

This guide is provided in accordance with Chapter 11.6(7) of the Code of Iowa. Use of this guide in your practice requires a proper implementation of professional standards. This guide is not a substitute for an understanding of the applicable professional standards. While this guide has been reviewed internally by CPAs within the Auditor of State's Office and is subject to outside peer review every three years, the guide has not undergone an external Quality Control Material Review or Examination.

SAMPLE MENTAL HEALTH REGION

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

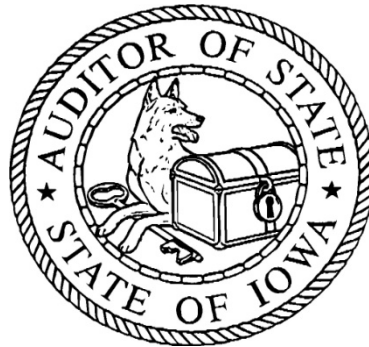
JUNE 30, 2023

==== Office of =====

AUDITOR OF STATE

State Capitol Building • Des Moines, Iowa

=====



Rob Sand
Auditor of State



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Practitioners:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client. This sample is for a Region providing mental health services on the basis of an agreement between several member county governments, as provided for in Chapter 28E of the Code of Iowa.

Audits of mental health regions should be performed in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

This sample report has been prepared in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format shows the financial statements and the Schedule of Findings which are necessary to meet the requirements of this Office. The detail presented in the financial statements is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the Region feel more detail is necessary to provide a fair presentation, this of course will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown as well as the footnotes to be presented.

Regions with \$750,000 or more of federal expenditures are required to receive a Single Audit in accordance with the Uniform Guidance. Any questions concerning single audit requirements should be directed to the Region's cognizant or oversight agency.

The findings on compliance, items 2023-A through 2023-E, detail those items which are to be included regardless of whether there are instances of non-compliance or not. Any instances of non-compliance in other areas should also be reported.

We have also included a page for listing the staff actually performing the audit. Although we have found this page to be helpful, you are not required to use it.

As required by Chapter 11.14 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the Region for the notification. We have developed a standard news release to be used for this purpose. The news release (paper copy or electronic format) should be completed by the CPA firm or the Region and submitted to this Office with a **text-searchable** electronic copy of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make the audit report and news release available to the news media in this Office.

In accordance with Chapter 11.6(7) of the Code of Iowa, this Office is to be notified immediately regarding any suspected embezzlement, theft or significant financial irregularities.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to local governments and related entities. Together, we are able to provide a significant benefit to all taxpayers in the state.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and "S".

Rob Sand
Auditor of State

Office of Auditor of State

Report Filing Requirements

Report – The Region or CPA firm is required to submit an electronic, **text-searchable**, PDF copy of the audit report, including the management letter(s) if issued separately, with this Office upon release to the Region within nine months following the end of the fiscal year subject to audit. Text- searchable files are required for the following reasons:

- The files created are much smaller in size than scanned-image files. Accordingly, text-searchable files require less storage space.
- Text-searchable files are required by the Census bureau when submitting Data Collection Forms and Single Audit reporting packages (i.e., consistent with Federal requirements).
- Text-searchable files provide transparency to the public.

Per Diem Audit Billing and News Release – A copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should also be submitted. These items can be submitted as either paper copies or electronic copies.

Filing Fee – The filing fee should be submitted based on the following designated budget strata:

<u>Budgeted Expenditures in Millions of Dollars</u>	<u>Filing Fee Amount</u>
Under 1	\$100
At least 1 but less than 3	175
At least 3 but less than 5	250
At least 5 but less than 10	425
At least 10 but less than 25	625
25 and over	850

Submission – Electronic submission (text-searchable PDF) of the audit report, per diem audit billing and news release should be e-mailed to SubmitReports@aos.iowa.gov.

If you are unable to e-mail the PDF files, you may mail a CD containing the files to this Office. You may direct any questions about submitting electronic files to the above e-mail address.

Notify the Region to remit the filing fee to the following address:

Office of Auditor of State
State Capitol Building
Room 111
1007 East Grand Avenue
Des Moines, IA 50319-0001

Sample Mental Health Region

Outline of Major Changes

- A. The Governor signed Senate File 619 which significantly changed funding for Mental Health Regions. In FY23, all receipts will be state funded. The County Mental Health Funds have been reduced to zero fund balance as of June 30, 2022.
 - B. Sample Mental Health Region report employees are employees of the member counties. If the Region has employees, compensated absences, OPEB and GASB 68 activity would need to be reported in the Region. Please review Region to determine if the employees doing mental health services are employees of the member counties or the Region.
 - C. If the Mental Health Region has federal expenditures of \$750,000, review the FY2023 Sample County report for single audit reporting.
 - D. GASB (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was not implemented into the Sample Mental Health Region Report. Please review the FY2023 Sample County Report for the changes necessary for this standard.
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OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: _____

FOR RELEASE

Auditor of State Rob Sand today released an audit report on the Sample Mental Health Region for the year ended June 30, 2023.

FINANCIAL HIGHLIGHTS:

Sample Mental Health Region's revenues totaled \$_____ for the year ended June 30, 2023, a(n) __% increase (decrease) from the prior year. Expenses for the year ended June 30, 2023 totaled \$_____, a(n) __% increase(decrease) from the prior year. The significant increase (decrease) in revenues and expenses is due primarily to _____.

AUDIT FINDINGS:

Sand reported one finding related to the receipt and expenditure of taxpayer funds. It is found on page 23 of this report. The finding addresses an issue regarding noncompliance with the minutes publications requirements of Chapter 28E.6 of the Code of Iowa. Sand provided the Mental Health Region with a recommendation to address this finding.

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

(Note to CPAs: Include significant findings, including material weaknesses, significant non-compliance and all Federal findings. Auditor judgement should be used to determine which significant deficiencies reported under Government Auditing Standards, if any, should be included.)

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

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SAMPLE MENTAL HEALTH REGION
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SCHEDULE OF FINDINGS

JUNE 30, 2023

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Sample Mental Health Region

Regional Governance Board

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Pam Biley	Board Chair	Member County D Board of Supervisors
Greg Cassidy	Vice Chair	Member County A Board of Supervisors
Pat Henry	Board Member	Member County B Board of Supervisors
Brad Lawyer	Board Member	Member County C Board of Supervisors
Doug Stamp	Board Member	Member County E Board of Supervisors
Charlene Claim	Board Member	Member County F Board of Supervisors
Leo Emerson	Non-Voting Ex-Officio Board Member	
Carla Lennon	Non-Voting Ex-Officio Board Member	
Julie Ledger	Chief Executive Officer	

Sample Mental Health Region



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Independent Auditor's Report

To the Regional Governance Board of Sample Mental Health Region:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Sample Mental Health Region, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the Sample Mental Health Region's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sample Mental Health 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2024 on our consideration of Sample Mental Health 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 County'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 Sample Mental Health Region's internal control over financial reporting and compliance.

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

February 18, 2024

Sample Mental Health Region

Basic Financial Statements

Sample Mental Health Region

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 2,370,930
Receivables:	
Accounts	2,304
Due from other governments	23,683
Capital assets, net of accumulated depreciation	<u>41,264</u>
Total assets	<u>2,438,181</u>
Liabilities	
Accounts payable	116,144
Due to other governments	<u>1,650</u>
Total liabilities	<u>117,794</u>
Net Position	
Net investment in capital assets	41,264
Restricted for mental health purposes	<u>2,279,123</u>
Total net position	<u>\$ 2,320,387</u>

See notes to financial statements.

Sample Mental Health Region

Statement of Activities

Year ended June 30, 2023

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Governmental activities:				
Mental health	\$ 1,653,818	-	2,168,437	514,619
General Revenues:				
Miscellaneous				149,188
Change in net position				663,807
Net position beginning of year, as restated				1,656,580
Net position end of year				<u>\$ 2,320,387</u>

See notes to financial statements.

Sample Mental Health Region

Balance Sheet

June 30, 2023

	<u>Mental Health Region</u>
Assets	
Cash and pooled investments	\$ 2,370,930
Receivables:	
Accounts	2,304
Due from other governments	<u>23,683</u>
Total assets	\$ 2,396,917
Liabilities, Deferred Inflows of Resources and Fund Balances	
Liabilities:	
Accounts payable	\$ 109,901
Salaries and benefits payable	6,243
Due to other governments	<u>1,650</u>
Total liabilities	<u>117,794</u>
Fund Balances:	
Restricted for mental health purposes	<u>2,279,123</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 2,396,917
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	
Fund Balance	\$ 2,279,123
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of The cost of capital assets is \$51,580 and the accumulated depreciation is \$10,316.	<u>41,264</u>
Net position of governmental activities (page 10)	\$ 2,320,387

See notes to financial statements.

Sample Mental Health Region

Statement of Revenues, Expenditures and
Changes in Fund Balance

Year ended June 30, 2023

	Mental Health Region
Revenues:	
Intergovernmental revenues:	
State regional service payments	\$ 1,968,299
Other	200,138
Total intergovernmental revenues	2,168,437
Miscellaneous	149,188
Total revenues	2,317,625
Expenditures:	
Services to persons with:	
Mental illness	867,709
Intellectual disabilities	76,245
Other developmental disabilities	25,577
Brain injury	394,285
Total direct services	1,363,816
General administration:	
Direct administration	16,449
Purchased administration	70,978
Reimbursement to counties for wages and benefits	239,256
Total general administration	326,683
Case management	
Total mental health, intellectual disabilities and developmental disabilities expenditures	1,690,499
Net change in fund balances	627,126
Fund balances beginning of year	1,651,997
Fund balances end of year	\$ 2,279,123

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

Net change in fund balance \$ 627,126

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year.

36,681

Change in net position of governmental activities \$ 663,807

See notes to financial statements.

Sample Mental Health Region

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

Sample Mental Health Region is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Sample Mental Health Region includes the following member counties: Member County A, Member County B, Member County C, Member County D, Member County E and Member County F. The member counties entered into this 28E agreement on September 28, 2013 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.

Sample Mental Health Region's Regional Governance Board is comprised of at least one Board of Supervisors' member, or their designees, from each member county. The Regional Governance Board also includes two individuals who utilize mental health and disability services or are actively involved relatives of such an individual, serving in a nonvoting, ex officio capacity.

Except as noted in the Independent Auditors Report, Sample Mental Health 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 Sample Mental Health Region are intended to present the financial position and the changes in financial position of Sample Mental Health Region. Starting July 1, 2022, capital assets used for mental health purposes are now owned by the Sample Mental Health Region.

A. Reporting Entity

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

B. Basis of Presentation

Entity-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of Sample Mental Health Region.

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

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

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

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

Sample Mental Health Region reports the following major governmental fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by Sample Mental Health Region.

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, Sample Mental Health 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 Sample Mental Health 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 unassigned fund balances.

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

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

Cash and Pooled Investments – The cash balances of most Sample Mental Health Region funds are pooled and invested. Interest earned on investments is recorded unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

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.

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

<u>Asset Class</u>	<u>Amount</u>
Equipment and vehicles	\$ 5,000

Equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Equipment and vehicles	3 - 20

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

Fund Balance – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

(2) Cash and Pooled Investments

Sample Mental Health Region’s deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

Sample Mental Health Region had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

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

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets being depreciated/amortized:				
Equipment and vehicles	\$ 45,833	51,580	45,833	51,580
Less accumulated depreciation/amortization for:				
Equipment and vehicles	41,250	10,316	41,250	10,316
Total capital assets being depreciated/amortized net	4,583	41,264	4,583	41,264
Governmental activities capital assets, net	\$ 4,583	41,264	4,583	41,264

Depreciation expense was charged to the following functions:

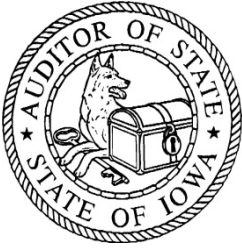
Governmental activities:	
Mental health	\$ 10,316

(4) Risk Management

Sample Mental Health 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. Sample Mental Health 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 three fiscal years.

(5) Change in Funding

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



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

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

To the Regional Governance Board of Sample Mental Health Region:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Sample Mental Health Region as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise Sample Mental Health Region's basic financial statements, and have issued our report thereon dated February 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sample Mental Health 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 Sample Mental Health Region's internal control. Accordingly, we do not express an opinion on the effectiveness of Sample Mental Health 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 Region's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **(Use for Note 1, Note 2, Note 3)**

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. **(Note 4 only)**

(Use this paragraph rather than preceding paragraph for Note 1) 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.

(Use this paragraph rather than preceding two paragraphs for Note 2, Note 3) 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. (add bold for Note 2 only)** We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-OXX and 2022-OXX that we consider to be significant deficiencies. **(delete “significant deficiencies” add “material weaknesses.” for Note 3)**

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 Region’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-001 to be a material weakness. **(Use this for Note 4 only)**

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-XXX to be a significant deficiency. **(Use this for Note 4 only)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample Mental Health 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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Sample Mental Health Region’s Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Sample Mental Health Region’s responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Sample Mental Health Region’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Region’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 Region’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

February 18, 2024

Note 1: No material weaknesses and no significant deficiencies.

Note 2: No material weaknesses but significant deficiencies exist.

Note 3: Material weaknesses exist but no significant deficiencies.

Note 4: Both material weaknesses and significant deficiencies exist.

Sample Mental Health Region

Schedule of Findings

Year ended June 30, 2023

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Sample Mental Health Region

Schedule of Findings

Year ended June 30, 2023

Other Findings Related to Required Statutory Reporting:

2023-A Minutes – No transactions were found that we believe should have been approved in the Regional Governance Board minutes but were not.

However, minutes of Regional Governance Board meetings were not published as required by Chapter 28E.6(3)(a) of the Code of Iowa.

Recommendation – Sample Mental Health Region should ensure the minutes are published as required.

Response – The Region will ensure the minutes are published in the main newspapers in the member County where the Regional Governance Board meeting is held.

Conclusion – Response accepted.

2023-B Travel Expense – No expenditures of Sample Mental Health Region money for travel expenses of spouses of officials or employees were noted.

2023-C Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and Sample Mental Health Region's investment policy were noted.

2023-D Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2023-E Restricted Donor Activity – No transactions were noted between the Region, Region officials, Region employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

Sample Mental Health Region

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
John Q. Review, CPA, Manager
Margo Setter, CPA, Senior Auditor
Jeremy J. Warning, Staff Auditor