



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

March 16, 2018

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 \$11,898,139 for the year ended June 30, 2017, which included \$736,591 in tax credits from the state. The County forwarded \$8,512,266 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,385,873 of the local tax revenue to finance County operations, a 8.4% increase over the prior year. Other revenues included charges for service of \$817,685, operating grants, contributions and restricted interest of \$4,109,585, local option sales tax of \$221,998, unrestricted investment earnings of \$15,070 and other general revenues of \$62,137.

Expenses for County operations for the year ended June 30, 2017 totaled \$8,290,458, a 0.8% decrease from the prior year. Expenses included \$4,282,885 for roads and transportation, \$1,310,654 for public safety and legal services and \$895,677 for physical health and social services.

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 <https://auditor.iowa.gov/reports/1710-0080-B00F>.

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

JUNE 30, 2017

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Ringgold County

Officials

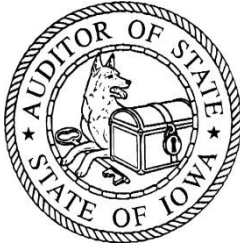
(Before January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Royce Dredge	Board of Supervisors	Jan 2017
Kraig Pennington	Board of Supervisors	Jan 2017
Paul Dykstra	Board of Supervisors	Jan 2019
Amanda Waske	County Auditor	Jan 2017
Debra Cannon	County Treasurer	Jan 2019
Kisha Martin	County Recorder	Jan 2019
Mike Sobotka	County Sheriff	Jan 2017
Clint Spurrier	County Attorney	Jan 2019
Melinda England	County Assessor	Jan 2022

(After January 2017)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Paul Dykstra	Board of Supervisors	Jan 2019
Kraig Pennington	Board of Supervisors	Jan 2021
Lyle Minnick	Board of Supervisors	Jan 2021
Amanda Waske	County Auditor	Jan 2021
Debra Cannon	County Treasurer	Jan 2019
Kisha Martin	County Recorder	Jan 2019
Mike Sobotka	County Sheriff	Jan 2021
Clint Spurrier	County Attorney	Jan 2019
Melinda England	County Assessor	Jan 2022

Ringgold County



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Mary Mosiman, CPA
Auditor of State

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, 2017, 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, 2017, 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, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 9 through 15 and 48 through 55 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 four years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five 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 5 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 March 5, 2018 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 solely 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 effectiveness of the County's 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

March 5, 2018

Ringgold County

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ringgold County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2017. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2.2%, or approximately \$184,000, from fiscal year 2016 to fiscal year 2017. Operating grants, contributions and restricted interest increased approximately \$49,000 and charges for service decreased approximately \$101,000. Property tax revenue increased approximately \$262,000.
- Program expenses of the County's governmental activities were 0.8%, or approximately \$70,000, less in fiscal year 2017 than in fiscal year 2016. Roads and transportation expenses decreased approximately \$106,000, county environment and education decreased \$201,000 and interest on long-term debt expenses decreased approximately \$9,000, while public safety and legal services expenses increased approximately \$119,000, physical health and social services expenses increased approximately \$26,000, mental health expenses increased approximately \$89,000, government services to residents expenses increased approximately \$10,000 and administration expenses increased approximately \$2,000.
- The County's net position increased 2.3%, or approximately \$322,000, over the June 30, 2016 balance.

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, the County's proportionate share of the net pension liability and related contributions, 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.

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, deferred outflows of resources, 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, deferred outflows of resources, 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 and 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads. 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

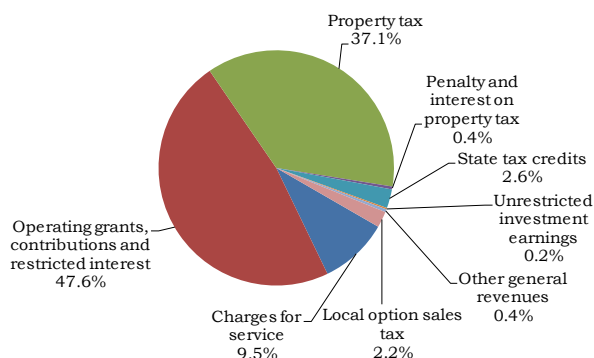
As noted earlier, net position may serve over time as a useful indicator of financial position. Ringgold County's combined net position increased from a year ago, increasing from approximately \$14.23 million to approximately \$14.55 million. The analysis that follows focuses on the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2017	2016
Current and other assets	\$ 9,097	8,967
Capital assets	12,792	13,033
Total assets	21,889	22,000
Deferred outflows of resources	820	312
Long-term liabilities	4,476	4,195
Other liabilities	203	414
Total liabilities	4,679	4,609
Deferred inflows of resources	3,478	3,473
Net position:		
Net investment in capital assets	10,792	10,592
Restricted	4,660	4,403
Unrestricted	(900)	(765)
Total net position	\$ 14,552	14,230

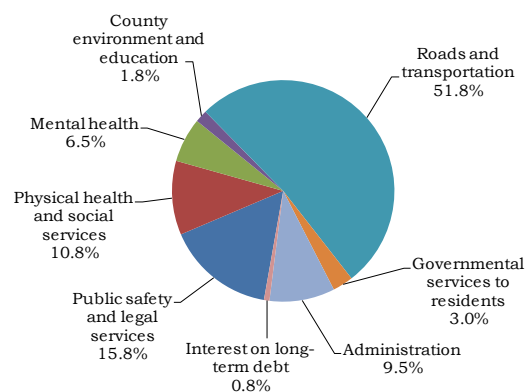
The net position of Ringgold County's governmental activities increased 2.3% (approximately \$14.23 million compared to \$14.55 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$(765,000) at June 30, 2016 to approximately \$(900,000) at the end of this year, due primarily to an increase in the net pension liability.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Revenues:		
Program revenues:		
Charges for service	\$ 818	919
Operating grants, contributions and restricted interest	4,109	4,060
General revenues:		
Property tax	3,195	2,933
Penalty and interest on property tax	31	31
State tax credits	222	190
Local option sales tax	191	254
Unrestricted investment earnings	15	19
Other general revenues	31	22
Total revenues	8,612	8,428
Program expenses:		
Public safety and legal services	1,311	1,192
Physical health and social services	896	870
Mental health	540	451
County environment and education	150	351
Roads and transportation	4,283	4,389
Governmental services to residents	252	242
Administration	789	787
Interest on long-term debt	69	78
Total expenses	8,290	8,360
Change in net position	322	68
Net position beginning of year	14,230	14,162
Net position end of year	\$ 14,552	14,230

Revenues by Source



Expenses by Program



The County increased the County-wide property tax levy from \$7.6151 to \$8.05594 per \$1,000 of taxable valuation for fiscal year 2017. The rural services tax levy rate remained the same at \$3.95 per \$1,000 of taxable valuation. The taxable valuation of property increased 4.7%, or approximately \$14.4 million.

The cost of all governmental activities this year was approximately \$8.3 million compared to approximately \$8.4 million last year. Some of the cost was paid by those who directly benefited from the programs (approximately \$818,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,109,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2017 from approximately \$4,979,000 to approximately \$4,927,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$5.1 million, an increase of approximately \$86,000 over last year's total of approximately \$5.0 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 5.2%, or approximately \$179,000, due primarily to an increase in property tax collections. Expenditures decreased 1.9% compared to the prior year. The ending fund balance increased approximately \$100,000 over the prior year to approximately \$1,475,000.
- The Special Revenue, Mental Health Fund revenues totaled approximately \$241,000, which is similar to the prior year. For the year, expenditures totaled approximately \$270,000, an increase of 51.7% over the prior year. The increase in expenditures is primarily due to increased costs for a residential care facilities and an increase in payments to the Mental Health Region. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$29,000 from the prior year to approximately \$280,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2017 with a balance of approximately \$378,000, an increase of 17.6% compared to the June 30, 2016 balance of approximately \$321,000. Revenues increased about 4.9% due to an increase in property tax revenues. Expenditures decreased due to the County's purchase of a skid loader and brush cutter in 2016 with no similar purchases in fiscal year 2017.
- The Special Revenue, Secondary Roads Fund expenditures decreased approximately \$1,043,000 from the prior year, due principally to a decrease in roadway repairs and gravel for roads. The County also purchased approximately \$752,000 in road equipment in fiscal year 2016 which did not occur in fiscal year 2017. The County received approximately \$3,046,000 of road use tax revenue from the State of Iowa in fiscal year 2016 compared to approximately \$3,183,000 in fiscal year 2017. The Secondary Roads Fund ending balance decreased approximately \$38,000, or 1.8%, from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget four times. The first budget amendment in August 2016 resulted in an increase of budgeted disbursements for the county environment and education function due to the Ringgold Trailway development and construction of the Nature Center. The second amendment in December 2016 resulted in an increase in budgeted disbursements for the county environment and education function, as well as for the roads and transportation function, due to the Ringgold Trailway development and construction of the Nature Center. The third amendment in April 2017 was due to an increase in medical examiner costs which caused an increase in the public safety function, an increase in costs for DHS services which caused an increase in the physical health and social services function, an increase in donations for the Nature Center and an increase in the county environment and education function and a courthouse tuckpointing project, audit services and increased IT services which caused an increase in the administration function. The fourth amendment in May 2017 increased budgeted disbursements for the mental health function due to unexpected committals. In addition, budgeted disbursements increased for the county environment and education function due to receipt of a grant. The increase in budgeted disbursements for all functions combined was \$1,223,912.

Total disbursements were \$1,197,725 less than the amended budget. Actual disbursements for the roads and transportation, capital projects and public safety and legal services functions were \$392,399, \$360,601 and \$138,018, respectively, less than budgeted. This was primarily due to disbursements being less than expected due to less spending in each area.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, Ringgold County had approximately \$12.8 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a decrease of approximately \$241,000, or 1.8%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2017	2016
Land	\$ 23	23
Construction in progress	-	133
Buildings and improvements	3,275	2,803
Equipment and vehicles	2,457	2,639
Infrastructure	7,037	7,435
Total	<u>\$ 12,792</u>	<u>13,033</u>
This year's major additions included (in thousands):		
Courthouse equipment	\$ 59	
Conservation Nature Center	366	
Conservation Trail Development	66	
Secondary roads equipment	157	
Sheriff vehicle and equipment	10	
Total	<u>\$ 658</u>	

The County had depreciation expense of \$900,084 in fiscal year 2017 and total accumulated depreciation of \$7,317,156 at June 30, 2017. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2017, Ringgold County had approximately \$2,000,000 of capital lease purchase agreement debt and general obligation bonds outstanding, compared to \$2,441,000 at June 30, 2016.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2017	2016
Capital lease purchase agreements	\$ 385	691
General obligation bonds	1,615	1,750
Total	<u>\$ 2,000</u>	<u>2,441</u>

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 \$31.5 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Ringgold County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2018 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 2.7% versus 3.6% a year ago. This compares with the State's unemployment rate of 3.2% and the national rate of 4.3%.

Another factor taken into consideration is the property valuations. While costs continue to increase, the slight increase in valuations received each year is not enough to offset the expenditures. Additional revenue sources have been explored.

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, 2017

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 4,217,174
Cash held by health plan trustee	84,630
Receivables:	
Property tax:	
Delinquent	791
Succeeding year	3,313,000
Interest and penalty on property tax	1,216
Accounts	78,453
Accrued interest	3,387
Due from other governments	850,059
Inventories	494,259
Prepaid expense	54,283
Capital assets, net of accumulated depreciation	<u>12,792,142</u>
Total assets	<u>21,889,394</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>820,010</u>
Liabilities	
Accounts payable	131,944
Accrued interest payable	4,571
Salaries and benefits payable	56,940
Due to other governments	9,829
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	312,105
General obligation bonds	140,000
Compensated absences	71,724
Portion due or payable after one year:	
Capital lease purchase agreements	73,242
General obligation bonds	1,475,000
Compensated absences	87,106
Net pension liability	2,077,295
Net OPEB liability	<u>239,300</u>
Total liabilities	<u>4,679,056</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	3,313,000
Pension related deferred inflows	<u>165,809</u>
Total deferred inflows of resources	<u>3,478,809</u>
Net Position	
Net investment in capital assets	10,791,795
Restricted for:	
Supplemental levy purposes	439,154
Mental health purposes	490,617
Rural services purposes	369,473
Secondary roads purposes	2,417,501
Public safety and legal services	108,996
Other purposes	834,320
Unrestricted	<u>(900,317)</u>
Total net position	<u>\$ 14,551,539</u>

See notes to financial statements.

Ringgold County
Statement of Activities
Year ended June 30, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Governmental activities:				
Public safety and legal services	\$ 1,310,654	279,950	125,454	(905,250)
Physical health and social services	895,677	344,493	203,304	(347,880)
Mental health	540,208	-	325,653	(214,555)
County environment and education	149,896	4,977	157,394	12,475
Roads and transportation	4,282,885	27,740	3,276,079	(979,066)
Governmental services to residents	252,301	102,750	-	(149,551)
Administration	789,621	57,775	21,701	(710,145)
Interest on long-term debt	69,216	-	-	(69,216)
	<u>\$ 8,290,458</u>	<u>817,685</u>	<u>4,109,585</u>	<u>(3,363,188)</u>
General Revenues:				
Property and other county tax levied for general purposes				3,195,190
Penalty and interest on property tax				31,324
State tax credits and replacements				190,683
Local option sales tax				221,998
Unrestricted investment earnings				15,070
Miscellaneous				<u>30,813</u>
Total general revenues				<u>3,685,078</u>
Change in net position				321,890
Net position beginning of year				<u>14,229,649</u>
Net position end of year				<u>\$ 14,551,539</u>

See notes to financial statements.

Ringgold County
Balance Sheet
Governmental Funds

June 30, 2017

	General	Special Mental Health
Assets		
Cash and pooled investments	\$ 1,299,870	289,687
Cash held by health plan trustee	84,630	-
Receivables:		
Property tax:		
Delinquent	682	76
Succeeding year	2,353,000	190,000
Interest and penalty on property tax	1,216	-
Accounts	60,751	-
Accrued interest	3,024	-
Due from other governments	56,414	-
Inventories	-	-
Prepaid expenditures	54,283	-
Total assets	\$ 3,913,870	479,763
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 37,901	9,001
Salaries and benefits payable	37,082	268
Due to other governments	9,022	478
Total liabilities	84,005	9,747
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	2,353,000	190,000
Other	1,898	76
Total deferred inflows of resources	2,354,898	190,076
Fund balances:		
Nonspendable:		
Inventories	-	-
Prepaid expenditures	54,283	-
Restricted for:		
Supplemental levy purposes	384,567	-
Mental health purposes	224,525	279,940
Rural services purposes	-	-
Secondary roads purposes	-	-
Conservation land acquisition	4,043	-
Public safety and legal services	61,599	-
Other purposes	-	-
Unassigned	745,950	-
Total fund balances	1,474,967	279,940
Total liabilities, deferred inflows of resources and fund balances	\$ 3,913,870	479,763

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
380,335	1,403,455	843,827	4,217,174
-	-	-	84,630
33	-	-	791
770,000	-	-	3,313,000
-	-	-	1,216
-	16,393	1,309	78,453
-	-	363	3,387
-	756,781	36,864	850,059
-	494,259	-	494,259
-	-	-	54,283
1,150,368	2,670,888	882,363	9,097,252
-	84,924	118	131,944
2,323	17,267	-	56,940
-	329	-	9,829
2,323	102,520	118	198,713
770,000	-	-	3,313,000
33	461,811	-	463,818
770,033	461,811	-	3,776,818
-	494,259	-	494,259
-	-	-	54,283
-	-	-	384,567
-	-	-	504,465
378,012	-	-	378,012
-	1,612,298	-	1,612,298
-	-	-	4,043
-	-	47,397	108,996
-	-	834,848	834,848
-	-	-	745,950
378,012	2,106,557	882,245	5,121,721
1,150,368	2,670,888	882,363	9,097,252

Ringgold County

Ringgold County

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

June 30, 2017

Total governmental fund balances (page 21)	\$ 5,121,721
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***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 capital assets is \$20,109,298 and the accumulated depreciation is \$7,317,156.

12,792,142

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.

463,818

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 820,010	
Deferred inflows of resources	<u>(165,809)</u>	654,201

Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, other postemployment benefits payable, net pension liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.

(4,480,343)**Net position of governmental activities (page 18)**\$ 14,551,539

See notes to financial statements.

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

Year ended June 30, 2017

	General	<u>Special</u> Mental Health
Revenues:		
Property and other county tax	\$ 2,041,549	225,206
Local option sales tax	-	-
Interest and penalty on property tax	31,241	-
Intergovernmental	905,679	14,981
Licenses and permits	4,154	-
Charges for service	511,449	-
Use of money and property	37,573	-
Miscellaneous	78,577	1,130
Total revenues	<u>3,610,222</u>	<u>241,317</u>
Expenditures:		
Operating:		
Public safety and legal services	1,037,037	-
Physical health and social services	867,205	-
Mental health	268,040	270,214
County environment and education	247,400	-
Roads and transportation	-	-
Governmental services to residents	269,669	-
Administration	814,989	-
Capital projects	-	-
Debt service	-	-
Total expenditures	<u>3,504,340</u>	<u>270,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,882</u>	<u>(28,897)</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(6,133)	-
Total other financing sources (uses)	<u>(6,133)</u>	<u>-</u>
Change in fund balances	99,749	(28,897)
Fund balances beginning of year	<u>1,375,218</u>	<u>308,837</u>
Fund balances end of year	<u>\$ 1,474,967</u>	<u>279,940</u>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
929,096	-	-	3,195,851
-	-	221,998	221,998
-	-	-	31,241
39,889	3,197,172	125,106	4,282,827
-	1,735	-	5,889
-	2	14,637	526,088
-	185	3,826	41,584
-	26,297	120,256	226,260
968,985	3,225,391	485,823	8,531,738
131,913	-	50,398	1,219,348
-	-	9,357	876,562
-	-	-	538,254
44,429	-	241,602	533,431
209	3,687,272	-	3,687,481
-	-	30	269,699
-	-	-	814,989
-	19,423	-	19,423
-	293,015	193,565	486,580
176,551	3,999,710	494,952	8,445,767
792,434	(774,319)	(9,129)	85,971
-	736,419	98,039	834,458
(735,825)	-	(92,500)	(834,458)
(735,825)	736,419	5,539	-
56,609	(37,900)	(3,590)	85,971
321,403	2,144,457	885,835	5,035,750
378,012	2,106,557	882,245	5,121,721

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, 2017

Change in fund balances - Total governmental funds (page 25) \$ 85,971

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Deprecation expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for capital assets	\$ 658,825	
Depreciation expense	<u>(900,084)</u>	(241,259)

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 follows:

Property tax	(661)	
Other	<u>81,272</u>	80,611

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.

441,143

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.

261,820

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	11,755	
Other postemployment benefits	(57,300)	
Pension expense	(261,160)	
Interest on long-term debt	<u>309</u>	<u>(306,396)</u>

Change in net position of governmental activities (page 19) **\$ 321,890**

See notes to financial statements.

Ringgold County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

Assets

Cash and pooled investments:	
County Treasurer	\$ 3,873,189
Other county officials	9,105
Receivables:	
Succeeding year property tax	7,874,000
Accrued interest	474
Accounts	9,159
Due from other governments	35,737
Total assets	<u><u>\$ 11,801,664</u></u>

Liabilities

Accounts payable	\$ 3,467
Salaries and benefits payable	4,112
Due to other governments	11,784,112
Trusts payable	1,426
Compensated absences	8,547
Total liabilities	<u><u>11,801,664</u></u>

Net position	<u><u>\$ -</u></u>
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See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2017

(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 E-911 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. The County acts as fiscal agent for the Wayne, Ringgold and Decatur County Solid Waste Management Commission and, accordingly, the Commission's activity is reported in the Agency Funds of the County.

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, deferred outflows of resources, 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 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 position 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 is often subject to constraints 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 roads 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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

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

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, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2016.

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, furniture and equipment acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. 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 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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, contributions from the County after the measurement date but before the end of the County's reporting period and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2017. 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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. 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 and unrecognized items not yet charged to pension expense.

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, 2017 disbursements in certain departments exceeded the amounts appropriated.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2017 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 ensure 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. 72.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Nature Center Trust	General	\$ 5,539
	Special Revenue: REAP	85,000
	Supplemental Environmental Projects	7,500
		<u>98,039</u>
Secondary Roads	General	594
	Special Revenue: Rural Services	735,825
		<u>736,419</u>
Total		<u>\$ 932,497</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, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,210	-	-	23,210
Construction in progress	133,327	366,452	(499,779)	-
Total capital assets not being depreciated	156,537	366,452	(499,779)	23,210
Capital assets being depreciated:				
Buildings	3,684,429	499,779	-	4,184,208
Improvements other than buildings	87,801	65,570	-	153,371
Equipment and vehicles	5,618,140	191,803	(24,900)	5,785,043
Infrastructure, road network	9,928,466	-	-	9,928,466
Infrastructure, other	-	35,000	-	35,000
Total capital assets being depreciated	19,318,836	792,152	(24,900)	20,086,088
Less accumulated depreciation for:				
Buildings	947,751	87,046	-	1,034,797
Improvements other than buildings	21,358	6,891	-	28,249
Equipment and vehicles	2,979,573	373,170	(24,900)	3,327,843
Infrastructure, road network	2,493,290	431,227	-	2,924,517
Infrastructure, other	-	1,750	-	1,750
Total accumulated depreciation	6,441,972	900,084	(24,900)	7,317,156
Total capital assets being depreciated, net	12,876,864	(107,932)	-	12,768,932
Governmental activities capital assets, net	\$ 13,033,401	258,520	(499,779)	12,792,142

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services	\$	91,474
Mental health		13,075
County environment and education		32,069
Roads and transportation		736,410
Governmental services to residents		3,176
Administration		<u>23,880</u>
Total depreciation expense	\$	<u>900,084</u>

The County has acquired six motor graders under capital lease purchase agreements. The cost of the equipment was \$1,611,972, and the accumulated depreciation at June 30, 2017 was \$644,789.

(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, 2017 is as follows:

Fund	Description	Amount
General	Services	\$ 9,022
Special Revenue:		
Mental Health	Services	478
Secondary Roads	Services	<u>329</u>
Total for governmental funds		<u>\$ 9,829</u>
Agency:		
County Assessor	Collections	\$ 388,639
Schools		4,418,846
Community Colleges		260,874
Corporations		794,688
Townships		171,760
Auto License and Use Tax		148,491
County Hospital		1,238,105
WRD Landfill		3,129,870
All other		<u>1,232,839</u>
Total for agency funds		<u>\$ 11,784,112</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Capital Lease Purchase Agreements	General Obligation Bonds	Compensated Absences	Net Pension Liability	Net OPEB Liability	Total
Balance beginning of year	\$ 691,490	1,750,000	170,585	1,400,802	182,000	4,194,877
Increases	-	-	72,421	676,493	57,300	806,214
Decreases	306,143	135,000	84,176	-	-	525,319
Balance end of year	\$ 385,347	1,615,000	158,830	2,077,295	239,300	4,475,772
Due within one year	\$ 312,105	140,000	71,724	-	-	523,829

Capital Lease Purchase Agreement for Vote Tabulation Equipment

On April 6, 2016, the County entered into a capital lease purchase agreement for vote tabulation systems equipment, hardware, software and training and technical support services for \$72,267 with no interest. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreement in effect at June 30, 2017:

Year Ending June 30,	Amount
2018	\$ 24,089

Payments under the capital lease purchase agreement totaled \$24,089 for the year ended June 30, 2017.

Capital Lease Purchase Agreement for Motor Graders

On October 30, 2013, the County entered into a capital lease purchase agreement for six Caterpillar 140M2 motor graders for Secondary Roads with a historical cost of \$1,611,972. The following is a schedule of the future minimum lease payments, including interest at 1.97% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2017:

Year Ending June 30,	Amount
2018	\$ 293,015
2019	73,254
Total minimum lease payments	366,269
Less amount representing interest	5,011
Present value of net minimum lease payments	\$ 361,258

Payments under the capital lease purchase agreement totaled \$293,015 for the year ended June 30, 2017.

General Obligation Bonds Payable

A summary of the County's June 30, 2017 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued November 18, 2010			
	Interest Rates	Principal	Interest	Total
2018	2.75%	\$ 140,000	54,853	194,853
2019	2.75	145,000	51,002	196,002
2020	2.85	150,000	46,870	196,870
2021	3.05	150,000	42,295	192,295
2022	3.25	155,000	37,420	192,420
2023-2027	3.40-3.80	875,000	99,590	974,590
Total		<u>\$ 1,615,000</u>	<u>332,030</u>	<u>1,947,030</u>

During the year ended June 30, 2017, the County retired \$135,000 of general obligation bonds.

(7) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally at age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's and protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.63% of covered payroll for a total rate of 19.26%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2017 were \$261,820.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the County reported a liability of \$2,077,295 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the County's proportion was 0.033008%, which was an increase of 0.004654% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$261,160. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,338	40,085
Changes of assumptions	29,931	6,670
Net difference between projected and actual earnings on IPERS' investments	370,233	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	140,688	119,054
County contributions subsequent to the measurement date	261,820	-
Total	<u>\$ 820,010</u>	<u>165,809</u>

\$261,820 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2018	\$ 28,696
2019	28,696
2020	192,903
2021	133,996
2022	8,090
Total	<u>\$ 392,381</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension liability	\$ 3,636,953	2,077,295	791,970

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2017.

(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, 2017, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 58,000
Interest on net OPEB obligation	7,300
Adjustment to annual required contribution	<u>(8,000)</u>
Annual OPEB cost	57,300
Contributions made	<u>-</u>
Increase in net OPEB obligation	57,300
Net OPEB obligation beginning of year	<u>182,000</u>
Net OPEB obligation end of year	<u>\$ 239,300</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2017.

For the year ended June 30, 2017, 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
2015	\$ 22,800	0.00%	\$ 123,900
2016	58,100	0.00	182,000
2017	58,000	0.00	239,300

Funded Status and Funding Progress – As of July 1, 2015, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$394,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$394,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,724,000 and the ratio of the UAAL to covered payroll was 14.5%. As of June 30, 2017, 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, 2016 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation.

Mortality rates are from the RPH-2015 Total Dataset Mortality Table, fully generational using Scale MP-2015. Annual retirement probabilities were based on the assumption each general employee will retire at age 61 or upon meeting the minimum age/service requirement, whichever is later. Each special service employee is assumed to retire at age 58 or upon meeting the minimum age/service requirement, whichever is later.

Projected claim costs of the medical plan are \$846 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 753 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.

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 Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2017 were \$110,699.

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 \$500,000 per claim. Claims exceeding \$500,000 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 \$250,000 each occurrence, each location. Property risk exceeding \$250,000 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, 2017, no liability has been recorded in the County's financial statements. As of June 30, 2017, 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 and reported in the General Fund was \$84,630 at June 30, 2017.

(11) Ringgold County Financial Information Included in the County Rural Offices of Social Services Region

County Rural Offices of Social Services Region (CROSS), a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Decatur County, Clarke County, Lucas County, Marion County, Monroe County, Wayne County and Ringgold County. The financial activity of Ringgold County's Special Revenue, Mental Health Fund is included in the CROSS Mental Health Region for the year ended June 30, 2017, as follows:

Revenues:		
Property and other county tax		\$ 225,206
Intergovernmental:		
State tax credits		14,981
Miscellaneous		<u>1,130</u>
Total revenues		<u>241,317</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 118,625	
Intellectual disabilities	<u>74,006</u>	192,631
General administration:		
Direct administration	5,136	
Distribution to regional fiscal agent	<u>72,447</u>	<u>77,583</u>
Total expenditures		<u>270,214</u>
Excess of expenditures over revenues		(28,897)
Fund balance beginning of year		<u>308,837</u>
Fund balance end of year		<u>\$ 279,940</u>

(12) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, 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 other postemployment benefits.

Required Supplementary Information

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, 2017

		Budgeted Amounts		Final to
	Actual	Original	Final	Net
				Variance
Receipts:				
Property and other county tax	\$ 3,539,199	3,555,299	3,555,299	16,100
Interest and penalty on property tax	31,241	24,100	24,100	(7,141)
Intergovernmental	4,115,152	4,136,609	4,163,285	48,133
Licenses and permits	5,959	4,200	4,200	(1,759)
Charges for service	529,423	576,114	576,114	46,691
Use of money and property	41,936	24,200	39,740	(2,196)
Miscellaneous	215,342	30,050	88,775	(126,567)
Total receipts	8,478,252	8,350,572	8,451,513	(26,739)
Disbursements:				
Public safety and legal services	1,220,684	1,343,178	1,358,702	138,018
Physical health and social services	873,894	910,499	921,749	47,855
Mental health	542,430	585,105	674,005	131,575
County environment and education	573,705	253,721	606,039	32,334
Roads and transportation	4,125,544	3,835,443	4,517,943	392,399
Governmental services to residents	269,251	285,790	285,790	16,539
Administration	833,254	838,237	911,657	78,403
Debt service	486,580	486,581	486,581	1
Capital projects	19,399	380,000	380,000	360,601
Total disbursements	8,944,741	8,918,554	10,142,466	1,197,725
Deficiency of receipts under disbursements	(466,489)	(567,982)	(1,690,953)	(1,224,464)
Balance beginning of year	4,768,293	4,455,275	4,455,275	(313,018)
Balance end of year	\$ 4,301,804	3,887,293	2,764,322	(1,537,482)

See accompanying independent auditor's

Ringgold County
Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2017

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 8,478,252	53,486	8,531,738
Expenditures	8,944,741	(498,974)	8,445,767
Net	(466,489)	552,460	85,971
Beginning fund balance	4,768,293	267,457	5,035,750
Ending fund balance	<u>\$ 4,301,804</u>	<u>819,917</u>	<u>5,121,721</u>

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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 and the Special Revenue Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, four budget amendments increased budgeted disbursements by \$1,223,912. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E-911 System by the Joint E-911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2017, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

Ringgold County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Three Years*
(In Thousands)

Required Supplementary Information

	2017	2016	2015
County's proportion of the net pension liability	0.033008%	0.028354%	0.029155%
County's proportionate share of the net pension liability	\$ 2,077	1,401	1,156
County's covered-employee payroll	\$ 2,770	2,462	2,524
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	74.98%	56.90%	45.80%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Ringgold County

Schedule of County Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Required Supplementary Information

	2017	2016	2015	2014
Statutorily required contribution	\$ 262	252	222	231
Contributions in relation to the statutorily required contribution	(262)	(252)	(222)	(231)
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 2,883	2,770	2,462	2,524
Contributions as a percentage of covered-employee payroll	9.09%	9.10%	9.02%	9.15%
See accompanying independent auditor's report.				

2013	2012	2011	2010	2009	2008
230	212	188	174	161	147
(230)	(212)	(188)	(174)	(161)	(147)
-	-	-	-	-	-
2,572	2,516	2,552	2,506	2,454	2,365
8.94%	8.43%	7.37%	6.94%	6.56%	6.22%

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2017

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Ringgold County

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

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2013	Jul 1, 2012	-	\$ 594	594	0.0%	\$ 2,546	23.3%
2014	Jul 1, 2012	-	594	594	0.0	2,523	23.5
2015	Jul 1, 2012	-	594	594	0.0	2,403	24.7
2016	Jul 1, 2015	-	394	394	0.0	2,675	14.7
2017	Jul 1, 2015	-	394	394	0.0	2,724	14.5

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.

Ringgold County

Supplementary Information

Ringgold County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2017

	Special			
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
Assets				
Cash and pooled investments	\$ 4,398	22,321	761,073	414
Accounts receivable	-	-	810	-
Accrued interest	-	-	363	-
Due from other governments	-	-	36,864	-
Total assets	\$ 4,398	22,321	799,110	414
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	118	-
Fund balances:				
Restricted for:				
Public safety and legal services	-	-	-	414
Other purposes	4,398	22,321	798,992	-
Total fund balances	4,398	22,321	798,992	414
Total liabilities and fund balances	\$ 4,398	22,321	799,110	414

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Reserves	Nature Center Trust	Public Health Endowment	Total
17,605	189	7,383	21,307	5,795	3,342	843,827
259	-	-	240	-	-	1,309
-	-	-	-	-	-	363
-	-	-	-	-	-	36,864
17,864	189	7,383	21,547	5,795	3,342	882,363
-	-	-	-	-	-	118
17,864	189	7,383	21,547	-	-	47,397
-	-	-	-	5,795	3,342	834,848
17,864	189	7,383	21,547	5,795	3,342	882,245
17,864	189	7,383	21,547	5,795	3,342	882,363

Ringgold County

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

Year ended June 30, 2017

			Special	
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
Revenues:				
Local option sales tax	\$ -	-	221,998	-
Intergovernmental	-	11,362	113,744	-
Charges for service	1,353	-	-	-
Use of money and property	-	2	3,774	50
Miscellaneous	-	-	-	-
Total revenues	1,353	11,364	339,516	50
Expenditures:				
Operating:				
Public safety and legal services	-	-	44,041	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Government service to residents	30	-	-	-
Debt service	-	-	193,565	-
Total expenditures	30	-	237,606	-
Excess (deficiency) of revenues over (under) expenditures	1,323	11,364	101,910	50
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(85,000)	-	-
Total other financing sources (uses)	-	(85,000)	-	-
Changes in fund balances	1,323	(73,636)	101,910	50
Fund balances beginning of year	3,075	95,957	697,082	364
Fund balances end of year	\$ 4,398	22,321	798,992	414

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Reserves	Nature Center Trust	Public Health Endowment	Supplemental Environmental Projects	Total
-	-	-	-	-	-	-	221,998
-	-	-	-	-	-	-	125,106
7,461	-	100	5,723	-	-	-	14,637
-	-	-	-	-	-	-	3,826
-	-	-	-	112,506	7,750	-	120,256
7,461	-	100	5,723	112,506	7,750	-	485,823
4,472	-	-	1,885	-	-	-	50,398
-	-	-	-	-	9,357	-	9,357
-	-	-	-	241,602	-	-	241,602
-	-	-	-	-	-	-	30
-	-	-	-	-	-	-	193,565
4,472	-	-	1,885	241,602	9,357	-	494,952
2,989	-	100	3,838	(129,096)	(1,607)	-	(9,129)
-	-	-	-	98,039	-	-	98,039
-	-	-	-	-	-	(7,500)	(92,500)
-	-	-	-	98,039	-	(7,500)	5,539
2,989	-	100	3,838	(31,057)	(1,607)	(7,500)	(3,590)
14,875	189	7,283	17,709	36,852	4,949	7,500	885,835
17,864	189	7,383	21,547	5,795	3,342	-	882,245

Ringgold County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	986	180,734	48,846
Other County officials	9,105	-	-	-
Receivables:				
Succeeding year property tax	-	88,000	218,000	4,370,000
Accrued interest	-	-	-	-
Accounts	64	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 9,169	88,986	398,734	4,418,846
Liabilities				
Accounts payable	\$ -	-	-	-
Salaries and benefits payable	-	-	2,783	-
Due to other governments	7,743	88,986	388,639	4,418,846
Trusts payable	1,426	-	-	-
Compensated absences	-	-	7,312	-
Total liabilities	\$ 9,169	88,986	398,734	4,418,846

See accompanying independent auditor's report.

Community			Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
Colleges	Corporations	Townships					
2,874	9,688	1,760	148,491	14,105	3,126,116	339,589	3,873,189
-	-	-	-	-	-	-	9,105
258,000	785,000	170,000	-	1,224,000	-	761,000	7,874,000
-	-	-	-	-	187	287	474
-	-	-	-	-	2,854	6,241	9,159
-	-	-	-	-	4,180	31,557	35,737
260,874	794,688	171,760	148,491	1,238,105	3,133,337	1,138,674	11,801,664
-	-	-	-	-	3,467	-	3,467
-	-	-	-	-	-	1,329	4,112
260,874	794,688	171,760	148,491	1,238,105	3,129,870	1,136,110	11,784,112
-	-	-	-	-	-	-	1,426
-	-	-	-	-	-	1,235	8,547
260,874	794,688	171,760	148,491	1,238,105	3,133,337	1,138,674	11,801,664

Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year Ended June 30, 2017

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 14,297	84,056	323,564	4,176,796
Additions:				
Property and other county tax	-	89,413	220,883	4,425,629
E-911 surcharge	-	-	-	-
State tax credits	-	5,615	13,895	277,189
Drivers license fees	-	-	-	-
Office fees and collections	155,273	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	805,930	-	-	-
Miscellaneous	-	-	20,501	-
Total additions	961,203	95,028	255,279	4,702,818
Deductions:				
Agency remittances:				
To other funds	62,196	-	-	-
To other governments	91,671	90,098	180,109	4,460,768
Trusts paid out	812,464	-	-	-
Total deductions	966,331	90,098	180,109	4,460,768
Balances end of year	\$ 9,169	88,986	398,734	4,418,846

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
245,813	748,920	162,824	131,263	1,206,748	-	926,737	8,021,018
261,047	770,233	175,017	-	1,240,522	-	783,614	7,966,358
-	-	-	-	-	-	138,668	138,668
16,368	140,894	6,773	-	80,328	-	4,846	545,908
-	-	-	17,324	-	-	-	17,324
-	-	-	-	-	-	-	155,273
-	-	-	1,813,530	-	-	-	1,813,530
-	-	-	-	-	-	19,393	19,393
-	-	-	-	-	-	-	805,930
-	-	-	-	-	3,892,963	216,048	4,129,512
277,415	911,127	181,790	1,830,854	1,320,850	3,892,963	1,162,569	15,591,896
-	-	-	58,930	-	-	-	121,126
262,354	865,359	172,854	1,754,696	1,289,493	759,626	831,899	10,758,927
-	-	-	-	-	-	118,733	931,197
262,354	865,359	172,854	1,813,626	1,289,493	759,626	950,632	11,811,250
260,874	794,688	171,760	148,491	1,238,105	3,133,337	1,138,674	11,801,664

Ringgold County

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

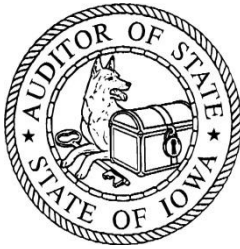
For the Last Ten Years

				Modified
	2017	2016	2015	2014
Revenues:				
Property and other county tax	\$ 3,195,851	2,931,456	2,837,838	2,703,566
Local option sales tax	221,998	254,284	230,466	226,837
Interest and penalty on property tax	31,241	29,651	24,531	26,313
Intergovernmental	4,282,827	4,140,608	4,320,091	4,133,756
Licenses and permits	5,889	6,478	5,160	4,610
Charges for service	526,088	607,592	692,795	758,571
Use of money and property	41,584	43,008	19,881	20,026
Miscellaneous	226,260	265,610	253,576	161,392
Total	<u>\$ 8,531,738</u>	<u>8,278,687</u>	<u>8,384,338</u>	<u>8,035,071</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,219,348	1,178,873	1,200,676	1,174,204
Physical health and social services	876,562	908,686	936,530	896,133
Mental health	538,254	472,049	347,648	563,550
County environment and education	533,431	510,165	284,962	230,047
Roads and transportation	3,687,481	4,486,955	3,133,951	5,383,357
Governmental services to residents	269,699	331,843	261,746	246,865
Administration	814,989	791,547	905,990	804,890
Non-program	-	350,941	10,995	10,124
Debt service	19,423	-	195,555	193,315
Capital projects	486,580	489,955	-	-
Total	<u>\$ 8,445,767</u>	<u>9,521,014</u>	<u>7,278,053</u>	<u>9,502,485</u>

See accompanying independent auditor's report.

Accrual Basis					
2013	2012	2011	2010	2009	2008
2,581,133	3,129,305	2,795,341	2,536,414	2,922,551	2,378,667
224,611	290,821	477,731	245,188	-	-
26,438	26,580	27,057	28,652	25,387	23,318
5,038,423	4,773,717	5,564,334	3,986,194	5,998,642	2,953,366
5,613	6,680	7,438	4,890	4,648	4,063
716,704	543,814	507,240	463,787	457,122	463,708
21,471	8,433	19,262	34,244	28,865	70,008
239,980	128,532	243,959	106,450	614,571	748,897
8,854,373	8,907,882	9,642,362	7,405,819	10,051,786	6,642,027
1,317,511	1,349,881	918,043	921,523	891,050	886,922
985,391	1,179,005	1,125,980	839,200	773,597	692,498
470,707	823,627	752,826	679,565	736,701	770,648
311,143	278,757	371,171	219,286	270,747	255,199
3,281,386	1,990,568	4,094,781	2,586,503	2,554,590	2,675,684
249,057	260,265	295,467	261,091	257,093	238,969
608,423	610,429	603,908	624,025	1,165,004	1,151,770
9,522	11,076	12,821	11,558	12,580	11,078
196,940	194,690	156,449	42,680	42,680	42,680
-	1,534,527	2,315,063	761,939	2,075,840	35,430
7,430,080	8,232,825	10,646,509	6,947,370	8,779,882	6,760,878

Ringgold County



**OFFICE OF AUDITOR OF STATE
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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, 2017, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 5, 2018.

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 purposes 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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

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

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

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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Ringgold County's Responses to the Findings

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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State

March 5, 2018

Ringgold County
Schedule of Findings
Year ended June 30, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition – Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

		<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, Ag Extension, County Sheriff, County Recorder, Engineer's Office and County 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.	County Sheriff
(3)	The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	County Recorder

Cause – The County offices noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – Each official should review the control activities of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Ringgold County
Schedule of Findings
Year ended June 30, 2017

Responses –

Conservation Board – The Ringgold County Conservation Board only employs one staff member, making segregation of duties impossible. The staff and Board have detailed records for deposits and claims and the Conservation Board reviews the financial transactions, reconciliations and reports at their regular monthly meeting. The Board and staff do everything possible to make sure these duties are handled properly.

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 to complete this with limited staff, but we will continue to look at ways to segregate duties as much as possible. For item 2, we will begin reviewing and signing off on reconciliations of the bank and garnishment accounts.

Ag Extension – At this time we are unable to segregate duties with our current staffing levels.

Engineer – The limited number of office employees make resolving this issue difficult. We have implemented a process where revenues received or collected in our office are reviewed and approved by the Engineer (by initialing and dating on each) prior to each being taken to the Treasures' Office for deposit, posting, and reconciliation by the Treasurer's/Auditor's Offices.

Treasurer – Generally the motor vehicle and tax mail is opened by one of the two deputies with one processing tax and the other motor vehicle. One Deputy handles the mail log – randomly documenting mail received for review. All mail is processed in the presence of all staff. Daily balancing is done with one of the two Deputies doing the physical cash count and my balancing the daily cash sheet to the cash/checks reconciliation. In my absence a Deputy handles the cash sheet balancing. The Board of Supervisors reviews and signs off on bank statements and the monthly Ringgold County cash balance sheet.

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

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

Ringgold County

Schedule of Findings

Year ended June 30, 2017

Condition – Material amounts of inventory, transfers and capital asset additions were not properly recorded in the County’s financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Cause – County policies do not require and procedures have not been established to require independent review of year end cut-off and other transactions to ensure the County’s financial statements are accurate and reliable.

Effect – Lack of policies and procedures resulted in County employees not detecting the errors in the normal course of performing their assigned functions. As a result, material adjustments to the County’s financial statements were necessary.

Recommendation – The County should establish procedures to ensure all inventory, interfund transfers and capital asset activity are identified and properly reported in the County’s financial statements.

Responses –

Engineer – In response to the incorrect inventory of County materials, this in a large part due to Ringgold County being without an Engineer for almost a year. A new County Engineer started in September of 2017 and was able to correct the inventory. Moving forward, the inventory process will be correct and done in a timely manner.

County Auditor – Through the claims process, assets will be flagged and added to our capital assets spreadsheet to align with the County’s capital asset policy. Transfers will be treated as journal entries moving forward. The correct procedures have been identified to allow for our system to properly balance so manual calculations do not need to be used.

Conclusion – Responses accepted.

(C) Credit Card Expenditures

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper usage and supporting documentation for credit cards and charge accounts.

Condition – The County has a written credit card policy. The policy states all credit card statements must be immediately submitted for payment to avoid finance charges. All credit card bills must be accompanied by detailed itemized vendor receipts before being processed for payment. During fiscal year 2017, four of four Ringgold County Conservation Board credit and charge account claims tested did not have adequate supporting documentation provided to the Board prior to payment. Upon request, the Conservation Office provided the itemized invoices to the auditors. The credit cards tested showed interest and late fees of \$58 and \$83 in sales tax were paid.

Ringgold County

Schedule of Findings

Year ended June 30, 2017

Cause – Although policies and procedures have been established, the Conservation Department does not follow these policies.

Effect – Inadequate supporting documentation could result in improper or unauthorized charges.

Recommendation – Established policies and procedures should be followed by all departments. All disbursements should be supported by invoices or other supporting documentation. The Conservation Board should ensure sales tax is not paid on purchases. In addition the Board should consider changing due dates for certain credit cards to ensure payment can be made before the due date to ensure late fees and interest are not incurred.

Response – The Board of Supervisor member who acts as a non-voting member on the Conservation Board will review claims during the Conservation Board's monthly meetings and initial them. The receipts will be available at the Conservation Board Office.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Ringgold County
Schedule of Findings
Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2017 did not exceed the amounts budgeted by function. However, disbursements in the general relief and medical examiner departments exceeded the amounts appropriated prior to the budget amendment.

Recommendation – The County should closely monitor budgets and appropriations and take action to amend appropriations before the appropriated amount is exceeded.

Response – Each line associated with these two departments is now restricted in our software program so during entry of claims, over spending cannot occur.

Conclusion – Response accepted.

- (2) 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.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Gregg Cannon, Husband of County Treasurer Debra Cannon	Lawn mowing service	\$ 1,155
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port A John Rentals	Portable toilet rental for County parks	630
Royce Dredge, Board of Supervisor member, owner of Dredge Feed Services	Pipe culvert materials	321
Frank Gunsolley, Father of County Engineer, Zach Gunsolley and owner of Diagonal Building Products	Piping and painting material	104

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

The transactions with Gregg Cannon may represent conflicts of interest as the cumulative transactions were greater than \$1,500 and were not competitively bid.

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

Response – All mowing services will be bid moving forward.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings

Year ended June 30, 2017

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not except as follows:

Interfund transfers from various funds to the Special Revenue, Nature Center Trust Fund were not approved by Board resolution as required by Chapter 331.432 of the Code of Iowa.

Recommendation – All interfund transfers should be approved by the Board of Supervisors by resolution in accordance with Chapter 331.432 of the Code of Iowa.

Response – Any and all transfers between funds will be approved by the Board of Supervisors through resolution at a regular Board meeting.

Conclusion – Response accepted.

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) Fringe Benefits not Included in Taxable Income – The vehicles provided to the County Engineer, Road Superintendent and the full-time employee of the Conservation Department, which are used for commuting, are not included as taxable fringe benefits.

Recommendation – Per IRS Publication 15-B, a fringe benefit is a form of pay for the performance of services, which includes 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, Road Superintendent and the employee of the Conservation Department should be included as taxable income.

Ringgold County

Schedule of Findings

Year ended June 30, 2017

Response – Upon further review, the County Engineer, Road Superintendent and Conservation Department are not exempt from the IRS commuter rule. While they do perform duties to and from work most days, the County is still required to assess the \$3 commuter rule to their bi-weekly paychecks. Notice will be given to these employees and this policy will be implemented beginning with March 21, 2018 payroll.

Conclusion – Response accepted.

- (10) 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.

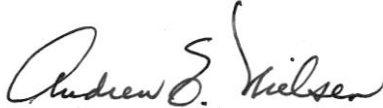
Disbursements during the year ended June 30, 2017 for the County Extension Office did not exceed the amount budgeted.

Ringgold County

Staff

This audit was performed by:

Katherine L. Rupp, CPA, Manager
Karen J. Kibbe, Senior Auditor II
Mallory A. Sims, Staff Auditor
Taylor I. Cook, Staff Auditor
Cody L. Mathews, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State