



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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

NEWS RELEASE

Contact: Brian Brustkern
515/281-5834

FOR RELEASE

August 27, 2024

Auditor of State Rob Sand today released an audit report on Central Iowa Community Services (CICS) Region for the year ended June 30, 2022.

FINANCIAL HIGHLIGHTS:

CICS revenues totaled \$17,605,980 for the year ended June 30, 2022, a 31.4% increase over the prior year due primarily to Cerro Gordo, Hancock, Webster and Wright County joining the Central Iowa Community Services Region during FY22. Expenses for the year ended June 30, 2022, totaled \$13,270,666, a 7.7% increase over the prior year.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and disbursement of taxpayer funds. The finding is found on page 25 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 finding discussed above is repeated from the prior year. The Mental Health Regional Governance Board has a fiduciary responsibility to provide oversight of the Region's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

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

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CENTRAL IOWA COMMUNITY SERVICES REGION

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

JUNE 30, 2022

Central Iowa Community Services Region



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Telephone (515) 281-5834

Rob Sand
Auditor of State

March 14, 2024

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, 2022. 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, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Central Iowa Community Services Region

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
BJ Hoffman	Board Chair	Hardin County Board of Supervisors
Jerry Kloberdanz	Vice Chair	Hamilton County Board of Supervisors
Erich Kretzinger	Board Member	Boone County Board of Supervisors
Chris Watts	Board Member	Cerro Gordo County Board of Supervisors
Mike Nolte	Board Member	Franklin County Board of Supervisors
Dawn Rudolph	Board Member	Greene County Board of Supervisors
Gary Rayhons	Board Member	Hancock 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
Mark Campbell	Board Member	Webster County Board of Supervisors
Karl Helgevold	Board Member	Wright 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 Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Central Iowa Community Services (CICS) Region as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services Region's basic financial statements listed in the table of contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and unmodified Opinions section of our report, the accompanying financial statements referred to above do not represent fairly the financial position of the governmental activities of Central Iowa Community Services, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds of Central Iowa Community Services Region, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the Special Revenue, Mental Health Funds of Cerro Gordo County, Franklin County, Hamilton County, Hancock County, Hardin County, Marshall County, and Wright County which represent the following:

<u>Member County</u>	<u>Share of Revenues</u>
Cerro Gordo County	9.69%
Franklin County	1.10%
Hamilton County	1.62%
Hancock County	2.84%
Hardin County	1.85%
Marshall County	4.30%
Wright County	2.62%

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 Cerro Gordo County, Franklin County, Hamilton County, Hancock County, Hardin County, Marshall County and Wright County, is based solely on the reports of the other auditors.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on 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. Accounting principles generally accepted in the United States of America require compensated absences attributable to employee services already rendered and not contingent on a specific event outside the control of Central Iowa Community Services Region and employees be accrued as liabilities and expenses as employees earn the rights to the benefits, which would increase the liabilities, reduce the net position and change the expenses of the governmental activities. The amount by which this departure affects the liabilities, net position and expenses of the governmental activities has not been determined.

Also, as discussed in Note 3 to the financial statements, management has not recorded a total OPEB liability and a deferred outflow of resources or deferred inflows of resources related to other postemployment benefits (OPEB) in the governmental activities and, accordingly, has not recorded an OPEB expense for the current change in that liability, deferred outflows of resources or deferred inflows of resources. Accounting principles generally accepted in the United States of America 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 liabilities, deferred outflows of resources, deferred inflows 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. Accounting principles generally accepted in the United States of America 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 liabilities, deferred outflows of resources, deferred inflows of resources, net position and expenses of the governmental activities has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Iowa Community Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Iowa Community Services' ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 14, 2024 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 on 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 Region's internal control over financial reporting and compliance.



Brian R. Brustkern, CPA
Deputy Auditor of State

March 14, 2024

Central Iowa Community Services Region

Basic Financial Statements

Central Iowa Community Services Region

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 19,610,069
Receivables:	
Property tax:	
Delinquent	3,111
Accounts	8,657
Due from other governments	<u>124,354</u>
Total assets	<u>19,746,191</u>
Liabilities	
Accounts payable	2,742,400
Due to other governments	<u>72,639</u>
Total liabilities	<u>2,815,039</u>
Net Position	
Restricted for mental health purposes	<u>\$ 16,931,152</u>

See notes to financial statements.

Central Iowa Community Services Region

Statement of Activities

Year ended June 30, 2022

	<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	\$ 13,270,666	11,734	9,122,002
			<u>(4,136,930)</u>
General Revenues:			
Property and other county tax levied for mental health purposes			7,930,658
State tax credits			<u>541,586</u>
Total general revenues			8,472,244
Special item - Contributions due to change in region			<u>924,207</u>
Change in net position			5,259,521
Net position beginning of year			<u>11,671,631</u>
Net position end of year			<u>\$ 16,931,152</u>

See notes to financial statements.

Central Iowa Community Services

Central Iowa Community Services Region

Balance Sheet

June 30, 2022

	Special Revenue, Mental Health Funds			Total
	Fiscal Agent	Cerro Gordo County	Webster County	
Assets				
Cash and pooled investments	\$ 19,608,936	1,133	-	19,610,069
Receivables:				
Property tax:				
Delinquent	-	-	3,111	3,111
Accounts	8,657	-	-	8,657
Due from other governments	124,354	-	-	124,354
Total assets	\$ 19,741,947	1,133	3,111	19,746,191
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,741,267	1,133	-	2,742,400
Due to other governments	72,639	-	-	72,639
Total liabilities	2,813,906	1,133	-	2,815,039
Deferred inflows of resources:				
Unavailable revenues:				
Other	-	-	3,111	3,111
Fund balances:				
Restricted for mental health purposes	16,928,041	-	-	16,928,041
Total liabilities, deferred inflows of resources and fund balances	\$ 19,741,947	1,133	3,111	

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.

	3,111
Net position of governmental activities	\$ 16,931,152

See notes to financial statements.

Central Iowa Community Services Region

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2022

	Fiscal Agent	Special Revenue,				
		Boone County	Cerro Gordo County	Franklin County	Greene County	
Revenues:						
Property and other county tax	\$ -	478,081	767,890	181,084	160,328	264,808
Intergovernmental revenues:						
State tax credits	-	32,013	57,959	12,809	11,785	21,124
MH-DD reimbursement from other governments	-	40	-	-	-	-
Payments from member counties	11,670,194	-	-	-	-	-
Payments from MHDS fiscal agent to regional members	-	-	881,051	-	-	-
State regional services payments	6,952,009	-	-	-	-	-
Other	-	-	-	-	-	-
Total intergovernmental revenues	18,622,203	32,053	939,010	12,809	11,785	21,124
Charges for services	11,734	-	-	-	-	-
Use of money and property	14,015	-	-	-	-	-
Miscellaneous	2,468	-	-	32	-	-
Total revenues	18,650,420	510,134	1,706,900	193,925	172,113	285,932
Expenditures:						
Services to persons with:						
Mental illness	9,303,167	157,009	31,455	478,606	659	110,203
Intellectual disabilities	330,845	-	-	-	-	-
Other developmental disabilities	300,205	-	-	-	-	-
Brain injury	84,358	-	-	-	-	-
Total direct services	10,018,575	157,009	31,455	478,606	659	110,203
General administration:						
Direct administration	372,664	35,881	-	415,594	-	153,489
Purchased administration	64,088	-	-	-	-	-
Distribution to MHDS regional fiscal agent	-	483,780	2,076,111	447,055	186,290	196,343
Total general administration	436,752	519,661	2,076,111	862,649	186,290	349,832
Total mental health, intellectual disabilities and developmental disabilities expenditures	10,455,327	676,670	2,107,566	1,341,255	186,949	460,035
Excess (deficiency) of revenues over (under) expenditures	8,195,093	(166,536)	(400,666)	(1,147,330)	(14,836)	(174,103)
Special item - contributions due to change in region	-	-	400,666	-	-	-
Change in fund balances	8,195,093	(166,536)	-	(1,147,330)	(14,836)	(174,103)
Fund balances beginning of year	8,732,948	166,536	-	1,147,330	14,836	174,103
Fund balances end of year	\$ 16,928,041	-	-	-	-	-

See notes to financial statements.

Mental Health Funds										Reclassification/ Elimination Entries	Total
Hancock County	Hardin County	Jasper County	Madison County	Marshall County	Poweshiek County	Story County	Warren County	Webster County	Wright County		
192,575	301,236	669,854	295,338	703,909	334,155	1,781,327	933,610	647,844	224,843	-	7,936,882
14,308	25,048	44,464	18,104	52,860	24,103	107,493	51,324	799,549	17,218	-	1,290,161
-	-	-	-	-	-	-	-	-	-	-	40
-	-	-	-	-	-	-	-	-	-	(11,670,194)	-
-	-	-	-	-	-	-	-	-	219,369	-	1,100,420
-	-	-	-	-	-	-	-	-	-	-	6,952,009
-	-	513	-	-	-	-	-	-	155	-	668
14,308	25,048	44,977	18,104	52,860	24,103	107,493	51,324	799,549	236,742	(11,670,194)	9,343,298
-	-	-	-	-	-	-	-	-	-	-	11,734
-	-	-	-	-	-	-	-	-	-	-	14,015
292,527	-	-	-	-	-	5,056	6,192	-	-	-	306,275
499,410	326,284	714,831	313,442	756,769	358,258	1,893,876	991,126	1,447,393	461,585	(11,670,194)	17,612,204
-	264,350	64,819	74,142	70,339	84,560	212,279	175,551	-	-	-	11,027,139
-	-	-	-	-	-	-	-	-	-	-	330,845
-	-	-	-	-	-	-	-	-	-	-	300,205
-	-	-	-	-	-	-	-	-	-	-	84,358
-	264,350	64,819	74,142	70,339	84,560	212,279	175,551	-	-	-	11,742,547
-	28,809	46,488	11,434	48,638	37,218	184,650	120,415	4,853	-	-	1,460,133
-	-	-	-	-	-	3,898	-	-	-	-	67,986
529,272	232,646	747,916	323,021	848,115	336,138	1,888,620	977,083	1,773,993	623,811	(11,670,194)	-
529,272	261,455	794,404	334,455	896,753	373,356	2,077,168	1,097,498	1,778,846	623,811	(11,670,194)	1,528,119
529,272	525,805	859,223	408,597	967,092	457,916	2,289,447	1,273,049	1,778,846	623,811	(11,670,194)	13,270,666
(29,862)	(199,521)	(144,392)	(95,155)	(210,323)	(99,658)	(395,571)	(281,923)	(331,453)	(162,226)	-	4,341,538
29,862	-	-	-	-	-	-	-	331,453	162,226	-	924,207
-	(199,521)	(144,392)	(95,155)	(210,323)	(99,658)	(395,571)	(281,923)	-	-	-	5,265,745
-	199,521	144,392	95,155	210,323	99,658	395,571	281,923	-	-	-	11,662,296
-	-	-	-	-	-	-	-	-	-	-	16,928,041

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

Change in fund balances 5,265,745

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.

(6,224)

Change in net position of governmental activities \$ 5,259,521

Central Iowa Community Services Region

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

Central Iowa Community Services (CICS) Region 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, Cerro Gordo, Franklin, Greene, Hamilton, Hancock, Hardin, Jasper, Madison, Marshall, Poweshiek, Story, Warren, Webster and Wright. 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 utilize mental health and disability services or are actively involved relatives 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 Region 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 Region's 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 Region, which includes funds held by Central Iowa Community Services Region's 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) Region 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 Region.

The Statement of Net Position presents the assets and liabilities 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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified by each member county Board of Supervisors in March 2021.

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) 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 receivables not collected within 90 days after year end.

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, 2022 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 \$17,966,426 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 794 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, employment practices liability, public officials liability, police professional liability. There have been no reductions in insurance coverage from prior years.

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

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

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, 2022 were \$11,958.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, 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, 2022, no liability has been recorded in CICS' financial statements. As of June 30, 2022, 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) Commitment

On October 25, 2021, CICS entered into a contract with Youth and Shelter Services, Inc. (YSS) for a \$10,000,000 grant to construct a youth recovery campus to transform adolescent and young adult mental health services and substance use treatment in Iowa. This campus will incorporate services including, but not limited to, crisis stabilization, emergency shelter, and treatment of substance use disorders. As of June 30, 2022, \$777,800 of the contract has been paid to YSS. The remaining \$9,222,200 will be paid as work progresses.

(6) Change in Mental Health Funding

The Governor signed Senate File 619 on June 16, 2021 which significantly changed funding for CICS beginning July 1, 2021. During fiscal year 2022, CICS continued 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. The member counties submitted all remaining fund balances in the County Mental Health funds to CICS as of June 30, 2022.



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

Rob Sand
Auditor of State

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

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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Central Iowa Community Services Region as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services Region's basic financial statements, and have issued our report thereon dated March 14, 2024. 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 Cerro Cordo County, Franklin County, Hamilton County, Hancock County, Hardin County, Marshall County and Wright County, as described in our report on Central Iowa Community Services' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Iowa Community Services Region's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Iowa Community Services Region's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Iowa Community Services Region's 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 that a material misstatement of Central Iowa Community Services Region's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for 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 Region's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Central Iowa Community Services Region's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Central Iowa Community Services Region. 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

Government Auditing Standards requires the auditor to perform limited procedures on Central Iowa Community Services Region's response to the finding identified in our audit and described in the accompanying Schedule of Findings. Central Iowa Community Services Region's 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 Region's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



Brian R. Brustkern CPA
Deputy Auditor of State

March 14, 2024

Central Iowa Community Services Region

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Central Iowa Community Services Region

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A 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 Region's minutes were not submitted to a newspaper for publication timely. Chapter 28E.6 of the Code of Iowa requires the minutes be submitted to the newspaper within 20 days following the adjournment of the meeting.

Recommendation – The Region should implement procedures to ensure compliance with the Code of Iowa in relation to submission of the Region's minutes for publication.

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.

2022-B Travel Expense – No expenditures of Central Iowa Community Services Region money for travel expenses of spouses of officials or employees were noted.

2022-C Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and Central Iowa Community Services Region's investment policy were noted.

2022-D 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.

2022-E 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 Region

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy
Janet K. Mortvedt, CPA, Manager
Molly N. Kalkwarf, Senior Auditor
Matthew F. Perry, Assistant Auditor