



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

July 20, 2022

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$10,587,027 for the year ended June 30, 2021, a 9.3% increase over the prior year. Expenses for County operations for the year ended June 30, 2021 totaled \$9,085,858, a 2.6% decrease from the prior year. The increase in the revenue is due primarily to an increase in operating grants received for road projects.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 72 through 78 of this report. The findings address issues such as lack of segregation of duties, lack of evidence of independent reviews of Sheriff's Office bank reconciliations, capital asset additions and payables not properly recorded in the County's financial statements and a lack of internal controls over the conservation department payroll. Sand provided the County with recommendations to address each of these findings.

Five of the six findings discussed above are repeated from the prior year. The County Board of Supervisors and other County 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 [Audit Reports - Auditor of State](#).

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

JUNE 30, 2021

Ringgold County



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Rob Sand
Auditor of State

June 20, 2022

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, 2021. 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Ringgold County

Officials

(Before January 2021)

<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	County Sheriff	Jan 2020
Clint Spurrier	County Attorney	Jan 2023
Melinda England	County Assessor	Jan 2022

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ron Landphair	Board of Supervisors	Jan 2023
Colby Holmes	Board of Supervisors	Jan 2025
Steve Knapp	Board of Supervisors	Jan 2025
Amanda Waske	County Auditor	Jan 2025
Debra Cannon	County Treasurer	Jan 2023
Kisha Martin	County Recorder	Jan 2023
Rob Haley	County Sheriff	Jan 2025
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, 2021, 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, 2021, and the respective changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Note 11 to the financial statements, Ringgold County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes on pages 8 through 14 and 48 through 57 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.

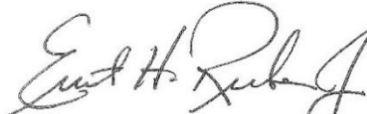
Supplementary Information

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 eight years ended June 30, 2020 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the one year 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 June 20, 2022 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 20, 2022

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, 2021. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- The County implemented Governmental Accounting Standards Board Statement (GASBS) No. 84, Fiduciary Activities during fiscal year 2021. The beginning net position for fiduciary (custodial) funds was restated by \$4,090,487 to retroactively report in accordance with the GASB.
- Revenues of the County's governmental activities increased 9.3%, or approximately \$905,000, from fiscal year 2020 to fiscal year 2021. Operating grants, contributions and restricted interest increased approximately \$724,000, charges for service increased approximately \$123,000, property and other County tax increased approximately \$80,000 and local option sales tax increased approximately \$56,000.
- Ringgold County's governmental activities expenses decreased 2.6%, or approximately \$241,000, from fiscal year 2020.
- The County's net position increased 9.5%, or approximately \$1,501,000, over the June 30, 2020 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 (Custodial 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 Custodial 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 custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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 \$15.833 million to approximately \$17.334 million. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities (Expressed in Thousands)		
	June 30,	
	2021	2020
Current and other assets	\$ 10,996	9,971
Capital assets	13,602	12,987
Total assets	24,598	22,958
Deferred outflows of resources	867	727
Long-term liabilities	4,240	3,761
Other liabilities	320	186
Total liabilities	4,560	3,947
Deferred inflows of resources	3,571	3,905
Net position:		
Net investment in capital assets	12,521	11,742
Restricted	6,086	5,245
Unrestricted	(1,273)	(1,154)
Total net position	\$ 17,334	15,833

The net position of Ringgold County's governmental activities increased 9.5% (approximately \$17.334 million compared to \$15.833 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. This net position category increased approximately \$779,000, or 6.6%, over the prior year.

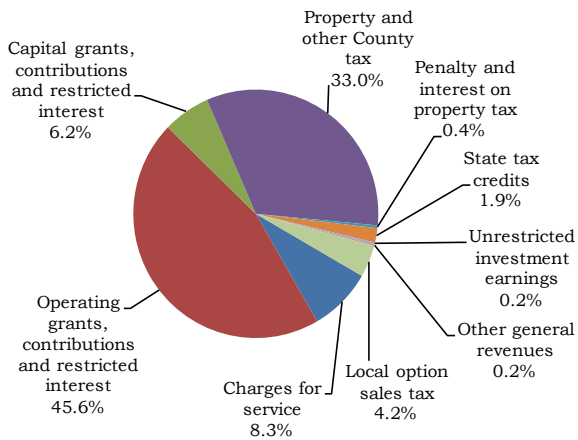
Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category increased approximately \$841,000, or 16.0%, over the prior year. This increase is primarily due to an increase in the amounts held at year end in the Special Revenue, Secondary Roads Fund.

Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased from a deficit of approximately \$1,154,000 at June 30, 2020 to a deficit of approximately \$1,273,000 at the end of this year, a decrease of 10.3%. This decrease is primarily due to an increase in the net pension liability and changes in deferred outflows and deferred inflows of resources related to pension expense.

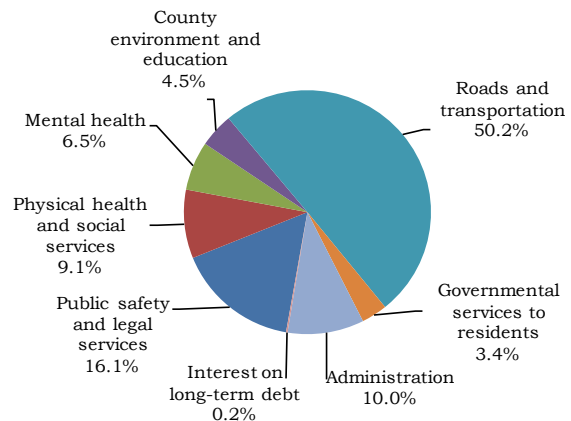
Changes in Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Revenues:		
Program revenues:		
Charges for service	\$ 883	760
Operating grants, contributions and restricted interest	4,830	4,106
Capital grants, contributions and restricted interest	661	688
General revenues:		
Property and other County tax	3,488	3,408
Penalty and interest on property tax	38	22
State tax credits	198	193
Local option sales tax	441	385
Unrestricted investment earnings	24	87
Other general revenues	24	33
Total revenues	10,587	9,682
Program expenses:		
Public safety and legal services	1,464	1,414
Physical health and social services	826	914
Mental health	593	611
County environment and education	407	331
Roads and transportation	4,562	4,734
Governmental services to residents	305	295
Administration	911	994
Interest on long-term debt	18	34
Total expenses	9,086	9,327
Change in net position	1,501	355
Net position beginning of year	15,833	15,478
Net position end of year	\$ 17,334	15,833

Revenues by Source



Expenses by Program



The County decreased the County-wide property tax levy from \$8.13514 to \$7.01418 per \$1,000 of taxable valuation for fiscal year 2021. The rural services tax levy decreased from \$3.20 to \$2.73844 per \$1,000 of taxable valuation. The taxable valuation of property increased 18.0%, or approximately \$60.2 million. These changes resulted in an increase in property and other County tax revenues of approximately \$80,000, or 2.3%.

The County's operating grants, contributions and restricted interest increased 17.6% or approximately \$724,000 over fiscal year 2020 due to CARES Act funds and an increase in Federal Emergency Management Agency (FEMA) revenues during fiscal year 2021.

The cost of all governmental activities this year was approximately \$9.086 million compared to approximately \$9.327 million last year. However, as shown in the Statement of Activities on page 17, the amount taxpayers ultimately financed for these activities was approximately \$2,712,000 because some of the cost was paid by those who directly benefited from the programs (approximately \$883,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,491,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2021 from approximately \$5,554,000 to approximately \$6,374,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$7.1 million, an increase of approximately \$870,000 from last year's total of approximately \$6.2 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 7.0%, or approximately \$280,000, due primarily to an increase in intergovernmental receipts from the federal CARES Act. Expenditures increased 1.4% compared to the prior year. The ending fund balance increased approximately \$126,000 from the prior year to approximately \$2,103,000.
- The Special Revenue, Mental Health Fund revenues remained consistent when compared to the prior year. For the year, expenditures totaled approximately \$195,000, a decrease of 19.9% from the prior year, due to a decrease in payments to the region fiscal agent. The Special Revenue, Mental Health Fund balance at year end increased approximately \$2,000 over the prior year to approximately \$41,000.
- The Special Revenue, Rural Services Fund ended fiscal year 2021 with a balance of approximately \$338,000, a decrease of 1.6% compared to the June 30, 2020 balance of approximately \$343,000. Revenues increased about 3.3% due to an increase in property valuations. Expenditures and transfers out increased approximately 4.3% over fiscal year 2020.
- The Special Revenue, Secondary Roads Fund revenues increased 13.5%, or approximately \$468,000, due to an increase in Road Use Tax revenue. Expenditures increased less than 1% or approximately \$16,000. The Secondary Roads Fund ending balance increased approximately \$517,000, or 19.1%, over the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget two times. The budget amendment in December 2020 resulted in an increase of budgeted revenue for intergovernmental and miscellaneous revenues. Disbursements were increased for roads and transportation and administration due to a delay in completing a road project in the prior fiscal year and for the purchase of new desks for the Auditor's and Treasurer's offices. The second amendment in May 2021 resulted in an increase of budgeted disbursements for mental health and administration due to hiring a new employee for Ringgold County Supportive Services and to account for an increase in unemployment rates.

Total disbursements were \$1,704,000 less than the amended budget. Actual disbursements for the physical health and social services, public safety and legal services, and capital projects functions were \$189,422, \$156,204 and \$1,127,238, respectively, less than budgeted. Disbursements for the capital projects function were less than budgeted as a result of the budget including farm-to-market projects which are not funded with County funds. Disbursements for the physical health and social services function were less than budgeted as a result of fewer staff resulting in less services than expected by the County Public Health Department. Public safety disbursements were less than budgeted due to costs being less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, Ringgold County had approximately \$13.6 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 \$615,000, or 4.7%, over last year.

Capital Assets of Governmental Activities at Year End		
(Expressed in Thousands)		
	June 30,	
	2021	2020
Land	\$ 35	23
Buildings and improvements	3,058	2,993
Equipment and vehicles	2,074	2,219
Intangibles	41	30
Infrastructure	8,394	7,722
Total	<u>\$ 13,602</u>	<u>12,987</u>
This year's major additions included (in thousands):		
Sheriff equipment	\$ 110	
Conservation equipment	63	
Secondary roads equipment	97	
Secondary roads salt shed	69	
Courthouse generator slab	57	
Hollow Pond land purchase	12	
Infrastructure assets	<u>1,159</u>	
Total	<u>\$ 1,567</u>	

The County had depreciation expense of \$1,012,270 in fiscal year 2021 and total accumulated depreciation of \$10,700,161 at June 30, 2021. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2021, Ringgold County had approximately \$1,081,000 of capital lease purchase agreement debt and general obligation bonds outstanding, compared to \$1,246,000 at June 30, 2020.

Outstanding Debt of Governmental Activities at Year-End		
(Expressed in Thousands)		
	June 30,	
	2021	2020
Capital lease purchase agreements	\$ 46	61
General obligation bonds	1,035	1,185
Total	<u>\$ 1,081</u>	<u>1,246</u>

Debt decreased as a result of paying down the local option sales tax bonds. In addition, on October 22, 2019, the County issued \$1,330,000 general obligation local option sales tax refunding bonds, Series 2019A to currently refund the outstanding balance of the general obligation local option sales tax bonds, Series 2010, creating a savings for future debt payments.

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 \$33.2 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 2021 budget, tax rates and the fees charged for various County services. One of those factors is the economy. Unemployment in the County now stands at 3.8% versus 6.9% a year ago. This compares with the State's unemployment rate of 4.7% and the national rate of 5.9%.

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, 2021

	Governmental Activities
Assets	
Cash and pooled investments	\$ 6,204,898
Cash held by health plan trustee	188,505
Receivables:	
Property tax:	
Delinquent	908
Succeeding year	3,466,000
Interest and penalty on property tax	2,802
Accounts	19,997
Accrued interest	2,316
Due from other governments	690,661
Inventories	357,853
Prepaid expense	62,248
Capital assets, net of accumulated depreciation	13,601,516
Total assets	24,597,704
Deferred Outflows of Resources	
Pension related deferred outflows	867,123
Liabilities	
Accounts payable	194,151
Accrued interest payable	2,267
Salaries and benefits payable	115,737
Due to other governments	7,396
Long-term liabilities:	
Portion due or payable within one year:	
Capital lease purchase agreements	7,954
General obligation bonds	155,000
Compensated absences	91,832
Total OPEB liability	25,168
Portion due or payable after one year:	
Capital lease purchase agreements	38,042
General obligation bonds	880,000
Compensated absences	41,678
Net pension liability	2,566,686
Total OPEB liability	434,103
Total liabilities	4,560,014
Deferred Inflows of Resources	
Unavailable property tax revenue	3,466,000
Pension related deferred inflows	104,716
Total deferred inflows of resources	3,570,716
Net Position	
Net investment in capital assets	12,520,520
Restricted for:	
Supplemental levy purposes	813,180
Mental health purposes	164,570
Rural services purposes	337,685
Secondary roads purposes	3,297,666
Public safety and legal services	157,237
Other purposes	1,315,795
Unrestricted	(1,272,556)
Total net position	\$ 17,334,097

See notes to financial statements.

Ringgold County

Statement of Activities

Year ended June 30, 2021

	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	\$ 1,464,191	331,313	2,689	-	(1,130,189)
Physical health and social services	825,415	271,037	346,635	-	(207,743)
Mental health	593,276	-	315,492	-	(277,784)
County environment and education	406,781	180	102,499	155,445	(148,657)
Roads and transportation	4,561,505	82,122	3,905,900	660,562	87,079
Governmental services to residents	305,340	154,897	1,600	-	(148,843)
Administration	911,240	43,012	-	-	(868,228)
Interest on long-term debt	18,110	-	-	-	(18,110)
	<u>\$ 9,085,858</u>	<u>882,561</u>	<u>4,674,815</u>	<u>816,007</u>	<u>(2,712,475)</u>
General Revenues:					
Property and other county tax levied for general purposes					3,488,342
Penalty and interest on property tax					38,309
State tax credits and replacements					197,880
Local option sales tax					441,029
Unrestricted investment earnings					23,635
Miscellaneous					24,449
Total general revenues					<u>4,213,644</u>
Change in net position					1,501,169
Net position beginning of year					<u>15,832,928</u>
Net position end of year					<u>\$ 17,334,097</u>

See notes to financial statements.

Ringgold County
Balance Sheet
Governmental Funds

June 30, 2021

	Special		
	General	Mental Health	Rural Services
Assets			
Cash and pooled investments	\$ 1,795,433	41,317	337,758
Cash held by health plan trustee	188,505	-	-
Receivables:			
Property tax:			
Delinquent	819	68	21
Succeeding year	2,497,000	99,000	870,000
Interest and penalty on property tax	2,802	-	-
Accounts	19,149	-	-
Accrued interest	1,526	-	-
Due from other governments	129,255	-	-
Inventories	-	-	-
Prepaid expenditures	62,248	-	-
Total assets	\$ 4,696,737	140,385	1,207,779
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 19,123	-	-
Salaries and benefits payable	66,745	478	94
Due to other governments	7,396	-	-
Total liabilities	93,264	478	94
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,497,000	99,000	870,000
Other	3,621	68	21
Total deferred inflows of resources	2,500,621	99,068	870,021
Fund balances:			
Nonspendable:			
Inventories	-	-	-
Prepaid expenditures	62,248	-	-
Restricted for:			
Supplemental levy purposes	562,084	-	-
Mental health purposes	138,141	40,839	-
Rural services purposes	-	-	337,664
Secondary roads purposes	-	-	-
Conservation land acquisition	11,423	-	-
Public safety and legal services	99,946	-	-
County jail	-	-	-
Other purposes	-	-	-
Health benefits	188,505	-	-
Unassigned	1,040,505	-	-
Total fund balances	2,102,852	40,839	337,664
Total liabilities, deferred inflows of resources and fund balances	\$ 4,696,737	140,385	1,207,779

See notes to financial statements.

Revenue		
Secondary Roads	Nonmajor	Total
2,694,162	1,336,228	6,204,898
-	-	188,505
-	-	908
-	-	3,466,000
-	-	2,802
70	778	19,997
-	790	2,316
534,905	26,501	690,661
357,853	-	357,853
-	-	62,248
3,586,990	1,364,297	10,996,188
174,661	367	194,151
48,420	-	115,737
-	-	7,396
223,081	367	317,284
-	-	3,466,000
145,226	-	148,936
145,226	-	3,614,936
357,853	-	357,853
-	-	62,248
-	-	562,084
-	-	178,980
-	-	337,664
2,860,830	-	2,860,830
-	-	11,423
-	57,291	157,237
-	1,038,021	1,038,021
-	268,618	268,618
-	-	188,505
-	-	1,040,505
3,218,683	1,363,930	7,063,968
3,586,990	1,364,297	10,996,188

Ringgold County

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

June 30, 2021

Total governmental fund balances (page 19) \$ 7,063,968

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 \$24,301,677 and the accumulated depreciation is \$10,700,161. 13,601,516

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. 148,936

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

Deferred outflows of resources	\$ 867,123	
Deferred inflows of resources	<u>(104,716)</u>	762,407

Long-term liabilities, including capital lease purchase agreements payable, bonds payable, compensated absences payable, net pension liability, total OPEB liability and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds. (4,242,730)

Net position of governmental activities (page 16) **\$ 17,334,097**

See notes to financial statements.

Ringgold County

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

Year ended June 30, 2021

	General	Special	
		Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 2,450,888	185,614	869,037
Local option sales tax	-	-	-
Interest and penalty on property tax	39,509	-	-
Intergovernmental	1,124,586	11,391	36,074
Licenses and permits	-	-	-
Charges for service	514,097	-	-
Use of money and property	79,740	-	-
Miscellaneous	50,441	-	-
Total revenues	4,259,261	197,005	905,111
Expenditures:			
Operating:			
Public safety and legal services	1,235,888	-	-
Physical health and social services	804,150	-	-
Mental health	384,534	194,685	-
County environment and education	392,543	-	60,432
Roads and transportation	-	-	-
Governmental services to residents	294,273	-	-
Administration	1,021,387	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	4,132,775	194,685	60,432
Excess (deficiency) of revenues over (under) expenditures	126,486	2,320	844,679
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	(850,000)
Total other financing sources (uses)	-	-	(850,000)
Change in fund balances	126,486	2,320	(5,321)
Fund balances beginning of year	1,976,366	38,519	342,985
Fund balances end of year	\$ 2,102,852	40,839	337,664

See notes to financial statements.

<u>Revenue</u>		
<u>Secondary</u>		
<u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
-	-	3,505,539
-	441,029	441,029
-	-	39,509
3,848,749	8,503	5,029,303
2,550	-	2,550
-	7,619	521,716
-	11,657	91,397
82,782	172,066	305,289
<u>3,934,081</u>	<u>640,874</u>	<u>9,936,332</u>
-	216,758	1,452,646
-	2,428	806,578
-	-	579,219
-	8,516	461,491
3,656,186	-	3,656,186
-	-	294,273
-	-	1,021,387
-	183,200	183,200
611,157	-	611,157
<u>4,267,343</u>	<u>410,902</u>	<u>9,066,137</u>
<u>(333,262)</u>	<u>229,972</u>	<u>870,195</u>
850,000	-	850,000
-	-	(850,000)
850,000	-	-
516,738	229,972	870,195
<u>2,701,945</u>	<u>1,133,958</u>	<u>6,193,773</u>
<u>3,218,683</u>	<u>1,363,930</u>	<u>7,063,968</u>

Ringgold County

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

Year ended June 30, 2021

Change in fund balances - Total governmental funds (page 23) \$ 870,195

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	\$ 965,793	
Capital assets contributed by the Iowa Department of Transportation	660,562	
Depreciation expense	<u>(1,012,270)</u>	614,085

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	(17,197)	
Other	<u>55,951</u>	38,754

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. 164,590

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. 321,872

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	24,174	
OPEB expense	(7,517)	
Pension expense	(525,484)	
Interest on long-term debt	<u>500</u>	<u>(508,327)</u>

Change in net position of governmental activities (page 17) \$ 1,501,169

See notes to financial statements.

Ringgold County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2021

Assets

Cash, cash equivalents and pooled investments:	
County Treasurer	\$ 4,848,829
Other County officials	7,472
Receivables:	
Property tax:	
Delinquent	4,103
Succeeding year	9,637,000
Accounts	5,711
Accrued interest	47
Special assessments	3,698
Due from other governments	34,688
Total assets	14,541,548

Liabilities

Accounts payable	9,050
Salaries payable	11,766
Due to other governments	355,333
Trusts payable	49,476
Compensated absences	7,064
Total liabilities	432,689

Deferred Inflows of Resources

Unavailable property tax revenue	9,637,000
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Net position

Restricted for individuals, organizations and other governments	\$ 4,471,859
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See notes to financial statements.

Ringgold County

Ringgold County
 Statement of Changes in Fiduciary Net Position
 Custodial Funds

June 30, 2021

Additions:	
Property and other county tax	\$ 9,634,327
911 surcharge	181,073
State tax credits	634,264
Office fees and collections	291,517
Auto licenses, use tax and postage	2,419,905
Assessments	16,164
Trusts	87,866
Miscellaneous	<u>1,267,138</u>
Total additions	<u>14,532,254</u>
Deductions:	
Agency remittances:	
To other funds	163,084
To other governments	13,904,660
Trusts paid out	<u>83,138</u>
Total deductions	<u>14,150,882</u>
Change in net position	381,372
Net position beginning of year, as restated	<u>4,090,487</u>
Net position end of year	<u><u>\$ 4,471,859</u></u>

See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2021

(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 Custodial 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 Custodial 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 – Custodial 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 lease agreements are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

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

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2020.

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 and intangibles and infrastructure assets 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. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives:

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

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position 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, the unamortized portion of the net difference between projected and actual earnings on pension plan assets 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, 2021. 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 and unrecognized items not yet charged to pension expense.

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. Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted. However, disbursements in one department exceeded the amount appropriated for the fiscal year.

(2) Cash and Pooled Investments

The County’s deposits in banks at June 30, 2021 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 \$288,786. 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, 2021 is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Special Revenue: Rural Services	<u>\$ 850,000</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, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,210	11,760	-	34,970
Intangibles, other	30,000	-	-	30,000
Construction in progress	-	1,158,628	(1,158,628)	-
Total capital assets not being depreciated	53,210	1,170,388	(1,158,628)	64,970
Capital assets being depreciated:				
Buildings	4,184,208	130,950	-	4,315,158
Improvements other than buildings	153,371	38,400	-	191,771
Equipment and vehicles	6,447,083	272,809	(127,820)	6,592,072
Intangibles, other	-	13,808	-	13,808
Infrastructure, road network	11,930,270	1,158,628	-	13,088,898
Infrastructure, other	35,000	-	-	35,000
Total capital assets being depreciated	22,749,932	1,614,595	(127,820)	24,236,707
Less accumulated depreciation for:				
Buildings	1,295,938	94,835	-	1,390,773
Improvements other than buildings	48,923	9,151	-	58,074
Equipment and vehicles	4,227,866	417,951	(127,820)	4,517,997
Intangibles, other	-	2,761	-	2,761
Infrastructure, road network	4,235,984	485,822	-	4,721,806
Infrastructure, other	7,000	1,750	-	8,750
Total accumulated depreciation	9,815,711	1,012,270	(127,820)	10,700,161
Total capital assets being depreciated, net	12,934,221	602,325	-	13,536,546
Governmental activities capital assets, net	\$ 12,987,431	1,772,713	(1,158,628)	13,601,516

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 89,327
Physical health and social services	510
Mental health	11,676
County environment and education	40,498
Roads and transportation	837,962
Governmental services to residents	3,961
Administration	28,336
Total depreciation expense	\$ 1,012,270

(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, 2021 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 7,396
Custodial:		
County Offices	Collections	\$ 7,452
Agricultural Extension Education		1,860
Schools		84,093
Community Colleges		5,276
Corporations		19,237
Townships		2,924
Auto License and Use Tax		202,666
All other		<u>31,825</u>
Total for custodial funds		<u>\$ 355,333</u>

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>Capital Lease</u>	<u>General</u>	<u>Compensated</u>	<u>Net</u>	<u>Total</u>	
	<u>Purchase</u>	<u>Obligation</u>	<u>Absences</u>	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
	<u>Agreements</u>	<u>Bonds</u>		<u>Liability</u>	<u>Liability</u>	
Balance beginning of year	\$ 60,586	1,185,000	157,684	1,905,908	451,754	3,760,932
Increases	-	-	128,249	660,778	76,692	865,719
Decreases	14,590	150,000	152,423	-	69,175	386,188
Balance end of year	<u>\$ 45,996</u>	<u>1,035,000</u>	<u>133,510</u>	<u>2,566,686</u>	<u>459,271</u>	<u>4,240,463</u>
Due within one year	<u>\$ 7,954</u>	<u>155,000</u>	<u>91,832</u>	<u>-</u>	<u>25,168</u>	<u>279,954</u>

Capital Lease Purchase Agreement

On September 15, 2019, the County entered into a capital lease purchase agreement for a Compact Track Loader with a total cost of \$67,315. The agreement bears interest at 4.80% per annum and is payable with an initial payment of \$6,729 due on September 15, 2019 and five annual installments of \$13,918, beginning September 15, 2020. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreement in effect at June 30, 2021:

<u>Year</u>	<u>Amount</u>
<u>Ending</u>	
<u>June 30,</u>	
2022	\$ 13,918
2023	13,918
2024	13,918
2025	<u>9,594</u>
Total minimum lease payments	51,348
Less amount representing interest	<u>(5,352)</u>
Present value of net minimum lease payments	<u>\$ 45,996</u>

Payments under the capital lease purchase agreement totaled \$14,590 for the year ended June 30, 2021.

General Obligation Bonds Payable

A summary of the County's June 30, 2021 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued September 17, 2019			
	Interest Rates	Principal	Interest	Total
2022	4.00%	\$ 155,000	27,200	182,200
2023	4.00	170,000	21,000	191,000
2024	2.00	175,000	14,200	189,200
2025	2.00	175,000	10,700	185,700
2026	2.00	180,000	7,200	187,200
2027	2.00	180,000	3,600	183,600
Total		<u>\$ 1,035,000</u>	<u>83,900</u>	<u>1,118,900</u>

On October 22, 2019, the County issued \$1,330,000 general obligation local option sales tax refunding bonds, Series 2019A to currently refund the outstanding debt of the general obligation local option sales tax bonds, Series 2010. The bonds bear interest at 2.00% to 4.00% per annum and mature June 1, 2027. During the year ended June 30, 2021, the County paid principal of \$150,000 and interest of \$33,200 on the 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 2021, 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 9.26% of covered payroll, for a total rate of 18.52%. Protection occupation members contributed 6.41% of covered payroll and the County contributed 9.61% of covered payroll, for a total rate of 16.02%.

The County's contributions to IPERS for the year ended June 30, 2021 totaled \$321,872.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the County reported a liability of \$2,566,686 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the County's proportion was 0.036538%, which was an increase of 0.003624% over its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$525,484. At June 30, 2021, 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	\$ 8,749	65,000
Changes of assumptions	159,047	36,628
Net difference between projected and actual earnings on IPERS' investments	187,898	-
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	189,557	3,088
County contributions subsequent to the measurement date	321,872	-
Total	<u>\$ 867,123</u>	<u>104,716</u>

\$321,872 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, 2022. 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
2022	\$ 87,440
2023	98,311
2024	102,328
2025	140,480
2026	11,976
Total	<u>\$ 440,535</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
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.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 4,700,306	2,566,686	778,000

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, 2021.

(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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>70</u>
Total	<u>73</u>

Total OPEB Liability – The County’s total OPEB liability of \$459,271 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	2.60% per annum.
Rates of salary increase (effective June 30, 2021)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.19% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% 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-2018 total dataset mortality table fully generational using Scale MP-2018. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 451,754
Changes for the year:	
Service cost	52,412
Interest	12,679
Differences between expected and actual experiences	(13,806)
Changes in assumptions	11,601
Benefit payments	<u>(55,369)</u>
Net changes	<u>7,517</u>
Total OPEB liability end of year	<u>\$ 459,271</u>

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2020 to 2.19% in fiscal year 2021.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB liability	\$ 485,033	459,271	434,978

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 419,909	459,271	505,440

OPEB Expense – For the year ended June 30, 2021, the County recognized OPEB expense of \$7,517. 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 785 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, 2021 were \$112,535.

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, 2021, no liability has been recorded in the County's financial statements. As of June 30, 2021, 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. Employee Benefit Systems/Cobra Administrator (EBS) provides a service designed to administer compliance requirements. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The cash balance held by Employee Benefits System and reported in the General Fund was \$188,505 at June 30, 2021.

(11) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2021. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity.

The restatements to retroactively report the change in net position, are as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2020, as previously reported	\$ -
Change to implement GASBS No. 84	<u>4,090,487</u>
Net position July 1, 2020, as restated	<u>\$ 4,090,487</u>

(12) 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, 2021, as follows:

Revenues:	
Property and other county tax	\$ 185,614
Intergovernmental:	
State tax credits	<u>11,391</u>
Total revenues	<u>197,005</u>
Expenditures:	
Services to persons with:	
Mental illness	18,414
General administration:	
Distribution to regional fiscal agent	<u>176,271</u>
Total expenditures	<u>194,685</u>
Excess of expenditures over revenues	2,320
Fund balance beginning of year	<u>38,519</u>
Fund balance end of year	<u>\$ 40,839</u>

(13) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of Ringgold County remains uncertain.

To date, the outbreak has not created a material disruption to the operation of Ringgold County. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to Ringgold County.

(14) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

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, 2021

	Actual	Budgeted Amounts		Final to
		Original	Final	Net Variance
Receipts:				
Property and other county tax	\$ 3,948,842	3,772,973	3,772,973	(175,869)
Interest and penalty on property tax	39,509	25,100	25,100	(14,409)
Intergovernmental	5,161,261	4,696,573	4,731,332	(429,929)
Licenses and permits	2,500	500	500	(2,000)
Charges for service	559,130	535,327	535,327	(23,803)
Use of money and property	49,129	62,340	62,340	13,211
Miscellaneous	285,851	634,700	642,700	356,849
Total receipts	10,046,222	9,727,513	9,770,272	(275,950)
Disbursements:				
Public safety and legal services	1,451,700	1,599,900	1,607,904	156,204
Physical health and social services	821,672	1,011,094	1,011,094	189,422
Mental health	576,060	553,717	590,317	14,257
County environment and education	457,298	460,083	491,542	34,244
Roads and transportation	3,759,702	3,394,229	3,778,273	18,571
Governmental services to residents	287,158	303,244	310,844	23,686
Administration	965,072	990,094	1,105,094	140,022
Debt service	183,200	183,450	183,450	250
Capital projects	575,025	1,762,263	1,702,263	1,127,238
Total disbursements	9,076,887	10,258,074	10,780,781	1,703,894
Change in balances	969,335	(530,561)	(1,010,509)	(1,979,844)
Balance beginning of year	5,424,068	4,533,083	4,533,083	(890,985)
Balance end of year	\$ 6,393,403	4,002,522	3,522,574	(2,870,829)

See accompanying independent auditor's report.

Ringgold County
 Budgetary Comparison Schedule – Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2021

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,046,222	(109,890)	9,936,332
Expenditures	9,076,887	(10,750)	9,066,137
Net	969,335	(99,140)	870,195
Other financing sources, net	-	-	-
Beginning fund balance	5,424,068	769,705	6,193,773
Ending fund balance	\$ 6,393,403	670,565	7,063,968

See accompanying independent auditor's report.

Ringgold County

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2021

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 blended component units, the Custodial 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, two budget amendments increased budgeted disbursements by \$522,707. 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.

Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted. However, disbursements in one department exceeded the amount appropriated for the fiscal year.

Ringgold County

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

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

Required Supplementary Information

	2021	2020	2019	2018
County's proportion of the net pension liability	0.036538%	0.032914%	0.032488%	0.033175%
County's proportionate share of the net pension liability	\$ 2,567	1,906	2,056	2,210
County's covered payroll	\$ 3,479	2,911	2,974	2,883
County's proportionate share of the net pension liability as a percentage of its covered payroll	73.79%	65.48%	69.13%	76.66%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%

* 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.

2017	2016	2015
0.033008%	0.028354%	0.029155%
2,077	1,401	1,156
2,770	2,462	2,524
74.98%	56.90%	45.80%
81.82%	85.19%	87.61%

Ringgold County

Schedule of County Contributions

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

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 322	330	299	271
Contributions in relation to the statutorily required contribution	<u>(322)</u>	<u>(330)</u>	<u>(299)</u>	<u>(271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
County's covered payroll	\$ 3,163	3,479	2,911	2,974
Contributions as a percentage of covered payroll	10.18%	9.49%	10.27%	9.11%

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
262	252	222	231	230	212
(262)	(252)	(222)	(231)	(230)	(212)
-	-	-	-	-	-
2,883	2,770	2,462	2,524	2,572	2,516
9.09%	9.10%	9.02%	9.15%	8.94%	8.43%

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

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.

Ringgold County

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

For the Last Four Years
Required Supplementary Information

	2021	2020	2019	2018
Service cost	\$ 52,412	50,522	48,299	46,173
Interest cost	12,679	19,171	19,974	18,884
Difference between expected and actual experiences	(13,806)	(107,042)	(15,310)	(51,034)
Changes in assumptions	11,601	15,400	11,067	(4,189)
Benefit payments	(55,369)	(43,536)	(28,981)	(17,771)
Net change in total OPEB liability	7,517	(65,485)	35,049	(7,937)
Total OPEB liability beginning of year	451,754	517,239	482,190	490,127
Total OPEB liability end of year	\$ 459,271	451,754	517,239	482,190
Covered-employee payroll	\$ 3,521,234	3,356,871	3,241,397	2,907,736
Total OPEB liability as a percentage of covered-employee payroll	13.0%	13.5%	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, 2021	2.19%
Year ended June 30, 2020	2.66%
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, 2021

			Special	
	County Recorder's Records Management	REAP	Jail Local Option Sales Tax	K-9 Unit
Assets				
Cash and pooled investments	\$ 10,189	55,269	1,011,034	714
Accounts receivable	153	-	-	-
Accrued interest	-	-	790	-
Due from other governments	-	-	26,501	-
Total assets	\$ 10,342	55,269	1,038,325	714
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	-	304	-
Total liabilities	-	-	304	-
Fund balances:				
Restricted for:				
Public safety and legal services	-	-	-	714
County jail	-	-	1,038,021	-
Other purposes	10,342	55,269	-	-
Total fund balances	10,342	55,269	1,038,021	714
Total liabilities and fund balances	\$ 10,342	55,269	1,038,325	714

See accompanying independent auditor's report.

Revenue									
Sheriff's Commissary	Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Public Health Better Health	Total	
26,895	7,242	6,080	15,798	158,946	20,049	14,012	10,000	1,336,228	
625	-	-	-	-	-	-	-	778	
-	-	-	-	-	-	-	-	790	
-	-	-	-	-	-	-	-	26,501	
<u>27,520</u>	<u>7,242</u>	<u>6,080</u>	<u>15,798</u>	<u>158,946</u>	<u>20,049</u>	<u>14,012</u>	<u>10,000</u>	<u>1,364,297</u>	
-	-	-	63	-	-	-	-	367	
-	-	-	63	-	-	-	-	367	
27,520	7,242	6,080	15,735	-	-	-	-	57,291	
-	-	-	-	-	-	-	-	1,038,021	
-	-	-	-	158,946	20,049	14,012	10,000	268,618	
<u>27,520</u>	<u>7,242</u>	<u>6,080</u>	<u>15,735</u>	<u>158,946</u>	<u>20,049</u>	<u>14,012</u>	<u>10,000</u>	<u>1,363,930</u>	
<u>27,520</u>	<u>7,242</u>	<u>6,080</u>	<u>15,798</u>	<u>158,946</u>	<u>20,049</u>	<u>14,012</u>	<u>10,000</u>	<u>1,364,297</u>	

Ringgold County

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

Year ended June 30, 2021

	County		Jail	Special
	Recorder's	REAP	Local	
	Records		Option	K-9
	Management		Sales Tax	Unit
Revenues:				
Local option sales tax	\$ -	-	441,029	-
Intergovernmental	-	8,503	-	-
Charges for service	2,090	-	-	-
Use of money and property	-	4	11,652	-
Miscellaneous	-	-	-	-
Total revenues	2,090	8,507	452,681	-
Expenditures:				
Operating:				
Public safety and legal services	-	-	211,812	-
Physical health and social services	-	-	-	-
County environment and education	-	-	-	-
Debt service	-	-	183,200	-
Total expenditures	-	-	395,012	-
Change in fund balances	2,090	8,507	57,669	-
Fund balances beginning of year	8,252	46,762	980,352	714
Fund balances end of year	\$ 10,342	55,269	1,038,021	714

See accompanying independent auditor's report.

Revenue

Sheriff's Commissary	Sheriff's Special	Sheriff's Foreiture	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Public Health Better Health	Total
-	-	-	-	-	-	-	-	441,029
-	-	-	-	-	-	-	-	8,503
5,529	-	-	-	-	-	-	-	7,619
-	-	-	1	-	-	-	-	11,657
-	500	-	200	155,445	3,925	11,996	-	172,066
5,529	500	-	201	155,445	3,925	11,996	-	640,874
1,781	1,291	-	1,874	-	-	-	-	216,758
-	-	-	-	-	-	2,428	-	2,428
-	-	-	-	516	8,000	-	-	8,516
-	-	-	-	-	-	-	-	183,200
1,781	1,291	-	1,874	516	8,000	2,428	-	410,902
3,748	(791)	-	(1,673)	154,929	(4,075)	9,568	-	229,972
23,772	8,033	6,080	17,408	4,017	24,124	4,444	10,000	1,133,958
27,520	7,242	6,080	15,735	158,946	20,049	14,012	10,000	1,363,930

Ringgold County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2021

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,860	349,528	84,093
Other County officials	7,472	-	-	-
Receivables:				
Property tax:				
Delinquent	-	37	-	1,705
Succeeding year	-	123,000	290,000	5,517,000
Accounts	180	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Due from other governments	-	-	-	-
Total assets	7,652	124,897	639,528	5,602,798
Liabilities				
Liabilities:				
Accounts payable	-	-	9,050	-
Salaries payable	-	-	5,609	-
Due to other governments	7,452	1,860	-	84,093
Trusts payable	200	-	-	-
Compensated absences	-	-	7,064	-
Total liabilities	7,652	1,860	21,723	84,093
Deferred Inflows of Resources				
Unavailable revenues	-	123,000	290,000	5,517,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	37	327,805	1,705

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
5,276	19,237	2,924	202,666	1,135,528	2,442,987	604,730	4,848,829
-	-	-	-	-	-	-	7,472
106	1,867	5	-	-	-	383	4,103
359,000	1,152,000	224,000	-	-	-	1,972,000	9,637,000
-	-	-	-	-	-	5,531	5,711
-	-	-	-	-	-	47	47
-	-	-	-	-	-	3,698	3,698
-	-	-	-	-	-	34,688	34,688
364,382	1,173,104	226,929	202,666	1,135,528	2,442,987	2,621,077	14,541,548
-	-	-	-	-	-	-	9,050
-	-	-	-	5,892	-	265	11,766
5,276	19,237	2,924	202,666	-	-	31,825	355,333
-	-	-	-	-	-	49,276	49,476
-	-	-	-	-	-	-	7,064
5,276	19,237	2,924	202,666	5,892	-	81,366	432,689
359,000	1,152,000	224,000	-	-	-	1,972,000	9,637,000
106	1,867	5	-	1,129,636	2,442,987	567,711	4,471,859

Ringgold County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2021

Assets and Liabilities	County	Agricultural	County	
	Offices	Extension Education	Assessor	Schools
Additions:				
Property and other county tax	\$ -	119,007	275,559	5,533,776
911 surcharge	-	-	-	-
State tax credits	-	7,301	16,911	341,554
Office fees and collections	291,517	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	12,321	-	-	-
Miscellaneous	-	-	812	-
Total additions	303,838	126,308	293,282	5,875,330
Deductions:				
Agency remittances:				
To other funds	87,896	-	-	-
To other governments	203,621	126,271	292,880	5,873,625
Trusts paid out	12,321	-	-	-
Total deductions	303,838	126,271	292,880	5,873,625
Changes in net position	-	37	402	1,705
Net position, beginning of year, as restated	-	-	327,403	-
Net position end of year	\$ -	37	327,805	1,705

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
337,385	948,600	209,670	-	-	-	2,210,330	9,634,327
-	-	-	-	-	-	181,073	181,073
20,699	158,857	8,309	-	-	-	80,633	634,264
-	-	-	-	-	-	-	291,517
-	-	-	2,419,798	-	-	107	2,419,905
-	-	-	-	-	-	16,164	16,164
-	-	-	-	-	-	75,545	87,866
-	-	-	-	923,297	225,029	118,000	1,267,138
358,084	1,107,457	217,979	2,419,798	923,297	225,029	2,681,852	14,532,254
-	-	-	75,188	-	-	-	163,084
357,978	1,105,590	217,974	2,344,610	876,046	-	2,506,065	13,904,660
-	-	-	-	-	-	70,817	83,138
357,978	1,105,590	217,974	2,419,798	876,046	-	2,576,882	14,150,882
106	1,867	5	-	47,251	225,029	104,970	381,372
-	-	-	-	1,082,385	2,217,958	462,741	4,090,487
106	1,867	5	-	1,129,636	2,442,987	567,711	4,471,859

Ringgold County

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

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 3,505,539	3,391,159	3,517,966	3,292,202
Local option sales tax	441,029	385,054	271,033	219,170
Interest and penalty on property tax	39,509	21,357	31,168	32,971
Intergovernmental	5,029,303	4,461,276	4,565,599	4,717,482
Licenses and permits	2,550	1,829	1,670	2,430
Charges for service	521,716	493,604	564,891	510,463
Use of money and property	91,397	133,372	119,888	62,580
Miscellaneous	305,289	77,312	44,993	86,636
Total	<u>\$ 9,936,332</u>	<u>8,964,963</u>	<u>9,117,208</u>	<u>8,923,934</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,452,646	1,353,803	1,346,232	1,176,508
Physical health and social services	806,578	928,929	866,376	797,038
Mental health	579,219	611,077	743,769	495,121
County environment and education	461,491	419,808	355,409	388,775
Roads and transportation	3,656,186	3,936,669	3,823,123	3,623,125
Governmental services to residents	294,273	295,849	254,600	285,148
Administration	1,021,387	924,186	857,458	833,028
Non-program	-	314,614	46,590	-
Debt service	183,200	-	-	488,118
Capital projects	611,157	217,118	269,856	318,517
Total	<u>\$ 9,066,137</u>	<u>9,002,053</u>	<u>8,563,413</u>	<u>8,405,378</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
3,195,851	2,931,456	2,837,838	2,703,566	2,581,133	3,129,305
221,998	254,284	230,466	226,837	224,611	290,821
31,241	29,651	24,531	26,313	26,438	26,580
4,282,827	4,140,608	4,320,091	4,133,756	5,038,423	4,773,717
5,889	6,478	5,160	4,610	5,613	6,680
526,088	607,592	692,795	758,571	716,704	543,814
41,584	43,008	19,881	20,026	21,471	8,433
226,260	265,610	253,576	161,392	239,980	128,532
8,531,738	8,278,687	8,384,338	8,035,071	8,854,373	8,907,882
1,219,348	1,178,873	1,200,676	1,174,204	1,317,511	1,349,881
876,562	908,686	936,530	896,133	985,391	1,179,005
538,254	472,049	347,648	563,550	470,707	823,627
533,431	510,165	284,962	230,047	311,143	278,757
3,687,481	4,486,955	3,133,951	5,383,357	3,281,386	1,990,568
269,699	331,843	261,746	246,865	249,057	260,265
814,989	791,547	905,990	804,890	608,423	610,429
-	350,941	10,995	10,124	9,522	11,076
19,423	-	195,555	193,315	196,940	194,690
486,580	489,955	-	-	-	1,534,527
8,445,767	9,521,014	7,278,053	9,502,485	7,430,080	8,232,825



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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, 2021, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2022.

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 deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ringgold County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters 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, 2021 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.


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

June 20, 2022

Ringgold County

Schedule of Findings

Year ended June 30, 2021

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, County Sheriff, County Recorder and County Treasurer
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash.	County Sheriff
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	County Recorder

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

Effect – Inadequate segregation of duties could adversely affect 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.

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

Ringgold County

Schedule of Findings

Year ended June 30, 2021

Responses –

Conservation Board – The Ringgold County Conservation Board only employs one staff member, making segregation of duties impossible. The staff and Conservation 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 Conservation Department has also recently updated to an online reservation platform for camping, shelters and events. This helps minimize the amount of cash handling by the Department. The Conservation Board and staff use every method available to them to ensure that these duties are handled properly including utilizing volunteers during large events to double/triple count all funding raised.

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

Sheriff – Between the Civil Clerk, Sheriff and Chief Deputy, the mail is opened and cross checked by another individual. Should one of them be absent, the day shift officer serves as the independent reviewer.

Treasurer – We continue dual verification of motor vehicle records transactions and deposit balancing at the end of the day. Cash drawers have been designated for each of the deputies. At least two people handle the incoming mail transactions daily. One person will open the mail and the transactions are split for processing between motor vehicle and tax.

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) County Sheriff

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by performing an independent review of bank and garnishment reconciliations.

Condition – Although bank reconciliations were reviewed periodically by an independent person for propriety, evidence of this review was not maintained. In addition, garnishments collected are not reconciled to a garnishment ledger and the bank balance or reviewed by an independent person.

Cause – The County Sheriff's office has a limited number of employees and procedures have not been designed to provide oversight of transactions to ensure all accounts are reconciled and the amounts recorded in the books and bank accounts are complete and accurate.

Effect – A lack of an independent review of reconciliations and a reconciliation of garnishments collected to a garnishment ledger can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Ringgold County

Schedule of Findings

Year ended June 30, 2021

Recommendation – To improve financial accountability and control, an independent review of the bank reconciliation should be performed periodically and should be documented by the signature or initials of the reviewer and the date of review. In addition, garnishments collected should be reconciled to a garnishment ledger and the bank balance and reviewed by an independent person.

Response – The Sheriff or Chief Deputy will serve as the independent reviewer of the garnishment account. Should both the Sheriff and Chief Deputy be absent, the day shift officer will then serve as the independent reviewer.

Conclusion – Response accepted.

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

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

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

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

Response – We have implemented in fiscal year 2022 an inventory form that is required to be completed by the department when submitting request for payment of a capital asset. This will allow the Auditor's office to better track and account for capital assets. The same form provides for removal of capital assets as well.

Conclusion – Response accepted.

(D) Conservation Payroll

Criteria – An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, and holiday hours and provide an accurate record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked.

Ringgold County

Schedule of Findings

Year ended June 30, 2021

Condition – Timesheets for the Conservation Director for pay periods from July 1, 2020 through August 15, 2020, and August 16, 2020 through June 19, 2021 were signed in advance of the time worked and dated by a representative of the Conservation Board on July 10, 2019 and August 19, 2020, respectively. Evidence of approval of the Director’s timesheet following the end of each pay period was not documented.

In addition, the employment contract between the Ringgold County Conservation Board and the Ringgold County Conservation Director dated October 9, 2019 states “Compensation to the employee for services rendered under the terms of this agreement shall be \$51,250 per contracted year inclusive of the County employee health care package for Fiscal Year 2020-21”. Although the employment contract provides for compensation time when necessary, it is unclear from the language in the employment contract whether the County Conservation Board intended to provide overtime to the Conservation Director. During the year ended June 30, 2021, the Conservation Director was paid \$51,250 in regular pay, \$10,417 in health care benefits, plus \$19,015 in overtime for a total compensation of \$80,682.

Cause – Policies have not been established and procedures have not been implemented to require review and approval of the Conservation Director’s timesheets for accuracy and adherence to the employment contract.

Effect – Approval of timesheets in advance and the lack of a documented supervisory review process increases the probability of errors in recording hours, and/or leave absences going undetected.

Recommendation – Timesheets for the Conservation Director should be reviewed by a representative from the Conservation Board after the conclusion of each pay period. In addition, employer pay should be in accordance with the approved employment contract, or the contract should be clarified to ensure overtime is permitted.

Response – The Ringgold County Conservation Department submits timesheets to the Ringgold County Auditor’s Office each payroll. The Ringgold County Auditor had never discussed any issues with the Conservation Board or Conservation Executive Director regarding the documentation of overtime. Therefore, prior to the inquiry from the State Auditor’s Office, there was no indication of a problem with the way the Conservation Board was reviewing and approving the Executive Director’s overtime.

As the only full-time employee for the Conservation Department, it is a federal law to provide the employee with proper compensation in the form of overtime for hours worked above and beyond the standard 40-hour work week. This topic had been previously discussed with the County Attorney who recommended we maintain overtime rather than pursuing an exemption.

The Conservation Department has requested funding to increase staff for multiple years due to the excessive workload of the department, the addition of many major development projects and exceptional growth of the department over the past 10 years. Each year we are denied, including the budget for the coming fiscal year, while other departments are granted additional funding and staff.

Ringgold County

Schedule of Findings

Year ended June 30, 2021

The Conservation Board approves a fiscal budget for the department each year with the inclusion of overtime indicating the intent to provide and pay for said work. This line item, like most of our line items included in our budget have been historically underfunded. The Conservation Board reviews work completed at each monthly Board meeting and has always had access to all timesheets and work logs completed by staff.

The Executive Director emails timesheets to all Conservation Board members each payroll. The Conservation Board Chair signs the bi-weekly timesheet for the Executive Director. In October of 2021, at the suggestion of Ahlers and Cooney, Ringgold County Conservation Board included verbiage in the Executive Director's contract to specifically detail the need, demand, and approval for overtime.

The Conservation Department maintains an efficient and dedicated Board and Staff that work for the betterment of the department and community. Their efforts to increase and improve departmental documentation is evident in their process of implementing increased documentation prior to the State Auditor's suggestions.

Conclusion – Response acknowledged. Although the October 13, 2021 employment contract states "The employee is authorized to work overtime as necessary to ensure the continued success of the department", timesheets for the Conservation Director should be reviewed by a representative from the Conservation Board after the conclusion of each pay period. Evidence of this review should be documented by the signature or initials of the reviewer and the date of the review.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Ringgold County

Schedule of Findings

Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted. However, disbursements in one department exceeded the amount appropriated for the fiscal year.

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

Response – It is difficult to budget for an ever-fluctuating program. Due to timing of the expenditure, it was too late in the fiscal year to process an amendment. Moving forward, should this timing of events occur, we will simply amend appropriations to allow for the expenditure without exceeding.

Conclusion – Response accepted.

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

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port A John Rentals	Portable toilet rental for County parks and Secondary Roads	\$ 6,415
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Sales and Service	Lawn mowing service and parts	532
Lance Brown, Employee of Secondary Roads, co-owner of Ringgold Rock & Hauling	Gravel	1,229

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Gregg Cannon for \$6,415 do not appear to represent a conflict of interest since the transactions were competitively bid and were publicly invited and open.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the remaining transactions do not represent a conflict of interest since the total transactions with each were less than \$6,000 during the fiscal year.

- (5) Restricted Donor Activity – No transactions were noted between the County, County officials, or County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Ringgold County

Schedule of Findings

Year ended June 30, 2021

- (6) Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.
- (7) Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) 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.
- (9) 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).
- (10) 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.

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 under the governance of the Mental Health Region Board, in compliance with Chapter 331.424A of the Code of Iowa.

Response – We are actively working with the Iowa Department of Human Services (DHS), Auditor of State and Legislators to allow for the continuance of the program under the county’s financial system. We have verbal approval from DHS but await final written approval.

Conclusion – Response acknowledged. In accordance with the Code of Iowa, this activity should be accounted for under the governance of the Mental Health Region Board.

Ringgold County

Staff

This audit was performed by:

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