



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

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NEWS RELEASE

FOR RELEASE

June 18, 2018

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Auditor of State Mary Mosiman today released an audit report on Central Iowa Community Services (CICS) for the year ended June 30, 2017.

CICS had revenues of \$7,566,866 for the year ended June 30, 2017, including \$6,907,625 from property and other county tax, \$557,843 from state tax credits and \$96,298 from operating grants, contributions and restricted interest.

Expenditures for the year ended June 30, 2017 totaled \$8,983,734, and included \$7,544,858 for direct services to consumers and \$1,438,876 for general administration.

A copy of the audit report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1714-2362-B00F>.

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CENTRAL IOWA COMMUNITY SERVICES

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS**

JUNE 30, 2017

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-7
Basic Financial Statements:	<u>Exhibit</u>
Statement of Net Position	A 10
Statement of Activities	B 11
Balance Sheet	C 12-13
Statement of Revenues, Expenditures and Changes in Fund Balances	D 14-15
Notes to Financial Statements	17-22
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	23-24
Schedule of Findings	25
Staff	26

Central Iowa Community Services

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mike Nolte	Board Chair	Franklin County Board of Supervisors
Doug Bailey	Vice Chair	Hamilton County Board of Supervisors
Chad Behn	Board Member	Boone County Board of Supervisors
BJ Hoffman	Board Member	Hardin County Board of Supervisors
Joe Brock	Board Member	Jasper County Board of Supervisors
Phil Clifton	Board Member	Madison County Board of Supervisors
Bill Patten	Board Member	Marshall County Board of Supervisors
Larry Wilson	Board Member	Poweshiek County Board of Supervisors
Marty Chitty	Board Member	Story County Board of Supervisors
Dean Yordi	Board Member	Warren County Board of Supervisors
Al Fagerlund	Non-Voting Ex-Officio Board Member	
Sherry Becker	Non-Voting Ex-Officio Board Member	
Jody Eaton	Chief Executive Officer	(Appointed)

Central Iowa Community Services



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Independent Auditor's Report

To the Regional Governance Board of Central Iowa Community Services:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Iowa Community Services (CICS) as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services' basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Special Revenue, Mental Health Funds of Franklin County, Hamilton County, Hardin County and Marshall County, which represent 1.77%, 2.96%, 3.68% and 5.21%, respectively, of the assets included in the Balance Sheet, 1.43%, 2.43%, 3.16% and 2.71%, respectively, of the fund balances included in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances and 3.14%, 4.58%, 5.36% and 12.42%, respectively, of the revenues included in the Statement of Revenues, Expenditures and Changes in Fund Balances. Those Mental Health Funds were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Franklin County, Hamilton County, Hardin County and Marshall County, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Central Iowa Community Services' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Iowa Community Services' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Basis for Adverse Opinions on the Governmental Activities

As discussed in Note 3, management has not recorded a liability for compensated absences in the governmental activities and, accordingly, has not recorded an expense for the current year change in that liability. U.S. generally accepted accounting principles require compensated absences attributable to employee services already rendered and not contingent on a specific event outside the control of CICS and employees be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the liabilities, net position and expenses of the governmental activities has not been determined.

Also, as discussed in Note 3, management has not recorded a liability for other postemployment benefits (OPEB) in the governmental activities and, accordingly, has not recorded an expense for the current year change in that liability. U.S. generally accepted accounting principles require CICS's annual OPEB costs based on the annual required contribution of CICS, an amount actuarially determined in accordance with GASB Statement No. 45, be accrued as liabilities and expenses, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the liabilities, net position and expenses of the governmental activities has not been determined.

In addition, as discussed in Note 3, management has not recorded a net pension liability, deferred outflows of resources or deferred inflows of resources related to pensions in the governmental activities and, accordingly, has not recorded pension expense for the current year change in that liability, deferred outflows of resources or deferred inflows of resources. U.S. generally accepted accounting principles require pension costs attributable to employee services already rendered be accrued as liabilities, deferred outflows of resources, deferred inflows of resources and expenses, which would increase the liabilities, deferred outflows of resources and/or deferred inflows of resources, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the deferred outflows of resources, liabilities, deferred inflows of resources, net position and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on the Governmental Activities" paragraphs above, the Statement of Net Position and the Statement of Activities of the governmental activities do not present fairly the financial position of the governmental activities of Central Iowa Community Services as of June 30, 2017, or the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified Opinion

In our opinion, based on our audit and the reports of the other auditors, the accompanying Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances of each major fund present fairly, in all material respects, the financial position of Central Iowa Community Services as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis which U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such omitted information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinions on the basic financial statements are not affected by this omitted information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 6, 2018 on our consideration of Central Iowa Community Services' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Iowa Community Services' internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State

June 6, 2018

Central Iowa Community Services

Basic Financial Statements

Exhibit A

Central Iowa Community Services

Statement of Net Position

June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 21,263,481
Receivables:	
Property tax:	
Delinquent	11,234
Succeeding year	6,912,638
Accrued interest	6,426
Due from other governments	10,237
Prepaid expenses	<u>177</u>
Total assets	<u>28,204,193</u>
Liabilities	
Accounts payable	585,591
Salaries and benefits payable	33,190
Due to other governments	<u>108,595</u>
Total liabilities	<u>727,376</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	<u>6,912,638</u>
Net Position	
Restricted for mental health purposes	<u>\$ 20,564,179</u>

See notes to financial statements.

Central Iowa Community Services

Statement of Activities

Year ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u> Operating Grants, Contributions and Restricted Interest	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities:			
Mental health	\$ 8,983,734	96,298	(8,887,436)
General Revenues:			
Property and other county tax levied for mental health purposes			6,907,625
State tax credits			557,843
Sale of capital assets - Story County			5,100
Total general revenues			<u>7,470,568</u>
Change in net position			(1,416,868)
Net position beginning of year			<u>21,981,047</u>
Net position end of year			<u>\$ 20,564,179</u>

See notes to financial statements.

Central Iowa Community Services

Balance Sheet

June 30, 2017

	Special Revenue,			
	Fiscal Agent	Boone County	Franklin County	Hamilton County
Assets				
Cash, cash equivalents and pooled investments	\$ 16,256,547	883,145	296,560	501,436
Receivables:				
Property tax:				
Delinquent	-	2,356	627	378
Succeeding year	-	557,000	200,636	332,664
Accrued interest	6,426	-	-	-
Due from other governments	-	4,841	-	-
Prepaid expenditures	-	-	-	-
Total assets	\$ 16,262,973	1,447,342	497,823	834,478
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 580,581	603	275	-
Salaries and benefits payable	-	9,718	2,232	1,672
Due to other governments	107,212	-	-	392
Total liabilities	687,793	10,321	2,507	2,064
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	557,000	200,636	332,664
Other	-	2,339	626	371
Total deferred inflows of resources	-	559,339	201,262	333,035
Fund balances:				
Nonspendable for prepaid expenditures	-	-	-	-
Restricted for mental health purposes	15,575,180	877,682	294,054	499,379
Total fund balances	15,575,180	877,682	294,054	499,379
Total liabilities, deferred inflows of resources and fund balances	\$ 16,262,973	1,447,342	497,823	834,478

See notes to financial statements.

Mental Health Funds							
Hardin County	Jasper County	Madison County	Marshall County	Poweshiek County	Story County	Warren County	Total
649,099	385,985	120,084	560,090	343,120	629,835	637,580	21,263,481
809	2,078	655	348	6	2,762	1,215	11,234
387,110	769,000	328,000	908,228	396,000	2,031,000	1,003,000	6,912,638
-	-	-	-	-	-	-	6,426
296	-	-	-	-	5,100	-	10,237
-	-	-	-	-	177	-	177
1,037,314	1,157,063	448,739	1,468,666	739,126	2,668,874	1,641,795	28,204,193
254	1,122	-	296	257	788	1,415	585,591
-	2,526	510	3,423	1,735	4,520	6,854	33,190
-	-	-	-	-	408	583	108,595
254	3,648	510	3,719	1,992	5,716	8,852	727,376
387,110	769,000	328,000	908,228	396,000	2,031,000	1,003,000	6,912,638
792	2,078	608	175	6	2,762	1,215	10,972
387,902	771,078	328,608	908,403	396,006	2,033,762	1,004,215	6,923,610
-	-	-	-	-	177	-	177
649,158	382,337	119,621	556,544	341,128	629,219	628,728	20,553,030
649,158	382,337	119,621	556,544	341,128	629,396	628,728	20,553,207
1,037,314	1,157,063	448,739	1,468,666	739,126	2,668,874	1,641,795	

Amounts reported in the Statement of Net Position are different because certain long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.

Net position of governmental activities

10,972

\$ 20,564,179

Central Iowa Community Services

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2017

	Fiscal Agent	Special Revenue,		
		Boone County	Franklin County	Hamilton County
Revenues:				
Property and other county tax	\$ -	564,842	220,624	319,839
Intergovernmental revenues:				
State tax credits	-	43,220	18,353	22,136
MH-DD reimbursement from other governments	2,582	32,333	-	-
Payments from member counties	5,002,883	-	-	-
Mental health and disability services transition	-	-	-	6,525
Other	-	-	51	-
Total intergovernmental revenues	5,005,465	75,553	18,404	28,661
Use of money and property	32,960	-	-	-
Miscellaneous	6,250	-	25	-
Total revenues	5,044,675	640,395	239,053	348,500
Expenditures:				
Services to persons with:				
Mental illness	5,152,736	197,235	75,511	111,981
Intellectual disabilities	786,843	-	5,094	-
Other developmental disabilities	404,452	-	5,094	-
Total direct services	6,344,031	197,235	85,699	111,981
General administration:				
Direct administration	51,790	531,921	218,322	134,431
Purchased administration	130,524	-	-	91,184
Distribution to MHDS regional fiscal agent	-	-	-	-
Total general administration	182,314	531,921	218,322	225,615
Total mental health, intellectual disabilities and developmental disabilities expenditures	6,526,345	729,156	304,021	337,596
Excess (deficiency) of revenues over (under) expenditures	(1,481,670)	(88,761)	(64,968)	10,904
Sale of capital assets - Story County	-	-	-	-
Net change in fund balances	(1,481,670)	(88,761)	(64,968)	10,904
Fund balances beginning of year	17,056,850	966,443	359,022	488,475
Fund balances end of year	\$ 15,575,180	877,682	294,054	499,379

See notes to financial statements.

Mental Health Funds							Reclassification/	
Hardin County	Jasper County	Madison County	Marshall County	Poweshiek County	Story County	Warren County	Elimination Entries	Total
370,158	781,239	334,107	860,736	399,572	2,030,577	1,028,810	-	6,910,504
36,369	65,351	23,517	83,524	30,822	161,586	66,440	6,525	557,843
-	-	40,000	-	-	-	-	-	74,915
-	-	-	-	-	-	-	(5,002,883)	-
-	-	-	-	-	-	-	(6,525)	-
117	57	142	-	-	-	-	-	367
36,486	65,408	63,659	83,524	30,822	161,586	66,440	(5,002,883)	633,125
-	-	-	-	-	-	-	-	32,960
1,056	-	-	-	-	10,033	10,692	-	28,056
407,700	846,647	397,766	944,260	430,394	2,202,196	1,105,942	(5,002,883)	7,604,645
221,334	26,686	16,564	74,534	28,114	60,879	78,377	-	6,043,951
25,746	14,411	-	3,017	25,274	29,416	56,733	-	946,534
28,264	14,848	-	2,475	25,274	-	73,966	-	554,373
275,344	55,945	16,564	80,026	78,662	90,295	209,076	-	7,544,858
53,563	126,864	6,000	135,048	55,908	184,451	80,651	(270,597)	1,308,352
-	-	-	-	-	-	-	(91,184)	130,524
-	749,161	353,406	742,813	293,045	1,758,143	744,534	(4,641,102)	-
53,563	876,025	359,406	877,861	348,953	1,942,594	825,185	(5,002,883)	1,438,876
328,907	931,970	375,970	957,887	427,615	2,032,889	1,034,261	(5,002,883)	8,983,734
78,793	(85,323)	21,796	(13,627)	2,779	169,307	71,681	-	(1,379,089)
-	-	-	-	-	5,100	-	-	5,100
78,793	(85,323)	21,796	(13,627)	2,779	174,407	71,681	-	(1,373,989)
570,365	467,660	97,825	570,171	338,349	454,989	557,047	-	21,927,196
649,158	382,337	119,621	556,544	341,128	629,396	628,728	-	20,553,207

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Change in fund balances (1,373,989)

Amounts reported in the Statement of Activities are different because some revenues will not be collected for several months after year end and, therefore, are not considered available revenues in the governmental funds. (42,879)

Change in net position of governmental activities \$ (1,416,868)

Central Iowa Community Services

Central Iowa Community Services

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

Central Iowa Community Services (CICS) is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa and includes the following member counties: Boone, Franklin, Hamilton, Hardin, Jasper, Madison, Marshall, Poweshiek, Story and Warren. The member counties entered into this 28E agreement on July 1, 2014 to create a mental health and disability service regional administrative entity as described by Chapter 331.389 of the Code of Iowa to provide local access to mental health and disability services for adults and to engage in any other related activity in which an Iowa 28E organization may lawfully be engaged.

The Central Iowa Community Services Regional Governance Board is comprised of at least one Board of Supervisors' member, or their designees, from each member county. The Regional Governance Board also includes one individual who utilizes mental health and disability services or is an actively involved relative of such an individual and one individual representing service providers in the Central Iowa Community Services area serving in a nonvoting, ex officio capacity.

Central Iowa Community Services designated Madison County as the fiscal agent to account for all funds of the organization as permitted by Chapter 331.391 of the Code of Iowa.

Except as noted in the Independent Auditors Report, Central Iowa Community Services' financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of Central Iowa Community Services are intended to present the financial position and the changes in financial position of Central Iowa Community Services, which includes funds held by Central Iowa Community Services' fiscal agent and funds held by the individual member counties in their respective Special Revenue, Mental Health Funds. Capital assets used for mental health purposes are owned by the respective member counties and, accordingly, are not reported in these financial statements.

A. Reporting Entity

For financial reporting purposes, Central Iowa Community Services (CICS) has included all funds, organizations, agencies, commissions and authorities. CICS 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 CICS are such that exclusion would cause CICS' 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 CICS 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 CICS. CICS has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Entity-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of Central Iowa Community Services.

The Statement of Net Position presents the assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following category:

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include grants, contributions and interest restricted to meeting the operational requirements of a particular function. Property and other county tax, state tax credits, unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

CICS reports the following major governmental funds:

Special Revenue:

Central Iowa Community Services Fund (Fiscal Agent) is used to account for the activity of CICS not expended directly from the Special Revenue, Mental Health Funds of the individual member counties.

The Special Revenue, Mental Health Funds of the member counties are used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

C. Measurement Focus and Basis of Accounting

The entity-wide 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, CICS considers revenues to be available if they are collected by CICS or a member county within 90 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 CICS or a member county.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, CICS 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 CICS' 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, CICS' policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Cash Equivalents and Pooled Investments – The cash balances of most CICS funds are pooled and invested. Interest earned on investments is recorded either by the fiscal agent or a member county's Special Revenue, Mental Health 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 each member 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 each member county 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, each member county Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the entity-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified by each member county Board of Supervisors in March 2016.

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.

Due to Other Governments – Due to other governments represents payments for services which will be remitted to other governments.

Deferred Inflows of Resources – Deferred inflows of resources represent 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 measureable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 90 days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied.

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

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

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

(2) Cash, Cash Equivalents and Pooled Investments

Central Iowa Community Services' deposits in banks at June 30, 2017 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.

CICS 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 CICS; 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.

CICS had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$14,939,510 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. CICS' investment in IPAIT is unrated.

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

Interest rate risk – CICS' investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of CICS.

Concentration of credit risk – CICS places no limit on the amount which may be invested in any one issuer.

(3) Compensated Absences, Other Postemployment Benefits (OPEB) and Pension Plan

In accordance with statements of understanding between the CICS' Regional Governance Board and each individual member county Board of Supervisors, the CICS Regional Chief Executive Officer, the Coordinators of Disability Services and all support staff of CICS remain employees of the respective individual member counties. The applicable portion of the employee's wages and benefits are reimbursed to the individual member county by CICS.

The individual member county employees also accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The individual member county employees are also provided other postemployment and pension benefits. U.S. generally accepted accounting principles require deferred outflows of resources, liabilities, deferred inflows of resources and related expenses be recorded when incurred for these items in the governmental activities financial statements. CICS' governmental activities financial statements do not report these amounts.

(4) Risk Management

CICS 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 753 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

CICS' property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. CICS' contributions to the Pool for the year ended June 30, 2017 were \$9,939.

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

CICS 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, 2017, no liability has been recorded in CICS' financial statements. As of June 30, 2017, 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.

(5) Subsequent Event

After approval by the Greene County Board of Supervisors and the Governing Board of CICS, Greene County will be joining CICS as of July 1st, 2018.



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

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Regional Governance Board of Central Iowa Community Services:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Iowa Community Services as of and for the year ended June 30, 2017, and the related Notes to Financial Statements, and have issued our report thereon dated June 6, 2018. Our report expressed unmodified opinions on the financial statements of each major fund. Our report expressed an adverse opinion on the financial statements of the governmental activities due to the omission of compensated absences, other postemployment benefits and pension related activity. Our report includes a reference to other auditors who audited the Special Revenue, Mental Health Funds of Franklin County, Hamilton County, Hardin County and Marshall County, as described in our report on Central Iowa Community Services' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Central Iowa Community Services' financial statements will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about CICS' operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of CICS. 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.

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 Central Iowa Community Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Iowa Community Services' 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 Central Iowa Community Services during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



MARY MOSIMAN, CPA
Auditor of State

June 6, 2018

Central Iowa Community Services

Schedule of Findings

Year ended June 30, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

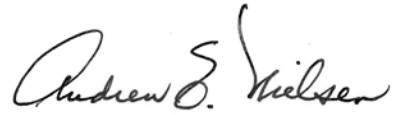
- (1) Minutes – No transactions were found that we believe should have been approved in the Regional Governance Board minutes but were not.
- (2) Travel Expense – No disbursements of Central Iowa Community Services' money for travel expenses of spouses of Central Iowa Community Services officials or employees were noted.
- (3) 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 Central Iowa Community Services' investment policy were noted.
- (4) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

Central Iowa Community Services

Staff

This audit was performed by:

Jennifer L. Wall, CPA, Manager
Erin J. Sietstra, Senior Auditor
Taylor N. Kivell, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State