCE DEFICIENCIES:

All Programs

All Years

Questioned Costs: None

III-A-09: LACK OF SEGREGATION OF DUTIES

As discussed at II-A-09, there is a lack of segregation of duties within the Treasurer function. The Deputy Treasurer and Treasurer have the ability to initiate, authorize and record cash receipts and cash disbursements. Additionally, the Treasury Department has access to blank check stock. While the Board reviews financial activity, there is no process for determining that the cash activity reviewed is complete. There is a lack of segregation of duties within the Auditor function. The Deputy Auditor and Auditor have the ability to initiate, authorize and record general disbursements and payroll disbursements. While the Board reviews and approves disbursements, there is no process to ensure completeness over the disbursements and payroll runs. The Deputy Auditor and Auditor have the ability to modify pay rates and there is no review over payrates to ensure that modifications are proper. Software access rights need to be limited for employees within the treasurer and auditor office. In addition, there is no review process over federal expenditure tracking and reporting.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

III-B-09: PREPARATION OF FINANCIAL STATEMENTS

As discussed at II-B-09, the County has not implemented procedures, to the degree necessary, to perform a review of, and assume responsibility for, the County's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

INSTANCES OF NON-COMPLIANCE:

III-C-09: AUDIT ADJUSTMENTS

All Programs
All Years
Questioned Costs: None

As discussed at II-C-09, misstatements that had a material effect on the County's financial statements were discovered. Adjusting journal entries were made to correct these misstatements. Additionally, subsequent to the audit, we became aware of additional adjustments regarding accruals related to the Federal Awards that needed to be recorded.

III-D-09: FEDERAL AWARD REPORTING

All Programs
All Years
Questioned Costs: None

Criteria: The Board of Supervisors and management share responsibility for the County's financial statements, including disclosures.

Condition: County management was not tracking all federal awards received and they were unaware that awards received from the Iowa Department of Transportation were Federal Awards.

Context: Subsequent to the issuance of Single Audit reports for the year ended June 30, 2009, the County was notified by the Iowa Department of Transportation that federal awards received by Ringgold County that flowed through the Iowa Department of Transportation were omitted from the Schedule of Expenditures of Federal Awards.

Effect: As a result of this condition, awards from the Iowa Department of Transportation were not separately tracked and expenditures were initially omitted from the Schedule of Expenditures of Federal Awards. The Schedule of Expenditures of Federal Awards for the year ended June 30, 2009 was reissued to correct the omitted program.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

III-D-09: FEDERAL AWARD REPORTING (CONTINUED)

Cause: The County lacks controls for tracking and monitoring federal awards.

Recommendation: We recommend that the management of Ringgold County develop a process for County offices to notify the County Auditor of Federal Funds received. The County Auditor should provide oversight of the accounting and reporting of the expenditure of Federal funds.

Management Response: The County Auditor will create a binder to track federal awards. The County Auditor will develop open communication with other departments to know when expenditures are for federal awards.

Conclusion: Response accepted.

III-E-09: FEDERAL EXPENDITURE TRACKING

CFDA# 97.036: Public Assistance Grant
Federal Award Year: All Years
U.S Department of Homeland Security
Passed through the Iowa Department of Homeland Security
Questioned Costs: None

Criteria: The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Internal Control-Integrated Framework (COSO Report) provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Condition: During our audit, we identified that federal expenditures were not recorded and tracked in a timely manner. In addition, we identified and corrected program expenses that were invoiced and paid in fiscal year 2009 but were recorded as expenses for other fiscal years on the schedule of expenditures of federal awards.

Context: Federal expenditures were not recorded and tracked in a timely manner.

Effect: The County could omit or overrecord Federal expenditures and Federal programs on the Schedule of Expenditures of Federal Awards (SEFA), and could claim expenses that are not allowable. A major program and several small nonmajor programs were omitted from the SEFA for the year ended June 30, 2009. We did not note any costs claimed that were not allowable.

Cause: The County was unaware of the required procedures of federal expenditure tracking and reporting.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

III-E-09: FEDERAL EXPENDITURE TRACKING (CONTINUED)

Recommendation: We recommend that the management of Ringgold County develop open communication their grantors and inquire about required tracking and reporting obligations. In addition, the County needs to implement supervisory review procedures of expenditure details to ensure checks and balances of report expenses.

Management Response: The County management will develop open communication with their grantors and inquire about any required grant obligations and reporting guidelines.

Conclusion: Response accepted.

III-F-09: INTERNAL CONTROLS AND COMPLIANCE OVER DEBARMENT

All Programs

All Years

Questioned Costs: None

Criteria: Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the governmentwide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

Condition: The County does not have controls or a policy in place to review suspension or debarment over vendors of federal awards.

Context: Suspension or debarment procedures were not implemented for the County.

Effect: Ringgold County did not review the suspended and debarred status of vendors for a material amount of transactions.

Cause: County personnel were not aware of the requirement to ensure that vendors with contracts of at least \$25,000 are not suspended or debarred from doing business with federally funded programs.

Recommendation: We recommend that Ringgold County implement a policy during contract bidding in federal programs that includes reviewing the vendors suspended or debarred status in accordance with federal guidelines. Additionally, the County should communicate with funding agencies to ensure that personnel understand the compliance requirements for which they are responsible for complying.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (CONTINUED)

III-F-09: INTERNAL CONTROLS AND COMPLIANCE OVER DEBARMENT (CONTINUED)

Management Response: A policy will be created so that all suspension and debarment will be reviewed for applicable vendors.

Conclusion: Response accepted.

PART IV: FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009 exceeded the amended certified budget amounts in the administrative service and non-program functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

IV -B-09 Questionable Disbursements - We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV -C-09 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV -D-09 Business Transactions - We noted the following business transactions between the County and its officials or employees and related individuals:

Shirley & Daves Computer, employee, David Hightshoe	\$ 5,284.15
Derald's Garage, County Treasurer, Beverly Noble	\$ 891.68
Dredge Feed Service, County Supervisor, Royce Dredge	\$ 74.00

All expenditures were approved by the Board of Supervisors and appear to be in the normal course of business. We recommend the County carefully review any such transactions to determine the public purpose is being met.

IV -E-09 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

RINGGOLD COUNTY

RESTATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

PART IV: FINDINGS RELATED TO REQUIRED STATUTORY REPORTING: (CONTINUED)

- IV -F-09 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV -G-09 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- IV -H-09 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).
- IV -I-09 Solid Waste Fees Retainage - During the year ended June 30, 2009, the County used or retained the solid waste fees in accordance with Chapter 455E.11(2),(11),(13) and (15) of the Code of Iowa.
- IV -J-09 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

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

RINGGOLD COUNTY

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

Year Ended June 30, 2009

II-A-08: SEGREGATION OF DUTIES IN THE ACCOUNTING FUNCTION

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.

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.

Current Status: Not implemented.

II-B-08: AUDIT ADJUSTMENTS

Condition: During the course of the audit, misstatements that had a more than inconsequential effect on the County's financial statements were discovered. Adjusting journal entries were made to correct these misstatements.

Recommendation: We recommend that the County establish internal procedures to adjust all account balances prior to the audit.

Current Status: Not implemented.

II-C-08: PREPARATION OF FINANCIAL STATEMENTS

Condition: The County has not implemented procedures, to the degree necessary, to perform a review and assume responsibility for the County's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected

Recommendation: We recommend that sufficient financial statement and disclosure review procedures be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

Current Status: Not implemented.

RINGGOLD COUNTY

Audit Staff

Year Ended June 30, 2009

This audit was performed by:

William E. Murray, CPA, Partner

William M. Vincent, CPA, Partner

Andy Johnson, CPA, Manager

Kimberly Drew, Senior Associate

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