COUNTY RATE INFORMATION SYSTEM

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2008 AND 2007

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COUNTY RATE INFORMATION SYSTEM
OFFICIALS
AS OF JUNE 30, 2008

Name	Title	Representing
Mary Williams	Chairperson	Benton County
Melvyn Houser	Vice-Chairperson	Pottawattamie County
Ric Gerard	Treasurer	Iowa County
Lonnie Maguire	Secretary	Shelby County
Linn Adams	ISAC Representative	Hardin County
Terrence Neuzil	Member	Johnson County
Ellen Gaffney	Member	Buchanan County
Jill Eaton	Member	Marshall County
Lawrence Rouw	Member	Mahaska County
Mardi Allen	Member	Dickinson County
Caye Chelesvig	Member	Wright County

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Hurst
Clark
&
Smith, P.C.

Certified Public Accountants
Business Advisors

Partners
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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 Rate Information System

We have audited the accompanying statements of financial position of County Rate Information System as of June 30, 2008 and 2007, 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 U.S. generally accepted auditing standards 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 basic financial statement presentation. We believe 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 Rate Information System as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 8, 2008, on our consideration of County Rate Information System's 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 performed 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, 2008

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COUNTY RATE INFORMATION SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS

County Rate Information System (CRIS) 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, 2008. 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 1%, or $1,481, from fiscal 2007 to fiscal 2008, primarily as a result of an increase in membership.

- The Organization's operating expenses increased 6%, or $9,969, in fiscal 2008 from fiscal 2007, primarily as a result of an increase in consulting fees.

- The Organization's net assets increased 15%, or $11,182, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

County Rate Information System 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 Rate Information System's 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.

FINANCIAL ANALYSIS OF THE ORGANIZATION

Statements of Financial Position

Net assets over time may serve as a useful indicator of the Organization's financial position. The Organization's net assets for fiscal 2008 totaled approximately $86,300. This compares to approximately $75,100 for fiscal 2007. A summary of the Organization's net assets is presented below.

	June 30,	
	2008	2007
Cash and cash equivalents	$ 119,348	$ 90,575
Accounts receivable	821	800
Total assets	120,169	91,375
Liabilities – accounts payable	33,852	16,240
Unrestricted net assets	$ 86,317	$ 75,135

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.

FINANCIAL ANALYSIS OF THE ORGANIZATION, continued

Statements of Activities

Operating revenues are received for dues and entry and registration fees collected from member counties. Operating expenses consist of expenses paid to establish and maintain a rate system methodology to enable member counties to negotiate and receive appropriate reimbursement rates with covered Mental Health and Developmental Disability Providers. Non-operating revenue consists entirely of interest income. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2008 and 2007 is presented below:

Changes in Net Assets

	Year ended June 30, 2008	Year ended June 30, 2007
Revenue		
Membership fees	$ 170,824	$ 163,835
Entry fees	1,000	6,500
Registration fees	5,233	3,693
Interest income	6,183	7,731
Total revenues	183,240	181,759
Expenses		
Administrative fees	5,243	8,295
Consulting fees	154,224	142,393
Professional fees	3,400	4,750
Insurance	699	1,072
Meeting expense	8,129	5,003
Miscellaneous	363	576
Total expenses	172,058	162,089
Increase in unrestricted net assets	11,182	19,670
Unrestricted net assets, beginning of year	75,135	55,465
Unrestricted net assets, end of year	$ 86,317	$ 75,135

The Statements of Activities reflect an increase in net assets at the end of fiscal year 2008. In fiscal 2008, operating revenues increased by $1,481, or 1%, primarily the result of an increase in membership of approximately $7,000, offset by a $5,500 decrease in entry fees. Operating expenses increased by $9,969, or 6%. This increase was primarily a result of an increase in consulting fees of approximately $12,000.

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, capital and related financing and investing activities. Cash provided by operating activities primarily includes member and entry dues reduced by consulting and administrative fees.

ECONOMIC FACTORS

Economic conditions in Iowa could have a potential impact on CRIS. The loss of taxable valuation can impact a county's ability to raise revenue, which in turn would reduce the willingness of counties to purchase services offered by CRIS. The greatest economic threat to this program, though, continues to be the impact of significant changes in state or federal regulations related to counties' responsibilities for providing and managing services to individuals with disabilities. If counties no longer have a role in managing or paying for services, the need for this program is eliminated. However, it is unlikely that the counties' role in providing this type of service would be eliminated. This program exists to more efficiently allocate resources amongst the various service categories related to individuals with disabilities. Therefore, it is more likely that additional counties will view this as a program that improves their management capabilities.

While there was limited growth in the program in fiscal year 2008, it is anticipated that additional counties will make a commitment to participate in the program in 2009. This will be done in conjunction with the development of the Community Services Network (CSN). CSN is the new management tool being created by the Community Services Affiliate to assist in managing clients and services. The Organization's board has been monitoring the development of this network and has the financial resources to respond to an increase in membership. The Organization's board will also continue to maintain a close watch on potential changes that may impact CRIS fiscally.

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 Rate Information System, 501 SW 7th Street, Suite Q, Des Moines, Iowa.

COUNTY RATE INFORMATION SYSTEM
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
Cash and cash equivalents	$ 119,348	$ 90,575
Accounts receivable	821	800
Total assets	$ 120,169	$ 91,375

LIABILITIES AND NET ASSETS

Accounts payable	$ 32,733	14,475
Due to Iowa State Association of Counties	1,119	1,765
Total liabilities	33,852	16,240
Net assets - unrestricted	86,317	75,135
Total liabilities and net assets	$ 120,169	$ 91,375

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

COUNTY RATE INFORMATION SYSTEM
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
REVENUE		
Membership fees	$ 170,824	$ 163,835
Entry fees	1,000	6,500
Registration fees	5,233	3,693
Interest income	6,183	7,731
Total revenues	183,240	181,759
EXPENSES		
Administrative fees	5,243	8,295
Consulting fees	154,224	142,393
Professional fees	3,400	4,750
Insurance	699	1,072
Meeting expenses	8,129	5,003
Miscellaneous	363	576
Total expenses	172,058	162,089
INCREASE IN UNRESTRICTED NET ASSETS	11,182	19,670
UNRESTRICTED NET ASSETS, beginning of year	75,135	55,465
UNRESTRICTED NET ASSETS, end of year	$ 86,317	$ 75,135

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

COUNTY RATE INFORMATION SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 11,182	$ 19,670
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net change in:		
Accounts receivable	(21)	(800)
Accounts payable	18,258	1,475
Due to Iowa State Association of Counties	(646)	1,765
Net cash provided by operating activities	28,773	22,110
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of certificates of deposit	-	59,788
Net increase in cash and cash equivalents	28,773	81,898
CASH AND CASH EQUIVALENTS, beginning of year	90,575	8,677
CASH AND CASH EQUIVALENTS, end of year	$ 119,348	$ 90,575

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

COUNTY RATE INFORMATION SYSTEM
NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - County Rate Information System (CRIS) was established under the provisions of Chapter 28E of the Iowa Code. The purpose of CRIS is to establish a rate setting methodology to enable member counties to negotiate appropriate reimbursement rates with Covered Mental Health and Developmental Disability Providers.

Cash and cash equivalents - Cash and cash equivalents include bank deposits and funds invested in broker money market accounts.

The Organization's bank deposits totaled approximately $11,500 at June 30, 2008. 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 has funds totaling approximately $108,000 invested in money market accounts not insured by the FDIC.

Income tax status - CRIS 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.

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.

NOTE B - AGREEMENT WITH THE IOWA STATE ASSOCIATION OF COUNTIES

The Organization has an agreement with the Iowa State Association of Counties (ISAC) whereby ISAC provides the Organization with office space, clerical support, telephone services, use of its office-related equipment, insurance and other employee benefits. The Organization reimburses ISAC for these costs on a periodic basis. Expenses paid by ISAC on behalf of CRIS totaled $5,243 and $8,295 for fiscal years 2008 and 2007, respectively.

NOTE C - COMMITMENT

The Organization has a consulting agreement that ends June 30, 2009. The agreement may be terminated, without cause, by either party with 120 days written notice. Consulting expense under the agreement totaled $154,224 in 2008 and $142,393 in 2007. Costs under the consulting agreement for the year ending June 30, 2009 are expected to be approximately $159,000.

NOTE D - FUNCTIONAL EXPENSES

The costs of providing services to establish a rate methodology include direct expenses of providing the services (salaries and related costs, as well as consulting fees). Management and general expenses include all executive and financial administration expenses.

Following is a summary of CRIS's functional expenses for the years ended June 30, 2008 and 2007:

	2008	2007
Program expenses	$ 157,586	$ 150,128
Fundraising costs	-	-
General and administration	14,472	11,961
TOTAL	$ 172,058	$ 162,089

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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 Rate Information System

We have audited the accompanying financial statements of County Rate Information System as of and for the year ended June 30, 2008, and have issued our report thereon dated October 8, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 Rate Information System's 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 Rate Information System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of County Rate Information System's 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 Rate Information System's 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 Rate Information System's financial statements that is more than inconsequential will not be prevented or detected by County Rate Information System's 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 Rate Information System's internal control.

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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether County Rate Information System's 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, 2008 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, a public record by law, is intended solely for the information and use of the members and Board of Directors and management of County Rate Information System and other parties to whom the Organization may report. The report 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, 2008

COUNTY RATE INFORMATION SYSTEMS
YEAR ENDED JUNE 30, 2008

Findings Related to the Financial Statements

Instances of non-compliance

No matters were noted.

Significant deficiencies or material weaknesses

No material weaknesses were identified.

Other findings related to required statutory reporting

No matters were noted.