COUNTY CASE MANAGEMENT SERVICES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2013 AND 2012

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COUNTY CASE MANAGEMENT SERVICES
OFFICIALS
AS OF JUNE 30, 2013

Name	Title	Representing
Jack Willey	Chairperson	Jackson County
Elaine Armstrong	1st Vice Chairperson	Page County
Carl Mattes	2nd Vice Chairperson	Humboldt County
Jill Davisson	Member	Clinton County
Ellen Gaffney	Member	Buchanan County
Terrence Neuzil	Member	Johnson County
Larry Vest	Member	Tama County
Tim Schumacher	Member	Emmet County
Charles Rieken	Member	Cass County
Paul Merten	Member	Buena Vista County
Harlan Hansen	ISAC Representative	Humboldt County

McGowen Hurst Clark & Smith, P.C.
Certified Public Accountants
Business Advisors
A Step Ahead.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
County Case Management Services

Report on Financial Statements

We have audited the accompanying statements of County Case Management Services (CCMS) as of and for the years ended June 30, 2013 and 2012, and the related notes to financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express our 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCMS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CCMS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013 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 performed in accordance with *Government Auditing Standards* in considering County Case Management Services' internal control over financial reporting and compliance.

McGowen, Hurst, Clark + Smith, P.C.

West Des Moines, Iowa
October 15, 2013

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 year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- The Organization's revenues decreased 1%, or $3,529, from fiscal year 2012 to fiscal year 2013. Member dues and services increased while registration fees and gain on disposal of property and equipment decreased during the year.

- The Organization's expenses were 5%, or $26,110, more in fiscal year 2013 than in fiscal year 2012. Operating expenses increased primarily as a result of increased professional fees, software maintenance, and amortization expense.

- The Organization's net position increased 3%, or $22,328, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

County Case Management Services is a 28E organization 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 Net Position present information on the Organization's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position 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 Net Position

As noted earlier, net position may serve over time as a useful indicator of the Organization's financial position. The Organization's net position at the end of fiscal year 2013 totaled approximately $888,000. This compares to approximately $865,700 at the end of fiscal year 2012. A summary of the Organization's net position is presented below.

	June 30,	
	2013	2012
Current assets	$ 750,670	$ 710,107
Property and equipment at cost, less accumulated depreciation	23,514	30,536
Other assets, net of accumulated amortization	173,613	182,750
Total assets	947,797	923,393
Less current liabilities	59,786	57,710
Net position	$ 888,011	$ 865,683

The Organization's net position is unrestricted and can be used to meet the Organization's obligations as they come due. At June 30, 2013, the Organization's Board of Directors has designated $132,247 of its net position for future needs and special projects and $101,118 for future non-budgeted replacement of property and equipment.

FINANCIAL ANALYSIS OF THE ORGANIZATION, continued

Statements of Revenues, Expenses and Changes in Net Position

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 disposal of property and equipment. A summary of revenues, expenses and changes in net position for the years ended June 30, 2013 and 2012 is presented below:

Changes in Net Position

	Year ended June 30,	
	2013	2012
Revenue		
Member dues and services	$ 473,467	$ 454,449
Registration fees	71,075	84,095
Interest income	1,616	2,655
Gain on disposal of property and equipment	-	8,488
Total revenue	546,158	549,687
Expenses		
Salaries and fringe benefits	289,631	290,330
Professional fees	69,292	53,380
Staff travel and training	15,514	16,741
Conference facility expenses	52,644	60,114
Outside speakers' fees	15,840	16,077
Board of Directors' meeting expenses	8,473	7,222
Insurance	5,507	6,162
Office expense	15,199	18,474
Software maintenance	17,257	-
Depreciation	8,575	8,999
Amortization	9,137	-
Office space lease	15,811	14,291
Miscellaneous	950	5,930
Total expenses	523,830	497,720
Increase in unrestricted net position	22,328	51,967
Unrestricted net position, beginning of year	865,683	813,716
Unrestricted net position, end of year	$ 888,011	$ 865,683

The Statements of Revenues, Expenses and Changes in Net Position reflect an increase in net position for the year ended June 30, 2013. During the fiscal year ended June 30, 2013, total revenues decreased by $3,529, or 1%, primarily as the result of a decrease in registration fees and gain on disposal of property and equipment, offset by an increase in member dues and services. Total expenses increased by $26,110, or 5%, primarily as a result of higher professional fees, software maintenance and amortization of software development costs.

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 provided by operating activities includes member dues and services revenues and registration fees, reduced by payments to employees, as well as payments related to goods and services. Cash provided by investing activities resulted primarily from net proceeds from maturities and sales of certificates of deposit, offset by and purchases of certificates of deposit.

PROPERTY AND EQUIPMENT

At June 30, 2013, the Organization had approximately $23,500, net of accumulated depreciation of approximately $83,800, invested in property and equipment. Depreciation expense totaled $8,575 for fiscal year 2013. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

OTHER ASSETS

At June 30, 2013, the Organization had approximately $173,600, net of accumulated amortization of approximately $9,150, invested in the development of a software program that serves as a tool to assist counties in managing clients and services. Amortization expense totaled $9,137 for fiscal year 2013. More detailed information about the Organization's other assets is presented in Note A to the financial statements.

ECONOMIC FACTORS

Economic conditions that cause a 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. Additionally, changes in Iowa's property tax laws enacted during the 2013 legislative session make this a greater threat than in previous years. The greatest economic threat to this program continues to be the impact of significant changes in state or federal regulations related to county responsibilities for providing and managing services to individuals with disabilities. This will be driven by components of the Affordable Care Act; mental health redesign required by state legislation and recently adopted components of Iowa's Health and Wellness Program (the state's Medicaid expansion plan). Significant rule changes have been made that require an adjustment in the operation of county case management programs. The adoption of new limits on the cost for which counties can be reimbursed for providing case management services are forcing counties to cut back on the purchase of indirect services. One of those indirect services costs is the cost of training for case managers – a key component of the CCMS service package. These changes are very likely going to reduce the number of counties that will participate in CCMS, possibly as soon as fiscal year 2015.

Additionally, effective July 1, 2012, the state of Iowa took over all Medicaid payments. Integrated health homes (ihh) could have a major impact on Targeted Case Management (TCM) Agencies, as any individual with chronic mental illness and chronic health conditions, will be automatically assigned to an ihh. Integrated health homes will have case managers thus, unless the client requests to opt out of the ihh, will lose TCM from counties as this would be a duplication of services. This could have a major impact on agencies regarding the number of clients served as well as budgeting and staffing, which ultimately could impact CCMS income.

ECONOMIC FACTORS - continued

Over time this will reduce the resources available to provide services to the counties that continue to participate in CCMS. The impact of these changes are not yet fully realized, but these and other factors will make it important for the Board to pay close attention to finances as county resources become scarce and to look for strategies to reduce member costs.

As mentioned above, the possibility of counties no longer having the resources to pay for CCMS services is becoming more likely. However, since 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, it will continue to have value to members as long as counties have a role in providing these services.

The program has reached its maximum level of participation and it is possible that several counties could decide to discontinue participation in the program in the future. The CCMS Board will continue to maintain a close watch on potential changes that may impact them fiscally.

The CCMS Board of Directors has adopted a conservative strategy to reduce program reserves over time and is implementing an increased use of technology to reduce program and member costs. The Board anticipates operations in the next fiscal year will continue to focus on implementing cost reduction strategies while maintaining the service members have come to expect. The Board will also maintain a close watch over resources to maintain the 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, 5500 Westown Parkway, Suite 190, West Des Moines, Iowa 50266.

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	$ 336,243	$ 212,408
Certificates of deposit	320,586	417,942
Accounts receivable	87,582	78,050
Prepaid expenses	6,259	1,707
Total current assets	750,670	710,107
PROPERTY AND EQUIPMENT		
Office furniture and equipment	30,735	29,497
Vehicles	57,760	57,760
Leasehold improvements	18,838	18,838
	107,333	106,095
Less accumulated depreciation	(83,819)	(75,559)
Net property and equipment	23,514	30,536
OTHER ASSETS - Software development costs, net of accumulated amortization of $9,137 (2013) and $-0- (2012)	173,613	182,750
TOTAL ASSETS	$ 947,797	$ 923,393

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Due to Iowa State Association of Counties	$ 42,593	$ 45,618
Accounts payable	7,318	2,707
Deferred revenue	9,875	9,385
Total current liabilities	59,786	57,710
NET POSITION - unrestricted	888,011	865,683
TOTAL LIABILITIES AND NET POSITION	$ 947,797	$ 923,393

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

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
REVENUE		
Member dues and services	$ 473,467	$ 454,449
Registration fees	71,075	84,095
Interest income	1,616	2,655
Gain on disposal of property and equipment	-	8,488
Total revenues	546,158	549,687
EXPENSES		
Salaries and fringe benefits	289,631	290,330
Professional fees	69,292	53,380
Staff travel and training	15,514	16,741
Conference facility expenses	52,644	60,114
Outside speakers' fees	15,840	16,077
Board of Directors' meeting expenses	8,473	7,222
Insurance	5,507	6,162
Office expense	15,199	18,474
Software maintenance	17,257	-
Depreciation	8,575	8,999
Amortization	9,137	-
Office space lease	15,811	14,291
Miscellaneous	950	5,930
Total expenses	523,830	497,720
INCREASE IN UNRESTRICTED NET POSITION	22,328	51,967
UNRESTRICTED NET POSITION, beginning of year	865,683	813,716
UNRESTRICTED NET POSITION, end of year	$ 888,011	$ 865,683

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

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member dues and services	$ 473,957	$ 454,963
Cash received from registration fees	61,543	91,690
Cash received from interest income	1,972	2,863
Cash paid to suppliers for goods and services	(316,643)	(309,831)
Cash paid to employees for services	(192,441)	(189,577)
Net cash provided by operating activities	28,388	50,108
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,553)	(22,578)
Proceeds from sale of property and equipment	-	8,500
Software development costs	-	(87,594)
Proceeds from maturities and sales of certificates of deposit	228,000	478,831
Purchases of certificates of deposit	(131,000)	(418,014)
Net cash provided (used) by investing activities	95,447	(40,855)
Net increase in cash and cash equivalents	123,835	9,253
CASH AND CASH EQUIVALENTS, beginning of year	212,408	203,155
CASH AND CASH EQUIVALENTS, end of year	$ 336,243	$ 212,408
Reconciliation of increase in net position to net cash provided by operating activities:		
Increase in net position	$ 22,328	$ 51,967
Adjustments to reconcile increase in net position to net cash provided by operating activities:		
Depreciation	8,575	8,999
Amortization	9,137	-
Gain on disposal of property and equipment	-	(8,488)
Realized and unrealized losses on certificates of deposit	356	208
Changes in:		
Accounts receivable	(9,532)	514
Prepaid expenses	(4,552)	725
Due to Iowa State Association of Counties	(3,025)	5,146
Accounts payable	4,611	(16,558)
Deferred revenue	490	7,595
Net cash provided by operating activities	$ 28,388	$ 50,108

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, intellectually disabled and developmentally disabled in Iowa.

The Organization's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

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

Basis of Presentation - The accounts of the Organization are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

The Organization distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Organization's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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 deposits in banks at June 30, 2013 and 2012 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 depositories to insure there will be no loss of public funds.

Accounts Receivable - Accounts receivable arise primarily 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.

Property and Equipment - Property and equipment are stated at cost. The Organization capitalizes purchases of $200 or greater. Depreciation is provided by the straight-line method over the estimated economic useful lives of the assets, ranging from five to ten years.

Software Development Costs - The Organization capitalizes costs incurred for the development of software for the long-term benefit of members. The software serves as a tool to assist counties in managing clients and services. In accordance with accounting principles generally accepted in the United States of America, the Organization began amortizing the software over its estimated useful life of ten years when it was placed in service during January 2013.

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.

Income Tax Status - CCMS 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.

NOTE B - CERTIFICATES OF DEPOSIT

Certificates of deposit at June 30, 2013, include three certificates of deposit with interest rates ranging from 0.35% to 0.55% which mature at various times through January 2014. Certificates of deposit at June 30, 2012, included five certificates of deposit with interest rates ranging from 0.35% to 0.60% which mature at various times through December 2013.

NOTE C - 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.

NOTE D - RETIREMENT PLAN

The Organization sponsors a 457(g) defined contribution retirement plan in which all employees are eligible to participate. The Organization also offers a 401(a) defined contribution retirement plan for employer contributions. During the fiscal years ended June 30, 2013 and 2012, employer contributions to the 401(a) plan are equal to 8.50% and 8.07%, respectively, of an employee's eligible compensation; however, the employee is required to contribute 4.25% and 4.10%, respectively, of eligible wages to the 457(g) plan to qualify for the employer contribution. Employer contributions for the years ended June 30, 2013 and 2012 totaled $19,514 and $18,123, respectively.

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, 2013 and 2012:

	2013	2012
Program expenses	$ 382,766	$ 383,262
Fundraising expenses	-	-
General and administration	141,064	114,458
	$ 523,830	$ 497,720

NOTE F - BOARD DESIGNATED NET POSITION

The Organization's Board of Directors has designated $132,247 of its net position for future needs and special projects (a specific purpose has not yet been identified) and $101,118 for future non-budgeted replacement of property and equipment as of June 30, 2013 and 2012.

NOTE G - RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Organization assumes liability for any deductibles and claims in excess of coverage limitations.

McGowen Hurst Clark & Smith, P.C.
Certified Public Accountants
Business Advisors
A Step Ahead.

Partners
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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of County Case Management Services as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise County Case Management Services' basic financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County Case Management Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County Case Management Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination or deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGowen, Hurst, Clark + Smith, P.C.

West Des Moines, Iowa
October 15, 2013

COUNTY CASE MANAGEMENT SERVICES
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Findings Related to the Financial Statements

Internal control deficiencies

No matters were noted.

Instances of non-compliance

No matters were noted.

Other findings related to required statutory reporting

No matters were noted.