



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building  
Des Moines, Iowa 50319-0006

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

Rob Sand  
Auditor of State

## NEWS RELEASE

FOR RELEASE

August 4, 2021

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on the County Rural Offices of Social Services Mental Health Region (CROSS) for the year ended June 30, 2020.

### **FINANCIAL HIGHLIGHTS:**

CROSS' revenues totaled \$3,214,130 for the year ended June 30, 2020, a 0.5% decrease from the prior year. Expenses for the year ended June 30, 2020 totaled \$2,805,397 a 34.4% decrease from the prior year. The decrease in expenses is due primarily to a decrease in expenses related to the Access Center.

### **AUDIT FINDINGS:**

Consistent with the prior year, Sand reported no findings related to the receipt and expenditure of taxpayer funds.

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

###

**COUNTY RURAL OFFICES OF SOCIAL SERVICES  
MENTAL HEALTH REGION**

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

**JUNE 30, 2020**

**County Rural Offices of Social Services  
Mental Health Region**



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Rob Sand  
Auditor of State

June 23, 2021

Officials of County Rural Offices of Social Services Mental Health Region  
Monroe County, Iowa (Fiscal Agent)

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the County Rural Offices of Social Services Mental Health Region for the year ended June 30, 2020. 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 the County Rural Offices of Social Services Mental Health Region 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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**County Rural Offices of Social Services  
Mental Health Region**

**Regional Governance Board**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Raymie	Board Chair	Marion County Board of Supervisors
Denny Amoss	Vice Chair	Monroe County Board of Supervisors
Bob Bell	Board Member	Decatur County Board of Supervisors
Don Seams	Board Member	Wayne County Board of Supervisors
Ron Landphair	Board Member	Ringgold County Board of Supervisors
Marvin McCann	Board Member	Clarke County Board of Supervisors
Dennis Smith	Board Member	Lucas County Board of Supervisors
Conni Dunsmoor	Non-Voting Ex-Officio Board Member	
Terrance Horn	Non-Voting Ex-Officio Board Member	
Rachel Cecil	Chief Executive Officer	

**County Rural Offices of Social Services  
Mental Health Region**



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Auditor of State

## Independent Auditor's Report

To the Regional Governance Board of  
County Rural Offices of Social Services Mental Health Region:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of County Rural Offices of Social Services Mental Health Region (CROSS), as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise CROSS' 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 Clarke County, Lucas County, Marion County and Monroe County, which represent the following:

<u>Member County</u>	<u>Share of Assets</u>	<u>Share of Fund Balance</u>	<u>Share of Revenues</u>
Clarke County	8.00%	5.53%	11.70%
Lucas County	5.13	1.47	10.62
Marion County	22.94	10.68	44.87
Monroe County	4.78	1.56	9.94

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 Clarke County, Lucas County, Marion County and Monroe 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 CROSS' 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 CROSS' 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 adverse and unmodified audit opinions.

### Opinions

#### *Basis for Adverse Opinion 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 CROSS 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, to the financial statements, management has not recorded a total OPEB liability and a deferred outflow of resources or deferred inflows of resources related to other postemployment benefits (OPEB) in the governmental activities and, accordingly, has not recorded an OPEB expense for the current change in that liability, deferred outflows of resources or deferred inflows of resources. U.S. generally accepted accounting principles require OPEB costs attributable to employee service 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 inflow of resources, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects deferred outflows of resources, liabilities, deferred inflows amount of resources, 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 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 CROSS as of June 30, 2020, or the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

### *Unmodified Opinions*

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 CROSS as of June 30, 2020, and the changes in its financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

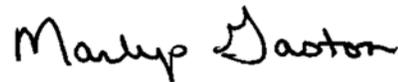
### Other Matters

#### *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 23, 2021 on our consideration of CROSS’ 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 CROSS’ internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 23, 2021

**County Rural Offices of Social Services  
Mental Health Region**

## **Basic Financial Statements**

**Exhibit A**

---

County Rural Offices of Social Services  
Mental Health Region

## Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 4,593,663
Receivables:	
Property tax:	
Delinquent	46,450
Succeeding year	2,896,000
Due from other governments	<u>850</u>
<b>Total assets</b>	<u>7,536,963</u>
<b>Liabilities</b>	
Accounts payable	100,613
Salaries and benefits payable	9,702
Due to other governments	<u>90</u>
<b>Total liabilities</b>	<u>110,405</u>
<b>Deferred Inflows of Resources</b>	
Unavailable succeeding year property tax	<u>2,896,000</u>
<b>Net Position</b>	
Restricted for mental health purposes	<u>\$ 4,530,558</u>

See notes to financial statements.

County Rural Offices of Social Services  
Mental Health Region

Statement of Activities

Year ended June 30, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	
<b>Functions/Programs:</b>			
Governmental activities:			
Mental health	\$ 2,805,397	-	6,354
			(2,799,043)
<b>General Revenues and Special Item:</b>			
Property and other county tax levied for mental health purposes			2,880,368
State tax credits			242,534
Use of money and property			31,083
Miscellaneous			53,791
Total general revenues			3,207,776
Change in net position			408,733
Net position beginning of year			4,121,825
Net position end of year			\$ 4,530,558

See notes to financial statements.

County Rural Offices of Social Services  
Mental Health Region

Balance Sheet

June 30, 2020

	Special Revenue,		
	Fiscal Agent	Clarke County	Decatur County
<b>Assets</b>			
Cash and pooled investments	\$ 3,387,100	250,880	252,503
Receivables:			
Property tax:			
Delinquent	-	7,266	16,230
Succeeding year	-	345,000	291,000
Accrued Interest	-	-	-
Due from other governments	-	-	350
<b>Total assets</b>	<b>\$ 3,387,100</b>	<b>603,146</b>	<b>560,083</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 94,484	301	248
Salaries and benefits payable	269	2,395	424
Due to other governments	-	-	90
Due to other funds	-	-	-
Total liabilities	<u>94,753</u>	<u>2,696</u>	<u>762</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	345,000	291,000
Other	-	7,266	12,640
Total deferred inflows of resources	<u>-</u>	<u>352,266</u>	<u>303,640</u>
Fund balances:			
Restricted for mental health purposes	3,292,347	248,184	255,681
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,387,100</b>	<b>603,146</b>	<b>560,083</b>

See notes to financial statements.

Mental Health Funds					
Lucas County	Marion County	Monroe County	Ringgold County	Wayne County	Total
66,299	485,896	70,583	38,841	41,561	4,593,663
4,621	8,462	2,579	1,167	6,125	46,450
316,000	1,234,000	287,000	185,000	238,000	2,896,000
-	-	-	-	-	-
-	500	-	-	-	850
386,920	1,728,858	360,162	225,008	285,686	7,536,963
255	5,325	-	-	-	100,613
-	4,684	1,266	322	342	9,702
-	-	-	-	-	90
-	-	-	-	-	-
255	10,009	1,266	322	342	110,405
316,000	1,234,000	287,000	185,000	238,000	2,896,000
4,621	4,956	2,031	1,167	6,125	38,806
320,621	1,238,956	289,031	186,167	244,125	2,934,806
66,044	479,893	69,865	38,519	41,219	4,491,752
386,920	1,728,858	360,162	225,008	285,686	

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.

	38,806
<b>Net position of governmental activities</b>	<u>\$ 4,530,558</u>

County Rural Offices of Social Services  
Mental Health Region

Statement of Revenues, Expenditures and  
Changes in Fund Balances

Year ended June 30, 2020

	Fiscal Agent	Special Revenue,	
		Clarke County	Decatur County
Revenues:			
Property and other county tax	\$ -	336,031	287,027
Intergovernmental revenues:			
State tax credits	-	37,001	23,533
MH-DD reimbursement from other governments	-	-	2,309
Payments from member counties	2,400,701	-	-
Payments from MHDS fiscal agent to MHDS regional members	-	-	-
Other	-	-	3,150
Total intergovernmental revenues	2,400,701	37,001	28,992
Use of money and property	31,083	-	-
Miscellaneous	45,175	-	4,436
Total revenues	2,476,959	373,032	320,455
Expenditures:			
Services to persons with:			
Mental illness	1,946,411	91,142	61,433
Intellectual disabilities	53,605	-	-
Other developmental disabilities	2,907	-	-
Total direct services	2,002,923	91,142	61,433
General administration:			
Direct administration	58,460	-	12,766
Purchased administration	13,165	-	-
Distribution to MHDS regional fiscal agent	-	281,140	226,067
Fiscal agent reimbursement to member counties	114,484	-	-
Total general administration	186,109	281,140	238,833
Total expenditures	2,189,032	372,282	300,266
Net change in fund balances	287,927	750	20,189
Fund balances beginning of year	3,004,420	247,434	235,492
Fund balances end of year	\$ 3,292,347	248,184	255,681

See notes to financial statements.

Mental Health Funds						
Lucas County	Marion County	Monroe County	Ringgold County	Wayne County	Elimination Entries	Total
308,142	1,215,900	289,297	185,095	234,106	-	2,855,598
			237,455			
27,471	99,121	27,481	11,568	16,359	-	242,534
-	-	-	-	-	-	2,309
-	-	-	-	-	(2,400,701)	-
-	114,484	-	-	-	(114,484)	-
30	699	121	-	45	-	4,045
27,501	214,304	27,602	11,568	16,404	(2,515,185)	248,888
-	-	-	-	-	-	31,083
3,180	1,000	-	-	-	-	53,791
338,823	1,431,204	316,899	196,663	250,510	(2,515,185)	3,189,360
18,316	130,902	44,102	18,756	59,903	-	2,370,965
-	-	-	-	-	-	53,605
-	-	-	-	-	-	2,907
18,316	130,902	44,102	18,756	59,903	-	2,427,477
75,777	186,410	31,097	-	245	-	364,755
-	-	-	-	-	-	13,165
319,804	890,896	217,107	224,343	241,344	(2,400,701)	-
-	-	-	-	-	(114,484)	-
395,581	1,077,306	248,204	224,343	241,589	(2,515,185)	377,920
413,897	1,208,208	292,306	243,099	301,492	(2,515,185)	2,805,397
(75,074)	222,996	24,593	(46,436)	(50,982)	-	383,963
141,118	256,897	45,272	84,955	92,201	-	4,107,789
66,044	479,893	69,865	38,519	41,219	-	4,491,752

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances to the  
Statement of Activities**

**Change in fund balances** \$ 383,963

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 in the governmental funds.

**Change in net position of governmental activities** \$ 408,733

County Rural Offices of Social Services  
Mental Health Region

Notes to Financial Statements

June 30, 2020

**(1) Summary of Significant Accounting Policies**

County Rural Offices of Social Services Mental Health Region (CROSS) is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. CROSS includes the following member counties: Marion County, Clarke County, Decatur County, Lucas County, Monroe County, Ringgold County and Wayne County. The member counties entered into this 28E agreement on September 18, 2013 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.

CROSS' 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 two individuals who utilize mental health and disability services or are actively involved relatives of such an individual, serving in a nonvoting, ex officio capacity.

CROSS designated Monroe County as the fiscal agent to account for all its funds as permitted by Chapter 331.391 of the Code of Iowa.

Except as noted in the Independent Auditors Report, CROSS' 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 CROSS are intended to present the financial position and the changes in financial position of CROSS, which includes funds held by CROSS' 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, CROSS has included all funds, organizations, agencies, commissions and authorities. CROSS 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 CROSS are such that exclusion would cause CROSS' 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 CROSS 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 CROSS. CROSS 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 CROSS.

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.

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.

CROSS reports the following major governmental funds:

Special Revenue:

Mental Health Fund (Fiscal Agent) is used to account for the activity of CROSS 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, CROSS considers revenues to be available if they are collected by CROSS 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 CROSS 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, CROSS 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 CROSS' 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 Region's 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 and Pooled Investments – The cash balances of most CROSS 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 recorded as a deferred inflow of resources 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, 2017 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by each member county Board of Supervisors in March 2019.

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 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 90 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.

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

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 and Pooled Investments**

CROSS' deposits in banks at June 30, 2020 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.

CROSS 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 CROSS; 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.

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

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

In accordance with statements of understanding between CROSS' Regional Governance Board and each individual member county Board of Supervisors, CROSS' Chief Executive Officer, the Coordinators of Disability Services and all support staff of CROSS 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 CROSS.

The individual member 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. 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 to be recorded when incurred for these items in the governmental activities financial statements. CROSS' governmental activities financial statements do not report these amounts.

**(4) Risk Management**

CROSS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. CROSS assumed liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**(5) COVID-19**

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

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

**County Rural Offices of Social Services  
Mental Health Region**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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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 Regional Governance Board of  
County Rural Offices of Social Services Mental Health Region:

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 County Rural Offices of Social Services Mental Health Region (CROSS) as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise CROSS' basic financial statements, and have issued our report thereon dated June 23, 2021. 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 Clarke County, Lucas County, Marion County and Monroe County, as described in our report on CROSS' 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 CROSS' 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 CROSS' internal control. Accordingly, we do not express an opinion on the effectiveness of CROSS' 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 CROSS' 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 which 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

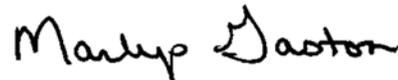
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether CROSS' 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.

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



Marlys K. Gaston, CPA  
Deputy Auditor of State

June 23, 2021

County Rural Offices of Social Services  
Mental Health Region

Schedule of Findings

Year ended June 30, 2020

**Finding Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over financial reporting were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

County Rural Offices of Social Services  
Mental Health Region

Schedule of Findings

Year ended June 30, 2020

**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 CROSS money for travel expenses of spouses of 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 CROSS' investment policy were noted.
- (4) 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.

County Rural Offices of Social Services  
Mental Health Region

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy  
Deborah J. Moser, CPA, Manager  
Nichole D. Tucker, Senior Auditor