

**EASTERN IOWA  
MENTAL HEALTH AND  
DISABILITY SERVICES  
REGION**

**ANNUAL FINANCIAL REPORT**

**As of and for the Year Ended June 30, 2021**

# Eastern Iowa Mental Health and Disability Services Region

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As of and for the Year Ended June 30, 2021

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## **INDEPENDENT AUDITORS' REPORT**

## Independent Auditors' Report

To the Board of Directors of  
Eastern Iowa Mental Health and Disability Services Region

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eastern Iowa Mental Health and Disability Services Region, Iowa, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Eastern Iowa Mental Health and Disability Services Region's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mental Health Funds of Cedar County, Clinton County, Jackson County and Muscatine County, which represent 7.3%, 12.7%, 6.6% and 16.7%, respectively, of the assets, 9.1%, 10.4%, 8.1% and 22.3%, respectively, of the fund balance and 4.7%, 12.1%, 4.9% and 11.0%, respectively, of the revenues included in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances, respectively and 43.3%, 49.9% and 32.7%, respectively, of the assets, net position and revenues of the governmental activities. Those statements were audited by other auditors whose report have been furnished to us and our opinion, insofar as it relates to the amounts included for the Mental Health Funds of Cedar County, Clinton County, Jackson County and Muscatine County, is based solely on the reports of the other auditors. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the governmental activities financial statements and our unmodified opinion on the governmental funds financial statements.

### ***Basis for Adverse Opinion on Governmental Activities***

As discussed on Note 3 to the financial statements, management has not recorded a liability for compensated absences in governmental activities and, accordingly, has not recorded an expense for the current period 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 the employer and employee 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 governmental activities. The amount by which this departure affects the liabilities, net position and expenses of governmental activities has not been determined.

As discussed on Note 3 to the financial statements, management has not recorded a liability for other postemployment benefits in governmental activities and, accordingly, has not recorded an expense for the current period change in that liability, deferred outflows of resources or deferred inflows of resources. Accounting principles generally accepted in the United States of America require annual other postemployment benefit costs based on the annual required contribution, an amount actuarially determined in accordance with GASB Statement No. 75, be accrued as liabilities and expenses, which would increase the liabilities, deferred outflows of resources or deferred inflows of resources, reduce the net position and change the expenses of governmental activities. The amount by which this departure affects the liabilities, net position and expenses of governmental activities has not been determined.

As discussed on 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 governmental activities and, accordingly, has not recorded pension expense for the current period 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 governmental activities. The amount by which this departure affects the liabilities, deferred outflow of resources, deferred inflows of resources, net position and expenses of governmental activities has not been determined.

### ***Adverse Opinion***

In our opinion, because of the significance of the matters described in the “Basis for Adverse Opinion on Governmental Activities” paragraphs above, the Statement of Net Position and the Statement of Activities of the governmental activities do not present fairly the financial position of the governmental activities of the Eastern Iowa Mental Health and Disability Services Region, as of June 30, 2021 or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, based on our audit and the reports of other auditors, the accompanying Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances present fairly, in all material respects, the respective financial position of each major fund of the Eastern Iowa Mental Health and Disability Services Region, Iowa, as of June 30, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022 on our consideration of the Eastern Iowa Mental Health and Disability Services Region's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Eastern Iowa Mental Health and Disability Services Region's 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 the Eastern Iowa Mental Health and Disability Services Region's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
August 31, 2022

## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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It is an honor to present to you the financial picture of the Eastern Iowa Mental Health and Disability Services Region. We offer readers of the Region's financial statements this narrative overview and analysis of the financial activities of the Region for the fiscal year ended June 30, 2021.

#### Financial Highlights

The assets of the Region exceeded its liabilities and deferred inflows of resources as of June 30, 2021 and 2020 by \$5,185,143, and \$2,912,111 (net position), respectively. Of this amount, \$5,185,143 and \$2,912,111, respectively, may be used to meet the Region's ongoing obligations to citizens and creditors.

The Region's total net position increased by \$2,273,032 during the year June 30, 2021 and decreased by \$922,235 during the year ended June 30, 2020. Fiscal year 2021 is the seventh year of consolidated operations of the region, and the sixth year of continuing operations. The Region decreased the overall property tax levies within the counties, to fund current services while working to maintain up to 40% fund balance. Many services were delayed in fiscal year 2021 due to the COVID-19 pandemic. Additionally the Region received and expended \$2.8 million of CARES act funding to assist local providers with unplanned COVID-19 expenses. Overall revenues increased \$3.1 million, while mental health expenditures decreased \$0.3 million.

As of June 30, 2021, the Region's governmental fund reported combined ending fund balances of \$5,148,624, an increase of \$2,331,106. \$5,148,624 is available for spending at the Region's discretion. Revenues exceeded expenditures by \$2,331,106, as the individual counties levied the maximum per capita rate, the region received one-time federal pass-through grant funding to respond to COVID-19, and normal services were delayed due to the Pandemic. Property taxes increased \$701,569 from the prior year, while state tax credits increased \$68,412. Direct services to consumers decreased from \$9,671,439 to \$8,898,272, or \$773,167, as the region contribution for crisis services and one time grant funding increased \$1,971,611 with the fiscal agent between 2021 and 2020. Decreases at the local county level are related to the delay of services due to the COVID-19 Pandemic as service providers temporarily reduced the number of appointments or individuals decreased access to services. General Administration increased from \$757,696 to \$1,260,960 due to region wide service contracts.

As of June 30, 2020, the Region's governmental fund reported combined ending fund balances of \$2,817,518, a decrease of \$1,007,982. \$2,813,595 is available for spending at the Region's discretion. Expenditures exceeded revenues by \$1,007,982, as the individual counties levied near the maximum per capita rate, while one time funding and costs of services increased. Property taxes increased \$4,205,255 from the prior year, while state tax credits increased \$405,583. Direct services to consumers decreased from \$12,152,753 to \$9,671,439, or \$2,481,314, as the region contribution for crisis services and one time funding decreased \$844,327 with the fiscal agent between 2020 and 2019. Other decreases are related to the initial delay of services due to the COVID-19 Pandemic as service providers temporarily reduced the number of appointments or individuals decreased access to services. General Administration increased from \$722,432 to \$757,696 due to increased allocation of staffing costs to mental health services and staffing levels.

#### Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the Region's basic financial statements. The Region's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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Government-wide financial statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Region.

The Statement of Net Position presents the Region's assets, liabilities and deferred inflows of resources, with the difference reported as net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Region does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Region, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Region utilizes governmental fund accounting.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Region maintains one individual governmental fund, with 6 consolidated sub funds representing the region fiscal agent and a sub fund of each member county. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the consolidated fund.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Notes to basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents other required supplementary information. This information can be found on pages 25 and 26 of this report.



## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Region's total net position has increased from \$2,912,111 to \$5,185,143. In fiscal year 2020, the activities decreased from \$3,834,346 to \$2,912,111.

Of the Region's net position, 100% is restricted for mental health.

Table 1 - Eastern Iowa Mental Health and Disability Region's Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 12,217,568	\$ 12,601,539
<b>Total assets</b>	<b>12,217,568</b>	<b>12,601,539</b>
Current liabilities	826,012	610,799
<b>Total liabilities</b>	<b>826,012</b>	<b>610,799</b>
Deferred inflows of resources	<b>6,206,413</b>	<b>9,078,629</b>
Net position:		
Restricted	5,185,143	2,912,111
<b>Total net position</b>	<b>\$ 5,185,143</b>	<b>\$ 2,912,111</b>

Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted through enabling legislation for 2021 of \$5,185,143 and 2020 of \$2,912,111 for mental health.

For 2021, \$5,984,708 of the current assets is liquid cash and investments to provide services to residents. \$6,230,414 is property tax receivable from the five member counties, all of which is intended to fund FY 22 and is not available for FY 21.

For 2020, \$3,379,457 of the current assets is liquid cash and investments to provide services to residents. \$9,209,499 is property tax receivable from the five member counties, all of which is intended to fund FY 21 and is not available for FY 20.

## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Table 2 highlights the Region's revenues and expenses for the fiscal year ended June 30, 2021 and June 30, 2020. These two main components are subtracted to yield the change in net position. This table utilizes the accrual method of accounting.

Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services and sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

Table 2 -Eastern Iowa Mental Health and Disability Services Region's Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 52,130	\$ 262,348
Operating grants and contributions	2,867,508	82,987
General revenues:		
Taxes:		
Property taxes	8,633,364	8,075,616
Other taxes	170,245	177,430
State tax replacement credits	656,196	587,784
Investment earnings	12,428	28,205
Miscellaneous	43,090	293,534
<b>Total revenues</b>	<b>12,434,961</b>	<b>9,507,904</b>
Expenses:		
Mental health	10,161,929	10,430,139
<b>Total expenses</b>	<b>10,161,929</b>	<b>10,430,139</b>
<b>Increase (decrease) in net position</b>	<b>2,273,032</b>	<b>(922,235)</b>
Net position, beginning	2,912,111	3,834,346
Net position, ending	<b>\$ 5,185,143</b>	<b>\$ 2,912,111</b>

The Region's total net position increased by \$2,273,032 during the fiscal year 2021. Charges for services represented 0.4% or \$52,130, of activity. 23% or \$2,867,508 of region resources were provided through operating grants and contributions, specifically the CARES grant for COVID-19 relief. 76% or \$9,515,323 are general revenue to support mental health services. It is expected that the above funding allocations will change in FY 2022 due to legislative changes (SF 619). Every county was forced to reduce mental health levies to \$21.14 per capita and the state provided funding of \$15.86 per capita, and in 2023 with increased state support, and elimination of property tax general revenues.

The Region's total net position decreased by \$922,235 during the fiscal year 2020. Charges for services represented 3% or \$262,348, of activity. 1% or \$82,987 of region resources were provided through operating grants and contributions. 96% or \$9,162,569 are general revenue to support mental health services. It is expected that the above funding allocations will change in FY 2021 due to COVID-19 Grant funding and in 2022 and in 2023 with increased state support, and overall elimination of property tax general revenues

## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

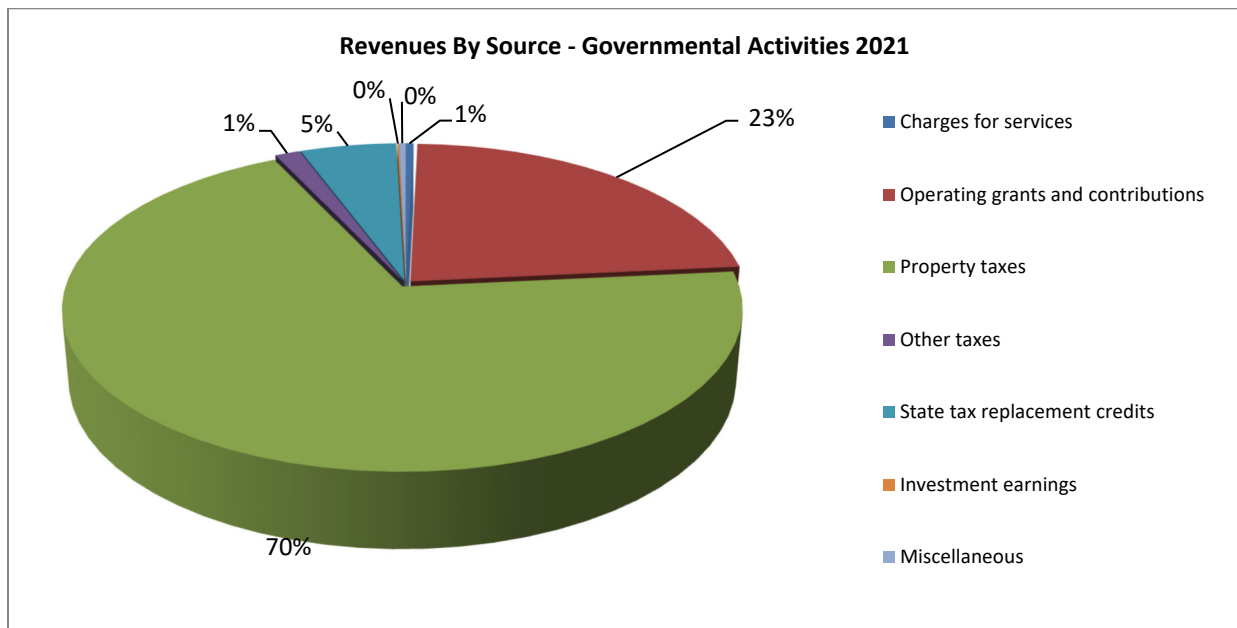
Table 3 below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Eastern Iowa Mental Health and Disability Services's Governmental Activities

Programs	Total Cost of 2021	Total Cost of 2020	Net (Expense) of Services 2021	Net (Expense) of Services 2020
Mental health	\$ 10,161,929	\$ 10,430,139	\$ (7,242,291)	\$ (10,084,804)
<b>Total</b>	<b>\$ 10,161,929</b>	<b>\$ 10,430,139</b>	<b>\$ (7,242,291)</b>	<b>\$ (10,084,804)</b>

Net cost of services is 71% of total cost of services in 2021 and 97% of total cost of services in 2020.

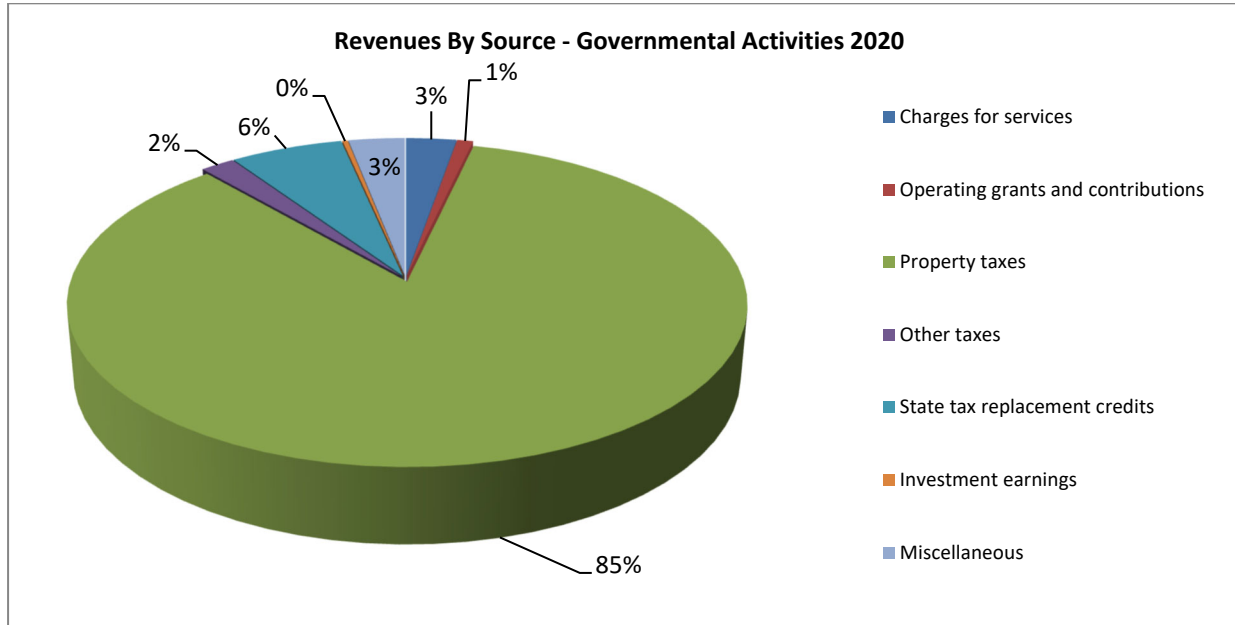
The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2021 and 2020.



## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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### Financial Analysis of the Government's Funds

As noted earlier, the Region uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The Region governmental fund provides the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the Region's governmental activities.

### Budgetary Highlights

Formal and legal budgetary control is based on nonmajor classes of disbursements known as functions or disability groups, not by fund or fund type. The Region did not formally amend the budget during the year.

During the year, actual expenditures were more than total budgeted expenditures by \$434,471. Budgetary overages is due to the variability of services provided the unexpected receipt of CARES act money during the budget development. Additionally, some services were delayed or not incurred due to the national COVID-19 Pandemic.

## Eastern Iowa Mental Health and Disability Services Region

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

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#### Economic Factors and Next Year's Budgets and Rates

- The Children's Behavioral Health bill will change the Governing Board membership, as well as create another advisory committee, a Children's Advisory Committee. The bill also mandated the hiring of a Children's Coordinator of Disability Services. The board amended its contract with the crisis provider in July 2021 to meet the need of the Children's Coordinator.
- The 2021 Legislative Session went nearly three weeks past their scheduled deadline. All was quiet until the last 6 weeks of session when a large Omnibus Tax bill was introduced by the Senate. SF 587 passed the Senate but stalled in the House. The Governor and the Senate reached an agreement for another Omnibus Tax bill, SF 619. After much debate, the House passed SF 619 as well. The tax bill covers many tax policies, including mental health funding. Effective FY22, (7/1/21), the county's MH levies will all be lowered to \$21.14 per capita and the state will provide funding in the amount of \$15.86 per capita to the regions, equaling a total of \$37.00 per capita. In FY23, the mental health levies will be eliminated and the state will fund the mental health system completely at \$38.00 per capita. In FY24, the state per capita will be \$40.00 and \$42.00 in FY25. The regions will still have a percentage fund balance requirement that decreases over 3 years. Excess fund balance amounts will be deposited in the MHDS Regional Services Fund for all regions to access if needed. Regions will enter into performance-based contracting with DHS on 1/1/22, creating incentive funds for regions. The regions will be required to have all core services available through subcontracting with another region or having the actual service in the region.

The Omnibus Tax bill provides an additional \$2 million for the region in FY22, but the fear of future funding remains. There is no safety net for the region to generate funds if the state is unable to fund at the promised levels.

- The 2022 Legislative Session was fairly quiet in terms of mental health services. There was an attempt to increase the percentage of carry-forward (fund balance) for FY25 from 5% to 10%, but the bill died. DHS continues to monitor the Regions regarding the performance-based contracts, ensuring the Regions have all the core services available and the providers are implementing services to evidence-based practices (EBPs).
- FY23 will be a challenging year due to the requirement of only 20% carry forward (fund balance) by June 30, 2023. During FY22 the Region amended the budget and approved several one-time funding opportunities in efforts to reduce the fund balance to 40%. The Region is over the 40% limit and may not get the January 2023 and the April 2023 state payments. The Region will apply for the encumbrance approval in July 2022 in hopes to avoid losing payments from the state. At the end of FY23 (June 30, 2023), the Region must be at 20% carry forward. Providers are nervous about starting new programs when funding is not guaranteed beyond FY25. Staffing shortages have also created problems for providers wanting to start new programs.

## **Eastern Iowa Mental Health and Disability Services Region**

### **Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021**

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#### **Requests for Information**

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the Region's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write David Farmer, Region Fiscal Agent Administrator, Scott County Administrative Center, 600 West 4<sup>th</sup> Street, Davenport, Iowa 52801-1003.

## **BASIC FINANCIAL STATEMENTS**

Eastern Iowa Mental Health Disability Services Region

Statement of Net Position  
As of June 30, 2021

	Primary Government Governmental Activities
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 5,984,708
Receivables:	
Property taxes	6,230,414
Accrued interest	528
Accounts	1,918
<b>Total current assets</b>	<b>12,217,568</b>
<b>Total assets</b>	<b>\$ 12,217,568</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	
Liabilities:	
Accounts payable	\$ 733,256
Accrued liabilities	61,560
Due to other governments	31,196
<b>Total liabilities</b>	<b>826,012</b>
Deferred inflows of resources:	
Succeeding year property tax	6,206,413
<b>Total deferred inflows of resources</b>	<b>6,206,413</b>
Net position:	
Restricted for:	
Mental health	5,185,143
<b>Total net position</b>	<b>5,185,143</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 12,217,568</b>

See Notes to Basic Financial Statements





Eastern Iowa Mental Health Disability Services Region

Balance Sheet  
 Governmental Funds  
 As of June 30, 2021

	Fiscal Agent	Mental Health Funds	
		Cedar County	Clinton County
<b>Assets</b>			
Cash and investments	\$ 2,404,798	\$ 479,408	\$ 629,082
Receivables, net of allowance for uncollectible:			
Property taxes, net of allowance for collection losses	-	415,754	923,498
Accrued interest	-	-	-
Accounts	1,498	-	-
Due from other governmental agencies	-	-	-
<b>Total assets</b>	<b>\$ 2,406,296</b>	<b>\$ 895,162</b>	<b>\$ 1,552,580</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 498,881	\$ 8,179	\$ 56,067
Accrued liabilities	-	3,207	11,277
Due to other governments	-	879	24,940
<b>Total liabilities</b>	<b>498,881</b>	<b>12,265</b>	<b>92,284</b>
Deferred inflows of resources:			
Succeeding year property tax	-	415,398	906,000
Unavailable revenue	-	345	17,381
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>415,743</b>	<b>923,381</b>
Fund balances :			
Restricted for mental health purposes	1,907,415	467,154	536,915
<b>Total fund balances</b>	<b>1,907,415</b>	<b>467,154</b>	<b>536,915</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,406,296</b>	<b>\$ 895,162</b>	<b>\$ 1,552,580</b>

See Notes to Basic Financial Statements

Jackson County	Muscatine County	Scott County	Elimination Entries	Total
\$ 433,569	\$ 1,185,475	\$ 852,376	\$ -	\$ 5,984,708
372,224	849,927	3,669,011	-	6,230,414
-	-	528	-	528
-	31	389	-	1,918
-	-	150,397	(150,397)	-
<u>\$ 805,793</u>	<u>\$ 2,035,433</u>	<u>\$ 4,672,701</u>	<u>\$ (150,397)</u>	<u>\$ 12,217,568</u>

\$ 13,566	\$ 12,738	\$ 294,222	\$ (150,397)	\$ 733,256
4,394	5,218	37,464	-	61,560
965	4,412	-	-	31,196
<u>18,925</u>	<u>22,368</u>	<u>331,686</u>	<u>(150,397)</u>	<u>826,012</u>

372,000	857,000	3,656,015	-	6,206,413
206	5,927	12,660	-	36,519
<u>372,206</u>	<u>862,927</u>	<u>3,668,675</u>	<u>-</u>	<u>6,242,932</u>

414,662	1,150,138	672,340	-	5,148,624
<u>414,662</u>	<u>1,150,138</u>	<u>672,340</u>	<u>-</u>	<u>5,148,624</u>

<u>\$ 805,793</u>	<u>\$ 2,035,433</u>	<u>\$ 4,672,701</u>	<u>\$ (150,397)</u>
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Amounts reported for governmental activities 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 in the governmental funds.

36,519

Net position of governmental activities

\$ 5,185,143

Eastern Iowa Mental Health Disability Services Region

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2021

	Mental Health Funds		
	Fiscal Agent	Cedar County	Clinton County
<b>Revenues:</b>			
Property taxes	\$ -	\$ 542,698	\$ 1,347,054
Other Taxes	-	-	-
Intergovernmental			
State tax credits	-	40,577	116,941
Payments from regional members	4,720,000	-	-
Other intergovernmental revenues	2,831,368	-	-
Total intergovernmental revenues	7,551,368	40,577	116,941
Charges for services	-	-	52,130
Investment earnings	7,805	-	-
Other	2,728	1,823	-
<b>Total revenues</b>	<b>7,561,901</b>	<b>585,098</b>	<b>1,516,125</b>
<b>Expenditures:</b>			
Services to persons with:			
Mental illness	4,483,051	88,613	569,187
Intellectual disability	947,133	825	44,460
Other developmental disabilities	-	362	28,762
Total direct services to consumers	5,430,184	89,800	642,409
Government services to residents			
Direct administration	57	79,192	171,920
Purchased administration	591,579	24,000	-
Fiscal agent reimbursement from member counties	-	230,364	575,316
Total general administration	591,636	333,556	747,236
County provided case management	-	-	-
<b>Total Expenditures</b>	<b>6,021,820</b>	<b>423,356</b>	<b>1,389,645</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,540,081</b>	<b>161,742</b>	<b>126,480</b>
Fund balances, beginning of year	367,334	305,412	410,435
Fund balances, end of year	<u>\$ 1,907,415</u>	<u>\$ 467,154</u>	<u>\$ 536,915</u>

See Notes to Basic Financial Statements.

Mental Health Funds					
Jackson County	Muscatine County	Scott County	Elimination Entries	Total	
\$ 561,034	\$ 1,265,415	\$ 4,975,237	\$ -	\$ 8,691,438	
-	-	170,245	-	170,245	
54,902	67,658	376,118	-	656,196	
-	-	-	(4,720,000)	-	
-	36,140	-	-	2,867,508	
54,902	103,798	376,118	(4,720,000)	3,523,704	
-	-	-	-	52,130	
-	-	4,623	-	12,428	
351	825	229,350	(191,987)	43,090	
616,287	1,370,038	5,755,573	(4,911,987)	12,493,035	

158,420	128,696	2,271,666	(41,590)	7,658,043	
11,972	1,231	105,469	-	1,111,090	
6,696	9,741	83,578	-	129,139	
177,088	139,668	2,460,713	(41,590)	8,898,272	
98,233	199,066	247,310	-	795,778	
-	-	-	(150,397)	465,182	
240,324	530,928	3,143,068	(4,720,000)	-	
338,557	729,994	3,390,378	(4,870,397)	1,260,960	
-	-	2,697	-	2,697	
515,645	869,662	5,853,788	(4,911,987)	10,161,929	
100,642	500,376	(98,215)	-	2,331,106	
314,020	649,762	770,555	-	2,817,518	
\$ 414,662	\$ 1,150,138	\$ 672,340	\$ -	\$ 5,148,624	

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

(58,074)

Change in net position of governmental activities

\$ 2,273,032

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies**

##### **Nature of operations:**

The Eastern Iowa Mental Health and Disability Services Region “the Region” is incorporated and operates under the provisions of the Code of Iowa, as a 28E joint agreement government. The Region includes the following counties: Cedar County, Clinton County, Jackson County, Muscatine County and Scott County. The member counties each entered into this 28E agreement between March 13-25, 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 Region Governing Board is comprised of one Board of Supervisors’ member from each member county. The Governing Board also includes one individual who utilizes mental health and disability services or is an actively involved relative of such an individual. On January 25, 2021, the Governing Board confirmed new members on the board: an individual who represents the adult service providers in the region who serves in a non-voting, ex-officio capacity; a children’s behavioral health provider who also serves in a non-voting, ex-officio capacity; an individual representing the education system; a parent of a child who utilizes children’s behavioral health services or an actively involved relative of the child. The Region designated Scott County as the fiscal agent to account for all funds of the organization as permitted by Chapter 331.391 of the Code of Iowa.

The 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 the Region are intended to present the financial position and the changes in financial position of Eastern Iowa Mental Health and Disability Region, which includes funds held by the 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.

##### **Financial reporting entity:**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the Region is financially accountable. The Region has also considered all other potential organizations for which the nature and significance of their relationships with the Region are such that exclusion would cause the Region’s financial statements to be misleading or incomplete. The primary government is financially accountable if (1) it appoints a voting majority of the organization’s governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization’s governing body and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by the individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

---

#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Component units are reported using one of two methods, discrete presentation or blending. Generally component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantially the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from the resources of the primary government. There are no entities that qualify as a component unit of the Region.

#### **Basis of presentation:**

The Region's basic financial statements consist of government-wide statements including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Region.

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

Restricted net position results when constraints placed on net position use, are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The Region does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds. The Region does not have any proprietary or fiduciary activity.

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Fund financial statements: The accounts of the Region are organized on the basis of major funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate.

The Region reports the following major governmental funds:

##### Special Revenue Funds:

*Mental Health Fund (Fiscal Agent):* This fund is used to account for the activity of the Region not expended directly from the Mental Health Funds of the individual member counties.

*Member County Mental Health Funds:* Each member county may levy property taxes, receive state tax credits, State Block Grants as well as other revenue activity on their own. Additionally, mental health services may be expended on the local level before any excess fund balance is distributed to the fiscal agent. These funds are individual funds within each county's financial statements. Elimination entries are presented to remove any related activity across member counties or the fiscal agent.

#### **Measurement focus and basis of accounting:**

The government-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 taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, the Region considers revenues to be available if they are collected by the Region or member counties within 90 days after year-end.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. This is determined to occur when the budget is certified and approved by the state of Iowa. The current tax levy recognized in revenue was certified by each county in May 2020, based on the 2019 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5% per month penalty for delinquent payment. Due to the COVID-19 Pandemic, the State of Iowa decreed the 1.5% interest could not be applied from March 31 to August 24, 2020. All other revenue items are considered to be measurable and available only when cash is received by the Region or member counties.



## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

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#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

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, the Region 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 the Region's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

#### **Assets, Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position:**

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

Pooled cash and investment account: Separate bank accounts and investments are not maintained for all Region funds, as certain sub funds maintain their cash and investment balances in a pooled account. Accounting records are maintained to show the portion of the pooled account attributable to each participating fund.

Investments: Investments are reported at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

Property Tax Receivable: Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

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. All amounts are expected to be collected within one year.

Due to Other Governments: Due to other governments represents taxes and other revenues collected by the Region and payments for services which will be remitted to other governments.

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

---

#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Unearned / unavailable revenue: Unearned / unavailable revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received before the Region has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Region has a legal claim to the resources, the deferred inflow for unearned revenue is removed from the balance sheet and revenue is recognized. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred inflows of resources: A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Fund Equity: In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balance as follows:

- **Nonspendable** – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained.
- **Restricted** – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Net position: Net position represents the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Region first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Region would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

---

#### **Note 1. Nature of Operations, Financial Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Significant Accounting Policies (Continued)**

Budgetary information: The Region budget is prepared using the same accounting basis and practices used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. The Region budgets on a consolidated basis.

The Region uses the following procedures when establishing their operational budget. Prior to March 31, each county develops individual fund budgets for services provided within the home county and the corresponding revenues and taxes. Budget estimates are provided to the Region Chief Executive Officer and fiscal agent. The Chief Executive Officer then presents a consolidated budget, which includes county, region-wide, and fiscal agent services to the Regional governing board for adoption by April 1. After budget adoption, it is reviewed and certified by the Iowa Department of Human Services as part of the Annual Service Plan.

The budget may be amended by majority of the Region Board. Encumbrances are not recognized in the budget and appropriations lapse at year-end.

The legal level of control is at the program expenditure level, which is the function level.

The Region exceeded its budget as of June 30, 2021, due to the unexpected receipt and use of CARES act grant funds. The Region did not budget for these funds.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **Note 2. Deposits and Investments**

As of June 30, 2021, the Region's cash and investments were as follows:

Cash on hand and deposits with financial institutions - Fiscal Agent	\$ 2,404,798
Cash on hand and deposits with financial institutions - Member counties	<u>3,579,910</u>
	<u>\$ 5,984,708</u>

The Region follows Scott County, Iowa's Investment Policy as Scott County is the fiscal agent of the Region. Individual member counties follow each county's investment policy for their mental health funds.

The Region maintains commingled deposits and investments with the Fiscal Agent and member counties. The custodial credit risk, credit risk, concentration of credit risk, interest rate risk or any other investment risk, as applicable, pertaining specifically to the Region's resources cannot be determined. Please refer to the financial statements of the Fiscal Agent and member counties for information on overall deposit and investment risks.

## Eastern Iowa Mental Health and Disability Region

### Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2021

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

In accordance with statements of understanding between the Region's Board of Directors and each individual member county board of supervisors, the Regional Chief Executive Officer, the Coordinators of Disability Services and all support staff of the Region 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 from the Region.

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. Also, the individual member county employees are provided other postemployment and pension benefits. Generally accepted accounting principles in the United States require deferred outflows of resources, liabilities, deferred inflows of resources and related expenses to be recorded when incurred for these items on the governmental activities financial statements. The Region's governmental activities financial statements do not report these amounts.

#### **Note 4. Risk Management and Insurance**

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

#### **Note 5. Subsequent Events**

In June 2021, the State of Iowa adopted Senate file 619 which will require the Region to consolidate financial information into a shared fiscal agent fund by June 30, 2022. The State of Iowa changed the funding model from primarily property tax support to a mix of property taxes and state support for a per capita funding amount of \$37.00 per resident for fiscal year 2022 and 100% state funded by fiscal year 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**

Eastern Iowa Mental Health Disability Services Region

Required Supplementary Information  
 Budgetary Comparison Schedule  
 All Governmental Funds - Primary Government  
 For the Year Ended June 30, 2021

	Original and Final Budget	Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 8,586,606	\$ 8,691,438	\$ 104,832
Other taxes	288,467	170,245	(118,222)
Intergovernmental	473,274	3,523,704	3,050,430
Charges for services	12,200	52,130	39,930
Investment earnings	40,000	12,428	(27,572)
Other	-	43,090	43,090
<b>Total revenues</b>	<b>9,400,547</b>	<b>12,493,035</b>	<b>3,092,488</b>
Expenditures			
Current:			
Mental illness	7,354,026	7,660,740	(306,714)
Intellectual disability	858,000	1,111,090	(253,090)
Other developmental disabilities	172,760	129,139	43,621
Vocational & Day Services	18,000	-	18,000
Administration	1,324,672	1,260,960	63,712
<b>Total expenditures</b>	<b>9,727,458</b>	<b>10,161,929</b>	<b>(434,471)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(326,911)</b>	<b>2,331,106</b>	<b>2,658,017</b>
<b>Net change in fund balances</b>	<b>\$ (326,911)</b>	<b>\$ 2,331,106</b>	<b>\$ 2,658,017</b>

See Independent Auditors' Report and Note to Required Supplementary Information.

## **Eastern Iowa Mental Health and Disability Region**

### **Notes to Required Supplementary Information As of and For the Year Ended June 30, 2021**

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#### **Note 1. Budgetary Comparison Schedule**

The Region budget is prepared using the same accounting basis and practices used to account for and prepare financial reports for the funds; thus, budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. The Region budgets on a consolidated basis.

The Region uses the following procedures when establishing their operational budget. Prior to March 31, each county develops individual fund budgets for services provided within the home county and the corresponding revenues and taxes. Budget estimates are provided to the Region Chief Executive Officer and fiscal agent. The Chief Executive Officer then presents a consolidated budget, which includes county, region-wide, and fiscal agent services to the Regional governing board for adoption by April 1. After budget adoption, it is reviewed and certified by the Iowa Department of Human Services as part of the Annual Service Plan.

The budget may be amended by majority of the Region Board. Encumbrances are not recognized in the budget and appropriations lapse at year-end.

The legal level of control is at the program expenditure level, which is the functional level.

The Region exceeded its budget as of June 30, 2021, due to the unexpected receipt and use of CARES act grant funds. The Region did not budget for these funds.