



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

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

May 10, 2023

Auditor of State Rob Sand today released an audit report on Central Iowa Community Services (CICS) for the year ended June 30, 2021.

FINANCIAL HIGHLIGHTS:

CICS revenues totaled \$13,395,895 for the year ended June 30, 2021, a 71.3% increase over the prior year due primarily to receiving \$4.3 million of operating grants of which \$3.2 million was CARES Act funding. Expenses for the year ended June 30, 2021, totaled \$12,321,522, an 11.5% increase over the prior year which included \$1.75 million of CARES Act funding provided to Polk County Health Services.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and disbursement of taxpayer funds. It is found on page 33 of this report. The finding addresses noncompliance with the minutes publications requirements of Chapter 28E.6 of the Code of Iowa. Sand provided the Mental Health Region with a recommendation to address the finding.

The Mental Health Regional Governance Board has a fiduciary responsibility to provide oversight of the Regions' operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at [Audit Reports – Auditor of State](#).

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CENTRAL IOWA COMMUNITY SERVICES
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Central Iowa Community Services



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Rob Sand
Auditor of State

March 27, 2023

Officials of the Regional Governance Board of Central Iowa Community Services
Story County, Iowa (Fiscal Agent)

Dear Members of the Regional Governance Board:

I am pleased to submit to you the financial and compliance audit report for the Central Iowa Community Services (CICS) Region, for the year ended June 30, 2021. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the CICS 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 that reads "Rob Sand".

Rob Sand
Auditor of State

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Central Iowa Community Services

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Bill Patten	Board Chair	Marshall County Board of Supervisors
BJ Hoffman	Vice Chair	Hardin County Board of Supervisors
Erich Kretzinger	Board Member	Boone County Board of Supervisors
Mike Nolte	Board Member	Franklin County Board of Supervisors
Dawn Rudolph	Board Member	Greene County Board of Supervisors
Jerry Kloberdanz	Board Member	Hamilton County Board of Supervisors
Brandon Talsma	Board Member	Jasper County Board of Supervisors
Phil Clifton	Board Member	Madison County Board of Supervisors
Diana Dawley	Board Member	Poweshiek County Board of Supervisors
Lisa Heddens	Board Member	Story County Board of Supervisors
Aaron DeKock	Board Member	Warren County Board of Supervisors
Julie Smith	Ex-Officio Board Member	
JD Deambra	Non-Voting Ex-Officio Board Member	
Andrea Dickerson	Non-Voting Ex-Officio Board Member	
Russell Wood	Chief Executive Officer	(Appointed)



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Independent Auditor's Report

To the Regional Governance Board of Central Iowa Community Services:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Iowa Community Services (CICS) as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services' basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Special Revenue, Mental Health Funds of Franklin County, Hamilton County, Hardin County and Marshall County, which represent the following:

<u>Member County</u>	<u>Share of Assets</u>	<u>Share of Fund Balance</u>	<u>Share of Revenues</u>
Franklin County	7.22%	9.84%	10.94%
Hamilton County	2.46	1.49	2.99
Hardin County	2.83	1.71	3.39
Marshall County	5.24	1.80	7.99

Those Mental Health Funds were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Franklin County, Hamilton County, Hardin County and Marshall County, is based solely on the reports of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

Basis for Adverse Opinion on the Governmental Activities

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

Also, as discussed in Note 3, management has not recorded a 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, 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 liabilities, deferred outflows of resources, deferred inflows of resources, net position and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on the Governmental Activities” paragraphs above, the Statement of Net Position and the Statement of Activities of the governmental activities do not present fairly the financial position of the governmental activities of Central Iowa Community Services as of June 30, 2021, 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 Central Iowa Community Services as of June 30, 2021, 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.

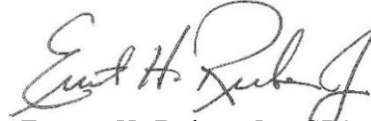
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Iowa Community Services’ basic financial statements. The supplementary information included in Schedule 1, the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. Because of the significance of the matters described in the “Basis for Adverse Opinions of the Governmental Activities” paragraphs on the preceding page, it is inappropriate to, and we do not, express an opinion on the supplementary information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2023 on our consideration of Central Iowa Community Services' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion the effectiveness of the Central Iowa Community 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 Central Iowa Community Services' internal control over financial reporting and compliance.



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

March 27, 2023

Central Iowa Community Services

Basic Financial Statements

Central Iowa Community Services

Statement of Net Position

June 30, 2021

	<u>Governmental</u> <u>Activities</u>
Assets	
Cash and pooled investments	\$ 12,231,975
Receivables:	
Property tax:	
Delinquent	9,623
Succeeding year	6,151,325
Due from other governments	872
Accounts	<u>2,000</u>
Total assets	<u>18,395,795</u>
Liabilities	
Accounts payable	478,787
Salaries and benefits payable	51,247
Due to other funds	17
Due to other governments	<u>42,788</u>
Total liabilities	<u>572,839</u>
Deferred Inflows of Resources	
Unavailable succeeding year property tax	<u>6,151,325</u>
Net Position	
Restricted for mental health purposes	<u>\$ 11,671,631</u>

See notes to financial statements.

Central Iowa Community Services

Statement of Activities

Year ended June 30, 2021

	<u>Program Revenues</u>			
	Charges for Service	Operating Grants, Contributions and Restricted Interest		Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>				
Governmental activities:				
Mental health	\$ 12,321,522	15,079	4,408,994	(7,897,449)
General Revenues:				
Property and other county tax levied for mental health purposes				8,403,247
State tax credits				568,575
Total general revenues				8,971,822
Change in net position				1,074,373
Net position beginning of year				10,597,258
Net position end of year				\$ 11,671,631

See notes to financial statements.

Central Iowa Community Services

Balance Sheet

June 30, 2021

	Fiscal Agent	Special Revenue			
		Boone County	Franklin County	Greene County	Hamilton County
Assets					
Cash and pooled investments	\$ 9,246,925	174,615	1,156,114	14,853	177,224
Receivables:					
Property tax:					
Delinquent	-	1,895	423	98	-
Succeeding year	-	475,884	170,785	152,000	275,571
Due from other governments	872	-	-	-	-
Accounts	1,847	-	-	-	-
Total assets	\$ 9,249,644	652,394	1,327,322	166,951	452,795
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 474,274	-	3,066	25	155
Salaries and benefits payable	-	8,293	5,722	-	2,966
Due to other funds	-	17	-	-	-
Due to other governments	42,422	-	-	-	-
Total liabilities	516,696	8,310	8,788	25	3,121
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	-	475,884	170,785	152,000	275,571
Other	-	1,664	419	90	-
Total deferred inflows of resources	-	477,548	171,204	152,090	275,571
Fund balances:					
Restricted for mental health purposes	8,732,948	166,536	1,147,330	14,836	174,103
Total liabilities, deferred inflows of resources and fund balances	\$ 9,249,644	652,394	1,327,322	166,951	452,795

See notes to financial statements.

Mental Health Funds							
Hardin County	Jasper County	Madison County	Marshall County	Poweshiek County	Story County	Warren County	Total
199,524	147,745	98,179	215,146	101,163	407,351	293,136	12,231,975
1,143	1,843	467	323	41	1,395	1,995	9,623
320,074	669,000	293,000	748,011	340,000	1,779,000	928,000	6,151,325
-	-	-	-	-	-	-	872
153	-	-	-	-	-	-	2,000
520,894	818,588	391,646	963,480	441,204	2,187,746	1,223,131	18,395,795
168	57	288	283	85	192	194	478,787
-	3,296	2,747	4,562	1,420	11,588	10,653	51,247
-	-	-	-	-	-	-	17
-	-	-	-	-	-	366	42,788
168	3,353	3,035	4,845	1,505	11,780	11,213	572,839
320,074	669,000	293,000	748,011	340,000	1,779,000	928,000	6,151,325
1,131	1,843	456	301	41	1,395	1,995	9,335
321,205	670,843	293,456	748,312	340,041	1,780,395	929,995	6,160,660
199,521	144,392	95,155	210,323	99,658	395,571	281,923	11,662,296
520,894	818,588	391,646	963,480	441,204	2,187,746	1,223,131	

Reconciliation of the Balance Sheet to the Statement of Net Position:

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.

	9,335
Net position of governmental activities	<u>\$ 11,671,631</u>

Central Iowa Community Services

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2021

	Fiscal Agent	Special Revenue			
		Boone County	Franklin County	Greene County	Hamilton County
Revenues:					
Property and other county tax	\$ -	652,366	251,352	220,400	372,284
Intergovernmental revenues:					
State tax credits	-	44,873	18,306	17,340	29,736
MH-DD reimbursement from other governments	-	57	-	-	-
Payments from member counties	6,191,480	-	-	-	-
Payments from MHDS fiscal agent to regional members	-	-	1,200,000	-	-
Covid-19 payment	3,187,077	-	-	-	-
Other	-	-	53	-	-
Total intergovernmental revenues	9,378,557	44,930	1,218,359	17,340	29,736
Charges for services	15,079	-	-	-	-
Use of money and property	3,064	-	-	-	-
Miscellaneous	3,327	-	-	-	-
Total revenues	9,400,027	697,296	1,469,711	237,740	402,020
Expenditures:					
Services to persons with:					
Mental illness	5,949,551	159,963	191,989	56,026	109,519
Intellectual disabilities	325,314	-	-	-	-
Other developmental disabilities	198,693	-	-	-	-
Brain injury	28,991	-	-	-	-
Total direct services	6,502,549	159,963	191,989	56,026	109,519
General administration:					
Direct administration	124,580	65,888	249,088	-	151,818
Purchased administration	110,044	-	-	-	-
Distribution to MHDS regional fiscal agent	-	541,744	-	212,617	107,811
Distribution to Other Region	1,750,000	-	-	-	-
Fiscal agent reimbursement to member counties	1,200,000	-	-	-	-
Total general administration	3,184,624	607,632	249,088	212,617	259,629
Total mental health, intellectual disabilities and developmental disabilities expenditures	9,687,173	767,595	441,077	268,643	369,148
Change in fund balances	(287,146)	(70,299)	1,028,634	(30,903)	32,872
Fund balances beginning of year	9,020,094	236,835	118,696	45,739	141,231
Fund balances end of year	\$ 8,732,948	166,536	1,147,330	14,836	174,103

See notes to financial statements.

Mental Health Funds							Reclassification/ Elimination/ Entries	Total
Hardin County	Jasper County	Madison County	Marshall County	Poweshiek County	Story County	Warren County		
413,148	921,771	406,892	997,180	463,181	2,470,039	1,277,364	-	8,445,977
34,989	60,355	25,425	76,892	34,340	152,689	73,630	-	568,575
-	-	-	-	-	-	-	-	57
-	-	-	-	-	-	-	(6,191,480)	-
-	-	-	-	-	-	-	-	1,200,000
-	709	-	-	-	-	-	-	3,187,077
-	-	-	-	-	-	-	-	762
34,989	61,064	25,425	76,892	34,340	152,689	73,630	(6,191,480)	4,956,471
-	-	-	-	-	-	-	-	15,079
-	-	-	-	-	-	-	-	3,064
7,543	-	296	-	-	47	6,821	-	18,034
455,680	982,835	432,613	1,074,072	497,521	2,622,775	1,357,815	(6,191,480)	13,438,625
239,656	65,335	77,259	74,299	76,755	241,107	172,176	-	7,413,635
-	-	-	-	-	-	-	-	325,314
-	-	-	-	-	-	-	-	198,693
-	-	-	-	-	-	-	-	28,991
239,656	65,335	77,259	74,299	76,755	241,107	172,176	-	7,966,633
27,898	112,872	52,481	113,018	58,907	190,997	147,298	-	1,294,845
-	-	-	-	-	-	-	-	110,044
169,706	792,134	297,936	817,814	330,094	1,993,643	927,981	(6,191,480)	-
-	-	-	-	-	-	-	-	1,750,000
-	-	-	-	-	-	-	-	1,200,000
197,604	905,006	350,417	930,832	389,001	2,184,640	1,075,279	(6,191,480)	4,354,889
437,260	970,341	427,676	1,005,131	465,756	2,425,747	1,247,455	(6,191,480)	12,321,522
18,420	12,494	4,937	68,941	31,765	197,028	110,360	-	1,117,103
181,101	131,898	90,218	141,382	67,893	198,543	171,563	-	10,545,193
199,521	144,392	95,155	210,323	99,658	395,571	281,923	-	11,662,296

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

1,117,103

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

(42,730)

Change in net position of governmental activities

\$ 1,074,373

Central Iowa Community Services

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

Central Iowa Community Services designated Story County as the fiscal agent to account for all funds of the organization as permitted by Chapter 331.391 of the Code of Iowa. Story County became the fiscal agent for Central Iowa Community Services on July 1, 2019.

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

A. Reporting Entity

For financial reporting purposes, Central Iowa Community Services (CICS) has included all funds, organizations, agencies, commissions and authorities. CICS has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with CICS are such that exclusion would cause CICS' financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of CICS to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on CICS. CICS has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

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

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

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

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

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

CICS reports the following major governmental funds:

Special Revenue:

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

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

C. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, CICS considers revenues to be available if they are collected by CICS or a member county within 90 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by CICS or a member county.

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

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

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

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

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

Cash and Pooled Investments – The cash balances of most CICS funds are pooled and invested. Interest earned on investments is recorded either by the fiscal agent or a member county's Special Revenue, Mental Health Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at 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 reported 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects the tax asking contained in the budget certified by each member county Board of Supervisors in March 2020.

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 Funds - Due to other funds represents amounts due to other funds which will be remitted to other funds in the member counties.

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) 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 Balance – 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

Central Iowa Community Services' deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

CICS is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by CICS; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CICS had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$7,764,947 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. CICS' investment in IPAIT is unrated.

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

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

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

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

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

(4) Risk Management

CICS is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

CICS’ property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. CICS’ contributions to the Pool for the year ended June 30, 2021 were \$8,405.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by CICS' risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

CICS does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in CICS' financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

(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 CICS, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of CICS. 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 CICS.

(6) Subsequent Event

The Governor signed Senate File 619 on June 16, 2021 which will significantly change funding for CICS beginning July 1, 2021. During fiscal year 2022, CICS will continue to receive property tax (a maximum of \$21.14 per capita) and some state funding. Beginning in fiscal year 2023, CICS will no longer receive property tax levy funds from the member counties. All funding will, instead, come entirely from state appropriations.

Central Iowa Community Services

Supplementary Information

Central Iowa Community Services

Central Iowa Community Services
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2021

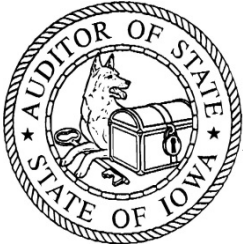
Grantor/Program	CFDA Number	Program Expenditures
U.S. Department of Treasury Iowa Department of Revenue: COVID-19, Coronavirus Relief Fund (\$1,750,000 provided to subrecipients)	21.019	\$ <u>3,187,077</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Central Iowa Community Services under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Iowa Community Services, it is not intended to and does not present the financial position, changes in financial position or cash flows of Central Iowa Community Services.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Central Iowa Community Services has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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

To the Regional Governance Board of Central Iowa Community Services:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Iowa Community Services as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services' basic financial statements, and have issued our report thereon dated March 27, 2023. Our report expressed unmodified opinions on the financial statements of each major fund. Our report expressed an adverse opinion on the financial statements of the governmental activities due to the omission of compensated absences, other postemployment benefits and pension related activity. Our report includes a reference to other auditors who audited the Special Revenue, Mental Health Funds of Franklin County, Hamilton County, Hardin County and Marshall County, as described in our report on Central Iowa Community Services' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Iowa Community Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statement. 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 and Questioned Costs.

Comments involving statutory and other legal matters about Central Iowa Community Services' operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Central Iowa Community 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.


Central Iowa Community Services' Response to the Finding

The Central Iowa Community Services' response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Central Iowa Community Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Iowa Community Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Iowa Community Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Iowa Community Services during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Ernest H. Ruben Jr, CPA
Deputy Auditor of State

March 27, 2023



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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Officials of Central Iowa Community Services:

Report on Compliance for Each Major Federal Program

We have audited Central Iowa Community Services' compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2021. Central Iowa Community Services' major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Central Iowa Community Services' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Iowa Community Services' compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Central Iowa Community Services' compliance.

Opinion on the Major Federal Program

In our opinion, Central Iowa Community Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

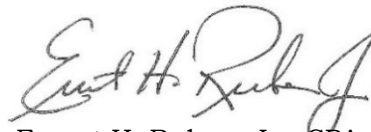
Report on Internal Control Over Compliance

The management of Central Iowa Community Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Central Iowa Community Services' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Iowa Community Services' internal control over compliance.

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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

March 27, 2023

Central Iowa Community Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund balance of each major fund. Adverse opinions were issued on the Statement of Net Position and the Statement of Activities of the governmental activities.
- (b) No material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 21.019 – COVID-19, Coronavirus Relief Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Central Iowa Community Services did not qualify as a low-risk auditee.

Central Iowa Community Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Central Iowa Community Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weaknesses in internal control over the major program was noted.

Central Iowa Community Services
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part IV: 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.

Instances were noted where the Agency minutes were not published timely. Chapter 28E of the Code of Iowa requires the minutes be submitted to the newspaper within twenty days following the adjournment of the meeting.

Recommendation – The Agency should implement procedures to ensure compliance with the Code of Iowa in relation to publication of Agency minutes.

Response – CICS has established a policy to require draft minutes to be written within 1 business day after the meeting and approved for publication the following business day. They will then be sent to the fiscal agent who will attach claims and get the meeting minutes to the publisher.

Conclusion – Response accepted.

- (2) Travel Expense – No expenditures of Central Iowa Community Services' money for travel expenses of spouses of Central Iowa Community Services officials or employees were noted.
- (3) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Central Iowa Community Services' investment policy were noted.
- (4) Questionable 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.
- (5) Restricted Donor Activity – No transactions were noted between the Region, Region officials, Region employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Central Iowa Community Services

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Deputy
Janet K. Mortvedt, CPA, Manager
Molly N. Kalkwarf, Staff Auditor
Kari L. Middleton, Assistant Auditor