



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

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Mary Mosiman, CPA  
Auditor of State

NEWS RELEASE

FOR RELEASE

March 17, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the South Central Iowa Regional E-911 Service Board.

Mosiman reported the Service Board had total receipts of \$616,916 for the year ended June 30, 2013, a 64% decrease from the prior year. The receipts included land line and wireless surcharge fees of \$614,951 and interest on investments of \$1,965.

Disbursements for the year ended June 30, 2013 totaled \$1,639,266, a 95% increase over the prior year, and included \$1,065,330 for capital improvements, \$300,216 for E911 phone calls and cable expansion and \$99,510 for debt payments.

The significant decrease in receipts and increase in disbursements is due primarily to receiving general obligation bond proceeds during fiscal year 2012 which were disbursed during fiscal year 2013 for E-911 system capital improvements.

A copy of the audit report is available for review in the South Central Iowa Regional E-911 Service Board's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1314-0801-B00F.pdf>.

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**SOUTH CENTRAL IOWA REGIONAL E-911 SERVICE BOARD**

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

**JUNE 30, 2013**

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## South Central Iowa Regional E-911 Service Board

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
<b>(Before January 2013)</b>		
Paul Welch	Board Chairman	Madison County
Dennis Denton	Board Member	Adair County
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Phyllis Mullen	Board Member	Adams County
Karen Benson	Board Member	Clarke County
Amy Barker (Resigned Sep 2012)	Board Member	Clarke County
Chuck Cleveland	Board Member	Guthrie County
Michael Ware	Board Member	Taylor County
Josh Weed	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Bige Fienhage	Board Member	Union County
Angela Henry	Board Member	Madison County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Joni Walston	Administrator	
<b>(After January 2013)</b>		
Paul Welch	Board Chairman	Madison County
Dennis Denton	Board Member	Adair County
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Phyllis Mullen	Board Member	Adams County
Karen Benson	Board Member	Clarke County
Shirley Jackson	Board Member	Clarke County
Chuck Cleveland	Board Member	Guthrie County
Nate Bucher	Board Member	Taylor County
Dani Gray	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Bige Fienhage	Board Member	Union County
Angela Henry	Board Member	Madison County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Joni Walston	Administrator	

**South Central Iowa Regional E-911 Service Board**



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Independent Auditor's Report

To the Members of the South Central  
Iowa Regional E-911 Service Board:

Report on the Financial Statement

We have audited the accompanying financial statement of the South Central Iowa Regional E-911 Service Board 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 a 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 Service Board'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 Service Board'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 South Central Iowa Regional E-911 Service Board 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 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 February 26, 2014 on our consideration of the South Central Iowa Regional E-911 Service Board'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 South Central Iowa Regional E-911 Service Board's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 26, 2014

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

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The South Central Iowa Regional E-911 Service Board (Service Board) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Service Board is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Service Board's financial statement, which follows.

### **2013 FINANCIAL HIGHLIGHTS**

- ◆ The Service Board's operating receipts increased 18%, or \$92,310, from fiscal year 2012 to fiscal year 2013.
- ◆ The Service Board's non-operating disbursements include \$99,510 paid to Guthrie County to pay the general obligation bonds issued by the County for the Service Board and \$1,065,330 of disbursements for E-911 system capital improvements.
- ◆ The Service Board's cash balance decreased 67%, or \$1,022,350, from June 30, 2012 to June 30, 2013.

### **USING THIS ANNUAL REPORT**

The South Central Iowa Regional E-911 Service Board 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 Service Board'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 Service Board's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Service Board's financial statement. The annual report consists of a financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Service Board's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Service Board's operating receipts and disbursements, non-operating receipts and disbursements and whether the Service Board'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.
- Other Information further explains and supports the financial statement with a comparison of the Service Board's budget for the year.

## FINANCIAL ANALYSIS OF THE SERVICE BOARD

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

The purpose of the statement is to present the receipts received by the Service Board and the disbursements paid by the Service Board. The statement also presents a fiscal snapshot of the Service Board's cash balance at year end. Over time, readers of the financial statement are able to determine the Service Board's financial position by analyzing the increases and decreases in the Service Board's cash balance.

Operating receipts are received on a quarterly basis for surcharges added to each land phone line and each wireless phone. These fees are received from the telephone companies or the State of Iowa for phones within the participating counties of the Service Board. Operating disbursements are paid to operate the E-911 emergency telephone assistance system. Non-operating receipts are for interest on investments and bond proceeds from Guthrie County to fund E-911 system capital improvements. Non-operating disbursements are for E-911 system capital improvements and payments to Guthrie County to pay the general obligation bonds issued by the County for the Service Board. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2013 and June 30, 2012 is as follows:

	Changes in Cash Balance	
	Year ended June 30	
	2013	2012
Operating receipts:		
Land line and wireless surcharge fees	\$ 614,951	522,641
Operating disbursements:		
Signs and equipment	87,489	175,145
Administration	86,721	86,426
E-911 phone calls and cable expansion	300,216	176,744
Total operating disbursements	474,426	438,315
Excess of operating receipts over operating disbursements	140,525	84,326
Non-operating receipts (disbursements):		
Interest on investments	1,965	3,131
General obligation bond proceeds received from Guthrie County	-	1,188,430
Capital improvements	(1,065,330)	(401,856)
Debt payments	(99,510)	-
Total non-operating receipts (disbursements)	(1,162,875)	789,705
Change in cash balance	(1,022,350)	874,031
Cash balance beginning of year	1,534,148	660,117
Cash balance end of year	\$ 511,798	1,534,148
<b>Cash Basis Fund Balance</b>		
Restricted for:		
E-911 services	\$ 403,254	747,574
Capital improvements	108,544	786,574
Total cash basis fund balance	\$ 511,798	1,534,148

The Service Board's cash balance is used in the routine operations of the Service Board and for E-911 system capital improvements.

In fiscal year 2013, operating receipts increased \$92,310, or 18%. The increase was primarily a result of legislation passed which increased surcharge rates for wireless telephones. In fiscal year 2013, operating disbursements increased \$36,111, or 8%, over fiscal year 2012. The increase is primarily due to an increase in telephone charges. The Service Board replaced circuits on its system during the year and it was necessary to have both the old and new circuits in operation for a period of time.

### **BUDGETARY HIGHLIGHTS**

The Service Board prepares a budget on the cash basis of accounting. The Service Board amended its budget twice during the year ended June 30, 2013. The amendments were necessary for costs associated with capital improvements to replace the existing E-911 system and debt service payments associated with the general obligation bonds issued by Guthrie County for the Service Board.

The Service Board's receipts were \$83,916 more than budgeted. The variance was the result of the legislation passed which increased surcharge rates for wireless telephones.

Total disbursements were \$223,136 less than budgeted. Although \$1,167,193 was budgeted for capital improvements, only \$1,065,330 of the cost to replace the existing E-911 system was paid during the year ended June 30, 2013.

### **LONG-TERM DEBT**

During the year ended June 30, 2012, the Service Board received general obligation bond proceeds of \$1,188,430 from Guthrie County. The County issued \$1,210,000 of bonds, net of \$21,570 of issuance costs, on behalf of the Service Board to fund the replacement of the existing E-911 system. The Service Board agreed to pay the County the principal and interest on the general obligation bonds as they come due. The Service Board paid \$99,510 in principal and interest during the year ended June 30, 2013. At June 30, 2013, the Service Board had \$1,140,000 of debt outstanding. Additional information about the debt is presented in Note 6 to the financial statement.

### **ECONOMIC FACTORS**

The Service Board continued to improve its financial position during the current fiscal year. A large factor in this is the surcharge income from wireless phones. Some of the realities that may potentially become challenges for the Service Board to meet are:

- ◆ Facilities and equipment require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ◆ Increase in monthly maintenance costs.
- ◆ Mapping changes to include cities, rural and county information, as well as participating bordering counties.

The Service Board anticipates the completion of the capital improvements to the E-911 system during fiscal year 2014 and will continue to maintain a close watch over resources to maintain the Board's ability to react to unknown issues.

### **CONTACTING THE SERVICE BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Service Board's finances and to show the Service Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the South Central Iowa Regional E-911 Service Board, Attn: Joni Walston, Administrator, 411 Central Avenue, P.O. Box 14, Bedford, Iowa 50833.

## **Financial Statement**

South Central Iowa Regional E-911 Service Board

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2013

Operating receipts:	
Land line and wireless surcharge fees	\$ 614,951
Operating disbursements:	
Signs and equipment repair	87,489
Administration	86,721
E-911 phone calls and cable expansion	300,216
Total operating disbursements	<u>474,426</u>
Excess of operating receipts over operating disbursements	<u>140,525</u>
Non-operating receipts (disbursements):	
Interest on investments	1,965
Capital improvements	(1,065,330)
Debt payments	(99,510)
Total non-operating receipts (disbursements)	<u>(1,162,875)</u>
Change in cash balance	(1,022,350)
Cash balance beginning of year	<u>1,534,148</u>
Cash balance end of year	<u><u>\$ 511,798</u></u>
<b>Cash Basis Fund Balance</b>	
Restricted for:	
E-911 services	\$ 403,254
Capital improvements	108,544
Total cash basis fund balance	<u><u>\$ 511,798</u></u>

See notes to financial statement.

South Central Iowa Regional E-911 Service Board

Notes to Financial Statement

June 30, 2013

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

The South Central Iowa Regional E-911 Service Board was formed in 1991 pursuant to the provisions of Chapters 28E and 34A of the Code of Iowa. The Service Board is to provide public safety service to the citizens of Adair, Adams, Clarke, Guthrie, Madison, Taylor and Union Counties.

The Service Board is composed of two representatives from each participating County. One shall be a representative of the County Board of Supervisors and the other shall be a representative of the County E-911 Service Board. Each representative has one vote and each representative may have an alternate who can vote in the member's absence.

A. Reporting Entity

For financial reporting purposes, the South Central Iowa Regional E-911 Service Board has included all funds and organizations. The Service Board 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 Service Board are such that exclusion would cause the Service Board's financial statements 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 Service Board 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 Service Board. The Service Board has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Service Board are organized as an Enterprise Fund. Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

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 Service Board maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Service Board 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 financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Service Board's deposits in banks 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 Service Board 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 Service Board; 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 Service Board had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Risk Management**

The Service Board is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Service Board's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Service Board's contributions to the Pool for the year ended June 30, 2013 were \$13,169.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring

specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Service Board also carries commercial insurance purchased from other insurers for coverage associated with an employee blanket bond in the amount of \$50,000. The Service Board assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(4) Compensated Absences**

The Service Board's employee accumulates a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. This accumulation is not recognized as a disbursement by the Service Board until used or paid. The Service Board's approximate liability for earned vacation payable to its employee was approximately \$2,700 at June 30, 2013. This liability has been computed based on the rate of pay in effect at June 30, 2013.

**(5) Commitments**

On October 5, 2011, the Service Board signed a contract with RACOM Corporation to replace the equipment and software of the existing E-911 system. The total project cost is \$1,562,049. During the year ended June 30, 2012, the Service Board made a 25% down payment of \$390,512. During the year ended June 30, 2013, the Service Board made payments of \$1,062,993 for work completed during the year. The balance of \$108,544 will be paid as work on the contract progresses.

**(6) General Obligation E-911 Bonds**

In February 2012, Guthrie County issued general obligation E-911 bonds on behalf of the Service Board for acquisition of equipment. The County forwarded the net bond proceeds to the Service Board. The Service Board has agreed to pay the County the principal and interest on the general obligation bonds as they come due. During the year ended June 30, 2013, the Service Board paid Guthrie County \$99,510 for current year bond principal, interest and fees. Details of the Service Board's June 30, 2013 obligation for the County's general obligation E-911 bond indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	0.65%	\$ 75,000	22,570	97,570
2015	1.00	75,000	22,083	97,083
2016	1.00	75,000	21,333	96,333
2017	1.45	75,000	20,583	95,583
2018	1.80	75,000	19,495	94,495
2019-2023	1.80-2.50	405,000	76,798	481,798
2024-2027	2.50-2.85	360,000	25,780	385,780
Total		\$ 1,140,000	208,642	1,348,642

## **Other Information**

South Central Iowa Regional E-911 Service Board

Budgetary Comparison Schedule of Receipts, Disbursements and  
Changes in Balances - Budget and Actual (Cash Basis)

Year Ended June 30, 2013

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Receipts:</b>				
Land line and wireless surcharge fees	\$ 614,951	330,000	330,000	284,951
Miscellaneous	1,965	203,000	203,000	(201,035)
Total receipts	616,916	533,000	533,000	83,916
<b>Disbursements:</b>				
Signs and equipment repair	87,489	225,851	225,851	138,362
Administration	86,721	88,187	88,187	1,466
E-911 phone calls and cable expansion	300,216	175,000	299,658	(558)
Capital improvements	1,065,330	14,000	1,167,193	101,863
Debt service	99,510	100,143	81,513	(17,997)
Total disbursements	1,639,266	603,181	1,862,402	223,136
Excess (deficiency) of receipts over (under) disbursements	(1,022,350)	(70,181)	(1,329,402)	307,052
Balance beginning of year	1,534,148	222,170	222,170	1,311,978
Balance end of year	\$ 511,798	151,989	(1,107,232)	1,619,030

See accompanying independent auditor's report.

South Central Iowa Regional E-911 Service Board

Notes to Other Information – Budgetary Reporting

June 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41.

In accordance with the Code of Iowa, the Service Board annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutory prescribed procedures.

During the year, two budget amendments increased budgeted disbursements by \$1,259,221.

Formal and legal budgetary control is based on total disbursements. During the year ended June 30, 2013, total disbursements did not exceed the amount budgeted.

**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**

**South Central Iowa Regional E-911 Service Board**



**OFFICE OF AUDITOR OF STATE**  
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Mary Mosiman, CPA  
Auditor of State

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 Members of the South Central  
Iowa Regional E-911 Service Board:

We have audited 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, the financial statement of the South Central Iowa Regional E-911 Service Board as of and for the year ended June 30, 2013, and the related Notes to Financial Statement, and have issued our report thereon dated February 26, 2014. 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 South Central Iowa Regional E-911 Service Board'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 South Central Iowa Regional E-911 Service Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Regional E-911 Service Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

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 South Central Iowa Regional E-911 Service Board's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Iowa Regional E-911 Service Board'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.

### South Central Iowa Regional E-911 Service Board's Responses to the Findings

The South Central Iowa Regional E-911 Service Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The South Central Iowa Regional E-911 Service Board'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 Service Board'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 Service Board'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 South Central Iowa Regional E-911 Service Board 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

February 26, 2014

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. The cash receipts listing, bank depositing and posting cash receipts to the cash receipts journal are all done by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Service Board should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Service Board members, to provide additional control through review of financial transactions, reconciliations and reports. Reviews performed by independent persons should be evidenced by the signature or initials of the reviewer and the date of the review.

Response – The Service Board feels the duties are segregated accordingly as well as they can be. There is no money available to hire a second person for the purpose of segregating checks. Currently, one location does receive all surcharge checks and deposits them into the bank account. The check stubs and all information received with these are sent to the Treasurer for records. Records are kept in two places and bank notices are sent to two employees in two different locations so all are aware of accounts.

Conclusion – Response acknowledged. The Service Board should utilize current personnel, including Service Board members, to provide additional control through review of financial transactions, reconciliations and reports without hiring additional personnel.

- (B) Bank Reconciliations – The Service Board's book balances are reconciled to the bank balances monthly. However, the reconciliations and outstanding check lists are not retained. Also, since the bank statements do not cut off on the last day of the month, the book to bank reconciliations are not performed at the end of the month.

Recommendation – To improve financial accountability and control, the book and bank balances should be reconciled monthly and the reconciliations and outstanding check lists should be retained. Any variances should be investigated and resolved in a timely manner. Also, the bank statements should report the cash balance for the last day of the month.

Response – The Administrator lists the outstanding transactions on each meeting printout of the accounts. We have also requested a new cutoff date from the bank but was told it cannot be done.

Conclusion – Response acknowledged. Bank statements should report the cash balance for the last day of the month so bank balances reconcile to the financial statement balances on the last day of the month. If the month end information is not provided by the bank, the Service Board should consider changing banks.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2013

- (C) Credit Card – The Service Board has a credit card for use by the Service Board employee. The Service Board has not established a formal policy to regulate the use of the credit card and to establish procedures for the proper accounting of credit card charges.

Recommendation – The Service Board should adopt a formal written policy regulating the use of the Service Board’s credit card. The policy, at minimum, should address who controls the credit card, who is authorized to use the credit card and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – A credit card policy was established when the Service Board approved a credit card initially. The Administrator will advise the Service Board to review and formally adopt one for the handbook.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2013

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

- (1) Budget – Disbursements during the year ended June 30, 2013 did not exceed the amount budgeted.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of Service Board money for travel expenses of spouses of Service Board officials or employees were noted.
- (4) Bond Coverage – Surety bond coverage of Service Board officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (5) Board Minutes – No transactions were found that we believe should have been approved in the Service Board minutes but were not.
- (6) 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 Service Board's investment policy were noted.

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South Central Iowa Regional E-911 Service Board

Staff

This audit was performed by:

Suzanne R. Dahlstrom, CPA, Manager  
Ryan T. Jelsma, Staff 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