

**COUNTY CASE MANAGEMENT SERVICES**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2007 AND 2006**

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**COUNTY CASE MANAGEMENT SERVICES  
OFFICIALS  
AS OF JUNE 30, 2007**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Elaine Armstrong	Chairperson	Page County
Sally Stutsman	1 <sup>st</sup> Vice Chairperson	Johnson County
Tim Hoschek	2 <sup>nd</sup> Vice Chairperson	Des Moines County
Cy McDonald	Member	Madison County
Ellen Gaffney	Member	Buchanan County
Steve Reuter	Member	Bremer County
Jack Willey	Member	Jackson County
Harlan Hansen	Member	Humboldt County
Jeff Simonsen	Member	Cherokee County
Larry Vest	Member	Tama County



*Partners*

Michael E. Brinker, CPA  
David W. Hurst, CPA  
Kathleen A. Koenig, CPA  
Robert R. McGowen, CPA  
Michael W. McNichols, CPA  
Thomas J. Pflanz, CPA, CFP®  
John A. Schmidt, CPA  
Daniel A. Schwarz, CPA/ABV  
S. James Smith, CPA  
Joni M. Tonnemacher, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
County Case Management Services

We have audited the accompanying statements of financial position of County Case Management Services as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Case Management Services as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 8, 2007, on our consideration of County Case Management Services' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

*McGowen, Hurst, Clark & Smith, P.C.*

West Des Moines, Iowa  
October 8, 2007

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**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

County Case Management Services provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The Organization's operating revenues increased 12%, or \$58,851 from fiscal 2006 to fiscal 2007. Member dues and services, registration fees and interest income all increased during the fiscal year 2007.
- The Organization's operating expenses were 2%, or \$11,037, more in fiscal 2007 than in fiscal 2006. Operating expenses increased primarily as a result of additional salaries and fringe benefits, partially offset by a decrease in office expense.
- The Organization's net assets decreased .4%, or \$2,266, from June 30, 2006 to June 30, 2007.

**USING THIS ANNUAL REPORT**

The County Case Management Services is a single enterprise fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to County Case Management Services' financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the financial statements and provides an analytical overview of the Organization's financial activities.

The Statements of Financial Position present information on the Organization's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Organization is improving or deteriorating.

The Statements of Activities present information on the Organization's operating revenues and expenses, non-operating revenues and expenses and whether the Organization's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Organization's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Organization financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION**

*Statements of Financial Position*

Net assets may serve over time as a useful indicator of the Organization's financial position. The Organization's net assets for fiscal 2007 totaled approximately \$527,500. This compares to approximately \$529,700 for fiscal 2006. A summary of the Organization's net assets is presented below.

	June 30,	
	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 99,231	\$ 86,842
Accounts receivable	74,048	59,647
Certificates of deposit	349,977	408,519
Property and equipment at cost, less accumulated depreciation	<u>52,930</u>	<u>38,129</u>
Total assets	576,186	593,137
Due to Iowa State Association of Counties	43,595	60,052
Accounts payable	5,132	3,360
Total liabilities	<u>48,727</u>	<u>63,412</u>
Net assets	<u>\$ 527,459</u>	<u>\$ 529,725</u>

All of the Organization's net assets are unrestricted net assets that can be used to meet the Organization's obligations as they come due.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statements of Activities*

Operating revenues arise from county membership dues and service revenue, as well as registration fees. Operating expenses are expenses paid to provide technical assistance and training to member counties relating to case management of the chronically mentally ill, mentally retarded and developmentally disabled in Iowa. Non-operating revenue is primarily comprised of interest income and gain on the disposal of equipment. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2007 and 2006 is presented below:

	Changes in Net Assets	
	Year ended June 30, 2007	2006
Revenue		
Member dues and services	\$ 449,260	\$ 416,104
Registration fees	64,305	49,734
Interest income	23,553	17,835
Gain on disposal of equipment	5,406	-
Total revenue	542,524	483,673
Expenses		
Salaries and fringe benefits	327,531	308,044
Professional fees	5,808	3,300
Staff travel and training	25,449	29,938
Conference facility expenses	57,040	56,605
Outside speakers' fees	15,239	12,382
Board of Directors' meeting expenses	6,587	7,651
Insurance	10,282	9,018
Office expense	62,207	73,354
Depreciation	15,714	14,805
Office space lease	16,595	15,684
Miscellaneous	2,338	2,972
Total expenses	544,790	533,753
Decrease in unrestricted net assets	(2,266)	(50,080)
Unrestricted net assets, beginning of year	529,725	579,805
Unrestricted net assets, end of year	\$ 527,459	\$ 529,725

The Statements of Activities reflect a decrease in net assets at the end of the fiscal year. In fiscal 2007, operating revenues increased by \$58,851 or 12%, primarily as the result of increased member dues and services, registration fees and interest income. Operating expenses increased by \$11,037, or 2%, primarily as a result of increased salaries and fringe benefits, offset by a decrease in office expense.

**COUNTY CASE MANAGEMENT SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statements of Cash Flows*

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating and related financing and investing activities. Cash used by operating activities includes member dues, service revenues and registration fees, reduced by payments to employees, as well as payments related to meetings and conferences. Cash provided by investing activities primarily includes purchases and maturities of certificates of deposit, in addition to the purchase of a new vehicle.

**CAPITAL ASSETS**

At June 30, 2007, the Organization had approximately \$53,000 invested in capital assets, net of accumulated depreciation of approximately \$62,500. Depreciation charges totaled \$15,714 for fiscal 2007. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

**ECONOMIC FACTORS**

The current condition of the economy in the state continues to be a concern for Organization officials. The greatest economic threat to the continuation of this program would be changes in either federal or state regulations regarding the use of funds to pay for the cost of professional support services. This program exists to more efficiently use resources in providing services to individuals with disabilities. General disruptions in funding or significant programmatic changes could eliminate the need for this program. However, while program changes occur over time, the abandonment of funding or the complete elimination of these types of services is highly unlikely.

The Organization anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Organization's ability to react to unknown issues.

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our Board of Directors and management with a general overview of the Organization's finances and to show the Organization's accountability for the money it receives. If you have questions about this report or need additional financial information, contact County Case Management Services, 501 SW 7<sup>th</sup> Street, Suite Q, Des Moines, Iowa.

**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2007 AND 2006**

**ASSETS**

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 99,231	\$ 86,842
Accounts receivable and prepaid expenses	74,048	59,647
Certificates of deposit	349,977	408,519
Property and equipment		
Office furniture and equipment	28,964	50,523
Vehicles	78,330	77,597
Leasehold improvements	8,130	8,130
	<u>115,424</u>	<u>136,250</u>
Less accumulated depreciation	<u>(62,494)</u>	<u>(98,121)</u>
Net property and equipment	<u>52,930</u>	<u>38,129</u>
<b>Total assets</b>	<b><u><u>\$ 576,186</u></u></b>	<b><u><u>\$ 593,137</u></u></b>

**LIABILITIES AND NET ASSETS**

Due to Iowa State Association of Counties	\$ 43,595	60,052
Accounts payable	5,132	3,360
<b>Total liabilities</b>	<u>48,727</u>	<u>63,412</u>
Net assets - unrestricted	<u>527,459</u>	<u>529,725</u>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 576,186</u></u></b>	<b><u><u>\$ 593,137</u></u></b>

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
<b>REVENUE</b>		
Member dues and services	\$ 449,260	\$ 416,104
Registration fees	64,305	49,734
Interest income	23,553	17,835
Gain on disposal of equipment	5,406	-
<b>Total revenues</b>	542,524	483,673
<b>EXPENSES</b>		
Salaries and fringe benefits	327,531	308,044
Professional fees	5,808	3,300
Staff travel and training	25,449	29,938
Conference facility expenses	57,040	56,605
Outside speakers' fees	15,239	12,382
Board of Directors' meeting expenses	6,587	7,651
Insurance	10,282	9,018
Office expense	62,207	73,354
Depreciation	15,714	14,805
Office space lease	16,595	15,684
Miscellaneous	2,338	2,972
<b>Total expenses</b>	544,790	533,753
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	(2,266)	(50,080)
<b>UNRESTRICTED NET ASSETS, beginning of year</b>	529,725	579,805
<b>UNRESTRICTED NET ASSETS, end of year</b>	\$ 527,459	\$ 529,725

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (2,266)	\$ (50,080)
Adjustments to reconcile decrease in net assets to net cash used by operations:		
Depreciation	15,714	14,805
Gain on disposal of equipment	(5,406)	-
Changes in:		
Accounts receivable	(14,401)	7,203
Accounts payable	1,772	3,360
Amount due to Iowa State Association of Counties	(16,457)	21,419
<b>Net cash used by operating activities</b>	<b>(21,044)</b>	<b>(3,293)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(25,109)	(18,843)
Proceeds from maturity of certificates of deposit	319,999	455,000
Purchase of certificates of deposit	(261,457)	(409,364)
<b>Net cash provided by investing activities</b>	<b>33,433</b>	<b>26,793</b>
 <b>Net increase in cash and cash equivalents</b>	<b>12,389</b>	<b>23,500</b>
 <b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>86,842</b>	<b>63,342</b>
 <b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 99,231</b>	<b>\$ 86,842</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY CASE MANAGEMENT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization - County Case Management Services (CCMS) was established and duly organized under the provisions of Chapter 28E of the Iowa Code. CCMS provides technical assistance and training to member counties relating to case management of the chronically mentally ill, mentally retarded and developmentally disabled in Iowa.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Certificates of Deposit - The Organization holds certificates of deposit with various financial institutions. The certificates of deposit mature through March 2008 and bear interest at rates ranging from 5.0% - 5.2%.

Property and Equipment - Property and equipment are stated at cost. Depreciation is provided by straight-line method over the estimated economic useful lives of the assets, ranging from five to seven years.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk - Accounts receivable arise from billings for services provided to participating counties throughout Iowa. Based on its review of the receivables, management believes no allowance for doubtful accounts is necessary.

The Organization's bank deposits totaled approximately \$29,000 at June 30, 2007. These deposits 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 insure there will be no loss of public funds. The Organization also has funds totaling approximately \$72,600 invested in money market accounts not insured by the FDIC.

Income Tax Status - CCMS was formed as a joint venture between the participating member counties and the Iowa State Association of Counties and is exempt from income taxes. Accordingly, no provision for income taxes has been provided in the financial statements.

**NOTE B - DUE TO IOWA STATE ASSOCIATION OF COUNTIES**

Certain expenses associated with the case management program are paid by the Iowa State Association of Counties (ISAC) on behalf of CCMS and then reimbursed to ISAC. Types of expenses allocated to CCMS include salaries, payroll taxes, fringe benefits, supplies, rent, utilities and travel expenses. Amounts owed to ISAC are non-interest bearing and are repaid on a monthly basis.

**COUNTY CASE MANAGEMENT SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - RETIREMENT PLAN**

The Association sponsors a 457(g) defined contribution retirement plan in which all employees are eligible to participate. Effective October 1, 2006, the Organization implemented a 401(a) defined contribution retirement plan for employer contributions. Employer contributions to the 401 (a) plan are equal to 5.75% of an employee's eligible compensation; however, the employee is required to contribute 2.5% of eligible wages to the 457(g) plan to qualify for the employer contribution. Employer contributions for the years ended June 30, 2007 and 2006 totaled \$13,150 and \$6,275, respectively.

**NOTE D - LEASE**

The Organization leases its office space from ISAC on a month-to-month basis. Improvements made to the office space, however, are amortized over seven years. The Organization does not anticipate changing office locations in the near future due to its close relationship with ISAC.

**NOTE E - FUNCTIONAL EXPENSES**

The costs of providing case management services include salaries and related expenses and other direct expenses such as staff travel and training as well as conference expenses, including outside speaker fees. Management and general expenses include all executive, financial administration, information systems, and building rents and maintenance expenses.

Following is a summary of CCMS's functional expenses for the years ended June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Program expenses	\$ 425,259	\$ 406,969
Fundraising expenses	-	-
General and administration	<u>119,531</u>	<u>126,784</u>
	<u>\$ 544,790</u>	<u>\$ 533,753</u>



*Partners*

Michael E. Brinker, CPA  
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**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 Board of Directors of  
County Case Management Services

We have audited the financial statements of County Case Management Services as of and for the year ended June 30, 2007 and have issued our report thereon dated October 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered County Case Management Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of County Case Management Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of County Case Management Services' internal control financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects County Case Management Services' ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the County Case Management Services' that is more than inconsequential will not be prevented or detected by County Case Management Services' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by County Case Management Services' internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether County Case Management Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. 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.

This report is intended solely for the information and use of the Board of Directors and County Case Management Services' management and is not intended to be and should not be used by anyone other than these specified parties.

*McGowen, Hurst, Clark & Smith, P.C.*

West Des Moines, Iowa  
October 8, 2007

**COUNTY CASE MANAGEMENT SERVICES**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2007**

**Findings Related to the Financial Statements**

**Instances of non-compliance**

No matters were noted.

**Significant Deficiencies or Material Weaknesses**

No matters were noted.

**Other findings related to required statutory reporting**

No matters were noted.