



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE

May 26, 2015

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

The County had local tax revenue of \$10,463,381 for the year ended June 30, 2014, which included \$494,385 in tax credits from the state. The County forwarded \$7,627,395 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$2,835,986 of the local tax revenue to finance County operations, a 5.6% increase over the prior year. Other revenues included charges for service of \$1,069,339, operating grants, contributions and restricted interest of \$4,047,293, capital grants, contributions and restricted interest of \$4,317,491, local option sales tax of \$226,837, unrestricted investment earnings of \$12,434, gain on disposition of capital assets of \$373,638 and other general revenues of \$32,969.

Expenses for County operations for the year ended June 30, 2014 totaled \$8,638,815, an 11.0% increase over the prior year. Expenses included \$4,544,129 for roads and transportation, \$1,237,791 for public safety and legal services and \$900,474 for physical health and social services.

The significant increase in revenues is due primarily to an increase in federal reimbursements and contributed capital assets for road projects. Expenses increased primarily due to an increase in roadway repair and construction 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/1410-0080-B00F.pdf>.

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

**JUNE 30, 2014**

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**Ringgold County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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, 2014, 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, 2014, and the respective changes in its financial position 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 44 through 48 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. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the eight years ended June 30, 2012 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 20, 2015 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 20, 2015

**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, 2014. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2014 FINANCIAL HIGHLIGHTS**

- ◆ Revenues of the County's governmental activities increased 63.3%, or approximately \$5,007,000, from fiscal year 2013 to fiscal year 2014. Property tax increased approximately \$121,000, operating grants, contributions and restricted interest increased approximately \$1,082,000 and capital grants, contributions and restricted interest increased approximately \$3,401,000.
- ◆ Program expenses of the County's governmental activities were 11.1%, or approximately \$860,000, more in fiscal year 2014 than in fiscal year 2013. Roads and transportation expenses increased approximately \$890,000 and administration expenses increased approximately \$236,000 while public safety and legal services expenses decreased approximately \$108,000 and physical health and social services expenses decreased approximately \$110,000.
- ◆ The County's net position increased 41.8%, or approximately \$4,277,000, from June 30, 2013 to June 30, 2014.

### **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 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 the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various Federal programs benefiting the County.

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

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, liabilities and deferred inflows of resources 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 financial information on all of the County's assets, liabilities and deferred inflows of resources, with the difference 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 two kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 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) 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. The 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 increased substantially from a year ago, increasing from approximately \$10.2 million to approximately \$14.5 million. The analysis that follows focuses on the net position of governmental activities.

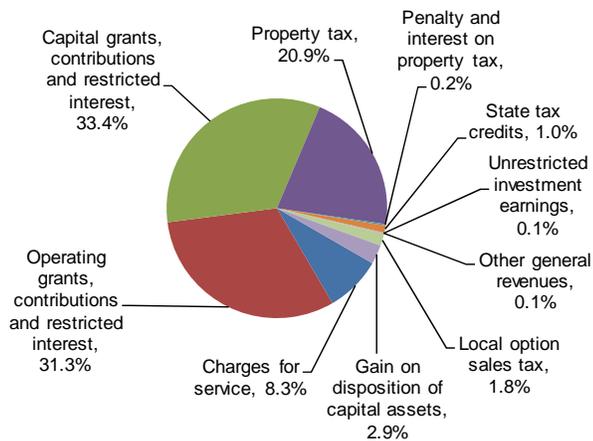
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2014	2013
Current and other assets	\$ 8,544	8,522
Capital assets	12,485	7,154
Total assets	<u>21,029</u>	<u>15,676</u>
Long-term liabilities	3,510	2,412
Other liabilities	233	407
Total liabilities	<u>3,743</u>	<u>2,819</u>
Deferred inflows of resources	2,772	2,620
Net position:		
Net investment in capital assets	9,278	5,014
Restricted	3,888	4,080
Unrestricted	1,348	1,143
Total net position	<u>\$ 14,514</u>	<u>10,237</u>

Net position of Ringgold County's governmental activities increased 41.8% (approximately \$14.5 million compared to approximately \$10.2 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 – increased from approximately \$1,143,000 at June 30, 2013 to approximately \$1,348,000 at the end of this year, an increase of 17.9%.

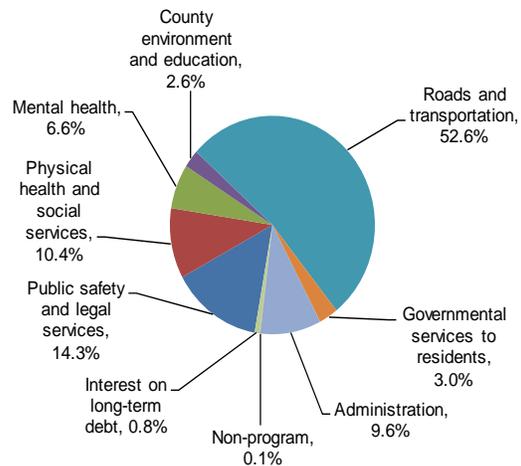
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30	
	2014	2013
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 1,069	1,066
Operating grants, contributions and restricted interest	4,047	2,965
Capital grants, contributions and restricted interest	4,318	917
<b>General revenues:</b>		
Property tax	2,703	2,582
Penalty and interest on property tax	26	27
State tax credits	133	102
Local option sales tax	227	225
Unrestricted investment earnings	12	9
Gain on disposition of capital assets	374	-
Other general revenues	7	16
<b>Total revenues</b>	<b>12,916</b>	<b>7,909</b>
<b>Program expenses:</b>		
Public safety and legal services	1,238	1,346
Physical health and social services	900	1,010
Mental health	573	454
County environment and education	221	286
Roads and transportation	4,544	3,654
Governmental services to residents	257	263
Administration	827	591
Non-program	11	104
Interest on long-term debt	68	71
<b>Total expenses</b>	<b>8,639</b>	<b>7,779</b>
<b>Change in net position</b>	<b>4,277</b>	<b>130</b>
<b>Net position beginning of year</b>	<b>10,237</b>	<b>10,107</b>
<b>Net position end of year</b>	<b>\$ 14,514</b>	<b>10,237</b>

**Revenues by Source**



**Expenses by Program**



Ringgold County's net position of governmental activities increased approximately \$4,277,000 during the year. Revenues for governmental activities increased approximately \$5,007,000 over the prior year while operating grants, contributions and restricted interest increased approximately \$1,082,000, or 36.5%, capital grants, contributions and restricted interest increased approximately \$3,401,000, or 371%, and property tax revenue increased approximately \$121,000, or 4.7%, over the prior year.

The County decreased the County-wide property tax levy from \$7.67613 to \$7.22752 per \$1,000 of taxable valuation for fiscal year 2014. The rural services tax levy rate remained the same at \$3.95 per \$1,000 of taxable valuation. The taxable valuation of the property increased 4.3%, or approximately \$12,000,000.

The cost of all governmental activities this year was approximately \$8.6 million compared to approximately \$7.8 million last year. Some of the cost was paid by those directly benefited from the programs (approximately \$1,069,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$8,365,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2014 from approximately \$4,948,000 to approximately \$9,434,000, principally due to road construction contributed by the Iowa Department of Transportation.

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

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$5.1 million, a decrease of approximately \$219,000 from last year's total of approximately \$5.3 million. The decrease in fund balance is primarily attributable to the County incurring expenditures for repairs from flooding in 2013, a box culvert project and the County waiting for receipt of Federal Emergency Management Agency (FEMA) reimbursement grant funds and a highway planning and construction grant, both of which are expected to be received in fiscal year 2015. 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 decreased approximately \$30,000 from the prior year to approximately \$1,554,000.
- 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 \$242,000, a decrease of 20.6% from the prior year. For the year, expenditures totaled approximately \$310,000, an increase of 27.7% over the prior year. The decrease in revenues and the increase in expenditures are 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 decreased approximately \$68,000 from the prior year.
- The Special Revenue, Rural Services Fund ended fiscal year 2014 with a balance of \$305,452, an increase of 30.4% compared to the June 30, 2013 balance of \$234,221. The increase was due, in part, to property tax revenue due to increased property valuations.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$2,102,000 over the prior year, due principally to an increase in roadway repair from the 2013 floods, two pipe culvert projects and the lease purchase of six motor graders. The County received approximately \$2,451,000 from the State of Iowa for road use tax. The Secondary Roads Fund ending balance decreased approximately \$374,000, or 13.2%, during the year.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, Ringgold County amended its budget three times. The first amendment was made in October 2013 to increase the roads and transportation budget to allow for the lease purchase of six motor graders and the first lease payment. The second amendment was in April 2014 and increased intergovernmental receipts, primarily to allow for FEMA reimbursements and smaller public health and conservation grants. Charges for service and miscellaneous budgeted receipts increased due to the County moving funds previously reported as Agency Funds to governmental funds and collecting more small fees. Budgeted disbursements were increased for roads and transportation to allow for a resurfacing project and for mental health to allow for payment of Iowa Department of Human Services (DHS) claims and County Rural Offices of Social Services (CROSS) region funding. The County also had small increases in its budget for public safety, physical health, county environment and administration to allow for spending new grants and the purchase of Beacon software. The final budget amendment in May of 2014 was to adjust intergovernmental receipts down due to lower than anticipated public health grants, mental health funds and tax credits. Mental health function budgeted disbursements were increased for Ringgold County Social Services expenses covered by Medicaid.

Total disbursements were \$881,696 less than the amended budget. Actual disbursements for the roads and transportation, capital projects and public safety and legal services functions were \$312,828, \$200,485 and \$177,674, respectively, less than budgeted. This was primarily due to health insurance costs being budgeted for twice in roads and transportation and the timing of billings for Secondary Roads projects. Public safety and legal services disbursements were less than expected due to less spending in adult corrections.

The County did not exceed the amended budget amounts in any function for the year ended June 30, 2014.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2014, Ringgold County had approximately \$12.5 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 \$5,331,000, or 75%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2014	2013
Land	\$ 23	23
Construction in progress	210	-
Buildings and improvements	2,921	2,982
Equipment and vehicles	2,226	881
Infrastructure	7,105	3,268
Total	<u>\$ 12,485</u>	<u>7,154</u>
This year's major additions included (in thousands):		
Capital assets contributed by the Iowa Department of Transportation		\$ 4,246
County Sheriff and other county vehicles		44
Conservation projects		18
Secondary Roads equipment		1,239
Road construction in progress		210
Total		<u>\$ 5,757</u>

The County had depreciation/amortization expense of \$798,673 in fiscal year 2014 and total accumulated depreciation/amortization of \$5,092,021 at June 30, 2014.

The County's fiscal year 2014 capital expenditures included approximately \$4,246,000 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, 2014, Ringgold County had approximately \$3,207,000 of capital lease purchase agreement and general obligation bonds outstanding, compared to \$2,140,000 at June 30, 2013.

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.

Outstanding Debt of Governmental Activities at Year-End		
	June 30,	
	2014	2013
Capital lease purchase agreement	\$ 1,192	-
General obligation bonds	2,015	2,140
Total	\$ 3,207	2,140

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

Ringgold County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 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 3.9% versus 5.2% a year ago. This compares with the State's unemployment rate of 4.4% and the national rate of 6.1%.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are approximately \$8.3 million, a decrease of 7.2% from the final fiscal year 2014 budget. The County has added no major new programs or initiatives to the fiscal year 2015 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly increase by the close of fiscal year 2015.

**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, 2014

	Governmental Activities
<b>Assets</b>	
Cash, cash equivalents and pooled investments	\$ 4,202,541
Cash held by health plan trustee	208,773
Receivables:	
Property tax:	
Delinquent	266
Succeeding year	2,772,000
Interest and penalty on property tax	171
Accounts	36,693
Due from other governments	960,434
Inventories	293,594
Prepaid expense	69,295
Capital assets, net of accumulated depreciation/amortization	12,485,047
<b>Total assets</b>	<b>21,028,814</b>
<b>Liabilities</b>	
Accounts payable	104,873
Accrued interest payable	5,433
Salaries and benefits payable	110,580
Due to other governments	11,915
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	271,500
General obligation bonds	130,000
Compensated absences	78,788
Portion due or payable after one year:	
Capital lease purchase agreement	920,209
General obligation bonds	1,885,000
Compensated absences	123,259
Net OPEB liability	101,100
<b>Total liabilities</b>	<b>3,742,657</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	2,772,000
<b>Net Position</b>	
Net investment in capital assets	9,278,338
Restricted for:	
Supplemental levy purposes	212,064
Mental health purposes	195,675
Rural services purposes	299,882
Secondary roads purposes	2,444,758
Public safety and legal services	624,701
Other purposes	110,278
Unrestricted	1,348,421
<b>Total net position</b>	<b>\$ 14,514,117</b>

See notes to financial statements.

Ringgold County  
Statement of Activities  
Year ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		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	\$ 1,237,791	379,384	162,440	-	(695,967)
Physical health and social services	900,474	499,970	318,163	-	(82,341)
Mental health	572,625	-	300,444	-	(272,181)
County environment and education	221,267	32,060	22,323	-	(166,884)
Roads and transportation	4,544,129	29,648	3,209,717	4,317,491	3,012,727
Governmental services to residents	256,709	107,740	711	-	(148,258)
Administration	826,775	20,537	33,495	-	(772,743)
Non-program	10,990	-	-	-	(10,990)
Interest on long-term debt	68,055	-	-	-	(68,055)
<b>Total</b>	<b>\$ 8,638,815</b>	<b>1,069,339</b>	<b>4,047,293</b>	<b>4,317,491</b>	<b>795,308</b>

**General Revenues:**

Property and other county tax levied for general purposes	2,702,934
Penalty and interest on property tax	25,649
State tax credits	133,052
Local option sales tax	226,837
Unrestricted investment earnings	12,434
Gain on disposition of capital assets	373,638
Miscellaneous	7,320
<b>Total general revenues</b>	<b>3,481,864</b>
Change in net position	4,277,172
Net position beginning of year	10,236,945
Net position end of year	<b>\$ 14,514,117</b>

See notes to financial statements.

Ringgold County  
Balance Sheet  
Governmental Funds

June 30, 2014

	General	Special Revenue	
		Mental Health	Rural Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 1,238,633	123,033	310,184
Cash held by health plan trustee	208,773	-	-
Receivables:			
Property tax:			
Delinquent	206	20	-
Succeeding year	1,732,000	221,000	819,000
Interest and penalty on property tax	171	-	-
Accounts	30,842	-	-
Due from other governments	111,952	-	-
Inventories	-	-	-
Prepaid expenditures	69,295	-	-
<b>Total assets</b>	<b>\$ 3,391,872</b>	<b>344,053</b>	<b>1,129,184</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 26,737	2,385	62
Salaries and benefits payable	67,437	532	4,670
Due to other governments	11,671	-	-
Total liabilities	105,845	2,917	4,732
Deferred inflows of resources:			
Unavailable revenue:			
Succeeding year property tax	1,732,000	221,000	819,000
Other	377	20	-
Total deferred inflows of resources	1,732,377	221,020	819,000
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	69,295	-	-
Restricted for:			
Supplemental levy purposes	221,912	-	-
Mental health purposes	83,198	120,116	-
Rural services purposes	-	-	305,452
Secondary roads purposes	-	-	-
Conservation land acquisition	4,043	-	-
Public safety and legal services	74,988	-	-
Other purposes	-	-	-
Unassigned	1,100,214	-	-
Total fund balances	1,553,650	120,116	305,452
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,391,872</b>	<b>344,053</b>	<b>1,129,184</b>

See notes to financial statements.

Secondary Roads	Nonmajor	Total
1,912,401	618,290	4,202,541
-	-	208,773
-	-	226
-	-	2,772,000
-	-	171
1,602	4,249	36,693
801,072	47,410	960,434
293,594	-	293,594
-	-	69,295
<b>3,008,669</b>	<b>669,949</b>	<b>8,543,727</b>
72,978	2,711	104,873
37,941	-	110,580
109	135	11,915
<b>111,028</b>	<b>2,846</b>	<b>227,368</b>
-	-	2,772,000
444,437	-	444,834
<b>444,437</b>	<b>-</b>	<b>3,216,834</b>
293,594	-	293,594
-	-	69,295
-	-	221,912
-	-	203,314
-	-	305,452
2,159,610	-	2,159,610
-	-	4,043
-	560,868	635,856
-	106,235	106,235
-	-	1,100,214
<b>2,453,204</b>	<b>667,103</b>	<b>5,099,525</b>
<b>3,008,669</b>	<b>669,949</b>	<b>8,543,727</b>

**Ringgold County**

Ringgold County

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

June 30, 2014

**Total governmental fund balances (page 21)** \$ 5,099,525

***Amounts reported for governmental activities in the Statement of Net Position are different because:***

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 \$17,577,068 and the accumulated depreciation/amortization is \$5,092,021. 12,485,047

Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. 444,834

Long-term liabilities, including a capital lease purchase agreement payable, 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. (3,515,289)

**Net position of governmental activities (page 18)** \$ 14,514,117

See notes to financial statements.

Ringgold County

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

Year ended June 30, 2014

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 1,638,692	229,302	835,572	-
Local option sales tax	-	-	-	-
Interest and penalty on property tax	26,313	-	-	-
Intergovernmental	891,093	13,102	40,551	3,027,641
Licenses and permits	4,145	-	-	465
Charges for service	729,759	-	-	2
Use of money and property	20,023	-	-	-
Miscellaneous	111,149	-	114	20,076
Total revenues	3,421,174	242,404	876,237	3,048,184
Expenditures:				
Operating:				
Public safety and legal services	1,024,961	-	92,373	-
Physical health and social services	896,133	-	-	-
Mental health	253,216	310,334	-	-
County environment and education	183,655	-	46,392	-
Roads and transportation	-	-	-	5,383,357
Governmental services to residents	238,753	-	-	-
Administration	804,890	-	-	-
Non-program	10,124	-	-	-
Debt service	-	-	-	-
Total expenditures	3,411,732	310,334	138,765	5,383,357
Excess (deficiency) of revenues over (under) expenditures	9,442	(67,930)	737,472	(2,335,173)
Other financing sources (uses):				
Transfers in	7,312	-	-	712,649
Transfers out	(46,408)	-	(666,241)	-
Capital lease purchase agreement	-	-	-	1,248,472
Total other financing sources (uses)	(39,096)	-	(666,241)	1,961,121
Change in fund balances	(29,654)	(67,930)	71,231	(374,052)
Fund balances beginning of year	1,583,304	188,046	234,221	2,827,256
Fund balances end of year	\$ 1,553,650	120,116	305,452	2,453,204

See notes to financial statements.

Nonmajor	Total
-	2,703,566
226,837	226,837
-	26,313
161,369	4,133,756
-	4,610
28,810	758,571
3	20,026
30,053	161,392
<u>447,072</u>	<u>8,035,071</u>
56,870	1,174,204
-	896,133
-	563,550
-	230,047
-	5,383,357
8,112	246,865
-	804,890
-	10,124
193,315	193,315
<u>258,297</u>	<u>9,502,485</u>
<u>188,775</u>	<u>(1,467,414)</u>
-	719,961
(7,312)	(719,961)
-	1,248,472
<u>(7,312)</u>	<u>1,248,472</u>
181,463	(218,942)
485,640	5,318,467
<u>667,103</u>	<u>5,099,525</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, 2014

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	\$ 1,510,883	
Capital assets contributed by the Iowa Department of Transportation	4,245,639	
Depreciation/amortization expense	(798,673)	4,957,849
		<hr/>

In the Statement of Activities, the gain on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources.		373,638
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Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds, as

Property tax	(632)	
Other	262,271	261,639
		<hr/>

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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. Current year issuances exceeded repayments as follows:

Issued	(1,248,472)	
Repaid	181,763	(1,066,709)
		<hr/>

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	(7,763)	
Other postemployment benefits	(22,800)	
Interest on long-term debt	260	(30,303)
		<hr/>

<b>Change in net position of governmental activities (page 19)</b>		<u>\$ 4,277,172</u>
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See notes to financial statements.

Ringgold County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2014

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 593,425
Other County officials	14,721

Receivables:

Succeeding year property tax	6,815,000
Accounts	5,890

Due from other governments	20,784
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<b>Total assets</b>	7,449,820
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**Liabilities**

Accounts payable	27,247
------------------	--------

Salaries and benefits payable	7,102
-------------------------------	-------

Due to other governments	7,378,763
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Trusts payable	28,349
----------------	--------

Compensated absences	8,359
----------------------	-------

<b>Total liabilities</b>	7,449,820
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<b>Net position</b>	\$ -
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See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2014

**(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 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, liabilities and deferred inflows of resources, 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. Enabling legislation did not result in any restricted net position.

*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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other 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:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current 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 positions 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.

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, Deferred Inflows of Resources 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.

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2013.

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.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. 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 financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

Deferred Inflows of Resources – 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 inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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, 2014, disbursements did not exceed the amounts budgeted in any function. However, disbursements in certain departments exceeded the amounts appropriated before an amendment.

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

The County's deposits in banks at June 30, 2014 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, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Debt Service	\$ 7,312
Special Revenue: Secondary Roads	General Special Revenue: Rural Services	46,408 666,241
Total		<u>\$ 719,961</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, 2014 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 23,210	-	-	23,210
Construction in progress	-	210,395	-	210,395
Total capital assets not being depreciated/amortized	<u>23,210</u>	<u>210,395</u>	<u>-</u>	<u>233,605</u>
Capital assets being depreciated/amortized:				
Buildings	3,684,429	-	-	3,684,429
Improvements other than buildings	28,747	17,804	-	46,551
Equipment and vehicles	3,970,513	1,656,322	(765,085)	4,861,750
Infrastructure, road network	4,505,094	4,245,639	-	8,750,733
Total capital assets being depreciated/amortized	<u>12,188,783</u>	<u>5,919,765</u>	<u>(765,085)</u>	<u>17,343,463</u>
Less accumulated depreciation/amortization for:				
Buildings	716,598	77,051	-	793,649
Improvements other than buildings	14,645	1,550	-	16,195
Equipment and vehicles	3,089,752	311,576	(765,085)	2,636,243
Infrastructure, road network	1,237,438	408,496	-	1,645,934
Total accumulated depreciation/amortization	<u>5,058,433</u>	<u>798,673</u>	<u>(765,085)</u>	<u>5,092,021</u>
Total capital assets being depreciated/amortized, net	<u>7,130,350</u>	<u>5,121,092</u>	<u>-</u>	<u>12,251,442</u>
Governmental activities capital assets, net	<u>\$ 7,153,560</u>	<u>5,331,487</u>	<u>-</u>	<u>12,485,047</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 84,656
Mental health	12,788
County environment and education	10,431
Roads and transportation	667,235
Governmental services to residents	7,059
Administration	16,504
Total depreciation/amortization expense - governmental activities	<u>\$ 798,673</u>

During the year ended June 30, 2014, the County acquired six motor graders for Secondary Roads under a capital lease purchase agreement. The cost of the equipment was \$1,611,972 and the accumulated depreciation at June 30, 2014 was \$161,197.

**(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, 2014 is as follows:

Fund	Description	Amount
General	Services	\$ 11,671
Special Revenue:		
Secondary Roads	Services	109
Jail Sales Tax	Services	135
		<u>244</u>
Total for governmental funds		<u>\$ 11,915</u>
Agency:		
County Assessor	Collections	\$ 232,324
Schools		3,871,061
Community Colleges		206,377
Corporations		760,579
Townships		150,895
Auto License and Use Tax		123,751
County Hospital		1,195,896
All other		837,880
Total for agency funds		<u>\$ 7,378,763</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year	\$ -	2,140,000	194,284	78,300	2,412,584
Increases	1,248,472	-	150,568	22,800	1,421,840
Decreases	56,763	125,000	142,805	-	324,568
Balance end of year	<u>\$ 1,191,709</u>	<u>2,015,000</u>	<u>202,047</u>	<u>101,100</u>	<u>3,509,856</u>
Due within one year	<u>\$ 271,500</u>	<u>130,000</u>	<u>78,788</u>	<u>-</u>	<u>480,288</u>

Capital Lease Purchase Agreement

During the year ended June 30, 2014, the County entered into a capital lease purchase agreement for six new Caterpillar 140M2 motor graders for Secondary Roads. The following is a schedule of the future minimum lease payments, including interest at 1.97% per annum, and the present value of the net minimum lease payments under the agreement in effect at June 30, 2014:

Year Ending June 30,	Amount
2015	\$ 293,014
2016	293,015
2017	293,015
2018	293,015
2019	73,254
Total minimum lease payments	1,245,313
Less amount representing interest	(53,604)
Present value of net minimum lease payments	<u>\$ 1,191,709</u>

Payments for the capital lease purchase agreement totaled \$73,254 for the year ended June 30, 2014.

General Obligation Bonds Payable

A summary of the County's June 30, 2014 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
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	2.85	145,000	51,002	196,002
2020-2024	3.05-3.60	790,000	185,110	975,110
2025-2027	3.70-3.80	540,000	41,065	581,065
Total		<u>\$ 2,015,000</u>	<u>517,725</u>	<u>2,532,725</u>

During the year ended June 30, 2014, the County retired \$125,000 of general obligation 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 5.95% of their annual covered salary and the County is required to contribute 8.93% 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, 2014, 2013 and 2012 were \$230,695, \$230,435 and \$211,634, 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, 2014, 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	3,100
Adjustment to annual required contribution	<u>(3,000)</u>
Annual OPEB cost	22,800
Contributions made	<u>-</u>
Increase in net OPEB obligation	22,800
Net OPEB obligation beginning of year	<u>78,300</u>
Net OPEB obligation end of year	<u>\$101,100</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, 2014.

For the year ended June 30, 2014, 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
2014	22,800	0.00	101,100

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$593,600, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$593,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,736,000 and the ratio of the UAAL to covered payroll was 21.7%. As of June 30, 2014, 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 .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 700 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 casualty 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 estimated for the fiscal 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 basis rate 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 property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2014 were \$107,353.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risk exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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, 2014, no liability has been recorded in the County's financial statements. As of June 30, 2014, 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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 County partially self-funds the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered by Employee Benefits System.

The cash balance held by Employee Benefits System reported in the General Fund was \$208,773 at June 30, 2014.

**(11) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the County's proportionate share of the employee pension plan.

**Required Supplementary Information**

**Ringgold County**

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, 2014

	Actual
Receipts:	
Property and other county tax	\$ 3,090,748
Interest and penalty on property tax	26,313
Intergovernmental	3,815,955
Licenses and permits	5,010
Charges for service	704,804
Use of money and property	15,965
Miscellaneous	885,766
Total receipts	8,544,561
Disbursements:	
Public safety and legal services	1,195,872
Physical health and social services	904,329
Mental health	575,446
County environment and education	262,018
Roads and transportation	3,936,336
Governmental services to residents	243,464
Administration	1,519,472
Non-program	12,184
Debt service	192,430
Capital projects	219,515
Total disbursements	9,061,066
Excess (deficiency) of receipts over (under) disbursements	(516,505)
Other financing sources, net	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(516,505)
Balance beginning of year	4,927,819
Balance end of year	\$ 4,411,314

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net
		Variance
3,068,680	3,068,680	22,068
25,100	25,100	1,213
3,838,454	4,015,905	(199,950)
4,125	4,125	885
541,749	655,470	49,334
15,200	15,200	765
910,360	972,430	(86,664)
8,403,668	8,756,910	(212,349)
1,328,046	1,373,546	177,674
911,398	951,444	47,115
66,113	611,283	35,837
246,562	262,062	44
3,962,326	4,249,164	312,828
257,775	257,775	14,311
1,576,873	1,611,173	91,701
11,000	13,000	816
193,315	193,315	885
420,000	420,000	200,485
8,973,408	9,942,762	881,696
(569,740)	(1,185,852)	669,347
3,000	-	-
(566,740)	(1,185,852)	669,347
3,033,061	4,613,179	314,640
2,466,321	3,427,327	983,987

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Ringgold County

Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2014

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,544,561	(509,490)	8,035,071
Expenditures	9,061,066	441,419	9,502,485
Net	(516,505)	(950,909)	(1,467,414)
Other financing sources, net	-	1,248,472	1,248,472
Beginning fund balance	4,927,819	390,648	5,318,467
Ending fund balance	\$ 4,411,314	688,211	5,099,525

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2014

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 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, three budget amendments increased budgeted disbursements by \$969,354. The budget amendments are reflected in the final budgeted amounts.

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

During the year ended June 30, 2014, disbursements did not exceed the amounts budgeted in any function. However, 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		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)			
2013	Jul 1, 2012	-	\$ 594	594	0.0%	\$ 2,546	23.3%
2014	Jul 1, 2012	-	594	594	0.0	2,736	21.7

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, 2014

	County		Jail		Special
	Recorder's Records Management	REAP	Public Health Estate	Local Option Sales Tax	Civil Service Commission
<b>Assets</b>					
Cash, cash equivalents and pooled investments	\$ 2,827	73,445	29,963	452,861	2,083
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	47,410	-
<b>Total assets</b>	<b>\$ 2,827</b>	<b>73,445</b>	<b>29,963</b>	<b>500,271</b>	<b>2,083</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ -	-	-	1,711	-
Due to other governments	-	-	-	135	-
Total liabilities	-	-	-	1,846	-
Fund balances:					
Restricted for:					
Public safety and legal services	-	-	-	498,425	2,083
Other purposes	2,827	73,445	29,963	-	-
Total fund balances	2,827	73,445	29,963	498,425	2,083
<b>Total liabilities and fund balances</b>	<b>\$ 2,827</b>	<b>73,445</b>	<b>29,963</b>	<b>500,271</b>	<b>2,083</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
14,514	13,464	2,110	7,652	9,660	9,711	-	618,290
-	471	-	-	3,778	-	-	4,249
-	-	-	-	-	-	-	47,410
14,514	13,935	2,110	7,652	13,438	9,711	-	669,949
-	1,000	-	-	-	-	-	2,711
-	-	-	-	-	-	-	135
-	1,000	-	-	-	-	-	2,846
14,514	12,935	2,110	7,652	13,438	9,711	-	560,868
-	-	-	-	-	-	-	106,235
14,514	12,935	2,110	7,652	13,438	9,711	-	667,103
14,514	13,935	2,110	7,652	13,438	9,711	-	669,949

Ringgold County

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

Year ended June 30, 2014

	County		Public	Jail	Special
	Recorder's		Health	Local	Civil
	Management	REAP	Estate	Option	Service
				Sales Tax	Commission
Revenues:					
Local option sales tax	\$ -	-	-	226,837	-
Intergovernmental	-	11,475	-	149,894	-
Charges for service	1,415	-	-	-	2,043
Use of money and property	-	3	-	-	-
Miscellaneous	-	-	29,963	17	-
Total revenues	1,415	11,478	29,963	376,748	2,043
Expenditures:					
Operating:					
Public safety and legal services	-	-	-	46,058	74
Governmental services to residents	2,136	-	-	-	-
Debt service	-	-	-	193,315	-
Total expenditures	2,136	-	-	239,373	74
Excess (deficiency) of revenues over (under) expenditures	(721)	11,478	29,963	137,375	1,969
Other financing uses:					
Transfers out	-	-	-	-	-
Change in fund balances	(721)	11,478	29,963	137,375	1,969
Fund balances beginning of year	3,548	61,967	-	361,050	114
Fund balances end of year	\$ 2,827	73,445	29,963	498,425	2,083

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
-	-	-	-	-	-	-	226,837
-	-	-	-	-	-	-	161,369
-	10,382	-	3,900	5,224	5,846	-	28,810
-	-	-	-	-	-	-	3
73	-	-	-	-	-	-	30,053
73	10,382	-	3,900	5,224	5,846	-	447,072
2,390	7,704	-	644	-	-	-	56,870
-	-	-	-	-	5,976	-	8,112
-	-	-	-	-	-	-	193,315
2,390	7,704	-	644	-	5,976	-	258,297
(2,317)	2,678	-	3,256	5,224	(130)	-	188,775
-	-	-	-	-	-	(7,312)	(7,312)
(2,317)	2,678	-	3,256	5,224	(130)	(7,312)	181,463
16,831	10,257	2,110	4,396	8,214	9,841	7,312	485,640
14,514	12,935	2,110	7,652	13,438	9,711	-	667,103

Ringgold County  
 Combining Schedule of Fiduciary Assets and Liabilities  
 Agency Funds

June 30, 2014

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,272	71,501	72,061
Other County officials	14,721	-	-	-
Receivables:				
Succeeding year property tax	-	77,000	173,000	3,799,000
Accounts	131	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 14,852</b>	<b>78,272</b>	<b>244,501</b>	<b>3,871,061</b>
<b>Liabilities</b>				
Accounts payable	\$ 687	-	94	-
Salaries and benefits payable	-	-	5,226	-
Due to other governments	6,919	78,272	232,324	3,871,061
Trusts payable	7,246	-	-	-
Compensated absences	-	-	6,857	-
<b>Total liabilities</b>	<b>\$ 14,852</b>	<b>78,272</b>	<b>244,501</b>	<b>3,871,061</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Other	Total
3,377	20,579	1,895	123,751	19,896	279,093	593,425
-	-	-	-	-	-	14,721
203,000	740,000	149,000	-	1,176,000	498,000	6,815,000
-	-	-	-	-	5,759	5,890
-	-	-	-	-	20,784	20,784
206,377	760,579	150,895	123,751	1,195,896	803,636	7,449,820
-	-	-	-	-	26,466	27,247
-	-	-	-	-	1,876	7,102
206,377	760,579	150,895	123,751	1,195,896	752,689	7,378,763
-	-	-	-	-	21,103	28,349
-	-	-	-	-	1,502	8,359
206,377	760,579	150,895	123,751	1,195,896	803,636	7,449,820

Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year Ended June 30, 2014

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 24,899	76,046	232,132	4,332,048
Additions:				
Property and other county tax	-	79,605	178,540	3,931,797
E911 surcharge	-	-	-	-
State tax credits	-	4,362	9,805	248,259
Drivers license fees	-	-	-	-
Office fees and collections	176,651	-	327	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	36,131	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>212,782</u>	<u>83,967</u>	<u>188,672</u>	<u>4,180,056</u>
Deductions:				
Agency remittances:				
To other funds	72,456	-	-	-
To other governments	117,280	81,741	176,303	4,641,043
Trusts paid out	33,093	-	-	-
Total deductions	<u>222,829</u>	<u>81,741</u>	<u>176,303</u>	<u>4,641,043</u>
Balances end of year	<u>\$ 14,852</u>	<u>78,272</u>	<u>244,501</u>	<u>3,871,061</u>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Other	Total
202,768	695,869	137,975	109,601	1,194,394	786,423	7,792,155
209,109	822,586	153,349	-	1,213,240	677,836	7,266,062
-	-	-	-	-	131,663	131,663
11,582	9,713	6,685	-	68,234	2,693	361,333
-	-	-	11,333	-	-	11,333
-	-	-	-	-	-	176,978
-	-	-	1,628,534	-	-	1,628,534
-	-	-	-	-	26,812	62,943
-	-	-	-	-	23,889	23,889
220,691	832,299	160,034	1,639,867	1,281,474	862,893	9,662,735
-	-	-	63,276	-	-	135,732
217,082	767,589	147,114	1,562,441	1,279,972	845,680	9,836,245
-	-	-	-	-	-	33,093
217,082	767,589	147,114	1,625,717	1,279,972	845,680	10,005,070
206,377	760,579	150,895	123,751	1,195,896	803,636	7,449,820

Ringgold County

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

For the Last Ten Years

	2014	2013	2012	2011
<b>Revenues:</b>				
Property and other county tax	\$ 2,703,566	2,581,133	3,129,305	2,795,341
Local option sales tax	226,837	224,611	290,821	477,731
Interest and penalty on property tax	26,313	26,438	26,580	27,057
Intergovernmental	4,133,756	5,038,423	4,773,717	5,564,334
Licenses and permits	4,610	5,613	6,680	7,438
Charges for service	758,571	716,704	543,814	507,240
Use of money and property	20,026	21,471	8,433	19,262
Miscellaneous	161,392	239,980	128,532	243,959
<b>Total</b>	<b>\$ 8,035,071</b>	<b>8,854,373</b>	<b>8,907,882</b>	<b>9,642,362</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,174,204	1,317,511	1,349,881	918,043
Physical health and social services	896,133	985,391	1,179,005	1,125,980
Mental health	563,550	470,707	823,627	752,826
County environment and education	230,047	311,143	278,757	371,171
Roads and transportation	5,383,357	3,281,386	1,990,568	4,094,781
Governmental services to residents	246,865	249,057	260,265	295,467
Administration	804,890	608,423	610,429	603,908
Non-program	10,124	9,522	11,076	12,821
Debt service	193,315	196,940	194,690	156,449
Capital projects	-	-	1,534,527	2,315,063
<b>Total</b>	<b>\$ 9,502,485</b>	<b>7,430,080</b>	<b>8,232,825</b>	<b>10,646,509</b>

See accompanying independent auditor's report.

Modified Accrual Basis					
2010	2009	2008	2007	2006	2005
2,536,414	2,922,551	2,378,667	1,956,741	2,053,277	1,953,082
245,188	-	-	-	-	-
28,652	25,387	23,318	25,247	27,031	30,283
3,986,194	5,998,642	2,953,366	3,166,022	3,251,379	2,887,698
4,890	4,648	4,063	3,990	4,095	4,646
463,787	457,122	463,708	445,510	428,925	329,549
34,244	28,865	70,008	97,606	75,665	32,856
106,450	614,571	748,897	626,826	283,620	270,585
7,405,819	10,051,786	6,642,027	6,321,942	6,123,992	5,508,699
921,523	891,050	886,922	874,604	701,767	669,817
839,200	773,597	692,498	627,573	589,576	574,633
679,565	736,701	770,648	845,620	813,173	762,558
219,286	270,747	255,199	218,889	276,470	171,052
2,586,503	2,554,590	2,675,684	2,270,960	2,522,764	2,899,018
261,091	257,093	238,969	224,146	304,642	250,981
624,025	1,165,004	1,151,770	951,928	528,631	486,657
11,558	12,580	11,078	12,461	14,599	12,467
42,680	42,680	42,680	42,681	42,680	42,680
761,939	2,075,840	35,430	299,780	497,199	214,851
6,947,370	8,779,882	6,760,878	6,368,642	6,291,501	6,084,714

Ringgold County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 3,479
Iowa Department of Public Health:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		346
			<u>3,825</u>
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-CO80(52)--8J-80	1,164
		BROS-CO80(62)--8J-80	167,152
		ERW IA-13-01-80-01	6,085
		ERW IA-13-01-80-03	75,964
		ERW IA-13-01-80-05	22,163
		ERW IA-13-01-80-06	7,068
		ERW IA-13-01-80-07	29,125
			<u>308,721</u>
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 14-402-MOOP	4,093
U. S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Hospital Preparedness Program(HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5884BT51	19,436
Immunization Cooperative Agreement	93.268	5883I467	11,849
		5884I4139	27,983
			<u>39,832</u>
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds			
	93.531	5883HP19	44,550
		5884HP19	56,969
			<u>101,519</u>

Ringgold County  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2014

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance State Administered Programs	93.566		8
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		1,016
Foster Care_Title IV-E	93.658		1,334
Adoption Assistance	93.659		452
Social Services Block Grant	93.667		1,090
Children's Health Insurance Program	93.767		15
Medical Assistance Program	93.778		5,751
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4119 DRIA	416,029
Total			\$ 903,121

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

The Schedule of Expenditures of Federal Awards does not include \$17,490 of CFDA number 97.036 program expenditures since the project worksheet was not approved by June 30, 2014.

See accompanying independent auditor's report.

**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, 2014, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 20, 2015.

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 and Questioned Costs, 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-14 and II-B-14 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 Part II of the accompanying Schedule of Findings and Questioned Costs as items II-C-14 through II-G-14 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 Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2014 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 and Questioned Costs. 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 20, 2015

**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control over Compliance  
Required by OMB Circular A-133**

**Ringgold County**



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

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Independent Auditor's Report on Compliance  
for each Major Federal Program and on Internal Control over Compliance  
Required by OMB Circular A-133

To the Officials of Ringgold County:

Report on Compliance for Each Major Federal Program

We have audited Ringgold County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal programs for the year ended June 30, 2014. Ringgold County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Ringgold County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ringgold County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of Ringgold County's compliance.

Opinion on Each Major Federal Program

In our opinion, Ringgold County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

The management of Ringgold County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ringgold County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ringgold County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-14 we consider to be a significant deficiency.

Ringgold County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Ringgold County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 20, 2015

Ringgold County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over a major program was disclosed by the audit of the financial statements, which was not considered to be a material weakness.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
  - CFDA Number 20.205 – Highway Planning and Construction
  - CFDA Number 97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Ringgold County did not qualify as a low-risk auditee.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-14 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.

	<u>Applicable Offices</u>
(1) One individual has control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts.	Conservation Board, Sheriff, Recorder, Public Health, Engineer’s Office and 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.	Sheriff
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	Recorder and 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 –

Conservation Board – The Conservation Board is not able to alleviate this concern due to budgetary reasons and lack of a sufficient number of employees. The Conservation Director will continue to record, and have the Board sign off on all camping and shelter fees for each month’s deposits per recommendation of the State Auditor.

Recorder – As only two people are in our office, we do take turns daily, with one of us doing the deposits for the day and opening the mail.

Sheriff – For Item 1, it is near impossible with current staff levels. For Item 2, the Auditor’s office will begin reconciling the civil and garnishment accounts.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Engineer – The Office Manager will begin bringing Engineer Office receipts for deposit and the corresponding Project Worksheet (PW) which supports the receipt. The Engineer will review this information to improve internal control.

Treasurer – 1) Mail is being opened and logged on a random basis. Mail is separated by the opener and then processed by both deputies and/or the Treasurer. Going forward on a more regular basis spot checks will be performed by a third party to ensure they were properly processed and receipted. 3) Due to the number of personnel in the office it is difficult to avoid the same person preparing and signing checks. Although we do have three parties reviewing the bank statements, which include copies of checks, going forward, we will have one person prepare the check and another sign.

Public Health – We try to have another employee double check our work as much as possible, but it is difficult with so few staff.

Conclusions – Responses acknowledged. The various offices should consider using personnel from other offices to provide additional control through review of financial transactions and reports.

II-B-14 Financial Reporting – During the audit, we identified material unrecorded payables and receivables. Also, capital asset additions were not recorded correctly and capital asset deletions were not identified. 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. Procedures should be established to ensure all capital asset additions are reported correctly and all asset deletions are recorded.

Response – The Auditor will work with Secondary Roads on payables and receivables relating to projects within the Department where reimbursement is coming back to the County. The Auditor's office will also more closely monitor payables and which fiscal year the transaction occurred and the reporting of capital assets.

Conclusion – Response accepted.

II-C-14 Public Health Nurse – Reconciliations of nursing service billings, collections and receivables were not prepared each month.

Recommendation – A reconciliation of nursing service billings, collections and receivables should be prepared monthly.

Response – We will review our administration policies and add this as an additional report within the fiscal year.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- II-D-14 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 reviewer would be able to compare the amount of cash and checks to the amounts recorded on the registration statements.

Response – Going forward we will keep voided registration statements, the date of the void and the statement will be reviewed and signed off by a second party. Copy of tender or cash receipt will be retained with voided statements.

Conclusion – Response accepted.

- II-E-14 Approval of Salaries – The Board minutes did not include Board approval for salaries for elected officials and various nonunion employees after the beginning of the fiscal year.

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

Response – Procedures were implemented during fiscal year 2014 to include this information in the minutes as a resolution. This information is reflected for fiscal year 2015.

Conclusion – Response accepted.

- II-F-14 Prepaid Expenditures – In June 2014, the County entered into an agreement to purchase a pick-up truck for the Conservation Department. A check was issued on June 25, 2014 for \$15,750. The final check for \$15,750 for the remainder of the purchase cost was issued on July 23, 2014 when the Conservation Department took possession of the vehicle. The County Auditor keeps the titles to all County vehicles in a secure location for safeguarding. However, the County Auditor has not received the original title for this vehicle for safekeeping. The title is maintained by the Conservation Director who also has possession of the vehicle.

Recommendation – Payment for goods should only be made after the County has possession or goods have been delivered. Additionally, original titles to all County property should be kept in a centralized location and the individual with possession of the vehicle should not have ready access to the title.

Response – A document will be sent to all departments notifying them of situations like this to avoid in the future. The Auditor's office will also monitor all claims to verify when merchandise is in possession. In addition, the Conservation Board has discussed and determined they will house all conservation truck titles at the County Auditor's office at this time.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- II-G-14 Fringe Benefits not Being Included in Taxable Income – The vehicles provided to the County Engineer and the only full-time employee of the Conservation Department, which are used for commuting, are not being treated as taxable fringe benefits.

Recommendation – Per IRS Publication 15-B, a fringe benefit is a form of pay for the performance of services, which would include allowing an employee to use a business vehicle to commute to and from work. There are various rules for computing how much of the benefit should be included in the employee's taxable income, such as the general valuation rule or the commuting rule. Under the commuting rule, the value of the vehicle provided to an employee for commuting is determined by multiplying each one-way commute, which is from home to work or from work to home, by \$1.50. The commuting rule may be used if the following requirements are met: 1) the vehicle provided is for use in the County's trade or business and, for bona fide noncompensatory business reasons, the County requires the employee to commute in the vehicle, 2) there is a written policy under which the employee is not allowed to use the vehicle for personal purposes other than for commuting or de minimis personal use, 3) the employee does not use the vehicle for personal purposes other than commuting and de minimis personal use or 4) if the vehicle is an automobile, the employee who uses it for commuting is not a control employee. The fringe benefit of providing vehicles to the County Engineer and the only full-time employee of the Conservation Department should be included as taxable income.

Response – The County is currently reviewing this information and will implement based on further discussions with our County Attorney.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**CFDA Number 97.036: Disaster Grants – Public Assistance  
(Presidentially Declared Disasters)**

**Pass-Through Agency Number: FEMA-4119-DR-IA**

**Federal Award Year: 2013**

**U.S. Department of Homeland Security and Emergency Management**

**Passed through Iowa Department of Homeland Security and Emergency Management**

III-A-14      Segregation of Duties over FEMA Federal Receipts – The County Engineer's  
(2014-001)      Office did not properly segregate opening the mail, custody, recordkeeping  
and reconciling functions for revenues, including those related to federal  
programs received in the mail. See item II-A-14.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

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

IV-A-14 Certified Budget – Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted. However, disbursements in veteran affairs, mental health, medical examiner and the solid waste departments exceeded the appropriation before amendment. Disbursements for conservation and the medical examiner exceeded appropriations for the year.

Recommendation – 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 decreasing or increasing 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 – Disbursements have been more closely monitored within each department. An amendment will take place prior to exceeding appropriations.

Conclusion – Response accepted.

IV-B-14 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-14 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

IV-D-14 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 County Treasurer Debra Cannon	Chore services	\$ 91
Gregg Cannon, Husband of County Treasurer Debra Cannon	Lawn mowing service	1,045
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port a John Rentals	Portable toilet rental for County parks	525
Royce Dredge, County Supervisor, Owner of Dredge Feed Services	Fencing materials	431
Frank Gunsolley, Father of County Engineer Zach Gunsolley, owner of Diagonal Building Products	Windows and miscellaneous supplies	2,124
Bill Schaeffer, son of County Recorder Karen Schaefer, Owner of Schaefer Excavating	Landscaping service and water hydrant repair	2,672

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Gerald Cannon and Dredge Feed Services do not appear to represent a conflict of interest since transactions with each individual were less than \$1,500 during the fiscal year.

The transaction with Schaefer Excavating does not appear to represent a conflict of interest since remuneration and duties of employment for Karen Schaefer are not directly affected as a result of the contract and she was not directly involved in the procurement or preparation of any part of the contract.

The transactions with Diagonal Building Products and Gregg Cannon may represent conflicts of interest as the cumulative transactions were greater than \$1,500 during the fiscal year and the procurement of windows and other services were not competitively bid.

Recommendation – The County should consult legal counsel to determine the disposition of these matters.

Response – The Auditor/Supervisors are currently preparing a bidding policy in an attempt to appropriately address this issue. The policy will go into effect during fiscal year 2015.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

- IV-E-14 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- IV-F-14 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-14 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.
- IV-H-14 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-I-14 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, 2014 for the County Extension Office did not exceed the amount budgeted

Ringgold County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Joshua W. Ostrander, Staff Auditor  
Luke H. Holman, CPA, Assistant Auditor  
Jenna M Paysen, Assistant Auditor

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA  
Deputy Auditor of State