



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE March 29, 2004

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on the Black Hawk County Criminal Justice Information System.

The System had total receipts of \$246,858 during the year ended June 30, 2003, a ten percent decrease from the prior year. The receipts included \$63,251 in county assessments and \$137,528 in city assessments.

Vaudt also reported the System's disbursements totaled \$271,718 for the year ended June 30, 2003, a three percent decrease from the prior year, and included \$116,884 for equipment, \$38,773 for telephone lines and \$37,356 for software support.

A copy of the audit report is available for review in the Office of Auditor of State and the Black Hawk County Criminal Justice Information System's office.

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BLACK HAWK COUNTY CRIMINAL JUSTICE INFORMATION SYSTEM

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

JUNE 30, 2003

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Black Hawk County Criminal Justice Information System

Officials

<u>Name</u>	<u>Title</u>
Richard Ahlstrom, Chief, Cedar Falls	Board Chair
Michael Burke, Chief, Evansdale Police Department	Board Vice Chair
Thomas Jennings, Chief, Waterloo Police Department	Board Member
Mike Kubik, Black Hawk County Sheriff	Board Member
Barb Krizek, City of Waterloo representative	Board Member
John Mardis, Mayor, City of Evansdale	Board Member
Larry Feaker, Chief, LaPorte City Police Department	Board Member
Barbara Leestamper, Black Hawk County Board of Supervisors Appointee	Board Member
Linda Nilges, First Judicial District Court Administrator	Board Member
Cathy Rolf	Administrative Coordinator

Black Hawk County Criminal Justice Information System



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Independent Auditor's Report

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

We have audited the accompanying statement of cash transactions of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2003. This financial statement is the responsibility of the System's management. Our responsibility is to express an opinion on this financial statement based on our audit.

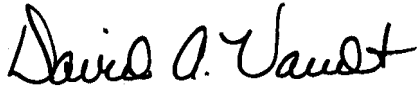
We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require 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 that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement is 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 aforementioned statement of cash transactions presents fairly, in all material respects, the results of the cash transactions of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2003 on the basis of accounting described in note 1.

As discussed in Note 5, the Black Hawk County Criminal Justice Information System intends to implement 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; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the System's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the System's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated March 2, 2004 on our consideration of the Black Hawk County Criminal Justice Information System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 2, 2004

Financial Statement

Exhibit A

Black Hawk County Criminal Justice Information System

Statement of Cash Transactions

Year ended June 30, 2003

Receipts:

Assessments from:

Black Hawk County	\$ 63,251
City of Waterloo	74,452
City of Cedar Falls	39,633
City of Evansdale	20,500
City of La Porte City	2,943

Consolidated Communications Center participation:

Black Hawk County	9,600
City of Gilbertville	1,200
City of Hudson	1,200

Interest on investments	2,597
Intelligent transportation system grant	19,759
Refunds and reimbursements	<u>11,723</u>
Total receipts	<u>246,858</u>

Disbursements:

System operation:

Equipment	116,884
Maintenance	10,210
Software support	37,356
Training	7,879
Telephone lines	38,773
Supplies	13,540
Contractual services	7,270

Office operation:

Salaries and benefits	25,618
Professional services	2,086
Other office operations	<u>12,102</u>
Total disbursements	<u>271,718</u>

Deficiency of receipts under disbursements	(24,860)
Balance beginning of year	<u>95,594</u>
Balance end of year	<u>\$ 70,734</u>

See notes to financial statement.

Black Hawk County Criminal Justice Information System

Notes to Financial Statement

June 30, 2003

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, the Black Hawk County Criminal Justice Information System has included all funds, organizations, agencies, boards, commissions and authorities. The System has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the System to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the System. The System has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Accounting

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

(2) Deposits

The System's deposits at June 30, 2003 and throughout the fiscal year were held in a credit union in amounts in excess of the amount covered by federal depository insurance. The System maintained an appropriate letter of credit as security for the excess deposits in accordance with Chapter 12C of the Code of Iowa.

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

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

(3) Pension and Retirement Benefits

The Black Hawk County Criminal Justice Information System 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 covered salary and the System is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The System's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$1,299, \$1,259, and \$1,144, respectively, equal to the required contributions for each year.

(4) Risk Management

The Black Hawk County Criminal Justice Information System is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The System assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(5) Prospective Accounting Change

The Governmental Accounting Standards Board has issued 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; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of the System's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the System's financial activities.



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

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

We have audited the financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2003, and have issued our report thereon dated March 2, 2004. 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, 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 Black Hawk County Criminal Justice Information System's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 System's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Black Hawk County Criminal Justice Information System. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Black Hawk County Criminal Justice Information System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Black Hawk County Criminal Justice Information System's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings.

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 statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have not been resolved.

This report, a public record by law, is intended solely for the information of the members and customers of the Black Hawk County Criminal Justice Information System and other parties to whom the System 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 Black Hawk County Criminal Justice Information System during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 2, 2004

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2003

Findings Related to the Financial Statement:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Receipts - The System did not maintain a receipts journal to record and classify each receipt for the fiscal year.

Recommendation - A receipts journal should be maintained to properly record and classify all collections.

Response - We will make the appropriate changes to become in compliance with this recommendation.

Conclusion - Response accepted.

- (B) Receipts - The System endorsed a state warrant to a business for the payment of equipment instead of depositing the warrant in the bank and issuing a check for the equipment purchased. This matter was resolved for audit purposes.

Recommendation - All receipts and disbursements should be recorded in the System's books.

Response - The System will make the appropriate changes.

Conclusion - Response accepted.

- (C) Monthly Reconciling - The System does not prepare a monthly report that supports the cash balance. While the current monthly book balance report includes actual disbursements for the month, it includes budgeted receipts for the year.

Recommendation - The System should prepare a monthly report based on actual receipts and actual disbursements for the month that supports the actual cash balance on hand or in a financial institution at the end of the month.

Response - The System will make the appropriate changes in an expedient manner.

Conclusion - Response accepted.

- (D) Vacation and Sick Leave Policy and Procedures - The System has not adopted a written vacation and sick leave policy. Although the System maintains detailed records of vacation and sick leave earned and used, it is not reviewed for accuracy by an independent person.

Recommendation - The System should adopt a written vacation and sick leave policy and should implement procedures to ensure an independent person periodically reviews the vacation and sick leave balances for accuracy.

Response - The System will form a committee to develop a formal policy.

Conclusion - Response accepted.

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2003

Findings Related to Required Statutory Reporting:

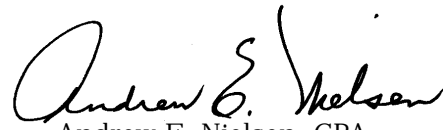
- (1) Official Depositories - A resolution naming official depositories has been adopted by the Black Hawk County Criminal Justice Information System. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Questionable Disbursements - No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 12, 1979.
- (3) Travel Expense - No disbursements of money for travel expenses of spouses of System officials or employees were noted.
- (4) Board Minutes - No transactions were found that we believe should have been approved in the System's minutes but were not.
- (5) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the System's investment policy were noted.
- (6) Business Transactions - No business transactions between the System and System officials or employees were noted.

Black Hawk County Criminal Justice Information System

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Billie Jo Heth, Staff Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State