



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

June 12, 2020

Contact: Marlys Gaston
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$9,263,296 for the year ended June 30, 2019, a 6.6% increase over the prior year. Expenses for County operations for the year ended June 30, 2019 totaled \$8,498,435, a 2.7% increase from the prior year. The increase in the revenues is due primarily to an increase in property tax revenues and asset contributions from the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 68 through 73 of this report. The findings address issues such as lack of segregation of duties, material amounts of inventory, capital asset additions and deletions, receivables and payables not properly recorded in the County's financial statements and disbursements exceeding budgeted amounts. Sand provided the County with recommendations to address each of these findings.

Three of the six findings discussed above are repeated from the prior year. The County Board of Supervisors and other elected officials have a fiduciary responsibility to provide oversight of the County's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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, 2019

Ringgold County



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Telephone (515) 281-5834 Facsimile (515) 281-6518

April 20, 2020

Officials of Ringgold County
Mount Ayr, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for Ringgold County for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of Ringgold County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand". The signature is stylized and cursive.

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Management’s Discussion and Analysis		8-14
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	16
Statement of Activities	B	17
Governmental Fund Financial Statements:		
Balance Sheet	C	18-19
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	F	24
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities – Agency Funds	G	25
Notes to Financial Statements		26-43
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds		46
Budget to GAAP Reconciliation		47
Notes to Required Supplementary Information – Budgetary Reporting		48
Schedule of the County’s Proportionate Share of the Net Pension Liability		49
Schedule of County Contributions		50-51
Notes to Required Supplementary Information – Pension Liability		52
Schedule of Changes in the County’s Total OPEB Liability, Related Ratios and Notes		53
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	56-57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	58-59
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	60-61
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	62-63
Schedule of Revenues by Source and Expenditures by Function – All Governmental Funds	5	64-65
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 <u>Government Auditing Standards</u>		66-67
Schedule of Findings		68-73
Staff		74

Ringgold County

Officials

(Before January 2019)

<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

(After January 2019)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Lyle Minnick	Board of Supervisors	Jan 2021
Kraig Pennington	Board of Supervisors	Jan 2021
Ron Landphair	Board of Supervisors	Jan 2023
Amanda Waske	County Auditor	Jan 2021
Debra Cannon	County Treasurer	Jan 2023
Kisha Martin	County Recorder	Jan 2023
Rob Haley (Appointed Dec 2018)	County Sheriff	Nov 2020
Clint Spurrier	County Attorney	Jan 2023
Melinda England	County Assessor	Jan 2022

Ringgold County



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Independent Auditor's Report

To the Officials of Ringgold County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ringgold County, Iowa, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 46 through 53 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.

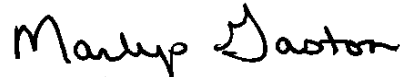
Supplementary Information

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 six years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2012 (which are not presented herein) were audited by other auditors who expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2020 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.



Marlys K. Gaston, CPA
Deputy Auditor of State

April 20, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ringgold County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2019 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 6.6%, or approximately \$574,000, from fiscal year 2018 to fiscal year 2019. Capital grants increased approximately \$298,000, property tax increased approximately \$226,000 and tax credits increased approximately \$73,000.
- Program expenses of the County's governmental activities increased 2.7%, or approximately \$221,000, over fiscal year 2018.
- The County's net position increased 5.2%, or approximately \$765,000, over the June 30, 2018 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 increased from a year ago, increasing from approximately \$14.713 million to approximately \$15.478 million. The analysis that follows focuses on the net position of governmental activities.

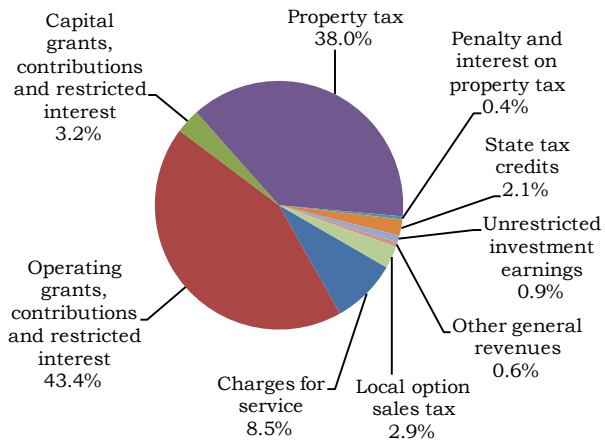
Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2019	2018
Current and other assets	\$ 9,885	9,619
Capital assets	12,703	12,516
Total assets	22,588	22,135
Deferred outflows of resources	795	867
Long-term liabilities	4,040	4,397
Other liabilities	212	250
Total liabilities	4,252	4,647
Deferred inflows of resources	3,653	3,642
Net position:		
Net investment in capital assets	11,374	10,968
Restricted	5,127	4,785
Unrestricted	(1,023)	(1,040)
Total net position	\$ 15,478	14,713

The net position of Ringgold County's governmental activities increased 5.2% (approximately \$15.478 million compared to \$14.713 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$(1,040,000) at June 30, 2018 to approximately \$(1,023,000) at the end of this year, an increase of 1.6%. This increase is primarily due to a decrease in the net pension liability.

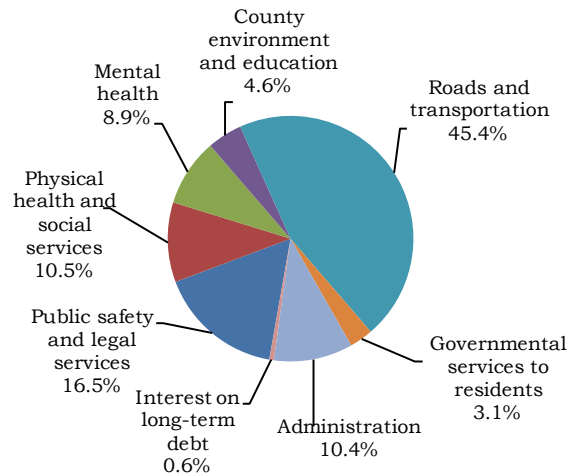
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2019	2018
Revenues:		
Program revenues:		
Charges for service	\$ 787	830
Operating grants, contributions and restricted interest	4,025	4,053
Capital grants, contributions and restricted interest	298	-
General revenues:		
Property tax	3,519	3,293
Penalty and interest on property tax	34	32
State tax credits	191	198
Local option sales tax	271	219
Unrestricted investment earnings	86	33
Other general revenues	52	31
Total revenues	9,263	8,689
Program expenses:		
Public safety and legal services	1,404	1,259
Physical health and social services	892	826
Mental health	754	500
County environment and education	393	421
Roads and transportation	3,857	4,101
Governmental services to residents	263	269
Administration	884	841
Interest on long-term debt	51	60
Total expenses	8,498	8,277
Change in net position	765	412
Net position beginning of year	14,713	14,301
Net position end of year	\$ 15,478	14,713

Revenues by Source



Expenses by Program



The County decreased the County-wide property tax levy from \$8.67131 to \$8.62806 per \$1,000 of taxable valuation for fiscal year 2019. The rural services tax levy remained at \$3.20 per \$1,000 of taxable valuation. The taxable valuation of property increased 7.1%, or approximately \$21.6 million. These changes resulted in an increase in property tax revenues of approximately \$226,000, or 6.9%.

The other significant change in revenues was in capital grants, contributions and restricted interest. These revenues increased due to contributions of infrastructure assets from the Iowa Department of Transportation (IDOT) during fiscal year 2019.

The cost of all governmental activities this year was approximately \$8.498 million compared to approximately \$8.277 million last year. Some of the cost was paid by those who directly benefited from the programs (approximately \$787,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$4,323,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2019 from approximately \$4,883,000 to approximately \$5,110,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$6.2 million, an increase of approximately \$561,000 over last year's total of approximately \$5.6 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 6.2%, or approximately \$241,000, due primarily to an increase in property tax collections. Expenditures increased 8.3% compared to the prior year. The ending fund balance increased approximately \$276,000 over the prior year to approximately \$2,074,000.
- The Special Revenue, Mental Health Fund revenues totaled approximately \$200,000, a .5% decrease from the prior year. For the year, expenditures totaled approximately \$411,000, an increase of 124.2% over the prior year, due to an increase in payments to the region fiscal agent resulting from changes in State of Iowa legislation requiring a reduction in fund balances carried forward. The Special Revenue, Mental Health Fund balance at year end decreased approximately \$212,000 from the prior year to approximately \$85,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2019 with a balance of approximately \$339,000, an increase of .4% compared to the June 30, 2018 balance of approximately \$338,000. Revenues increased about 7.6% due to an increase in property tax revenues. Expenditures and transfers out increased approximately 2.3% over fiscal year 2018.
- The Special Revenue, Secondary Roads Fund expenditures decreased approximately \$291,000 from the prior year due to the County paying \$ 278,000 for a culvert project in fiscal 2018. Revenues decreased 5.4%, or approximately \$197,000, due primarily to bridge replacement revenues received in fiscal year 2018 and none of these revenues in fiscal year 2019. The Secondary Roads Fund ending balance increased approximately \$357,000, or 15.5%, over the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget one time. The budget amendment in April 2019 resulted in an increase of budgeted revenue for the intergovernmental, use of money and property and miscellaneous. Disbursements were increased for public safety and legal services, physical health and social services, county environment and education and administration due to grants received for nature center exhibits and improvements and additional medical examiner costs.

Total disbursements were \$1,118,820 less than the amended budget. Actual disbursements for the capital projects, debt service and public safety and legal services functions were \$337,392, \$243,398 and \$154,171, respectively, less than budgeted. Disbursements being less than expected due in these functions were primarily due to capital projects not progressing as anticipated and having one less deputy than expected, as well as not spending as much as expected.

Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the roads and transportation function.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, Ringgold County had approximately \$12.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$188,000, or 1.5%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2019	2018
Land	\$ 23	23
Construction in progress	-	278
Buildings and improvements	2,975	3,181
Equipment and vehicles	2,364	2,302
Infrastructure	7,342	6,732
Total	<u>\$ 12,704</u>	<u>12,516</u>
This year's major additions included (in thousands):		
Sheriff equipment	45	
Secondary roads equipment	303	
Infrastructure assets contributed by the IDOT	298	
Total	<u>\$ 646</u>	

The County had depreciation expense of \$933,508 in fiscal year 2019 and total accumulated depreciation of \$8,891,653 at June 30, 2019. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2019, Ringgold County had approximately \$1,330,000 of capital lease purchase agreement debt and general obligation bonds outstanding, compared to \$1,548,000 at June 30, 2018.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2019	2018
Capital lease purchase agreements	\$ -	73
General obligation bonds	1,330	1,475
Total	<u>\$ 1,330</u>	<u>1,548</u>

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Ringgold County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$32.2 million. Additional information about the County's long-term debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Ringgold County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and the fees charged for various County services. One of those factors is the economy. Unemployment in the County now stands at 2.7% versus 2.9% a year ago. This compares with the State's unemployment rate of 2.4% and the national rate of 3.7%.

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.

Basic Financial Statements

Ringgold County
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash and pooled investments	\$ 5,431,635
Cash held by health plan trustee	111,055
Receivables:	
Property tax:	
Delinquent	1,095
Succeeding year	3,421,000
Interest and penalty on property tax	3,614
Accounts	27,811
Accrued interest	16,193
Due from other governments	433,992
Inventories	384,696
Prepaid expense	53,894
Capital assets, net of accumulated depreciation	12,703,548
Total assets	22,588,533
Deferred Outflows of Resources	
Pension related deferred outflows	794,711
Liabilities	
Accounts payable	130,639
Accrued interest payable	3,906
Salaries and benefits payable	72,443
Due to other governments	5,569
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	150,000
Compensated absences	116,506
Portion due or payable after one year:	
General obligation bonds	1,180,000
Compensated absences	20,179
Net pension liability	2,055,889
Total OPEB liability	517,239
Total liabilities	4,252,370
Deferred Inflows of Resources	
Unavailable property tax revenue	3,421,000
Pension related deferred inflows	232,192
Total deferred inflows of resources	3,653,192
Net Position	
Net investment in capital assets	11,373,548
Restricted for:	
Supplemental levy purposes	670,925
Mental health purposes	339,132
Rural services purposes	336,039
Secondary roads purposes	2,665,581
Public safety and legal services	134,800
Other purposes	980,996
Unrestricted	(1,023,339)
Total net position	\$ 15,477,682

See notes to financial statements.

Ringgold County
Statement of Activities
Year ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,404,095	232,103	135,222	-	(1,036,770)
Physical health and social services	892,239	388,195	209,339	-	(294,705)
Mental health	753,621	-	356,831	-	(396,790)
County environment and education	392,528	5,472	28,668	-	(358,388)
Roads and transportation	3,857,031	10,458	3,295,292	297,903	(253,378)
Governmental services to residents	263,132	118,572	40	-	(144,520)
Administration	884,519	32,118	-	-	(852,401)
Interest on long-term debt	51,270	-	-	-	(51,270)
	<u>\$ 8,498,435</u>	<u>786,918</u>	<u>4,025,392</u>	<u>297,903</u>	<u>(3,388,222)</u>
General Revenues:					
Property and other county tax levied for general purposes					3,518,339
Penalty and interest on property tax					34,145
State tax credits and replacements					191,340
Local option sales tax					271,033
Unrestricted investment earnings					86,281
Gain on disposal of capital assets					22,533
Miscellaneous					29,412
Total general revenues					<u>4,153,083</u>
Change in net position					764,861
Net position beginning of year					<u>14,712,821</u>
Net position end of year					<u>\$ 15,477,682</u>

See notes to financial statements.

Ringgold County
Balance Sheet
Governmental Funds

June 30, 2019

	General	Special Mental Health
Assets		
Cash and pooled investments	\$ 1,867,877	85,537
Cash held by health plan trustee	111,055	-
Receivables:		
Property tax:		
Delinquent	831	63
Succeeding year	2,397,000	188,000
Interest and penalty on property tax	3,614	-
Accounts	26,086	-
Accrued interest	9,940	-
Due from other governments	118,718	-
Inventories	-	-
Prepaid expenditures	53,894	-
Total assets	\$ 4,589,015	273,600
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 65,986	582
Salaries and benefits payable	46,077	-
Due to other governments	1,255	-
Total liabilities	113,318	582
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	2,397,000	188,000
Other	4,445	63
Total deferred inflows of resources	2,401,445	188,063
Fund balances:		
Nonspendable:		
Inventories	-	-
Prepaid expenditures	53,894	-
Restricted for:		
Supplemental levy purposes	616,712	-
Mental health purposes	262,342	84,955
Rural services purposes	-	-
Secondary roads purposes	-	-
Conservation land acquisition	4,043	-
Public safety and legal services	81,215	-
Other purposes	-	-
Unassigned	1,056,046	-
Total fund balances	2,074,252	84,955
Total liabilities, deferred inflows of resources and fund balances	\$ 4,589,015	273,600

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
342,836	2,129,832	1,005,553	5,431,635
-	-	-	111,055
201	-	-	1,095
836,000	-	-	3,421,000
-	-	-	3,614
-	725	1,000	27,811
-	-	6,253	16,193
-	291,588	23,686	433,992
-	384,696	-	384,696
-	-	-	53,894
<u>1,179,037</u>	<u>2,806,841</u>	<u>1,036,492</u>	<u>9,884,985</u>
-	62,239	1,832	130,639
520	25,846	-	72,443
<u>2,881</u>	<u>1,217</u>	<u>216</u>	<u>5,569</u>
<u>3,401</u>	<u>89,302</u>	<u>2,048</u>	<u>208,651</u>
836,000	-	-	3,421,000
201	49,798	-	54,507
<u>836,201</u>	<u>49,798</u>	<u>-</u>	<u>3,475,507</u>
-	384,696	-	384,696
-	-	-	53,894
-	-	-	616,712
-	-	-	347,297
339,435	-	-	339,435
-	2,283,045	-	2,283,045
-	-	-	4,043
-	-	53,585	134,800
-	-	980,859	980,859
-	-	-	1,056,046
<u>339,435</u>	<u>2,667,741</u>	<u>1,034,444</u>	<u>6,200,827</u>
<u>1,179,037</u>	<u>2,806,841</u>	<u>1,036,492</u>	<u>9,884,985</u>

Ringgold County

Ringgold County

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

June 30, 2019

Total governmental fund balances (page 19) \$ 6,200,827

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 \$21,595,201 and the accumulated depreciation is \$8,891,653. 12,703,548

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. 54,507

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	\$ 794,711	
Deferred inflows of resources	<u>(232,192)</u>	562,519

Long-term liabilities, including 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. (4,043,719)

Net position of governmental activities (page 16) \$ 15,477,682

See notes to financial statements.

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

Year ended June 30, 2019

		Special
	General	Mental Health
Revenues:		
Property and other county tax	\$ 2,494,105	187,731
Local option sales tax	-	-
Interest and penalty on property tax	31,168	-
Intergovernmental	922,248	11,229
Licenses and permits	-	-
Charges for service	556,414	-
Use of money and property	107,850	-
Miscellaneous	16,024	-
Total revenues	4,127,809	198,960
Expenditures:		
Operating:		
Public safety and legal services	1,251,203	-
Physical health and social services	859,264	-
Mental health	333,084	410,685
County environment and education	303,364	-
Roads and transportation	-	-
Governmental services to residents	254,600	-
Administration	857,458	-
Capital projects	-	-
Debt service	-	-
Total expenditures	3,858,973	410,685
Excess (deficiency) of revenues over (under) expenditures	268,836	(211,725)
Other financing sources (uses):		
Sale of capital assets	6,756	-
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	6,756	-
Change in fund balances	275,592	(211,725)
Fund balances beginning of year	1,798,660	296,680
Fund balances end of year	\$ 2,074,252	84,955

See notes to financial statements.

Revenue			
Rural Services	Secondary Roads	Nonmajor	Total
836,130	-	-	3,517,966
-	-	271,033	271,033
-	-	-	31,168
31,381	3,472,990	127,751	4,565,599
-	1,670	-	1,670
-	-	8,477	564,891
-	56	11,982	119,888
1	11,905	17,063	44,993
867,512	3,486,621	436,306	9,117,208
-	-	95,029	1,346,232
-	-	7,112	866,376
-	-	-	743,769
52,045	-	-	355,409
-	3,823,123	-	3,823,123
-	-	-	254,600
-	-	-	857,458
-	46,590	-	46,590
-	73,604	196,252	269,856
52,045	3,943,317	298,393	8,563,413
815,467	(456,696)	137,913	553,795
-	-	-	6,756
-	813,975	-	813,975
(813,975)	-	-	(813,975)
(813,975)	813,975	-	6,756
1,492	357,279	137,913	560,551
337,943	2,310,462	896,531	5,640,276
339,435	2,667,741	1,034,444	6,200,827

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, 2019

Change in fund balances - Total governmental funds (page 23) \$ 560,551

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. Capital outlay expenditures and contributed assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 807,167	
Capital assets contributed by the Iowa Department of Transportation	297,903	
Depreciation expense	<u>(933,508)</u>	171,562

In the Statement of Activities, the gain on the disposition of capital assets is reported whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. 15,777

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	3,350	
Other	<u>(177,698)</u>	(174,348)

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. 218,242

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. 299,233

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	19,681	
OPEB expense	(35,049)	
Pension expense	(311,132)	
Interest on long-term debt	<u>344</u>	<u>(326,156)</u>

Change in net position of governmental activities (page 17) \$ 764,861

See notes to financial statements.

Ringgold County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

Assets

Cash and pooled investments:

County Treasurer	\$ 4,408,369
Other county officials	8,383

Receivables:

Succeeding year property tax	8,935,000
Accrued interest	723
Accounts	25,406
Assessments	13,894

Due from other governments	2,881
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Total assets	\$ 13,394,656
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Liabilities

Accounts payable	\$ 52,931
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Salaries and benefits payable	8,869
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Due to other governments	13,297,520
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Trusts payable	32,638
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Compensated absences	2,698
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Total liabilities	13,394,656
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Net position	\$ -
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See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2019

(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.

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 have 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2018 through June 30, 2019 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2018.

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.

<u>Asset Class</u>	<u>Amount</u>
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:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
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, 2019. 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 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, 2019 disbursements exceeded the amount budgeted in the roads and transportation function and in one department exceeded the amount appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2019 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 investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$3,841,012. There is no limitation or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Special Revenue: Rural Services	<u>\$ 813,975</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, 2019 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,210	-	-	23,210
Construction in progress	278,454	774,423	(1,052,877)	-
Total capital assets not being depreciated	301,664	774,423	(1,052,877)	23,210
Capital assets being depreciated:				
Buildings	4,184,208	-	-	4,184,208
Improvements other than buildings	153,371	-	-	153,371
Equipment and vehicles	5,995,869	347,619	(230,419)	6,113,069
Infrastructure, road network	10,033,466	1,052,877	-	11,086,343
Infrastructure, other	35,000	-	-	35,000
Total capital assets being depreciated	20,401,914	1,400,496	(230,419)	21,571,991
Less accumulated depreciation for:				
Buildings	1,121,844	87,047	-	1,208,891
Improvements other than buildings	35,141	6,891	-	42,032
Equipment and vehicles	3,693,611	396,680	(229,224)	3,861,067
Infrastructure, road network	3,333,273	441,140	-	3,774,413
Infrastructure, other	3,500	1,750	-	5,250
Total accumulated depreciation	8,187,369	933,508	(229,224)	8,891,653
Total capital assets being depreciated, net	12,214,545	466,988	(1,195)	12,680,338
Governmental activities capital assets, net	\$ 12,516,209	1,241,411	(1,054,072)	12,703,548

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 84,081
Mental health	9,245
County environment and education	34,653
Roads and transportation	782,341
Governmental services to residents	3,176
Administration	<u>20,012</u>
Total depreciation expense	<u>\$ 933,508</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2019 is as follows:

Fund	Description	Amount
General	Services	\$ 1,255
Special Revenue:		
Rural Services	Services	2,881
Secondary Roads	Services	1,217
Jail Local Option Sales Tax	Services	<u>216</u>
Total for governmental funds		<u>\$ 5,569</u>
Agency:		
County Assessor	Collections	\$ 518,771
Schools		5,081,593
Community Colleges		288,112
Corporations		878,502
Townships		180,954
Auto License and Use Tax		122,903
County Hospital		1,233,535
WRD Landfill		3,475,437
All other		<u>1,517,713</u>
Total for agency funds		<u>\$ 13,297,520</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Capital Lease Purchase Agreements	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 73,242	1,475,000	156,366	2,209,843	482,190	4,396,641
Increases	-	-	69,866	-	35,049	104,915
Decreases	<u>73,242</u>	<u>145,000</u>	<u>89,547</u>	<u>153,954</u>	<u>-</u>	<u>461,743</u>
Balance end of year	<u>\$ -</u>	<u>1,330,000</u>	<u>136,685</u>	<u>2,055,889</u>	<u>517,239</u>	<u>4,039,813</u>
Due within one year	<u>\$ -</u>	<u>150,000</u>	<u>116,506</u>	<u>-</u>	<u>-</u>	<u>266,506</u>

General Obligation Bonds Payable

A summary of the County’s June 30, 2019 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued November 18, 2010			
	Interest Rates	Principal	Interest	Total
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
2023	3.50	165,000	32,160	197,160
2024	3.60	170,000	26,375	196,375
2025-2027	3.70-3.80	540,000	41,065	581,065
Total		\$ 1,330,000	226,185	1,556,185

During the year ended June 30, 2019, the County retired \$145,000 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.

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 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.76% of covered payroll, for a total rate of 19.52%. Protection occupation members contributed 6.81% of covered payroll and the County contributed 10.21% of covered payroll, for a total rate of 17.02%.

The County's contributions to IPERS for the year ended June 30, 2019 were \$299,233.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the County reported a liability of \$2,055,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018, the County’s proportion was 0.032488%, which was a decrease of 0.000687% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$311,132. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,245	59,396
Changes of assumptions	363,253	58,668
Net difference between projected and actual earnings on IPERS' investments	-	75,368
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	114,980	38,760
County contributions subsequent to the measurement date	299,233	-
Total	<u>\$ 794,711</u>	<u>232,192</u>

\$299,233 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, 2020. 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
2020	\$ 173,675
2021	113,200
2022	(14,599)
2023	(5,672)
2024	(3,318)
Total	<u>\$ 263,286</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2018 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, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
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	\$ 3,873,414	2,055,888	531,599

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

Payables to IPERS – All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2019.

(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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>68</u>
Total	<u>70</u>

Total OPEB Liability – The County's total OPEB liability of \$517,239 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 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, 2019)	2.60% per annum.
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2019)	3.51% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2019)	8.50% 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 3.51% 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, 2019 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	\$ 482,190
Changes for the year:	
Service cost	48,299
Interest	19,974
Differences between expected and actual experiences	(15,310)
Changes in assumptions	11,067
Benefit payments	<u>(28,981)</u>
Net changes	<u>35,049</u>
Total OPEB liability end of year	<u>\$ 517,239</u>

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

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 (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease 2.51%	Discount Rate 3.51%	1% Increase 4.51%
Total OPEB liability	\$ 549,472	517,239	487,193

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 (7.5%) or 1% higher (9.5%) than the current healthcare cost trend rates.

	1% Decrease (7.5%)	Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
Total OPEB liability	\$ 473,213	517,239	568,276

OPEB Expense – For the year ended June 30, 2019, the County recognized OPEB expense of \$35,049. 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 778 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, 2019 were \$110,523.

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, 2019, no liability has been recorded in the County's financial statements. As of June 30, 2019, 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 \$111,055 at June 30, 2019.

(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, 2019, as follows:

Revenues:	
Property and other county tax	\$ 187,732
Intergovernmental:	
State tax credits	<u>11,228</u>
Total revenues	<u>198,960</u>
Expenditures:	
Services to persons with:	
Mental illness	20,520
General administration:	
Distribution to regional fiscal agent	<u>390,165</u>
Total expenditures	<u>410,685</u>
Excess of expenditures over revenues	(211,725)
Fund balance beginning of year	<u>296,680</u>
Fund balance end of year	<u>\$ 84,955</u>

(12) Subsequent Events

In October 2019, the County approved the issuance of \$1,330,000 of general obligation local option sales tax refunding bonds, series 2019A, to currently refund the local option sales tax bonds, series 2010.

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of Ringgold County, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the County's operations and finances.

(13) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

Ringgold County

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, 2019

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 3,910,406	3,878,264	3,878,264	(32,142)
Interest and penalty on property tax	31,168	24,100	24,100	(7,068)
Intergovernmental	4,512,202	4,852,048	4,897,527	385,325
Licenses and permits	520	-	-	(520)
Charges for service	532,520	575,861	575,861	43,341
Use of money and property	110,004	39,740	59,740	(50,264)
Miscellaneous	68,903	29,850	33,587	(35,316)
Total receipts	9,165,723	9,399,863	9,469,079	303,356
Disbursements:				
Public safety and legal services	1,336,738	1,485,909	1,490,909	154,171
Physical health and social services	854,002	959,053	959,395	105,393
Mental health	745,823	860,507	860,507	114,684
County environment and education	348,673	339,909	390,388	41,715
Roads and transportation	3,976,655	3,965,996	3,965,996	(10,659)
Governmental services to residents	262,755	276,217	276,217	13,462
Administration	837,241	949,505	956,505	119,264
Debt service	269,856	513,254	513,254	243,398
Capital projects	62,608	400,000	400,000	337,392
Total disbursements	8,694,351	9,750,350	9,813,171	1,118,820
Deficiency of receipts under disbursements	471,372	(350,487)	(344,092)	(815,464)
Balance beginning of year	5,071,318	3,095,504	3,095,504	(1,975,814)
Balance end of year	\$ 5,542,690	2,745,017	2,751,412	(2,791,278)

See accompanying independent auditor's report.

Ringgold County
Budgetary Comparison Schedule – Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2019

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 9,165,723	(48,515)	9,117,208
Expenditures	8,694,351	(130,938)	8,563,413
Net	471,372	82,423	553,795
Other financing sources, net	-	6,756	6,756
Beginning fund balance	5,071,318	568,958	5,640,276
Ending fund balance	\$ 5,542,690	658,137	6,200,827

See accompanying independent auditor's report.

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2019

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 \$62,821. 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, 2019, disbursements exceeded the amount budgeted for the roads and transportation function. In addition, disbursements in one department exceeded the amount appropriated.

Ringgold County

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

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

Required Supplementary Information

	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.032488%	0.033175%	0.033008%	0.028354%	0.029155%
County's proportionate share of the net pension liability	\$ 2,056	2,210	2,077	1,401	1,156
County's covered payroll	\$ 2,974	2,883	2,770	2,462	2,524
County's proportionate share of the net pension liability as a percentage of its covered payroll	69.13%	76.66%	74.98%	56.90%	45.80%
IPERS' net position as a percentage of the total pension liability	83.62%	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.

Ringgold County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 299	271	262	252
Contributions in relation to the statutorily required contribution	<u>(299)</u>	<u>(271)</u>	<u>(262)</u>	<u>(252)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 2,911	2,974	2,883	2,770
Contributions as a percentage of covered payroll	10.27%	9.11%	9.09%	9.10%

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
222	231	230	212	188	174
(222)	(231)	(230)	(212)	(188)	(174)
-	-	-	-	-	-
2,462	2,524	2,572	2,516	2,552	2,506
9.02%	9.15%	8.94%	8.43%	7.37%	6.94%

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2019

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 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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.

Ringgold County

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

For the Last Two Years
Required Supplementary Information

	2019	2018
Service cost	\$ 48,299	46,173
Interest cost	19,974	18,884
Difference between expected and actual experiences	(15,310)	(51,034)
Changes in assumptions	11,067	(4,189)
Benefit payments	(28,981)	(17,771)
Net change in total OPEB liability	35,049	(7,937)
Total OPEB liability beginning of year	482,190	490,127
Total OPEB liability end of year	\$ 517,239	482,190
Covered-employee payroll	\$ 3,241,397	2,907,736
Total OPEB liability as a percentage of covered-employee payroll	16.0%	16.6%

See accompanying independent auditor's report.

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, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	4.50%

Ringgold County

Supplementary Information

Ringgold County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

	County		Jail		Special
	Recorder's Records Management	REAP	Local Option Sales Tax	K-9 Unit	
Assets					
Cash and pooled investments	\$ 7,062	38,053	888,095	689	
Accounts receivable	-	-	-	-	
Accrued interest	-	12	6,233	-	
Due from other governments	-	-	23,686	-	
Total assets	\$ 7,062	38,065	918,014	689	
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	-	-	1,819	-	
Due to other governments	-	-	216	-	
Total liabilities	-	-	2,035	-	
Fund balances:					
Restricted for:					
Public safety and legal services	-	-	-	689	
Other purposes	7,062	38,065	915,979	-	
Total fund balances	7,062	38,065	915,979	689	
Total liabilities and fund balances	\$ 7,062	38,065	916,195	689	

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	Sheriff's Special	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Total
22,287	8,033	22,581	-	17,215	1,538	1,005,553
-	-	-	1,000	-	-	1,000
-	-	8	-	-	-	6,253
-	-	-	-	-	-	23,686
<u>22,287</u>	<u>8,033</u>	<u>22,589</u>	<u>1,000</u>	<u>17,215</u>	<u>1,538</u>	<u>1,036,492</u>
13	-	-	-	-	-	1,832
-	-	-	-	-	-	216
<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048</u>
22,274	8,033	22,589	-	-	-	53,585
-	-	-	1,000	17,215	1,538	980,859
<u>22,274</u>	<u>8,033</u>	<u>22,589</u>	<u>1,000</u>	<u>17,215</u>	<u>1,538</u>	<u>1,034,444</u>
<u>22,274</u>	<u>8,033</u>	<u>22,589</u>	<u>1,000</u>	<u>17,215</u>	<u>1,538</u>	<u>1,034,660</u>

Ringgold County

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

Year ended June 30, 2019

			Special	
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
Revenues:				
Local option sales tax	\$ -	-	271,033	-
Intergovernmental	-	7,136	120,615	-
Charges for service	1,324	-	-	-
Use of money and property	-	78	11,867	-
Miscellaneous	-	-	-	-
Total revenues	1,324	7,214	403,515	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	89,032	-
Physical health and social services	-	-	-	-
Debt service	-	-	196,252	-
Total expenditures	-	-	285,284	-
Excess (deficiency) of revenues over (under) expenditures	1,324	7,214	118,231	-
Fund balances beginning of year	5,738	30,851	797,748	689
Fund balances end of year	\$ 7,062	38,065	915,979	689

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	D A R E	Sheriff's Special	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Total
-	-	-	-	-	-	-	271,033
-	-	-	-	-	-	-	127,751
3,043	-	-	4,110	-	-	-	8,477
-	-	-	37	-	-	-	11,982
-	-	-	-	1,000	7,413	8,650	17,063
3,043	-	-	4,147	1,000	7,413	8,650	436,306
2,504	189	-	3,304	-	-	-	95,029
-	-	-	-	-	-	7,112	7,112
-	-	-	-	-	-	-	196,252
2,504	189	-	3,304	-	-	7,112	298,393
539	(189)	-	843	1,000	7,413	1,538	137,913
21,735	189	8,033	21,746	-	9,802	-	896,531
22,274	-	8,033	22,589	1,000	17,215	1,538	1,034,444

Ringgold County

Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2019

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash and pooled investments:				
County Treasurer	\$ -	1,041	290,220	50,593
Other County officials	8,383	-	-	-
Receivables:				
Succeeding year property tax	-	95,000	235,000	5,031,000
Accrued interest	-	-	-	-
Accounts	1,351	-	-	-
Assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 9,734	96,041	525,220	5,081,593
Liabilities				
Accounts payable	\$ -	-	1,426	-
Salaries and benefits payable	-	-	2,559	-
Due to other governments	9,042	96,041	518,771	5,081,593
Trusts payable	692	-	-	-
Compensated absences	-	-	2,464	-
Total liabilities	\$ 9,734	96,041	525,220	5,081,593

See accompanying independent auditor's report.

Community			Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
Colleges	Corporations	Townships					
3,112	7,502	1,954	122,903	13,535	3,477,535	439,974	4,408,369
-	-	-	-	-	-	-	8,383
285,000	871,000	179,000	-	1,220,000	-	1,019,000	8,935,000
-	-	-	-	-	-	723	723
-	-	-	-	-	18,152	5,903	25,406
-	-	-	-	-	-	13,894	13,894
-	-	-	-	-	2,881	-	2,881
288,112	878,502	180,954	122,903	1,233,535	3,498,568	1,479,494	13,394,656
-	-	-	-	-	18,179	33,326	52,931
-	-	-	-	-	4,952	1,358	8,869
288,112	878,502	180,954	122,903	1,233,535	3,475,437	1,412,630	13,297,520
-	-	-	-	-	-	31,946	32,638
-	-	-	-	-	-	234	2,698
288,112	878,502	180,954	122,903	1,233,535	3,498,568	1,479,494	13,394,656

Ringgold County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year Ended June 30, 2019

	Agricultural			
	County Offices	Extension Education	County Assessor	Schools
Assets and Liabilities				
Balances beginning of year	\$ 5,545	94,128	449,500	4,786,770
Additions:				
Property and other county tax	-	95,253	238,714	4,986,287
911 surcharge	-	-	-	-
State tax credits	-	5,578	13,779	287,199
Office fees and collections	198,695	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	245,234	-	-	-
Miscellaneous	-	-	-	-
Total additions	443,929	100,831	252,493	5,273,486
Deductions:				
Agency remittances:				
To other funds	61,859	-	-	-
To other governments	131,632	98,918	176,773	4,978,663
Trusts paid out	246,249	-	-	-
Total deductions	439,740	98,918	176,773	4,978,663
Balances end of year	\$ 9,734	96,041	525,220	5,081,593

See accompanying independent auditor's report.

Community			Auto License and Use Tax	Hospital	Wayne Ringgold Decatur Landfill	Other	Total
Colleges	Corporations	Townships					
282,306	746,029	172,663	140,789	1,227,703	3,362,569	1,196,977	12,464,979
284,688	856,171	182,323	-	1,220,164	-	1,040,129	8,903,729
-	-	-	-	-	-	239,079	239,079
16,668	126,741	6,334	-	72,500	-	6,570	535,369
-	-	-	-	-	-	-	198,695
-	-	-	1,794,340	-	-	-	1,794,340
-	-	-	-	-	-	13,881	13,881
-	-	-	-	-	-	-	245,234
-	-	-	-	-	830,089	215,885	1,045,974
301,356	982,912	188,657	1,794,340	1,292,664	830,089	1,515,544	12,976,301
-	-	-	66,648	-	-	-	128,507
295,550	850,439	180,366	1,745,578	1,286,832	694,090	1,040,546	11,479,387
-	-	-	-	-	-	192,481	438,730
295,550	850,439	180,366	1,812,226	1,286,832	694,090	1,233,027	12,046,624
288,112	878,502	180,954	122,903	1,233,535	3,498,568	1,479,494	13,394,656

Ringgold County

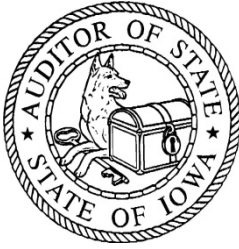
Schedule of Revenues by Source and Expenditures by Function –
All Governmental Funds

For the Last Ten Years

	2019	2018	2017	2016
Revenues:				
Property and other county tax	\$ 3,517,966	3,292,202	3,195,851	2,931,456
Local option sales tax	271,033	219,170	221,998	254,284
Interest and penalty on property tax	31,168	32,971	31,241	29,651
Intergovernmental	4,565,599	4,717,482	4,282,827	4,140,608
Licenses and permits	1,670	2,430	5,889	6,478
Charges for service	564,891	510,463	526,088	607,592
Use of money and property	119,888	62,580	41,584	43,008
Miscellaneous	44,993	86,636	226,260	265,610
Total	\$ 9,117,208	8,923,934	8,531,738	8,278,687
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,346,232	1,176,508	1,219,348	1,178,873
Physical health and social services	866,376	797,038	876,562	908,686
Mental health	743,769	495,121	538,254	472,049
County environment and education	355,409	388,775	533,431	510,165
Roads and transportation	3,823,123	3,623,125	3,687,481	4,486,955
Governmental services to residents	254,600	285,148	269,699	331,843
Administration	857,458	833,028	814,989	791,547
Non-program	46,590	-	-	350,941
Debt service	-	488,118	19,423	-
Capital projects	269,856	318,517	486,580	489,955
Total	\$ 8,563,413	8,405,378	8,445,767	9,521,014

See accompanying independent auditor's report.

2015	2014	2013	2012	2011	2010
2,837,838	2,703,566	2,581,133	3,129,305	2,795,341	2,536,414
230,466	226,837	224,611	290,821	477,731	245,188
24,531	26,313	26,438	26,580	27,057	28,652
4,320,091	4,133,756	5,038,423	4,773,717	5,564,334	3,986,194
5,160	4,610	5,613	6,680	7,438	4,890
692,795	758,571	716,704	543,814	507,240	463,787
19,881	20,026	21,471	8,433	19,262	34,244
253,576	161,392	239,980	128,532	243,959	106,450
8,384,338	8,035,071	8,854,373	8,907,882	9,642,362	7,405,819
1,200,676	1,174,204	1,317,511	1,349,881	918,043	921,523
936,530	896,133	985,391	1,179,005	1,125,980	839,200
347,648	563,550	470,707	823,627	752,826	679,565
284,962	230,047	311,143	278,757	371,171	219,286
3,133,951	5,383,357	3,281,386	1,990,568	4,094,781	2,586,503
261,746	246,865	249,057	260,265	295,467	261,091
905,990	804,890	608,423	610,429	603,908	624,025
10,995	10,124	9,522	11,076	12,821	11,558
195,555	193,315	196,940	194,690	156,449	42,680
-	-	-	1,534,527	2,315,063	761,939
7,278,053	9,502,485	7,430,080	8,232,825	10,646,509	6,947,370



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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, 2019, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 20, 2020.

Internal Control Over Financial Reporting

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

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (C) to be a 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, 2019 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.

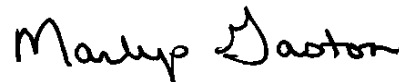
Ringgold County's Responses to the Findings

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.



Marlys K. Gaston, CPA
Deputy Auditor of State

April 20, 2020

Ringgold County
 Schedule of Findings
 Year ended June 30, 2019

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

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

Effect – Inadequate segregation of duties could adversely affect each County office’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.

Ringgold County

Schedule of Findings

Year ended June 30, 2019

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 – We will take turns doing daily responsibilities.

Sheriff – Sheriff, deputies and civil clerk will open mail. Sheriff and deputies will log all checks and cash that come through the mail at the sheriff's office.

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

Engineer – In FY20 the Secondary Roads department has implemented a system to correct the discussed internal control deficiency. The office manager processes all incoming mail. Any checks received are logged. The engineer or assistant engineer signs off on the log as having seen and witnessed receipt of payment. The check is deposited with the treasurer.

Treasurer – Going forward, we will work to segregate the mail deposits and receipts for taxes, and we will designate cash drawers.

Conclusions – Responses acknowledged. County officials should continue to review procedures, including utilizing personnel from other County Offices, to ensure the maximum internal control possible.

(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 and capital asset additions and deletions were not properly recorded in the County's financial statements. In addition, immaterial amounts of receivables and payables were not properly accrued. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.

Ringgold County
Schedule of Findings
Year ended June 30, 2019

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 receivable, accounts payable and capital asset activity are identified and properly reported in the County’s financial statements.

Response - We will add to monthly procedures to review accounts payable for transactions that meet the county’s capital asset policy. Those items will then be added to the spreadsheet to accurately track. A checks and balance system will be established to better account for the accruals. When receivables and payables are processed throughout the accrual period, another employee within the Treasurer’s or Auditor’s Office will verify transactions, ensuring they are to be accrued.

Conclusion – Response accepted.

(C) County Sheriff Trust Receipts

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – A trust receipt of \$241,000 was received and deposited in the County Sheriff’s bank account and a check was subsequently written to the appropriate payee. Neither the receipt nor the check was recorded in the County Sheriff’s records.

Cause – Procedures have not been designed and implemented to ensure all deposits and checks written are recorded and reconciled to the bank accounts to ensure proper accounting for all funds.

Effect – A lack of recording of all transactions can result in unrecorded transactions, undetected errors and opportunity for misappropriations.

Recommendation – All collections and disbursements should be recorded timely and book balances should be reconciled to bank activity at the end of each month.

Response – We will take your recommendation and make sure to record all transactions.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Ringgold County
 Schedule of Findings
 Year ended June 30, 2019

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amount budgeted in the roads and transportation function. In addition, disbursements in the medical examiners department exceeded the amount appropriated for the fiscal year.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

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

Response – Proper procedures have been identified to accurately transfer funds between line items when a budget amendment is not required. The medical examiner budget is very unpredictable each year. Moving forward, claims for payment will not be processed for payment until an amendment is done should the processing of such claim cause the budget to exceed. We will monitor more closely the end of the year claims being paid so as not to exceed the roads and transportation function in the future.

Conclusion – Response accepted.

- (2) Questionable Expenditures – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General’s opinion dated April 25, 1979, public funds may only be spent for public benefit. No expenditures we believe may not meet the requirements of public purpose 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 and Secondary Roads	\$ 1,905
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Sales and Service	Lawn mowing service and parts	197

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Gregg Cannon may represent a conflict of interest since transactions with the individual were greater than \$1,500 during the fiscal year.

Ringgold County

Schedule of Findings

Year ended June 30, 2019

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

Response – After visiting with the State Auditor’s Office, it was determined soliciting bids would be required to avoid the appearance of conflict of interest, even though he is the only provider in our area.

Conclusion – Response accepted.

- (5) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County’s investment policy were noted.
- (8) Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (9) County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2019 for the County Extension Office did not exceed the amount budgeted.

- (10) Emergency Management – The notices of the budget amendment hearing were not published at least 10 days prior to the hearings as required by Chapter 24.9 of the Code of Iowa.

Recommendation – The budget should have been amended in sufficient amounts in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget. The notice of the budget amendment hearing should be published not less than 10 days or more than 20 days prior to the hearing date.

Response – I will work hard to make sure to count the days correctly.

Conclusion – Response accepted.

- (11) Mental Health Service Function Expenditures – In accordance with Chapter 331.424A(7) of the Code of Iowa, “Appropriations specifically authorized to be made from the county services fund shall not be made from any other fund of the county.” Requiring such activity be accounted for in the county services fund (i.e., Metal Health Fund), places governance of the service under the Mental Health Region Board rather than the County Board of Supervisors.

Ringgold County

Schedule of Findings

Year ended June 30, 2019

The County operates a day habilitation program (Ringgold County Supportive Services), funded by Medicaid and potentially MHDS Regional Funds. An admission requirement to this program is an intellectual disability diagnosis which means it is a service specifically authorized to be made from the county services fund. The activity for this program is accounted for in the County's General Fund, and, therefore, under the governance of the County Board of Supervisors, in violation of Chapter 331.424A of the Code of Iowa. According to Iowa Code, this activity should be accounted for in the County's Mental Health Fund and under the governance of the Mental Health Region Board.

Recommendation – The County should work with the Iowa Department of Human Services and the County's Mental Health Regional Administrator to move the Supportive Services program to the Mental Health Fund, under the governance of the Mental Health Region Board, in compliance with Chapter 331.424A of the Code of Iowa.

Response – We are coordinating with DHS and the CROSS Region to ensure proper reporting of the fund is in place for FY2021. The fund will be transitioned to the MH fund to be in line with the Iowa Code.

Conclusion – Response accepted.

Ringgold County

Staff

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