



**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

December 11, 2024

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Auditor of State Rob Sand today released an audit report on Central Iowa Community Services (CICS) for the year ended June 30, 2023.

**FINANCIAL HIGHLIGHTS:**

CICS' revenues totaled \$13,581,256 for the year ended June 30, 2023, a 22.9% decrease from the prior year. Expenses for the year ended June 30, 2023 totaled \$25,065,195, an 88.9% increase from the prior year. The significant decrease in revenues is due primarily to no longer receiving property tax funding from the member counties and the increase in expenses is due primarily to spending on one-time expenditure projects that were entered into the previous year.

**AUDIT FINDINGS:**

Sand reported no findings pertaining to Central Iowa Community Services.

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**

**JUNE 30, 2023**

**Central Iowa Community Services**



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

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

Rob Sand  
Auditor of State

September 16, 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, 2023. 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

### Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Brandon Talsma	Board Chair	Jasper 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
Richard Lukensmeyer	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
BJ Hoffman	Board Member	Hardin County Board of Supervisors
Phil Clifton	Board Member	Madison County Board of Supervisors
Jarret Heil	Board Member	Marshall 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 non-voting Board Member	
Andrea Dickerson	Ex-Officio non-voting Board Member	
Russell Wood	Chief Executive Officer	(Appointed)

**Central Iowa Community Services**



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Independent Auditor's Report

To the Regional Governance Board of Central Iowa Community Services:

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services' basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Central Iowa Community Services, as of June 30, 2023, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

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 Matters

#### *Required Supplementary Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 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 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

September 16, 2024

**Central Iowa Community Services**

## **Basic Financial Statements**

## Central Iowa Community Services

## Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,939,194
Receivables:	
Accounts	500
Accrued interest	33,873
Capital assets, net of accumulated depreciation	<u>34,598</u>
<b>Total assets</b>	<u>7,008,165</u>
<b>Liabilities</b>	
Accounts payable	1,123,651
Due to other governments	402,084
Long-term liabilities	
Lease agreements due or payable within one year	26,510
Lease agreements due or payable after one year	<u>8,707</u>
<b>Total liabilities</b>	<u>1,560,952</u>
<b>Net Position</b>	
Restricted for mental health purposes	<u>5,447,213</u>
See notes to financial statements.	

Central Iowa Community Services

Statement of Activities

Year ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	
<b>Governmental activities:</b>				
Mental health	\$ 25,065,195	16,552	13,553,875	(11,494,768)
<b>General Revenues:</b>				
Miscellaneous				10,829
Change in net position				(11,483,939)
Net position beginning of year				16,931,152
Net position end of year				\$ 5,447,213

See notes to financial statements.

**Exhibit C**

## Central Iowa Community Services

## Balance Sheet

June 30, 2023

	<u>General Fund</u>
<b>Assets</b>	
Cash and pooled investments	\$ 6,939,194
Receivables:	
Accounts	500
Accrued interest	<u>33,873</u>
<b>Total assets</b>	<b>\$ 6,973,567</b>
<b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 1,123,651
Due to other governments	<u>402,084</u>
Total liabilities	<u>1,525,735</u>
Fund balances:	
Restricted for mental health purposes	<u>5,447,832</u>
<b>Total liabilities and Fund Balances</b>	<b>\$ 6,973,567</b>
<b>Reconciliation of the Balance Sheet to the Statement of Net Position:</b>	
<b>Fund Balance</b>	\$ 5,447,832
Capital assets used in governmental activities are not current financial resources and, therefore, are not report in the governmental funds. The cost of capital assets is \$59,145 and the accumulated amortization is \$24,547.	34,598
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(35,217)
<b>Net position of governmental activities (page 10)</b>	<b>\$ 5,447,213</b>

See notes to financial statements.

Central Iowa Community Services  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Year ended June 30, 2023

	General Fund
Revenues:	
Intergovernmental revenues:	
State regional services payments	\$ 12,916,069
Other	23,090
Total intergovernmental revenues	12,939,159
Charges for services	16,552
Use of money and property	617,827
Miscellaneous	10,829
Total revenues	13,584,367
Expenditures:	
Services to persons with:	
Mental illness	22,328,634
Intellectual disabilities	485,869
Other developmental disabilities	400,620
Brain injury	70,641
Total direct services	23,285,764
General administration:	
Direct administration	1,545,725
Purchased administration	292,232
Total general administration	1,837,957
Total mental health, intellectual disabilities and developmental disabilities expenditures	25,123,721
Deficiency of revenues under expenditures	(11,539,354)
Other financing sources - lease agreements	59,145
Change in fund balances	(11,480,209)
Fund balances beginning of year	16,928,041
Fund balances end of year	\$ 5,447,832
 <b>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities</b>	
<b>Net change in Fund Balance</b>	<b>\$ (11,480,209)</b>
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded amortization expense in the current year.	34,598
 Because some revenues will not be collected for several months after year end, they are not considered available revenues and are recognized as deferred inflows of resources in the governmental funds.	(3,111)
 Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments.	(35,217)
<b>Change in net position of governmental activities (Page 11)</b>	<b>\$ (11,483,939)</b>

See notes to financial statements.



Central Iowa Community Services

Notes to Financial Statements

June 30, 2023

**(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, 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 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. Starting July 1, 2022, capital assets used for mental health purposes are now owned by Central Iowa Community Services.

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 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. 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 in the fund financial statements.

CICS reports the following major governmental fund:

The General Fund is used to account for the state regional service payments and other revenues to provide services to community-based, person-centered mental health and disability services system.

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. 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 within 90 days after year end.

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.

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 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 unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles acquired after July 1,1980 are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Reportable capital assets are defined by the Region as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Right-to-use leased assets	\$ 5,000

Right-to-use leases are amortized using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Right-to-use leased assets	3 - 20

Leases – Region as the Lessee – The Region is the lessee for noncancellable leases of office space. The Region has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Region recognizes lease liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease the Region initially measures the lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Region determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The Region uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Region generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Region is reasonably certain to exercise.

The Region monitors changes in circumstances that would require a remeasurement of it lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

Long-Term Liabilities – In the government-wide financial statements, long-term debt obligations are reported as liabilities in the governmental activities Statement of Net Position.

In the governmental fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2023 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 \$5,447,002 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) Capital Assets**

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets being amortized:				
Right-to-use leased assets	\$ -	59,145	-	59,145
Less accumulated amortization for:				
Right-to-use leased assets	-	24,547	-	24,547
Total capital assets being amortized, net	-	34,598	-	34,598
Governmental activities capital assets, net	\$ -	34,598	-	34,598

Amortization expense was charged to the following function:

Governmental activities:	
Mental health	\$ 24,547

#### (4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	<u>Lease Agreements</u>
Balance beginning of year	\$ -
Increases	59,145
Decreases	<u>23,928</u>
Balance end of year	<u>\$ 35,217</u>
Due within one year	<u>\$ 26,510</u>

##### Lease Agreements

On July 1, 2022 CICS entered into a lease agreement for a Marshall County office. An initial lease liability was recorded in the amount of \$17,739. The agreement requires monthly payments of \$775 over two years with an initial payment made July 1, 2022 with an implicit interest rate of 5.0% and a final payment due June 1, 2024. During the year ended June 30, 2023, principal and interest paid were \$8,686 and \$614, respectively.

On July 1, 2022 CICS entered into a lease agreement for a Warren County office. An initial lease liability was recorded in the amount of \$21,303. The agreement requires monthly payments of \$931 over two years with an initial payment made July 1, 2022 with an implicit interest rate of 5.0% and a final payment due June 1, 2024. During the year ended June 30, 2023, principal and interest paid were \$10,431 and \$741, respectively.

On October 7, 2022 CICS entered into a lease agreement for a Poweshiek County office. An initial lease liability was recorded in the amount of \$20,103. The agreement requires monthly payments of \$600 over three years with an initial payment made October 1, 2022 with an implicit interest rate of 5.0% and a final payment due September 30, 2025. During the year ended June 30, 2023, principal and interest paid were \$4,811 and \$589, respectively.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	<u>Marshall Co Office</u>			<u>Warren Co Office</u>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 9,053	247	9,300	\$ 10,872	300	11,172
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
Totals	<u>\$ 9,053</u>	<u>247</u>	<u>9,300</u>	<u>\$ 10,872</u>	<u>300</u>	<u>11,172</u>

Year Ending June 30,	<u>Poweshiek Co Office</u>			<u>Totals</u>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 6,585	615	7,200	\$ 26,510	1,162	27,672
2025	6,922	278	7,200	6,922	278	7,200
2026	1,785	15	1,800	1,785	15	1,800
Totals	<u>\$ 15,292</u>	<u>908</u>	<u>16,200</u>	<u>\$ 35,217</u>	<u>1,455</u>	<u>36,672</u>

## **(5) Risk Management**

CICS is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 800 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, employment practices liability, public officials liability, cyber liability, law enforcement liability and property. 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, 2023 were \$14,180.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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, 2023, no liability has been recorded in CICS' financial statements. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

**(6) Change in Funding**

The Governor signed Senate File 619 on June 16, 2021 which significantly changed the funding for the Central Iowa Community Services Region starting July 1, 2021. During fiscal year 2023, the Region no longer received property tax levy funds from the member counties. All funding came entirely from state appropriations. The member counties fund balances in the County Mental Health funds were closed as of June 30, 2022.

**(7) Subsequent Event**

The Governor signed House File 2673 on May 15, 2024, which will create a new behavioral health services system statewide. All mental health and substance abuse regions will be closed, and funds will be transferred to the new unified behavioral health system by July 1, 2025.





**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 the major fund of Central Iowa Community Services as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise Central Iowa Community Services' basic financial statements, and have issued our report thereon dated September 16, 2024.

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 (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' 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 that 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 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' 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.

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.



Brian R. Brustkern CPA  
Deputy Auditor of State

September 16, 2024

Central Iowa Community Services

Schedule of Findings

Year ended June 30, 2023

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

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

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

Central Iowa Community Services

Schedule of Findings

Year ended June 30, 2023

**Other Findings Related to Required Statutory Reporting:**

- 2023-A Minutes – No transactions were found that we believe should have been approved in the Regional Governance Board minutes but were not.
- 2023-B Travel Expense – No expenditures of Central Iowa Community Services Region money for travel expenses of spouses of officials or employees were noted.
- 2023-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.
- 2023-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.
- 2023-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

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Janet K. Mortvedt, CPA, Manager  
Jon D. Hedgecock, Senior Auditor