



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

November 12, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on County Social Services for the year ended June 30, 2020.

FINANCIAL HIGHLIGHTS:

The County Social Services' revenues totaled \$17,376,426 for the year ended June 30, 2020, a less than 1% increase over the prior year.

Expenses for the year ended June 30, 2020 totaled \$15,455,950, a 14.3% increase over the prior year. The significant increase in expenditures is due primarily to service management expenses for mental illness and an increase in other treatment expenses.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and expenditure of taxpayer funds. It is found on page 41 of this report. The finding addresses noncompliance with Chapter 28E of the Code of Iowa pertaining to publication of minutes. Sand provided the County Social Services with a recommendation to address the finding.

The finding discussed above is repeated from the prior year. The Board Members have a fiduciary responsibility to provide oversight of the County Social Services' operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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**COUNTY SOCIAL SERVICES
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS**

JUNE 30, 2020

County Social Services



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Rob Sand
Auditor of State

November 4, 2021

Officials of County Social Services

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for County Social Services 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 County Social Services throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

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

Rob Sand
Auditor of State

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County Social Services

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Roy Schwickerath	Board Chair	Floyd County Board of Supervisors
Craig White	Vice Chair	Black Hawk County Board of Supervisors
Karl Helgevold	Secretary/Treasurer	Wright County Board of Supervisors
Dennis Koenig	Board Member	Allamakee County Board of Supervisors
Greg Barnett	Board Member	Butler County Board of Supervisors
Chris Watts	Board Member	Cerro Gordo County Board of Supervisors
Jacob Hackman	Board Member	Chickasaw County Board of Supervisors
Sharon Keehner	Board Member	Clayton County Board of Supervisors
John Pluth	Board Member	Emmet County Board of Supervisors
Jeanine Tellin	Board Member	Fayette County Board of Supervisors
James Ross	Board Member	Grundy County Board of Supervisors
Gary Rayhons	Board Member	Hancock County Board of Supervisors
Pat Murray	Board Member	Howard County Board of Supervisors
Sandy Loney	Board Member	Humboldt County Board of Supervisors
Donnie Loss	Board Member	Kossuth County Board of Supervisors
Barb Francis	Board Member	Mitchell County Board of Supervisors
Clarence Siepker	Board Member	Pocahontas County Board of Supervisors
Larry Vest	Board Member	Tama County Board of Supervisors
Mark Campbell	Board Member	Webster County Board of Supervisors
Bill Jensvold	Board Member	Winnebago County Board of Supervisors
Floyd Ashbacher	Board Member	Winneshiek County Board of Supervisors
Kenneth Abrams	Board Member	Worth County Board of Supervisors
Janel Clarke	Non-voting Ex-Officio Board Member	
Marcia Oltrogge	Non-voting Ex-Officio Board Member	
Bob Lincoln (Resigned Jun 29, 2020)	Chief Executive Officer	
Karen Dowell	Chief Operating Officer	
Lisa Trainer	Finance Manager	

County Social Services



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Independent Auditor's Report

To the Regional Governance Board of County Social Services:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of County Social Services, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise County Social 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 Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humboldt, Kossuth, Mitchell, Tama, Winnebago, Winneshiek, Worth and Wright Counties, which represent the following:

<u>Member County</u>	<u>Share of Assets</u>	<u>Share of Fund Balance</u>	<u>Share of Revenues</u>
Allamakee	1.63%	0.62%	3.61%
Black Hawk	16.46	4.90	31.19
Cerro Gordo	5.75	2.92	10.71
Chickasaw	1.44	0.38	2.64
Clayton	2.05	0.26	3.67
Emmet	1.17	0.34	2.05
Fayette	2.36	0.77	4.77
Floyd	2.26	1.45	4.31
Hancock	1.26	0.18	2.24
Howard	1.25	0.63	2.71
Humboldt	1.25	0.52	2.57
Kossuth	2.86	1.59	4.17
Mitchell	1.46	0.81	2.83
Tama	2.42	1.12	4.13
Winnebago	1.59	0.74	2.92
Winneshiek	2.36	0.35	4.50
Worth	0.88	0.24	1.56
Wright	1.89	1.25	3.66

Those Special Revenue, 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 Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humboldt, Kossuth, Mitchell, Tama, Winnebago, Winneshiek, Worth and Wright Counties, 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 County Social 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 County Social 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 unmodified and adverse opinions.

Opinions

Basis for Adverse Opinion on the Governmental Activities

As discussed in Note 7 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 of resources, net position and expenses of the governmental activities has not been determined.

In addition, as discussed in Note 7 to the financial statements, 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 discussed 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 County Social Services 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 the Statement of Revenues, Expenditures and Changes in Fund Balances of each major fund and the aggregate remaining fund information, present fairly, in all material respects, the financial position of County Social Services as of June 30, 2020 and the respective changes in its financial position, and where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

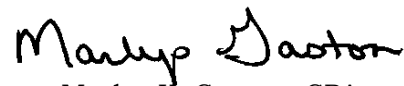
Other Matters

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 November 4, 2021 on our consideration of County Social Services’ 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 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 Social Services’ 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 County Social Services’ internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Deputy Auditor of State

November 4, 2021

County Social Services

Basic Financial Statements

Exhibit A

County Social Services
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 13,735,988
Receivables:	
Property tax:	
Delinquent	209,786
Succeeding year	13,148,899
Accounts	23,407
Due from other governments	91,508
Loan receivable	37,825
Prepaid expenses	101
Total assets	<u>27,247,514</u>
Liabilities	
Accounts payable	1,180,665
Salaries and benefits payable	160,180
Due to other governments	186,115
Compensated absences payable within one year	113,979
Compensated absences payable after one year	30,936
Total liabilities	<u>1,671,875</u>
Deferred Inflows of Resources	
Unavailable succeeding year property tax	<u>13,148,899</u>
Net Position	
Restricted for mental health purposes	<u>\$ 12,426,740</u>

See notes to financial statements.

County Social Services

Statement of Activities

Year ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Governmental activities:				
Mental health	\$ 15,455,950	375,769	453,622	(14,626,559)
General Revenues:				
Property and other county tax levied for mental health purposes				15,318,499
State tax credits				1,228,536
Total general revenues				16,547,035
Change in net position				1,920,476
Net position beginning of year				10,506,264
Net position end of year				\$ 12,426,740

See notes to financial statements.

County Social Services

Balance Sheet

June 30, 2020

	Special Revenue,			
	Region	Allamakee County	Black Hawk County	Butler County
Assets				
Cash and pooled investments	\$ 10,856,587	75,228	568,938	80,409
Receivables:				
Property tax:				
Delinquent	-	3,728	99,025	4,045
Succeeding year	-	362,855	3,759,573	406,000
Accounts	-	-	-	-
Due from other governments	86,183	-	33,946	-
Loan receivable	37,825	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	\$ 10,980,595	441,811	4,461,482	490,454
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,067,692	-	110	-
Salaries and benefits payable	147,168	-	4,637	-
Due to other funds	-	-	148	-
Due to other governments	287,776	-	-	-
Total liabilities	1,502,636	-	4,895	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	-	362,855	3,759,573	406,000
Other	-	1,905	90,470	4,045
Total deferred inflows of resources	-	364,760	3,850,043	410,045
Fund balances:				
Nonspendable for prepaid expenditures	-	-	-	-
Restricted for mental health purposes	9,477,959	77,051	606,544	80,409
Total fund balances	9,477,959	77,051	606,544	80,409
Total liabilities, deferred inflows of resources and fund balances	\$ 10,980,595	441,811	4,461,482	490,454

Mental Health Funds								
Cerro Gordo County	Chickasaw County	Clayton County	Emmet County	Fayette County	Floyd County	Grundy County	Hancock County	Howard County
348,255	47,460	29,592	38,235	87,527	171,316	109,657	19,988	60,490
14,911	2,638	5,208	-	6,938	11,057	1,827	3,614	2,508
1,187,628	339,621	519,239	274,069	537,574	427,431	406,000	316,329	255,957
-	-	-	-	-	1,793	573	-	-
8,718	-	448	3,896	7,577	-	-	-	19,620
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,559,512	389,719	554,487	316,200	639,616	611,597	518,057	339,931	338,575
225	532	-	65	35	155	76	-	-
691	-	217	-	1,463	-	-	-	3,463
177	-	-	-	-	-	-	-	-
-	-	-	-	-	13	-	-	-
1,093	532	217	65	1,498	168	76	-	3,463
1,187,628	339,621	519,239	274,069	537,574	427,431	406,000	316,329	255,957
9,692	2,158	3,411	-	4,711	4,040	1,827	1,247	1,556
1,197,320	341,779	522,650	274,069	542,285	431,471	407,827	317,576	257,513
-	-	-	-	-	-	-	-	-
361,099	47,408	31,620	42,066	95,833	179,958	110,154	22,355	77,599
361,099	47,408	31,620	42,066	95,833	179,958	110,154	22,355	77,599
1,559,512	389,719	554,487	316,200	639,616	611,597	518,057	339,931	338,575

(continued on next page)

County Social Services

Balance Sheet
(Continued)

June 30, 2020

	Special Revenue,			
	Humboldt County	Kossuth County	Mitchell County	Pocahontas County
Assets				
Cash and pooled investments	42,300	189,684	99,966	52,946
Receivables:				
Property tax:				
Delinquent	3,596	7,505	2,941	2,581
Succeeding year	272,640	574,701	294,150	191,000
Accounts	21,041	-	-	-
Due from other governments	-	4,505	-	-
Loan receivable	-	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	339,577	776,395	397,057	246,527
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	79
Salaries and benefits payable	1,341	441	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>1,341</u>	<u>441</u>	<u>-</u>	<u>79</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	272,640	574,701	294,150	191,000
Other	1,315	4,303	2,098	2,581
Total deferred inflows of resources	<u>273,955</u>	<u>579,004</u>	<u>296,248</u>	<u>193,581</u>
Fund balances:				
Nonspendable for prepaid expenditures	-	-	-	-
Restricted for mental health purposes	64,281	196,950	100,809	52,867
Total fund balances	<u>64,281</u>	<u>196,950</u>	<u>100,809</u>	<u>52,867</u>
Total liabilities, deferred inflows of resources and fund balances	339,577	776,395	397,057	246,527

See notes to financial statements.

Mental Health Funds							
Tama County	Webster County	Winnebago County	Winneshiek County	Worth County	Wright County	Reclassifications	Total
138,166	296,671	69,942	42,370	28,326	146,314	-	13,600,367
11,406	13,165	2,442	2,277	2,172	6,202	-	209,786
507,120	1,028,000	336,968	594,395	207,585	350,064	-	13,148,899
-	-	-	-	-	-	-	23,407
-	-	20,934	-	449	7,676	(102,444)	91,508
-	-	-	-	-	-	-	37,825
-	-	101	-	-	-	-	101
656,692	1,337,836	430,387	639,042	238,532	510,256	(102,444)	27,111,893
177	-	-	-	-	2,515	-	1,071,661
759	-	-	-	-	-	-	160,180
-	-	381	-	-	-	(706)	-
64	-	-	-	-	-	(101,738)	186,115
1,000	-	381	-	-	2,515	(102,444)	1,417,956
507,120	1,028,000	336,968	594,395	207,585	350,064	-	13,148,899
9,589	13,165	1,779	1,124	1,722	2,406	-	165,144
516,709	1,041,165	338,747	595,519	209,307	352,470	-	13,314,043
-	-	101	-	-	-	-	101
138,983	296,671	91,158	43,523	29,225	155,271	-	12,379,793
138,983	296,671	91,259	43,523	29,225	155,271	-	12,379,894
656,692	1,337,836	430,387	639,042	238,532	510,256	(102,444)	27,111,893

County Social Services

County Social Services

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

June 30, 2020

Change in fund balances - Total governmental funds (page 15) \$ 12,379,894

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred inflows of resources in the governmental funds. 165,144

Compensated absences are not due and payable in the current year and, therefore, are not reported in the governmental funds. (144,915)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the Region's health insurance benefit plan to the funds. The change in the cash balance of the Internal Service Fund is reported with governmental activities in the Statement of Net Position. 26,617

Change in net position of governmental activities (page 10) \$ 12,426,740

See notes to financial statements.

County Social Services

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2020

	Special Revenue			
	Region	Allamakee County	Black Hawk County	Butler County
Revenues:				
Property and other county tax	\$ -	461,967	4,355,659	477,796
Intergovernmental revenues:				
State tax credits	-	33,630	377,967	38,297
Payments from member counties	16,345,918	-	-	-
Payments from MHDS fiscal agent to MHDS regional members	-	126,147	515,667	80,259
Medicaid	112,533	-	-	-
Other	288,800	-	279	-
Total intergovernmental revenues	16,747,251	159,777	893,913	118,556
Charges for service	-	-	119,836	-
Use of money and property	75,247	-	-	1,690
Miscellaneous	74,853	-	915	23,102
Total revenues	16,897,351	621,744	5,370,323	621,144
Expenditures:				
Services to persons with:				
Mental illness	9,855,574	78,980	80,794	73,234
Intellectual disabilities	1,167,521	-	-	-
Other developmental disabilities	461,897	-	-	-
Brain injury	209,846	-	-	-
Total direct services to consumers	11,694,838	78,980	80,794	73,234
General administration:				
Direct administration	714,208	46,693	449,092	-
Purchased administration	249,963	-	-	-
Distribution to MHDS regional fiscal agent	-	488,439	4,778,833	513,839
Fiscal agent reimbursement to member counties	2,611,911	-	-	-
Total general administration	3,576,082	535,132	5,227,925	513,839
County provided case management	100,292	-	-	-
Mental Health Advocate	-	-	-	-
Total mental health, intellectual disabilities and developmental disabilities expenditures	15,371,212	614,112	5,308,719	587,073
Net change in fund balances	1,526,139	7,632	61,604	34,071
Fund balances beginning of year	7,951,820	69,419	544,940	46,338
Fund balances end of year	\$ 9,477,959	77,051	606,544	80,409

Mental Health Funds								
Cerro Gordo County	Chickasaw County	Clayton County	Emmet County	Fayette County	Floyd County	Grundy County	Hancock County	Howard County
1,437,487	396,418	580,143	308,316	643,042	516,378	405,706	359,063	305,613
112,482	30,506	51,550	-	58,462	46,246	32,900	26,955	26,275
-	-	-	-	-	-	-	-	-
293,501	28,313	-	-	120,376	178,190	131,360	-	135,506
-	-	-	-	-	-	-	-	-
-	-	-	44,750	83	-	-	-	-
405,983	58,819	51,550	44,750	178,921	224,436	164,260	26,955	161,781
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
554	-	-	-	-	700	-	-	-
1,844,024	455,237	631,693	353,066	821,963	741,514	569,966	386,018	467,394
185,700	26,522	-	-	73,975	99,744	94,779	-	133,744
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
185,700	26,522	-	-	73,975	99,744	94,779	-	133,744
48,375	-	5,823	15,675	28,712	73,037	35,469	-	-
-	-	-	-	-	-	-	-	-
1,512,950	422,336	620,470	331,818	696,423	553,874	433,875	378,924	324,641
-	-	-	-	-	-	-	-	-
1,561,325	422,336	626,293	347,493	725,135	626,911	469,344	378,924	324,641
43,598	-	-	-	-	-	-	-	-
-	-	-	-	2,116	-	-	-	-
1,790,623	448,858	626,293	347,493	801,226	726,655	564,123	378,924	458,385
53,401	6,379	5,400	5,573	20,737	14,859	5,843	7,094	9,009
307,698	41,029	26,220	36,493	75,096	165,099	104,311	15,261	68,590
361,099	47,408	31,620	42,066	95,833	179,958	110,154	22,355	77,599

(continued on next page)

County Social Services

Statement of Revenues, Expenditures and
Changes in Fund Balances
(Continued)

Year ended June 30, 2020

	Special Revenue			
	Humboldt County	Kossuth County	Mitchell County	Pocahontas County
Revenues:				
Property and other county tax	315,664	616,573	351,849	227,230
Intergovernmental revenues:				
State tax credits	19,142	45,084	34,193	11,565
Payments from member counties	-	-	-	-
Payments from MHDS fiscal agent to MHDS regional members	102,600	55,347	101,164	70,100
Medicaid	-	-	-	-
Other	5,559	586	-	6,424
Total intergovernmental revenues	127,301	101,017	135,357	88,089
Charges for service	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	442,965	717,590	487,206	315,319
Expenditures:				
Services to persons with:				
Mental illness	-	45,393	-	67,052
Intellectual disabilities	77,571	-	-	-
Other developmental disabilities	-	-	-	-
Brain injury	-	-	-	-
Total direct services to consumers	77,571	45,393	-	67,052
General administration:				
Direct administration	16,756	-	47,102	233
Purchased administration	-	-	25,829	-
Distribution to MHDS regional fiscal agent	336,462	654,664	373,999	240,842
Fiscal agent reimbursement to member counties	-	-	-	-
Total general administration	353,218	654,664	446,930	241,075
County provided case management	8,759	-	-	-
County provided services	-	-	-	-
Total mental health, intellectual disabilities and developmental disabilities expenditures	439,548	700,057	446,930	308,127
Net change in fund balances	3,417	17,533	40,276	7,192
Fund balances beginning of year	60,864	179,417	60,533	45,675
Fund balances end of year	64,281	196,950	100,809	52,867

See notes to financial statements.

Mental Health Funds							
Tama County	Webster County	Winnebago County	Winneshiek County	Worth County	Wright County	Reclassification/ Elimination Entries	Total
555,866	1,206,108	348,001	666,055	247,534	417,465	-	15,199,933
43,600	104,015	28,585	52,522	19,485	35,075	-	1,228,536
-	-	-	-	-	-	(16,345,918)	-
110,223	232,408	126,848	55,393	1,266	-	(2,464,668)	-
-	-	-	-	-	-	-	112,533
-	-	-	-	-	177,404	(147,200)	376,685
153,823	336,423	155,433	107,915	20,751	212,479	(18,957,786)	1,717,754
1,559	120	-	-	-	-	-	121,515
-	-	-	-	-	-	-	76,937
-	-	-	-	-	452	-	100,576
711,248	1,542,651	503,434	773,970	268,285	630,396	(18,957,786)	17,216,715
86,190	110,831	126,191	20,494	-	140,384	-	11,299,581
-	-	-	-	979	-	-	1,246,071
-	-	-	-	-	-	-	461,897
-	-	-	-	-	-	-	209,846
86,190	110,831	126,191	20,494	979	140,384	-	13,217,395
30,226	38,721	-	33,972	-	25,725	-	1,609,819
-	-	-	-	-	-	-	275,792
600,100	1,287,764	372,451	710,671	262,759	449,741	(16,345,875)	-
-	-	-	-	-	-	(2,611,911)	-
630,326	1,326,485	372,451	744,643	262,759	475,466	(18,957,786)	1,885,611
-	38,736	-	-	-	-	-	191,385
-	-	-	-	-	-	-	2,116
716,516	1,476,052	498,642	765,137	263,738	615,850	(18,957,786)	15,296,507
(5,268)	66,599	4,792	8,833	4,547	14,546	-	1,920,208
144,251	230,072	86,467	34,690	24,678	140,725	-	10,459,686
138,983	296,671	91,259	43,523	29,225	155,271	-	12,379,894

County Social Services

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

Year end June 30, 2020

Change in fund balances - Total governmental funds (page 21) \$ 1,920,208

***Amounts reported for governmental activities in the Statement of
Activities are different because:***

Because some revenues will not be collected for several months after the Region's year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds. 118,566

Compensated absences 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. (144,915)

The Internal Service Fund is used by management to charge the costs of the partial self-funding of the Region's health insurance benefit plan to the funds. The change in the cash balance of the Internal Service Fund is reported with governmental activities in the Statement of Net Position. 26,617

Change in net position of governmental activities (page 11) \$ 1,920,476

See notes to financial statements.

County Social Services
Statement of Net Position
Proprietary Fund
June 30, 2020

	<u>Internal Service-Employee Group Health</u>
Assets	
Cash	\$ 135,621
Liabilities	
Accounts payable	<u>109,004</u>
Net Position	
Restricted for employee health	<u>\$ 26,617</u>

See notes to financial statements.

County Social Services

Statement of Revenues, Expenses
And Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2020

		<u>Internal Service-Employee Group Health</u>
Operating revenues:		
Employer contributions	\$	351,619
Employee contributions		<u>41,145</u>
Total operating revenues		392,764
Operating expenses:		
Medical claims	\$ 38,405	
Insurance premiums	<u>327,742</u>	<u>366,147</u>
Operating income		26,617
Net position beginning of year		<u>-</u>
Net position end of year		<u>\$ 26,617</u>

See notes to financial statements.

County Social Services

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2020

	Internal Service-Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 351,619
Cash received from employees	41,145
Cash paid to suppliers for services	(257,143)
Net cash provided by operating activities	135,621
Cash and cash equivalents beginning of year	-
Cash and cash equivalents end of year	\$ 135,621
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 26,617
Adjustment to reconcile operating income to net cash provided by operating activities:	
Change in liabilities:	
Accounts payable	109,004
Net cash provided by operating activities	\$ 135,621

See notes to financial statements.

County Social Services
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

	<u>Custodial Fund</u>
Assets:	
Cash	\$ 6,296
Liabilities:	
None	<u>-</u>
Net Position:	
Restricted for individuals	<u>\$ 6,296</u>

See notes to financial statements.

County Social Services

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

June 30, 2020

	<u>Custodial Fund</u>
Additions:	
Employee contributions	\$ 8,352
Deductions:	
Flex benefit payments	<u>2,056</u>
Change in net position	6,296
Net position beginning of year	<u>-</u>
Net position end of year	<u>\$ 6,296</u>

See notes to financial statements.

County Social Services

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

County Social Services is a jointly governed organization formed pursuant to the provision of Chapter 28E of the Code of Iowa. County Social Services includes the following member counties: Allamakee, Black Hawk, Butler, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Grundy, Hancock, Howard, Humboldt, Kossuth, Mitchell, Pocahontas, Tama, Webster, Winnebago, Winneshiek, Worth and Wright. The member counties entered into this 28E agreement 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.

County Social 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 County Social Services service area, both serving in a nonvoting, ex-officio capacity.

County Social Services designated Butler County as the fiscal agent to account for all funds of the organization as permitted by Chapter 331.391 of the Code of Iowa through December 31, 2019. Beginning January 1, 2020, County Social Services took over all accounting functions.

Except as noted in the Independent Auditors Report, County Social 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 County Social Services are intended to present the financial position and the changes in financial position of County Social Services', which includes funds held by County Social Services' and funds held by the individual member counties in their respective Special Revenue, Mental Health Funds. Capital assets used for mental health purposes prior to January 1, 2020 were owned by the respective member counties and, accordingly, are not reported in these financial statements. As of June 30, 2020, County Social Services does not have any reportable capital assets with an individual cost in excess of \$5,000.

A. Reporting Entity

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

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 Region. 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 nonfiduciary 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, proprietary funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

County Social Services reports the following major governmental funds:

Special Revenue:

Mental Health Fund (Region) is used to account for the activity of County Social Services not expended directly from the Special Revenue, Mental Health Funds of the other member counties.

The Special Revenue, Mental Health Funds of the other 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.

Additionally, the Region reports the following funds:

Proprietary Fund – An Internal Service Fund is utilized to account for the financing of goods and services purchased by one department of the Region and provided to other departments on a cost-reimbursement basis.

Fiduciary Fund - The custodial fund is used to account for assets held by the Region for the employee flex benefit account as an agent for individuals.

C. Measurement Focus and Basis of Accounting

The government-wide, propriety 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, County Social Services considers revenues to be available if they are collected by County Social Services 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 County Social Services 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, County Social Services 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 County Social Services' 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, County Social Services' policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Region's Internal Service Fund is charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 County Social Services funds are pooled and invested. Interest earned on investments is recorded either by County Social Services' 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 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 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 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, 2018 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 which applies to a future year(s) and 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.

Compensated Absences – Region employees accumulate a limited amount of earned but unused paid time off for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2021. The compensated absences liability attributable to the governmental activities will be paid by the Special Revenue, Mental Health Fund.

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.

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.

Net Position – The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the Region.

(2) Cash and Investments

County Social Services' 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.

County Social Services 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 County Social Services; 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.

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

(3) Loan Receivable

On December 5, 2013, County Social Services entered into a loan agreement with The Spectrum Network to loan The Spectrum Network \$250,000 to purchase a building in Decorah, Iowa. The loan bears no interest and was to be repaid in five annual installments of \$50,000 each, beginning January 2, 2016. County Social Services had a first security mortgage interest in the property.

The Spectrum Network made the first \$50,000 payment in February 2016. On September 1, 2016, County Social Services entered into a lease agreement with The Spectrum Network to lease a portion of the building located in Decorah, Iowa. County Social Services agreed to pay The Spectrum Network \$2,075 per month, allocated as forgiveness of the remaining \$200,000 loan owed to County Social Services, until the loan is repaid. The loan receivable at June 30, 2019 was \$129,450. During the year ended June 30, 2020, \$6,225 of lease was applied to the loan. Kelly Real Estate, Inc. repaid the remaining loan balance of \$123,225 in July 2019. The loan is fully repaid as of June 30, 2020.

During January 2020, County Social Services approved a loan for up to \$185,000 to North Iowa Juvenile Detention Services Commission (NIJDS) to help maintain cash flows due to the slow reimbursement of expenses from Managed Care Organizations (MCO's) to NIJDS. The actual advance was for \$87,791, made on April 21, 2020. The terms of the advance required NIJDS to reimburse County Social Services as the MCO's paid NIJDS. No interest was to be charged. NIJDS repaid \$49,966 on June 25, 2020. The remaining balance at June 30, 2020 was \$37,825, to be repaid as NIJDS received the payments from the MCO's.

(4) Compensated Absences

Prior to January 1, 2020, in accordance with statements of understanding between County Social Services' Regional Governance Board and each member county Board of Supervisors, the Coordinators of Disability Services and all support staff of County Social Services remained employees of the respective individual member counties. Beginning January 1, 2020, personnel providing services on behalf of County Social Services became employees of the Region.

Region employees accumulate a limited amount of earned but unused paid time off (PTO) and compensatory time for subsequent use or for payment upon termination, retirement or death. The applicable portion of the employee's wages and benefits are reimbursed to the individual member county by County Social Services.

	<u>Compensated Absences</u>
Balance beginning of year	\$ -
Increases	187,749
Decreases	<u>(42,834)</u>
Balance end of year	\$ 144,915
Due within one year	<u>\$ 113,979</u>

(5) Risk Management

County Social Services 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 779 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.

County Social Services' property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. County Social Services' contributions to the Pool for the year ended June 30, 2020 were \$42,941.

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 County Social Services' 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 County Social Services' 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 County Social Services' 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.

County Social Services 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, 2020, no liability has been recorded in County Social Services' financial statements. As of June 30, 2020, 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.

(6) Employee Health Insurance Plan

County Social Services has established an employee benefit plan which is fully insured through Wellmark Blue Cross Blue Shield. In addition, County Social Services provides an additional benefit to members by self-funding a "buy-down" arrangement to reduce the actual deductible/out-of-pocket costs incurred by eligible employees.

Beginning January 1, 2020, the Internal Service, Employee Group Health Fund was established to account for the self-funding arrangement. The plan is funded by both employee and County Social Services' and is administered through a service agreement with Auxiant.

Auxiant is responsible for calculating the "buy-down" benefit amount based on information provided by Wellmark Blue Cross Blue Shield, requesting the funds and making payments to the appropriate recipients.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Auxiant from the Employee Group Health Fund. County Social Services' contribution to the fund for the year ended June 30, 2020 was \$351,619.

(7) Other Postemployment Benefits (OPEB) and Pension Plan

Prior to January 1, 2020, in accordance with statements of understanding between County Social Services' Regional Governance Board and each member county Board of Supervisors, County Social Services' Chief Executive Office, the Coordinators of Disability Services and all support staff of County Social Services remained employees of the respective individual member counties. The applicable portion of the employee's wages and benefits were reimbursed to the individual member county by County Social Services.

Beginning January 1, 2020, Coordinators of Disability Services and all support staff of County Social Services became employees of County Social Services. As of June 30, 2020, the information to determine the total OPEB liability and the related deferred outflow of resources and deferred inflow of resources and the pension liability and the related deferred outflow of resources and deferred inflow of resources was not available.

(8) Subsequent Event

Beginning July 1, 2020, Kossuth County, Winnebago County and Worth County moved to other mental health regions and are no longer members of the County Social Services Region.

(9) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to business 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 Social Services' remains uncertain

To date, the outbreak has not created a material disruption to the operation of County Social Services. 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 the uncertainties management cannot reasonably estimate the potential impact to County Social Services.

County Social Services



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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 County Social 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 and the aggregate remaining fund information of County Social Services as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise County Social Services' basic financial statements, and have issued our report thereon dated November 4, 2021. Our report expressed unmodified opinions on the financial statements of each major fund and the aggregate remaining funds. Our report expressed an adverse opinion on the financial statements of the governmental activities due to the omission of other postemployment benefits and pension related activity. Our report includes a reference to other auditors who audited the Special Revenue, Mental Health Funds of Allamakee, Black Hawk, Cerro Gordo, Chickasaw, Clayton, Emmet, Fayette, Floyd, Hancock, Howard, Humboldt, Kossuth, Mitchell, Tama, Winnegbago, Winneshiek, Worth and Wright Counties, as described in our report on County Social 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 County Social Services' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County Social Services' internal control. Accordingly, we do not express an opinion on the effectiveness of County Social Services' internal control.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 County Social 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance 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 County Social 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. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about County Social Services' operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of County Social Services. 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.

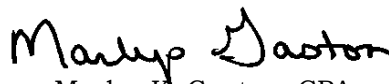
County Social Services' Response to the Finding

County Social Services' response to the finding identified in our audit is described in the accompanying Schedule of Findings. County Social Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 County Social Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering County Social 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 County Social 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.


Marlys K. Gaston, CPA
Deputy Auditor of State

November 4, 2021

County Social Services

Schedule of Findings

Year ended June 30, 2020

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCY:

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

County Social Services

Schedule of Findings

Year ended June 30, 2020

Other Findings Related to Required Statutory Reporting:

- (1) County Social Services Minutes – No transactions were found that we believe should have been approved in the Regional Governance Board minutes but were not.

However, minutes of Regional Governance Board proceedings were not published within twenty days following adjournment of the meeting, as required by Chapter 28E.6(3)(a) of the Code of Iowa.

Recommendation – County Social Services should ensure the Regional Governance Board minutes are published as required.

Response – We believed we had fixed this. However, we ran into issues with timely publication due to the newspaper publication schedule not matching with our publication requirements. We have now switched to a different publisher that has three separate newspapers within our region. This publisher is now publishing our minutes in the first newspaper to be printed after receiving our minutes. This issue should finally be resolved in FY2022.

Conclusion – Response accepted.

- (2) Travel Expense – No disbursements of County Social Services' money for travel expenses of spouses of County Social 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 County Social Services' investment policy were noted.
- (4) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.
- (5) Restricted Donor Activity – No transactions were noted between County Social Services, County Social Services Board Members, County Social Services employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

County Social Services

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Deputy
Michelle B. Meyer, CPA, Manager
Kelly L. Hilton, Senior Auditor
Zachary Shaw, Assistant Auditor