

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

June 30, 2011

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**RINGGOLD COUNTY
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Inloes	Board of Supervisors	December 2013
Kurt Shaha	Board of Supervisors	December 2012
Dale Walters	Board of Supervisors	December 2012
Laurie Greenman	County Auditor	December 2012
Debbie Cannon	County Treasurer	December 2014
Karen Schaefer	County Recorder	December 2014
Michael Sobotka	County Sheriff	December 2012
Clinton Spurrier	County Attorney	December 2014



Independent Auditor's Report

To the Officials of Ringgold County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County, Iowa (County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ringgold County, Iowa, as of June 30, 2011, 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 June 29, 2012 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 6 through 11 and 45 through 47 are not required parts of the basic financial statements, but are supplementary information required by 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 six years ended June 30, 2010 (which are not presented herein), as restated for the 2010 and 2009 financial statements, and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8 including the 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 Nonprofit 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
June 29, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ringgold County, Iowa (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, 2011. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased by more than 30.2%, or \$2,247,175, from fiscal 2010 to fiscal 2011. Property tax increased by \$231,512, operating grants increased by \$536,464 (20.4%), and capital grants increased by \$1,120,901 (135.8%). Miscellaneous receipts increased by \$59,124.
- Program expenses were 33%, or \$2,081,115, greater in fiscal 2011 than in fiscal 2010.
- The County's net assets increased 13%, or \$1,234,574, from June 30, 2010 to June 30, 2011.

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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

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 Rural Services, Mental Health, 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 are used by management to charge the costs of certain activities such as health insurance to individual funds.

The required financial statements 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 FY11 totaled approximately \$10,919,735. The analysis that follows focuses on the changes in the net assets for governmental activities.

**Net Assets of Governmental Activities
(Expressed in Thousands)**

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 8,816	\$ 6,671
Capital assets	<u>8,398</u>	<u>6,314</u>
Total assets	<u>17,214</u>	<u>12,985</u>
Long-term debt	2,385	-
Other liabilities	<u>3,909</u>	<u>3,300</u>
Total liabilities	<u>6,294</u>	<u>3,300</u>
Net assets:		
Invested in capital assets, net of related debt	6,272	6,314
Restricted	3,570	7
Unrestricted	<u>1,078</u>	<u>3,364</u>
Total net assets	<u>\$ 10,920</u>	<u>\$ 9,685</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 resources other than capital assets. Restricted net assets represent resources 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
(Expressed in Thousands)**

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 987	\$ 873
Operating grants and contributions	3,166	2,629
Capital grants and contributions	1,946	825
General revenues:		
Property taxes	2,790	2,521
Property taxes - debt service	-	38
Penalty and interest on property taxes	27	29
State tax credits	95	116
Local options sales tax	478	245
Grants and contributions not restricted to specific purpose	-	130
Investment earnings	57	23
Miscellaneous	<u>139</u>	<u>9</u>
Total revenues	<u>9,685</u>	<u>7,438</u>
Program expenses:		
Public safety and legal services	932	902
Physical health and social services	1,133	857
Mental health	756	672
County environment and education	372	222
Roads and transportation	4,269	2,775
Government services to residents	295	263
Administrative services	611	665
Non-program	34	13
Interest on long-term debt	<u>48</u>	<u>1</u>
Total expenses	<u>8,450</u>	<u>6,370</u>
Increase in net assets	1,235	1,068
Net assets, beginning of year	<u>9,685</u>	<u>8,617</u>
Net assets, end of year	<u>\$ 10,920</u>	<u>\$ 9,685</u>

Ringgold County's net assets of governmental activities increased approximately \$1,235,000 during the year. Revenues for governmental activities increased approximately \$2,247,000 over the prior year, with property tax revenue up from the prior year approximately \$231,000 or 9.0%.

The cost of all governmental activities this year was \$8.5 million compared to \$6.4 million last year. However, as shown in the Statement of Activities on page 14, the amount taxpayers ultimately financed for these activities was only \$2.4 million because some of the cost was paid by those directly benefited from the programs (\$987,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,112,000).

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of \$4.9 million, an increase of \$1.5 million above last year's total of \$3.4 million.

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed an increase of \$222,111 from the prior year to \$975,404.
- Rural services revenues decreased and expenditures remained consistent when compared to the prior year. The ending fund balance showed a decrease of \$4,262 from the prior year to \$195,443.
- Mental Health revenues and expenditures remained consistent when compared to the prior year. The ending fund balance showed a decrease of \$107,986 from the prior year to \$129,121.
- Secondary Roads Fund expenditures increased by \$208,126 over the prior year, due principally to completion of bridge projects during the current year. The Secondary Roads fund balance at June 30, 2011 increased by \$788,967 from the prior year to \$2,614,601. The fund balance increase is due to additional federal emergency management agency funding.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget twice. The amendment increased budgeted revenue and other financing sources by \$3,227,975 and disbursements by \$3,270,177. These amendments were made to provide for additional expenditures in certain County departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, Ringgold County had invested \$11.4 million 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 \$2,305,000 over the last year.

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

	<u>2011</u>	<u>2010</u>
Land	\$ 1,241	\$ 1,232
Construction in progress	2,296	88
Buildings and improvements	561	547
Equipment and vehicles	3,712	3,638
Infrastructure	<u>3,627</u>	<u>3,627</u>
Total	<u>\$ 11,437</u>	<u>\$ 9,132</u>

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

Jail building - construction in progress \$ 2,208

The County had depreciation expense of \$228,012 in FY11 and total accumulated depreciation of \$3,039,206 at June 30, 2011.

Long-term Debt

At June 30, 2011, Ringgold County had \$2,385,000 of debt outstanding compared to \$0 at June 30, 2010, as shown below. The debt was issued to fund the construction of the County Jail Building.

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

	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ <u>2,385</u>	\$ <u>-</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 2012 budget, tax rates, and the fees that will be charged for various County activities. One of those factors is the economy. The County has added no major new programs or initiatives to the 2012 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, 2011

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 3,642,989
Receivables:	
Property tax:	
Delinquent	262,533
Succeeding year	3,030,011
Accounts	4,725
Accrued interest	782
Due from fiduciary funds	14,991
Due from other governments	1,592,556
Prepaid expenses	96,598
Inventories	171,009
Capital assets, net of accumulated depreciation	<u>8,397,894</u>
Total assets	<u>17,214,088</u>
LIABILITIES	
Accounts and retainage payable	526,459
Accrued interest payable	6,203
Checks drawn in excess of bank balance	2,126
Salaries and benefits payable	143,008
Due to other governments	89,268
Deferred revenue - succeeding year property tax	3,030,011
Long-term liabilities:	
Portion due within one year:	
General obligation bond	120,000
Compensated absences	73,689
Portion due after one year:	
General obligation bond	2,265,000
Compensated absences	<u>38,589</u>
Total liabilities	<u>6,294,353</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,272,142
Restricted for:	
Mental health purposes	129,121
Conservation purposes	47,223
Secondary roads purposes	2,443,592
Debt service	690,816
Capital projects	259,248
Unrestricted	<u>1,077,593</u>
TOTAL NET ASSETS	<u>\$ 10,919,735</u>

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

RINGGOLD COUNTY

Statement of Activities

For the Year Ended June 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest	
FUNCTIONS/PROGRAMS					
Governmental activities:					
Public safety and legal services	\$ 932,404	\$ 222,528	\$ 2,686	\$ -	\$ (707,190)
Physical health and social services	1,133,319	359,405	598,395	-	(175,519)
Mental health	755,990	143,490	211,975	-	(400,525)
County environment and education	372,294	35,449	10,919	-	(325,926)
Roads and transportation	4,269,488	45,233	2,341,541	1,946,062	63,348
Governmental services to residents	295,009	113,409	-	-	(181,600)
Administrative services	610,520	67,326	-	-	(543,194)
Non-program	33,559	-	-	-	(33,559)
Interest on long-term debt	47,652	-	-	-	(47,652)
Total	\$ 8,450,235	\$ 986,840	\$ 3,165,516	\$ 1,946,062	\$ (2,351,817)
GENERAL REVENUES:					
Property taxes levied for:					
General purposes					2,790,973
Penalty and interest on property tax					27,057
State tax credits					94,668
Grants and contributions not restricted to specific purpose					106,556
Local option sales tax					477,731
Unrestricted investment earnings					21,555
Miscellaneous					67,851
Total general revenues					3,586,391
Change in net assets					1,234,574
Net assets, beginning of year					9,685,161
Net assets, end of year					<u>\$ 10,919,735</u>

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

RINGGOLD COUNTY

**Balance Sheet
Governmental Funds**

June 30, 2011

	Special Revenue			
	General	Rural Services	Mental Health	Secondary Roads
ASSETS				
Cash and pooled investments	\$ 846,788	\$ 190,683	\$ 113,137	\$ 1,153,924
Receivables:	-			
Property tax:	-			
Delinquent	82,581	9,415	105,599	-
Succeeding year	1,870,079	828,370	331,562	-
Accounts	4,725	-		-
Accrued interest	782	-	-	-
Due from fiduciary funds	14,991	-	-	-
Due from other governments	130,266	-	-	1,462,290
Prepaid expenses	47,886	-	-	-
Inventories	-	-	-	171,009
	<u>\$ 2,998,098</u>	<u>\$ 1,028,468</u>	<u>\$ 550,298</u>	<u>\$ 2,787,223</u>
Total assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and retainage payable	\$ 71,227	\$ 17	\$ 865	\$ 115,122
Salaries and benefits payable	75,794	4,638	5,641	56,935
Due to other governments	5,594	-	83,109	565
Deferred revenue:				
Succeeding year property tax	1,870,079	828,370	331,562	-
	<u>2,022,694</u>	<u>833,025</u>	<u>421,177</u>	<u>172,622</u>
Total liabilities				
Fund balances:				
Nonspendable:				
Inventories	-	-	-	171,009
Prepaid expenses	47,886	-	-	-
Restricted for:				
Debt service	-	-	-	-
Mental Health Purpose	-	-	129,121	-
Conservation Purpose	-	-	-	-
Secondary Roads	-	-	-	2,443,592
Capital Projects	-	-	-	-
Committed for Rural Services	-	195,443	-	-
Unassigned	927,518	-	-	-
	<u>975,404</u>	<u>195,443</u>	<u>129,121</u>	<u>2,614,601</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 2,998,098</u>	<u>\$ 1,028,468</u>	<u>\$ 550,298</u>	<u>\$ 2,787,223</u>

Jail Capital Project		
Fund	Nonmajor	Total
\$ 588,725	\$ 679,331	\$ 3,572,588
-	64,938	262,533
-	-	3,030,011
-	-	4,725
-	-	782
-	-	14,991
-	-	1,592,556
-	-	47,886
-	-	171,009
<u>\$ 588,725</u>	<u>\$ 744,269</u>	<u>\$ 8,697,081</u>
\$ 329,477	\$ 27	\$ 516,735
-	-	143,008
-	-	89,268
-	-	-
-	-	3,030,011
<u>329,477</u>	<u>27</u>	<u>3,779,022</u>
-	-	171,009
-	-	47,886
-	697,019	697,019
-	-	129,121
-	47,223	47,223
-	-	2,443,592
259,248	-	259,248
-	-	195,443
-	-	927,518
<u>259,248</u>	<u>744,242</u>	<u>4,918,059</u>
<u>\$ 588,725</u>	<u>\$ 744,269</u>	<u>\$ 8,697,081</u>

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, 2011

Total governmental fund balances (page 16) \$ 4,918,059

***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 \$11,437,100 and the accumulated depreciation is \$3,039,206.

8,397,894

Long-term liabilities including a general obligation bond and compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General obligation bond and compensated absences	(2,497,278)
Accrued interest payable	(6,203)

Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.

107,263

Net assets of governmental activities (page 13) \$ 10,919,735

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, 2011

	<u>Special Revenue</u>		
	<u>General</u>	<u>Rural Services</u>	<u>Mental Health</u>
Revenues:			
Property and other county tax	\$ 1,728,414	\$ 744,172	\$ 322,757
Interest and penalty on property tax	27,057	-	-
Intergovernmental	935,902	14,906	338,156
Licenses and permits	6,360	-	-
Charges for services	507,200	-	-
Use of money and property	18,892	-	-
Miscellaneous	111,358	-	64,927
Total revenues	3,335,183	759,078	725,840
Expenditures:			
Operating:			
Public safety and legal services	777,365	115,073	-
Physical health and social services	1,125,980	-	-
Mental health	-	-	752,826
County environment and education	238,220	49,400	81,000
Roads and transportation	-	598,867	-
Governmental services to residents	295,467	-	-
Administration	603,908	-	-
Non-program	12,821	-	-
Debt service	-	-	-
Capital projects	59,311	-	-
Total expenditures	3,113,072	763,340	833,826
Excess (deficiency) of revenues over (under) expenditures	222,111	(4,262)	(107,986)
Other financing sources (uses):			
General obligation bonds issued	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	222,111	(4,262)	(107,986)
Fund balances, beginning of year (as restated)	753,293	199,705	237,107
Fund balances, end of year	\$ 975,404	\$ 195,443	\$ 129,121

<u>Secondary Roads</u>	<u>Jail Capital Project Fund</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ -	\$ 477,729	\$ 3,273,072
-	-	-	27,057
4,264,451	-	10,919	5,564,334
1,078	-	-	7,438
40	-	-	507,240
37	-	333	19,262
<u>67,268</u>	<u>406</u>	<u>-</u>	<u>243,959</u>
<u>4,332,874</u>	<u>406</u>	<u>488,981</u>	<u>9,642,362</u>
-	-	25,605	918,043
-	-	-	1,125,980
-	-	-	752,826
-	-	2,551	371,171
3,495,914	-	-	4,094,781
-	-	-	295,467
-	-	-	603,908
-	-	-	12,821
-	-	156,449	156,449
<u>47,993</u>	<u>2,207,759</u>	<u>-</u>	<u>2,315,063</u>
<u>3,543,907</u>	<u>2,207,759</u>	<u>184,605</u>	<u>10,646,509</u>
<u>788,967</u>	<u>(2,207,353)</u>	<u>304,376</u>	<u>(1,004,147)</u>
<u>-</u>	<u>2,479,262</u>	<u>-</u>	<u>2,479,262</u>
<u>-</u>	<u>2,479,262</u>	<u>-</u>	<u>2,479,262</u>
788,967	271,909	304,376	1,475,115
<u>1,825,634</u>	<u>(12,661)</u>	<u>439,866</u>	<u>3,442,944</u>
\$ 2,614,601	\$ 259,248	\$ 744,242	\$ 4,918,059

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, 2011

Net change in fund balances - total governmental funds (page 19) **\$ 1,475,115**

***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	\$ 2,315,063	
Depreciation expense	<u>(228,012)</u>	2,087,051

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported. However, in the governmental funds the proceeds from the sale of capital assets increase financial resources. Thus, the change in fund balance differs by the cost of the capital asset sold. (2,833)

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued debt	\$ (2,500,000)	
Principal payments - bonds	<u>115,000</u>	(2,385,000)

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	9,063	
Interest on long-term debt	<u>(6,203)</u>	2,860

Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance to individual funds. The change in net assets of the Internal Service Funds are reported with governmental activities. 57,381

Change in net assets of governmental activities (page 14) **\$ 1,234,574**

RINGGOLD COUNTY

Statement of Net Assets
Proprietary Funds

June 30, 2011

	Internal Service		
	Insurance Clearing Fund	Other Funds	Total
ASSETS			
Cash	\$ 68,169	\$ 2,232	\$ 70,401
Prepaid expenses	<u>48,712</u>	<u>-</u>	<u>48,712</u>
Total assets	<u>116,881</u>	<u>2,232</u>	<u>119,113</u>
LIABILITIES			
Checks drawn in excess of bank balance	-	2,126	2,126
Accounts payable	<u>9,724</u>	<u>-</u>	<u>9,724</u>
Total liabilities	<u>9,724</u>	<u>2,126</u>	<u>11,850</u>
NET ASSETS			
Unrestricted	<u>\$ 107,157</u>	<u>\$ 106</u>	<u>\$ 107,263</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 Funds

Year Ended June 30, 2011

	Internal Service		
	<u>Insurance Clearing Fund</u>	<u>Other Funds</u>	<u>Total</u>
OPERATING REVENUE:			
Intra-county reimbursements	\$ 827,314	\$ 27,638	\$ 854,952
OPERATING EXPENSES:			
Insurance premiums	771,405	-	771,405
Miscellaneous	<u>-</u>	<u>26,166</u>	<u>26,166</u>
Total operating expenses	<u>771,405</u>	<u>26,166</u>	<u>797,571</u>
Operating income	55,909	1,472	57,381
NET ASSETS, BEGINNING OF YEAR	<u>51,248</u>	<u>(1,366)</u>	<u>49,882</u>
NET ASSETS, END OF YEAR	<u>\$ 107,157</u>	<u>\$ 106</u>	<u>\$ 107,263</u>

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

RINGGOLD COUNTY

Exhibit I

Statement of Cash Flows
Proprietary Funds

For the Year ended June 30, 2011

	Internal Service		
	Insurance Clearing Fund	Other Funds	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 827,314	\$ 29,253	\$ 856,567
Cash paid to suppliers for services	<u>835,591</u>	<u>28,968</u>	<u>864,559</u>
Net cash provided by (used in) operating activities	(8,277)	285	(7,992)
Cash, beginning of year	<u>76,446</u>	<u>1,947</u>	<u>78,393</u>
Cash, end of year	<u>\$ 68,169</u>	<u>\$ 2,232</u>	<u>\$ 70,401</u>
Reconciliation of operating income to net cash used in operating activities:			
Operating income	\$ 55,909	\$ 1,472	\$ 57,381
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in prepaid expenses	(48,712)	-	(48,712)
Decrease in due from other governments	-	1,616	1,616
Increase in checks drawn in excess of bank balances	-	703	703
Decrease in accounts payable	(15,474)	-	(15,474)
Decrease in due to other governments	<u>-</u>	<u>(3,506)</u>	<u>(3,506)</u>
Net cash used in operating activities	<u>\$ (8,277)</u>	<u>\$ 285</u>	<u>\$ (7,992)</u>

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

RINGGOLD COUNTY

Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011

ASSETS

Cash and pooled investments:		
County treasurer	\$	898,833
Other county officials		32,486
Receivables:		
Accounts receivable		263
Property tax:		
Succeeding year		6,720,028
Due from other governments		<u>6,775</u>
Total assets	\$	<u><u>7,658,385</u></u>

LIABILITIES

Accounts payable	\$	6,271
Salaries and benefits payable		8,596
Due to other funds		14,991
Due to other governments		903,289
Deferred revenue:		
Succeeding year property tax		6,720,028
Compensated absences		<u>5,210</u>
Total liabilities	\$	<u><u>7,658,385</u></u>

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

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

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.

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 are 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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.

Special Revenue:

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 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 Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

Capital Projects:

The Jail Capital Project Fund is used to account for construction costs of the County jail facility.

Additionally, the County reports the following funds:

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

Proprietary Funds - Internal Service Funds are 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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

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

C. Measurement Focus and Basis of Accounting (continued)

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.

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 in the governmental funds 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 in governmental funds.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

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

C. Measurement Focus and Basis of Accounting (continued)

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 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 and Pooled Investments - 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.

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2010.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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 Fiduciary Funds - During the course of its operations, the County has numerous transactions between its fiduciary and government funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2011, 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 consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column 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

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

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 property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in 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.

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, proprietary fund 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, 2011. 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, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2011

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

D. Assets, Liabilities and Fund Equity (continued)

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted or committed. This intent can be expressed by the County Board or through the County Board delegating this responsibility.

Unassigned - All amounts not included in other classifications.

When restricted, committed, assigned, and unassigned amounts are available for use, it is the government's policy to use restricted resources first, then committed resources, then assigned resources, then unassigned resources as they are needed.

Net Assets – Internal Service - The net assets of the Internal Service, Employee Group Health Fund is for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Budgets are prepared in accordance with the requirements of the Code of Iowa. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end.

The County incurred expenditures, by function, in excess of appropriations for the tax year ended June , 2011, which may be in violation of the budget law.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2011 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.

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 \$1,731,529 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) to 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 Fiduciary Funds

The detail of interfund receivables and payables at June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency Fund - County Recorder	<u>\$ 14,991</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, 2011

(4) Capital Assets

Capital assets activity for the year ended June 30, 2011 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	\$ 1,232,273	\$ 8,993	\$ -	\$ 1,241,266
Construction in progress	<u>87,779</u>	<u>2,207,759</u>	<u>-</u>	<u>2,295,538</u>
Total capital assets not being depreciated	<u>1,320,052</u>	<u>2,216,752</u>	<u>-</u>	<u>3,536,804</u>
Capital assets being depreciated:				
Buildings and building improvements	547,419	13,550	-	560,969
County equipment	419,030	45,761	10,000	454,791
Secondary roads equipment	3,218,149	39,000	-	3,257,149
Infrastructure	<u>3,627,387</u>	<u>-</u>	<u>-</u>	<u>3,627,387</u>
Total capital assets being depreciated	<u>7,811,985</u>	<u>98,311</u>	<u>10,000</u>	<u>7,900,296</u>
Less accumulated depreciation for:				
Buildings and building improvements	136,503	14,471	-	150,974
County equipment	336,469	31,534	7,167	360,836
Secondary roads equipment	2,223,747	109,459	-	2,333,206
Infrastructure	<u>121,642</u>	<u>72,548</u>	<u>-</u>	<u>194,190</u>
Total accumulated depreciation	<u>2,818,361</u>	<u>228,012</u>	<u>7,167</u>	<u>3,039,206</u>
Total capital assets being depreciated, net	<u>4,993,624</u>	<u>(129,701)</u>	<u>2,833</u>	<u>4,861,090</u>
Governmental activities capital assets, net	<u>\$ 6,313,676</u>	<u>\$ 2,087,051</u>	<u>\$ 2,833</u>	<u>\$ 8,397,894</u>

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2011

(4) **Capital Assets** (continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 21,495
Physical health and social services	5,642
County environment and education	887
Roads and transportation	183,607
Administrative services	<u>16,381</u>

Total depreciation expense - governmental activities \$ 228,012

(5) **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	\$ 5,594
Special Revenue:		
Secondary Roads	Services	565
Mental Health	Services	<u>83,109</u>
Total for governmental funds		<u>\$ 89,268</u>
Agency:	Collections	
Emergency Management		\$ 57,465
Inmate Jail Fee 60%		31,344
E911 Surcharge		145,980
Special Appraisers		35,138
Hospital		12,370
Agricultural Extension		76,689
District Schools		53,852
Auto License and Use Tax		117,896
RC Grid Systems		111,494
Tri-County Sheriff		139,566
All Others		<u>121,495</u>
Total for agency funds		<u>\$ 903,289</u>

RINGGOLD COUNTY
Notes to Financial Statements
June 30, 2011

(6) **Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	General Obligation Bonds	Compensated Absences	Total
Balance, beginning of year	\$ -	\$ 121,341	\$ 121,341
Increases	2,500,000	-	2,500,000
Decreases	<u>(115,000)</u>	<u>(9,063)</u>	<u>(124,063)</u>
Balance, end of year	<u>\$ 2,385,000</u>	<u>\$ 112,278</u>	<u>\$ 2,497,278</u>
Due within one year	<u>\$ 120,000</u>	<u>\$ 73,689</u>	<u>\$ 193,689</u>

Bonds Payable

A summary of the County's June 30, 2011 general obligation bonded indebtedness is as follows:

General Obligation Local Option Sales Tax Bonds

During the period ended June 30, 2011, the County issued \$2,500,000 of general obligation bonds

The bonds are serial bonds and mature in increments as described below on June 1 of every year. Interest is payable semiannually on June 1 and December 1 of each year. The bonds are callable at the County's option beginning on June 1, 2019. The bonds are secured by a Local Option Sales Tax. The interest rate on the bonds varies from 2.50% to 3.80%. During the year, the County incurred \$47,652 in interest expense related to the bonds.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(6) Long-Term Liabilities (continued)

Year Ending <u>June 30,</u>	Interest <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	2.50%	\$ 120,000	\$ 74,440	\$ 194,440
2013	2.50%	125,000	71,440	196,440
2014	2.50%	125,000	68,315	193,315
2015	2.50%	130,000	65,190	195,190
2016	2.50%	135,000	61,940	196,940
2017 - 2021	2.75-3.25%	720,000	253,585	973,585
2022 - 2026	3.40-3.75%	845,000	129,980	974,980
2027	3.80%	<u>185,000</u>	<u>7,030</u>	<u>192,030</u>
		<u>\$ 2,385,000</u>	<u>\$ 731,920</u>	<u>\$ 3,116,920</u>

(7) 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 4.50% of their annual covered salary and the County is required to contribute 6.95% 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, 2011, 2010, and 2009 were \$187,916, \$174,495 and \$164,520, respectively, equal to the required contributions for each year.

(8) Risk Management

The 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 645 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, 2011

(8) **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 150 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, 2011 were \$95,976.

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. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2011, no liability has been recorded in the County's financial statements. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(8) **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 casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty 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.

(9) **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.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(9) **Jointly Governed Organizations** (continued)

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. Annual payments made by the County to cover this liability for the year ended June 30, 2011 totaled \$25,134. Ringgold County's proportionate share of the total estimated post-closure costs has not been determined by the County nor the Commission.

(10) **Employee Health Insurance Plan**

Ringgold County Insurance Clearing Fund, an internal service fund, was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by County contributions and is administered through a service agreement with Employee Benefits Systems. The County reimburses the participant's deductibles up to \$1,900 for union employees and up to \$1,250 for non union employees.

Monthly payments of service fees and plan contributions to the Ringgold County Insurance Clearing Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payment of service fees and claims processed are paid to Kabel Business Services from the Ringgold County PSF Fund. The County's contribution for the year ended June 30, 2011 was \$827,315.

Amounts payable from the Ringgold County Insurance Clearing Fund at June 30, 2011 total \$9,724, which is for incurred but not reported (IBNR) and reported but not paid claims. The County pays for costs as they are incurred and has not established a reserve for IBNR.

A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(10) Employee Health Insurance Plan (continued)

A reconciliation of changes in the aggregate liability for claims for the last two years is as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 25,198	\$ -
Incurred claims (including claims incurred but not reported):	771,405	659,348
Payments:		
Payments on claims during the fiscal year	<u>786,879</u>	<u>634,147</u>
Unpaid claims, end of year	<u>\$ 9,724</u>	<u>\$ 25,198</u>

(11) Commitments

The County has entered into a lease purchase agreement to construct a new jail facility. The estimated cost of the project is \$2,500,000. As of June 30, 2011, costs of \$2,295,538 on the project have been incurred. The balance of \$204,462 remaining at June 30, 2011 will be paid as work on the project progresses.

(12) Restatement of Fund Balances for GASB 54

Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was required and adopted at the beginning of fiscal year 2011. One aspect of the statement was to clarify the interpretation of certain aspects of the definitions of the governmental fund types.

Under GASB Statement No. 54, Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a Special Revenue Fund.

Under GASB Statement No. 54, several funds previously reported as Special Revenue Funds no longer qualify to be defined as Special Revenue Funds. Thereby, the County has discontinued reporting those as Special Revenue Funds, and instead is reporting the revenues in the General Fund. Fund balances have thereby been restated as follows:

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(12) Restatement of Fund Balances for GASB 54 (continued)

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund balance, beginning of year, as previously reported	\$ 737,741	\$ 692,525
Adjustment for implementation of GASB 54:		
Attorney Special Revenue	10,263	(10,263)
Recorders Record Management	793	(793)
County Conservation	4,043	(4,034)
I-4 Multi-County	275	(275)
Electronic Transaction	178	(178)
Balances July 1, 2010, as restated	<u>\$ 753,293</u>	<u>\$ 676,973</u>

(13) Pending Governmental Accounting Standards (GASB) Pronouncements

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may restate portions of these financial statements in future periods. Listed below are the statements and short summary of the standard's objectives.

New accounting standards effective for the June 30, 2012 financial statements include:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, issued November 2010. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncement*, issued December 2010. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

RINGGOLD COUNTY

Notes to Financial Statements

June 30, 2011

(13) Pending Governmental Accounting Standards (GASB) Pronouncements (continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 64, *Derivative Instruments Application of Hedge Accounting Termination Provisions - and amendment of GASB Statement No. 53*, issued June 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

New accounting standards effective for the June 30, 2014 financial statements include:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

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

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, 2011

	<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	\$ 3,749,913	\$ 3,077,469	\$ 3,077,469	\$ 672,444
Interest and penalty on property tax	27,057	15,400	15,400	11,657
Intergovernmental	4,289,573	3,307,862	4,015,868	273,705
Licenses and permits	7,313	4,800	4,800	2,513
Charges for services	497,074	480,821	484,721	12,353
Use of money and property	8,124	5,507	32,977	(24,853)
Miscellaneous	244,990	730,850	740,188	(495,198)
	<u>8,824,044</u>	<u>7,622,709</u>	<u>8,371,423</u>	<u>452,621</u>
Total receipts				
DISBURSEMENTS:				
Public safety and legal services	961,284	1,337,589	1,347,109	385,825
Physical health and social services	1,114,163	897,818	1,195,698	81,535
Mental health	752,826	927,885	927,885	175,059
County environment and education	340,005	279,523	322,331	(17,674)
Roads and transportation	4,027,096	2,864,905	3,270,031	(757,065)
Governmental services to residents	292,976	259,747	278,304	(14,672)
Administration	598,836	1,423,810	1,440,835	841,999
Non-program	12,821	12,500	12,500	(321)
Debt service	182,027	-	-	(182,027)
Capital projects	1,889,178	90,400	2,569,661	680,483
	<u>10,171,212</u>	<u>8,094,177</u>	<u>11,364,354</u>	<u>1,193,142</u>
Total disbursements				
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>(1,348,546)</u>	<u>(471,468)</u>	<u>(2,992,931)</u>	<u>1,645,763</u>
OTHER FINANCING SOURCES, NET	<u>2,479,262</u>	<u>-</u>	<u>2,479,261</u>	<u>1</u>
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS	<u>\$ 1,130,716</u>	<u>\$ (471,468)</u>	<u>\$ (513,670)</u>	<u>\$ 1,645,764</u>

See accompanying auditor's report.

RINGGOLD COUNTY

Budget to GAAP Reconciliation

Required Supplementary Information

For the Year Ended June 30, 2011

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,824,044	\$ 818,318	\$ 9,642,362
Expenditures	<u>10,171,212</u>	<u>475,297</u>	<u>10,646,509</u>
Net	(1,347,168)	343,021	(1,004,147)
Beginning fund balances, as restated	2,849,664	593,280	3,442,944
Issuance of general obligation bonds	<u>2,479,262</u>	<u>-</u>	<u>2,479,262</u>
Ending fund balances	<u>\$ 3,981,758</u>	<u>\$ 936,301</u>	<u>\$ 4,918,059</u>

RINGGOLD COUNTY

Notes to Required Supplementary Information- Budgetary Reporting

June 30, 2011

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, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, the special revenue funds, the debt service fund, the 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, two budget amendments increased budgeted revenues by \$3,227,975 and disbursements by \$3,270,177. These budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2011, disbursements exceeded amounts budgeted in the non-program, roads and transportation, county environmental and education, and government services to residents functions.

OTHER SUPPLEMENTARY INFORMATION

RINGGOLD COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>			
	<u>REAP</u>	<u>Jail Sales Tax Fund</u>	<u>Debt Service</u>	
ASSETS				
Cash and pooled investments	\$ 47,223	624,796	\$ 7,312	\$ 679,331
Receivables:				
Property tax:				
Delinquent	<u>-</u>	<u>64,938</u>	<u>-</u>	<u>64,938</u>
TOTAL ASSETS	<u>\$ 47,223</u>	<u>\$ 689,734</u>	<u>\$ 7,312</u>	<u>\$ 744,269</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 27</u>
Total liabilities	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>
Fund balances:				
Restricted for:				
Debt service	-	689,707	7,312	697,019
Conservation Purpose	<u>47,223</u>	<u>-</u>	<u>-</u>	<u>47,223</u>
Total fund balances	<u>47,223</u>	<u>689,707</u>	<u>7,312</u>	<u>744,242</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,223</u>	<u>\$ 689,734</u>	<u>\$ 7,312</u>	<u>\$ 744,269</u>

RINGGOLD COUNTY

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

For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>REAP</u>	<u>Jail Sales Tax Fund</u>	<u>Debt Service</u>	
Revenues:				
Property tax and other county tax	\$ -	\$ 477,729	\$ -	\$ 477,729
Intergovernmental	10,919	-	-	10,919
Use of money and property	18	315	-	333
Total revenues	<u>10,937</u>	<u>478,044</u>	<u>-</u>	<u>488,981</u>
Expenditures:				
Public safety and legal services	-	25,605	-	25,605
County environment and education	2,551	-	-	2,551
Debt service	-	156,449	-	156,449
Total expenditures	<u>2,551</u>	<u>182,054</u>	<u>-</u>	<u>184,605</u>
Excess (deficiency) of revenues over (under) expenditures	8,386	295,990	-	304,376
Fund balances, beginning of year	<u>38,837</u>	<u>393,717</u>	<u>7,312</u>	<u>439,866</u>
Fund balances, end of year	<u><u>\$ 47,223</u></u>	<u><u>\$ 689,707</u></u>	<u><u>\$ 7,312</u></u>	<u><u>\$ 744,242</u></u>

RINGGOLD COUNTY

Combining Statement of Net Assets
Other Proprietary Funds

June 30, 2011

	Internal Service		
	Unreimbursed Medical	Dependent Care	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,232	\$ 2,232
Total assets	<u>-</u>	<u>2,232</u>	<u>2,232</u>
LIABILITIES			
Checks drawn in excess of bank balance	<u>2,126</u>	<u>-</u>	<u>2,126</u>
Total liabilities	<u>2,126</u>	<u>-</u>	<u>2,126</u>
NET ASSETS			
Unrestricted	<u>\$ (2,126)</u>	<u>\$ 2,232</u>	<u>\$ 106</u>

RINGGOLD COUNTY

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Other Proprietary Funds**

Year Ended June 30, 2011

	Internal Service		Total
	Unreimbursed Medical	Dependent Care	
OPERATING REVENUE:			
Intra-county reimbursements	\$ 17,778	\$ 9,860	\$ 27,638
OPERATING EXPENSES:			
Medical claims	17,543	8,623	26,166
Operating income	235	1,237	1,472
NET ASSETS, BEGINNING OF YEAR	<u>(2,361)</u>	<u>995</u>	<u>(1,366)</u>
NET ASSETS, END OF YEAR	<u>\$ (2,126)</u>	<u>\$ 2,232</u>	<u>\$ 106</u>

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2011

ASSETS	County Offices		Emergency	DARE
	County	County	Management	
	Recorder	Sheriff		
Cash and pooled investments:				
County treasurer	\$ -	\$ -	\$ 60,043	\$ 1,910
Other county officials	27,460	5,026	-	-
Receivables:				
Accounts receivable	156	-	-	-
Property tax:				
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 27,616	\$ 5,026	\$ 60,043	\$ 1,910
LIABILITIES				
Accounts payable	\$ -	\$ 5,026	\$ -	\$ -
Salaries and benefits payable	-	-	2,251	-
Due to other funds	14,991	-	-	-
Due to other governments	12,625	-	57,465	1,910
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Compensated absences	-	-	327	-
Total liabilities	\$ 27,616	\$ 5,026	\$ 60,043	\$ 1,910

Schedule 5

<u>Sheriff's Special Fund</u>	<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>
\$ 1,196	\$ 5,424	\$ 8,023	\$ 31,344	\$ -	\$ 146,773	\$ 21,189
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	72,967
<u>-</u>	<u>-</u>	<u>3,176</u>	<u>-</u>	<u>2,896</u>	<u>-</u>	<u>-</u>
<u>\$ 1,196</u>	<u>\$ 5,424</u>	<u>\$ 11,199</u>	<u>\$ 31,344</u>	<u>\$ 2,896</u>	<u>\$ 146,773</u>	<u>\$ 94,156</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642	\$ -
-	-	-	-	-	151	3,097
-	-	-	-	-	-	-
1,196	5,424	11,199	31,344	2,896	145,980	13,209
-	-	-	-	-	-	72,967
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,883</u>
<u>\$ 1,196</u>	<u>\$ 5,424</u>	<u>\$ 11,199</u>	<u>\$ 31,344</u>	<u>\$ 2,896</u>	<u>\$ 146,773</u>	<u>\$ 94,156</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2011

ASSETS	<u>Special Appraisers</u>	<u>Hospital</u>	<u>Agricultural Extension</u>	<u>District Schools</u>
Cash and pooled investments:				
County treasurer	\$ 38,685	\$ 12,370	\$ 76,689	\$ 53,852
Other county officials	-	-	-	-
Receivables:				
Accounts receivable	-	-	-	-
Property tax:				
Succeeding year	87,958	996,599	76,414	4,270,329
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 126,643</u>	<u>\$ 1,008,969</u>	<u>\$ 153,103</u>	<u>\$ 4,324,181</u>
LIABILITIES				
Accounts payable	\$ 450	\$ -	\$ -	\$ -
Salaries and benefits payable	3,097	-	-	-
Due to other funds	-	-	-	-
Due to other governments	35,138	12,370	76,689	53,852
Deferred revenue:				
Succeeding year property tax	87,958	996,599	76,414	4,270,329
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 126,643</u>	<u>\$ 1,008,969</u>	<u>\$ 153,103</u>	<u>\$ 4,324,181</u>

Schedule 5

Area Vocational Schools	County Corporations	2001 Mt. Ayr Sewer Project	City of Mt. Ayr Nuisance Assessment	Township	Brucellosis/ Tuberculosis	Sun Valley Sanitary Dist.
\$ 2,246	\$ 12,871	\$ -	\$ 622	\$ 1,704	\$ 11	\$ 255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
202,450	772,700	-	-	141,220	-	99,391
703	-	-	-	-	-	-
<u>\$ 205,399</u>	<u>\$ 785,571</u>	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ 142,924</u>	<u>\$ 11</u>	<u>\$ 99,646</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,949	12,871	-	622	1,704	11	255
202,450	772,700	-	-	141,220	-	99,391
-	-	-	-	-	-	-
<u>\$ 205,399</u>	<u>\$ 785,571</u>	<u>\$ -</u>	<u>\$ 622</u>	<u>\$ 142,924</u>	<u>\$ 11</u>	<u>\$ 99,646</u>

(continued)

RINGGOLD COUNTY

Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2011

ASSETS	Auto License & Use Tax	Anatomical Gift Donation	Anticipated Property Tax	Tax Sale Redemption
Cash and pooled investments:				
County treasurer	\$ 117,896	\$ -	\$ 28,807	\$ 965
Other county officials	-	-	-	-
Receivables:				
Accounts receivable	-	-	-	-
Property tax:				
Succeeding year	-	-	-	-
Due from other governments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 117,896</u>	<u>\$ -</u>	<u>\$ 28,807</u>	<u>\$ 965</u>
 LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	117,896	-	28,807	965
Deferred revenue:				
Succeeding year property tax	-	-	-	-
Compensated absences	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 117,896</u>	<u>\$ -</u>	<u>\$ 28,807</u>	<u>\$ 965</u>

Schedule 5

Recorder's Electronic Fee	RC Grid Systems	Civil Service Commission	K-9 Unit	Tri-County Sheriff	Sun Valley RIZ	Sheriff Commissary	Total
\$ 456	\$ 111,494	\$ 206	\$ 20,139	\$ 139,566	\$ 1,651	\$ 2,446	\$ 898,833
-	-	-	-	-	-	-	32,486
107	-	-	-	-	-	-	263
-	-	-	-	-	-	-	6,720,028
-	-	-	-	-	-	-	6,775
<u>\$ 563</u>	<u>\$ 111,494</u>	<u>\$ 206</u>	<u>\$ 20,139</u>	<u>\$ 139,566</u>	<u>\$ 1,651</u>	<u>\$ 2,446</u>	<u>\$ 7,658,385</u>
\$ -	\$ -	\$ -	\$ 153	\$ -	\$ -	\$ -	\$ 6,271
-	-	-	-	-	-	-	8,596
-	-	-	-	-	-	-	14,991
563	111,494	206	19,986	139,566	1,651	2,446	903,289
-	-	-	-	-	-	-	6,720,028
-	-	-	-	-	-	-	5,210
<u>\$ 563</u>	<u>\$ 111,494</u>	<u>\$ 206</u>	<u>\$ 20,139</u>	<u>\$ 139,566</u>	<u>\$ 1,651</u>	<u>\$ 2,446</u>	<u>\$ 7,658,385</u>

RINGGOLD COUNTY

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

For the Year Ended June 30, 2011

	<u>County Offices</u>			
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>Emergency Management</u>	<u>DARE</u>
ASSETS AND LIABILITIES				
Balances, beginning of year	\$ 19,208	\$ 4,781	\$ 54,890	\$ 2,303
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Contributions from other government	-	-	-	-
Intergovernmental units	-	-	7,078	-
Auto license fees & use tax	-	-	-	-
Electronic transaction fee	131,212	26,003	-	-
Interest on investments	-	-	-	-
Assessments	-	-	-	-
Miscellaneous	4,924	382,156	67,651	-
Total additions	<u>136,136</u>	<u>408,159</u>	<u>74,729</u>	<u>-</u>
Deductions:				
Agency remittances:				
To other funds	58,315	11,857	-	-
To other governments	69,413	34,079	69,576	393
To private sector	-	361,978	-	-
Total deductions	<u>127,728</u>	<u>407,914</u>	<u>69,576</u>	<u>393</u>
Balances, end of year	<u>\$ 27,616</u>	<u>\$ 5,026</u>	<u>\$ 60,043</u>	<u>\$ 1,910</u>

Schedule 6

Sheriff's Special Fund	Sheriff's Forfeiture	Sheriff's Reserves	Inmate Jail Fee/60%	Inmate Jail Fee/40%	E911 Surcharge	County Assessor
\$ 1,146	\$ 5,269	\$ 11,199	\$ 28,921	\$ 2,896	\$ 128,783	\$ 92,924
-	-	-	-	-	-	68,412
-	-	-	-	-	46,549	-
-	-	-	-	-	-	2,416
-	-	-	-	-	-	-
-	-	-	-	-	-	2,624
-	-	-	-	-	-	-
-	155	5,613	3,648	1,033	-	75
-	-	6	-	-	468	-
-	-	-	-	-	-	-
50	-	-	-	-	-	-
<u>50</u>	<u>155</u>	<u>5,619</u>	<u>3,648</u>	<u>1,033</u>	<u>47,017</u>	<u>73,527</u>
-	-	-	-	1,033	-	-
-	-	5,619	1,225	-	29,027	72,295
-	-	-	-	-	-	-
-	-	5,619	1,225	1,033	29,027	72,295
<u>\$ 1,196</u>	<u>\$ 5,424</u>	<u>\$ 11,199</u>	<u>\$ 31,344</u>	<u>\$ 2,896</u>	<u>\$ 146,773</u>	<u>\$ 94,156</u>

(continued)

RINGGOLD COUNTY

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

For the Year Ended June 30, 2011

	<u>Special Appraisers</u>	<u>Hospital</u>	<u>Agricultural Extension</u>	<u>District Schools</u>
ASSETS AND LIABILITIES				
Balances, beginning of year	\$ 118,075	\$ 946,552	\$ 148,491	\$ 4,094,368
Additions:				
Property and other county tax	81,099	886,547	139,188	3,857,066
E911 surcharge	-	-	-	-
State tax credits	2,865	31,314	2,409	137,301
Contributions from other government	-	-	-	-
Intergovernmental units	3,110	34,002	20,809	148,311
Auto license fees & use tax	-	-	-	-
Electronic transaction fee	-	-	-	-
Interest on investments	-	-	-	-
Assessments	-	-	-	-
Miscellaneous	-	-	176,610	-
Total additions	<u>87,074</u>	<u>951,863</u>	<u>339,016</u>	<u>4,142,678</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	78,506	889,446	-	3,912,865
To private sector	-	-	334,404	-
Total deductions	<u>78,506</u>	<u>889,446</u>	<u>334,404</u>	<u>3,912,865</u>
Balances, end of year	<u>\$ 126,643</u>	<u>\$ 1,008,969</u>	<u>\$ 153,103</u>	<u>\$ 4,324,181</u>

Schedule 6

Area Vocational Schools	County Corporations	2001 Mt. Ayr Sewer Project	City of Mt. Ayr Nuisance Assessment	Township	Brucellosis/ Tuberculosis	Sun Valley Sanitary Dist.
\$ 171,844	\$ 731,639	\$ -	\$ 669	\$ 142,384	\$ 13	\$ 493
160,956	634,199	-	-	136,375	772	51,985
-	-	-	-	-	-	-
5,685	28,893	-	-	4,340	27	40
-	-	-	-	-	-	-
6,173	32,192	-	-	4,722	30	168
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,892	-	-	-	-
-	-	-	8,335	-	-	-
<u>172,814</u>	<u>695,284</u>	<u>2,892</u>	<u>8,335</u>	<u>145,437</u>	<u>829</u>	<u>52,193</u>
-	-	-	-	-	-	-
139,259	641,352	2,892	8,382	144,897	831	(46,960)
-	-	-	-	-	-	-
<u>139,259</u>	<u>641,352</u>	<u>2,892</u>	<u>8,382</u>	<u>144,897</u>	<u>831</u>	<u>(46,960)</u>
\$ <u>205,399</u>	\$ <u>785,571</u>	\$ -	\$ <u>622</u>	\$ <u>142,924</u>	\$ <u>11</u>	\$ <u>99,646</u>

(continued)

RINGGOLD COUNTY

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

For the Year Ended June 30, 2011

	Auto License & Use Tax	Anatomical Gift Donation	Anticipated Property Tax	Tax Sale Redemption
ASSETS AND LIABILITIES				
Balances, beginning of year	\$ 107,824	\$ 7	11,226	\$ 974
Additions:				
Property and other county tax	-	-	-	-
E911 surcharge	-	-	-	-
State tax credits	-	-	-	-
Contributions from other government	-	-	32,030	-
Intergovernmental units	-	-	-	-
Auto license fees & use tax	1,538,767	-	-	-
Electronic transaction fee	-	72	-	80,593
Interest on investments	-	-	-	-
Assessments	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>1,538,767</u>	<u>72</u>	<u>32,030</u>	<u>80,593</u>
Deductions:				
Agency remittances:				
To other funds	-	-	-	-
To other governments	1,528,695	79	14,449	80,602
To private sector	-	-	-	-
Total deductions	<u>1,528,695</u>	<u>79</u>	<u>14,449</u>	<u>80,602</u>
Balances, end of year	<u>\$ 117,896</u>	<u>\$ -</u>	<u>\$ 28,807</u>	<u>\$ 965</u>

Schedule 6

<u>Recorder's Electronic Fee</u>	<u>RC Grid Systems</u>	<u>Civil Service Commission</u>	<u>K-9 Unit</u>	<u>Tri-County Sheriff</u>	<u>Sun Valley RIZ</u>	<u>Sheriff Commissary</u>	<u>Total</u>
\$ 481	\$ 111,040	\$ 175	\$ 14,552	\$ 3,250	\$ 422	\$ 1,417	\$ 6,958,216
-	-	-	-	-	334,784	-	6,351,383
-	-	-	-	-	-	-	46,549
-	-	-	-	-	-	-	215,290
-	-	-	-	-	-	-	32,030
-	-	-	-	-	1,073	4,061	264,353
-	-	-	-	-	-	-	1,538,767
5,053	-	-	-	-	-	-	253,457
-	454	31	9	-	-	-	968
-	-	-	-	-	-	-	2,892
-	-	-	9,283	136,316	-	-	785,325
<u>5,053</u>	<u>454</u>	<u>31</u>	<u>9,292</u>	<u>136,316</u>	<u>335,857</u>	<u>4,061</u>	<u>9,491,014</u>
-	-	-	-	-	-	-	71,205
4,971	-	-	3,705	-	334,628	3,032	8,023,258
-	-	-	-	-	-	-	696,382
<u>4,971</u>	<u>-</u>	<u>-</u>	<u>3,705</u>	<u>-</u>	<u>334,628</u>	<u>3,032</u>	<u>8,790,845</u>
<u>\$ 563</u>	<u>\$ 111,494</u>	<u>\$ 206</u>	<u>\$ 20,139</u>	<u>\$ 139,566</u>	<u>\$ 1,651</u>	<u>\$ 2,446</u>	<u>\$ 7,658,385</u>

RINGGOLD COUNTY

Schedule of Revenues by Source and
Expenditures by Function

All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis						
	2011	2010	2009	2008	2007	2006	2005
Revenues:							
Property and other county tax	\$ 3,273,072	\$ 2,781,602	\$ 2,922,551	\$ 2,378,667	\$ 1,956,741	\$ 2,053,277	\$ 1,953,082
Interest and penalty on property tax	27,057	28,652	25,387	23,318	25,247	27,031	30,283
Intergovernmental	5,564,334	3,986,194	5,998,642	2,953,366	3,166,022	3,251,379	2,887,698
Licenses and permits	7,438	4,890	4,648	4,063	3,990	4,095	4,646
Charges for services	507,240	463,787	457,122	463,708	445,510	428,925	329,549
Use of money and property	19,262	34,244	28,865	70,008	97,606	75,665	32,856
Miscellaneous	243,959	106,450	614,571	748,897	626,826	283,620	270,585
Total	\$ 9,642,362	\$ 7,405,819	\$ 10,051,786	\$ 6,642,027	\$ 6,321,942	\$ 6,123,992	\$ 5,508,699
Expenditures:							
Current:							
Public safety and legal services	\$ 918,043	\$ 921,523	\$ 891,050	\$ 886,922	\$ 874,604	\$ 701,767	\$ 669,817
Physical health and social services	1,125,980	839,200	773,597	692,498	627,573	589,576	574,633
Mental health	752,826	679,565	736,701	770,648	845,620	813,173	762,558
County environment and education services	371,171	219,286	270,747	255,199	218,889	276,470	171,052
Roads and transportation	4,094,781	2,586,503	2,554,590	2,675,684	2,270,960	2,522,764	2,899,018
Governmental services to residents	295,467	261,091	257,093	238,969	224,146	304,642	250,981
Administrative services	603,908	624,025	1,165,004	1,151,770	951,928	528,631	486,657
Non-program	12,821	11,558	12,580	11,078	12,461	14,599	12,467
Debt service	156,449	42,680	42,680	42,680	42,681	42,680	42,680
Capital projects	2,315,063	761,939	2,075,840	35,430	299,780	497,199	214,851
Total	\$ 10,646,509	\$ 6,947,370	\$ 8,779,882	\$ 6,760,878	\$ 6,368,642	\$ 6,291,501	\$ 6,084,714

RINGGOLD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through 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	FEMA-DR-1930	\$ 1,518,309
Emergency Management Performance Grant	97.042	EMPG-11-PT-80	<u>21,491</u>
Total U.S. Department of Homeland Security			1,539,800
U.S. Department of Health and Human Services			
Passed Through the Iowa Department of Public Health			
Immunization Service	93.268	58811467	10,107
Walking With a Purpose	93.283	MOU2010B36	500
Iowa Healthy Communities Initiative	93.283	5881OB17	48,059
Public Health Emergency Preparedness	93.069	5881BT380	30,287
Social Services Block Grant	93.667		26,631
Communities Putting Prevention to Work	93.724	5880TOB01	<u>257,811</u>
Total U.S. Department of Health and Human Services			373,395
U.S. Department of Agriculture			
Passed Through the Iowa Department of Public Health			
Iowa Nutrition Network Basics	10.561	5881NU60	4,271
U.S. Fish & Wildlife Service			
Passed Through the Iowa Department of Natural Resources			
Wildlife Habitat Development Project	15.561	32730-1121-03HR	4,000
U.S. Department of Transportation			
Passed Through the Iowa Department of Traffic Safety			
Safety Belt Performance Grant	20.609	406-145	<u>3,881</u>
			<u>\$ 1,925,347</u>

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.



**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 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, 2011, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 29, 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 control 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 County'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 schedule of findings and questioned costs, we identified certain 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 a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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 schedule of findings and questioned costs as item II-A-11, II-B-11, and II-C-11 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ringgold County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, 2011, 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, Iowa's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Ringgold County and other parties to whom Ringgold County 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
June 29, 2012



CliftonLarsonAllen

Independent Auditor's Report on Compliance with Requirements Applicable to the 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 have audited the compliance of Ringgold County, Iowa's (County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2011. The County's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on Ringgold County, Iowa'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 the County'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 Ringgold County, Iowa's compliance with those requirements.

As described in items III-C-11, III-D-11, III-E-11, and III-F-11 in the accompanying schedule of findings and questioned costs, Ringgold County, Iowa did not comply with requirements regarding award reporting, expenditure tracking, and debarment testing that are applicable to its Public Assistance Grant. Compliance with such requirements is necessary, in our opinion, for Ringgold County to comply with the requirements applicable to the program.

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 are applicable to its major federal program for the year ended June 30, 2011. 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 schedule of findings and questioned costs as items III-A-II and III-B-II.

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 the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over 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 Ringgold County, Iowa'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 County's internal control over compliance 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 discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-11, III-B-11, III-C-11, III-D-11, III-E-11, and III-F-11 to be material weaknesses.

Ringgold County, Iowa's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the 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
June 29, 2012

RINGGOLD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2011

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

II-A-11: 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 employee's 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

II-B-11: 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 assist with identifying disclosures required in the financial statements.

Conclusion: Response accepted.

III-C-11: 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.

RINGGOLD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

III-C-11: 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-11: LACK OF SEGREGATION OF DUTIES

As discussed at II-A-11, 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

III-B-11: PREPARATION OF FINANCIAL STATEMENTS

As discussed at II-B-11, 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-11: AUDIT ADJUSTMENTS

All Programs
All Years
Questioned Costs: None

As discussed at II-C-11, 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-11: 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 various awards received were Federal Awards.

Context: The County historically has not been able to identify all federal awards that it has received through the state of Iowa.

Effect: As a result of this condition, awards from the Iowa Departments of Homeland Security, Public Health, Natural Resources, and Transportation were not separately tracked and expenditures were not initially identified in the Schedule of Expenditures of Federal Awards as federal awards.

RINGGOLD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

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

III-D-11: FEDERAL AWARD REPORTING (CONTINUED)

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

Recommendation: We recommend that the management of Ringgold County, Iowa 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-11: 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.

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. 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

III-E-11: FEDERAL EXPENDITURE TRACKING (CONTINUED)

Recommendation: We recommend that the management of Ringgold County, Iowa 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-11: 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 they are responsible for complying with.

RINGGOLD COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

III-F-11: 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-11 Certified Budget - Prior to amending the budget, disbursements exceeded the amounts budgeted in capital projects, non-program, County environment and education, roads and transportation, government services to residents, and debt service functions

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

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response - We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion - Response accepted.

IV -B-11 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-11 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV -D-11 Business Transactions - We noted no business transactions between the County and its officials or employees and related individuals.

IV -E-11 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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

- IV -F-11 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV -G-11 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-11 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-11 Solid Waste Fees Retainage - During the year ended June 30, 2011, 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-11 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, 2011 for the County Extension Office did not exceed the amount budgeted.

- IV -K-11 Published Budget - The published budgeted revenues exceeded revenues on the adopted budget. Taxes levied on property were \$241,311 higher on published budget and other county taxes were \$8,226 higher when compared to the adopted budget.

Recommendation – The adopted budget should be reviewed and compared to the published budget so that the budget is published in accordance with Chapter 331.434 of the Code of Iowa.

Chapter 331.434(1) of the Code of Iowa states in part that the budget shall show revenues from sources other than property taxation, and the amount to be raised by property taxation.

Response - We will review the adopted budget to ensure that it agrees with the published budget.

Conclusion - Response accepted.

RINGGOLD COUNTY

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

II-A-10 & III-A-10: LACK OF 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.

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 employee's computer. A review process of federal expenditure and tracking and reporting should be established.

Current Status: Not implemented.

II-B-10 & III-B-10: PREPARATION OF FINANCIAL STATEMENTS

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.

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

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2011

II-C-10 & III-C-10: AUDIT ADJUSTMENTS

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.that are less than material, but more than inconsequential, would be identified and corrected

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.

Current Status: Not implemented.

III-D-10: FEDERAL AWARD REPORTING

Condition: County management was not tracking all federal awards received and they were unaware that certain awards passing through the state of Iowa were 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.

Current Status: Not implemented.

III-E-10: FEDERAL EXPENDITURE TRACKING

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 one fiscal year but were recorded as expenses for a different fiscal years on the schedule of expenditures of federal awards.

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 expenditures.

Current Status: Not implemented.

III-F-10: INTERNAL CONTROLS AND COMPLIANCE OVER DEBARMENT

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

RINGGOLD COUNTY
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011

III-F-10: INTERNAL CONTROLS AND COMPLIANCE OVER DEBARMENT (CONTINUED)

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 they are responsible for complying with.

Current Status: Not implemented.

RINGGOLD COUNTY
CORRECTIVE ACTION PLAN
Year Ended June 30, 2011

RESPONSE TO FINDING II-A-11 & III-A-11:

Management will continue to look for ways to realign and reassign duties where practical.

RESPONSE TO FINDING II-B-11 & III-B-11:

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.

RESPONSE TO FINDING II-C-11 & III-C-11:

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

RESPONSE TO FINDING III-D-11:

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.

RESPONSE TO FINDING III-E-11:

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

RESPONSE TO FINDING III-F-11:

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