

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT  
PROJECT**

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

**JUNE 30, 2015**

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**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**

**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John Werden, Jr.	Chairperson	Carroll County
Matt Schultz	Vice-Chairperson	Madison County
Matthew Wilber	Secretary/Treasurer	Pottawattamie County
Jill Kistler	Member	Allamakee County
Susan Daniels	Member	Appanoose County
Daniel Kolacia	Member	Boone County
Shawn Harden	Member	Buchanan County
David Patton	Member	Buena Vista County
Gregory M. Lievens	Member	Butler County
Tina Meth Farrington	Member	Calhoun County
David Wiederstein	Member	Cass County
Jeff Renander	Member	Cedar County
Carlyle D. Dalen	Member	Cerro Gordo County
Ryan R. Kolpin	Member	Cherokee County
Michael J. Houchins	Member	Clay County
Mike L. Wolf	Member	Clinton County
Roger Sailer	Member	Crawford County
Wayne Reisetter	Member	Dallas County
Rick Lynch	Member	Davis County
Jon Martin	Member	Dickinson County
Rachel Ginbey	Member	Floyd County
Corey Beckman	Member	Fremont County
Mary Benton	Member	Guthrie County
Richard Dunn	Member	Hardin County
Darin R. Slater	Member	Henry County
Michael K. Jacobsen	Member	Jasper County
Timothy W. Dille	Member	Jefferson County
Janet Lyness	Member	Johnson County
Phil Parsons	Member	Jones County
Jerry Vander Sanden	Member	Linn County
Shayne Mayer	Member	Lyon County
Amy Zenor	Member	Mahaska County
Ed Bull	Member	Marion County
Jennifer Miller	Member	Marshall County
Tricia McSorley	Member	Mills County
Ian Mcconeghey	Member	Monona County
John Pabst	Member	Monroe County
Alan Ostergren	Member	Muscatine County
Micah J. Schreurs	Member	O'Brian County
Jeremy Peterson	Member	Page County
Peter Hart	Member	Palo Alto County
Darin J. Raymond	Member	Plymouth County
Rebecca Petig	Member	Poweshiek County
Ben Smith	Member	Sac County
Thomas Kunstle	Member	Sioux County
Stephen Holmes	Member	Story County
Brent D. Heeren	Member	Tama County
Abraham Watkins	Member	Van Buren County
John Criswell	Member	Warren County
Shawn Showers	Member	Washington County
Jennifer Benson	Member	Webster County
Andrew VanDerMaaten	Member	Winneshiek 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  
Iowa County Attorneys Case Management Project

**Report on Financial Statements**

We have audited the accompanying financial statements of Iowa County Attorneys Case Management Project, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and change in net position and cash flows for the year 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 misstatements, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 Iowa County Attorneys Case Management Project as of June 30, 2015, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note F to the financial statements, Iowa County Attorneys Case Management Project adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Organization's Proportionate Share of the Net Pension Liability and the Schedule of Organization Contributions information on pages 4 through 7 and pages 20 through 23 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 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 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 13, 2015 on our consideration of Iowa County Attorneys Case Management Project's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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 Iowa County Attorneys Case Management Project's internal control over financial reporting and compliance.

*McGowan, Hurst, Clark + Smith, P.C.*

West Des Moines, Iowa

October 13, 2015

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Iowa County Attorneys Case Management Project (“ICACMP,” or 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, 2015. We encourage readers to consider this information in conjunction with the Organization’s financial statements, which follow.

**2015 FINANCIAL HIGHLIGHTS**

- The Organization’s operating revenues increased 14.5%, or \$29,635, from fiscal year 2014 to fiscal year 2015. Revenues increased primarily as a result of an increase in software maintenance fees and membership user fees.
- The Organization’s operating expenses were 21.9%, or \$44,934, more in fiscal year 2015 than in fiscal year 2014. Expenses increased as a result of higher salary and related benefits, software maintenance costs, and professional fees.
- Net position decreased 34.3%, or \$60,913, from June 30, 2014 to June 30, 2015.

**USING THIS ANNUAL REPORT**

Iowa County Attorneys Case Management Project 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 are intended to serve as an introduction to Iowa County Attorneys Case Management Project’s basic 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 the Organization’s financial activities.

The Statement of Net Position presents information on the Organization’s assets and deferred outflows of resources less the Organization’s 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 the Organization 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 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 Statement of Cash Flows presents 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.

Required Supplementary Information further explains and supports the financial statements with the Organization’s proportionate share of the net pension liability and related contributions.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION**

*Statement 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 fiscal year ended June 30, 2015 totaled approximately \$117,000. This compares to approximately \$178,000 at June 30, 2014. A summary of the Organization's net position is presented below:

	<u>Net Position</u>	
	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
		(not restated)
Current assets	\$ 439,605	\$ 409,753
Capital assets - at cost, less accumulated depreciation	34,894	8,696
Total assets	<u>474,499</u>	<u>418,449</u>
 Deferred outflows of resources	 <u>16,607</u>	 <u>-</u>
Current liabilities	317,018	240,745
Noncurrent liabilities	<u>41,478</u>	<u>-</u>
Total liabilities	358,496	240,745
 Deferred inflows of resources	 <u>15,819</u>	 <u>-</u>
 Unrestricted net position	 <u>\$ 116,791</u>	 <u>\$ 177,704</u>

All of the Organization's net position is unrestricted and can be used to meet the Organization's obligations as they come due.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The beginning net position was restated to \$44,521 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statement of Revenues, Expenses and Changes in Net Position*

Operating revenues consist primarily of membership dues and software maintenance collected from member counties. Operating expenses consist of expenses paid to provide a means through which representatives from the offices of interested Iowa county attorneys may cooperate and coordinate efforts to develop and make available case management programs that are more uniformly accepted, compatible and able to integrate with other local and state criminal justice agencies. Non-operating revenue is comprised of interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

	<u>Changes in Net Position</u>	
	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
		(not restated)
Operating revenues		
Membership dues	\$ 174,166	\$ 147,944
Software maintenance fees	49,680	45,267
Membership user fees	9,600	10,600
Total operating revenues	<u>233,446</u>	<u>203,811</u>
Operating expenses		
Salaries and related benefits	115,885	89,160
Software maintenance costs	57,209	48,180
Office expenses	13,709	11,046
Professional fees	35,150	25,272
Depreciation	5,938	9,278
Meeting expenses	2,687	553
Travel expenses	16,758	18,489
Insurance	2,116	2,073
Miscellaneous	765	1,232
Total operating expenses	<u>250,217</u>	<u>205,283</u>
Operating loss	(16,771)	(1,472)
Non-operating revenues		
Interest income	<u>379</u>	<u>278</u>
Decrease in unrestricted net position	(16,392)	(1,194)
Unrestricted net position, beginning of year	<u>133,183</u>	<u>178,898</u>
Unrestricted net position, end of year	<u>\$ 116,791</u>	<u>\$ 177,704</u>

The Statements of Revenues, Expenses and Changes in Net Position reflect a decrease in net position at the end of the fiscal years 2015 and 2014. In fiscal year 2015, operating revenues increased by \$29,635 or 14.5%, primarily as a result of an increase in membership dues and software maintenance fees. Total expenses increased by \$44,934, or 21.9%, primarily a result of higher salary and related benefits, software maintenance costs, and professional fees.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE ORGANIZATION, continued**

*Statement of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash and cash equivalents provided or used by operating activities primarily includes member dues and software maintenance fees reduced by salaries and related benefits and office and professional fees. Cash and cash equivalents used by investing activities consists of purchases of capital assets reduced by proceeds from sales of capital assets.

**CAPITAL ASSETS**

At June 30, 2015, the Organization had approximately \$34,900 invested in capital assets, net of accumulated depreciation of approximately \$50,700. Depreciation expense totaled \$5,938 during fiscal year ended June 30, 2015. More detailed information about the Organization's capital assets is presented in Note A to the financial statements.

**ECONOMIC FACTORS**

Economic conditions in Iowa could have a potential impact on ICACMP. The loss of taxable valuation can impact a county's ability to raise revenue which, in turn, could reduce the willingness of counties to participate in ICACMP. The greatest economic threat to the program, though, continues to be the participation level of the counties. Since there is no mandate in place to require participation, it is solely at the discretion of the county prosecutors and boards of supervisors. Additionally, having the ability to continue to offer a high level of user support is dependent upon the staffing level or contracted staffing of support personnel. This, in turn, affects member dues which can impact which counties can or will participate.

The services ICACMP provides allows the county prosecutors to handle their workload more efficiently, and be able to report on their caseloads.

The Iowa court system is in place at 100% of the counties as of June 30, 2015. As anticipated, prosecutors are finding it advantageous to have the ability to file with the courts using one of the applications supported by ICACMP, however, money continues to be an issue.

If momentum and/or funding for Criminal Justice Information Systems Integration (data exchanges involving the county attorneys) drops, it could affect the counties tremendously; however, ICACMP has been assured that the data exchange will be a long-standing process. The Organization's first priority is still to help the prosecutors become more efficient; however, the data exchange process is also important to the Organization's business processes.

**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 Iowa County Attorneys Case Management Project, 5500 Westown Parkway, Suite 190, West Des Moines, Iowa 50266.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 293,698
Certificates of deposit	99,909
Accounts receivable	43,757
Prepaid expenses	2,241
<b>Total current assets</b>	<b>439,605</b>

**CAPITAL ASSETS**

Office furniture and equipment	39,467
Vehicles	25,395
Software	20,769
	85,631
Less accumulated depreciation	(50,737)
<b>Net capital assets</b>	<b>34,894</b>

**TOTAL ASSETS**

**474,499**

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related deferred outflows	16,607
	<b>16,607</b>

**CURRENT LIABILITIES**

Accounts payable	66,288
Due to Iowa State Association of Counties	9,105
Compensated absences	12,821
Unearned revenue	228,804
<b>Total current liabilities</b>	<b>317,018</b>

**NONCURRENT LIABILITIES**

Net pension liability	41,478
	<b>41,478</b>

**TOTAL LIABILITIES**

**358,496**

**DEFERRED INFLOWS OF RESOURCES**

Pension related deferred inflows	15,819
	<b>15,819</b>

**NET POSITION - unrestricted**

**\$ 116,791**

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

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2015**

**OPERATING REVENUES**

Membership dues	\$ 174,166
Software maintenance fees	49,680
Membership user fees	9,600
<b>Total operating revenues</b>	<u>233,446</u>

**OPERATING EXPENSES**

Salaries and related benefits	115,885
Software maintenance costs	57,209
Office expenses	13,709
Professional fees	35,150
Depreciation	5,938
Meeting expenses	2,687
Travel expenses	16,758
Insurance	2,116
Miscellaneous	765
<b>Total operating expenses</b>	<u>250,217</u>

**OPERATING LOSS** (16,771)

**NON-OPERATING REVENUES**

Interest income	<u>379</u>
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**DECREASE IN UNRESTRICTED NET POSITION** (16,392)

**UNRESTRICTED NET POSITION, beginning of year, as restated** 133,183

**UNRESTRICTED NET POSITION, end of year** \$ 116,791

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

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from membership dues	\$ 253,231
Cash received from software maintenance fees	49,680
Cash received from membership user fees	9,600
Cash paid to suppliers for goods and services	(118,046)
Cash paid to employees for services	(133,570)
<b>Net cash provided by operating activities</b>	<b>60,895</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of capital assets	(32,136)
Interest income	379
Purchases of certificates of deposit	(99,909)
<b>Net cash used by investing activities</b>	<b>(131,666)</b>

**Net decrease in cash** (70,771)

**CASH AND CASH EQUIVALENTS, beginning of year** 364,469

**CASH AND CASH EQUIVALENTS, end of year** \$ 293,698

**Reconciliation of operating loss to net cash provided by operating activities:**

Operating loss	\$ (16,771)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	5,938
Net change in:	
Accounts receivable	(589)
Prepaid expenses	(125)
Accounts payable	(9,511)
Due to Iowa State Association of Counties	2,733
Compensated absences	3,397
Deferred revenue	79,654
Deferred outflows of resources	(10,496)
Deferred inflows of resources	15,819
Net pension liability	(9,154)
<b>Net cash provided by operating activities</b>	<b>\$ 60,895</b>

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

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

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

Organization - Iowa County Attorneys Case Management Project (“ICACMP,” or “Organization”) was established pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of ICACMP is to provide a means through which representatives from the offices of interested Iowa county attorneys may cooperate and coordinate efforts to develop and make available case management programs that are more uniformly accepted, compatible and able to integrate with other local and state criminal justice agencies. The programs will be adapted to the special needs and requirements of Iowa county attorneys and provide for future development, improvement, and training in the use of case management programs for Iowa county attorneys.

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 (GASB).

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 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.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**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.

Concentration of Credit Risk - The Organization has bank deposits in excess of federally insured limits totaling approximately \$46,000 at June 30, 2015. This risk is managed by maintaining all deposits in high quality financial institutions.

Accounts receivable - Accounts receivable consist primarily of amounts due from member counties. Management periodically reviews outstanding accounts receivable to determine whether an allowance for uncollectible accounts should be established. No allowance related to accounts receivable was considered necessary at June 30, 2015.

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 seven years.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated absences - The Organization's employee accumulates 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 current pay rates.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -**  
Continued

Deferred revenue - Deferred revenue consists primarily of dues payments collected in the current fiscal year for the subsequent fiscal year.

Income tax status - The Organization was formed as a joint venture between the participating member counties and was established under Chapter 28E of the Iowa Code. As a 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.

**NOTE B - CERTIFICATES OF DEPOSIT**

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.

At June 30, 2015, the Organization held two certificates of deposit with interest rates of 0.40% and 0.55% maturing in October 2015 and January 2016, respectively.

**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, and insurance. The Organization reimburses ISAC for these costs on a periodic basis. Amounts paid or accrued to ISAC under the agreement totaled \$36,388 for fiscal year 2015.

**NOTE D - PENSION PLAN**

Plan Description

IPERS membership is mandatory for employees of the Organization, except those covered by another retirement system. Employees of the Organization are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D - PENSION PLAN** - Continued

**Pension Benefits**

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceed 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is .25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is .50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefits payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions**

Effective July 1, 2012, as a result of 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE D - PENSION PLAN - Continued

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Organization contributed 8.93 percent for a total rate of 14.88 percent.

The Organization's total contributions to IPERS for the year ended June 30, 2015 were \$8,329.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At, June 30, 2015, the Organization reported a liability of \$41,478 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Organization's collective proportion was 0.0010459 percent which was an increase of 0.000164 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Organization recognized pension expense of \$4,498. At June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 451	\$ -
Changes of assumptions	1,831	-
Net difference between projected and actual earnings on pension plan investments	-	15,819
Changes in proportion and differences between Organization's contributions and proportionate share of contributions	5,996	-
Organization's contributions subsequent to the measurement date	8,329	-
Total	\$ 16,607	\$ 15,819

\$8,329 reported as deferred outflows of resources related to pensions resulting from the Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ (2,021)
2017	(2,021)
2018	(2,021)
2019	(2,021)
2020	542
	\$ (7,541)

There were no non-employer contributing entities at IPERS.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE D - PENSION PLAN - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rate of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	-0.69
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assume that employee contributions will be made at the contractually required rate and that contributions from the Organization will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

NOTE D - PENSION PLAN - Continued

Sensitivity of the Organization’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Organization’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Organization’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Organization’s proportionate share of the net pension liability:	\$ 78,372	\$ 41,478	\$ 10,336

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan

At June 30, 2015, the Organization reported no payables to the defined benefit pension plan.

NOTE E - 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.

NOTE F - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for entities that provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires an employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F - ACCOUNTING CHANGE/RESTATEMENT** - Continued

Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Net Position</u>
Net position June 30, 2014, as previously reported	\$ 177,704
Net position liability at June 30, 2014	(50,632)
Change outflows of resources related contributions made after the June 30, 2013 measurement date	6,111
Net position July 1, 2014, as restated	<u>\$ 133,183</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**SCHEDULE OF ORGANIZATION'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY CONTRIBUTIONS**

Iowa Public Employees' Retirement System  
June 30, 2015

Required Supplementary Information

Organization's proportion of the net pension liability (asset)		0.0010459%
Organization's proportionate share of the net pension liability	\$	41,478
Organization's covered-employee payroll	\$	93,270
Organization's proportionate share of the net pension liability as a percentage of its covered-employee payroll		44.47%
Plan fiduciary net position as a percentage of the total pension liability		87.61%

See accompanying independent auditor's report.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**SCHEDULE OF ORGANIZATION CONTRIBUTIONS**

Iowa Public Employees' Retirement System  
 Last 10 Fiscal Years

Required Supplementary Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statutorily Required Contribution	\$ 8,330	\$ 6,111	\$ 5,014	\$ 5,129	\$ 4,368	n/a	n/a	n/a	n/a	n/a
Contributions in relation to the statutorily required contribution	(8,330)	(6,111)	(5,014)	(5,129)	(4,368)	n/a	n/a	n/a	n/a	n/a
Contribution deficiency (excess)	-	-	-	-	-	n/a	n/a	n/a	n/a	n/a
Association's covered-employee payroll	\$ 93,269	\$ 68,437	\$ 57,837	\$ 63,558	\$62,849	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered- employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	n/a	n/a	n/a	n/a	n/a

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information is available.

See accompanying independent auditor's report.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO OTHER INFORMATION – PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**NOTES TO OTHER INFORMATION – PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2015**

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.



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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  
Iowa County Attorneys Case Management Project

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 Iowa County Attorneys Case Management Project as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Iowa County Attorneys Case Management Project's 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 Iowa County Attorneys Case Management Project's 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 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 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 Iowa County Attorneys Case Management Project's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings.

## **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 13, 2015

**IOWA COUNTY ATTORNEYS CASE MANAGEMENT PROJECT**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2015**

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIECINES:**

None noted

**INSTANCES OF NON-COMPLIANCE:**

None noted

**Other Findings Related to Required Statutory Reporting:**

Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted, except as follows:

Iowa County Attorneys Case Management Project has not notified their financial institution that the amounts on deposit for the Organization are public funds as required by Chapter 12C.22 of the Code of Iowa.

Recommendation - Iowa County Attorneys Case Management Project should notify their financial institution the funds on deposit are public funds and thus can be appropriately protected by the State Sinking Fund.

Response - Iowa County Attorneys Case Management Project plans to notify their financial institution as required by Chapter 12C.22 of the Code of Iowa.

Conclusion – Response accepted.