

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

ANNUAL FINANCIAL REPORT

As of and for the Year Ended June 30, 2022

Eastern Iowa Mental Health and Disability Services Region

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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 Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eastern Iowa Mental Health and Disability Services Region, Iowa, (the Region), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements as listed in the table of contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities" paragraphs below, 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 Region, as of June 30, 2022 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 on Each Major Fund

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 Region, as of June 30, 2022 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.

We did not audit the financial statements of the Mental Health Funds of Cedar County, Clinton County, Jackson County, and Muscatine County, which represent 0%, 1.0%, 0.0% and 0.2%, respectively, of the assets, 0% of the fund balance and 3.5%, 9.2%, 3.9%, and 8.1%, respectively, of the revenues included in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances, respectively and 1.1%, 0.0% and 24.8%, respectively of the assets, net position and revenues of the governmental activities. Those statements were audited by other auditors whose reports 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

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.

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 the Region's 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.

Auditors' 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 auditors' 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 the Region's 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 the Region's 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 September 20, 2023, on our consideration of the 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 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 Region's internal control over financial reporting and compliance.



Milwaukee, Wisconsin
September 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

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, 2022.

Financial Highlights

The assets of the Region exceeded its liabilities and deferred inflows of resources as of June 30, 2022 and 2021 by \$7,601,544, and \$5,185,143 (net position), respectively. Of this amount, \$7,601,544 and \$5,185,143, respectively, may be used to meet the Region's ongoing obligations to citizens and creditors.

The Region's total net position increased by \$2,416,401 during the year June 30, 2022 and increased by \$2,273,032 during the year ended June 30, 2021. Fiscal year 2022 is the eighth year of consolidated operations of the region, and the seventh year of continuing operations. The Region decreased the overall property tax levies within the counties and received state funding as a change in the revenue streams. Many services were delayed in fiscal year 2021 and into 2022 due to the COVID-19 pandemic. Overall revenues decreased \$1.0 million, while mental health expenditures decreased \$1.1 million. The prior year had COVID-19 relief grant funding that did not re-occur in 2022.

As of June 30, 2022, the Region's governmental fund reported combined ending fund balances of \$7,599,000, an increase of \$2,450,376. \$7,599,000 is available for spending at the Region's discretion. Revenues exceeded expenditures by \$2,450,376, as the individual counties levied the maximum per capita rate, the region received new state funding of \$4.7 million, and normal services were delayed due to the Pandemic. Property taxes decreased \$2,762,183 from the prior year, while state tax credits decreased \$176,986. Direct services to consumers decreased from \$8,898,272 to \$7,590,747 or \$1,307,525, as the region contribution for crisis services with the fiscal agent decreased \$646,589 between 2022 and 2021. Decreases are related to the reduction of one time grant funding in 2021 and the delay of services in early 2022. General Administration increased from \$1,260,960 to \$1,381,456 due to region wide service contracts.

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 due to workforce shortages or individuals decreased access to services. General Administration increased from \$757,696 to \$1,260,960 due to region wide service contracts.

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, 2022

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 11 and 12 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 13 through 16 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 24 and 25 of this report.

Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

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 \$5,185,143 to \$7,601,544. In fiscal year 2021, the activities increased from \$2,912,111 to \$5,185,143.

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

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

	Governmental Activities	
	2022	2021
Current and other assets	\$ 8,308,705	\$ 12,217,568
Total assets	8,308,705	12,217,568
Current liabilities	707,161	826,012
Total liabilities	707,161	826,012
Deferred inflows of resources	-	6,206,413
Net position:		
Restricted	7,601,544	5,185,143
Total net position	\$ 7,601,544	\$ 5,185,143

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 2022 of \$7,601,544 and 2021 of \$5,185,143 for mental health.

For 2022, \$8,308,705 of the current assets is liquid cash and investments to provide services to residents. \$2,544 is property tax receivable from the one member county, all of which is delinquent and is not available for FY 22.

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.

Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

Table 2 highlights the Region's revenues and expenses for the fiscal year ended June 30, 2022 and June 30, 2021. 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	
	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 55,866	\$ 52,130
Operating grants and contributions	4,765,914	2,867,508
General revenues:		
Taxes:		
Property taxes	5,895,280	8,633,364
Other taxes	109,943	170,245
State tax replacement credits	479,210	656,196
Investment earnings	(1,332)	12,428
Miscellaneous	105,577	43,090
Total revenues	11,410,458	12,434,961
Expenses:		
Mental health	8,994,057	10,161,929
Total expenses	8,994,057	10,161,929
Increase (decrease) in net position	2,416,401	2,273,032
Net position, beginning	5,185,143	2,912,111
Net position, ending	\$ 7,601,544	\$ 5,185,143

The Region's total net position increased by \$2,416,401 during the fiscal year 2022. Charges for services represented 0.5% or \$55,866, of activity. 42% or \$4,765,914 of region resources were provided through operating grants and contributions, specifically new general state funding due to change in legislation. 57.5% or \$6,588,678 are general revenue to support mental health services. It is expected that the above funding allocations will change in FY 2023 due to legislative changes (SF 619). Every county was forced to reduce mental health levies to \$0.00 per capita and the state provided funding 100% of the general support of the region.

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.

Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

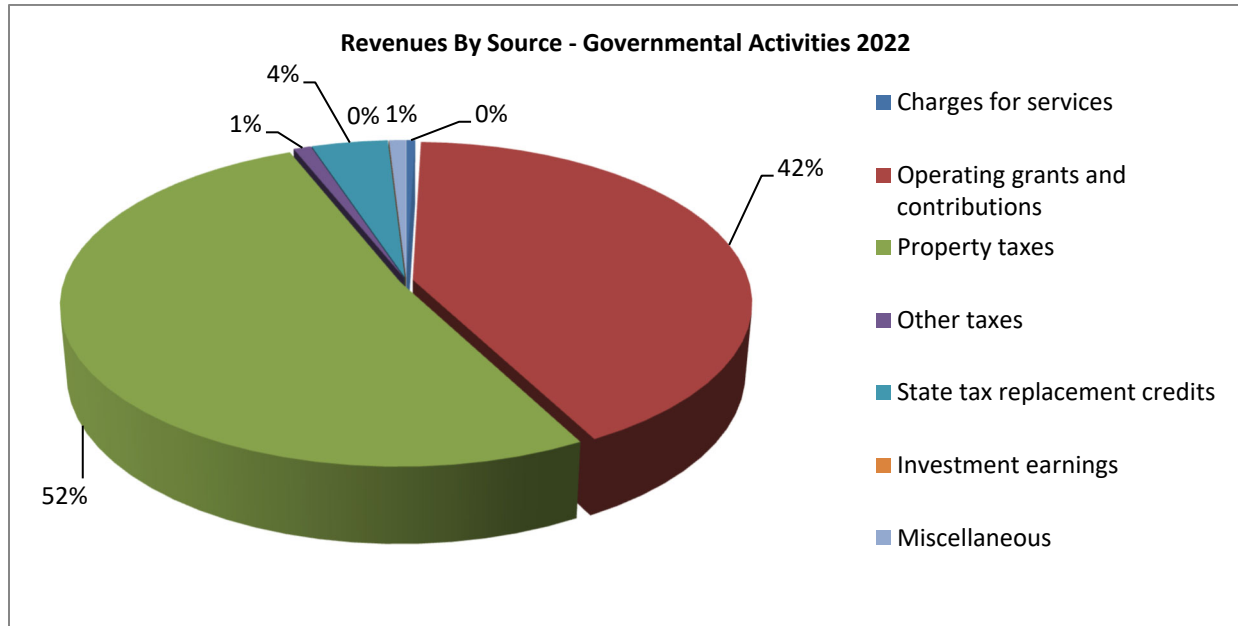
Table 3 below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by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

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

Programs	Total Cost of 2022	Total Cost of 2021	Net (Expense) of Services 2022	Net (Expense) of Services 2021
Mental health	\$ 8,994,057	\$ 10,161,929	\$ (4,172,277)	\$ (7,242,291)
Total	\$ 8,994,057	\$ 10,161,929	\$ (4,172,277)	\$ (7,242,291)

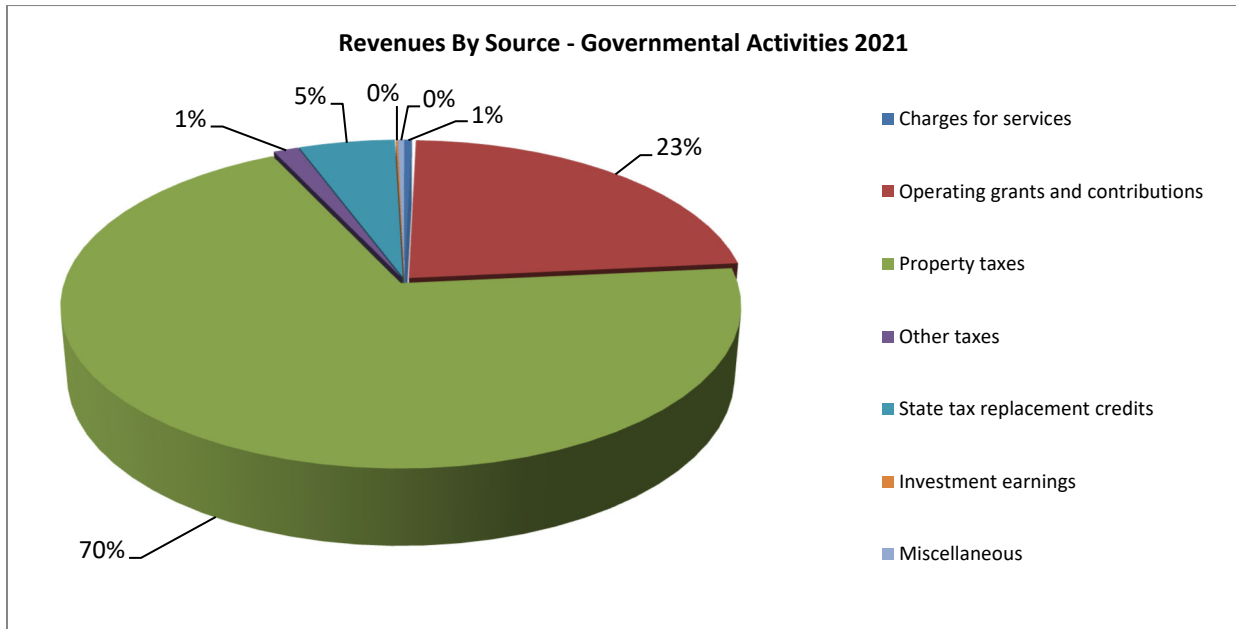
Net cost of services is 46 percent of total cost of services in 2022 and 71 percent of total cost of services in 2021.

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2022 and 2021.



Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022



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.

Eastern Iowa Mental Health and Disability Services Region

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2022

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 less than total budgeted expenditures by \$458,256.

Economic Factors and Next Year's Budgets and Rates

- 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 was 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 entered 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 provided 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.

- FY23 will be a challenging year due to the requirement of only 20% carry forward (fund balance) by June 30, 2023. As of late June, 2023 it does not appear the region will meet the requirement and future funding will be reduced in FY 2024. The Region applied for the encumbrance approval in hopes to avoid losing payments from the state. 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.
- At the end of the 2023 Legislative session, HF471 was passed. This resulted in changes to the regional governance structure and voting requirements. The legislation also added a new core services: Outpatient Competency Restoration. Effective July 1, 2023 all members of the Governing Board have voting rights and two new members will be added to the board, representing the judicial system and law enforcement. The region may apply for encumbrance approval for the new services.

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 4th Street, Davenport, Iowa 52801-1003.

BASIC FINANCIAL STATEMENTS

Eastern Iowa Mental Health Disability Services Region

Statement of Net Position
As of June 30, 2022

	<u>Primary Government Governmental Activities</u>
Assets	
Current assets:	
Cash and investments	\$ 8,293,904
Receivables:	
Property taxes	2,544
Accrued interest	4,327
Accounts	3,316
Due from other governmental agencies	4,614
Total current assets	<u>8,308,705</u>
Total assets	<u>\$ 8,308,705</u>
Liabilities and Net Position	
Liabilities:	
Accounts payable	\$ 645,444
Accrued liabilities	59,439
Due to other governments	2,278
Total liabilities	<u>707,161</u>
Net position:	
Restricted for:	
Mental health	7,601,544
Total net position	<u>7,601,544</u>
Total liabilities and net position	<u>\$ 8,308,705</u>

See Notes to Basic Financial Statements

Eastern Iowa Mental Health Disability Services Region

Statement of Activities
For the Year Ended June 30, 2022

Functions / Programs	Program Revenues			Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental activities:				
Mental health	\$ 8,994,057	\$ 55,866	\$ 4,765,914	\$ (4,172,277)
Total governmental activities	\$ 8,994,057	\$ 55,866	\$ 4,765,914	\$ (4,172,277)
General Revenues				
Taxes:				
Property taxes				5,895,280
Other taxes				109,943
State tax replacement credits, unrestricted				479,210
Investment earnings				(1,332)
Miscellaneous				105,577
Total general revenues				6,588,678
Changes in net position				
Net position, beginning of year				5,185,143
Net position, end of year				\$ 7,601,544

See Notes to Basic Financial Statements.

Eastern Iowa Mental Health Disability Services Region

**Balance Sheet
Governmental Funds
As of June 30, 2022**

	Mental Health Funds		
	Fiscal Agent	Cedar County	Clinton County
Assets			
Cash and investments	\$ 5,729,742	\$ -	\$ 68,524
Receivables, net of allowance for uncollectible:			
Property taxes, net of allowance for collection losses	-	-	-
Accrued interest	4,327	-	-
Accounts Due from other governmental agencies	-	-	2,927
Due from other governmental agencies	2,907,942	-	-
Total assets	\$ 8,642,011	\$ -	\$ 71,451
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 1,043,011	\$ -	\$ 58,618
Accrued liabilities	-	-	12,833
Due to other governments	-	-	-
Total liabilities	1,043,011	-	71,451
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances :			
Restricted for mental health purposes	7,599,000	-	-
Total fund balances	7,599,000	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,642,011	\$ -	\$ 71,451

See Notes to Basic Financial Statements

Mental Health Funds					
Jackson County	Muscatine County	Scott County	Elimination Entries	Total	
\$ -	\$ 5,452	\$ 2,490,186	\$ -	\$ 8,293,904	
-	2,544	-	-	2,544	
-	-	-	-	4,327	
-	-	389	-	3,316	
-	4,614	-	(2,907,942)	4,614	
\$ -	\$ 12,610	\$ 2,490,575	\$ (2,907,942)	\$ 8,308,705	
\$ -	\$ 3,427	\$ 2,448,330	\$ (2,907,942)	\$ 645,444	
-	4,361	42,245	-	59,439	
-	2,278	-	-	2,278	
-	10,066	2,490,575	(2,907,942)	707,161	
-	2,544	-	-	2,544	
-	2,544	-	-	2,544	
-	-	-	-	7,599,000	
-	-	-	-	7,599,000	
\$ -	\$ 12,610	\$ 2,490,575	\$ (2,907,942)		

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.

	2,544
Net position of governmental activities	<u>\$ 7,601,544</u>

Eastern Iowa Mental Health Disability Services Region

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2022

	Mental Health Funds		
	Fiscal Agent	Cedar County	Clinton County
Revenues:			
Property taxes	\$ -	\$ 373,265	\$ 918,822
Other Taxes	-	-	-
Intergovernmental			
State tax credits	-	26,504	78,525
Payments from regional members	6,243,758	-	-
Other intergovernmental revenues	4,762,827	-	-
Total intergovernmental revenues	11,006,585	26,504	78,525
Charges for services	-	-	55,866
Investment earnings	(5,023)	-	-
Other	479	4,734	-
Total revenues	11,002,041	404,503	1,053,213
Expenditures:			
Services to persons with:			
Mental illness	4,732,962	90,359	542,067
Intellectual disability	32,748	2,993	56,838
Other developmental disabilities	13,534	-	10,004
Brain injury	4,351	-	-
Total direct services to consumers	4,783,595	93,352	608,909
Government services to residents			
Direct administration	885	78,354	178,178
Purchased administration	525,976	23,826	-
Fiscal agent reimbursement from member counties	-	676,125	803,041
Total general administration	526,861	778,305	981,219
County provided case management	-	-	-
Total Expenditures	5,310,456	871,657	1,590,128
Excess (deficiency) of revenues over expenditures	5,691,585	(467,154)	(536,915)
Fund balances, beginning of year	1,907,415	467,154	536,915
Fund balances, end of year	\$ 7,599,000	\$ -	\$ -

See Notes to Basic Financial Statements.

Mental Health Funds				
Jackson County	Muscatine County	Scott County	Elimination Entries	Total
\$ 387,385	\$ 858,795	\$ 3,390,988	\$ -	\$ 5,929,255
-	-	109,943	-	109,943
50,235	69,102	254,844	-	479,210
-	-	-	(6,243,758)	-
-	3,087	-	-	4,765,914
50,235	72,189	254,844	(6,243,758)	5,245,124
-	-	-	-	55,866
-	-	3,691	-	(1,332)
6,085	556	138,071	(44,348)	105,577
443,705	931,540	3,897,537	(6,288,106)	11,444,433
69,272	146,881	1,785,190	(44,348)	7,322,383
-	682	77,071	-	170,332
390	6,809	62,944	-	93,681
-	-	-	-	4,351
69,662	154,372	1,925,205	(44,348)	7,590,747
96,570	234,207	243,460	-	831,654
-	-	-	-	549,802
692,135	1,693,099	2,379,358	(6,243,758)	-
788,705	1,927,306	2,622,818	(6,243,758)	1,381,456
-	-	21,854	-	21,854
858,367	2,081,678	4,569,877	(6,288,106)	8,994,057
(414,662)	(1,150,138)	(672,340)	-	2,450,376
414,662	1,150,138	672,340	-	5,148,624
\$ -	\$ -	\$ -	\$ -	\$ 7,599,000

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. (33,975)

Change in net position of governmental activities \$ 2,416,401

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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.

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 as 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.

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. As of June 30, 2022 all individual county activity is transferred to the region fiscal agent and the individual funds will be closed. Capital assets used for mental health purposes are owned by the respective member counties and, accordingly, are not reported in these financial statements.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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

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.

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.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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

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.

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. All equity was transferred to the fiscal agent and future activity will occur on the fiscal agent level.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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

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 2021, based on the 2020 assessed valuations. These taxes are due in two installments, on September 30 and March 31, with a 1.5 percent per month penalty for delinquent payment. Beginning fiscal year 2023, no property taxes are levied for mental health activities and the primary revenue is state general funding. All other revenue items are considered to be measurable and available only when cash is received by the Region or member counties.

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.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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

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.

Prepaid items: Prepaid items, i.e. secondary insurance, and contracted service agreements, are charged to expenditure accounts when consumed.

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

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.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

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

Fund Equity: In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the Region 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.

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's 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 a 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.

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.

Eastern Iowa Mental Health and Disability Region

Notes to Basic Financial Statements

As of and For the Year Ended June 30, 2022

Note 2. Deposits and Investments

As of June 30, 2022 the Region's cash and investments were as follows:

Cash on hand and deposits with financial institutions - Fiscal Agent	\$ 5,729,742
Cash on hand and deposits with financial institutions - Member counties	2,564,162
	<u>\$ 8,293,904</u>

The Region follows Scott County, Iowa's Investment Policy as Scott County is the fiscal agent of the Region. Individual member county 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.

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 risks have not exceeded commercial insurance coverage for the past year.

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, 2022**

	Original and Final Budget	Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:			
Property taxes	\$ 5,769,851	\$ 5,929,255	\$ 159,404
Other taxes	195,645	109,943	(85,702)
Intergovernmental	5,278,726	5,245,124	(33,602)
Charges for services	-	55,866	55,866
Investment earnings	5,000	(1,332)	(6,332)
Other	-	105,577	105,577
Total revenues	11,249,222	11,444,433	195,211
Expenditures			
Current:			
Mental illness	7,701,221	7,348,588	352,633
Intellectual disability	185,553	170,332	15,221
Other developmental disabilities	141,650	93,681	47,969
Vocational & Day Services	10,000	-	10,000
Administration	1,413,889	1,381,456	32,433
Total expenditures	9,452,313	8,994,057	458,256
Excess of revenues over expenditures	1,796,909	2,450,376	653,467
Net change in fund balances	\$ 1,796,909	\$ 2,450,376	\$ 653,467

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, 2022

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.

COMPLIANCE SECTION

**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***

Independent Auditors' Report

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, and each major fund of the Eastern Iowa Mental Health and Disability Services Region (the Region), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Region's basic financial statements, and have issued our report thereon dated September 20, 2023. Our report includes a reference to other auditors who audited the financial statements of the Mental Health Funds of Cedar County, Clinton County, Jackson County and Muscatine County, as described in our report on the Region's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes an adverse opinion on the financial statements of the governmental activities because management has not recorded liabilities for compensated absences, other postemployment benefits and the net pension liability, deferred outflows of resources or deferred inflows of resources related to other postemployment benefits and pensions in the governmental activities and, accordingly, has not recorded an expense for the current period change in those liabilities, deferred outflows of resources or deferred inflows of resources.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Region's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Region's internal control. Accordingly, we do not express an opinion on the effectiveness of the Region's internal control.

A deficiency in internal control 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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that 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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Region's financial statements are free from 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*.

Comments involving statutory and other legal matters about the Region's operations for the year ended June 30, 2022, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Region. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin
September 20, 2023

Eastern Iowa Mental Health and Disability Services Region

Schedule of Findings and Responses

Year Ended June 30, 2022

Instances of Non-compliance

No matters were noted.

Other Findings Related to Required Statutory Reporting

2022-A Minutes

No transactions were found that we believe should have been approved in the Region minutes but were not.

2022-B Travel Expense

No expenditures of Region money for travel expenses of spouses of Region officials or employees were noted.

2022-C Deposits and Investments

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Region's investment policy were noted.

2022-D Questionable Disbursements

No expenditures were noted that may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979.

2022-E Restricted Donor Activity

No transactions were noted between the Region, Region officials, Region employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.