



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

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NEWS RELEASE

FOR RELEASE February 24, 2003

Contact: Andy Nielsen
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The Office of Auditor of State today released an audit report on the South Central Iowa Regional E-911 Service Board.

The Service Board had total receipts of \$735,544 for the year ended June 30, 2002, an 11% increase over 2001. The receipts included \$455,159 in surcharge fees, \$242,618 from the statewide enhanced wireless 911 service plan, and \$37,602 in interest on investments. The Board had total receipts of \$659,805 during the year ended June 30, 2001, which included surcharge fees of \$460,356 and interest on investments of \$4,532.

Disbursements for the year totaled \$400,887, which included \$101,180 for signs and equipment, \$112,366 for E-911 phone calls and cable expansion, \$89,634 for administration, and \$97,407 for loan principal and interest. Disbursements totaled \$541,305 for the year ended June 30, 2001, which included \$223,469 for signs and equipment, \$116,210 for E-911 phone calls and cable expansion, \$101,534 for administration and \$100,092 for loan principal and interest payments.

A copy of the audit report is available for review in the office of the Auditor of State and the Guthrie County South Central Regional E-911 Service Board's Secretary's office.

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SOUTH CENTRAL REGIONAL E-911 SERVICE BOARD

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS**

JUNE 30, 2002 AND 2001

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South Central Iowa Regional E-911 Service Board

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Bob Derrickson	Board Chairman	Madison County
Randy Marchant	Board Member	Adair County
John Van Fleet	Board Member	Adair County
Merlin Dixon	Board Member	Adams County
Phyllis Mullen	Board Member	Adams County
Stephen L. Niebur	Board Member	Clarke County
Karen Benson	Board Member	Clarke County
Charles Cleveland	Board Member	Guthrie County
Paul D. Welch	Board Member	Madison County
Mick Ware	Board Member	Taylor County
Lonnie Weed	Board Member	Taylor County
Bob Brown	Board Member	Union County
Roger Nurnberg	Board Member	Union County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
David E. Holben	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:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the South Central Iowa Regional E-911 Service Board as of and for the years ended June 30, 2002 and 2001. These financial statements are the responsibility of the Service Board officials. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 that our audits provide a reasonable basis for our opinion.

As described in note 1, these financial statements were 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 statements referred to above present fairly, in all material respects, the results of the cash transactions of the South Central Iowa Regional E-911 Service Board as of and for the years ended June 30, 2002 and 2001, and its indebtedness at June 30, 2002 and 2001 on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2002 on 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 and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 4, 2002

South Central Iowa Regional E-911 Service Board

Financial Statements

Exhibit A

South Central Iowa Regional E-911 Service Board

Statements of Cash Transactions

Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Receipts:		
Telephone surcharge fees	\$ 455,159	460,356
Statewide enhanced wireless 911 service plan	242,618	102,703
GTE surcharge settlement	-	86,082
Interest on investments	37,602	4,532
Miscellaneous	165	6,132
Total receipts	<u>735,544</u>	<u>659,805</u>
Disbursements:		
Surcharge account:		
Signs and equipment	101,180	194,326
Administration	89,634	101,534
E-911 phone calls and cable expansion	112,366	116,210
Debt service:		
Principal	60,000	60,000
Interest	37,407	40,092
Registrar fees	300	-
Operating account:		
Signs and equipment	-	29,143
Total disbursements	<u>400,887</u>	<u>541,305</u>
Excess of receipts over disbursements	334,657	118,500
Balance beginning of year	<u>333,561</u>	<u>215,061</u>
Balance end of year	<u>\$ 668,218</u>	<u>333,561</u>

See notes to financial statements.

South Central Iowa Regional E-911 Service Board

Comparison of Receipts, Disbursements and Changes in Balances -

Actual to Budget

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)
Receipts:			
Telephone surcharge fees	\$ 697,777	720,000	(22,223)
Miscellaneous	37,767	8,500	29,267
Total receipts	<u>735,544</u>	<u>728,500</u>	7,044
Disbursements:			
E-911 Surcharge account	400,887	445,000	44,113
Excess of receipts over expenditures	334,657	283,500	<u>51,157</u>
Balance beginning of year	<u>333,561</u>	<u>314,397</u>	
Balance end of year	<u>\$ 668,218</u>	<u>597,897</u>	

See notes to financial statements.

South Central Iowa Regional E-911 Service Board

Statement of Indebtedness

Years ended June 30, 2002 and 2001

Obligation	Date of Issue	Interest Rates
Year ended June 30, 2002: Loan agreement - Guthrie County: E-911 Operating	April 15, 1999	4 - 4.75%
Year ended June 30, 2001: Loan agreement - Guthrie County: E-911 Operating	April 15, 1999	4 - 4.75%

See notes to financial statements.

<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
\$ 955,000	<u>840,000</u>	-	60,000	780,000	37,407
\$ 955,000	<u>900,000</u>	-	60,000	840,000	40,092

South Central Iowa Regional E-911 Service Board

Notes to Financial Statements

June 30, 2002 and 2001

(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 the region which includes Adair, Adams, Clarke, Guthrie, Madison, Taylor, and Union Counties.

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

A. Reporting Entity

For financial reporting purposes, the South Central Iowa Regional E-911 Service Board has included all funds and organizations. The Service Board has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Service Board are such that exclusion would cause the Service Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Service Board to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Service Board. The Service Board has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Accounting

The South Central Iowa Regional E-911 Service Board maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Service Board are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

C. Budgets and Budgetary Accounting

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

(2) Cash and Investments

The Service Board's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Service Board is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Service Board; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Service Board had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement Number 3.

(3) Loan Agreement

On April 15, 1999, the South Central Iowa Regional E-911 Service Board entered into a loan agreement with Guthrie County for assistance in financing the repayment of debt and specific improvements and upgrades for the E-911 service system. The agreement provided for Guthrie County to sell \$955,000 of general obligation E-911 notes on behalf of the Service Board. The Service Board received \$936,402 under the loan agreement.

The loan agreement was entered into pursuant to authority contained in Chapters 331.402 and 331.443 of the Code of Iowa. The intention of the South Central Iowa Regional E-911 Service Board and the County is to repay the loan exclusively from the E-911 service surcharge fees.

The Service Board is required to make semi-annual payments on June 1 and December 1 in each year through 2012.

A summary of the South Central Iowa Regional E-911 Service Board's June 30, 2002 loan indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	4.20%	\$ 65,000	34,918	99,918
2004	4.25	65,000	32,187	97,187
2005	4.30	70,000	29,425	99,425
2006	4.35	75,000	26,415	101,415
2007	4.40	75,000	23,152	98,152
2008	4.45	80,000	19,853	99,853
2009	4.55	80,000	16,293	96,293
2010	4.60	85,000	12,653	97,653
2011	4.70	90,000	8,743	98,743
2012	4.75	95,000	4,512	99,512
Total		<u>\$ 780,000</u>	<u>208,151</u>	<u>988,151</u>

During the year ended June 30, 2002, \$60,000 of the loan was repaid to Guthrie County.

(4) Risk Management

South Central Iowa Regional E-911 Service 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 Service 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.



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**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

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

We have audited the financial statements of the South Central Iowa Regional E-911 Service Board, Iowa as of and for the year ended June 30, 2002, and have issued our report thereon dated December 4, 2002. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the South Central Iowa Regional E-911 Service Board's financial statements are 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 that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Service Board's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements 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 prior year comment has been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the South Central Iowa Regional E-911 Service Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the South Central Iowa Regional E-911 Service Board and other parties to whom the Service 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 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.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 4, 2002

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2002

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were identified.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2002

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been approved by the Service Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.
- (2) Certified Budget - Disbursements during the year ended June 30, 2002, did not exceed the amount budgeted.
- (3) Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense - No disbursements of Service Board money for travel expenses of spouses of Service Board officials or employees were noted.
- (5) Business Transactions - No business transactions between the Service Board and Service Board officials or employees were noted.
- (6) 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 that the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Service Board minutes but were not.
- (8) 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 policies were noted.

South Central Iowa Regional E-911 Service Board

Staff

This audit was performed by:

Pamela J. Bormann, CPA, Manager
Ernest H. Ruben CPA, Senior Auditor II
M. Crystal A. Berg CPA, Staff Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State