



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

August 16, 2024

Contact: Brian Brustkern
515/281-5834

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

FINANCIAL HIGHLIGHTS:

The County's revenues totaled \$15,176,995 for the year ended June 30, 2023, a 25.2% increase over the prior year. Expenses for County operations for the year ended June 30, 2023 totaled \$9,647,545, a 12.3% increase over the prior year. The increase in the revenue is due primarily to an increase in infrastructure assets contributed by the Iowa Department of Transportation.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and expenditure of taxpayer funds. They are found on pages 80 through 85 of this report. The findings address issues such as lack of segregation of duties, bank reconciliation variance, unrecorded activity in the County's financial statements related to capital assets, receivables and payables and a lack of internal controls over the conservation department payroll. Sand provided County with recommendations to address each of these findings.

Four of the 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 website 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, 2023

Ringgold County



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STATE OF IOWA

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Des Moines, Iowa 50319-0006
Telephone (515) 281-5834

Rob Sand
Auditor of State

July 31, 2024

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, 2023. 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 2023)

<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 2028

(After January 2023)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Colby Holmes	Board of Supervisors	Jan 2025
Steve Knapp	Board of Supervisors	Jan 2025
Randy Taylor	Board of Supervisors	Jan 2027
Amanda Waske	County Auditor	Jan 2025
Debra Cannon	County Treasurer	Jan 2027
Kisha Martin	County Recorder	Jan 2027
Rob Haley	County Sheriff	Jan 2025
Clint Spurrier	County Attorney	Jan 2027
Melinda England	County Assessor	Jan 2028

Ringgold County



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Rob Sand
Auditor of State

Independent Auditor's Report

To the Officials of Ringgold County:

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Ringgold County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ringgold County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ringgold County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ringgold County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the overall Net Pension Liability (Asset), 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 15 and 54 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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 GAAS, 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 nine years ended June 30, 2022 (which are not presented herein) and 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.

Such 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. The 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 5 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 July 31, 2024 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

July 31, 2024

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, 2023. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- The Governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the County Rural Offices of Social Services Mental Health Region prior to June 30, 2022.
- Revenues of the County's governmental activities increased 25.2%, or approximately \$3,058,000, during fiscal year 2023. The County received approximately \$311,000 of federal grants for the American Rescue Plan Act (ARPA). Unrestricted investment earnings, property tax revenue and capital grants, contributions and restricted interest increased approximately \$165,000, \$64,000 and \$2,950,000, respectively.
- Ringgold County's governmental activities program expenses increased 12.3%, or approximately \$1,060,000, over fiscal year 2023. Roads and transportation, public safety expenses and physical health and social services increased approximately \$920,000, \$146,000 and \$26,000, respectively.
- The County's net position at June 30, 2023 increased 26.5%, or approximately \$5,529,000, over the June 30, 2022 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 (asset) 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, 2) the Special Revenue Funds, such as Rural Services and Secondary Roads and 3) the Jail Local option Sales Tax fund. 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 couple.

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. 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,	
	2023	2022
Current and other assets	\$ 11,644	12,081
Capital assets	21,426	16,156
Total assets	33,070	28,237
Deferred outflows of resources	509	555
Long-term liabilities	2,283	1,555
Other liabilities	516	421
Total liabilities	2,799	1,976
Deferred inflows of resources	4,385	5,951
Net position:		
Net investment in capital assets	20,706	15,213
Restricted	5,966	6,437
Unrestricted	(277)	(785)
Total net position	\$ 26,395	20,865

Ringgold County's combined net position of governmental activities increased 26.5% (approximately \$26.4 million compared to approximately \$20.9 million).

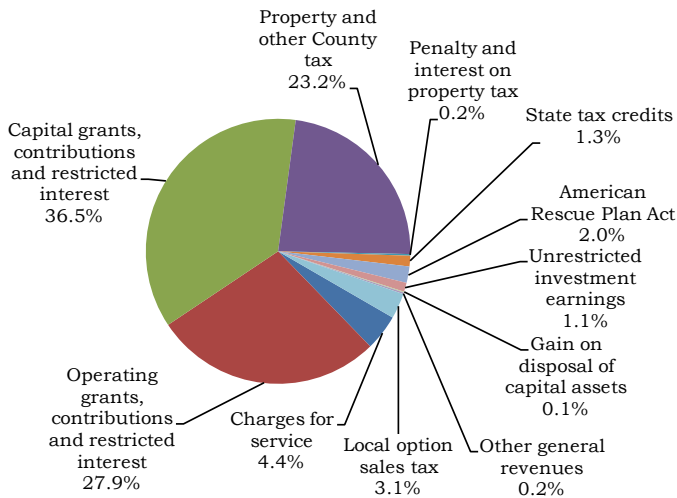
The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. This net position category increased approximately \$5,493,000, or 36.2% over the prior year. This increase is primarily due to infrastructure assets contributed by the Iowa Department of Transportation.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$471,000, or 7.3% from the prior year. This decrease is primarily due to a decrease in the amounts held at year end in the Special Revenue, Rural Services and Jail Local Options Sales Tax Funds.

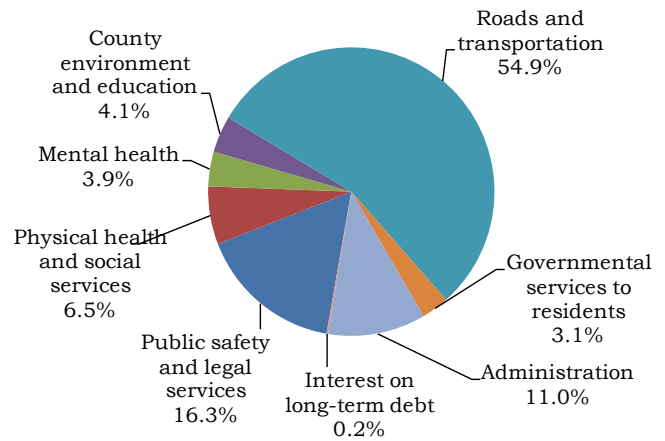
Unrestricted net position – the part of net position which can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from a deficit of approximately \$785,000 at June 30, 2022 to a deficit of approximately \$277,000 at the end of this year, an increase of 64.7%. This increase is primarily due to a decrease in pension related deferred inflows.

Changes in Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2023	2022
Revenues:		
Program revenues:		
Charges for service	\$ 663	628
Operating grants, contributions and restricted interest	4,241	4,224
Capital grants, contributions and restricted interest	5,520	2,570
General revenues:		
Property and other County tax	3,523	3,460
Penalty and interest on property tax	28	27
State tax credits	195	192
Local option sales tax	475	555
American Rescue Plan Act	311	381
Unrestricted investment earnings	174	9
Gain on disposal of capital assets	21	22
Other general revenues	26	51
Total revenues	15,177	12,119
Program expenses:		
Public safety and legal services	1,573	1,428
Physical health and social services	632	606
Mental health	375	522
County environment and education	394	407
Roads and transportation	5,297	4,377
Governmental services to residents	295	341
Administration	1,061	895
Interest on long-term debt	20	12
Total expenses	9,647	8,588
Change in net position	5,530	3,531
Net position beginning of year	20,865	17,334
Net position end of year	\$ 26,395	20,865

Revenues by Source



Expenses by Program



The County increased the County-wide property tax levy from \$6.55835 to \$6.71657 per \$1,000 of taxable valuation for fiscal year 2023. The general supplemental tax levy increased from \$2.17046 to \$2.17788 per \$1,000 of taxable valuation. The taxable valuation of property decreased 0.34%, or approximately \$1.4 million. These changes resulted in an increase in property and other County tax revenues of approximately \$63,000, or 1.9%.

The County's capital grants, contributions and restricted interest increased 114.8%, or approximately \$2,950,000 over fiscal year 2022 due to contributed capital from the Iowa Department of Transportation during fiscal year 2023.

The cost of all governmental activities this year was approximately \$9.647 million compared to approximately \$8.588 million last year. However, as shown in the Statement of Activities on page 21, these activities ultimately were paid by those who directly benefited from the programs (approximately \$663,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$9,761,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2023 from approximately \$7,422,000 to approximately \$10,424,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As Ringgold County completed the year, its governmental funds reported a combined fund balance of approximately \$7.1 million, a decrease of approximately \$324,000 from last year's total of approximately \$7.4 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased 6.4%, or approximately \$273,000. Intergovernmental revenues decreased approximately \$132,000 due to \$110,000 decrease in CARES ACT funds and approximately \$20,000 decrease in other grants compared to FY22. Charges for services increased approximately \$7,800, due primarily to increase in recreation facility rental fees. Expenditures increased approximately \$249,000, or approximately 5.6% compared to the prior year, as the County used the American Rescue Plan Act funds for courthouse improvements, public safety equipment, secondary roads and conservation projects. The ending fund balance decreased approximately \$110,000 from the prior year to \$1,865,854.

- The Special Revenue, Rural Services Fund ended fiscal year 2023 with a balance of approximately \$284,000, a decrease of 19.8% compared to the June 30, 2022 balance of approximately \$354,000. Revenues increased 2.3% due to a decrease in property valuations of approximately 0.3%, offset by an increase in the property tax levy rate of 9.76%. Expenditures increased approximately \$7,000 or 13.4%, from fiscal year 2022.
- The Special Revenue, Secondary Roads Fund revenues decreased 0.1%, or approximately \$5,000, due to a decrease in road use taxes. Expenditures increased 8.3% or approximately \$348,000. The Secondary Roads ending fund balance increased approximately \$44,500, or 1.25%, over the prior year.
- The Special Revenue, Jail Local Option Sales Tax Fund revenues decreased approximately \$67,000, or 12.0%, due to a decrease in local options sales tax receipts. Expenditures increased approximately \$169,000, or 47.5%, due to an increase in public safety expenses. The Jail Local Option Sales Tax Fund ending balance decreased approximately \$32,000, or 2.6%, from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, Ringgold County amended its budget two times. The budget amendment in October 2022 resulted in an increase of budgeted revenue for intergovernmental and a decrease of budgeted revenue for miscellaneous revenues. Disbursements were increased for administration, county environment and education, roads and transportation, and public safety to cover the use of American Rescue Plan Act (ARPA) funds for projects and the purchase of equipment. The second amendment in May 2023 resulted in an increase of budgeted revenue for use of money and property and intergovernmental revenues. Disbursements were increased for roads and transportation for various line items within the department and a decrease for Capital projects.

The County's receipts were \$316,283 more than budgeted, a variance of 3.26%. The most significant variances resulted from the County receiving more Local Option Sales Tax (LOST) receipts and intergovernmental receipts from ARPA, than anticipated.

Total disbursements were \$1,032,571 less than the amended budget. Actual disbursements for physical health and social services, capital projects, and Public Safety and Legal Services functions were \$549,869, \$175,398 and \$153,138, respectively, less than budgeted. Disbursements for physical health and social services were less than budgeted because less funds were needed for overtime wages due to being understaffed in fiscal year 2023. Disbursements for capital projects were less than budgeted due to project delays for the Liberty Lake cabin project. Public safety and legal services function disbursements were less than budgeted due to costs being less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, Ringgold County had approximately \$21.4 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 \$5,270,000, or 32.6%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)		
	June 30,	
	2023	2022
Land	\$ 35	35
Construction in progress	4,394	-
Buildings and improvements	3,467	3,053
Equipment and vehicles	1,992	1,973
Right-to-use leased equipment	10	31
Intangibles	36	38
Infrastructure	11,492	11,026
Total	<u>\$ 21,426</u>	<u>16,156</u>

This year's major additions included (in thousands):

Infrastructure assets	\$ 1,124
Construction in progress	4,394
Sheriff equipment	220
Liberty Lake Project	301
Total	<u>\$ 4,915</u>

The County had depreciation/amortization expense of \$1,241,804 in fiscal year 2023 and total accumulated depreciation of \$12,949,307 at June 30, 2023. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

At June 30, 2023, Ringgold County had approximately \$720,000 of general obligation bonds and other debt outstanding, compared to \$943,000 at June 30, 2022.

Outstanding Debt of Governmental Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2023	2022
Equipment purchase agreements	\$ -	31
Lease agreements	10	32
General obligation bonds	710	880
Total	<u>\$ 720</u>	<u>943</u>

Debt decreased as a result of paying down the general obligation local option sales tax bonds and paying the final payment on the equipment purchase agreement.

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 \$34.75 million. Additional information about the County's long-term debt is presented in Note 7 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 2024 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.6% versus 2.3% a year ago. This compares with the State's unemployment rate of 2.9% and the national rate of 3.6%.

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

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Ringgold County

Basic Financial Statements

Exhibit A

Ringgold County
Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 6,495,731
Cash held by health plan trustee	187,625
Receivables:	
Property tax:	
Delinquent	670
Succeeding year	3,913,000
Interest and penalty on property tax	5,112
Accounts	13,730
Accrued interest	53,458
Opioid settlement	72,731
Due from other governments	377,126
Lease receivable	28,692
Inventories	404,093
Prepaid expense	91,607
Capital assets, not being depreciated	4,458,823
Capital assets, net of accumulated depreciation/amortization	<u>16,967,565</u>
Total assets	<u>33,069,963</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>509,134</u>

Ringgold County
Statement of Net Position
June 30, 2023

	Governmental Activities
Liabilities	
Accounts payable	103,827
Accrued interest payable	1,183
Salaries and benefits payable	150,445
Due to other governments	2,712
Unearned revenues	257,789
Long-term liabilities:	
Portion due or payable within one year:	
Lease agreements	10,192
General obligation bonds	175,000
Compensated absences	138,793
Portion due or payable after one year:	
General obligation bonds	535,000
Compensated absences	74,845
Net pension liability	971,339
Total OPEB liability	378,056
Total liabilities	2,799,181
Deferred Inflows of Resources	
Unavailable property tax revenue	3,913,000
Pension related deferred inflows	443,323
Lease related	28,692
Total deferred inflows of resources	4,385,015
Net Position	
Net investment in capital assets	20,706,196
Restricted for:	
Supplemental levy purposes	597,225
Rural services purposes	284,000
Secondary roads purposes	3,448,654
Public safety and legal services	152,204
Opioid abatement	92,860
Other purposes	1,390,664
Unrestricted	(276,902)
Total net position	\$ 26,394,901

See notes to financial statements.

Ringgold County

Ringgold County

Statement of Activities

Year ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	
	Expenses				
Functions/Programs:					
Governmental activities:					
Public safety and legal services	\$ 1,573,533	244,281	3,345	-	(1,325,907)
Physical health and social services	632,224	123,425	247,101	-	(261,698)
Mental health	375,256	-	293,088	-	(82,168)
County environment and education	393,753	7,949	148,993	1,997	(234,814)
Roads and transportation	5,296,829	75,239	3,546,555	5,517,929	3,842,894
Governmental services to residents	294,945	133,590	1,807	-	(159,548)
Administration	1,060,572	78,832	-	-	(981,740)
Interest on long-term debt	20,433	-	-	-	(20,433)
Total	\$ 9,647,545	663,316	4,240,889	5,519,926	776,586
General Revenues:					
Property and other county tax levied for general purposes					3,523,314
Penalty and interest on property tax					27,376
State tax credits and replacements					194,473
Local option sales tax					474,970
American Rescue Plan Act					311,356
Unrestricted investment earnings					174,241
Gain on disposal of capital assets					20,935
Miscellaneous					26,199
Total general revenues					4,752,864
Change in net position					5,529,450
Net position beginning of year					20,865,451
Net position end of year					\$ 26,394,901
See notes to financial statements.					

Ringgold County
Balance Sheet
Governmental Funds

June 30, 2023

	Special		
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 1,870,803	284,108	2,990,075
Cash held by health plan trustee	187,625	-	-
Receivables:			
Property tax:			
Delinquent	651	19	-
Succeeding year	2,986,000	927,000	-
Interest and penalty on property tax	5,112	-	-
Accounts	5,112	-	8,481
Accrued interest	42,217	-	-
Opioid settlement	-	-	-
Lease receivable	28,692	-	-
Due from other governments	46,730	-	298,101
Inventories	-	-	404,093
Prepaid expenditures	91,607	-	-
Total assets	\$ 5,264,549	1,211,127	3,700,750
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 23,695	-	79,911
Salaries and benefits payable	90,593	127	59,725
Due to other governments	2,712	-	-
Unearned revenues	257,789	-	-
Total liabilities	374,789	127	139,636
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	2,986,000	927,000	-
Lease related	28,692	-	-
Other	9,214	19	-
Total deferred inflows of resources	3,023,906	927,019	-
Fund balances:			
Nonspendable:			
Inventories	-	-	404,093
Prepaid expenditures	91,607	-	-
Restricted for:			
Supplemental levy purposes	318,932	-	-
Mental health purposes	68,557	-	-
Rural services purposes	-	283,981	-
Secondary roads purposes	-	-	3,157,021
Conservation land acquisition	23,745	-	-
Public safety and legal services	96,782	-	-
County jail	-	-	-
Other purposes	-	-	-
Health benefits	187,625	-	-
Unassigned	1,078,606	-	-
Total fund balances	1,865,854	283,981	3,561,114
Total liabilities, deferred inflows of resources and fund balances	\$ 5,264,549	1,211,127	3,700,750

See notes to financial statements.

Revenue		
Jail		
Local Option		
Sales Tax	Nonmajor	Total
1,166,408	184,337	6,495,731
-	-	187,625
-	-	670
-	-	3,913,000
-	-	5,112
-	137	13,730
11,238	3	53,458
-	72,731	72,731
-	-	28,692
32,295	-	377,126
-	-	404,093
-	-	91,607
1,209,941	257,208	11,643,575
221	-	103,827
-	-	150,445
-	-	2,712
-	-	257,789
221	-	514,773
-	-	3,913,000
-	-	28,692
-	72,731	81,964
-	72,731	4,023,656
-	-	404,093
-	-	91,607
-	-	318,932
-	-	68,557
-	-	283,981
-	-	3,157,021
-	-	23,745
-	55,422	152,204
1,209,720	-	1,209,720
-	129,055	129,055
-	-	187,625
-	-	1,078,606
1,209,720	184,477	7,105,146
1,209,941	257,208	11,643,575

Ringgold County

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

June 30, 2023

Total governmental fund balances (page 23) \$ 7,105,146

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 \$34,375,695 and the accumulated depreciation/amortization is \$12,949,307. 21,426,388

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. 81,964

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	\$ 509,134	
Deferred inflows of resources	<u>(443,323)</u>	65,811

Long-term liabilities, including lease 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. (2,284,408)

Net position of governmental activities (page 19) \$ 26,394,901

See notes to financial statements.

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

Year ended June 30, 2023

		Special	
	General	Rural Services	Secondary Roads
Revenues:			
Property and other county tax	\$ 2,626,880	897,451	-
Local option sales tax	-	-	-
Interest and penalty on property tax	27,434	-	-
Intergovernmental	1,332,387	40,062	3,569,656
Licenses and permits	6,450	-	25,600
Charges for service	337,833	-	-
Use of money and property	173,109	-	-
Miscellaneous	40,851	-	52,692
Total revenues	4,544,944	937,513	3,647,948
Expenditures:			
Operating:			
Public safety and legal services	1,407,525	-	-
Physical health and social services	691,032	-	-
Mental health	387,443	-	-
County environment and education	523,112	57,439	-
Roads and transportation	185,000	-	4,232,937
Governmental services to residents	317,579	-	-
Administration	1,143,492	-	-
Debt service	-	-	-
Capital projects	-	-	320,551
Total expenditures	4,655,183	57,439	4,553,488
Excess (deficiency) of revenues over (under) expenditures	(110,239)	880,074	(905,540)
Other financing sources (uses):			
Transfers in	-	-	950,000
Transfers out	-	(950,000)	-
Total other financing sources (uses)	-	(950,000)	950,000
Change in fund balances	(110,239)	(69,926)	44,460
Fund balances beginning of year	1,976,093	353,907	3,516,654
Fund balances end of year	\$ 1,865,854	283,981	3,561,114

See notes to financial statements.

Revenue		
Jail		
Local Option		
Sales Tax	Nonmajor	Total
-	-	3,524,331
474,970	-	474,970
-	-	27,434
-	8,206	4,950,311
-	-	32,050
-	4,362	342,195
17,145	28	190,282
-	43,222	136,765
492,115	55,818	9,678,338
332,996	6,779	1,747,300
-	12,560	703,592
-	-	387,443
-	192,509	773,060
-	-	4,417,937
-	-	317,579
-	-	1,143,492
191,000	-	191,000
-	-	320,551
523,996	211,848	10,001,954
(31,881)	(156,030)	(323,616)
-	-	950,000
-	-	(950,000)
-	-	-
(31,881)	(156,030)	(323,616)
1,241,601	340,507	7,428,762
1,209,720	184,477	7,105,146

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, 2023

Change in fund balances - Total governmental funds (page 27) \$ (323,616)***Amounts reported for governmental activities in the Statement of Activities are different because:***

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

Expenditures for capital assets	\$ 972,839	
Capital assets contributed by the Iowa Department of Transportation	5,517,929	
Depreciation/amortization expense	<u>(1,241,804)</u>	5,248,964

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

20,935

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	(1,017)	
Other	<u>(39,189)</u>	(40,206)

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.

223,711

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.

312,193

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	12,830	
OPEB expense	6,507	
Pension expense	67,565	
Interest on long-term debt	<u>567</u>	87,469

Change in net position of governmental activities (page 21) \$ 5,529,450

See notes to financial statements.

Ringgold County
Statement of Fiduciary Net Position
Custodial Funds

June 30, 2023

Assets

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 5,501,845
Other County officials	6,812

Receivables:

Property tax:

Delinquent	2,987
Succeeding year	10,266,000

Accounts	4,806
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Accrued interest	611
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Special assessments	4,001
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Total assets15,830,552**Liabilities**

Accounts payable	2,341
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Salaries and benefits payable	18,350
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Due to other governments	298,645
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Trusts payable	39,595
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Compensated absences	10,708
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Total liabilities369,639**Deferred Inflows of Resources**

Unavailable property tax revenue	10,266,000
----------------------------------	------------

Net positionRestricted for individuals, organizations and
other governments\$ 5,194,913

See notes to financial statements.

Ringgold County

Ringgold County
Statement of Changes in Fiduciary Net Position
Custodial Funds

June 30, 2023

Additions:	
Property and other county tax	\$ 9,653,513
911 surcharge	205,011
State tax credits	579,146
Office fees and collections	243,759
Auto licenses, use tax and postage	2,301,803
Assessments	22,294
Trusts	112,372
Miscellaneous	<u>4,383,078</u>
Total additions	<u>17,500,976</u>
Deductions:	
Agency remittances:	
To other funds	153,111
To other governments	13,003,287
Trusts paid out	<u>106,318</u>
Total deductions	<u>13,262,716</u>
Change in net position	4,238,260
Net position beginning of year	<u>956,653</u>
Net position end of year	<u>\$ 5,194,913</u>

See notes to financial statements.

Ringgold County

Notes to Financial Statements

June 30, 2023

(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.

B. Basis of Presentation

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

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

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

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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 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.

The Jail Local Option Sales Tax Fund is used to pay the principal and interest on the general obligation local option sales tax bonds and other expenses for the jail.

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, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated 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 inflow 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2022.

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.

Opioid Settlement Receivable – The County will receive payments from certain prescription drug companies and pharmaceutical distributors engaged in misleading and fraudulent conduct in the marketing and sale of opioids and failure to monitor for, detect and prevent diversion of the drugs. The County is required to use these funds for activities to remediate the opioid crisis and treat or mitigate opioid use disorder and related disorders through prevention, harm reduction and recovery services.

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 (except for intangible right-to-use lease assets, the measurement of which is discussed under “Leases” below) 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
Right-to-use leased assets	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:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 35
Vehicles	3 - 10
Right-to-use leased assets	2 - 20

Leases – **County as Lessee** – Ringgold County is the lessee for a noncancellable lease of equipment. The County has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payment made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Ringgold County determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Ringgold County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

County as Lessor – Ringgold County is a lessor for a noncancellable lease of farmland. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Ringgold County determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Ringgold County uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Unearned Revenue – 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. Unearned revenue in the government-wide and governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the County has not made a qualifying expenditure. Unearned revenue consists of unspent American Rescue Plan Act proceeds.

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, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, 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 (asset), 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, 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 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, 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 and the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the mental health function.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2023 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 \$2,577,586. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

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

(3) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

Transfer to	Transfer from	Amount
Secondary Roads	Special Revenue: Rural Services	<u>\$ 950,000</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, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 34,970	-	-	34,970
Intangibles, other	30,000	-	-	30,000
Construction in progress	-	5,517,929	(1,124,076)	4,393,853
Total capital assets not being depreciated/amortized	64,970	5,517,929	(1,124,076)	4,458,823
Capital assets being depreciated/amortized:				
Buildings	4,410,327	301,147	-	4,711,474
Improvements other than buildings	191,771	236,326	-	428,097
Equipment and vehicles	6,873,020	456,301	(33,620)	7,295,701
Right-to-use leased equipment	53,193			53,193
Intangibles, other	13,808		-	13,808
Infrastructure, road network	16,177,523	1,124,076	-	17,301,599
Infrastructure, other	113,000		-	113,000
Total capital assets being depreciated/amortized	27,832,642	2,117,850	(33,620)	29,916,872
Less accumulated depreciation/amortization for:				
Buildings	1,482,145	103,418	-	1,585,563
Improvements other than buildings	67,225	19,313	-	86,538
Equipment and vehicles	4,900,425	436,634	(33,620)	5,303,439
Right-to-use leased equipment	21,714	21,714		43,428
Intangibles, other	5,523	2,761	-	8,284
Infrastructure, road network	5,250,691	653,314	-	5,904,005
Infrastructure, other	13,400	4,650	-	18,050
Total accumulated depreciation/amortization	11,741,123	1,241,804	(33,620)	12,949,307
Total capital assets being depreciated/amortized, net	16,091,519	876,046	-	16,967,565
Governmental activities capital assets, net	<u>\$ 16,156,489</u>	<u>6,393,975</u>	<u>(1,124,076)</u>	<u>21,426,388</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 103,051
Physical health and social services	13,394
County environment and education	60,058
Roads and transportation	999,259
Governmental services to residents	3,961
Administration	62,081
Total depreciation/amortization expense	<u>\$ 1,241,804</u>

(5) County Farm Lease Receivable

The County owns the Don and Connie Huff Wildlife Area. Effective March 1, 2023, the County entered into a three-year lease with Brett England whereby Brett England operates the Farm. The County is to receive \$15,540 in land rent annually with an implicit rate of 5.50%.

Year Ending June 30,	Don and Connie Huff Wildlife Area Agriculture Lease		
	Principal	Interest	Total
2024	\$ 13,962	1,578	15,540
2025	14,730	810	15,540
Total	\$ 28,692	2,388	31,080

(6) 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, 2023 is as follows:

Fund	Description	Amount
General	Services	\$ 2,712
Custodial:		
County Offices	Collections	\$ 7,831
Agricultural Extension Education		1,192
County Assessor		58
Schools		51,125
Community Colleges		3,586
Corporations		15,835
Townships		2,148
Auto License and Use Tax		182,186
All other		34,684
Total for custodial funds		\$ 298,645

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Direct Borrowing				Net Pension Liability (Asset)	Total OPEB Liability	Total
	Lease Agreements	Equipment Purchase Agreement	General Obligation Bonds	Compensated Absences			
Balance beginning of year	\$ 32,416	31,487	880,000	226,468	(569,913)	384,563	985,021
Increases	-	-	-	161,483	1,541,252	58,330	1,761,065
Decreases	22,224	31,487	170,000	174,313	-	64,837	462,861
Balance end of year	10,192	-	710,000	213,638	971,339	378,056	2,283,225
Due within one year	\$ 10,192	-	175,000	138,793	-	-	323,985

Lease Agreements

On April 16, 2019 the County entered into a lease agreement for copiers. An initial lease liability was recorded in the amount of \$35,806. The agreement requires monthly payments of \$1,155 over 5 years with an initial payment made April 24, 2019 for \$1,155, with an implicit interest rate of 4.75% and final payment due March 5, 2024. During the year ended June 30, 2023, principal and interest paid were \$13,038 and \$822, respectively.

On June 17, 2020, the County entered into a lease agreement for a server. An initial lease liability was recorded in the amount of \$17,387. The agreement requires monthly payments of \$777 over 3 years with an initial payment made July 1, 2020 for \$777 with an implicit rate of 2.75% and final payment due June 30, 2023. During the year ended June 30, 2023, the County paid the remaining lease payment of principal and interest of \$9,184 and \$136, respectively.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Copiers		
	Principal	Interest	Total
2024	\$ 10,192	203	10,395

General Obligation Bonds Payable

A summary of the County's June 30, 2023 general obligation bond indebtedness is as follows:

Year Ending June 30,	County Jail Issued Sep 17, 2019			
	Interest Rates	Principal	Interest	Total
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		\$ 710,000	35,700	745,700

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, 2023, the County paid principal of \$170,000 and interest of \$21,000 on the bonds.

(8) 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 2023, 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 8.76% of covered payroll, for a total rate of 17.52%. Protection occupation members contributed 6.21% of covered payroll and the County contributed 9.31% of covered payroll, for a total rate of 15.52%.

The County’s contributions to IPERS for the year ended June 30, 2023 totaled \$312,193.

Net Pension Liability, Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the County reported a liability of \$971,339 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the County’s proportion was 0.025709%, which was a decrease of 0.139375% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized pension expense (reduction) of \$(67,565). At June 30, 2023, 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	\$ 108,600	17,365
Changes of assumptions	1,030	44,952
Net difference between projected and actual earnings on IPERS' investments		160,185
Changes in proportion and differences between County contributions and the County's proportionate share of contributions	87,311	220,821
County contributions subsequent to the measurement date	312,193	-
Total	<u>\$ 509,134</u>	<u>443,323</u>

\$312,193 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, 2024. 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
2024	\$ (166,016)
2025	(133,742)
2026	(247,929)
2027	315,193
2028	<u>(13,888)</u>
Total	<u>\$ (246,382)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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 (Asset) to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 2,343,396	971,339	(236,101)

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, 2023.

(9) 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	66
Total	<u>66</u>

Total OPEB Liability – The County's total OPEB liability of \$378,056 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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, 2023)	2.60% per annum.
Rates of salary increase (effective June 30, 2023)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2023)	4.13% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	7.00% initial rate decreasing by 0.5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.13% 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 Public Plan 2010. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	\$ 384,563
Changes for the year:	
Service cost	41,776
Interest	16,554
Differences between expected and actual experiences	(20,233)
Changes in assumptions	(960)
Benefit payments	(43,644)
Net changes	(6,507)
Total OPEB liability end of year	\$ 378,056

Changes of assumptions reflect a change in the discount rate from 4.09% in fiscal year 2022 to 4.13% in fiscal year 2023.

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 (3.13%) or 1% higher (5.13%) than the current discount rate.

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 402,846	378,056	354,959

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 (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 342,115	378,056	420,282

OPEB Expense (Reduction) – For the year ended June 30, 2023, the County recognized OPEB expense (reduction) of \$(37,137). Under the alternative measurement method, all deferred outflows/inflows of resources related to OPEB are fully recognized immediately.

(10) 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 800 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, employment practices liability, public officials liability, cyber liability and law enforcement liability. 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, 2023 were \$192,559.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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 or losses 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, 2023, no liability has been recorded in the County's financial statements. As of June 30, 2023, 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.

(11) 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 \$187,625 at June 30, 2023.

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, 2023

	Actual	Budgeted Amounts		Final to Net Variance
		Original	Final	
Receipts:				
Property and other county tax	\$ 4,022,371	3,909,968	3,909,968	(112,403)
Interest and penalty on property tax	27,434	15,500	15,500	(11,934)
Intergovernmental	5,296,324	4,964,523	5,186,858	(109,466)
Licenses and permits	28,395	8,000	8,000	(20,395)
Charges for service	293,912	236,840	249,840	(44,072)
Use of money and property	142,736	40,540	80,540	(62,196)
Miscellaneous	199,025	322,429	243,208	44,183
Total receipts	10,010,197	9,497,800	9,693,914	(316,283)
Disbursements:				
Public safety and legal services	1,737,289	1,745,316	1,890,427	(153,138)
Physical health and social services	699,151	1,512,603	1,624,276	(925,125)
Mental health	375,256	-	-	375,256
County environment and education	790,874	602,316	843,191	(52,317)
Roads and transportation	4,490,008	4,276,499	4,543,118	(53,110)
Governmental services to residents	317,191	320,041	331,000	(13,809)
Administration	1,201,079	1,116,086	1,224,702	(23,623)
Debt service	191,000	191,500	191,500	(500)
Capital projects	325,602	690,000	501,000	(175,398)
Total disbursements	10,127,450	10,454,361	11,149,214	(1,021,764)
Change in balances	(117,253)	(956,561)	(1,455,300)	(1,338,047)
Balance beginning of year	6,800,609	3,640,204	3,484,273	(3,316,336)
Balance end of year	\$ 6,683,356	2,683,643	2,028,973	(4,654,383)

See accompanying independent auditor's report.

Ringgold County
Budgetary Comparison Schedule – Budget to GAAP Reconciliation
Required Supplementary Information
Year ended June 30, 2023

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,010,197	(331,859)	9,678,338
Expenditures	10,127,450	(125,496)	10,001,954
Net	(117,253)	(206,363)	(323,616)
Beginning fund balance	6,800,609	628,153	7,428,762
Ending fund balance	<u>\$ 6,683,356</u>	<u>421,790</u>	<u>7,105,146</u>

See accompanying independent auditor's report.

Ringgold County

Ringgold County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2023

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 and 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 \$694,853. 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 Assessor by the County Conference Board, for the 911 System by the Joint 911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the mental health function.

Ringgold County

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

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

Required Supplementary Information

	2023	2022	2021	2020
County's proportion of the net pension liability (asset)	0.025709%	0.165084% **	0.036538%	0.032914%
County's proportionate share of the net pension liability (asset)	\$ 971	(570)	2,567	1,906
County's covered payroll	\$ 3,247	3,163	3,479	2,911
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	29.90%	-18.02%	73.79%	65.48%
IPERS' net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%

* 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.

** Overall plan net pension asset.

See accompanying independent auditor's report.

2019	2018	2017	2016	2015
0.032488%	0.033175%	0.033008%	0.028354%	0.029155%
2,056	2,210	2,077	1,401	1,156
2,974	2,883	2,770	2,462	2,524
69.13%	76.66%	74.98%	56.90%	45.80%
83.62%	82.21%	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

	2023	2022	2021	2020
Statutorily required contribution	\$ 312	304	322	330
Contributions in relation to the statutorily required contribution	(312)	(304)	(322)	(330)
Contribution deficiency (excess)	\$ -	-	-	-
County's covered payroll	\$ 3,358	3,247	3,163	3,479
Contributions as a percentage of covered payroll	9.29%	9.36%	10.18%	9.49%
See accompanying independent auditor's report.				

2019	2018	2017	2016	2015	2014
299	271	262	252	222	231
(299)	(271)	(262)	(252)	(222)	(231)
-	-	-	-	-	-
2,911	2,974	2,883	2,770	2,462	2,524
10.27%	9.11%	9.09%	9.10%	9.02%	9.15%

Ringgold County

Ringgold County

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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 and Related Ratios

For the Last Six Years
Required Supplementary Information

	2023	2022	2021	2020
Service cost	\$ 41,776	55,311	52,412	50,522
Interest cost	16,554	10,570	12,679	19,171
Difference between expected and actual experiences	(20,233)	(38,544)	(13,806)	(107,042)
Changes in assumptions	(960)	(37,839)	11,601	15,400
Benefit payments	(43,644)	(64,206)	(55,369)	(43,536)
Net change in total OPEB liability	(6,507)	(74,708)	7,517	(65,485)
Total OPEB liability beginning of year	384,563	459,271	451,754	517,239
Total OPEB liability end of year	\$ 378,056	384,563	459,271	451,754
Covered-employee payroll	\$ 2,952,126	3,066,874	3,521,234	3,356,871
Total OPEB liability as a percentage of covered-employee payroll	12.8%	12.5%	13.0%	13.5%

See accompanying independent auditor's report.

2019	2018
48,299	46,173
19,974	18,884
(15,310)	(51,034)
11,067	(4,189)
(28,981)	(17,771)
35,049	(7,937)
482,190	490,127
517,239	482,190
3,241,397	2,907,736
16.0%	16.6%

Ringgold County

Notes to Required Supplementary Information – OPEB Liability

Year ended June 30, 2023

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2023 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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, 2023	4.13%
Year ended June 30, 2022	4.09%
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%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Supplementary Information

Ringgold County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2023

	Special			
	County Recorder's Records Management	REAP	K-9 Unit	Sheriff's Commissary
Assets				
Cash and pooled investments	\$ 13,607	21,185	714	29,357
Receivables:				
Accounts	-	-	-	135
Accrued interest	-	3	-	-
Opioid settlement	-	-	-	-
Total assets	\$ 13,607	21,188	714	29,492
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
None	\$ -	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Other	-	-	-	-
Fund balances:				
Restricted for:				
Public safety and legal services	-	-	714	29,492
Other purposes	13,607	21,188	-	-
Total fund balances	13,607	21,188	714	29,492
Total liabilities, deferred inflows of resources and fund balances	\$ 13,607	21,188	714	29,492

See accompanying independent auditor's report.

Revenue									
Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Public Health Better Health	Start to Soar Endowment	Local Government Opioid Abatement	Total
7,267	4,880	13,067	2,462	20,956	10,478	9,860	30,375	20,129	184,337
-	-	2	-	-	-	-	-	-	137
-	-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	72,731	72,731
7,267	4,880	13,069	2,462	20,956	10,478	9,860	30,375	92,860	257,208
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	72,731	72,731
7,267	4,880	13,069	-	-	-	-	-	-	55,422
-	-	-	2,462	20,956	10,478	9,860	30,375	20,129	129,055
7,267	4,880	13,069	2,462	20,956	10,478	9,860	30,375	20,129	184,477
7,267	4,880	13,069	2,462	20,956	10,478	9,860	30,375	92,860	257,208

Ringgold County

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

Year ended June 30, 2023

	Special			
	County Recorder's Records Management	REAP	K-9 Unit	Sheriff's Commissary
Revenues:				
Intergovernmental	\$ -	8,206	-	-
Charges for service	1,447	-	-	2,890
Use of money and property	-	18	-	-
Miscellaneous	-	-	-	-
Total revenues	1,447	8,224	-	2,890
Expenditures:				
Operating:				
Public safety and legal services	-	-	-	2,874
Physical health and social services	-	-	-	-
County environment and education	-	50,498	-	-
Total expenditures	-	50,498	-	2,874
Change in fund balances	1,447	(42,274)	-	16
Fund balances beginning of year	12,160	63,462	714	29,476
Fund balances end of year	\$ 13,607	21,188	714	29,492

See accompanying independent auditor's report.

Revenue									
Sheriff's Special	Sheriff's Forfeiture	Sheriff's Reserves	Liberty Lake	Nature Center Trust	Public Health Endowment	Public Health Better Health	Start to Soar Endowment	Local Government Opioid Abatement	Total
-	-	-	-	-	-	-	-	-	8,206
-	-	25	-	-	-	-	-	-	4,362
-	-	10	-	-	-	-	-	-	28
25	-	-	1,997	1,880	7,710	-	14,680	16,930	43,222
25	-	35	1,997	1,880	7,710	-	14,680	16,930	55,818
-	1,200	2,705	-	-	-	-	-	-	6,779
-	-	-	-	-	12,560	-	-	-	12,560
-	-	-	135,921	6,090	-	-	-	-	192,509
-	1,200	2,705	135,921	6,090	12,560	-	-	-	211,848
25	(1,200)	(2,670)	(133,924)	(4,210)	(4,850)	-	14,680	16,930	(156,030)
7,242	6,080	15,739	136,386	25,166	15,328	9,860	15,695	3,199	340,507
7,267	4,880	13,069	2,462	20,956	10,478	9,860	30,375	20,129	184,477

Ringgold County

Combining Schedule of Fiduciary Net Position
Custodial Funds

June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools
Assets				
Cash, cash equivalents and pooled investments:				
County Treasurer	\$ -	1,192	547,412	51,125
Other County officials	6,812	-	-	-
Receivables:				
Property tax:				
Delinquent	-	30	-	1,203
Succeeding year	-	126,000	304,000	5,280,000
Accounts	1,219	-	-	-
Accrued interest	-	-	-	-
Special assessments	-	-	-	-
Total assets	8,031	127,222	851,412	5,332,328
Liabilities				
Liabilities:				
Accounts payable	-	-	433	-
Salaries and benefits payable	-	-	5,747	-
Due to other governments	7,831	1,192	58	51,125
Trusts payable	200	-	-	-
Compensated absences	-	-	8,123	-
Total liabilities	8,031	1,192	14,361	51,125
Deferred Inflows of Resources				
Unavailable revenues	-	126,000	304,000	5,280,000
Net Position				
Restricted for individuals, organizations and other governments	\$ -	30	533,051	1,203

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
3,586	15,835	2,148	182,186	1,625,117	2,389,920	683,324	5,501,845
-	-	-	-	-	-	-	6,812
89	1,309	4	-	-	-	352	2,987
400,000	1,257,000	262,000	-	-	-	2,637,000	10,266,000
-	-	-	-	-	-	3,587	4,806
-	-	-	-	-	-	611	611
-	-	-	-	-	-	4,001	4,001
403,675	1,274,144	264,152	182,186	1,625,117	2,389,920	3,372,365	15,830,552
-	-	-	-	-	-	1,908	2,341
-	-	-	-	9,870	-	2,733	18,350
3,586	15,835	2,148	182,186	-	-	34,684	298,645
-	-	-	-	-	-	39,395	39,595
-	-	-	-	-	-	2,585	10,708
3,586	15,835	2,148	182,186	9,870	-	81,305	369,639
400,000	1,257,000	262,000	-	-	-	2,637,000	10,266,000
89	1,309	4	-	1,615,247	2,389,920	654,060	5,194,913

Ringgold County

Combining Schedule of Changes in Fiduciary Net Position
Custodial Funds

Year Ended June 30, 2023

	County Offices	Agricultural Extension Education	County Assessor	Schools
Additions:				
Property and other county tax	\$ -	119,558	288,742	5,150,239
911 surcharge	-	-	-	-
State tax credits	-	6,548	17,332	281,256
Drivers license fees	-	-	-	-
Office fees and collections	243,759	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	20,102	-	-	-
Miscellaneous	-	-	22,147	-
Total additions	263,861	126,106	328,221	5,431,495
Deductions:				
Agency remittances:				
To other funds	77,074	-	-	-
To other governments	166,685	126,157	229,100	5,434,127
Trusts paid out	20,102	-	-	-
Total deductions	263,861	126,157	229,100	5,434,127
Changes in net position	-	(51)	99,121	(2,632)
Net position, beginning of year	-	81	433,930	3,835
Net position end of year	\$ -	30	533,051	1,203

See accompanying independent auditor's report.

Community Colleges	Corporations	Townships	Auto License and Use Tax	WRD Landfill	WRD Landfill Closure	Other	Total
359,766	1,056,355	240,860	-	-	-	2,437,993	9,653,513
-	-	-	-	-	-	205,011	205,011
19,703	155,157	9,896	-	-	-	89,254	579,146
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	243,759
-	-	-	2,301,667	-	-	136	2,301,803
-	-	-	-	-	-	22,294	22,294
-	-	-	-	-	-	92,270	112,372
-	-	-	-	1,871,656	2,389,920	99,355	4,383,078
379,469	1,211,512	250,756	2,301,667	1,871,656	2,389,920	2,946,313	17,500,976
-	-	-	76,037	-	-	-	153,111
379,617	1,213,922	250,762	2,225,630	256,409	-	2,720,878	13,003,287
-	-	-	-	-	-	86,216	106,318
379,617	1,213,922	250,762	2,301,667	256,409	-	2,807,094	13,262,716
(148)	(2,410)	(6)	-	1,615,247	2,389,920	139,219	4,238,260
237	3,719	10	-	-	-	514,841	956,653
89	1,309	4	-	1,615,247	2,389,920	654,060	5,194,913

Ringgold County

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

For the Last Ten Years

	2023	2022	2021	2020
Revenues:				
Property and other county tax	\$ 3,524,331	3,458,833	3,505,539	3,391,159
Local option sales tax	474,970	555,190	441,029	385,054
Interest and penalty on property tax	27,434	24,101	39,509	21,357
Intergovernmental	4,950,311	4,986,142	5,029,303	4,461,276
Licenses and permits	32,050	7,850	2,550	1,829
Charges for service	342,195	339,837	521,716	493,604
Use of money and property	190,282	23,900	91,397	133,372
Miscellaneous	136,765	196,335	305,289	77,312
Total	\$ 9,678,338	9,592,188	9,936,332	8,964,963
Expenditures:				
Operating:				
Public safety and legal services	\$ 1,747,300	1,501,716	1,452,646	1,353,803
Physical health and social services	703,592	688,696	806,578	928,929
Mental health	387,443	544,619	579,219	611,077
County environment and education	773,060	543,694	461,491	419,808
Roads and transportation	4,417,937	3,912,575	3,656,186	3,936,669
Governmental services to residents	317,579	363,459	294,273	295,849
Administration	1,143,492	1,104,902	1,021,387	924,186
Non-program	-	-	-	314,614
Debt service	191,000	182,200	183,200	-
Capital projects	320,551	392,833	611,157	217,118
Total	\$ 10,001,954	9,234,694	9,066,137	9,002,053

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
3,517,966	3,292,202	3,195,851	2,931,456	2,837,838	2,703,566
271,033	219,170	221,998	254,284	230,466	226,837
31,168	32,971	31,241	29,651	24,531	26,313
4,565,599	4,717,482	4,282,827	4,140,608	4,320,091	4,133,756
1,670	2,430	5,889	6,478	5,160	4,610
564,891	510,463	526,088	607,592	692,795	758,571
119,888	62,580	41,584	43,008	19,881	20,026
44,993	86,636	226,260	265,610	253,576	161,392
9,117,208	8,923,934	8,531,738	8,278,687	8,384,338	8,035,071
1,346,232	1,176,508	1,219,348	1,178,873	1,200,676	1,174,204
866,376	797,038	876,562	908,686	936,530	896,133
743,769	495,121	538,254	472,049	347,648	563,550
355,409	388,775	533,431	510,165	284,962	230,047
3,823,123	3,623,125	3,687,481	4,486,955	3,133,951	5,383,357
254,600	285,148	269,699	331,843	261,746	246,865
857,458	833,028	814,989	791,547	905,990	804,890
46,590	-	-	350,941	10,995	10,124
-	488,118	19,423	-	195,555	193,315
269,856	318,517	486,580	489,955	-	-
8,563,413	8,405,378	8,445,767	9,521,014	7,278,053	9,502,485



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Rob Sand
Auditor of State

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 auditing standards generally accepted in the United States of America 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, 2023, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 31, 2024.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ringgold County's internal control. Accordingly, we do not express an opinion on the effectiveness of Ringgold County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that 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 that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 and 2023-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ringgold County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance 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, 2023 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on Ringgold County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Ringgold County's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Brian R. Brustkern, CPA
Deputy Auditor of State

July 31, 2024

Ringgold County

Schedule of Findings

Year ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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, County Treasurer and Public Health
(2) Bank accounts were not reconciled by an individual who does not sign checks, handle or record cash. Bank reconciliations were not reviewed periodically by an independent person for propriety.	County Sheriff, County Recorder and Public Health
(3) The person who signs checks was not independent of the person preparing checks, approving disbursements and recording cash disbursements.	County Recorder
(4) Garnishments collected are not reconciled or reviewed by an independent person.	County Sheriff

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

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

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, 2023

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 – Only two people in the office so we do take turns doing items daily.

Sheriff – Between 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.

Public Health – We do not have the staff to segregate those duties. We require another staff member to verify all deposits, make sure the money is counted correctly and sign off.

Conclusions – Response acknowledged. Each official should continue to review the control activities of their office to obtain the maximum internal control possible under the circumstances.

2023-002 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 project additions were not properly recorded in the County's financial statements. In addition, amounts for receivables and payables were not properly accrued. Also, the County did not record certain landfill receipts. 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.

Ringgold County

Schedule of Findings

Year ended June 30, 2023

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, receipts and capital projects are identified and properly reported in the County's financial statements.

Response – Staff has been trained on use of AOS capital asset spreadsheet to update projects as they progress throughout the fiscal year. Training will be provided to staff (these were newer employees) on accounts payable transactions for accrual purposes. Staff in the Auditor's office will cross check all claims through the month of August, the County's accrual period, to ensure accurate reporting. Now that the County has fully transitioned as fiscal agent, monthly reviews of bank statements are taking place and deposits are accounted for through the Treasurer's review of the statement.

Conclusion – Response accepted.

2023-003 County Treasurer Bank Reconciliations

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

Condition – During the year ending June 30, 2023, reconciliation of the Treasurer's balance was higher than the general ledger and bank balances with an unresolved variance of \$18,718.

Cause – Procedures have not been implemented to ensure all accounts are reconciled, variances are resolved, and the amounts recorded in the books and bank accounts are complete and accurate.

Effect – A lack of bank to book reconciliations and unresolved variances can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – To improve financial accountability and control, monthly bank reconciliation variances should be investigated and resolved timely.

Response – Bank account reconciliations are done timely as statements come in, recorded and reported to the board of supervisors monthly. We will continue to work on resolving the variance and our method of bank to book reconciliation.

Conclusion – Response accepted.

Ringgold County

Schedule of Findings

Year ended June 30, 2023

2023-004 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.

Condition – The timesheet for the Conservation Director for pay period from June 4, 2023 through June 17, 2023 was not signed by a representative of the Conservation Board.

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.

Effect – 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.

Response – The Conservation Board only meets monthly, payroll is bi-weekly. In order for the time sheets to be reviewed and signed for every pay period, a board member would have to meet with me at least twice a month. The Board does review all staff time sheets from the previous month at every meeting. The Director's position is a salary position, since that change was made the board didn't feel it was necessary to sign and approve every time sheet like was done in the past when the director was paid hourly. The only efficient way for a volunteer board to approve timesheets is if they approve and sign them in advance at the previous month's meeting.

Conclusion – Response acknowledged. Timesheets for the Conservation Director should be reviewed by a representative from the Conservation Board after the conclusion of each pay period.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Ringgold County

Schedule of Findings

Year ended June 30, 2023

Other Findings Related to Required Statutory Reporting:

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the mental health function. Per Senate File 619, signed by Governor on June 16, 2021, the County is no longer allowed to budget for or expend funds for mental health function purpose.

Recommendation – The County should not expend funds for mental health function purposes.

Response – All financials for this fund have been moved to Service Area 3 and will be accounted for as such.

Conclusion – Response acknowledged. The County should not expend funds for mental health function purposes.

2023-B 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.

2023-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

2023-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Port A John Rentals	Portable toilet rental for County parks and Secondary Roads, per bid	\$ 7,600
Gregg Cannon, Husband of County Treasurer Debra Cannon, owner of Cannon Sales and Service	Lawn mowing service and parts	2,458
Lance Brown, Employee of Secondary Roads, co-owner of Ringgold Rock & Hauling	Gravel	500
Randy McDonnell, husband of Public Health employee Robin McDonnell, owner of McDonnell Appliance	Appliances for Ringgold County Supportive Services and Ringgold County Jail	180

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with Gregg Cannon for \$7,600 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.

Ringgold County

Schedule of Findings

Year ended June 30, 2023

- 2023-E 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.
- 2023-F Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2023-G Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 2023-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 2023-I 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).
- 2023-J Mental Health Service Function Expenditures – The governor signed Senate File 619 on June 16, 2021 which significantly changed mental health funding. The County was required to transfer the remaining fund balance of the Special Revenue, Mental Health Fund to the County Rural Offices of Social Services Mental Health Region by June 30, 2022 and close the Special Revenue, Mental Health Fund.

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 required to be handled by the mental health region. 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 Senate File 619. According to Senate File 619, this service should be handled by the Mental Health Region Board and the County is not allowed to provide this service.

Recommendation – The County should work with the Iowa Department of Health and 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 Senate File 619.

Response – We continue to operate our successful Supportive Services program through the County. There are no County tax dollars used to fund the program. While we understand the guidance from DHS, we believe it is in the best interest of our clients that services continue to be administered and managed locally.

Conclusion – Response acknowledged. In accordance with the Senate File 619, this service 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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