

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

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Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 19, 2019

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on Ringgold County, Iowa.

The County had local tax revenue of \$12,235,532 for the year ended June 30, 2018, which included \$756,592 in tax credits from the state. The County forwarded \$8,745,255 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,490,277 of the local tax revenue to finance County operations, a 3.1% increase over the prior year. Other revenues included charges for service of \$830,188, operating grants, contributions and restricted interest of \$4,052,787, local option sales tax of \$219,170, unrestricted investment earnings of \$33,454 and other general revenues of \$63,094.

Expenses for County operations for the year ended June 30, 2018 totaled \$8,276,861, a less than 1% decrease from the prior year. Expenses included \$4,101,529 for roads and transportation, \$1,259,051 for public safety and legal services and \$840,786 for administration.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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

**JUNE 30, 2018**

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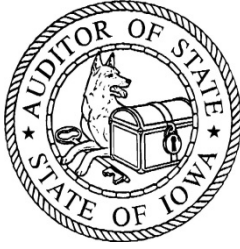
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**Ringgold County**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Paul Dykstra	Board of Supervisors	Jan 2019
Lyle Minnick	Board of Supervisors	Jan 2021
Kraig Pennington	Board of Supervisors	Jan 2021
Amanda Waske	County Auditor	Jan 2021
Debra Cannon	County Treasurer	Jan 2019
Kisha Martin	County Recorder	Jan 2019
Mike Sobotka	County Sheriff	(Resigned Nov 2018)
Rob Haley (Appointed Dec 2018)	County Sheriff	Nov 2020
Clint Spurrier	County Attorney	Jan 2019
Melinda England	County Assessor	Jan 2022

**Ringgold County**



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Rob Sand  
Auditor of State

Independent Auditor's Report

To the Officials of Ringgold County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2018, 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, 2018, 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 to the financial statements, Ringgold County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 9 through 15 and 48 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ringgold County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the five years ended June 30, 2013 (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 12, 2019 on our consideration of Ringgold County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ringgold County's internal control over financial reporting and compliance.



ROB SAND  
Auditor of State

March 12, 2019



**Ringgold County**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Ringgold County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2018 FINANCIAL HIGHLIGHTS**

- The County implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during fiscal year 2018. The beginning net position for governmental activities was restated by \$250,827 to retroactively report the increase in the OPEB liability as of July 1, 2017. OPEB expense for fiscal year 2017 and deferred outflows of resources at June 30, 2017 were not restated because the information needed to restate those amounts was not available.
- Revenues of the County's governmental activities increased 0.9%, or approximately \$77,000, from fiscal year 2017 to fiscal year 2018. Property tax increased approximately \$98,000 and operating grants, contributions and restricted interest decreased approximately \$56,000
- Program expenses of the County's governmental activities were less than 1%, or approximately \$13,000, less in fiscal year 2018 than in fiscal year 2017.
- The County's net position increased 2.9%, or approximately \$412,000, over the restated June 30, 2017 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 Changes in the County's Total OPEB Liability, Related Ratios and Notes.

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 \$14.552 million to approximately \$14.713 million. The analysis that follows focuses on the net position of governmental activities.

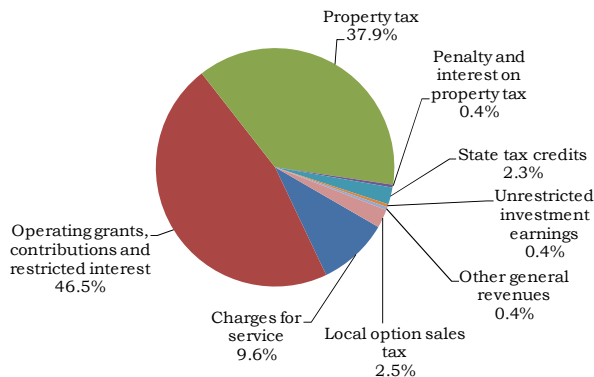
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2018	2017 (Not Restated)
Current and other assets	\$ 9,619	9,097
Capital assets	12,516	12,792
Total assets	22,135	21,889
Deferred outflows of resources	867	820
Long-term liabilities	4,397	4,476
Other liabilities	250	203
Total liabilities	4,647	4,679
Deferred inflows of resources	3,642	3,478
Net position:		
Net investment in capital assets	10,968	10,792
Restricted	4,785	4,660
Unrestricted	(1,040)	(900)
Total net position	\$ 14,713	14,552

Prior to restatement, the net position of Ringgold County's governmental activities increased 1.1% (approximately \$14.713 million compared to \$14.552 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 \$(900,000) at June 30, 2017 to approximately \$(1,040,000) at the end of this year, a decrease of 15.6%. This decrease is primarily due to the increase in the total OPEB liability.

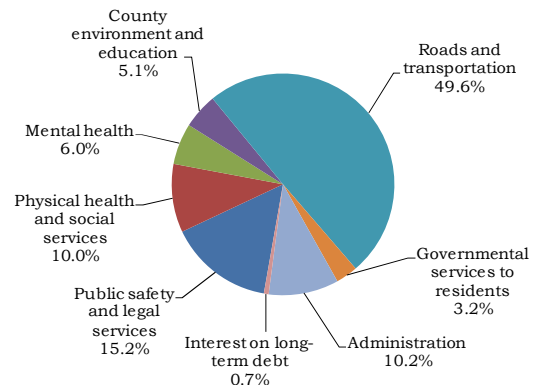
**Changes in Net Position of Governmental Activities**  
(Expressed in Thousands)

	Year ended June 30,	
	2018	2017 (Not Restated)
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for service	\$ 830	818
Operating grants, contributions and restricted interest	4,053	4,109
<b>General revenues:</b>		
Property tax	3,293	3,195
Penalty and interest on property tax	32	31
State tax credits	198	222
Local option sales tax	219	191
Unrestricted investment earnings	33	15
Other general revenues	31	31
<b>Total revenues</b>	<b>8,689</b>	<b>8,612</b>
<b>Program expenses:</b>		
Public safety and legal services	1,259	1,311
Physical health and social services	826	896
Mental health	500	540
County environment and education	421	150
Roads and transportation	4,101	4,283
Governmental services to residents	269	252
Administration	841	789
Interest on long-term debt	60	69
<b>Total expenses</b>	<b>8,277</b>	<b>8,290</b>
<b>Change in net position</b>	<b>412</b>	<b>322</b>
<b>Net position beginning of year, as restated</b>	<b>14,301</b>	<b>14,230</b>
<b>Net position end of year</b>	<b>\$ 14,713</b>	<b>14,552</b>

**Revenues by Source**



**Expenses by Program**



The County increased the County-wide property tax levy from \$8.05594 to \$8.67131 per \$1,000 of taxable valuation for fiscal year 2018. The rural services tax levy decreased from \$3.95 to \$3.20 per \$1,000 of taxable valuation. The taxable valuation of property increased 3.0%, or approximately \$8.6 million.

The cost of all governmental activities this year was approximately \$8.277 million compared to approximately \$8.290 million last year. Some of the cost was paid by those who directly benefited from the programs (approximately \$830,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,053,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased in fiscal year 2018 from approximately \$4,927,000 to approximately \$4,883,000.

### **INDIVIDUAL MAJOR FUND ANALYSIS**

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$5.6 million, an increase of approximately \$519,000 over last year's total of approximately \$5.1 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 7.7%, or approximately \$276,000, due primarily to an increase in property tax collections. Expenditures increased 1.7% compared to the prior year. The ending fund balance increased approximately \$324,000 over the prior year to approximately \$1,799,000.
- The Special Revenue, Mental Health Fund revenues totaled approximately \$200,000, a 17.1% decrease from the prior year. The decrease is due to a 16.7% decrease in property tax revenues. For the year, expenditures totaled approximately \$183,000, a decrease of 32.2% from the prior year. The Special Revenue, Mental Health Fund balance at year end increased approximately \$17,000 over the prior year to approximately \$297,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2018 with a balance of approximately \$338,000, a decrease of 10.6% compared to the June 30, 2017 balance of approximately \$378,000. Revenues decreased about 16.8% due to a decrease in property tax revenues. Expenditures decreased due to the sheriff deputies' salaries being expended out of the General Fund in fiscal year 2018.
- The Special Revenue, Secondary Roads Fund expenditures increased approximately \$235,000 over the prior year. The County received approximately \$276,000 of FEMA revenues from the State of Iowa and approximately \$216,000 in bridge replacement revenues in fiscal year 2018 and none of these revenues in fiscal year 2017. The Secondary Roads Fund ending balance increased approximately \$204,000, or 9.7%, over the prior year.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Ringgold County amended its budget one time. The budget amendment in March 2018 resulted in an increase of budgeted revenue for the intergovernmental, use of money and property and miscellaneous due to Huff property revenue and grant money received to offset projects in the Conservation Office. Disbursements were increased for physical health and social services, county environment and education and administration due to rent at Tingley and Mount Ayr meal sites for congregate meals, the courthouse lawn beautification project and community development.

Total disbursements were \$541,328 less than the amended budget. Actual disbursements for the public safety and legal services, mental health and capital projects functions were \$236,234, \$106,063 and \$87,354, respectively, less than budgeted. This was primarily due to disbursements being less than expected due to having fewer deputies than expected, as well as not spending as much as expected.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, Ringgold County had approximately \$12.5 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net decrease of approximately \$276,000, or 2.2%, from last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2018	2017
Land	\$ 23	23
Construction in progress	278	-
Buildings and improvements	3,181	3,275
Equipment and vehicles	2,302	2,457
Infrastructure	6,732	7,037
Total	\$ 12,516	12,792
This year's major additions included (in thousands):		
Weed commissioner equipment	\$ 40	
Secondary roads vehicle and equipment	181	
Sheriff equipment	15	
Total	\$ 236	

The County had depreciation expense of \$895,213 in fiscal year 2018 and total accumulated depreciation of \$8,187,369 at June 30, 2018. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

### Long-Term Debt

At June 30, 2018, Ringgold County had approximately \$1,548,000 of capital lease purchase agreement debt and general obligation bonds outstanding, compared to \$2,000,000 at June 30, 2017.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2018	2017
Capital lease purchase agreements	\$ 73	385
General obligation bonds	1,475	1,615
Total	\$ 1,548	2,000

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Ringgold County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$31.5 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

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

Ringgold County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget, tax rates and the fees charged for various County services. One of those factors is the economy. Unemployment in the County now stands at 2.9% versus 2.7% a year ago. This compares with the State's unemployment rate of 2.5% and the national rate of 4.2%.

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

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Ringgold County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ringgold County Auditor's Office, 109 West Madison Street, Mount Ayr, Iowa 50854.



**Ringgold County**

## **Basic Financial Statements**

Ringgold County  
Statement of Net Position  
June 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 5,000,066
Cash held by health plan trustee	71,252
Receivables:	
Property tax:	
Delinquent	1,235
Succeeding year	3,503,000
Interest and penalty on property tax	124
Accounts	70,376
Accrued interest	6,353
Due from other governments	620,981
Inventories	289,662
Prepaid expense	55,485
Capital assets, net of accumulated depreciation	12,516,209
<b>Total assets</b>	<b>22,134,743</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	867,450
<b>Liabilities</b>	
Accounts payable	187,428
Accrued interest payable	4,250
Salaries and benefits payable	58,079
Due to other governments	896
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	73,242
General obligation bonds	145,000
Compensated absences	91,520
Portion due or payable after one year:	
General obligation bonds	1,330,000
Compensated absences	64,846
Net pension liability	2,209,843
Total OPEB liability	482,190
<b>Total liabilities</b>	<b>4,647,294</b>
<b>Deferred Inflows of Resources</b>	
Unavailable property tax revenue	3,503,000
Pension related deferred inflows	139,078
<b>Total deferred inflows of resources</b>	<b>3,642,078</b>
<b>Net Position</b>	
Net investment in capital assets	10,967,967
Restricted for:	
Supplemental levy purposes	501,931
Mental health purposes	526,952
Rural services purposes	328,233
Secondary roads purposes	2,452,078
Public safety and legal services	132,163
Other purposes	843,932
Unrestricted	(1,040,435)
<b>Total net position</b>	<b>\$ 14,712,821</b>

See notes to financial statements.

Ringgold County  
Statement of Activities  
Year ended June 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety and legal services	\$ 1,259,051	293,765	100,708	(864,578)
Physical health and social services	825,614	327,522	176,834	(321,258)
Mental health	499,733	-	317,449	(182,284)
County environment and education	420,930	45,369	20,684	(354,877)
Roads and transportation	4,101,529	20,125	3,423,879	(657,525)
Governmental services to residents	269,437	108,651	13,233	(147,553)
Administration	840,786	34,756	-	(806,030)
Interest on long-term debt	59,781	-	-	(59,781)
	<u>\$ 8,276,861</u>	<u>830,188</u>	<u>4,052,787</u>	<u>(3,393,886)</u>
<b>General Revenues:</b>				
Property and other county tax levied for general purposes				3,292,645
Penalty and interest on property tax				31,879
State tax credits and replacements				197,632
Local option sales tax				219,170
Unrestricted investment earnings				33,454
Miscellaneous				31,215
Total general revenues				<u>3,805,995</u>
Change in net position				412,109
Net position beginning of year, as restated				<u>14,300,712</u>
Net position end of year				<u>\$ 14,712,821</u>

See notes to financial statements.

Ringgold County  
Balance Sheet  
Governmental Funds

June 30, 2018

	General	Special Mental Health
<b>Assets</b>		
Cash and pooled investments	\$ 1,636,112	297,649
Cash held by health plan trustee	71,252	-
Receivables:		
Property tax:		
Delinquent	1,088	53
Succeeding year	2,493,000	188,000
Interest and penalty on property tax	124	-
Accounts	69,061	-
Accrued interest	5,901	-
Due from other governments	39,275	-
Inventories	-	-
Prepaid expenditures	55,485	-
	<b>\$ 4,371,298</b>	<b>485,702</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable	\$ 42,338	507
Salaries and benefits payable	35,872	-
Due to other governments	216	462
	78,426	969
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	2,493,000	188,000
Other	1,212	53
	2,494,212	188,053
Fund balances:		
Nonspendable:		
Inventories	-	-
Prepaid expenditures	55,485	-
Restricted for:		
Supplemental levy purposes	446,195	-
Mental health purposes	-	296,680
Rural services purposes	-	-
Secondary roads purposes	-	-
Conservation land acquisition	4,043	-
Public safety and legal services	79,771	-
Other purposes	238,595	-
Unassigned	974,571	-
	1,798,660	296,680
	<b>\$ 4,371,298</b>	<b>485,702</b>

See notes to financial statements.

<u>Revenue</u>			
<u>Rural Services</u>	<u>Secondary Roads</u>	<u>Nonmajor</u>	<u>Total</u>
338,176	1,853,501	874,628	5,000,066
-	-	-	71,252
94	-	-	1,235
822,000	-	-	3,503,000
-	-	-	124
-	1,030	285	70,376
-	54	398	6,353
-	557,530	24,176	620,981
-	289,662	-	289,662
-	-	-	55,485
<u>1,160,270</u>	<u>2,701,777</u>	<u>899,487</u>	<u>9,618,534</u>
-	141,627	2,956	187,428
233	21,974	-	58,079
-	218	-	896
<u>233</u>	<u>163,819</u>	<u>2,956</u>	<u>246,403</u>
822,000	-	-	3,503,000
94	227,496	-	228,855
<u>822,094</u>	<u>227,496</u>	<u>-</u>	<u>3,731,855</u>
-	289,662	-	289,662
-	-	-	55,485
-	-	-	446,195
-	-	-	296,680
337,943	-	-	337,943
-	2,020,800	-	2,020,800
-	-	-	4,043
-	-	52,392	132,163
-	-	844,139	1,082,734
-	-	-	974,571
<u>337,943</u>	<u>2,310,462</u>	<u>896,531</u>	<u>5,640,276</u>
<u>1,160,270</u>	<u>2,701,777</u>	<u>899,487</u>	<u>9,618,534</u>

**Ringgold County**

Ringgold County

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

June 30, 2018

**Total governmental fund balances (page 21)** \$ 5,640,276

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$20,703,578 and the accumulated depreciation is \$8,187,369. 12,516,209

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. 228,855

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	\$ 867,450	
Deferred inflows of resources	<u>(139,078)</u>	728,372

Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (4,400,891)

**Net position of governmental activities (page 18)** \$ 14,712,821

See notes to financial statements.



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

Year ended June 30, 2018

		<u>Special</u>
	<u>General</u>	<u>Mental Health</u>
Revenues:		
Property and other county tax	\$ 2,330,061	187,570
Local option sales tax	-	-
Interest and penalty on property tax	32,971	-
Intergovernmental	916,297	12,373
Licenses and permits	390	-
Charges for service	500,014	-
Use of money and property	55,983	-
Miscellaneous	50,719	-
Total revenues	<u>3,886,435</u>	<u>199,943</u>
Expenditures:		
Operating:		
Public safety and legal services	1,049,913	-
Physical health and social services	785,546	-
Mental health	311,918	183,203
County environment and education	297,189	-
Roads and transportation	-	-
Governmental services to residents	285,148	-
Administration	833,028	-
Capital projects	-	-
Debt service	-	-
Total expenditures	<u>3,562,742</u>	<u>183,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>323,693</u>	<u>16,740</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Change in fund balances	323,693	16,740
Fund balances beginning of year	<u>1,474,967</u>	<u>279,940</u>
Fund balances end of year	<u>\$ 1,798,660</u>	<u>296,680</u>

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
774,570	-	-	3,292,201
-	-	219,170	219,170
-	-	-	32,971
31,727	3,658,194	98,891	4,717,482
-	2,040	-	2,430
-	-	10,449	510,463
-	207	6,390	62,580
-	23,341	12,576	86,636
<u>806,297</u>	<u>3,683,782</u>	<u>347,476</u>	<u>8,923,933</u>
-	-	126,595	1,176,508
-	-	11,492	797,038
-	-	-	495,121
91,586	-	-	388,775
-	3,623,125	-	3,623,125
-	-	-	285,148
-	-	-	833,028
-	318,517	-	318,517
-	293,015	195,103	488,118
<u>91,586</u>	<u>4,234,657</u>	<u>333,190</u>	<u>8,405,378</u>
<u>714,711</u>	<u>(550,875)</u>	<u>14,286</u>	<u>518,555</u>
-	754,780	-	754,780
<u>(754,780)</u>	-	-	<u>(754,780)</u>
<u>(754,780)</u>	<u>754,780</u>	-	-
(40,069)	203,905	14,286	518,555
<u>378,012</u>	<u>2,106,557</u>	<u>882,245</u>	<u>5,121,721</u>
<u>337,943</u>	<u>2,310,462</u>	<u>896,531</u>	<u>5,640,276</u>

Ringgold County

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

Year ended June 30, 2018

**Change in fund balances - Total governmental funds (page 25)** \$ 518,555

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

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

Expenditures for capital assets	\$ 619,280	
Depreciation expense	<u>(895,213)</u>	(275,933)

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	444	
Other	<u>(235,407)</u>	(234,963)

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. 452,105

The current year County IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 270,942

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	2,464	
OPEB expense	7,937	
Pension expense	(329,319)	
Interest on long-term debt	<u>321</u>	<u>(318,597)</u>

**Change in net position of governmental activities (page 19)** \$ 412,109

See notes to financial statements.

Ringgold County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2018

<b>Assets</b>	
Cash and pooled investments:	
County Treasurer	\$ 4,143,946
Other county officials	5,452
Receivables:	
Succeeding year property tax	8,282,000
Accrued interest	2,362
Accounts	17,526
Assessments	13,644
Due from other governments	49
<b>Total assets</b>	<b>\$ 12,464,979</b>
<b>Liabilities</b>	
Accounts payable	\$ 14,270
Salaries and benefits payable	5,030
Due to other governments	12,401,525
Trusts payable	25,648
Compensated absences	18,506
<b>Total liabilities</b>	<b>12,464,979</b>
<b>Net position</b>	<b>\$ -</b>

See notes to financial statements.

**Ringgold County**

Ringgold County

Notes to Financial Statements

June 30, 2018

**(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 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations: the Wayne, Ringgold and Decatur County Solid Waste Management Commission and the Southern Iowa Rural Water Association. The County acts as fiscal agent for the Wayne, Ringgold and Decatur County Solid Waste Management Commission and, accordingly, the Commission's activity is reported in the Agency Funds of the County.

B. Basis of Presentation

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

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

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

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

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, 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 Balance/Net Position

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

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

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred outflow of resources 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 becomes 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, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2017.

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.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected and remaining assessments which are payable but not yet due.

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

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

Capital Assets – Capital assets, which include property, furniture and equipment acquired after July 1, 1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense 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, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Ringgold County’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance – 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, 2018 disbursements in certain departments exceeded the amounts appropriated.

**(2) Cash and Pooled Investments**

The County's deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Special Revenue: Rural Services	<u>\$ 754,780</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, 2018 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 23,210	-	-	23,210
Construction in progress	-	278,454	-	278,454
Total capital assets not being depreciated	<u>23,210</u>	<u>278,454</u>	-	<u>301,664</u>
Capital assets being depreciated:				
Buildings	4,184,208	-	-	4,184,208
Improvements other than buildings	153,371	-	-	153,371
Equipment and vehicles	5,785,043	235,826	(25,000)	5,995,869
Infrastructure, road network	9,928,466	105,000	-	10,033,466
Infrastructure, other	35,000	-	-	35,000
Total capital assets being depreciated	<u>20,086,088</u>	<u>340,826</u>	<u>(25,000)</u>	<u>20,401,914</u>
Less accumulated depreciation for:				
Buildings	1,034,797	87,047	-	1,121,844
Improvements other than buildings	28,249	6,892	-	35,141
Equipment and vehicles	3,327,843	390,768	(25,000)	3,693,611
Infrastructure, road network	2,924,517	408,756	-	3,333,273
Infrastructure, other	1,750	1,750	-	3,500
Total accumulated depreciation	<u>7,317,156</u>	<u>895,213</u>	<u>(25,000)</u>	<u>8,187,369</u>
Total capital assets being depreciated, net	<u>12,768,932</u>	<u>(554,387)</u>	-	<u>12,214,545</u>
Governmental activities capital assets, net	<u>\$ 12,792,142</u>	<u>(275,933)</u>	-	<u>12,516,209</u>

Depreciation expense was charged to the following functions:

Governmental activities:		
Public safety and legal services		\$ 80,197
Mental health		13,075
County environment and education		36,046
Roads and transportation		742,707
Governmental services to residents		3,176
Administration		<u>20,012</u>
Total depreciation expense		<u>\$ 895,213</u>

The County has acquired six motor graders under capital lease purchase agreements. The cost of the equipment was \$1,611,972, and the accumulated depreciation at June 30, 2018 was \$805,986.

**(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, 2018 is as follows:

Fund	Description	Amount
General	Services	\$ 216
Special Revenue:		
Mental Health	Services	462
Secondary Roads	Services	<u>218</u>
Total for governmental funds		<u>\$ 896</u>
Agency:		
County Assessor	Collections	\$ 427,103
Schools		4,786,770
Community Colleges		282,306
Corporations		746,029
Townships		172,663
Auto License and Use Tax		140,789
County Hospital		1,227,703
WRD Landfill		3,352,431
All other		<u>1,265,731</u>
Total for agency funds		<u>\$ 12,401,525</u>

**(6) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Capital Lease Purchase Agreements	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year, as restated	\$ 385,347	1,615,000	158,830	2,077,295	490,127	4,726,599
Increases	-	-	143,873	132,548	-	276,421
Decreases	312,105	140,000	146,337	-	7,937	606,379
Balance end of year	\$ 73,242	1,475,000	156,366	2,209,843	482,190	4,396,641
Due within one year	\$ 73,242	145,000	91,520	-	-	309,762

Capital Lease Purchase Agreement for Motor Graders

On October 30, 2013, the County entered into a capital lease purchase agreement for six Caterpillar 140M2 motor graders for Secondary Roads with a historical cost of \$1,611,972. The following is a schedule of the future minimum lease payments, including interest at 1.97% per annum, and the present value of net minimum lease payments under the agreement in effect at June 30, 2018:

Year Ending June 30,	Amount
2019	\$ 73,254
Less amount representing interest	<u>12</u>
Present value of net minimum lease payments	<u>\$ 73,242</u>

Payments under the capital lease purchase agreement totaled \$288,016 for the year ended June 30, 2018.

General Obligation Bonds Payable

A summary of the County's June 30, 2018 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued November 18, 2010			
	Interest Rates	Principal	Interest	Total
2019	2.85%	\$ 145,000	51,002	196,002
2020	3.05	150,000	46,870	196,870
2021	3.25	150,000	42,295	192,295
2022	3.40	155,000	37,420	192,420
0223	3.50	165,000	32,160	197,160
2024-2028	3.60-3.80	710,000	67,440	777,440
Total		<u>\$ 1,475,000</u>	<u>277,187</u>	<u>1,752,187</u>

During the year ended June 30, 2018, the County retired \$140,000 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 PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

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

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

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

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

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

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



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

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

In fiscal year 2018, 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 9.38% of covered payroll for a total rate of 18.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County’s contributions to IPERS for the year ended June 30, 2018 were \$270,942.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the County reported a liability of \$2,209,843 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the County’s proportion was 0.033175%, which was an increase of 0.000167% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$329,319. At June 30, 2018, 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	\$ 27,287	28,863
Changes of assumptions	455,549	3,697
Net difference between projected and actual earnings on IPERS' investments	-	28,877
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	113,650	77,642
County contributions subsequent to the measurement date	270,942	-
Total	<u>\$ 867,428</u>	<u>139,079</u>

\$270,942 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, 2019. 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
2019	\$ 44,274
2020	208,190
2021	149,314
2022	23,552
2023	32,077
Total	<u>\$ 457,407</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

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
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$ 3,947,039	2,209,843	751,447

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](http://www.ipers.org).

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2018.

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

Plan Description – The County administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Ringgold County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>69</u>
Total	<u>71</u>

Total OPEB Liability – The County’s total OPEB liability of \$482,190 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	2.60% per annum.
Rates of salary increase (effective June 30, 2018)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2018)	3.87% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2018)	9.00% initial rate decreasing by .5% annually to an ultimate rate of 5.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.87% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$ 490,127
Changes for the year:	
Service cost	46,173
Interest	18,884
Differences between expected and actual experiences	(51,034)
Changes in assumptions	(4,189)
Benefit payments	<u>(17,771)</u>
Net changes	<u>(7,937)</u>
Total OPEB liability end of year	<u>\$ 482,190</u>

Changes of assumptions reflect a change in the discount rate from 3.58% in fiscal year 2017 to 3.87% in fiscal year 2018.

Sensitivity of the County’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 512,569	482,190	453,872

Sensitivity of the County's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (8.00%) or 1% higher (10.00%) than the current healthcare cost trend rates.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB liability	\$ 445,417	482,190	524,543

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2018, the County recognized OPEB expense of \$7,937. Under the alternative measurement method, all deferred outflows/inflows of resources related to OPEB are fully recognized immediately.

**(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 775 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2018 were \$111,122.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each

occurrence, each location. Property risk exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

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

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2018, no liability has been recorded in the County's financial statements. As of June 30, 2018, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

**(10) Employee Health Insurance Plan**

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

The cash balance held by Employee Benefits System and reported in the General Fund was \$71,252 at June 30, 2018.

**(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, 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, 2018, as follows:

Revenues:		
Property and other county tax		\$ 187,570
Intergovernmental:		
State tax credits		<u>12,373</u>
Total revenues		<u>199,943</u>
Expenditures:		
Services to persons with:		
Mental illness	\$ 46,376	
Intellectual disabilities	<u>66,152</u>	112,528
General administration:		
Distribution to regional fiscal agent		<u>70,675</u>
Total expenditures		<u>183,203</u>
Excess of expenditures over revenues		16,740
Fund balance beginning of year		<u>279,940</u>
Fund balance end of year		<u>\$ 296,680</u>

**(12) Accounting Change/Restatement**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized if the County had not chosen to use the alternative measurement method. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources, if applicable, are not reported. Beginning net position for governmental activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	<u>Governmental</u>
	<u>Activities</u>
Net position June 30, 2017, as previously reported	\$ 14,551,539
Net OPEB obligation measured under previous standards	239,300
Total OPEB liability at June 30, 2017	<u>(490,127)</u>
Net position July 1, 2017, as restated	<u>\$ 14,300,712</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, 2018

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
<b>Receipts:</b>				
Property and other county tax	\$ 3,614,934	3,693,867	3,652,574	37,640
Interest and penalty on property tax	32,971	24,100	24,100	(8,871)
Intergovernmental	4,601,187	4,250,065	4,273,558	(327,629)
Licenses and permits	2,500	4,700	4,700	2,200
Charges for service	509,810	558,253	558,253	48,443
Use of money and property	59,660	23,300	38,840	(20,820)
Miscellaneous	102,739	24,350	28,350	(74,389)
<b>Total receipts</b>	<b>8,923,801</b>	<b>8,578,635</b>	<b>8,580,375</b>	<b>(343,426)</b>
<b>Disbursements:</b>				
Public safety and legal services	1,174,597	1,410,831	1,410,831	236,234
Physical health and social services	800,958	876,019	878,899	77,941
Mental health	501,146	607,209	607,209	106,063
County environment and education	400,340	322,755	407,468	7,128
Roads and transportation	3,370,099	3,371,814	3,371,814	1,715
Governmental services to residents	275,814	284,186	284,186	8,372
Administration	837,569	842,089	854,089	16,520
Debt service	488,118	488,119	488,119	1
Capital projects	305,646	393,000	393,000	87,354
<b>Total disbursements</b>	<b>8,154,287</b>	<b>8,596,022</b>	<b>8,695,615</b>	<b>541,328</b>
Deficiency of receipts under disbursements	769,514	(17,387)	(115,240)	(884,754)
Balance beginning of year	4,301,804	3,210,744	3,210,744	(1,091,060)
Balance end of year	<b>\$ 5,071,318</b>	<b>3,193,357</b>	<b>3,095,504</b>	<b>(1,975,814)</b>

See accompanying independent auditor's report.

Ringgold County  
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2018

	Governmental Funds		
	Cash	Accrual	Modified
	Basis	Adjustments	Basis
Revenues	\$ 8,923,801	132	8,923,933
Expenditures	8,154,287	251,091	8,405,378
Net	769,514	(250,959)	518,555
Beginning fund balance	4,301,804	819,917	5,121,721
Ending fund balance	\$ 5,071,318	568,958	5,640,276

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2018

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 amendments increased budgeted disbursements by \$99,593. 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 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2018, disbursements did not exceed the amounts budgeted by function. However, disbursements in certain departments exceeded the amounts appropriated.

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Ringgold County

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

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

Required Supplementary Information

	2018	2017	2016	2015
County's proportion of the net pension liability	0.033175%	0.033008%	0.028354%	0.029155%
County's proportionate share of the net pension liability	\$ 2,210	2,077	1,401	1,156
County's covered payroll	\$ 2,883	2,770	2,462	2,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	76.66%	74.98%	56.90%	45.80%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

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Ringgold County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 271	262	252	222
Contributions in relation to the statutorily required contribution	<u>(271)</u>	<u>(262)</u>	<u>(252)</u>	<u>(222)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,974	2,883	2,770	2,462
Contributions as a percentage of covered payroll	9.11%	9.09%	9.10%	9.02%

See accompanying independent auditor's report.

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2014	2013	2012	2011	2010	2009
231	230	212	188	174	161
(231)	(230)	(212)	(188)	(174)	(161)
-	-	-	-	-	-
2,524	2,572	2,516	2,552	2,506	2,454
9.15%	8.94%	8.43%	7.37%	6.94%	6.56%

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

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

Changes of assumptions:

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

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

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

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Ringgold County

Schedule of Changes in the County's  
Total OPEB Liability, Related Ratios and Notes

For the Current Year  
Required Supplementary Information

	<u>2018</u>
Service cost	\$ 46,173
Interest cost	18,884
Difference between expected and actual experiences	(51,034)
Changes in assumptions	(4,189)
Benefit payments	<u>(17,771)</u>
Net change in total OPEB liability	<u>(7,937)</u>
Total OPEB liability beginning of year, as restated	<u>490,127</u>
Total OPEB liability end of year	<u>\$ 482,190</u>
Covered-employee payroll	\$ 2,907,736
Total OPEB liability as a percentage of covered-employee payroll	16.6%

**Notes to Schedule of Changes in the County's Total OPEB Liability and Related Ratios**

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%



**Ringgold County**

**Supplementary Information**

Ringgold County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2018

	Special			
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
<b>Assets</b>				
Cash and pooled investments	\$ 5,738	30,850	776,131	689
Accounts receivable	-	-	-	-
Accrued interest	-	1	397	-
Due from other governments	-	-	24,176	-
<b>Total assets</b>	<b>\$ 5,738</b>	<b>30,851</b>	<b>800,704</b>	<b>689</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	-	2,956	-
Fund balances:				
Restricted for:				
Public safety and legal services	-	-	-	689
Other purposes	5,738	30,851	797,748	-
Total fund balances	5,738	30,851	797,748	689
<b>Total liabilities and fund balances</b>	<b>\$ 5,738</b>	<b>30,851</b>	<b>800,704</b>	<b>689</b>

See accompanying independent auditor's report.

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Revenue

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Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Reserves	Nature Center Trust	Total
21,516	189	8,033	21,746	9,736	874,628
219	-	-	-	66	285
-	-	-	-	-	398
-	-	-	-	-	24,176
<u>21,735</u>	<u>189</u>	<u>8,033</u>	<u>21,746</u>	<u>9,802</u>	<u>899,487</u>
-	-	-	-	-	2,956
21,735	189	8,033	21,746	-	52,392
-	-	-	-	9,802	844,139
<u>21,735</u>	<u>189</u>	<u>8,033</u>	<u>21,746</u>	<u>9,802</u>	<u>896,531</u>
<u>21,735</u>	<u>189</u>	<u>8,033</u>	<u>21,746</u>	<u>9,802</u>	<u>899,487</u>

Ringgold County

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

Year ended June 30, 2018

			Special	
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
Revenues:				
Local option sales tax	\$ -	-	219,170	-
Intergovernmental	-	8,527	90,364	-
Charges for service	1,340	-	-	-
Use of money and property	-	3	6,385	-
Miscellaneous	-	-	-	419
Total revenues	<u>1,340</u>	<u>8,530</u>	<u>315,919</u>	<u>419</u>
Expenditures:				
Operating:				
Public safety and legal services	-	-	122,060	144
Physical health and social services	-	-	-	-
Debt service	-	-	195,103	-
Total expenditures	<u>-</u>	<u>-</u>	<u>317,163</u>	<u>144</u>
Excess (deficiency) of revenues over (under) expenditures	1,340	8,530	(1,244)	275
Fund balances beginning of year	<u>4,398</u>	<u>22,321</u>	<u>798,992</u>	<u>414</u>
Fund balances end of year	<u>\$ 5,738</u>	<u>30,851</u>	<u>797,748</u>	<u>689</u>

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Reserves	Nature Center Trust	Public Health Endowment	Total
-	-	-	-	-	-	219,170
-	-	-	-	-	-	98,891
8,229	-	650	230	-	-	10,449
-	-	-	2	-	-	6,390
-	-	-	-	4,007	8,150	12,576
8,229	-	650	232	4,007	8,150	347,476
4,358	-	-	33	-	-	126,595
-	-	-	-	-	11,492	11,492
-	-	-	-	-	-	195,103
4,358	-	-	33	-	11,492	333,190
3,871	-	650	199	4,007	(3,342)	14,286
17,864	189	7,383	21,547	5,795	3,342	882,245
21,735	189	8,033	21,746	9,802	-	896,531

Ringgold County

Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,128	219,350	55,770
Other County officials	5,452	-	-	-
Receivables:				
Succeeding year property tax	-	93,000	230,000	4,731,000
Accrued interest	-	-	-	-
Accounts	93	-	150	-
Assessments	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 5,545</b>	<b>94,128</b>	<b>449,500</b>	<b>4,786,770</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	3,730	-
Salaries and benefits payable	-	-	1,012	-
Due to other governments	3,888	94,128	427,103	4,786,770
Trusts payable	1,657	-	-	-
Compensated absences	-	-	17,655	-
<b>Total liabilities</b>	<b>\$ 5,545</b>	<b>94,128</b>	<b>449,500</b>	<b>4,786,770</b>

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
3,306	20,029	1,663	140,789	15,703	3,355,399	330,809	4,143,946
-	-	-	-	-	-	-	5,452
279,000	726,000	171,000	-	1,212,000	-	840,000	8,282,000
-	-	-	-	-	2,054	308	2,362
-	-	-	-	-	5,067	12,216	17,526
-	-	-	-	-	-	13,644	13,644
-	-	-	-	-	49	-	49
<b>282,306</b>	<b>746,029</b>	<b>172,663</b>	<b>140,789</b>	<b>1,227,703</b>	<b>3,362,569</b>	<b>1,196,977</b>	<b>12,464,979</b>
-	-	-	-	-	6,906	3,634	14,270
-	-	-	-	-	3,232	786	5,030
282,306	746,029	172,663	140,789	1,227,703	3,352,431	1,167,715	12,401,525
-	-	-	-	-	-	23,991	25,648
-	-	-	-	-	-	851	18,506
<b>282,306</b>	<b>746,029</b>	<b>172,663</b>	<b>140,789</b>	<b>1,227,703</b>	<b>3,362,569</b>	<b>1,196,977</b>	<b>12,464,979</b>



Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year Ended June 30, 2018

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year	\$ 9,169	88,986	398,734	4,418,846
Additions:				
Property and other county tax	-	92,025	227,346	4,685,957
911 surcharge	-	-	-	-
State tax credits	-	5,740	14,167	280,589
Office fees and collections	161,256	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	40,332	-	-	-
Miscellaneous	-	-	1,329	-
Total additions	201,588	97,765	242,842	4,966,546
Deductions:				
Agency remittances:				
To other funds	61,592	-	-	-
To other governments	103,496	92,623	192,076	4,598,622
Trusts paid out	40,124	-	-	-
Total deductions	205,212	92,623	192,076	4,598,622
Balances end of year	\$ 5,545	94,128	449,500	4,786,770

See accompanying independent auditor's report.

Community			Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
Colleges	Corporations	Townships					
260,874	794,688	171,760	148,491	1,238,105	3,133,337	1,138,674	11,801,664
275,975	683,662	172,107	-	1,199,047	-	850,176	8,186,295
-	-	-	-	-	-	129,587	129,587
16,818	148,664	6,990	-	79,881	-	6,111	558,960
-	-	-	-	-	-	-	161,256
-	-	-	1,754,235	-	-	-	1,754,235
-	-	-	-	-	-	30,026	30,026
-	-	-	-	-	-	-	40,332
-	900	-	-	-	788,157	225,557	1,015,943
292,793	833,226	179,097	1,754,235	1,278,928	788,157	1,241,457	11,876,634
-	-	-	62,373	-	-	-	123,965
271,361	881,885	178,194	1,699,564	1,289,330	558,925	1,080,540	10,946,616
-	-	-	-	-	-	102,614	142,738
271,361	881,885	178,194	1,761,937	1,289,330	558,925	1,183,154	11,213,319
282,306	746,029	172,663	140,789	1,227,703	3,362,569	1,196,977	12,464,979

Ringgold County

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

For the Last Ten Years

	2018	2017	2016	Modified 2015
<b>Revenues:</b>				
Property and other county tax	\$ 3,292,202	3,195,851	2,931,456	2,837,838
Local option sales tax	219,170	221,998	254,284	230,466
Interest and penalty on property tax	32,971	31,241	29,651	24,531
Intergovernmental	4,717,482	4,282,827	4,140,608	4,320,091
Licenses and permits	2,430	5,889	6,478	5,160
Charges for service	510,463	526,088	607,592	692,795
Use of money and property	62,580	41,584	43,008	19,881
Miscellaneous	86,636	226,260	265,610	253,576
<b>Total</b>	<b>\$ 8,923,934</b>	<b>8,531,738</b>	<b>8,278,687</b>	<b>8,384,338</b>
<b>Expenditures:</b>				
<b>Operating:</b>				
Public safety and legal services	\$ 1,176,508	1,219,348	1,178,873	1,200,676
Physical health and social services	797,038	876,562	908,686	936,530
Mental health	495,121	538,254	472,049	347,648
County environment and education	388,775	533,431	510,165	284,962
Roads and transportation	3,623,125	3,687,481	4,486,955	3,133,951
Governmental services to residents	285,148	269,699	331,843	261,746
Administration	833,028	814,989	791,547	905,990
Non-program	-	-	350,941	10,995
Debt service	488,118	19,423	-	195,555
Capital projects	318,517	486,580	489,955	-
<b>Total</b>	<b>\$ 8,405,378</b>	<b>8,445,767</b>	<b>9,521,014</b>	<b>7,278,053</b>

See accompanying independent auditor's report.

Accrual Basis					
2014	2013	2012	2011	2010	2009
2,703,566	2,581,133	3,129,305	2,795,341	2,536,414	2,922,551
226,837	224,611	290,821	477,731	245,188	-
26,313	26,438	26,580	27,057	28,652	25,387
4,133,756	5,038,423	4,773,717	5,564,334	3,986,194	5,998,642
4,610	5,613	6,680	7,438	4,890	4,648
758,571	716,704	543,814	507,240	463,787	457,122
20,026	21,471	8,433	19,262	34,244	28,865
161,392	239,980	128,532	243,959	106,450	614,571
8,035,071	8,854,373	8,907,882	9,642,362	7,405,819	10,051,786
1,174,204	1,317,511	1,349,881	918,043	921,523	891,050
896,133	985,391	1,179,005	1,125,980	839,200	773,597
563,550	470,707	823,627	752,826	679,565	736,701
230,047	311,143	278,757	371,171	219,286	270,747
5,383,357	3,281,386	1,990,568	4,094,781	2,586,503	2,554,590
246,865	249,057	260,265	295,467	261,091	257,093
804,890	608,423	610,429	603,908	624,025	1,165,004
10,124	9,522	11,076	12,821	11,558	12,580
193,315	196,940	194,690	156,449	42,680	42,680
-	-	1,534,527	2,315,063	761,939	2,075,840
9,502,485	7,430,080	8,232,825	10,646,509	6,947,370	8,779,882

**Ringgold County**



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

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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, 2018, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2019.

Internal Control Over Financial Reporting

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

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

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

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

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2018 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.



ROB SAND  
Auditor of State

March 12, 2019

Ringgold County  
 Schedule of Findings  
 Year ended June 30, 2018

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

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

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

	<u>Applicable Offices</u>
(1) One individual has control over opening and listing mail receipts, collecting, depositing, posting and daily reconciling of receipts.	Conservation Board, Ag Extension, County Sheriff, County Recorder, Engineer’s Office and County Treasurer
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	County Sheriff
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	County Recorder
(4) Garnishments collected are not reconciled or reviewed by an independent person.	County Sheriff
(5) The initial listing of mail receipts is not compared to receipts by an independent person.	County Sheriff

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



Ringgold County

Schedule of Findings

Year ended June 30, 2018

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

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

Responses –

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

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

Sheriff – Starting immediately only the Sheriff/Deputies will open mail and log any checks or cash that come into the Sheriff’s office.

We do not write checks from our office. The only account we physically deposit into is the garnishment account. Ringgold County Treasurer’s office has the check book. We will start a log with who took the money and when and to whom it is supposed to go to. The Sheriff will reconcile the garnishment account.

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

Engineer – The following procedures will be implemented and followed moving forward in order to meet the requirements for segregation of duties at the Ringgold Engineer’s Office: The Secondary Roads Office Manager will open and list mail receipts, while the collection and reconciliation of receipts with billing statements is completed with assistance from other office personnel and employees to ensure items are correctly identified with the budgeted account it is to be paid with. Before claims for accounts are turned into the County Auditor and County Treasurer to be completed they must be reviewed and signed off on by the County Engineer, Assistant to the Engineer, or the Roads Superintendent after the Office Manager has prepared them. The Ringgold County Board of Supervisors will then review and approve the claims before they are submitted to the County Auditor and Treasurer. Posting, depositing, and issuing checks then must be reviewed and completed by County Auditor and Treasurer.

Ringgold County

Schedule of Findings

Year ended June 30, 2018

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

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

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the County's financial statements.

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

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

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

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

Responses –

Engineer and County Auditor – With the loss of our engineer and secretary, the Department is now staffed with a full-time secretary and interim engineer. They are currently working to resolve the issues of inventory, creating practices to follow moving forward. The Secretary is working with the Road Superintendent to account for all inventory through a spreadsheet. Following each claims cycle, the spreadsheet will be updated accordingly. This will be the case with capital assets. Through accounts payable every other week, inventory and capital assets will be monitored and updated accordingly.

Conclusion – Responses accepted.

Ringgold County  
Schedule of Findings  
Year ended June 30, 2018

(C) Out of County Inmate Billings

Criteria – An effective internal control system provides for internal controls related to reconciling out of County inmate billings, collections and accounts receivable to ensure proper recording of receipts and the propriety of accounts receivable.

Condition – Amounts billed for out of County inmate billings were not reconciled to collections and accounts receivable and were not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented to reconcile out of County inmate billings, collections and accounts receivable. Also, policies have not been established to require independent review of the reconciliations.

Effect – Lack of adequate policies and procedures for reconciliation can result in unrecorded or misstated out of County inmate receipts.

Recommendation – The County should establish procedures to reconcile out of County inmate billings, collections and accounts receivable for each billing period. An independent person should review the reconciliations and monitor accounts receivable.

Response – Starting in January 2019, a dispatcher/jailer will be doing out of County inmates' billing. The Civil Clerk will log and receive said information, log when and to whom we bill, and when received.

Conclusion – Response accepted.

(D) Credit Card Expenditures

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

Condition – The County has a written credit card policy. The policy states all credit card statements must be immediately submitted for payment to avoid finance charges. All credit card bills must be accompanied by detailed itemized vendor receipts before being processed for payment. During fiscal year 2018, one Ringgold County Conservation Board and one County Sheriff's Office credit and charge account claims tested did not have adequate supporting documentation provided to the Board prior to payment. Upon request, the Conservation Office and Sheriff's Office provided the itemized invoices to the auditors.

Cause – Although policies and procedures have been established, the Conservation Department and Sheriff's Office have not consistently followed these policies.

Ringgold County  
Schedule of Findings  
Year ended June 30, 2018

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

Recommendation – Established policies and procedures should be followed by all departments. All disbursements should be supported by invoices or other supporting documentation.

Responses –

Conservation Board – The Conservation Board employs only one staff member. Due to the restraints of time from other duties, making copies of every invoice is not a productive or feasible use of time. The original invoices are kept at the Conservation Office and copies can and will be produced upon request. The Conservation Board has full spending authority per the Iowa Code and reviews these claims each month at the Conservation Board meeting. The Board of Supervisors has the ability to produce funding for more employees in the Conservation Department to help with the burden of duties, but has not allotted that funding at this time. Until that funding is supplies, the work load is simply too vast to allow time for this type of administrative work in this department.

County Sheriff – We will add any or all documentation in regard to credit/gas card use by officers or reserves.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Ringgold County  
 Schedule of Findings  
 Year ended June 30, 2018

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2018 did not exceed the amounts budgeted. However, disbursements in the social services department exceeded the amount appropriated for the fiscal year.

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

Response – With regards to the social services department, it is now set up to deny any claims entry if they will exceed the budget.

Conclusion – Response accepted.

- (2) Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (4) Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port A John Rentals	Portable toilet rental for County parks	\$ 1,130
Gregg Cannon, Husband of County Treasurer Debra Cannon owner of Cannon Sales and Service	Lawn mowing service and parts	24

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

- (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, 2018

- (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, 2018 for the County Extension Office did not exceed the amount budgeted.

- (10) Emergency Management – Disbursements during the year ended June 30, 2018 for the County Emergency Management Fund exceeded the amount budgeted prior to the budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before the disbursements were allowed to exceed the budget.

Response – The Department head is more closely tracking expenditures now on a monthly basis. Having completed her first year in the position, she is better aware of the proper procedures in monitoring the budget and preparing a budget amendment.

Conclusion – Response accepted.

Ringgold County

Staff

This audit was performed by:

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