

COUNTY CASE MANAGEMENT SERVICES

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

JUNE 30, 2008 AND 2007

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COUNTY CASE MANAGEMENT SERVICES
OFFICIALS
AS OF JUNE 30, 2008

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Sally Stutsman	Chairperson	Johnson County
Tim Hoschek	1 st Vice Chairperson	Des Moines County
Jack Willey	2 nd Vice Chairperson	Jackson County
Mary Jo Wilhelm	Member	Howard County
Ellen Gaffney	Member	Buchanan County
Larry Vest	Member	Tama County
Steve Reuter	Member	Bremer County
Harlan Hansen	Member	Humboldt County
Jeff Simonsen	Member	Cherokee County
Elaine Armstrong	Member	Page County
Mike King	ISAC Representative	Union 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, 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 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, 2008 and 2007, 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, 2008, 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, 2008

COUNTY CASE MANAGEMENT SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

County Case Management Services (CCMS) 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 2%, or \$10,901 from fiscal 2007 to fiscal 2008. Member dues and services increased during fiscal year 2008, while registration fees and interest income decreased during the year.
- The Organization's operating expenses were 3%, or \$15,804, less in fiscal 2008 than in fiscal 2007. Operating expenses decreased primarily as a result of lower office expense and staff travel.
- The Organization's net assets increased 5%, or \$24,439, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

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 2008 totaled approximately \$551,900. This compares to approximately \$527,500 for fiscal 2007. A summary of the Organization's net assets is presented below.

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 143,549	\$ 99,231
Certificates of deposit	315,000	349,977
Accounts receivable	97,236	74,048
Property and equipment at cost, less accumulated depreciation	39,809	52,930
Total assets	<u>595,594</u>	<u>576,186</u>
Due to Iowa State Association of Counties	37,118	43,595
Accounts payable	4,853	5,132
Deferred Revenue	1,725	-
Total liabilities	<u>43,696</u>	<u>48,727</u>
Net assets	<u>\$ 551,898</u>	<u>\$ 527,459</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. 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	2007
Revenue		
Member dues and services	\$ 472,260	\$ 449,260
Registration fees	61,985	64,305
Interest income	19,180	23,553
Gain on disposal of equipment	-	5,406
Total revenue	553,425	542,524
Expenses		
Salaries and fringe benefits	331,080	327,531
Professional fees	33,019	45,081
Staff travel and training	19,058	25,449
Conference facility expenses	53,151	57,040
Outside speakers' fees	15,971	15,239
Board of Directors' meeting expenses	8,654	6,587
Insurance	12,448	10,282
Office expense	15,499	22,934
Depreciation	17,246	15,714
Office space lease	17,729	16,595
Miscellaneous	5,131	2,338
Total expenses	528,986	544,790
Increase (decrease) in unrestricted net assets	24,439	(2,266)
Unrestricted net assets, beginning of year	527,459	529,725
Unrestricted net assets, end of year	\$ 551,898	\$ 527,459

The Statements of Activities reflect an increase in net assets at the end of the fiscal year. In fiscal 2008, operating revenues increased by \$10,901 or 2%, primarily as the result of increased member dues. Operating expenses decreased by \$15,804, or 3%, primarily as a result of decreased staff travel and office expenses.

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 is used to supplement member dues and is used for various operational purposes as part of the normal budget.

CAPITAL ASSETS

At June 30, 2008, the Organization had approximately \$40,000 invested in capital assets, net of accumulated depreciation of approximately \$79,000. Depreciation charges totaled \$17,246 for fiscal 2008. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

ECONOMIC FACTORS

Economic conditions in Iowa could have a potential impact on CCMS. 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 CCMS. The greatest economic threat to this program 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 effectively provide case management services to individuals with disabilities and to ensure that county case management programs are in compliance with state and federal regulations. While the program has reached a level of stability in participation, it is possible that additional counties will make a commitment to participate in the program in 2009. The Organization's board will also continue to maintain a close watch on potential changes that may impact them fiscally.

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 7th Street, Suite Q, Des Moines, Iowa.

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

ASSETS

	2008	2007
Cash and cash equivalents	\$ 143,549	\$ 99,231
Certificates of deposit	315,000	349,977
Accounts receivable and prepaid expenses	97,236	74,048
Property and equipment		
Office furniture and equipment	31,981	28,964
Vehicles	78,330	78,330
Leasehold improvements	8,130	8,130
	118,441	115,424
Less accumulated depreciation	(78,632)	(62,494)
Net property and equipment	39,809	52,930
Total assets	\$ 595,594	\$ 576,186

LIABILITIES AND NET ASSETS

Due to Iowa State Association of Counties	\$ 37,118	\$ 43,595
Accounts payable	4,853	5,132
Deferred revenue	1,725	-
Total liabilities	43,696	48,727
Net assets - unrestricted	551,898	527,459
Total liabilities and net assets	\$ 595,594	\$ 576,186

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

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
REVENUE		
Member dues and services	\$ 472,260	\$ 449,260
Registration fees	61,985	64,305
Interest income	19,180	23,553
Gain on disposal of equipment	-	5,406
Total revenues	553,425	542,524
EXPENSES		
Salaries and fringe benefits	331,080	327,531
Professional fees	33,019	45,081
Staff travel and training	19,058	25,449
Conference facility expenses	53,151	57,040
Outside speakers' fees	15,971	15,239
Board of Directors' meeting expenses	8,654	6,587
Insurance	12,448	10,282
Office expense	15,499	22,934
Depreciation	17,246	15,714
Office space lease	17,729	16,595
Miscellaneous	5,131	2,338
Total expenses	528,986	544,790
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	24,439	(2,266)
UNRESTRICTED NET ASSETS, beginning of year	527,459	529,725
UNRESTRICTED NET ASSETS, end of year	\$ 551,898	\$ 527,459

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

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 24,439	\$ (2,266)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operations:		
Depreciation	17,246	15,714
Gain on disposal of equipment	-	(5,406)
Changes in:		
Accounts receivable	(23,188)	(14,401)
Amount due to Iowa State Association of Counties	(6,477)	(16,457)
Accounts payable	(279)	1,772
Deferred revenue	1,725	-
Net cash provided (used) by operating activities	13,466	(21,044)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,125)	(25,109)
Proceeds from maturity of certificates of deposit	410,000	319,999
Purchase of certificates of deposit	(375,023)	(261,457)
Net cash provided by investing activities	30,852	33,433
 Net increase in cash and cash equivalents	44,318	12,389
 CASH AND CASH EQUIVALENTS, beginning of year	99,231	86,842
 CASH AND CASH EQUIVALENTS, end of year	\$ 143,549	\$ 99,231

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 and money market accounts held by an investment brokerage firm to be cash equivalents.

Certificates of Deposit - The Organization holds certificates of deposit with various financial institutions. The certificates of deposit mature through March 2009 and bear interest at rates ranging from 3.35% - 4.85%.

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 \$73,500 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 also has funds totaling approximately \$70,000 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.

Reclassification - Certain prior year amounts have been reclassified to conform to the current year presentation.

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, 2008 and 2007 totaled \$14,110 and \$13,150, 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, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Program expenses	\$ 419,260	\$ 425,259
Fundraising expenses	-	-
General and administration	<u>109,726</u>	<u>119,531</u>
	<u>\$ 528,986</u>	<u>\$ 544,790</u>



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 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, 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 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' financial statements 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.

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, 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 Case Management Services 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.

McGowan, Hurst, Clark & Smith, P.C.

West Des Moines, Iowa
October 8, 2008

COUNTY CASE MANAGEMENT SERVICES
SCHEDULE OF FINDINGS
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.