



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE

March 28, 2016

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

The County had local tax revenue of \$10,749,120 for the year ended June 30, 2015, which included \$712,997 in tax credits from the state. The County forwarded \$7,723,410 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,025,710 of the local tax revenue to finance County operations, a 6.7% increase over the prior year, but other County revenues decreased 35.2% from the prior year. Other revenues included charges for service of \$1,111,075, operating grants, contributions and restricted interest of \$3,398,560, capital grants, contributions and restricted interest of \$980,012, local option sales tax of \$230,466, unrestricted investment earnings of \$13,280 and other general revenues of \$30,586.

Expenses for County operations for the year ended June 30, 2015 totaled \$7,399,754, a 14.3% decrease from the prior year. Expenses included \$3,389,714 for roads and transportation, \$1,250,711 for public safety and legal services and \$918,579 for physical health and social services.

The significant decrease in revenues is due primarily to a decrease in federal reimbursements and contributed capital assets for road projects. Expenses decreased primarily due to a decrease in roadway repair and construction expenses.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1510-0080-B00F.pdf>.

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

JUNE 30, 2015

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Ringgold County

Officials

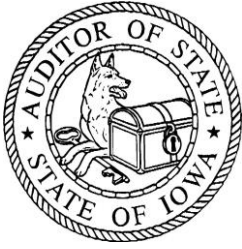
Before January, 2015

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

After January, 2015

<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 Diekstra	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
Neil Morgan	County Assessor	Jan 2016

Ringgold County



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Independent Auditor's Report

To the Officials of Ringgold County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 12, Ringgold County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

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 56 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 two years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the seven 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 7, 2016 on our consideration of Ringgold County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ringgold County's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 7, 2016

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, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$1,742,387 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Pension expense for fiscal year 2014 and the net pension liability, deferred outflows of resources and deferred inflows of resources at June 30, 2014 were not restated because the information was not available.
- Revenues of the County's governmental activities decreased 32%, or approximately \$4,126,000, from fiscal year 2014 to fiscal year 2015. Capital grants, contributions and restricted interest decreased approximately \$3,338,000, operating grants, contributions and restricted interest decreased approximately \$648,000 and gain on disposal of capital assets decreased approximately \$374,000. Property tax revenue increased approximately \$135,000.
- Program expenses of the County's governmental activities were 14.3%, or approximately \$1,239,000, less in fiscal year 2015 than in fiscal year 2014. Roads and transportation expenses decreased approximately \$1,154,000, mental health expenses decreased approximately \$222,000 while administration expenses increased approximately \$76,000, public safety and legal services expenses increased approximately \$13,000 and physical health and social services expenses increased approximately \$19,000.
- The County's net position increased 10.9%, or approximately \$1,390,000, over the restated June 30, 2014 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 decreased from a year ago, decreasing from approximately \$14.5 million to approximately \$14.2 million. The analysis that follows focuses on the net position of governmental activities.

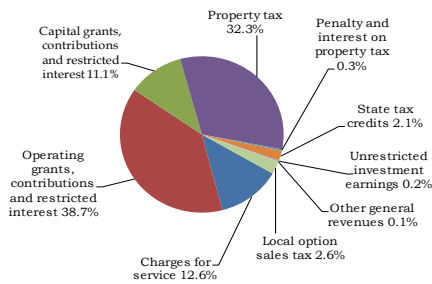
Net Position of Governmental Activities		
(Expressed in Thousands)		
	June 30,	
	2015	2014 (Not Restated)
Current and other assets	\$ 9,654	8,544
Capital assets	12,413	12,485
Total assets	<u>22,067</u>	<u>21,029</u>
Deferred outflows of resources	289	-
Long-term liabilities	4,248	3,510
Other liabilities	358	233
Total liabilities	<u>4,606</u>	<u>3,743</u>
Deferred inflows of resources	3,588	2,772
Net position:		
Net investment in capital assets	9,608	9,278
Restricted	4,848	3,888
Unrestricted	(294)	1,348
Total net position	<u>\$ 14,162</u>	<u>14,514</u>

Prior to restatement, the net position of Ringgold County's governmental activities decreased 2.4% (approximately \$14.2 million compared to \$14.5 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from approximately \$1,348,000 at June 30, 2014 to approximately \$(294,000) at the end of this year, a decrease of 100%, primarily due to recording the net pension liability as of July 1, 2014.

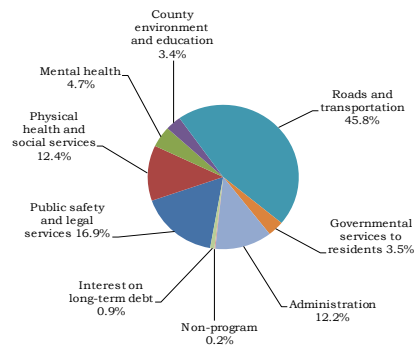
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2015	2014 (Not Restated)
Revenues:		
Program revenues:		
Charges for service	\$ 1,111	1,069
Operating grants, contributions and restricted interest	3,399	4,047
Capital grants, contributions and restricted interest	980	4,318
General revenues:		
Property tax	2,838	2,703
Penalty and interest on property tax	25	26
State tax credits	188	133
Local option sales tax	230	227
Unrestricted investment earnings	13	12
Gain on disposition of capital assets	-	374
Other general revenues	6	7
Total revenues	8,790	12,916
Program expenses:		
Public safety and legal services	1,251	1,238
Physical health and social services	919	900
Mental health	351	573
County environment and education	251	221
Roads and transportation	3,390	4,544
Governmental services to residents	258	257
Administration	903	827
Non-program	12	11
Interest on long-term debt	65	68
Total expenses	7,400	8,639
Change in net position	1,390	4,277
Net position beginning of year, as restated	12,772	10,237
Net position end of year	\$ 14,162	14,514

Revenues by Source



Expenses by Program



The County increased the County-wide property tax levy from \$7.22752 to \$7.64116 per \$1,000 of taxable valuation for fiscal year 2015. The rural services tax levy rate remained the same at \$3.95 per \$1,000 of taxable valuation. The taxable valuation of the property increased 2%, or approximately \$5,000,000.

The cost of all governmental activities this year was approximately \$7.4 million compared to approximately \$8.6 million last year. Some of the cost was paid by those directly benefited from the programs (approximately \$1,111,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,379,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2015 from approximately \$9,434,000 to approximately \$5,490,000, principally due to significantly less road construction contributed by the Iowa Department of Transportation in fiscal year 2015 compared to fiscal year 2014.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$6.2 million, an increase of approximately \$1.1 million over last year's total of approximately \$5.1 million. The increase in fund balance is primarily attributable to the County incurring reduced expenditures for repairs from flooding, fewer road projects and decreased mental health spending. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 3.6%, or approximately \$122,000, due in part to an overall increase in the property tax levy of 5.7%. Expenditures increased 4.4% compared to the prior year. The ending fund balance decreased approximately \$65,000 from the prior year to approximately \$1,489,000.
- The County has continued to look for ways to effectively manage the cost of mental health services. Special Revenue, Mental Health Fund revenues totaled approximately \$242,000, which is almost the same as last year. For the year, expenditures totaled approximately \$118,000, a decrease of 62% from the prior year. The steady revenues and the decrease in expenditures are primarily due to reorganization of mental health services including the change in the method the State pays for Medicaid reimbursed services. The Special Revenue, Mental Health Fund balance at year end increased approximately \$124,000 over the prior year to approximately \$244,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2015 with a balance of approximately \$359,000, an increase of 17.6% compared to the June 30, 2014 balance of approximately \$305,000. Although there were no significant changes in revenues, public safety and legal services expenses increased 34.2% over fiscal year 2014 due, in part, to increased patrol services.
- Special Revenue, Secondary Roads Fund expenditures decreased approximately \$2,249,000 from the prior year, due principally to a decrease in roadway repair from the 2013 floods, two pipe culvert projects and the lease purchase of six motor graders in fiscal year 2014 which did not occur in fiscal year 2015. The County received approximately \$2,579,000 of road use tax revenue from the State of Iowa. The Secondary Roads Fund ending balance increased approximately \$879,000, or 35.8%, over the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget once. The amendment was made in May 2015 to increase budgeted disbursements in the public safety and legal services, physical health and social services, county environment and education, administration and debt service functions. The increases were due, in part, to the receipt and disbursement of grant funds for the purchase of supplies for the Community Emergency Response Team. The increase in budgeted disbursements for all functions combined was \$148,677.

Total disbursements were \$822,931 less than the amended budget. Actual disbursements for the public safety and legal services, mental health and roads and transportation functions were \$250,138, \$187,215 and \$153,775, respectively, less than budgeted. This was primarily due to disbursements being less than expected due to less spending in each area mentioned above. The budget was exceeded before amendment.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Ringgold County had approximately \$12.4 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 \$72,000, or 0.6%, from last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2015	2014
Land	\$ 23	23
Construction in progress	-	210
Buildings and improvements	2,843	2,921
Equipment and vehicles	2,034	2,226
Intangibles	-	-
Infrastructure	7,513	7,105
Total	\$ 12,413	12,485
This year's major additions included (in thousands):		
Capital assets contributed by the Iowa Department of Transportation	\$	616
Conservation equipment		49
Secondary Roads equipment		79
Total	\$	744

The County had depreciation/amortization expense of \$816,883 in fiscal year 2015 and total accumulated depreciation/amortization of \$5,891,581 at June 30, 2015.

The County's fiscal year 2015 capital expenditures included approximately \$616,000 for the County's infrastructure and road network. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2015, Ringgold County had approximately \$2,805,000 of capital lease purchase agreement debt and general obligation bonds outstanding, compared to \$3,207,000 at June 30, 2014.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2015	2014
Capital lease purchase agreement	\$ 920	1,192
General obligation bonds	1,885	2,015
Total	\$ 2,805	3,207

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 \$29.2 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 2016 budget, tax rates and the fees charged for various county services. One of those factors is the economy. Unemployment in the County now stands at 3.1% versus 3.9% a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2016. Amounts available for appropriation in the operating budget are approximately \$9.9 million, an increase of 15.1% from the final fiscal year 2015 budget. The County has added no major new programs or initiatives to the fiscal year 2016 budget.

If these estimates are realized, the County's budgetary operating balance is expected to modestly decrease by the close of fiscal year 2016.

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, 2015

	Governmental Activities
Assets	
Cash, cash equivalents and pooled investments	\$ 5,651,635
Cash held by health plan trustee	53,012
Receivables:	
Property tax:	
Delinquent	315
Succeeding year	2,862,000
Interest and penalty on property tax	206
Accounts	6,222
Due from other governments	661,549
Inventories	369,274
Prepaid expense	49,963
Capital assets, net of accumulated depreciation/amortization	12,412,790
Total assets	22,066,966
Deferred Outflows of Resources	
Pension related deferred outflows	289,373
Liabilities	
Accounts payable	200,551
Accrued interest payable	5,162
Salaries and benefits payable	134,921
Due to other governments	17,106
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreement	276,897
General obligation bonds	135,000
Compensated absences	72,894
Portion due or payable after one year:	
Capital lease purchase agreement	643,312
General obligation bonds	1,750,000
Compensated absences	90,145
Net pension liability	1,156,251
Net OPEB liability	123,900
Total liabilities	4,606,139
Deferred Inflows of Resources	
Unavailable property tax revenue	2,862,000
Pension related deferred inflows	726,535
Total deferred inflows of resources	3,588,535
Net Position	
Net investment in capital assets	9,607,581
Restricted for:	
Supplemental levy purposes	191,044
Mental health purposes	377,614
Rural services purposes	353,529
Secondary roads purposes	3,077,082
Public safety and legal services	712,386
Other purposes	136,617
Unrestricted	(294,188)
Total net position	\$ 14,161,665

See notes to financial statements.

Ringgold County

Statement of Activities

Year ended June 30, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Contributions and Restricted Interest	Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,250,711	322,442	111,153	-	(817,116)
Physical health and social services	918,579	629,200	266,937	-	(22,442)
Mental health	351,084	-	278,013	-	(73,071)
County environment and education	251,290	6,768	49,563	-	(194,959)
Roads and transportation	3,389,714	32,025	2,690,182	980,012	312,505
Governmental services to residents	258,459	106,279	474	-	(151,706)
Administration	902,772	14,361	2,238	-	(886,173)
Non-program	11,861	-	-	-	(11,861)
Interest on long-term debt	65,284	-	-	-	(65,284)
Total	\$ 7,399,754	1,111,075	3,398,560	980,012	(1,910,107)
General Revenues:					
Property and other county tax levied for general purposes					2,837,988
Penalty and interest on property tax					24,566
State tax credits					187,722
Local option sales tax					230,466
Unrestricted investment earnings					13,280
Miscellaneous					6,020
Total general revenues					3,300,042
Change in net position					1,389,935
Net position beginning of year, as restated					12,771,730
Net position end of year					\$ 14,161,665

See notes to financial statements.

Ringgold County
Balance Sheet
Governmental Funds

June 30, 2015

	General	Special Mental Health
Assets		
Cash, cash equivalents and pooled investments	\$ 1,362,047	254,152
Cash held by health plan trustee	53,012	-
Receivables:		
Property tax:		
Delinquent	255	33
Succeeding year	1,789,000	221,000
Interest and penalty on property tax	206	-
Accounts	4,993	-
Due from other governments	141,953	-
Inventories	-	-
Prepaid expenditures	49,963	-
	\$ 3,401,429	475,185
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 25,796	9,240
Salaries and benefits payable	83,301	639
Due to other governments	14,001	88
	Total liabilities	123,098
		9,967
Deferred inflows of resources:		
Unavailable revenue:		
Succeeding year property tax	1,789,000	221,000
Other	461	33
	Total deferred inflows of resources	1,789,461
		221,033
Fund balances:		
Nonspendable:		
Inventories	-	-
Prepaid expenditures	49,963	-
Restricted for:		
Supplemental levy purposes	202,089	-
Mental health purposes	142,782	244,185
Rural services purposes	-	-
Secondary roads purposes	-	-
Conservation land acquisition	4,043	-
Public safety and legal services	69,004	-
Other purposes	-	-
Unassigned	1,020,989	-
	Total fund balances	1,488,870
		244,185
	\$ 3,401,429	475,185
		475,185

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
364,372	2,934,437	736,627	5,651,635
-	-	-	53,012
27	-	-	315
852,000	-	-	2,862,000
-	-	-	206
-	36	1,193	6,222
-	473,734	45,862	661,549
-	369,274	-	369,274
-	-	-	49,963
1,216,399	3,777,481	783,682	9,654,176
282	162,804	2,429	200,551
4,792	46,189	-	134,921
-	2,882	135	17,106
5,074	211,875	2,564	352,578
852,000	-	-	2,862,000
27	233,267	-	233,788
852,027	233,267	-	3,095,788
-	369,274	-	369,274
-	-	-	49,963
-	-	-	202,089
-	-	-	386,967
359,298	-	-	359,298
-	2,963,065	-	2,963,065
-	-	-	4,043
-	-	648,544	717,548
-	-	132,574	132,574
-	-	-	1,020,989
359,298	3,332,339	781,118	6,205,810
1,216,399	3,777,481	783,682	9,654,176

Ringgold County

Ringgold County

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

June 30, 2015

Total governmental fund balances (page 21) \$ 6,205,810

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$18,304,371 and the accumulated depreciation/amortization is \$5,891,581. 12,412,790

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. 233,788

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	\$ 289,373	
Deferred inflows of resources	(726,535)	(437,162)

Long-term liabilities, including a capital lease purchase agreement 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. (4,253,561)

Net position of governmental activities (page 18) \$ 14,161,665

See notes to financial statements.

Ringgold County

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

Year ended June 30, 2015

	General	Special Mental Health
Revenues:		
Property and other county tax	\$ 1,765,509	225,714
Local option sales tax	-	-
Interest and penalty on property tax	24,531	-
Intergovernmental	859,903	16,350
Licenses and permits	4,510	-
Charges for service	659,790	-
Use of money and property	19,875	-
Miscellaneous	208,833	-
Total revenues	3,542,951	242,064
Expenditures:		
Operating:		
Public safety and legal services	998,039	-
Physical health and social services	916,476	-
Mental health	229,653	117,995
County environment and education	240,976	-
Roads and transportation	-	-
Governmental services to residents	259,063	-
Administration	905,990	-
Non-program	10,995	-
Debt service	-	-
Total expenditures	3,561,192	117,995
Excess (deficiency) of revenues over (under) expenditures	(18,241)	124,069
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(46,539)	-
Total other financing sources (uses)	(46,539)	-
Change in fund balances	(64,780)	124,069
Fund balances beginning of year	1,553,650	120,116
Fund balances end of year	\$ 1,488,870	244,185

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
846,615	-	-	2,837,838
-	-	230,466	230,466
-	-	-	24,531
44,779	3,280,423	118,636	4,320,091
-	650	-	5,160
-	-	33,005	692,795
-	-	6	19,881
-	15,918	28,825	253,576
891,394	3,296,991	410,938	8,384,338
124,006	-	78,631	1,200,676
-	-	20,054	936,530
-	-	-	347,648
43,986	-	-	284,962
-	3,133,951	-	3,133,951
-	-	2,683	261,746
-	-	-	905,990
-	-	-	10,995
-	-	195,555	195,555
167,992	3,133,951	296,923	7,278,053
723,402	163,040	114,015	1,106,285
-	716,095	2,043	718,138
(669,556)	-	(2,043)	(718,138)
(669,556)	716,095	-	-
53,846	879,135	114,015	1,106,285
305,452	2,453,204	667,103	5,099,525
359,298	3,332,339	781,118	6,205,810

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, 2015

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

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

Expenditures for capital assets	\$ 128,229	
Capital assets contributed by the Iowa Department of Transportation	616,397	
Depreciation/amortization expense	(816,883)	(72,257)

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	150	
Other	(211,196)	(211,046)

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. 401,500

The current year County share of IPERS contributions is reported as expenditures in the governmental funds but is reported as deferred outflows of resources in the Statement of Net Position. 222,352

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	39,008	
Other postemployment benefits	(22,800)	
Pension expense	(73,378)	
Interest on long-term debt	271	(56,899)

Change in net position of governmental activities (page 19) \$ 1,389,935

See notes to financial statements.

Ringgold County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 609,986
Other County officials	17,649
Receivables:	
Succeeding year property tax	7,024,000
Accounts	85,572
Due from other governments	21,568
Total assets	7,758,775

Liabilities

Accounts payable	51,817
Salaries and benefits payable	8,903
Due to other governments	46,689
Trusts payable	6,912
Compensated absences	7,758,775
Total liabilities	7,873,096

Net position	\$ -
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See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2015

(1) Summary of Significant Accounting Policies

Ringgold County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Ringgold County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: County Assessor's Conference Board, County Emergency Management Commission and County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, 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/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net 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, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value.

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

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

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

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and 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 and contributions from the County after the measurement date but before the end of the County’s reporting period.

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, 2015. 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.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and 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 the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2015, disbursements exceeded the amount budgeted in the debt service function prior to adoption of a budget amendment. In addition, disbursements in certain departments exceeded the amounts appropriated before amendment.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015 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. 3, as amended by Statement No. 40.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue:		
Secondary Roads	General	\$ 46,539
	Special Revenue:	
	Rural Services	669,556
Sherriff's Commissary	Special Revenue:	
	Civil Service Commission	2,043
Total		<u>\$ 718,138</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, 2015 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>End</u>
	<u>of Year</u>			<u>of Year</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 23,210	-	-	23,210
Construction in progress	210,395	616,397	(826,792)	-
Total capital assets not being depreciated/amortized	<u>233,605</u>	<u>616,397</u>	<u>(826,792)</u>	<u>23,210</u>
Capital assets being depreciated/amortized:				
Buildings	3,684,429	-	-	3,684,429
Improvements other than buildings	46,551	-	-	46,551
Equipment and vehicles	4,861,750	128,229	(17,323)	4,972,656
Infrastructure, road network	8,750,733	826,792	-	9,577,525
Total capital assets being depreciated/amortized	<u>17,343,463</u>	<u>955,021</u>	<u>(17,323)</u>	<u>18,281,161</u>
Less accumulated depreciation/amortization for:				
Buildings	793,649	77,051	-	870,700
Improvements other than buildings	16,195	1,550	-	17,745
Equipment and vehicles	2,636,243	319,966	(17,323)	2,938,886
Infrastructure, road network	1,645,934	418,316	-	2,064,250
Total accumulated depreciation/amortization	<u>5,092,021</u>	<u>816,883</u>	<u>(17,323)</u>	<u>5,891,581</u>
Total capital assets being depreciated/amortized, net	<u>12,251,442</u>	<u>138,138</u>	<u>-</u>	<u>12,389,580</u>
Governmental activities capital assets, net	<u>\$12,485,047</u>	<u>754,535</u>	<u>(826,792)</u>	<u>12,412,790</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 84,655
Mental health	11,332
County environment and education	16,733
Roads and transportation	680,600
Governmental services to residents	7,059
Administration	16,504
Total depreciation/amortization expense	<u>\$ 816,883</u>

During the year ended June 30, 2014, the County acquired six motor graders for Secondary Roads under a capital lease purchase agreement. The cost of the equipment was \$1,611,972 and the accumulated depreciation/amortization at June 30, 2015 was \$322,294.

(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, 2015 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 14,001
Special Revenue:		
Mental Health	Services	88
Secondary Roads	Services	2,882
Jail Local Option Sales Tax	Services	135
		<u>3,105</u>
Total for governmental funds		<u>\$ 17,106</u>
Agency:		
County Assessor	Collections	\$ 260,998
Schools		4,027,375
Community Colleges		213,931
Corporations		732,736
Townships		162,069
Auto License and Use Tax		136,102
County Hospital		1,197,947
All other		913,296
		<u>913,296</u>
Total for agency funds		<u>\$ 7,644,454</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Capital Lease</u>	<u>General</u>	<u>Compen-</u>	<u>Net</u>	<u>Net</u>	
	<u>Purchase</u>	<u>Obligation</u>	<u>sated</u>	<u>Pension</u>	<u>OPEB</u>	
	<u>Agreement</u>	<u>Bonds</u>	<u>Absences</u>	<u>Liability</u>	<u>Liability</u>	<u>Total</u>
Balance beginning						
of year, as restated	\$ 1,191,709	2,015,000	202,047	1,973,082	101,100	5,482,938
Increases	-	-	93,234	-	22,800	116,034
Decreases	271,500	130,000	132,242	816,831	-	1,350,573
Balance end of year	<u>\$ 920,209</u>	<u>1,885,000</u>	<u>163,039</u>	<u>1,156,251</u>	<u>123,900</u>	<u>4,248,399</u>
Due within one year	<u>\$ 276,897</u>	<u>135,000</u>	<u>72,894</u>	<u>-</u>	<u>-</u>	<u>484,791</u>

Capital Lease Purchase Agreement

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, 2015:

Year Ending June 30,	Amount
2016	\$ 293,015
2017	293,015
2018	293,015
2019	73,254
Total minimum lease payments	952,299
Less amount representing interest	32,090
Present value of net minimum lease payments	<u>\$ 920,209</u>

Payments for the capital lease purchase agreement totaled \$293,014 for the year ended June 30, 2015.

General Obligation Bonds Payable

A summary of the County's June 30, 2015 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued November 18, 2010			
	Interest Rates	Principal	Interest	Total
2016	2.50%	\$ 135,000	61,940	196,940
2017	2.75	135,000	58,565	193,565
2018	2.75	140,000	54,853	194,853
2019	2.85	145,000	51,002	196,002
2020	3.05	150,000	46,870	196,870
2021-2025	3.25-3.70	815,000	158,495	973,495
2026-2027	3.75-3.80	365,000	20,810	385,810
Total		<u>\$ 1,885,000</u>	<u>452,535</u>	<u>2,337,535</u>

During the year ended June 30, 2015, the County retired \$130,000 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, P.O. 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used 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 years of service greater than 22 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 - Effective July 1, 2012, as a result of a 2010 law change, the 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%. 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 2015, 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 9.88% of covered payroll for a total rate of 19.76%. Protection occupation members contributed 6.76% of covered payroll and the County contributed 10.14% for a total rate of 16.90%.

The County's contributions to IPERS for the year ended June 30, 2015 were \$222,352.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the County reported a liability of \$1,156,251 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the County's collective proportion was 0.0291548%, which was a decrease of 0.005209% from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$73,378. At June 30, 2015, 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	\$ 13,243	16,103
Changes of assumptions	53,778	14,023
Net difference between projected and actual earnings on pension plan investments	-	616,531
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	-	79,878
County contributions subsequent to the measurement date	222,352	-
Total	\$ 289,373	726,535

\$222,352 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, 2016. 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
2016	\$ (164,176)
2017	(164,176)
2018	(164,176)
2019	(164,176)
2020	(2,810)
Total	<u>\$ (659,514)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 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.

The actuarial assumptions used in the June 30, 2014 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
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<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 (asset):	\$ 2,565,167	\$1,156,251	\$ (31,928)

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 - At June 30, 2015, the County reported payables to IPERS of \$17,896 for legally required County contributions and \$12,645 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(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, 2015, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$22,700
Interest on net OPEB obligation	4,000
Adjustment to annual required contribution	<u>(3,900)</u>
Annual OPEB cost	22,800
Contributions made	<u>-</u>
Increase in net OPEB obligation	22,800
Net OPEB obligation beginning of year	<u>101,100</u>
Net OPEB obligation end of year	<u>\$123,900</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, 2015.

For the year ended June 30, 2015, 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
2013	\$ 25,700	0.00%	\$ 78,300
2014	22,800	0.00	101,100
2015	22,800	0.00	123,900

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$593,600, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$593,600. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,403,000 and the ratio of the UAAL to covered payroll was 24.7%. As of June 30, 2015, there were no trust fund assets.

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

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

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

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

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

(9) Risk Management

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 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 risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2015 were \$99,926.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risk exceeding \$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, 2015, no liability has been recorded in the County's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

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

The cash balance held by Employee Benefits System reported in the General Fund was \$53,012 at June 30, 2015.

(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, 2015, as follows:

Revenues:		
Property and other county tax		\$ 225,714
Intergovernmental:		
State tax credits	\$ 15,281	
Other	1,069	16,350
Total revenues		<u>242,064</u>
Expenditures:		
Services to persons with mental illness		83,358
General administration:		
Direct administration	13,430	
Purchased administration	58	
Distribution to regional fiscal agent	21,149	34,637
Total expenditures		<u>117,995</u>
Excess of revenues over expenditures		124,069
Fund balance beginning of year		<u>120,116</u>
Fund balance end of year		<u>\$ 244,185</u>

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB Statement No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 14,514,117
Net pension liability at June 30, 2014	(1,973,082)
Deferred outflows of resources related to prior year contributions made after the June 30, 2013 measurement date	<u>230,695</u>
Net position July 1, 2014, as restated	<u><u>\$ 12,771,730</u></u>

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, 2015

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 3,175,001	3,296,126	3,531,112	(356,111)
Interest and penalty on property tax	24,531	25,100	25,100	(569)
Intergovernmental	4,331,937	3,580,549	3,929,244	402,693
Licenses and permits	4,770	4,125	4,125	645
Charges for service	701,417	479,376	555,408	146,009
Use of money and property	18,052	15,200	16,699	1,353
Miscellaneous	91,053	165,330	206,124	(115,071)
Total receipts	8,346,761	7,565,806	8,267,812	78,949
Disbursements:				
Public safety and legal services	1,156,766	1,405,404	1,406,904	250,138
Physical health and social services	893,246	857,649	931,562	38,316
Mental health	340,113	527,328	527,328	187,215
County environment and education	261,692	267,747	277,121	15,429
Roads and transportation	2,860,223	3,013,998	3,013,998	153,775
Governmental services to residents	247,800	257,084	257,084	9,284
Administration	838,342	824,157	883,047	44,705
Non-program	10,994	11,000	11,000	6
Debt service	195,690	193,315	198,315	2,625
Capital projects	248,562	370,000	370,000	121,438
Total disbursements	7,053,428	7,727,682	7,876,359	822,931
Excess (deficiency) of receipts over (under) disbursements	1,293,333	(161,876)	391,453	901,880
Other financing sources, net	-	3,000	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,293,333	(158,876)	391,453	901,880
Balance beginning of year	4,411,314	3,472,239	3,472,239	939,075
Balance end of year	\$ 5,704,647	3,313,363	3,863,692	1,840,955

See accompanying independent auditor's report.

Ringgold County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2015

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 8,346,761	37,577	8,384,338
Expenditures	7,053,428	(224,625)	7,278,053
Net	1,293,333	(187,048)	1,106,285
Beginning fund balance	4,411,314	688,211	5,099,525
Ending fund balance	\$ 5,704,647	501,163	6,205,810

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2015

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, one budget amendment increased budgeted disbursements by \$148,677. The budget amendment is reflected in the final budgeted amounts.

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

During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function prior to adoption of the budget amendment. In addition, disbursements in certain departments exceeded the amounts appropriated prior to amendment.

Ringgold County

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

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.0291548%
County's collective proportionate share of the net pension liability (asset)	\$ 1,156
County's covered-employee payroll	\$ 2,524
County's collective proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.80%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Ringgold County

Schedule of County Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution	\$ 222	231	230	212
Contributions in relation to the statutorily required contribution	<u>(222)</u>	<u>(231)</u>	<u>(230)</u>	<u>(212)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered-employee payroll	\$ 2,462	2,524	2,572	2,516
Contributions as a percentage of covered-employee payroll	9.02%	9.15%	8.94%	8.43%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
188	174	161	147	138	131
<u>(188)</u>	<u>(174)</u>	<u>(161)</u>	<u>(147)</u>	<u>(138)</u>	<u>(131)</u>
-	-	-	-	-	-
2,552	2,506	2,454	2,365	2,294	2,192
7.37%	6.94%	6.56%	6.22%	6.02%	5.98%

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current 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.

In 2008, legislative action 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.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

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 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.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs, deputies and protection occupation members.

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

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

See accompanying independent auditor's report.

Supplementary Information

Ringgold County
 Combining Balance Sheet
 Nonmajor Governmental Funds

June 30, 2015

	County Recorder's Records Management	REAP	Public Health Estate	Jail Local Option Sales Tax	Civil Service Commission	K-9 Unit
Assets						
Cash, cash equivalents and pooled investments	\$ 1,652	84,699	9,909	540,677	4	14,525
Accounts receivable	-	-	-	339	-	-
Due from other governments	-	-	-	40,262	-	-
Total assets	\$ 1,652	84,699	9,909	581,278	4	14,525
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	-	-	1,929	-	-
Due to other governments	-	-	-	135	-	-
Total liabilities	-	-	-	2,064	-	-
Fund balances:						
Restricted for:						
Public safety and legal services	-	-	-	579,214	4	14,525
Other purposes	1,652	84,699	9,909	-	-	-
Total fund balances	1,652	84,699	9,909	579,214	4	14,525
Total liabilities and fund balances	\$ 1,652	84,699	9,909	581,278	4	14,525

See accompanying independent auditor's report.

Special Revenue								
Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Nature Center Trust	Public Health Endowment	Supplemental Environmental Projects	Total
14,621	189	7,693	16,732	15,212	23,214	-	7,500	736,627
854	-	-	-	-	-	-	-	1,193
-	-	-	-	-	-	5,600	-	45,862
15,475	189	7,693	16,732	15,212	23,214	5,600	7,500	783,682
500	-	-	-	-	-	-	-	2,429
-	-	-	-	-	-	-	-	135
500	-	-	-	-	-	-	-	2,564
14,975	189	7,693	16,732	15,212	-	-	-	648,544
-	-	-	-	-	23,214	5,600	7,500	132,574
14,975	189	7,693	16,732	15,212	23,214	5,600	7,500	781,118
15,475	189	7,693	16,732	15,212	23,214	5,600	7,500	783,682

Ringgold County

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

Year ended June 30, 2015

	County Recorder's Records Management	REAP	Public Health Estate	Jail Local Option Sales Tax	Civil Service Commission	K-9 Unit
Revenues:						
Local option sales tax	\$ -	-	-	230,466	-	-
Intergovernmental	-	11,249	-	99,887	-	-
Charges for service	1,508	-	-	-	-	-
Use of money and property	-	5	-	-	-	-
Miscellaneous	-	-	-	-	-	11
Total revenues	1,508	11,254	-	330,353	-	11
Expenditures:						
Operating:						
Public safety and legal services	-	-	-	54,009	36	-
Physical health and social services	-	-	20,054	-	-	-
Governmental services to residents	2,683	-	-	-	-	-
Debt service	-	-	-	195,555	-	-
Total expenditures	2,683	-	20,054	249,564	36	-
Excess (deficiency) of revenues over (under) expenditures	(1,175)	11,254	(20,054)	80,789	(36)	11
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,043)	-
Total other financing sources (uses)	-	-	-	-	(2,043)	-
Change in fund balances	(1,175)	11,254	(20,054)	80,789	(2,079)	11
Fund balances beginning of year	2,827	73,445	29,963	498,425	2,083	14,514
Fund balances end of year	\$ 1,652	84,699	9,909	579,214	4	14,525

See accompanying independent auditor's report.

Special Revenue								
Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Nature Center Trust	Public Health Endowment	Supplemental Environmental Projects	Total
-	-	-	-	-	-	-	-	230,466
-	-	-	-	-	-	-	7,500	118,636
9,870	-	10,800	3,944	6,883	-	-	-	33,005
-	-	-	-	1	-	-	-	6
-	-	-	-	-	23,214	5,600	-	28,825
9,870	-	10,800	3,944	6,884	23,214	5,600	7,500	410,938
9,873	1,921	10,759	650	1,383	-	-	-	78,631
-	-	-	-	-	-	-	-	20,054
-	-	-	-	-	-	-	-	2,683
-	-	-	-	-	-	-	-	195,555
9,873	1,921	10,759	650	1,383	-	-	-	296,923
(3)	(1,921)	41	3,294	5,501	23,214	5,600	7,500	114,015
2,043	-	-	-	-	-	-	-	2,043
-	-	-	-	-	-	-	-	(2,043)
2,043	-	-	-	-	-	-	-	-
2,040	(1,921)	41	3,294	5,501	23,214	5,600	7,500	114,015
12,935	2,110	7,652	13,438	9,711	-	-	-	667,103
14,975	189	7,693	16,732	15,212	23,214	5,600	7,500	781,118

Ringgold County
 Combining Schedule of Fiduciary Assets and Liabilities
 Agency Funds

June 30, 2015

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,104	78,745	54,375
Other County officials	17,649	-	-	-
Receivables:				
Succeeding year property tax	-	79,000	196,000	3,973,000
Accounts	-	-	-	-
Due from other governments	752	-	-	-
Total assets	\$ 18,401	80,104	274,745	4,027,375
Liabilities				
Accounts payable	\$ 778	-	459	-
Salaries and benefits payable	-	-	6,376	-
Due to other governments	10,589	80,104	260,998	4,027,375
Trusts payable	7,034	-	-	-
Compensated absences	-	-	6,912	-
Total liabilities	\$ 18,401	80,104	274,745	4,027,375

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Other	Total
2,931	12,736	2,069	136,102	16,947	304,977	609,986
-	-	-	-	-	-	17,649
211,000	720,000	160,000	-	1,181,000	504,000	7,024,000
-	-	-	-	-	85,572	85,572
-	-	-	-	-	20,816	21,568
<u>213,931</u>	<u>732,736</u>	<u>162,069</u>	<u>136,102</u>	<u>1,197,947</u>	<u>915,365</u>	<u>7,758,775</u>
-	-	-	-	-	50,580	51,817
-	-	-	-	-	2,527	8,903
213,931	732,736	162,069	136,102	1,197,947	822,603	7,644,454
-	-	-	-	-	39,655	46,689
-	-	-	-	-	-	6,912
<u>213,931</u>	<u>732,736</u>	<u>162,069</u>	<u>136,102</u>	<u>1,197,947</u>	<u>915,365</u>	<u>7,758,775</u>

Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year Ended June 30, 2015

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 14,852	78,272	244,501	3,871,061
Additions:				
Property and other county tax	-	80,178	198,901	4,048,650
E911 surcharge	-	-	-	-
State tax credits	-	5,664	12,693	279,512
Drivers license fees	-	-	-	-
Office fees and collections	166,358	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	13,972	-	-	-
Miscellaneous	-	-	847	-
Total additions	180,330	85,842	212,441	4,328,162
Deductions:				
Agency remittances:				
To other funds	63,197	-	-	-
To other governments	98,256	84,010	182,197	4,171,848
Trusts paid out	15,328	-	-	-
Total deductions	176,781	84,010	182,197	4,171,848
Balances end of year	\$ 18,401	80,104	274,745	4,027,375

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	Hospital	Other	Total
206,377	760,579	150,895	123,751	1,195,896	803,636	7,449,820
215,476	694,068	165,215	-	1,204,570	591,077	7,198,135
-	-	-	-	-	127,392	127,392
15,029	113,725	8,097	-	86,887	3,668	525,275
-	-	-	11,382	-	-	11,382
-	-	-	-	-	-	166,358
-	-	-	1,764,916	-	-	1,764,916
-	-	-	-	-	8,580	8,580
-	-	-	-	-	35,599	49,571
-	-	-	-	-	160,775	161,622
230,505	807,793	173,312	1,776,298	1,291,457	927,091	10,013,231
-	-	-	61,848	-	-	125,045
222,951	835,636	162,138	1,702,099	1,289,406	815,362	9,563,903
-	-	-	-	-	-	15,328
222,951	835,636	162,138	1,763,947	1,289,406	815,362	9,704,276
213,931	732,736	162,069	136,102	1,197,947	915,365	7,758,775

Ringgold County

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

For the Last Ten Years

	2015	2014	2013	2012
Revenues:				
Property and other county tax	\$ 2,837,838	2,703,566	2,581,133	3,129,305
Local option sales tax	230,466	226,837	224,611	290,821
Interest and penalty on property tax	24,531	26,313	26,438	26,580
Intergovernmental	4,320,091	4,133,756	5,038,423	4,773,717
Licenses and permits	5,160	4,610	5,613	6,680
Charges for service	692,795	758,571	716,704	543,814
Use of money and property	19,881	20,026	21,471	8,433
Miscellaneous	253,576	161,392	239,980	128,532
Total	\$ 8,384,338	8,035,071	8,854,373	8,907,882
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,200,676	1,174,204	1,317,511	1,349,881
Physical health and social services	936,530	896,133	985,391	1,179,005
Mental health	347,648	563,550	470,707	823,627
County environment and education	284,962	230,047	311,143	278,757
Roads and transportation	3,133,951	5,383,357	3,281,386	1,990,568
Governmental services to residents	261,746	246,865	249,057	260,265
Administration	905,990	804,890	608,423	610,429
Non-program	10,995	10,124	9,522	11,076
Debt service	195,555	193,315	196,940	194,690
Capital projects	-	-	-	1,534,527
Total	\$ 7,278,053	9,502,485	7,430,080	8,232,825

See accompanying independent auditor's report.

Modified Accrual Basis					
2011	2010	2009	2008	2007	2006
2,795,341	2,536,414	2,922,551	2,378,667	1,956,741	2,053,277
477,731	245,188	-	-	-	-
27,057	28,652	25,387	23,318	25,247	27,031
5,564,334	3,986,194	5,998,642	2,953,366	3,166,022	3,251,379
7,438	4,890	4,648	4,063	3,990	4,095
507,240	463,787	457,122	463,708	445,510	428,925
19,262	34,244	28,865	70,008	97,606	75,665
243,959	106,450	614,571	748,897	626,826	283,620
9,642,362	7,405,819	10,051,786	6,642,027	6,321,942	6,123,992
918,043	921,523	891,050	886,922	874,604	701,767
1,125,980	839,200	773,597	692,498	627,573	589,576
752,826	679,565	736,701	770,648	845,620	813,173
371,171	219,286	270,747	255,199	218,889	276,470
4,094,781	2,586,503	2,554,590	2,675,684	2,270,960	2,522,764
295,467	261,091	257,093	238,969	224,146	304,642
603,908	624,025	1,165,004	1,151,770	951,928	528,631
12,821	11,558	12,580	11,078	12,461	14,599
156,449	42,680	42,680	42,680	42,681	42,680
2,315,063	761,939	2,075,840	35,430	299,780	497,199
10,646,509	6,947,370	8,779,882	6,760,878	6,368,642	6,291,501

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, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 7, 2016.

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Ringgold County's Responses to the Findings


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

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 7, 2016

Ringgold County
 Schedule of Findings
 Year ended June 30, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

	<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, Sheriff, Recorder, Public Health, Engineer’s Office and Treasurer
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	Sheriff and Ag Extension
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	Recorder and Treasurer

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

Responses -

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

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

Sheriff – For Item 1, it is near impossible with current staff levels, but we will continue to look at ways to segregate duties as much as possible. For Item 2, the Auditor’s office will begin reviewing and signing off on the reconciliation of the civil and the garnishment accounts. This will be implemented and completed immediately.

Ringgold County
Schedule of Findings
Year ended June 30, 2015

Ag Extension – At this time we are unable to segregate duties with our current staffing levels. The Bank is willing to send bank statements directly to our bookkeeper. We will start that immediately. Our Council Treasurer will review and initial all bank reconciliation reports starting immediately.

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 Treasurer's Office for deposit, posting, and reconciliation by the Treasurer's/Auditor's Offices.

Treasurer – 1) The normal routine is for the two Deputies to process the mail daily. We will make an effort to have the Treasurer open the mail. If one person is absent we will have one person open the mail and the other person will process any mail transactions. 3) When checks are requested, one person will prepare the check and the other person will sign.

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

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

- (B) Financial Reporting – During the audit, we identified material capital asset additions which were not recorded. Adjustments were subsequently made by the County to properly report these amounts in the financial statements.

Recommendation – The County should implement procedures to ensure all capital asset additions are reported correctly.

Response – The Auditor will work with each Department Head to outline what constitutes a capital asset and request the necessary information be submitted to the Auditor's office upon purchase of each asset.

Conclusion – Response accepted.

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

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

Response – We will review our current method for accounting for receivables and add an additional report within the fiscal year to show monthly receivables for clients served.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings

Year ended June 30, 2015

- (D) Timesheets – The County E911 Coordinator does not prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted to the County Auditor’s office prior to the processing of payroll each pay period. The timesheets should be signed by the employee and supervisor prior to submission. The timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. For internal control, as well as for potential legal claims (payroll dispute/grievance), time sheets would provide an accurate record of hours worked.

Response – The Board of Supervisors is working with the E911 Board to ensure steps are taken to ensure timesheets are properly completed and submitted.

Conclusion – Response accepted.

- (E) Fringe Benefits not Included in Taxable Income – The vehicles provided to the County Engineer and the only full-time employee of the Conservation Department, which are used for commuting, are not 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 and the employee of the Conservation Department should be included as taxable income.

Response – The Auditor is currently working with the County Attorney to implement this requirement as soon as possible.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Ringgold County
Schedule of Findings
Year ended June 30, 2015

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the debt service function prior to adoption of the budget amendment. In addition, disbursements in the data processing and medical examiner departments exceeded the appropriation before amendment.

Recommendation – The County should amend the budget in accordance with Chapter 331.435 of the Code of Iowa before disbursements are allowed to exceed the budget.

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

Response – The Auditor will more closely monitor the budget on a bi-weekly basis to ensure budgeted amounts are not exceeded.

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.

Ringgold County
Schedule of Findings
Year ended June 30, 2015

- (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	\$1,100
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port a John Rentals	Portable toilet rental for County parks	570
Royce Dredge, County Supervisor, Owner of Dredge Feed Services	Fencing materials	240
Eric Dredge, Son of County Supervisor Royce Dredge and distributor for Tri States Carport	Carport purchase	4,640
Frank Gunsolley, Father of County Engineer Zach Gunsolley and owner of Diagonal Building Products	Playground maintenance	98

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 Eric Dredge, distributor for Tri States Carport Inc., and Gregg Cannon may represent conflicts of interest as the cumulative transactions with each were greater than \$1,500 and were not competitively bid.

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

Response – Moving forward we will ensure all departments seek competitive bids when a purchase is over \$1500 and involves a relative of a county official.

Conclusion – Response acknowledged. The County should consult legal counsel to determine the disposition of these matters.

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

Ringgold County

Schedule of Findings

Year ended June 30, 2015

(8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

(9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2015 for the County Extension Office did not exceed the amount budgeted

(10) Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the County to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The image of the back of each cancelled check was not obtained by the Recorder.

Recommendation – The County Recorder should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We have contacted the bank and the current bank statement does have copies of the cancelled checks.


Conclusion – Response accepted.

Ringgold County

Staff

This audit was performed by:

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