

**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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**NEWS RELEASE**

FOR RELEASE December 5, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Black Hawk County Criminal Justice Information System.

The System's receipts totaled \$193,295 for the year ended June 30, 2013, a less than 1% decrease from the prior year. The receipts included \$103,588 in county assessments and \$67,466 in city assessments.

Disbursements for the year totaled \$178,138, a 22.2% decrease over the prior year, and included \$61,582 for telephone lines, \$41,029 for software support and \$31,249 for system maintenance. The significant decrease in disbursements is primarily due to fewer purchases of servers and software in the current year.

A copy of the audit report is available for review at the Black Hawk County Criminal Justice Information System, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1314-2501-B00F.pdf>.

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**BLACK HAWK COUNTY  
CRIMINAL JUSTICE INFORMATION SYSTEM**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT  
OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2013**

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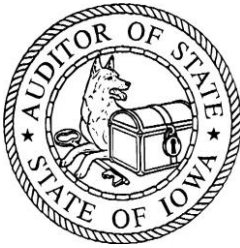
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## **Black Hawk County Criminal Justice Information System**

### **Officials**

<u>Name</u>	<u>Title</u>
Jeff Olson, Chief, Cedar Falls Police Department	Board Chair
Tom Little, Black Hawk County Board of Supervisors	Board Vice Chair
Daniel Trelka, Public Safety Director, Waterloo Police Department	Board Member
Tony Thompson, Sheriff, Black Hawk County Sheriff's Office	Board Member
Kent Smock, Chief, Evansdale Police Department	Board Member
Larry Feaker, Chief, LaPorte City Police Department	Board Member
Zachary Barclay, Black Hawk County Sheriff's Office	System Manager
Pat Williams, Cedar Falls Police Department	System Manager
Stefani Ellison, Evansdale Police Department	System Manager
Kathy Williams, LaPorte City Police Department	System Manager
Wendy Drinovsky, Waterloo Police Department	System Manager

**Black Hawk County Criminal Justice Information System**



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Independent Auditor's Report

To the Members of the Black Hawk County  
Criminal Justice Information System:

Report on the Financial Statement

We have audited the accompanying financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2013, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the System's preparation and fair presentation of the financial statement 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 System'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 statement.

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 statement referred to above presents fairly, in all material respects, the cash basis financial position of the Black Hawk County Criminal Justice Information System as of June 30, 2013, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.


Other Matters


*Other Information*

The other information, Management's Discussion and Analysis on pages 7 through 9, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2013 on our consideration of the Black Hawk County Criminal Justice Information System'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 the Black Hawk County Criminal Justice Information System's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2013



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Black Hawk County Criminal Justice Information System provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Black Hawk County Criminal Justice Information System is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the System's financial statement, which follows.

### **2013 FINANCIAL HIGHLIGHTS**

- Operating receipts decreased 0.4%, or \$697, from fiscal year 2012 to fiscal year 2013.
- Operating disbursements decreased \$24,713, or 13.2%, from fiscal year 2012 to fiscal year 2013.
- Cash basis net assets increased 22.8%, or \$15,157, from June 30, 2012 to June 30, 2013.

### **USING THIS ANNUAL REPORT**

The System has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the System's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the System's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the System's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the System's operating receipts and disbursements, non-operating receipts and disbursements and whether the System's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

## FINANCIAL ANALYSIS OF THE SYSTEM

### *Statement of Cash Receipts, Disbursements and Changes in Cash Balance*

The purpose of the statement is to present the receipts received by the System and the disbursements paid by the System, both operating and non-operating. The statement also presents a fiscal snapshot of the System's cash balance at year end. Over time, readers of the financial statement are able to determine the System's cash basis financial position by analyzing the increase and decrease in cash balance.

Operating receipts are received for services provided to the member agencies for their computer information networks. The System helps provide and maintain effective and efficient data processing operations to meet the operational and management information needs of the criminal justice agencies. Operating disbursements are disbursements paid to operate the information system. Non-operating receipts and disbursements include interest on investments and equipment purchases. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2013 and 2012 is presented below:

Changes in Cash Balance		
	Year ended June 30,	
	2013	2012
Operating receipts:		
Assessments from:		
Black Hawk County	\$ 103,588	103,588
City of Waterloo	21,726	21,726
City of Cedar Falls	25,000	25,000
City of Evansdale	19,500	20,500
City of La Porte City	1,240	1,181
Consolidated Communications Center participation:		
Black Hawk County	15,074	13,469
City of Dunkerton	293	17
City of Gilbertville	2,202	22
City of Hudson	3,942	4,043
Refunds and reimbursements	60	3,776
Total operating receipts	192,625	193,322
Operating disbursements:		
System operation:		
Maintenance	31,249	35,399
Software support	41,029	60,545
Training	535	3,759
Telephone lines	61,582	63,287
Supplies	2,190	4,779
Contractual services	16,279	8,247
Office operations	9,146	10,707
Total operating disbursements	162,010	186,723
Excess of operating receipts over operating disbursements	30,615	6,599
Non operating receipts (disbursements):		
Interest on investments	670	928
Equipment	(16,128)	(42,114)
Total non-operating receipts (disbursements)	(15,458)	(41,186)
Changes in cash balance	15,157	(34,587)
Cash balance beginning of year	66,459	101,046
Cash balance end of year	\$ 81,616	66,459

In fiscal year 2013, operating receipts decreased \$697, or 0.4%. The primary reason for the decrease was due to a reimbursement for email licenses for the Sheriff's Office occurring in fiscal year 2012 and not in fiscal year 2013. All allocations for fiscal year 2013 were received in fiscal year 2013.

Operating disbursements decreased \$24,713, or 13.2%, from fiscal year 2012. Disbursements decreased due to fewer software purchases in fiscal year 2013.

### **DEBT ADMINISTRATION**

At June 30, 2013, the System had no long-term debt outstanding.

### **ECONOMIC FACTORS**

Current conditions in the state continue to be a concern for System officials. Some of the realities that may potentially become challenges for the System to meet are:

- Computer equipment and software require constant maintenance and updating.
- Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.

The System anticipates the coming fiscal year will be much like the last and will maintain a close watch over resources to maintain the System's ability to react to unknown issues.

### **CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janis Swanson, Black Hawk County Consolidated Public Safety Communications Center, 225 E. Sixth Street, Waterloo, Iowa 50703. Her phone number is (319)-291-2680, Ext 250.

**Black Hawk County Criminal Justice Information System**

## **Financial Statement**

**Exhibit A**

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## Black Hawk County Criminal Justice Information System

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2013

Operating receipts:	
Assessments from:	
Black Hawk County	\$ 103,588
City of Waterloo	21,726
City of Cedar Falls	25,000
City of Evansdale	19,500
City of La Porte City	1,240
Consolidated Communications Center participation:	
Black Hawk County	15,074
City of Dunkerton	293
City of Gilbertville	2,202
City of Hudson	3,942
Refunds and reimbursements	60
Total operating receipts	<u>192,625</u>
Operating disbursements:	
System operation:	
Maintenance	31,249
Software support	41,029
Training	535
Telephone lines	61,582
Supplies	2,190
Contractual services	16,279
Office operations	9,146
Total operating disbursements	<u>162,010</u>
Excess of operating receipts over operating disbursements	<u>30,615</u>
Non-operating receipts (disbursements):	
Interest on investments	670
Equipment	(16,128)
Total non-operating receipts (disbursements)	<u>(15,458)</u>
Change in cash balance	15,157
Cash balance beginning of year	<u>66,459</u>
Cash balance end of year	<u>\$ 81,616</u>
See notes to financial statement.	

Black Hawk County Criminal Justice Information System

Notes to Financial Statement

June 30, 2013

**(1) Summary of Significant Accounting Policies**

The Black Hawk County Criminal Justice Information System is a multi-agency computer information network established and maintained through a 28E Agreement entered into by the participating criminal justice agencies and their respective units of local government. The Board of Directors has been established to provide and maintain effective and efficient data processing operations to meet the operational and management information needs of the criminal justice agencies. The participating criminal justice agencies are:

Black Hawk County Sheriff's Office  
Cedar Falls Police Department  
Evansdale Police Department  
La Porte City Police Department  
Waterloo Police Department

A. Reporting Entity

For financial reporting purposes, the Black Hawk County Criminal Justice Information System has included all funds, organizations, agencies, boards, commissions and authorities. The System 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 System are such that exclusion would cause the System's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board 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 System 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 System. The System has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the System are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The System maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the System is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the System in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The System's deposits in credit unions at June 30, 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 the depositories to insure there will be no loss of public funds.

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

**(3) Services Agreement**

In October 2006, the System entered into an agreement with the Black Hawk County Consolidated Public Safety Communications Center (Center) to purchase the services of the Center's Administrative Aide to perform all recordkeeping and other administrative duties for the System. Pursuant to the agreement, the Center will direct the Administrative Aide to work an average of five hours per week on behalf of the System. The System will reimburse the Center quarterly for the cost of the Administrative Aide's hourly wage and related payroll costs. During the year ended June 30, 2013, the System paid \$3,273 to the Center under this agreement.

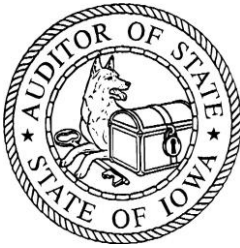
**(4) Risk Management**

The System 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. The System assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards**

**Black Hawk County Criminal Justice Information System**



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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 a Financial Statement Performed in Accordance with  
Government Auditing Standards

To the Officials of the Black Hawk County  
Criminal Justice Information System:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2013, and the related Notes to Financial Statement, and have issued our report thereon dated November 25, 2013. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Black Hawk County Criminal Justice Information System's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Black Hawk County Criminal Justice Information System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Black Hawk County Criminal Justice Information System'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 a material misstatement of the Black Hawk County Criminal Justice Information System's financial statement 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 a 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 over financial reporting we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item (A), we consider to be a significant deficiency.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Black Hawk County Criminal Justice Information System's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the System's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the System. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


## Black Hawk County Criminal Justice Information System's Responses to the Findings


The Black Hawk County Criminal Justice Information System's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Black Hawk County Criminal Justice Information System's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## 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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Black Hawk County Criminal Justice Information System during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 25, 2013

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2013

**Finding Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCY:**

- (A) Bank Reconciliations – Bank reconciliations are performed on a monthly basis and are reviewed by an independent person. However, certain months were not reviewed timely or the independent review was not evidenced by the date of the review.

Recommendation – The independent review of the bank reconciliations should be completed timely and the review should be evidenced by the date of the review.

Response – We will monitor and send reconciliation sooner or find a new person to review, if necessary. We will also have the reviewer write the date of review.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 12, 1979 were noted.
- (2) Travel Expense – No disbursements of System money for travel expenses of spouses of System officials or employees were noted.
- (3) Board Minutes – No transactions were found that we believe should have been approved in the System’s minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the System’s investment policy were noted.
- (5) Business Transactions – No business transactions between the System and System officials or employees were noted.
- (6) Electronic Checks – The System does not receive copies of the back of electronically retained checks from the bank as required by Chapter 554D.114(5) of the Code of Iowa.

Recommendation – The System should obtain electronic copies of the backs of checks from the bank in accordance with Chapter 554D.114(5) of the Code of Iowa.

Response – We will have the bank forward the canceled checks to the independent person reviewing the bank reconciliations for review on a monthly basis. The independent person will add them to the monthly reporting files when returning them to Black Hawk County Criminal Justice Information System after review.

Conclusion – Response accepted.

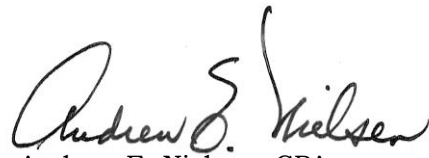
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Black Hawk County Criminal Justice Information System

Staff

This audit was performed by:

Timothy D. Houlette, CPA, Manager  
Jessica L. Barloon, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State