

**COUNTY RATE INFORMATION SYSTEM**

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

**JUNE 30, 2010 AND 2009**

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**COUNTY RATE INFORMATION SYSTEM**  
**OFFICIALS**  
**AS OF JUNE 30, 2010**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Lonnie Maguire	Chairperson	Shelby County
Mardi Allen	Vice-Chairperson	Dickinson County
Ellen Gaffney	Treasurer	Buchanan County
Carl Mattes	Secretary	Humboldt County
Lori Elam	ISAC Representative	Scott County
Terrence Neuzil	Member	Johnson County
Melvyn Houser	Member	Pottawattamie County
Jill Eaton	Member	Marshall County
Mary Williams	Member	Benton County
Lawrence Rouw	Member	Mahaska County
Lucas Beenken	Member	Wright 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, CFD

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
County Rate Information System

We have audited the accompanying statements of net assets of County Rate Information System as of June 30, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets 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 net assets of County Rate Information System as of June 30, 2010 and 2009, 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 September 29, 2010, 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  
September 29, 2010

**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, 2010. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- The Organization's revenues decreased 4%, or \$7,778, from fiscal 2009 to fiscal 2010, primarily as a result of a decrease in membership and interest income.
- The Organization's expenses increased 9%, or \$13,755, in fiscal 2010 from fiscal 2009, primarily as a result of an increase in consulting fees, offset by a decrease in meeting and miscellaneous expense.
- The Organization's net assets increased 5%, or \$6,019, from June 30, 2009 to June 30, 2010.

**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 Net Assets 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 Revenues, Expenses and Changes in Net Assets 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 RATE INFORMATION SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**FINANCIAL ANALYSIS OF THE ORGANIZATION**

*Statements of Net Assets*

Net assets over time may serve as a useful indicator of the Organization's financial position. The Organization's net assets at the fiscal year ended June 30, 2010 totaled approximately \$119,900. This compares to approximately \$113,900 at the fiscal year ended June 30, 2009. A summary of the Organization's net assets is presented below.

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Current assets	\$ 135,176	\$ 122,768
Less current liabilities	<u>15,289</u>	<u>8,900</u>
Unrestricted net assets	<u>\$ 119,887</u>	<u>\$ 113,868</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 RATE INFORMATION SYSTEM**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statements of Revenues, Expenses and Changes in Net Assets*

Operating revenues are received for dues, 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, 2010 and 2009 is presented below:

	Changes in Net Assets	
	Year ended June 30,	
	2010	2009
Revenue		
Membership fees	\$ 174,500	\$ 178,916
Entry fees	-	500
Registration fees	3,165	3,805
Interest income	1,011	3,233
Total revenues	178,676	186,454
Expenses		
Administrative fees	6,078	5,119
Consulting fees	153,987	137,867
Professional fees	4,600	4,000
Insurance	685	656
Meeting expenses	6,673	7,933
Miscellaneous	634	3,327
Total expenses	172,657	158,902
Increase in unrestricted net assets	6,019	27,552
Unrestricted net assets, beginning of year	113,868	86,316
Unrestricted net assets, end of year	\$ 119,887	\$ 113,868

The Statements of Revenues, Expenses and Changes in Net Assets reflect an increase in net assets at the end of fiscal year 2010. In fiscal 2010, total revenues decreased by \$7,778, or 4%, primarily as the result of a decrease in membership dues of approximately \$4,400 and a decrease in interest income of approximately \$2,200. Total expenses increased by \$13,755, or 9%, primarily as a result of an increase in consulting fees of approximately \$16,100, offset by a decrease in meeting and miscellaneous expenses of approximately \$4,000.

**COUNTY RATE INFORMATION SYSTEM**  
**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, capital and related financing and investing activities. Cash provided by operating activities primarily includes member and entry dues reduced by consulting and administrative fees. Cash provided by investing activities consists of proceeds from maturities and sales of investments, net of purchases of investments.

**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.

There will likely be changes in CRIS in either 2011 or 2012 due to 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. Discussions are underway to determine how CRIS services can be blended into CSN. The cost analysis and rating structure developed through CRIS are important tools used in management of clients and services by counties. The CRIS Board has been monitoring the development of CSN and has been engaged in these discussions. A possible scenario could be merging the financial resources of CRIS with CSN, but such action would require CRIS Board action and approval by CRIS membership. The Organization's board will also continue to maintain a close watch on potential changes that may impact them 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 7<sup>th</sup> Street, Suite Q, Des Moines, Iowa.

**COUNTY RATE INFORMATION SYSTEM**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2010 AND 2009**

<b>ASSETS</b>	2010	2009
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 33,280	\$ 11,279
Investments - marketable securities	1,005	110,863
Investments - certificate of deposit	100,000	-
Accounts receivable	891	626
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 135,176</b>	<b>\$ 122,768</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 13,556	\$ 3,771
Due to Iowa State Association of Counties	1,733	5,129
<b>Total current liabilities</b>	15,289	8,900
Net assets - unrestricted	119,887	113,868
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 135,176</b>	<b>\$ 122,768</b>

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

**COUNTY RATE INFORMATION SYSTEM**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
<b>REVENUE</b>		
Membership fees	\$ 174,500	\$ 178,916
Entry fees	-	500
Registration fees	3,165	3,805
Interest income	1,011	3,233
<b>Total revenues</b>	178,676	186,454
 <b>EXPENSES</b>		
Administrative fees	6,078	5,119
Consulting fees	153,987	137,867
Professional fees	4,600	4,000
Insurance	685	656
Meeting expenses	6,673	7,933
Miscellaneous	634	3,327
<b>Total expenses</b>	172,657	158,902
 <b>INCREASE IN UNRESTRICTED NET ASSETS</b>	6,019	27,552
 <b>UNRESTRICTED NET ASSETS, beginning of year</b>	113,868	86,316
 <b>UNRESTRICTED NET ASSETS, end of year</b>	\$ 119,887	\$ 113,868

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

**COUNTY RATE INFORMATION SYSTEM**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 6,019	\$ 27,552
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net change in:		
Accounts receivable	(265)	195
Accounts payable	9,785	(28,963)
Due to Iowa State Association of Counties	(3,396)	4,010
	12,143	2,794
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities and sales of investments	109,858	-
Purchases of investments	(100,000)	(2,927)
	9,858	(2,927)
<b>Net cash provided (used) by investing activities</b>	9,858	(2,927)
<b>Net increase (decrease) in cash and cash equivalents</b>	22,001	(133)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	11,279	11,412
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 33,280	\$ 11,279

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.

Basis of Presentation - The financial statements are reported using the accrual basis of accounting. The Organization follows private-sector generally accepted accounting standards for not-for-profit organizations to the extent those standards do not conflict or contradict guidance of the Governmental Accounting Standards Board (GASB).

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.

The Organization's bank deposits totaled approximately \$35,850 at June 30, 2010. 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.

Investments - The Organization's investments in marketable securities are presented at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of the investment in marketable securities is valued using level 1 measurements as defined by generally accepted accounting principles. Level 1 measurements are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Changes in unrealized gains and losses, if any, are included as a component of investment income on the statement of revenues, expenses and changes in net assets.

Income tax matters - CRIS was formed as a joint venture between the participating member counties and the Iowa State Association of Counties and was established under Chapter 28E of the Iowa Code. As the result of its status as a 28E organization, it is exempt from income taxes and has no income tax filing requirements.

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.

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

**NOTE B - INVESTMENTS**

Investments – marketable securities consist of mutual funds with a cost and fair value of \$1,005 and \$110,863 at June 30, 2010 and 2009, respectively.

Investments – certificate of deposit consists of a bank certificate of deposit that bears interest at a rate of 0.85% and matures in September 2010.

**COUNTY RATE INFORMATION SYSTEM**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C - 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 \$6,078 and \$5,119 for fiscal years 2010 and 2009, respectively.

**NOTE D - COMMITMENT**

The Organization has a consulting agreement that ends June 30, 2011. The agreement may be terminated, without cause, by either party with 120 days written notice. Consulting expense under the agreement totaled \$153,987 in 2010 and \$137,867 in 2009. Costs under the consulting agreement for the year ending June 30, 2011 are expected to be approximately \$157,100.

**NOTE E - 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Program expenses	\$ 158,655	\$ 141,582
Fundraising costs	-	-
General and administration	<u>14,002</u>	<u>17,320</u>
 TOTAL	 <u>\$ 172,657</u>	 <u>\$ 158,902</u>

**NOTE F - SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2010, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statement or disclosure is September 29, 2010, which is the date the financial statements were available to be issued.



*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, CFD

**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, 2010, and have issued our report thereon dated September 29, 2010. 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 an 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 over financial reporting.

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 a material misstatement of County Rate Information System's financial statements will not be prevented or detected and correct on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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. 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 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, 2010 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  
September 29, 2010

**COUNTY RATE INFORMATION SYSTEM**  
**YEAR ENDED JUNE 30, 2010**

**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.