

COUNTY CASE MANAGEMENT SERVICES

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

JUNE 30, 2014 AND 2013

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COUNTY CASE MANAGEMENT SERVICES
OFFICIALS
AS OF JUNE 30, 2014

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jack Willey	Chairperson	Jackson County
Elaine Armstrong	1 st Vice Chairperson	Page County
Carl Mattes	2 nd 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



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 the Financial Statements

We have audited the accompanying financial statements of County Case Management Services, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 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. 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 the Organization's 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 Organization's 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 the 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, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 who 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 auditing standards generally accepted in the United States of America, 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 audits 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 1, 2014 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 1, 2014

COUNTY CASE MANAGEMENT SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

County Case Management Services (CCMS) (the Organization) 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, 2014. We encourage readers to consider this information in conjunction with the Organization's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- The Organization's revenues decreased 9%, or \$48,182, from fiscal year 2013 to fiscal year 2014, primarily due to a decrease in member dues and services and registration fees.
- The Organization's expenses increased 22%, or \$116,581, in fiscal year 2014 over fiscal year 2013. Operating expenses increased primarily as a result of increased salaries and software maintenance costs offset by a decrease in professional fees.
- The Organization's net position decreased 16%, or \$142,435, from fiscal year 2013 to fiscal year 2014.

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 basic financial statements and provides an analytical overview of CCMS's financial activities.

The Statement of Net Position presents information on CCMS's assets and deferred outflows of resources less liabilities and deferred inflows of resources, 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 CCMS is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on CCMS's operating revenues and expenses, non-operating revenues and expenses and whether CCMS'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 CCMS's cash and cash equivalents during the year. This information can assist the user of the report in determining how the CCMS 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 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 2014 totaled approximately \$745,600. This compares to approximately \$888,000 at the end of fiscal year 2013. A summary of the Organization's net position is presented below.

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Current assets	\$ 623,876	\$ 750,670
Capital assets - at cost, net of accumulated depreciation	15,857	23,514
Other assets, net of accumulated amortization	<u>155,338</u>	<u>173,613</u>
Total assets	795,071	947,797
Less current liabilities	<u>49,495</u>	<u>59,786</u>
Net position	<u>\$ 745,576</u>	<u>\$ 888,011</u>

The Organization's net position is unrestricted. At June 30, 2014, 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 capital assets.

COUNTY CASE MANAGEMENT SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE ORGANIZATION, continued

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues consist of 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 comprised of interest income. A summary of revenues, expenses and changes in net position for the years ended June 30, 2014 and 2013 is presented below:

	Changes in Net Position	
	Year ended June 30,	
	2014	2013
Revenue		
Member dues and services	\$ 435,003	\$ 473,467
Registration fees	61,500	71,075
Interest income (non-operating)	1,473	1,616
Total revenue	497,976	546,158
Expenses		
Salaries and fringe benefits	304,508	289,631
Professional fees	37,094	69,292
Staff travel and training	10,299	15,514
Conference facility expenses	43,699	52,644
Outside speakers' fees	26,633	15,840
Board of Directors' meeting expenses	8,614	8,473
Insurance	7,411	5,507
Office expense	15,815	15,199
Software maintenance	143,031	17,257
Depreciation	7,656	8,575
Amortization	18,275	9,137
Office space lease	15,842	15,811
Miscellaneous	1,534	950
Total expenses	640,411	523,830
Increase (decrease) in unrestricted net position	(142,435)	22,328
Unrestricted net position, beginning of year	888,011	865,683
Unrestricted net position, end of year	\$ 745,576	\$ 888,011

The Statements of Revenues, Expenses and Changes in Net Position reflect a decrease in net position for the year ended June 30, 2014. During the fiscal year ended June 30, 2014, total revenues decreased by \$48,182, or 9%, primarily as the result of a decrease in member dues and services and registration fees. Total expenses increased by \$116,581, or 22%, primarily as a result of increased salaries, software maintenance, outside speakers' fees, and amortization expense offset by a decrease in professional fees.

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 provided (used) 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 (used) by investing activities resulted primarily from net proceeds from maturities and sales of certificates of deposit, offset by and purchases of certificates of deposit.

CAPITAL ASSETS

At June 30, 2014, the Organization had approximately \$15,900, net of accumulated depreciation of approximately \$89,700, invested in capital assets. Depreciation expense totaled \$7,656 for fiscal year 2014. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

OTHER ASSETS

At June 30, 2014, the Organization had approximately \$155,300, net of accumulated amortization of approximately \$27,400, invested in the development of a software program that serves as a tool to assist counties in managing clients and services. Amortization expense totaled \$18,275 for fiscal year 2014. More detailed information about the Organization's other assets is presented in Note A to the financial statements.

ECONOMIC FACTORS

The greatest economic threats to this program are the impacts of changes in state or federal regulations related to county responsibilities for providing and managing services to individuals with disabilities. Components of the Affordable Care Act, mental health redesign, and the components of Iowa's Health and Wellness Program (the state's Medicaid expansion plan) all have significantly altered the traditional funding and service delivery model. Additionally, significant rule changes have been made that require adjustments in the operation of county case management programs. The 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 have reduced the number of counties that will participate in CCMS in fiscal year 2015.

The state of Iowa took over all Medicaid payments on July 1, 2012. Integrated health homes (IHH) implementation has had 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. Since integrated health homes will have care managers, the client will lose TCM from counties as this would be a duplication of services. This has already had a major impact on agencies regarding the number of clients served, resulting in reduced budgets and staffing. The impact of these changes has resulted in reduced revenue to CCMS and makes it important for the Board to pay close attention to their finances.

COUNTY CASE MANAGEMENT SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS - Continued

As mentioned above, many counties no longer have the resources to pay for CCMS services. There has been a 25 percent reduction in the number of membership in fiscal year 2014. This program exists to assist counties in more effectively providing case management services to individuals with disabilities and to ensure that county case management programs are in compliance with state and federal regulations. As long as counties and regions have this service responsibility, the program will continue to have value to members.

The CCMS Board of Directors has adopted strategies to reduce program costs over time and have implemented the 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, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$ 193,909	\$ 336,243
Certificates of deposit	349,661	320,586
Accounts receivable	79,046	87,582
Prepaid expenses	1,260	6,259
Total current assets	623,876	750,670
CAPITAL ASSETS		
Office furniture and equipment	28,964	30,735
Vehicles	57,760	57,760
Leasehold improvements	18,838	18,838
	105,562	107,333
Less accumulated depreciation	(89,705)	(83,819)
Net capital assets	15,857	23,514
OTHER ASSETS - Software development costs, net of accumulated amortization of \$27,412 (2014) and \$9,137 (2013)	155,338	173,613
TOTAL ASSETS	\$ 795,071	\$ 947,797

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Due to Iowa State Association of Counties	\$ 27,992	\$ 32,903
Accounts payable	13,667	7,318
Deferred revenue	780	9,875
Compensated absences	7,056	9,690
Total current liabilities	49,495	59,786
NET POSITION - unrestricted	745,576	888,011
TOTAL LIABILITIES AND NET POSITION	\$ 795,071	\$ 947,797

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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUE		
Member dues and services	\$ 435,003	\$ 473,467
Registration fees	61,500	71,075
Interest income (non-operating)	1,473	1,616
Total revenues	<u>497,976</u>	<u>546,158</u>
EXPENSES		
Salaries and fringe benefits	304,508	289,631
Professional fees	37,094	69,292
Staff travel and training	10,299	15,514
Conference facility expenses	43,699	52,644
Outside speakers' fees	26,633	15,840
Board of Directors' meeting expenses	8,614	8,473
Insurance	7,411	5,507
Office expense	15,815	15,199
Software maintenance	143,031	17,257
Depreciation	7,656	8,575
Amortization	18,275	9,137
Office space lease	15,842	15,811
Miscellaneous	1,534	950
Total expenses	<u>640,411</u>	<u>523,830</u>
INCREASE (DECREASE) IN UNRESTRICTED NET POSITION	(142,435)	22,328
UNRESTRICTED NET POSITION, beginning of year	<u>888,011</u>	<u>865,683</u>
UNRESTRICTED NET POSITION, end of year	<u><u>\$ 745,576</u></u>	<u><u>\$ 888,011</u></u>

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

COUNTY CASE MANAGEMENT SERVICES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member dues and services	\$ 425,908	\$ 473,957
Cash received from registration fees	70,036	61,543
Cash received from interest income	1,394	1,972
Cash paid to suppliers for goods and services	(330,966)	(316,643)
Cash paid to employees for services	(279,711)	(192,441)
Net cash provided (used) by operating activities	(113,339)	28,388
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	-	(1,553)
Proceeds from maturities and sales of certificates of deposit	321,005	228,000
Purchases of certificates of deposit	(350,000)	(131,000)
Net cash provided (used) by investing activities	(28,995)	95,447
 Net increase (decrease) in cash and cash equivalents	(142,334)	123,835
 CASH AND CASH EQUIVALENTS, beginning of year	336,243	212,408
 CASH AND CASH EQUIVALENTS, end of year	\$ 193,909	\$ 336,243
 Reconciliation of increase (decrease) in net position to net cash provided (used) by operating activities:		
Increase (decrease) in net position	\$ (142,435)	\$ 22,328
Adjustments to reconcile increase (decrease) in net position to net cash provided (used) by operating activities:		
Depreciation	7,656	8,575
Amortization	18,275	9,137
Realized and unrealized losses (gains) on certificates of deposit	(79)	356
Changes in:		
Accounts receivable	8,536	(9,532)
Prepaid expenses	4,999	(4,552)
Due to Iowa State Association of Counties	(4,911)	(3,025)
Accounts payable and compensated absences	3,715	4,611
Deferred revenue	(9,095)	490
Net cash provided (used) by operating activities	\$ (113,339)	\$ 28,388

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) (the Organization) 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.

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

COUNTY CASE MANAGEMENT SERVICES
NOTES TO FINANCIAL STATEMENTS

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, 2014 and 2013 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.

The Organization is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Organization; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Organization had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

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.

Capital assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations. The Organization capitalizes purchases of \$1,000 or greater. Depreciation is provided by the straight-line method over the estimated economic useful lives of the assets, ranging from three to ten years.

Other Assets - 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. Amortization expense was \$18,275 and \$9,137 at June 30, 2014 and 2013, respectively. Estimated amortization expense for each of the ensuing years through June 30, 2019 is \$18,275. Management has analyzed software costs for impairment and has determined there was no impairment as of June 30, 2014 and 2013.

Deferred revenue - Deferred revenue at June 30, 2014 and 2013 consists of unearned registration fees.

COUNTY CASE MANAGEMENT SERVICES
NOTES TO FINANCIAL STATEMENTS

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

Compensated Absences - The Organization's employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Organization's liability for accumulated vacation has been computed based on rates of pay in effect at July 1, 2015 and 2014.

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, 2014, include four certificates of deposit with interest rates ranging from 0.25% to 0.40% which mature at various times through February 2015.

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(b) 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, 2014 and 2013, employer contributions to the 401(a) plan are equal to 8.50% of an employee's eligible compensation; however, the employee is required to contribute 4.25% of eligible wages to the 457(b) plan to qualify for the employer contribution. Employer contributions for the years ended June 30, 2014 and 2013 totaled \$19,843 and \$19,514, respectively.

NOTE E - 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 capital assets as of June 30, 2014 and 2013.

COUNTY CASE MANAGEMENT SERVICES
NOTES TO FINANCIAL STATEMENTS

NOTE F - 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.



Partners

Michael E. Brinker, CPA
David A. Farnsworth, CPA
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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 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2014.

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 to determine the audit procedures 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 of 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 which 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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 results 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 1, 2014

COUNTY CASE MANAGEMENT SERVICES
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

1. The auditor's report expresses an unmodified opinion on the financial statements of County Case Management Services.
2. No material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of County Case Management Services were disclosed during the audit.
4. No instances of findings related to required statutory reporting were disclosed during the audit.