



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

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NEWS RELEASE

FOR RELEASE

June 23, 2008

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Auditor of State David A. Vaudt today released an audit report on the Webster County Metropolitan Law Enforcement Telecommunications Board for the years ended June 30, 2007 and June 30, 2006.

The Telecommunications Board has implemented new reporting standards for the years ended June 30, 2007 and June 30, 2006, with significant changes in content and structure of the financial statements. The new financial statements now include a Statement of Activities and Net Assets which provides information about the activities of the Telecommunications Board as a whole. Also included is Management's Discussion and Analysis of the Telecommunications Board's financial statements.

The Board had total receipts of \$375,418 and \$305,872 during the years ended June 30, 2007 and 2006, respectively. For the year ended June 30, 2007, receipts included member assessments of \$330,985 and Webster County E-911 Service Board fees of \$35,000. For the year ended June 30, 2006, receipts included member assessments of \$273,266 and Webster County E-911 Service Board fees of \$32,083.

Disbursements totaled \$335,924 and \$314,216 for the years ended June 30, 2007 and 2006, respectively. Disbursements for the year ended June 30, 2007 included salaries and benefits of \$292,362, maintenance of \$12,563 and terminal billings of \$10,334. Disbursements for the year ended June 30, 2006 included salaries and benefits of \$284,947, terminal billings of \$6,831 and utilities of \$5,878.

A copy of the audit report is available for review in the Webster County Metropolitan Law Enforcement Telecommunications Board office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**WEBSTER COUNTY METROPOLITAN LAW ENFORCEMENT
TELECOMMUNICATIONS BOARD**

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

JUNE 30, 2007 and JUNE 30, 2006

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Webster County Metropolitan Law Enforcement Telecommunications Board

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
June 30, 2007		
Brian Mickelson	Board Chairperson	Webster County
Doug Utley	Board Member	City of Fort Dodge
Penny Clayton	Board Member	City of Fort Dodge
Jane Burleson	Board Member	City of Fort Dodge
Al Conkling	Board Member	City of Badger
Bruce McCormack	Board Member	City of Gowrie
Joel Lizer	Board Member	Webster County
June 30, 2006		
Brian Mickelson	Board Chairperson	Webster County
Thomas Francis	Board Member	City of Fort Dodge
Penny Clayton	Board Member	City of Fort Dodge
Jane Burleson	Board Member	City of Fort Dodge
Al Conkling	Board Member	City of Badger
Bruce McCormack	Board Member	City of Gowrie
Joel Lizer	Board Member	Webster County

Webster County Metropolitan Law Enforcement Telecommunications Board



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Independent Auditor's Report

To the Members of the Webster County
Metropolitan Law Enforcement Telecommunications Board:

We have audited the accompanying financial statement of the Webster County Metropolitan Law Enforcement Telecommunications Board (Telecommunications Board) as of and for the years ended June 30, 2007 and June 30, 2006. This financial statement is the responsibility of the Telecommunications Board's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Webster County Metropolitan Law Enforcement Telecommunications Board as of June 30, 2007 and June 30, 2006, and the changes in its cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

As described in Note 7, the Telecommunications Board adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2008 on our consideration of the Telecommunications Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 9 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 9, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Webster County Metropolitan Law Enforcement Telecommunications Board provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Webster County Metropolitan Law Enforcement Telecommunications Board is for the fiscal years ended June 30, 2007 and 2006. We encourage readers to consider this information in conjunction with the Telecommunications Board's financial statement, which follows.

Because the Telecommunications Board is implementing new reporting standards for the fiscal year ended June 30, 2006 with significant changes in content and structure, much of the information is not easily comparable to prior years. Comparative data has been provided if available.

2007 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 22.3%, or approximately \$68,000, from fiscal 2006 to fiscal 2007.
- ◆ Operating disbursements increased 6.9%, or approximately \$21,700, from fiscal 2006 to fiscal 2007.
- ◆ Cash basis net assets increased 361%, or approximately \$39,500, from June 30, 2006 to June 30, 2007.

2006 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 6.2%, or approximately \$17,900, from fiscal 2005 to fiscal 2006.
- ◆ Operating disbursements increased 7%, or approximately \$20,500, from fiscal 2005 to fiscal 2006.
- ◆ Cash basis net assets decreased 43.3%, or approximately \$8,300, from June 30, 2005 to June 30, 2006.

USING THIS ANNUAL REPORT

The Telecommunications 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 is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

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

FINANCIAL ANALYSIS OF THE TELECOMMUNICATIONS BOARD

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

The purpose of the statement is to present the receipts received by the Telecommunications Board and the disbursements paid by the Telecommunications 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 Telecommunications Board’s cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for assessments from the members of the Telecommunications Board and E-911 Service Board fees. Operating disbursements are disbursements paid to operate the Call Center. Non-operating receipts are for interest on investments. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2007, 2006 and 2005 are presented below:

	Year ended June 30,		
	2007	2006	2005 (unaudited)
Operating receipts:			
Member assessments	\$ 330,985	273,266	278,358
Webster County E-911 Service Board fees	35,000	32,083	8,750
Miscellaneous	7,545	182	563
Total operating receipts	<u>373,530</u>	<u>305,531</u>	<u>287,671</u>
Operating disbursements:			
Salaries and benefits	292,362	284,947	260,966
Terminal billings	10,334	6,831	7,406
Utilities	6,763	5,878	7,024
Office supplies	3,282	4,307	2,336
Insurance	5,571	3,808	6,544
Maintenance	12,563	4,247	6,429
Accounting services	2,195	2,490	1,898
Miscellaneous	2,854	1,708	1,115
Total operating disbursements	<u>335,924</u>	<u>314,216</u>	<u>293,718</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	37,606	(8,685)	(6,047)
Non-operating receipts:			
Interest on investments	1,888	341	90
Change in cash basis net assets	39,494	(8,344)	(5,957)
Cash basis net assets beginning of year	<u>10,937</u>	<u>19,281</u>	<u>25,238</u>
Cash basis net assets end of year	<u>\$ 50,431</u>	<u>10,937</u>	<u>19,281</u>

In fiscal 2007, operating receipts increased \$67,999, or 22.3%, over fiscal 2006. The increase was primarily a result of a 21% increase in member assessments and an insurance reimbursement of \$7,545 for repairs to a siren tower due to a lightning strike. In fiscal 2007, operating disbursements increased \$21,708, or 6.9%, over fiscal 2006. The increase in disbursements was primarily due to increased personnel costs, an increased rate for monthly terminal billings from the Iowa Department of Public Safety and the repair to the siren tower due to the lightning strike.

In fiscal 2006, operating receipts increased \$17,860, or 6.2%, over fiscal 2005. The increase was primarily a result of the Telecommunications Board taking over the duties of the Webster County E-911 Service Board in February 2005 and receiving fees for the entire fiscal year. In fiscal 2006, operating disbursements increased \$20,498, or 7%, from fiscal 2005. The increase in disbursements was primarily due to increased personnel costs.

DEBT ADMINISTRATION

At June 30, 2007, the Telecommunications Board had no long-term debt outstanding.

ECONOMIC FACTORS

The financial position of the Telecommunications Board improved in the current fiscal year as member assessments increased net assets. The current condition of the economy in the state continues to be a concern for Telecommunications Board officials. Some of the realities that may potentially become challenges for the Telecommunications Board to meet are:

- ◆ Cost of living increases.
- ◆ Increasing cost of insurance.
- ◆ The cost of benefits for long-term employees.

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

CONTACTING THE TELECOMMUNICATIONS BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Telecommunications Board's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Webster County Metropolitan Law Enforcement Telecommunications Board, 702 1st Avenue S., Fort Dodge, Iowa 50501.

Webster County Metropolitan Law Enforcement Telecommunications Board

Financial Statement

Exhibit A

Webster County Metropolitan Law Enforcement Telecommunications Board

Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Net Assets

As of and for the years ended June 30, 2007 and June 30, 2006

	Year ended June 30,	
	2007	2006
Operating receipts:		
Member assessments	\$ 330,985	273,266
Webster County E-911 Service Board fees	35,000	32,083
Miscellaneous	7,545	182
Total operating receipts	<u>373,530</u>	<u>305,531</u>
Operating disbursements:		
Salaries and benefits	292,362	284,947
Terminal billings	10,334	6,831
Utilities	6,763	5,878
Office supplies	3,282	4,307
Insurance	5,571	3,808
Maintenance	12,563	4,247
Accounting services	2,195	2,490
Miscellaneous	2,854	1,708
Total operating disbursements	<u>335,924</u>	<u>314,216</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	37,606	(8,685)
Non-operating receipts:		
Interest on investments	<u>1,888</u>	<u>341</u>
Change in cash basis net assets	39,494	(8,344)
Cash basis net assets beginning of year	<u>10,937</u>	<u>19,281</u>
Cash basis net assets end of year	<u>\$ 50,431</u>	<u>10,937</u>
Cash Basis Net Assets		
Unrestricted	<u>\$ 50,431</u>	<u>10,937</u>

See notes to financial statement.

Webster County Metropolitan Law Enforcement Telecommunications Board

Notes to Financial Statement

June 30, 2007 and 2006

(1) Summary of Significant Accounting Policies

The Webster County Metropolitan Law Enforcement Telecommunications Board was formed in 1975 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Telecommunications Board is to provide uniform law enforcement and emergency communications to the citizens of Webster County.

The Telecommunications Board is composed of two representatives appointed by the Webster County Board of Supervisors, three representatives appointed by the Fort Dodge City Council and two representatives appointed from the remaining member cities. The participating cities are Badger, Barnum, Callender, Clare, Dayton, Duncombe, Fort Dodge, Gowrie, Harcourt, Lehigh, Moorland, Otho and Vincent.

A. Reporting Entity

For financial reporting purposes, the Telecommunications Board has included all funds and organizations. The Telecommunications 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 Telecommunications Board are such that exclusion would cause the Telecommunications 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 Telecommunications 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 Telecommunications Board. The Telecommunications Board has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Telecommunications 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 Webster County Metropolitan Law Enforcement Telecommunications Board maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Telecommunications 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 the financial position and results of operations of the Telecommunications Board in accordance with U.S. generally accepted accounting principles.

(2) Cash and Investments

The Telecommunications Board's deposits in banks at June 30, 2007 and June 30, 2006 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 Telecommunications 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 Telecommunications 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.

At June 30, 2007 and June 30, 2006, the Telecommunications Board had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$48,004 and \$1,018, respectively, pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Public Agency Investment Trust is unrated for credit risk purposes.

(3) Pension and Retirement Benefits

The Telecommunications Board contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Telecommunications Board is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Telecommunications Board's contributions to IPERS for the years ended June 30, 2007 and 2006 were \$14,651 and \$14,487, respectively, equal to the required contribution for each year.

(4) Operating Lease Agreement

The Telecommunications Board entered into a lease for a copy machine during the fiscal year end June 30, 2007. The lease has been classified as an operating lease. The lease expires during the fiscal year ending June 30, 2012.

The following is a schedule of future minimum rental payments required under the operating lease which has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2007:

Year Ending June 30,	Total
2008	\$ 2,184
2009	2,016
2010	2,016
2011	2,016
2012	1,008
Total	\$ 9,240

Rental disbursements for the year ended June 30, 2007 totaled \$840.

(5) Risk Management

The Telecommunications Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Telecommunications Board assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

(6) Compensated Absences

The Telecommunications Board's employees accumulate 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 Telecommunications Board until used or paid. The Telecommunications Board's approximate liability for earned vacation payable to employees at June 30, 2007 and June 30, 2006 was \$9,800 and \$9,400, respectively. This liability has been computed based on rates of pay in effect at June 30, 2007 and June 30, 2006, respectively.

(7) Accounting Change

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2006. The statements create new basic financial statements for reporting the Telecommunications Board's financial activities.

Implementation of these standards had no effect on the beginning balance of the Telecommunications Board.

Webster County Metropolitan Law Enforcement Telecommunications Board



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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 Webster County
Metropolitan Law Enforcement Telecommunications Board:

We have audited the accompanying financial statement of the Webster County Metropolitan Law Enforcement Telecommunications Board as of and for the years ended June 30, 2007 and June 30, 2006, and have issued our report thereon dated May 9, 2008. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Webster County Metropolitan Law Enforcement Telecommunications Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Webster County Metropolitan Law Enforcement Telecommunications Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Webster County Metropolitan Law Enforcement Telecommunications Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Telecommunications Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Telecommunications Board's financial statement that is more than inconsequential will not be prevented or detected by the Telecommunications Board's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statement will not be prevented or detected by the Telecommunications Board's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A), (B) and (C) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Webster County Metropolitan Law Enforcement Telecommunications Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Telecommunications Board's operations for the years ended June 30, 2007 and June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Telecommunications 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.

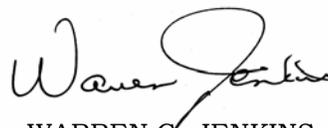
The Webster County Metropolitan Law Enforcement Telecommunications Board's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Telecommunication Board's responses, we did not audit the Webster County Metropolitan Law Enforcement Telecommunications Board's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Webster County Metropolitan Law Enforcement Telecommunications Board and other parties to whom the Telecommunications Board may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Webster County Metropolitan Law Enforcement Telecommunications 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 9, 2008

Webster County Metropolitan Law Enforcement Telecommunications Board

Schedule of Findings

Years ended June 30, 2007 and June 30, 2006

Findings Related to the Financial Statement:

Significant 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. We noted the following:
- (1) The duties of billing members for assessments, recording collections, preparing deposits and reconciling book and bank balances are performed by a single individual.
 - (2) Detailed accounts receivable records are not maintained by someone independent of collecting and recording receipts.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Telecommunications Board should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of various reviews should be indicated by initials of the independent reviewer and the date of the review.

Response – We are going to try to have a Telecomm meeting once a month and we will be writing up a policy on payment of bills. We have been having a monthly meeting to go over receipts.

Conclusion – Response acknowledged. Duties should be segregated to obtain the maximum internal control possible under the circumstances.

- (B) Disbursements – Disbursements were not always reviewed and authorized prior to payment. From our review of 29 disbursement transactions, all lacked evidence of review and/or authorization prior to submission to the accounting service for processing and payment, one claim was not supported by an invoice and there is no standardized form for documenting travel expenditures.

Recommendation – Claims for disbursement should be properly supported and approved prior to processing. A standardized travel claim should be implemented to properly document travel expenditures for review prior to reimbursement.

Response – We are going to try to have a Telecomm meeting once a month and we will be writing up a policy on payment of bills. We are putting together a policy that will advise what we will pay as far as meals, mileage, and hotel.

Conclusion – Response accepted.

- (C) Payroll – Time cards were not always approved and initialed by the employee's supervisor or a responsible official. From our review of 30 payroll transactions, we found 24 time cards lacked approval by the employee's supervisor or a responsible official, one time card indicated fewer hours worked than was used to calculate the employee's payroll and three payroll amounts paid were calculated using an incorrect hourly rate of pay.

Webster County Metropolitan Law Enforcement Telecommunications Board

Schedule of Findings

Years ended June 30, 2007 and 2006

Recommendation – Timecards for all employees should be reviewed and signed by the employee’s immediate supervisor or a responsible official prior to processing payroll each pay period. The amount paid should be closely monitored to ensure the proper hourly rate of pay is used to calculate payroll.

Response – Employee timesheets are now being signed by the employee and the supervisor. The rates of pay have been corrected and are based on the union contract.

Conclusion – Response accepted.

- (D) Authorized Check Signers – Former members of the Telecommunications Board have not been removed from the bank signature cards.

Recommendation – Authorized check signers should be restricted to current Telecommunications Board members or employees. All bank signature cards should be updated to include only current Board members or employees.

Response – The bank signature card has now been updated.

Conclusion – Response accepted.

- (E) Financial Information Responsibility – An accounting service provides bank reconciliation, financial statement preparation, payroll processing and bill payment services for the Telecommunications Board. The Telecommunications Board’s records lack evidence the bank reconciliations, financial statements, including adjusting journal entries, or payroll reports are reviewed by Telecommunications Board personnel for accuracy and completeness.

Recommendation – The Telecommunications Board should review the financial and payroll information, including adjusting journal entries, provided by the accounting service monthly for accuracy and completeness and this review should be evidenced by initials of the reviewer and the date of the review.

Response – The Telecommunications Board has received monthly financial statements during fiscal year 2008 and have been reviewing them.

Conclusion – Response accepted. The review should be documented by initialing and dating.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Webster County Metropolitan Law Enforcement Telecommunications Board

Schedule of Findings

Years ended June 30, 2007 and June 30, 2006

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – Certain disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Flower memorial for funeral	\$ 48
Travel reimbursement included an alcoholic beverage	<u>5</u>
Total	<u>\$ 53</u>

According to the opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and improper purpose is very thin.

Recommendation – The Telecommunications Board should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the Telecommunications Board should establish written policies and procedures, including requirements for proper documentation.

Response – The Telecommunications Board will take up collections or use employee pop can money for future memorials. The payment for the alcoholic beverage was an oversight of the Telecommunications Board.

Conclusion – Response accepted.

- (2) Travel Expense – No disbursements of Telecommunications Board money for travel expenses of spouses of Board officials or employees were noted.
- (3) Business Transactions – No business transactions between the Telecommunications Board and Telecommunications Board officials or employees were noted.
- (4) Board Minutes – No transactions were found that we believe should have been approved in the Telecommunications Board minutes but were not. The official minutes were not properly signed and lacked evidence of approval of the budget, approval of a photocopy machine lease, approval of the call center supervisor’s annual salary and approval of monthly disbursements.

Article IX, Section 3 of the 28E agreement requires Telecommunications Board meetings to be held not less than once each month and at such times as the Chairman and/or Vice-Chairman shall call for. Telecommunications Board meetings have not been held monthly.

Webster County Metropolitan Law Enforcement Telecommunications Board

Schedule of Findings

Years ended June 30, 2007 and 2006

Recommendation – The official minutes of the Telecommunications Board meetings should be signed to authenticate the actions taken and include the approval of budget, salaries, expenditures and all other significant actions taken by the Telecommunications Board.

The Telecommunications Board should meet monthly as outlined by the agreement or consider amending Article IX of the 28E agreement.

Response – The Telecommunications Board will attempt to meet monthly, provide more detailed minutes, and Telecommunications Board Secretary will properly sign the minutes.

Conclusion – Response accepted.

- (6) Deposits and Investments – Except as noted below, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted.

The Telecommunications Board has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The Telecommunications Board should adopt a written investment policy to comply with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – The Telecommunications Board is looking into writing an investment policy.

Conclusion – Response acknowledged.

Webster County Metropolitan Law Enforcement Telecommunications Board

Staff

This audit was performed by:

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Deputy Auditor of State