



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

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NEWS RELEASE

FOR RELEASE _____ February 10, 2017 _____

Contact: Andy Nielsen
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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 \$1,344,860 for the year ended June 30, 2016, a 9.2% increase over the prior year. The receipts included land line and wireless surcharge fees of \$864,895 and state reimbursement grants of \$467,333.

Disbursements for the year ended June 30, 2016 totaled \$1,281,846, a 22.1% increase over the prior year, and included \$598,007 for capital improvements, \$258,176 for E-911 phone calls and cable expansion and \$256,489 for signs and equipment repair.

The significant increase in disbursements is due to increased equipment maintenance costs and a statewide GIS mapping project.

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 <https://auditor.iowa.gov/reports/1614-0801-B00F>.

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SOUTH CENTRAL IOWA REGIONAL E-911 SERVICE BOARD

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

JUNE 30, 2016

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South Central Iowa Regional E-911 Service Board

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
(Before January 2016)		
Dennis Denton	Board Chairman	Adair County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Merlin Dixon	Board Member	Adams County
Bill Black	Board Member	Clarke County
Shirley Jackson	Board Member	Clarke County
Chuck Cleveland	Board Member	Guthrie County
Angela Henry	Board Member	Madison County
Paul Welch	Board Member	Madison County
Nate Bucher	Board Member	Taylor County
Dani Gray	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Bige Fienhage (Resigned Aug 2015)	Board Member	Union County
Paul VerMeer (Appointed Sept 2015)	Board Member	Union County
Diane Sefrit	Administrator	
(After January 2016)		
Dennis Denton	Board Chairman	Adair County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Merlin Dixon	Board Member	Adams County
Bill Black	Board Member	Clarke County
Shirley Jackson	Board Member	Clarke County
Robert Kempf	Board Member	Guthrie County
Angela Henry	Board Member	Madison County
Paul Welch	Board Member	Madison County
Nate Bucher	Board Member	Taylor County
Dani Gray	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Paul VerMeer (Resigned Mar 2016)	Board Member	Union County
Mark Williams (Appointed Apr 2016)	Board Member	Union County
Diane Sefrit	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, 2016, 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, 2016, 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, the Budgetary Comparison information, the Schedule of the Service Board's Proportionate Share of the Net Pension Liability and the Schedule of Service Board Contributions on pages 7 through 9 and 21 through 26, 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 January 13, 2017 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

January 13, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2016. We encourage readers to consider this information in conjunction with the Service Board's financial statement, which follows.

2016 FINANCIAL HIGHLIGHTS

- The Service Board's operating receipts increased 0.8%, or \$7,067, from fiscal year 2015 to fiscal year 2016. The Service Board's operating disbursements increased 25%, or \$117,545, from fiscal year 2015 to fiscal year 2016.
- The Service Board's non-operating disbursements include \$96,933 paid to Guthrie County to pay the general obligation bonds issued by the County for the Service Board and \$598,007 for E-911 system capital improvement disbursements.
- The Service Board's cash balance increased 7.8%, or \$63,014, from June 30, 2015 to June 30, 2016.

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 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 cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the 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 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 and the Service Board's proportionate share of the net pension liability and related contributions.

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, both operating and non-operating. The statement also presents a fiscal snapshot of the 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 increase or decrease 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 grant receipts and interest on investments. 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, 2016 and June 30, 2015 is as follows:

	Changes in Cash Balance	
	Year ended June 30,	
	2016	2015
Operating receipts:		
Land line and wireless surcharge fees	\$ 864,895	857,828
Operating disbursements:		
Signs and equipment repair	256,489	157,196
Administration	72,241	69,865
E-911 phone calls and cable expansion	258,176	242,300
Total operating disbursements	586,906	469,361
Excess of operating receipts over operating disbursements	277,989	388,467
Non-operating receipts (disbursements):		
Interest on investments	2,227	1,265
Insurance reimbursement	10,345	-
State reimbursement grants	467,333	371,937
Miscellaneous	60	-
Capital improvements	(598,007)	(482,713)
Debt service	(96,933)	(97,682)
Total non-operating receipts (disbursements)	(214,975)	(207,193)
Change in cash balance	63,014	181,274
Cash balance beginning of year	809,920	628,646
Cash balance end of year	\$ 872,934	809,920
Cash Basis Fund Balance		
Restricted for E-911 services	\$ 872,934	809,920

The Service Board's cash balance is used in the routine operations of the Service Board and for E911 system capital improvements.

In fiscal year 2016, operating receipts increased \$7,067, or 0.8%. The increase was primarily a result of increased surcharge rates for wireless telephones. In fiscal year 2016, operating disbursements increased \$117,545, or 25%, over fiscal year 2015. The increase is primarily due to an increase in equipment maintenance and a statewide GIS mapping project.

BUDGETARY HIGHLIGHTS

The Service Board prepares a budget on the cash basis of accounting. The Service Board amended its budget once during the year ended June 30, 2016. The amendment was necessary for costs associated with capital improvements to upgrade the existing E-911 system.

The Service Board's receipts were \$485,760 more than budgeted. The variance was the result of an increase in land line and wireless surcharge fees and state grant money received during the fiscal year 2016.

Total disbursements were \$256,654 less than budgeted. Although \$705,000 was budgeted for capital improvements, \$598,007 was paid during the year ended June 30, 2016. Signs and equipment repair was budgeted at \$342,000, but only \$256,489 was paid during the year ended June 30, 2016.

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 \$96,333 for principal, interest and registrar fees during the year ended June 30, 2016. At June 30, 2016, the Service Board had \$915,000 of debt outstanding. Additional information about the debt is presented in Note 5 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 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: Diane Sefrit, Administrator, 404 Main Street, PO 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, 2016

Operating receipts:	
Land line and wireless surcharge fees	\$ 864,895
Operating disbursements:	
Signs and equipment repair	256,489
Administration	72,241
E-911 phone calls and cable expansion	258,176
Total operating disbursements	<u>586,906</u>
Excess of operating receipts over operating disbursements	<u>277,989</u>
Non-operating receipts (disbursements):	
Interest on investments	2,227
Insurance reimbursement	10,345
State reimbursement grants	467,333
Miscellaneous	60
Capital improvements	(598,007)
Debt service	(96,933)
Total non-operating receipts (disbursements)	<u>(214,975)</u>
Change in cash balance	63,014
Cash balance beginning of year	<u>809,920</u>
Cash balance end of year	<u>\$ 872,934</u>
Cash Basis Fund Balance	
Restricted for E-911 services	<u>\$ 872,934</u>

See notes to financial statement.

South Central Iowa Regional E-911 Service Board

Notes to Financial Statement

June 30, 2016

(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, organizations, agencies, boards, commissions and authorities. 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 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 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 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 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 Service Board in accordance with U.S. generally accepted accounting principles.

(2) Cash and Investments

The Service Board's deposits in banks at June 30, 2016 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 ensure 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. 72.

(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 746 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Service Board's contributions to the Pool for the year ended June 30, 2016 were \$13,268.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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 at June 30, 2016 was \$1,400. The liability has been computed based on rates of pay in effect at June 30, 2016.

(5) 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, 2016, the Service Board paid Guthrie County \$96,933 for current year bond principal, interest and fees. Details of the Service Board’s June 30, 2016 obligation for the County’s general obligation E-911 bond indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2017	1.45%	\$ 75,000	20,583	95,583
2018	1.45	75,000	19,495	94,495
2019	1.80	80,000	18,407	98,407
2020	1.80	80,000	16,968	96,968
2021	2.15	80,000	15,528	95,528
2022-2026	2.15 - 2.85	430,000	48,967	478,967
2027	2.85	95,000	2,708	97,708
Total		\$ 915,000	142,656	1,057,656

(6) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Service Board, except for those covered by another retirement system. Employees of the Service Board are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the 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, PO Box 9117, Des Moines, Iowa 50306-9117 or at 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.

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 exceeds 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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 0.25% for each month the member receives benefits before the member’s earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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 benefit 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 – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Service Board contributed 8.93% of covered payroll, for a total rate of 14.88%.

The Service Board's contributions to IPERS for the year ended June 30, 2016 totaled \$3,193.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Service Board reported a liability of \$18,863 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Service Board's proportion of the net pension liability was based on the Service Board's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Service Board's proportion was 0.000383%, which was an increase of 0.000003% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Service Board's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$1,591, \$3,632 and \$4,392, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 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 IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Service Board will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Service Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Service Board's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Service Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Service Board's proportionate share of the net pension liability	\$ 33,026	18,863	6,909

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(7) Salary Reimbursement to Taylor County

Taylor County processes the payroll for the employees of the South Central Iowa Regional E-911 Service Board. The South Central Iowa Regional E-911 Service Board then reimburses Taylor County for the wages and benefits for these employees paid through the County's payroll system. During the year ended June 30, 2016, the Service Board reimbursed the County \$47,185 for wages and benefits paid through the County's payroll system.

Other Information

South Central Iowa Regional E-911 Service Board

South Central Iowa Regional E-911 Service Board

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

Other Information

Year ended June 30, 2016

	Actual	Budgeted Amounts		Final
		Original	Final	to Actual Variance
Receipts:				
Land line and wireless surcharge fees	\$ 864,895	858,000	858,000	6,895
Interest	2,227	1,100	1,100	1,127
Miscellaneous	10,405	-	-	10,405
State grant reimbursements	467,333	-	-	467,333
Total receipts	1,344,860	859,100	859,100	485,760
Disbursements:				
Signs and equipment repair	256,489	237,000	342,000	85,511
Administration	72,241	79,500	79,500	7,259
E-911 phone calls and cable expansion	258,176	315,000	315,000	56,824
Capital improvements	598,007	5,000	705,000	106,993
Debt service	96,933	97,000	97,000	67
Total disbursements	1,281,846	733,500	1,538,500	256,654
Excess (deficiency) of receipts over (under) disbursements	63,014	125,600	(679,400)	742,414
Balance beginning of year	809,920	921,888	921,888	(111,968)
Balance end of year	\$ 872,934	1,047,488	242,488	630,446

See accompanying independent auditor's report.

South Central Iowa Regional E-911 Service Board

Notes to Other Information – Budgetary Reporting

June 30, 2016

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, one budget amendment increased budgeted disbursements by \$805,000.

Formal and legal budgetary control is based on total disbursements. During the year ended June 30, 2016, total disbursements did not exceed the amount budgeted.

South Central Iowa Regional E-911 Service Board

Schedule of the Service Board's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Two Fiscal Years*

Other Information

	2016	2015
Service Board's proportion of the net pension liability	0.000383%	0.000380%
Service Board's proportionate share of the net pension liability	\$ 18,863	15,394
Service Board's covered-employee payroll	\$ 34,401	47,828
Service Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	54.83%	32.19%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

South Central Iowa Regional E-911 Service Board

Schedule of Service Board Contributions

Iowa Public Employees' Retirement System
Last Nine Fiscal Years

Other Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 3,193	3,072	4,271	3,651
Contributions in relation to the statutorily required contribution	(3,193)	(3,072)	(4,271)	(3,651)
Contribution deficiency (excess)	\$ -	-	-	-
Service Board's covered-employee payroll	\$ 35,756	34,401	47,828	42,111
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

GASB Statement No. 68 requires ten years of information to be presented in this table.
Information for the year ended June 30, 2007 was not readily available.

See accompanying independent auditor's report

2012	2011	2010	2009	2008
3,280	2,801	2,692	2,493	2,204
(3,280)	(2,801)	(2,692)	(2,493)	(2,204)
-	-	-	-	-
40,644	40,302	40,481	39,260	36,430
8.07%	6.95%	6.65%	6.35%	6.05%

South Central Iowa Regional E-911 Service Board

Notes to Other Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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.

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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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 future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.



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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 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, 2016, and the related Notes to Financial Statement, and have issued our report thereon dated January 13, 2017. 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 a deficiency in internal control we consider to be a material weakness 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 statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

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 (B) 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. 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 Service Board's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Service Board. 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.

The 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

January 13, 2017

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2016

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

(A) SEGREGATION OF DUTIES

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Service Board’s financial statement.

Condition – One individual has control over receipts, including opening mail, collecting, depositing and posting.

Cause – The Service Board has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Service Board’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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 documented by the signature or initials of the reviewer and the date of the review.

Response – The Service Board feels the duties are segregated 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 the Treasurer for recording. 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.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2016

(B) CREDIT CARDS

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition - 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.

Cause – Adoption of a formal policy to regulate the use of credit cards has not been prioritized by the Service Board.

Effect – Lack of written policies and procedures to regulate the use of credit cards could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The Service Board should adopt a formal written policy regulating the use of the Service Board’s credit card. The policy, at a minimum, should address who controls the credit cards, 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 put in place 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.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2016

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 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.
- (7) Mileage Rate – Chapter 70A.9 of the Code of Iowa allows mileage reimbursements to be made in an amount no greater than the maximum allowable rate as established by the IRS. The per mile rate established for calendar year 2016 was \$0.54. However, in four instances, the Service Board reimbursed mileage at a rate of \$0.56 per mile.

Recommendation – Mileage rates should be paid in accordance with Chapter 70A.9 of the Code of Iowa.

Response – I am now aware the mileage rate is to be set with the IRS rate which I did not know about previously. I will be sure to check it in all future mileage reimbursements. I will ask the Board if they would like me to reimburse the Service Board.

Conclusion – Response accepted.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2016

- (8) Official Depository – A resolution naming official depositories has been adopted by the Service Board. The maximum deposit amount stated in the resolution for First National Bank was exceeded during the year ended June 30, 2016.

Recommendation – A new resolution in an amount sufficient to cover anticipated balances at the approved depository should be adopted by the Service Board.

Response – The maximum deposit was exceeded as a result of a grant program provided by the state. The grant program was effective for fiscal year 2016. I will bring this to the Board and see if they would like to amend the resolution.

Conclusion – Response accepted.

South Central Iowa Regional E-911 Service Board

Staff

This audit was performed by:

Tammy A. Hollingsworth, CIA, Manager
Alex N. Kawamura, CPA, 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