



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ June 9, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Ringgold County, Iowa.

The County had local tax revenue of \$10,634,685 for the year ended June 30, 2013, which included \$464,592 in tax credits from the state. The County forwarded \$7,950,192 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,684,493 of the local tax revenue to finance County operations, a 15% decrease from the prior year. Other revenues included charges for service of \$1,066,456, operating grants, contributions and restricted interest of \$2,964,546, capital grants, contributions and restricted interest of \$916,859, local option sales tax of \$224,611, unrestricted investment earnings of \$9,560 and other general revenues of \$42,864.

Expenses for County operations for the year ended June 30, 2013 totaled \$7,779,393, a 9.0% increase over the prior year. Expenses included \$3,654,304 for roads and transportation, \$1,345,522 for public safety and legal services and \$1,009,822 for physical health and social services.

The significant decrease in revenues is due primarily to a decrease in property tax revenue and federal reimbursements. Expenses increased primarily due to an increase in roadway maintenance expenses.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1310-0080-B00F.pdf>.

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**RINGGOLD COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2013**

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**Ringgold County**

**Officials**

**(Before January 2013)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kurt Shaha	Board of Supervisors	Jan 2013
Dale Walters	Board of Supervisors	Jan 2013
Dave Inloes	Board of Supervisors	Jan 2015
Laurie Greenman	County Auditor	Jan 2013
Debra Cannon	County Treasurer	Jan 2015
Karen Schaefer	County Recorder	Jan 2015
Mike Sobotka	County Sheriff	Jan 2013
Clint Spurrier	County Attorney	Jan 2015
Neil Morgan	County Assessor	Jan 2016

**(After January 2013)**

Dave Inloes	Board of Supervisors	Jan 2015
Royce Dredge	Board of Supervisors	Jan 2017
Kraig Pennington	Board of Supervisors	Jan 2017
Amanda Waske	County Auditor	Jan 2017
Debra Cannon	County Treasurer	Jan 2015
Karen Schaefer	County Recorder	Jan 2015
Mike Sobotka	County Sheriff	Jan 2017
Clint Spurrier	County Attorney	Jan 2015
Neil Morgan	County Assessor	Jan 2016

**Ringgold County**



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Independent Auditor's Report

To the Officials of Ringgold County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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 as of June 30, 2013, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ringgold County's basic financial statements. The financial statements for the nine years ended June 30, 2012 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 21, 2014 on our consideration of Ringgold County's internal control over financial reporting and on 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 in considering Ringgold County's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 21, 2014

**Ringgold County**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Ringgold County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2013 FINANCIAL HIGHLIGHTS

- ◆ Revenues of the County's governmental activities decreased 10.7%, or approximately \$950,000, from fiscal year 2012 to fiscal year 2013. Property tax decreased approximately \$561,000, operating grants, contributions and restricted interest decreased approximately \$680,000 and capital grants, contributions and restricted interest increased approximately \$181,000.
- ◆ Program expenses of the County's governmental activities were 9.0%, or approximately \$644,000, more in fiscal year 2013 than in fiscal year 2012. Roads and transportation expenses increased approximately \$1,468,000 and administration expenses increased approximately \$117,000 while public safety and legal services expenses decreased approximately \$491,000 and mental health expenses decreased approximately \$369,000.
- ◆ The County's net position increased 1.3%, or approximately \$130,000, from June 30, 2012 to June 30, 2013.

### 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 Position 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 financial statements by providing information about the most significant funds. The remaining financial 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental and Internal Service Funds and the individual Agency Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position 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 Position presents all of the County's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the County's net position 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 position changed during the most recent fiscal year. All changes in net position 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 years.

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

### *Fund Financial Statements*

The County has three kinds of funds:

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

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Insurance Clearing, Unreimbursed Medical and Dependent Care Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. These funds were closed during the year.

The required financial statements for proprietary funds include a Statement of Revenues, Expenses and Changes in Fund Net Position 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 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 governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Ringgold County's combined net position was virtually unchanged from a year ago, increasing from approximately \$10.1 million to approximately \$10.2 million. The analysis that follows focuses on the net position of governmental activities.

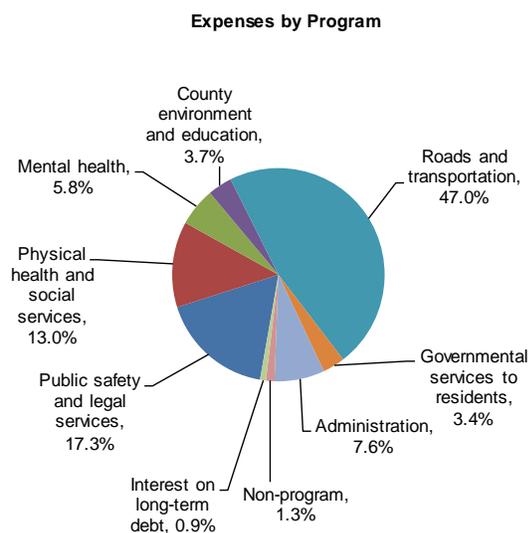
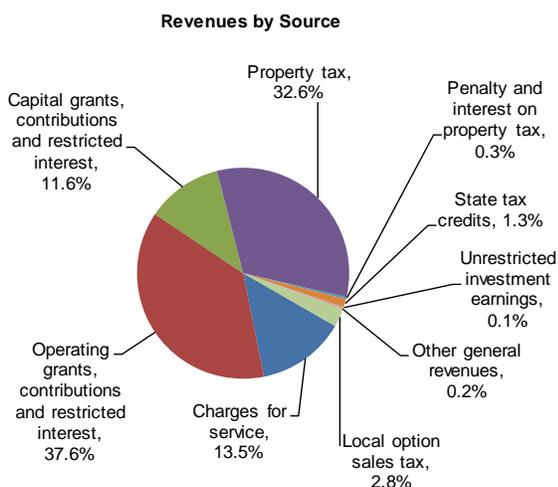
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2013	2012 (Restated)
Current and other assets	\$ 8,522	9,266
Capital assets	7,154	6,534
Total assets	<u>15,676</u>	<u>15,800</u>
Long-term liabilities	2,412	2,414
Other liabilities	3,027	3,279
Total liabilities	<u>5,439</u>	<u>5,693</u>
Net assets:		
Net investment in capital assets	5,014	4,269
Restricted	4,080	4,168
Unrestricted	1,143	1,670
Total net position	<u>\$ 10,237</u>	<u>10,107</u>

Net position of Ringgold County's governmental activities increased 1.3% (approximately \$10.2 million compared to approximately \$10.1 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, 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 position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position — the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements — decreased from approximately \$1,670,000 at June 30, 2012 to approximately \$1,143,000 at the end of this year, a decrease of 31.6%.

This reduction of approximately \$527,000 in unrestricted net position was a result of decreased revenue from property tax due, in part, to a reduction in the general basic levy and the County receiving fewer federal and state grants.

Changes in Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30	
	2013	2012 (Restated)
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,066	897
Operating grants, contributions and restricted interest	2,965	3,645
Capital grants, contributions and restricted interest	917	736
<b>General revenues:</b>		
Property tax	2,582	3,068
Penalty and interest on property tax	27	27
State tax credits	102	103
Local option sales tax	225	291
Unrestricted investment earnings	9	10
Other general revenues	16	82
<b>Total revenues</b>	<b>7,909</b>	<b>8,859</b>
<b>Program expenses:</b>		
Public safety and legal services	1,346	1,837
Physical health and social services	1,010	1,182
Mental health	454	823
County environment and education	286	286
Roads and transportation	3,654	2,186
Governmental services to residents	263	261
Administration	591	474
Non-program	104	11
Interest on long-term debt	71	75
<b>Total expenses</b>	<b>7,779</b>	<b>7,135</b>
<b>Change in net position</b>	<b>130</b>	<b>1,724</b>
<b>Net position beginning of year, as restated</b>	<b>10,107</b>	<b>8,383</b>
<b>Net position end of year</b>	<b>\$ 10,237</b>	<b>10,107</b>



Ringgold County's net position of governmental activities increased approximately \$130,000 during the year. Revenues for governmental activities decreased approximately \$950,000 from the prior year, with operating grants, contributions and restricted interest decreasing approximately \$680,000, or 18.7%, and property tax revenue decreasing approximately \$561,000, or 17.8%, from the prior year

The County decreased the County-wide property tax levy from \$8.6344 to \$7.67613 per \$1,000 of taxable valuation for fiscal year 2013. The rural services tax levy rate remained the same at \$3.95000 per \$1,000 of taxable valuation. The taxable valuation of the property decreased 10.7%, or approximately \$326,000.

The cost of all governmental activities this year was approximately \$7.8 million compared to approximately \$7.1 million last year. However, as shown in the Statement of Activities on page 19, the amount taxpayers ultimately financed for these activities was approximately \$2.8 million because some of the cost was paid by those directly benefited from the programs (approximately \$1,067,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3,881,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2013 from approximately \$5,278,000 to approximately \$4,948,000, principally due to receiving grant proceeds for road and bridge repairs due to flooding in 2010 recognized as revenue in fiscal year 2012.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$5.3 million, an increase of approximately \$1.6 million over last year's total of approximately \$3.7 million. The increase in fund balance is primarily attributable to receipt of a Federal Emergency Management Agency reimbursement grant. The following are the major reasons for the changes in fund balances of the major funds over the prior year:

- General Fund revenues and expenditures remained consistent when compared to the prior year. The ending fund balance increased approximately \$264,000 over the prior year to approximately \$1,583,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$305,000, a decrease of 62.8% from the prior year. For the year, expenditures totaled approximately \$243,000, a decrease of 70.5% from the prior year. The decrease in revenues and expenditures is primarily due to reorganization of mental health services, including the change in the method the State pays for Medicaid reimbursed services. The Special Revenue, Mental Health Fund balance at year end increased approximately \$62,000 over the prior year.
- The Special Revenue, Rural Services Fund ended fiscal year 2013 with a balance of \$234,221, a slight decrease compared to the fiscal year 2012 balance of \$236,120.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$228,000 over the prior year, due principally to an increase in roadway maintenance and two pipe culvert projects. However, the County received about \$1,800,000 from the State of Iowa and federal government for reimbursement of road repairs, primarily completed in prior years. This resulted in an increase in the Secondary Roads Fund ending balance of approximately \$1,179,000, or 71.5%.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Ringgold County amended its budget once. The amendment was made in May 2013 and resulted in an increase in budgeted disbursements for several purposes. The largest increases in disbursements were for secondary roads repairs of \$871,372 and administration for \$463,682, primarily for County insurance and employee health insurance due to the County discontinuing the use of the Internal Service Fund and the costs associated with the 2012 audit. The County also increased budgeted receipts \$1,110,439, primarily to reflect reimbursements from FEMA, public health and conservation grants as well as increases in miscellaneous reimbursements made to the Sheriff. The County's receipts were \$341,908 more than budgeted, a variance of 4%. The most significant variance resulted from the County receiving more intergovernmental receipts than anticipated.

Total disbursements were \$1,512,192 less than the amended budget. Actual disbursements for the administration, roads and transportation and mental health functions were \$1,276,090, \$213,246 and \$108,978, respectively, less than budgeted. This was primarily due to health insurance costs being budgeted for twice and the timing of billings for secondary roads projects.

Even with the budget amendment, the County exceeded the budgeted amounts in the public safety and legal services, physical health and social services and governmental services to residents functions for the year ended June 30, 2013.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2013, Ringgold County had approximately \$7.2 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase (including additions and deletions) of approximately \$620,000, or 9.5%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2013	2012
Land	\$ 23	6
Buildings and improvements	2,982	3,032
Equipment and vehicles	881	908
Infrastructure	3,268	2,588
Total assets	7,154	6,534

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

Capital assets contributed by the Iowa Department of Transportation	\$ 876
Conservation building improvements	20
Courthouse air conditioner and repairs	22
Law enforcement, support services and engineer vehicles	96
Total	\$ 1,014

The County had depreciation/amortization expense of \$433,779 in fiscal year 2013 and total accumulated depreciation/amortization of \$5,058,433 at June 30, 2013.

The County's fiscal year 2013 capital expenditures included \$876,000 for the County's infrastructure and road network. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### **Long-Term Debt**

At June 30, 2013, Ringgold County had \$2,140,000 of general obligation bonds outstanding, compared to \$2,265,000 at June 30, 2012.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Ringgold County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$24 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Ringgold County's elected and appointed officials and citizens considered many factors when setting the county budget, tax rates and the fees charged for various county services. One of those factors is the economy. Unemployment in the County now stands at 5.2% versus 5.9% a year ago. This compares with the State's unemployment rate of 4.3% and the national rate of 6.7%.

These indicators were taken into account when adopting the budget for fiscal year 2014. Amounts available for appropriation in the operating budget are approximately \$10 million, an increase of 11% over the final fiscal year 2013 budget. The County has added no major new programs or initiatives to the fiscal year 2014 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of fiscal year 2014.

### **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 West Madison Street, Mount Ayr, Iowa 50854.

**Ringgold County**

## **Basic Financial Statements**

Ringgold County  
Statement of Net Position  
June 30, 2013

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 4,723,635
Cash held by health plan trustee	204,184
Receivables:	
Property tax:	
Delinquent	956
Succeeding year	2,620,000
Interest and penalty on property tax	835
Accounts	9,502
Accrued interest	1,242
Due from other governments	520,931
Inventories	362,260
Prepaid insurance	79,268
Capital assets, net of accumulated depreciation/amortization	7,153,560
<b>Total assets</b>	<b>15,676,373</b>
<b>Liabilities</b>	
Accounts payable	200,172
Accrued interest payable	5,693
Salaries and benefits payable	164,448
Due to other governments	36,531
Deferred revenue:	
Succeeding year property tax	2,620,000
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	125,000
Compensated absences	95,060
Portion due or payable after one year:	
General obligation bonds	2,015,000
Compensated absences	99,224
Net OPEB liability	78,300
<b>Total liabilities</b>	<b>5,439,428</b>
<b>Net Position</b>	
Net investment in capital assets	5,013,560
Restricted for:	
Supplemental levy purposes	223,384
Mental health purposes	231,566
Rural services purposes	230,066
Secondary roads purposes	2,858,541
Debt service	7,312
Public safety and legal services	460,193
Other purposes	69,558
Unrestricted	1,142,765
<b>Total net position</b>	<b>\$ 10,236,945</b>

See notes to financial statements.

Ringgold County  
Statement of Activities  
Year ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest		Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>					
Governmental activities:					
Public safety and legal services	\$ 1,345,522	348,930	172,236	-	(824,356)
Physical health and social services	1,009,822	453,773	433,524	-	(122,525)
Mental health	454,287	-	278,946	-	(175,341)
County environment and education	285,618	44,390	201,079	-	(40,149)
Roads and transportation	3,654,304	98,656	1,874,223	916,859	(764,566)
Governmental services to residents	262,582	106,737	4,538	-	(151,307)
Administration	591,386	13,970	-	-	(577,416)
Non-program	104,442	-	-	-	(104,442)
Interest on long-term debt	71,430	-	-	-	(71,430)
<b>Total</b>	<b>\$ 7,779,393</b>	<b>1,066,456</b>	<b>2,964,546</b>	<b>916,859</b>	<b>(2,831,532)</b>
<b>General Revenues:</b>					
Property and other county tax levied for general purposes					2,582,089
Penalty and interest on property tax					27,273
State tax credits					102,404
Local option sales tax					224,611
Unrestricted investment earnings					9,560
Miscellaneous					15,591
<b>Total general revenues</b>					<b>2,961,528</b>
Change in net position					129,996
Net position beginning of year, as restated					10,106,949
Net position end of year					<b>\$ 10,236,945</b>

See notes to financial statements.

Ringgold County  
Balance Sheet  
Governmental Funds

June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 1,326,238	201,717	256,800	2,467,480
Cash held by health plan trustee	204,184	-	-	-
Receivables:				
Property tax:				
Delinquent	534	107	315	-
Succeeding year	1,590,000	223,000	807,000	-
Interest and penalty on property tax	835	-	-	-
Accounts	7,447	-	-	1,017
Accrued interest	910	-	-	30
Due from other governments	114,597	-	-	378,533
Inventories	-	-	-	362,260
Prepaid insurance	59,834	-	-	19,434
<b>Total assets</b>	<b>\$ 3,304,579</b>	<b>424,824</b>	<b>1,064,115</b>	<b>3,228,754</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 24,884	537	5,342	154,593
Salaries and benefits payable	99,825	570	-	64,053
Due to other governments	5,197	12,564	17,237	1,448
Deferred revenue:				
Succeeding year property tax	1,590,000	223,000	807,000	-
Other	1,369	107	315	181,404
Total liabilities	<u>1,721,275</u>	<u>236,778</u>	<u>829,894</u>	<u>401,498</u>
Fund balances:				
Nonspendable:				
Inventories	-	-	-	362,260
Prepaid insurance	59,834	-	-	19,434
Restricted for:				
Supplemental levy purposes	232,780	-	-	-
Mental health purposes	45,813	188,046	-	-
Rural services purposes	-	-	234,221	-
Secondary roads purposes	-	-	-	2,445,562
Debt Service	-	-	-	-
Conservation land acquisition	4,043	-	-	-
Public safety and legal services	53,073	-	-	-
Other purposes	-	-	-	-
Unassigned	1,187,761	-	-	-
Total fund balances	<u>1,583,304</u>	<u>188,046</u>	<u>234,221</u>	<u>2,827,256</u>
<b>Total liabilities and fund balances</b>	<b>\$ 3,304,579</b>	<b>424,824</b>	<b>1,064,115</b>	<b>3,228,754</b>

See notes to financial statements.

Nonmajor	Total
471,400	4,723,635
-	204,184
-	956
-	2,620,000
	835
1,038	9,502
302	1,242
27,801	520,931
-	362,260
-	79,268
<u>500,541</u>	<u>8,522,813</u>
14,816	200,172
-	164,448
85	36,531
-	2,620,000
-	183,195
<u>14,901</u>	<u>3,204,346</u>
-	362,260
-	79,268
-	232,780
-	233,859
-	234,221
-	2,445,562
7,312	7,312
-	4,043
412,813	465,886
65,515	65,515
-	1,187,761
<u>485,640</u>	<u>5,318,467</u>
<u>500,541</u>	<u>8,522,813</u>

**Ringgold County**

Ringgold County

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

June 30, 2013

<b>Total governmental fund balances (page 21)</b>	\$ 5,318,467
<b><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></b>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$12,211,993 and the accumulated depreciation/amortization is \$5,058,433.	7,153,560
Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	183,195
Long-term liabilities, including bonds payable, compensated absences payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	<u>(2,418,277)</u>
<b>Net position of governmental activities (page 18)</b>	<u><u>\$ 10,236,945</u></u>

See notes to financial statements.

Ringgold County

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

Year ended June 30, 2013

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
<b>Revenues:</b>				
Property and other county tax	\$ 1,488,807	297,391	794,935	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	26,438	-	-	-
Intergovernmental	1,058,354	7,946	10,237	3,815,498
Licenses and permits	4,848	-	-	765
Charges for service	690,594	-	-	63
Use of money and property	20,928	-	-	-
Miscellaneous	210,899	-	-	20,187
Total revenues	3,500,868	305,337	805,172	3,836,513
<b>Expenditures:</b>				
Operating:				
Public safety and legal services	1,074,639	-	122,349	-
Physical health and social services	985,391	-	-	-
Mental health	227,744	242,963	-	-
County environment and education	250,027	-	61,116	-
Roads and transportation	-	-	-	3,281,386
Governmental services to residents	246,957	-	-	-
Administration	608,423	-	-	-
Non-program	9,522	-	-	-
Debt service	-	-	-	-
Total expenditures	3,402,703	242,963	183,465	3,281,386
Excess of revenues over expenditures	98,165	62,374	621,707	555,127
<b>Other financing sources (uses):</b>				
Operating transfers in	171,666	-	-	623,606
Operating transfers out	(5,428)	-	(623,606)	-
Total other financing sources (uses)	166,238	-	(623,606)	623,606
Change in fund balances	264,403	62,374	(1,899)	1,178,733
Fund balances beginning of year, as restated	1,318,901	125,672	236,120	1,648,523
Fund balances end of year	\$ 1,583,304	188,046	234,221	2,827,256

See notes to financial statements.

Nonmajor	Total
-	2,581,133
224,611	224,611
-	26,438
146,388	5,038,423
-	5,613
26,047	716,704
543	21,471
8,894	239,980
<u>406,483</u>	<u>8,854,373</u>
120,523	1,317,511
-	985,391
-	470,707
-	311,143
-	3,281,386
2,100	249,057
-	608,423
-	9,522
<u>196,940</u>	<u>196,940</u>
<u>319,563</u>	<u>7,430,080</u>
<u>86,920</u>	<u>1,424,293</u>
-	795,272
-	(629,034)
-	<u>166,238</u>
86,920	1,590,531
<u>398,720</u>	<u>3,727,936</u>
<u>485,640</u>	<u>5,318,467</u>

Ringgold County

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

Year ended June 30, 2013

**Change in fund balances - Total governmental funds (page 25)** \$ 1,590,531

**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/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation/amortization expense in the current year, as follows:

Expenditures for capital assets	\$ 176,827	
Capital assets contributed by the Iowa Department of Transportation	876,444	
Depreciation/amortization expense	<u>(433,779)</u>	619,492

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	956	
Other	<u>(1,822,384)</u>	(1,821,428)

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

125,000

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	(98,117)	
Other postemployment benefits	(25,700)	
Interest on long-term debt	<u>510</u>	(123,307)

The Internal Service Funds were used by management to charge the costs of the partial self-funding of the County's health insurance benefit plan, unreimbursed medical expenses and dependent care to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.

(260,292)

**Change in net position of governmental activities (page 19)** \$ 129,996

See notes to financial statements.

Ringgold County

Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2013

		<u>Internal Service</u>
Operating revenues:		
Reimbursements from employees and others		\$ 215,996
Operating expenses:		
Insurance premiums	\$ 301,130	
Other claims and administrative fees	<u>8,920</u>	<u>310,050</u>
Operating loss		(94,054)
Operating transfers out		<u>(166,238)</u>
Change in net position		(260,292)
Net position beginning of year		<u>260,292</u>
Net position end of year		<u>\$ -</u>

See notes to financial statements.

Ringgold County  
Statement of Cash Flows  
Proprietary Funds  
Year ended June 30, 2013

	<u>Internal Service</u>
Cash flows from operating activities:	
Cash received from employees and others	\$ 215,996
Cash paid to suppliers of goods and services	<u>(257,212)</u>
Net cash used by operating activities	(41,216)
Cash flows from non-capital financing activities:	
Transfers out	<u>(167,704)</u>
Net decrease in cash and cash equivalents	(208,920)
Cash and cash equivalents beginning of year	<u>208,920</u>
Cash and cash equivalents end of year	<u><u>\$ -</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (94,054)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in prepaid expenses	58,881
Decrease in accounts payable	<u>(6,043)</u>
Net cash used by operating activities	<u><u>\$ (41,216)</u></u>

See notes to financial statements.

Ringgold County

Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2013

**Assets**

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 599,911
Other County officials	24,684
Receivables:	
Property tax:	
Delinquent	1,031
Succeeding year	7,146,900
Accounts	5,399
Accrued Interest	33
Due from other governments	14,237
<b>Total assets</b>	<u>7,792,195</u>

**Liabilities**

Accounts payable	17,383
Salaries and benefits payable	10,130
Due to other governments	7,717,129
Trusts payable	29,229
Compensated absences	18,324
<b>Total liabilities</b>	<u>7,792,195</u>
<b>Net position</b>	<u><u>\$ -</u></u>

See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2013

**(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 U.S. generally accepted accounting principles 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. The County has no component units which meet the Governmental Accounting Standards Board criteria.

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. 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 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 the Agency Funds of the County.

The County also participates in the following jointly governed organizations: the Wayne, Ringgold and Decatur County Solid Waste Management Commission and the Southern Iowa Rural Water Association.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position (previously referred to as 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 Position presents the County's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories.

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

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

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has 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 and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues 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 expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

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

Additionally, the County reports the following funds:

Proprietary Funds - Internal Service Funds have been 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. The Internal Service Funds were closed during the year ended June 30, 2013.

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

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund 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 year or soon enough thereafter to pay liabilities of the current year. 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 only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position 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.

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

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

D. Assets, Liabilities and Fund Equity

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

Cash, Cash Equivalents 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.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is 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 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 fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2012.

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 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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (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 Position. Capital assets are recorded at 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 repair 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 initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 35
Vehicles	3 - 10

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.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Position 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 who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

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.

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.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, disbursements exceeded the amounts budgeted in the public safety and legal services, physical health and social services and governmental services to residents functions and disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2013 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Internal Service:	
	Insurance Clearing	\$ 169,301
	Dependent Care	2,365
		<u>171,666</u>
Special Revenue:	Special Revenue:	
Secondary Roads	Rural Services	623,606
Internal Service:		
Unreimbursed Medical	General	<u>5,428</u>
Total		<u>\$ 800,700</u>

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

**(4) Capital Assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>			<u>End</u>
	<u>of Year,</u>			<u>of Year</u>
	<u>as restated</u>	<u>Increases</u>	<u>Decreases</u>	
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 6,010	17,200	-	23,210
Capital assets being depreciated/amortized:				
Buildings	3,671,219	13,210	-	3,684,429
Improvements other than buildings	13,985	14,762	-	28,747
Equipment and vehicles	3,849,039	131,655	(10,181)	3,970,513
Infrastructure, road network	3,628,650	876,444	-	4,505,094
Total capital assets being depreciated/amortized	<u>11,162,893</u>	<u>1,036,071</u>	<u>(10,181)</u>	<u>12,188,783</u>
Less accumulated depreciation/amortization for:				
Buildings	639,547	77,051	-	716,598
Improvements other than buildings	13,985	660	-	14,645
Equipment and vehicles	2,940,541	159,392	(10,181)	3,089,752
Infrastructure, road network	1,040,762	196,676	-	1,237,438
Total accumulated depreciation/amortization	<u>4,634,835</u>	<u>433,779</u>	<u>(10,181)</u>	<u>5,058,433</u>
Total capital assets being depreciated/amortized, net	<u>6,528,058</u>	<u>602,292</u>	<u>-</u>	<u>7,130,350</u>
Governmental activities capital assets, net	<u>\$ 6,534,068</u>	<u>619,492</u>	<u>-</u>	<u>7,153,560</u>

Depreciation/amortization expense was charged to the following functions:

Public safety and legal services	\$ 81,916
Mental health	8,958
County environment and education	9,542
Roads and transportation	309,800
Governmental services to residents	7,059
Administration	16,504
Total depreciation/amortization expense - governmental activities	<u>\$ 433,779</u>

**(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 at June 30, 2013 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	<u>\$ 5,197</u>
Special Revenue:		
Mental Health	Services	12,564
Rural Services	Services	17,237
Secondary Roads	Services	1,448
Jail Sales Tax	Services	<u>85</u>
		<u>31,334</u>
Total for governmental funds		<u><u>\$ 36,531</u></u>
Agency:		
County Assessor	Collections	\$ 217,494
Schools		4,332,048
Community Colleges		202,768
Corporations		695,869
Auto License and Use Tax		109,601
All other		<u>2,159,349</u>
Total for agency funds		<u><u>\$ 7,717,129</u></u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	<u>General</u>	<u>Compen-</u>	<u>Net</u>	
	<u>Obligation</u>	<u>sated</u>	<u>OPEB</u>	
	<u>Bonds</u>	<u>Absences</u>	<u>Liability</u>	<u>Total</u>
Balance beginning				
of year, as restated	\$ 2,265,000	96,167	52,600	2,413,767
Increases	-	166,766	25,700	192,466
Decreases	125,000	68,649	-	193,649
Balance end of year	<u>\$ 2,140,000</u>	<u>194,284</u>	<u>78,300</u>	<u>2,412,584</u>
Due within one year	<u>\$ 125,000</u>	<u>95,060</u>	<u>-</u>	<u>220,060</u>

### General Obligation Bonds Payable

A summary of the County's June 30, 2013 general obligation local option sales and services tax bond indebtedness is as follows:

Year Ending June 30,	County Jail			
	Issued November 18, 2010			
	Interest Rates	Principal	Interest	Total
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	2.75	135,000	58,565	193,565
2018	2.75	140,000	54,853	194,853
2019-2023	2.85-3.50	765,000	209,738	974,738
2024-2027	3.60-3.80	710,000	67,440	777,440
Total		\$ 2,140,000	586,041	2,726,041

During the year ended June 30, 2013, the County retired \$125,000 of bonds.

#### **(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, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.78% of their annual covered salary and the County is required to contribute 8.67% of covered salary. 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 contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$230,435, \$211,634 and \$187,916, respectively, equal to the required contributions for each year.

#### **(8) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 65 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-funded medical plan administered by Employee Benefits System. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 22,700
Interest on net OPEB obligation	3,000
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	25,700
Contributions made	<u>-</u>
Increase in net OPEB obligation	25,700
Net OPEB obligation beginning of year	<u>52,600</u>
Net OPEB obligation end of year	<u>\$ 78,300</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the County made no contributions to the retiree medical plan.

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 52,600	0.00%	\$ 52,600
2013	25,700	0.00	78,300

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$593,600, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$593,600. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,546,000 and the ratio of the UAAL to covered payroll was 23.3%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RP-2000 Combined Mortality Table, fully generational using Scale AA. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2010 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2010.

Projected claim costs of the medical plan are \$797 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

## **(9) Risk Management**

The County is a member of 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 679 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.

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 at a level determined by the Board not to exceed 300% of 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 contributions to the Pool for the year ended June 30, 2013 were \$108,357.

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 \$15,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location, with excess coverage reinsured by Lexington 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 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, 2013, no liability has been recorded in the County's financial statements. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim 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% of its casualty capital contributions. However, the refund is reduced by the amount of capital distributions previously received by the withdrawing member and an amount equal to the annual casualty 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 \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Employee Health Insurance Plan**

The Internal Service, Insurance Clearing Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan was funded by both employee and County contributions and administered through Employee Benefits System. The County discontinued use of the Internal Service Fund during the fiscal year ended June 30, 2013.

The cash balance held by Employee Benefits System was \$204,184 at June 30, 2013.

**(11) Restatements**

Beginning net position for governmental activities, and the beginning fund balances for the General Fund and the Special Revenue, Secondary Roads and Non major Special Revenue Funds and the assets and liabilities of the Agency Funds were restated to properly report the beginning balances. The beginning cash balance for the Budgetary Comparison Schedule of Receipts, Disbursements and Cash Balances was also restated as shown below.

The beginning balances for capital assets and accumulated depreciation have been restated to report beginning balances substantiated by County records. The beginning balance for compensated absences was restated to exclude compensated amortization absences for Agency Funds and the OPEB beginning balance was reported as a long-term liability. The restated beginning balances are as follows:

	Governmental Activities	General Fund	Special Revenue, Secondary Roads Fund	Nonmajor Special Revenue Funds	Agency Funds Total Assets and Liabilities	Budgetary Cash Basis
Balances June 30, 2012, as previously reported	\$ 12,755,718	1,230,203	3,653,146	347,975	7,762,998	3,301,158
Receivables which should have been deferred since they were not collected within 60 days after year end	-	-	(2,004,623)	-	-	-
Property tax receivable which was not recorded	-	-	-	-	497,000	-
Reclassify funds previously reported in the wrong fund type:						
Inmate Jail Fee /60%	36,860	36,860	-	-	(36,860)	36,860
Inmate Jail Fee /40%	2,896	2,896	-	-	(2,896)	-
RC Grid Systems	111,786	111,786	-	-	(111,786)	111,786
Civil Service Commission	114	-	-	114	(114)	114
K-9 Unit	15,196	-	-	15,196	(15,196)	15,196
Sheriff's Commissary	5,740	-	-	5,740	(5,740)	5,740
DARE	2,010	-	-	2,010	(2,010)	2,010
Sheriff's Special	1,396	-	-	1,396	(1,396)	1,396
Sheriff's Forfeiture	11,924	-	-	11,924	(11,924)	11,924
Sheriff's Reserves	11,955	-	-	11,955	(11,955)	8,779
County Recorder's Records Management	-	(2,410)	-	2,410	-	-
Capital asset net restatement to agree to balances substantiated by County records	(2,741,976)	-	-	-	-	-
Adjustment to compensated absences	6,364	-	-	-	-	-
OPEB liability reported	(52,600)	-	-	-	-	-
Other restatements	(60,434)	(60,434)	-	-	-	-
Balances July 1, 2012, as restated	\$ 10,106,949	1,318,901	1,648,523	398,720	8,060,121	3,494,963

**Required Supplementary Information**

**Ringgold County**

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Ringgold County

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

Required Supplementary Information

Year ended June 30, 2013

	<u>Actual</u>
Receipts:	
Property and other county tax	\$ 2,839,856
Interest and penalty on property tax	26,438
Intergovernmental	5,057,656
Licenses and permits	3,860
Charges for service	706,141
Use of money and property	21,443
Miscellaneous	337,425
Total receipts	<u>8,992,819</u>
Disbursements:	
Public safety and legal services	1,201,484
Physical health and social services	975,573
Mental health	696,458
County environment and education	293,272
Roads and transportation	3,331,067
Governmental services to residents	243,625
Administration	696,044
Non-program	10,799
Debt service	277,879
Capital projects	-
Total disbursements	<u>7,726,201</u>
Excess (deficiency) of receipts over (under) disbursements	1,266,618
Other financing sources, net	<u>166,238</u>
Excess of receipts and other financing sources over disbursements and other financing uses	1,432,856
Balance beginning of year, as restated	<u>3,494,963</u>
Balance end of year	<u><u>\$ 4,927,819</u></u>

See accompanying independent auditor's report.

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Budgeted Amounts		Final to Net Variance
Original	Final	
2,891,644	2,891,644	(51,788)
27,050	27,050	(612)
3,253,721	4,266,230	791,426
4,125	4,125	(265)
488,589	574,968	131,173
14,202	15,363	6,080
861,141	871,531	(534,106)
7,540,472	8,650,911	341,908
1,050,346	1,111,546	(89,938)
827,117	899,351	(76,222)
748,314	805,436	108,978
228,517	295,317	2,045
2,672,941	3,544,313	213,246
222,756	222,756	(20,869)
1,508,272	1,972,134	1,276,090
79,540	79,540	68,741
300,000	300,000	22,121
8,000	8,000	8,000
7,645,803	9,238,393	1,512,192
(105,331)	(587,482)	1,854,100
111,729	111,729	54,509
6,398	(475,753)	1,908,609
3,265,402	3,265,402	229,561
3,271,800	2,789,649	2,138,170

Ringgold County  
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation  
 Required Supplementary Information

Year ended June 30, 2013

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,992,819	(138,446)	8,854,373
Expenditures	7,726,201	(296,121)	7,430,080
Net	1,266,618	157,675	1,424,293
Other financing sources, net	166,238	-	166,238
Beginning fund balances, as restated	3,494,963	232,973	3,727,936
Ending fund balances	\$ 4,927,819	390,648	5,318,467

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2013

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 the Internal Service Funds 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 and the Debt Service Fund. 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, one budget amendment increased budgeted disbursements by \$1,592,590. The budget amendment is 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, 2013, disbursements exceeded the amounts budgeted in the public safety and legal services, physical health and social services and governmental services to residents functions and disbursements in certain departments exceeded the amounts appropriated.

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Ringgold County

Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	Jul 1, 2012	-	\$ 594	594	0.0%	\$ 2,546	23.3%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See accompanying independent auditor's report.

**Supplementary Information**

Ringgold County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2013

			Special	
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	Civil Service Commission
<b>Assets</b>				
Cash, cash equivalents and pooled investments	\$ 3,548	61,967	346,818	114
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	298	-
Due from other governments	-	-	27,801	-
<b>Total assets</b>	<b>\$ 3,548</b>	<b>61,967</b>	<b>374,917</b>	<b>114</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	13,782	-
Due to other governments	-	-	85	-
Total liabilities	-	-	13,867	-
Fund balances:				
Restricted for:				
Public safety and legal services	-	-	361,050	114
Debt service	-	-	-	-
Other purposes	3,548	61,967	-	-
Total fund balances	3,548	61,967	361,050	114
<b>Total liabilities and fund balances</b>	<b>\$ 3,548</b>	<b>61,967</b>	<b>374,917</b>	<b>114</b>

See accompanying independent auditor's report.

Revenue								
K-9 Unit	Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Debt Service	Total	
17,763	9,442	2,110	4,396	8,214	9,716	7,312	471,400	
98	815	-	-	-	125	-	1,038	
4	-	-	-	-	-	-	302	
-	-	-	-	-	-	-	27,801	
17,865	10,257	2,110	4,396	8,214	9,841	7,312	500,541	
1,034	-	-	-	-	-	-	14,816	
-	-	-	-	-	-	-	85	
1,034	-	-	-	-	-	-	14,901	
16,831	10,257	2,110	4,396	8,214	9,841	-	412,813	
-	-	-	-	-	-	7,312	7,312	
-	-	-	-	-	-	-	65,515	
16,831	10,257	2,110	4,396	8,214	9,841	7,312	485,640	
17,865	10,257	2,110	4,396	8,214	9,841	7,312	500,541	

Ringgold County

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

Year ended June 30, 2013

			Special	
	County		Jail	
	Recorder's		Local	Civil
	Records		Option	Service
	Management	REAP	Sales Tax	Commission
Revenues:				
Local option sales tax	\$ -	-	224,611	-
Intergovernmental	-	8,189	138,199	-
Charges for service	3,238	-	-	-
Use of money and property	-	25	513	-
Miscellaneous	-	-	500	-
Total revenues	3,238	8,214	363,823	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	92,743	-
Governmental services to residents	2,100	-	-	-
Debt service	-	-	196,940	-
Total expenditures	2,100	-	289,683	-
Excess of revenues over expenditures	1,138	8,214	74,140	-
Fund balances beginning of year, as restated	2,410	53,753	286,910	114
Fund balances end of year	\$ 3,548	61,967	361,050	114

See accompanying independent auditor's report.

Revenue							
K-9 Unit	Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Debt Service	Total
-	-						224,611
-	-	-	-	-	-	-	146,388
-	14,811	100	3,000	2,250	2,648	-	26,047
5	-	-	-	-	-	-	543
8,394	-	-	-	-	-	-	8,894
8,399	14,811	100	3,000	2,250	2,648	-	406,483
6,764	10,294	-		5,960	4,762	-	120,523
-	-	-	-	-	-	-	2,100
-	-	-	-	-	-	-	196,940
6,764	10,294	-	-	5,960	4,762	-	319,563
1,635	4,517	100	3,000	(3,710)	(2,114)	-	86,920
15,196	5,740	2,010	1,396	11,924	11,955	7,312	398,720
16,831	10,257	2,110	4,396	8,214	9,841	7,312	485,640

**Schedule 3**

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## Ringgold County

Combining Schedule of Revenues, Expenses  
and Changes in Fund Net Position  
Internal Service Funds

Year ended June 30, 2013

	Insurance Clearing	Unreimbursed Medical	Dependent Care	Total
Operating revenues:				
Reimbursements from employees and others	\$ 210,164	4,702	1,130	215,996
Operating expenses:				
Insurance premiums	301,130	-	-	301,130
Other claims	-	8,200	720	8,920
Total operating expenses	301,130	8,200	720	310,050
Operating income (loss)	(90,966)	(3,498)	410	(94,054)
Transfer from (to) General Fund	(169,301)	5,428	(2,365)	(166,238)
Change in net position	(260,267)	1,930	(1,955)	(260,292)
Net position beginning of year	260,267	(1,930)	1,955	260,292
Net position end of year	\$ -	-	-	-

See accompanying independent auditor's report.

Ringgold County  
Combining Schedule of Cash Flows  
Internal Service Funds

Year ended June 30, 2013

	Insurance Clearing	Unreimbursed Medical	Dependent Care	Total
Cash flows from operating activities:				
Cash received from employees	\$ 210,164	4,702	1,130	215,996
Cash paid to suppliers for goods and services	(247,828)	(8,664)	(720)	(257,212)
Net cash provided (used) by operating activities	(37,664)	(3,962)	410	(41,216)
Cash flows from non-capital financing activities:				
Transfers in from other funds	-	3,962	-	3,962
Transfers out to other funds	(169,301)	-	(2,365)	(171,666)
Net cash provided (used) by non-capital financing activities	(169,301)	3,962	(2,365)	(167,704)
Net decrease in cash and cash equivalents	(206,965)	-	(1,955)	(208,920)
Cash and cash equivalents beginning of year	206,965	-	1,955	208,920
Cash and cash equivalents end of year	\$ -	-	-	-
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (90,966)	(3,498)	410	(94,054)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Decrease in prepaid expenses	58,881	-	-	58,881
Decrease in accounts payable	(5,579)	(464)	-	(6,043)
Net cash provided (used) by operating activities	\$ (37,664)	(3,962)	410	(41,216)

See accompanying independent auditor's report.

Ringgold County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2013

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,046	63,074	59,048
Other County officials	24,684	-	-	-
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding year	-	75,000	169,000	4,273,000
Accounts	215	-	58	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 24,899</b>	<b>76,046</b>	<b>232,132</b>	<b>4,332,048</b>
<b>Liabilities</b>				
Accounts payable	\$ 13,053	-	460	-
Salaries and benefits payable	-	-	7,353	-
Due to other governments	6,581	76,046	217,494	4,332,048
Trusts payable	5,265	-	-	-
Compensated absences	-	-	6,825	-
<b>Total liabilities</b>	<b>\$ 24,899</b>	<b>76,046</b>	<b>232,132</b>	<b>4,332,048</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	Hospital	Other	Total
2,768	10,869	1,975	109,601	17,394	334,136	599,911
-	-	-	-	-	-	24,684
-	-	-	-	-	1,031	1,031
200,000	685,000	136,000	-	1,177,000	431,900	7,146,900
-	-	-	-	-	5,126	5,399
-	-	-	-	-	33	33
-	-	-	-	-	14,237	14,237
<u>202,768</u>	<u>695,869</u>	<u>137,975</u>	<u>109,601</u>	<u>1,194,394</u>	<u>786,463</u>	<u>7,792,195</u>
-	-	-	-	-	3,870	17,383
-	-	-	-	-	2,777	10,130
202,768	695,869	137,975	109,601	1,194,394	744,353	7,717,129
-	-	-	-	-	23,964	29,229
-	-	-	-	-	11,499	18,324
<u>202,768</u>	<u>695,869</u>	<u>137,975</u>	<u>109,601</u>	<u>1,194,394</u>	<u>786,463</u>	<u>7,792,195</u>

Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year Ended June 30, 2013

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year, as restated	\$ 25,717	167,385	222,864	4,227,311
Additions:				
Property and other county tax	-	71,248	174,684	4,239,746
E911 surcharge	-	-	-	-
State tax credits	-	3,911	-	219,675
Drivers license fees	-	-	-	-
Office fees and collections	163,369	-	145	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	12,378	-	-	-
Miscellaneous	-	-	-	-
Total additions	175,747	75,159	174,829	4,459,421
Deductions:				
Agency remittances:				
To other funds	72,914	-	-	-
To other governments	93,400	166,498	165,561	4,354,684
Trusts paid out	10,251	-	-	-
Total deductions	176,565	166,498	165,561	4,354,684
Balances end of year	\$ 24,899	76,046	232,132	4,332,048

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Other	Total
200,275	718,734	149,684	127,558	1,256,030	964,563	8,060,121
196,849	699,000	130,273	-	1,155,146	509,058	7,176,004
-	-	-	-	-	78,746	78,746
10,355	53,531	6,586	-	65,063	3,067	362,188
-	-	-	19,890	-	-	19,890
-	-	-	-	-	-	163,514
-	-	-	1,573,713	-	-	1,573,713
-	-	-	-	-	10,913	10,913
-	-	-	-	-	21,684	34,062
-	-	-	-	-	1,785	1,785
207,204	752,531	136,859	1,593,603	1,220,209	625,253	9,420,815
-	-	-	56,166	-	-	129,080
204,711	775,396	148,568	1,555,394	1,281,845	803,353	9,549,410
-	-	-	-	-	-	10,251
204,711	775,396	148,568	1,611,560	1,281,845	803,353	9,688,741
202,768	695,869	137,975	109,601	1,194,394	786,463	7,792,195

Ringgold County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2013	2012	2011	2010
<b>Revenues:</b>				
Property and other county tax	\$ 2,581,133	3,129,305	2,795,341	2,536,414
Local option sales tax	224,611	290,821	477,731	245,188
Interest and penalty on property tax	26,438	26,580	27,057	28,652
Intergovernmental	5,038,423	4,773,717	5,564,334	3,986,194
Licenses and permits	5,613	6,680	7,438	4,890
Charges for service	716,704	543,814	507,240	463,787
Use of money and property	21,471	8,433	19,262	34,244
Miscellaneous	239,980	128,532	243,959	106,450
<b>Total</b>	<b>\$ 8,854,373</b>	<b>8,907,882</b>	<b>9,642,362</b>	<b>7,405,819</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,317,511	1,349,881	918,043	921,523
Physical health and social services	985,391	1,179,005	1,125,980	839,200
Mental health	470,707	823,627	752,826	679,565
County environment and education	311,143	278,757	371,171	219,286
Roads and transportation	3,281,386	1,990,568	4,094,781	2,586,503
Governmental services to residents	249,057	260,265	295,467	261,091
Administration	608,423	610,429	603,908	624,025
Non-program	9,522	11,076	12,821	11,558
Debt service	196,940	194,690	156,449	42,680
Capital projects	-	1,534,527	2,315,063	761,939
<b>Total</b>	<b>\$ 7,430,080</b>	<b>8,232,825</b>	<b>10,646,509</b>	<b>6,947,370</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2009	2008	2007	2006	2005	2004
2,922,551	2,378,667	1,956,741	2,053,277	1,953,082	2,032,440
-	-	-	-	-	-
25,387	23,318	25,247	27,031	30,283	24,123
5,998,642	2,953,366	3,166,022	3,251,379	2,887,698	2,964,004
4,648	4,063	3,990	4,095	4,646	3,071
457,122	463,708	445,510	428,925	329,549	353,875
28,865	70,008	97,606	75,665	32,856	36,611
614,571	748,897	626,826	283,620	270,585	85,149
10,051,786	6,642,027	6,321,942	6,123,992	5,508,699	5,499,273
891,050	886,922	874,604	701,767	669,817	635,010
773,597	692,498	627,573	589,576	574,633	560,803
736,701	770,648	845,620	813,173	762,558	719,433
270,747	255,199	218,889	276,470	171,052	165,054
2,554,590	2,675,684	2,270,960	2,522,764	2,899,018	2,623,729
257,093	238,969	224,146	304,642	250,981	218,593
1,165,004	1,151,770	951,928	528,631	486,657	521,215
12,580	11,078	12,461	14,599	12,467	12,982
42,680	42,680	42,681	42,680	42,680	42,680
2,075,840	35,430	299,780	497,199	214,851	169,414
8,779,882	6,760,878	6,368,642	6,291,501	6,084,714	5,668,913

**Ringgold County**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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

To the Officials of Ringgold County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ringgold County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ringgold County's internal control. Accordingly, we do not express an opinion on the effectiveness of Ringgold County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County'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 as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (C) through (F) to be significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2013 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 comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Ringgold County's Responses to the Findings

Ringgold County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Ringgold County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 21, 2014

**Ringgold County**

Ringgold County

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County’s financial statements.

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Applicable Offices

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- |   |  |
|---|--|
| (1) One individual has control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts.   | Conservation Board,<br>County Agricultural<br>Extension, Sheriff,<br>Recorder and<br>Treasurer |
| (2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety. | Conservation Board,<br>County Agricultural<br>Extension, Recorder<br>and Treasurer             |
| (3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.   | Recorder and<br>Treasurer  |
| (4) An initial listing of receipts is not prepared for cash and mail receipts.  | Treasurer  |

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County officials and department heads should review the operating procedures of the various offices to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Responses –

County Agricultural Extension – We understand our deficiencies and have already hired an outside bookkeeper as of January 1, 2014. Segregation of duties will be in place from here on out.

Conservation Board – The Ringgold County Conservation Board and staff will take measures to segregate duties to the extent possible, with the understanding the Board will be signing off on all camping/shelter fee deposits from this point forward.

Ringgold County

Schedule of Findings

Year ended June 30, 2013

Recorder – Because we are across the hall from other County Offices, it would be tough to expect another office to come across to do our deposits, disbursements and reconciliations. But maybe, time permitting, we can take turns reconciling each other's bank account statements. Because we only write refund checks or checks to the County Treasurer, or State Departments, they are easily traced to the County records.

Sheriff – I have employed a new civil clerk. We have been reviewing our current procedures and have been making some changes. Currently, we have both civil bank accounts at the Treasurer's office with only the Treasurer and 1<sup>st</sup> Deputy authorized to write checks. The civil clerk makes deposits monthly, at a minimum. We are open to any suggestions that may make our jobs easier and provide proper accountability procedures for a small agency.

Treasurer – We have implemented a mail receipt log with a goal of writing down the mail received once a week. Any cash received in the mail is logged the date received. The processing of mail is split between the employees daily, unless there are absences. Daily reconciliation always involves at least two staff. End of the day figures are pulled by the Treasurer or Deputy Treasurer in the absence of the Treasurer. The Deputy Treasurer, or another employee in her absence, pulls the actual cash drawer and counts and logs the cash and compares and reconciles the cash collections report and daily cash record to ensure receipts agree. Going forward we will have someone review the log the following week and review cash collections and initial their review.

Both the Treasurer and Deputy Treasurer sign checks. The Deputy Treasurer does the actual bank reconciliation and the Treasurer reviews verifying outstanding deposits and cleared checks against the daily reconciliation and initials the statement. These reconciliations are summarized on a report we call RC Cash which is reviewed monthly by the Board of Supervisors and balances back to the cash and investment report. In addition, the Board is now signing off on the statements.

Conclusions – Responses accepted.

- (B) Financial Reporting – During the audit, we identified material unrecorded payables and receivables. Also, capital assets were not recorded accurately. Certain revenues were recorded to an incorrect source and expenditures were posted to incorrect functions. Adjustments were subsequently made by the County to properly report these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all payables and receivables are identified and recorded. A capital asset listing should be maintained and reviewed annually to ensure accuracy. These procedures should include steps to ensure revenues and expenditures are recorded in the proper source and function.

Response – During fiscal year 2014, we have implemented a more efficient system for tracking capital assets. A spreadsheet is maintained within the County Auditor's office for the entire county. On an annual basis, the County Auditor's office will

Ringgold County

Schedule of Findings

Year ended June 30, 2013

visit each county office to verify capital assets. I will review the list of capital assets with each department head on an annual basis, as well as for cross checking purposes. In addition, we will monitor revenues and expenditures more closely to ensure we properly report receivables and payables.

Conclusion – Response accepted.

- (C) Financial Report - The County's cash basis and GAAP basis annual financial reports were completed and the cash basis report was published. However, there were material variances in both reports. In addition, the County's GAAP basis report was submitted to the Department of Management one day late.

Recommendation - The County's annual financial reports should be corrected and the cash basis report should be republished.

Response – Once in receipt of the final audit findings, the County will correct the financial report which was submitted to the Department of Management and republish the document. Also, being more familiar with the GAAP and financial reports, I am more comfortable preparing them. I did take my time this past year to ensure they were correct. Moving forward, they will be submitted in a more timely fashion. Following the conclusion of the audit, I will make the recommended corrections and resubmit the GAAP report.

Conclusion – Response accepted.

- (D) County Auditor - Several claims were not supported by invoices or other supporting documentation. There was one instance when an elected official approved their own travel claim. In addition, invoices and supporting documentation were not always cancelled to help prevent duplicate payment.

Recommendation - All claims should be supported by invoices or other supporting documentation which should be properly canceled to help prevent reuse. Travel claims for elected officials should be approved by another elected official.

Response – All claims submitted are now accompanied with an invoice. This is being cross checked between the Deputy Auditor and the County Auditor, and the claim will be marked as paid. We have also implemented a procedure when any department head is requesting reimbursement, another department head must sign the claim as well. With regards to the Supervisors, all Supervisors will sign a reimbursement request by a fellow Supervisor.

Conclusion – Response accepted.

- (E) Voided Registration Statements – Voided registration statements are not printed and retained with the day's business.

Recommendation - The Treasurer's Office should retain the voided registration statements and compare the registration statements to the related deposit to ensure checks are not being substituted for cash collections. The registration statements include the method of payment, so the independent review would be able to compare the amount of cash and checks to the amounts recorded on the registration statements.

Ringgold County  
Schedule of Findings  
Year ended June 30, 2013

Response – Going forward voided registration/title statements will be printed, and if reprocessed, corrected statement copies will be printed and placed with the void in a file with a brief description of error.

Conclusion – Response accepted.

- (F) Approval of Salaries – The Board minutes do not include Board approval for salaries or percentage increases of elected officials and non-union contract employees. In addition, approval of the contract agreement with the Secondary Roads' union was not included in the minutes.

Recommendation – The County should implement procedures to document the approval of salaries and increases in wages for County employees.

Response – The Supervisors have begun approving salaries of elected officials and non-union contract employees as a resolution in the minutes. As a procedure, this will be done following the approval of the budget in March.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Ringgold County

Schedule of Findings

Year ended June 30, 2013

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements during the year ended June 30, 2013 exceeded the amounts budgeted in the public safety and legal services, physical health and social sciences and governmental services to residents functions. In addition, disbursements in certain departments exceeded the amounts appropriated.

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 – Moving forward, an amendment will be done prior to a department exceeding the amount budgeted by function or the amount appropriated.

Conclusion – Response accepted.

- (2) Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. A GPS unit costing \$249 was purchased for the Sanitation Department.

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Board of Supervisors should determine and document the public purpose served by this expenditure before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including requirements for proper documentation.

Response – The GPS units were purchased through a grant from the Iowa Department of Public Health which allowed for the purchase of equipment.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Ringgold County  
Schedule of Findings  
Year ended June 30, 2013

- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gerald Cannon, Father-in-law of Treasurer Debra Cannon	Chore services	\$ 273
Gregg Cannon, Husband of Treasurer Debra Cannon	Lawn mowing services	1,555
Gregg Cannon, Husband of Treasurer Debra Cannon, owner of Cannon Port a John Rentals	Portable toilet rental for County parks	920
Royce Dredge, Board of Supervisor member, Owner of Dredge Feed Services	Misc. courthouse supplies	144
Mike Schaefer, husband of Recorder Karen Schaefer, Owner of Schaefer Gravel & Grain, LLC	Hauling gravel, per bid	24,007
Bill Schaefer, Son of Recorder Karen Schaefer, Owner of Schaefer Excavating	Skid loader rentals, 145 tons of rock	3,431

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Gerald Cannon, Cannon Port a John Rentals and Dredge Feed Services do not appear to represent conflicts of interest since the transactions by individual were less than \$1,500 during the fiscal year. In accordance with Chapter 331.342(2)(d) of the Code of Iowa, the transaction with Schaefer Excavating does not appear to constitute a conflict of interest since Karen Schaefer was not directly involved in the procurement or preparation of any part of the contract and her remuneration of employment is not directly affected as a result of the contract. The contract with Schaefer Gravel & Grain, LLC was awarded through competitive bidding and does not represent a conflict of interest.

The transactions with Gregg Cannon may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa since they exceeded \$1,500 during the fiscal year and were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of this matter.

Response – The County Auditor has reviewed with all departments and the Board of Supervisors this code section and has required, effective immediately, bids be taken on all projects/purchases if a potential for a conflict of interest exists as defined in Iowa Code §331.342.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings

Year ended June 30, 2013

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) 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).
- (9) 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, 2013 for the County Extension Office did not exceed the amount budgeted

- (10) Tax Increment Financing (TIF) – For the year ended June 30, 2013, the County Auditor did not prepare a reconciliation for each city reconciling TIF receipts with total outstanding TIF debt.

Recommendation – In accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa, ‘to provide for the division of taxes in each subsequent year without further certification ... until the amount of the loans, advances, indebtedness, or bonds is paid to the special fund’, the County Auditor should prepare a reconciliation of each City’s TIF receipts and TIF debt certified.

Response – I am working on completing a reconciliation of the TIF’s within our County. I have added this to my calendar to complete on an annual basis moving forward.

Conclusion – Response accepted.

Ringgold County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Ryan T. Jelsma, Staff Auditor  
Daniel J. Mikels, Staff Auditor  
Anthony M. Heibult, Assistant Auditor  
Corey M. Vannausdle, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State