



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

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NEWS RELEASE

FOR RELEASE \_\_\_\_\_ May 22, 2012

Contact: Andy Nielsen  
515/281-5834

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

Vaudt reported the Service Board had total receipts of \$545,313 for the year ended June 30, 2011, a 1.5% decrease from the prior year. The receipts included \$540,534 in land line and wireless surcharge fees and \$4,779 in interest on investments.

Disbursements for the year ended June 30, 2011 totaled \$396,356, a 1.4% increase from the prior year. Disbursements included \$142,746 for signs and equipment, \$129,916 for administration and \$123,694 for E911 phone calls and cable expansion.

A copy of the audit report is available for review in the South Central Iowa Regional E-911 Service Board's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1114-0801-B00F.pdf>.

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

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

**JUNE 30, 2011**

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

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
<b>(Before January 2011)</b>		
Paul Welch	Board Chairman	Madison County
Dennis Denton	Board Member	Adair County
Steve Shelley	Board Member	Adair County
Bill Lyddon	Board Member	Adams County
Phyllis Mullen	Board Member	Adams County
Karen Benson	Board Member	Clarke County
Marty Duffus	Board Member	Clarke County
Marty Arganbright	Board Member	Guthrie County
Michael Ware	Board Member	Taylor County
Lonnie Weed	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Robert Jansen	Board Member	Union County
Angela Henry	Board Member	Madison County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Joni Walston	Administrator	
<b>(After January 2011)</b>		
Paul Welch	Board Chairman	Madison County
Dennis Denton	Board Member	Adair County
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Phyllis Mullen	Board Member	Adams County
Karen Benson	Board Member	Clarke County
Cindy West	Board Member	Clarke County
Chuck Cleveland	Board Member	Guthrie County
Michael Ware	Board Member	Taylor County
Josh Weed	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Robert Jansen	Board Member	Union County
Angela Henry	Board Member	Madison County
Stephen Patterson	Board Secretary/Treasurer	Guthrie County
Joni Walston	Administrator	

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



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Independent Auditor's Report

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

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, 2011. This financial statement is the responsibility of the Service Board's management. Our responsibility is to express an opinion on the financial statement based on our audit.

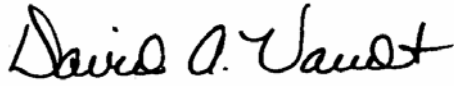
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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.

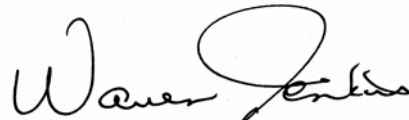
In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the South Central Iowa Regional E-911 Service Board as of June 30, 2011, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated April 24, 2012 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 9 and 16 through 17 are not a required part of the financial statement, but are 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 required 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

April 24, 2012



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

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The South Central Iowa Regional E-911 Service Board (Service Board) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Service Board is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Service Board's financial statement, which follows.

### **2011 FINANCIAL HIGHLIGHTS**

- ◆ The Service Board's total receipts decreased 1.5%, or \$8,497, from fiscal year 2010 to fiscal year 2011.
- ◆ The Service Board's total disbursements increased 1.4%, or \$5,522, from fiscal year 2010 to fiscal year 2011.
- ◆ The Service Board's total cash basis net assets increased 29.1%, or \$148,957, from June 30, 2010 to June 30, 2011.

### **USING THIS ANNUAL REPORT**

The South Central Iowa Regional E-911 Service Board has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the Service Board's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Service Board's cash basis of accounting.

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

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Board's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Service Board's receipts and disbursements and whether the Service Board's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.
- Required Supplementary Information further explains and supports the financial statement with a comparison of the Service Board's budget for the year.

## FINANCIAL ANALYSIS OF THE SERVICE BOARD

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

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

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. Disbursements are paid to operate the E-911 emergency telephone assistance system. Other receipts and disbursements are for interest on investments and administration. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2011 and June 30, 2010 are presented below:

	Year ended June 30	
	2011	2010
Operating receipts:		
Land line and wireless surcharge fees	\$ 540,534	548,905
Operating disbursements:		
Signs and equipment	142,746	139,727
Administration	129,916	131,042
E-911 phone calls and cable expansion	123,694	120,065
Total operating disbursements	<u>396,356</u>	<u>390,834</u>
Excess of operating receipts over operating disbursements	144,178	158,071
Non-operating receipts:		
Interest on investments	<u>4,779</u>	4,905
Change in cash basis net assets	148,957	162,976
Cash basis net assets beginning of year	<u>511,160</u>	<u>348,184</u>
Cash basis net assets end of year	<u>\$ 660,117</u>	<u>511,160</u>
<b>Cash Basis Net Assets</b>		
Restricted:		
E-911 services	<u>\$ 660,117</u>	<u>511,160</u>

The Service Board's net assets are used in the routine operations of the Service Board and for capital improvements to the E-911 system.

In fiscal year 2011, operating receipts decreased \$8,371, or 1.5%. The decrease was primarily a result of decreased landline surcharge fees collected. In fiscal year 2011, operating disbursements increased \$5,522, or 1.4%, from fiscal year 2010. The increase is primarily due to increases in rates the Service Board was charged for equipment maintenance and an increase in telephone charges paid in fiscal year 2011.

## **BUDGETARY HIGHLIGHTS**

The Service Board prepares a budget on the cash basis of accounting. The Service Board did not amend its budget during the year ended June 30, 2011.

The Service Board's receipts were \$687 less than budgeted.

Total disbursements were \$29,905 less than budgeted. This was primarily due to anticipated increases in maintenance agreements that did not occur during the year ended June 30, 2011.

## **LONG-TERM DEBT**

At June 30, 2011, the Service Board had no outstanding indebtedness.

## **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 on going 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.
- ◆ Trends away from land lines, which provide a \$1 monthly surcharge, towards wireless, which provide a 65 cent monthly surcharge.

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

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

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

**Financial Statement**

## South Central Iowa Regional E-911 Service Board

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

As of and for the year ended June 30, 2011

Operating receipts:	
Land line and wireless surcharge fees	<u>\$ 540,534</u>
Operating disbursements:	
Signs and equipment	142,746
Administration	129,916
E-911 phone calls and cable expansion	123,694
Total operating disbursements	<u>396,356</u>
Excess of operating receipts over operating disbursements	144,178
Non-operating receipts:	
Interest on investments	<u>4,779</u>
Change in cash basis net assets	148,957
Cash basis net assets beginning of year	<u>511,160</u>
Cash basis net assets end of year	<u><u>\$ 660,117</u></u>
<b>Cash Basis Net Assets</b>	
Restricted:	
E-911 services	<u><u>\$ 660,117</u></u>

See notes to financial statement.

South Central Iowa Regional E-911 Service Board

Notes to Financial Statement

June 30, 2011

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

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Service Board maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Service Board is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Service Board's deposits in banks at June 30, 2011 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The Service Board had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Risk Management**

The Service Board is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Service Board's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Service Board's contributions to the Pool for the year ended June 30, 2011 were \$12,661.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up

to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

**(4) Compensated Absences**

The Service Board's employee accumulates a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. This accumulation is not recognized as a disbursement by the Service Board until used or paid. The Service Board's approximate liability for earned vacation payable to its employee was \$2,000 at June 30, 2011. This liability has been computed based on the rate of pay in effect at June 30, 2011.

**(5) Operating Lease**

The Service Board formerly leased its office facility for a five year period ended May 31, 2010 under an agreement requiring minimum monthly rental payments of \$465, adjusted annually for the change in the Consumer Price Index (inflation). The lease is classified as an operating lease and, accordingly, all rents are charged as disbursements. The lease also requires the payment of normal maintenance and insurance on the property. After the lease ended on May 31, 2010, the Service Board began paying rent on a month to month basis.

Total rental disbursements for the year ended June 30, 2011 for the operating lease were \$5,580.

**(6) Subsequent Events**

On October 5, 2011, the Service Board signed a contract with RACOM Corporation to replace the equipment and software of the existing E-911 system. The total project cost is set at \$1,562,049. At the October 26, 2011 Board meeting, the Service Board made a 25% down payment of \$390,512 and agreed the remaining amount of the project will be financed through bonds of approximately \$1,175,000. Guthrie County will issue the bonds on behalf of the Service Board.



**Required Supplementary Information**

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South Central Iowa Regional E-911 Service Board

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

Year Ended June 30, 2011

	<u>Actual</u>	<u>Original/ Final Budget</u>	<u>Final to Actual Variance</u>
Receipts:			
Land line and wireless surcharge fees	\$ 540,534	540,000	534
Miscellaneous	4,779	6,000	(1,221)
Total receipts	<u>545,313</u>	<u>546,000</u>	<u>(687)</u>
Disbursements:			
Signs and equipment	142,746	170,000	27,254
Administration	129,916	136,261	6,345
E-911 phone calls and cable expansion	123,694	120,000	(3,694)
Total disbursements	<u>396,356</u>	<u>426,261</u>	<u>29,905</u>
Excess of receipts over expenditures	148,957	119,739	29,218
Balance beginning of year	<u>511,160</u>	<u>135,500</u>	<u>375,660</u>
Balance end of year	<u>\$ 660,117</u>	<u>255,239</u>	<u>404,878</u>

See accompanying independent auditor's report.

South Central Iowa Regional E-911 Service Board

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2011

The budgetary comparison is presented as Required Supplementary Information 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, there were no budget amendments.

Formal and legal budgetary control is based on total disbursements. During the year ended June 30, 2011, disbursements did not exceed the amount budgeted.

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



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Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA  
Auditor of State

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards

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

We have audited the accompanying financial statement of the South Central Iowa Regional E-911 Service Board as of and for the year ended June 30, 2011, and have issued our report thereon dated April 24, 2012. 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

Management of the South Central Iowa Regional E-911 Service Board is responsible for establishing and maintaining effective 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 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 South Central Iowa Regional E-911 Service Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Regional E-911 Service 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the South Central Iowa Regional E-911 Service Board's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

## Compliance and Other Matters

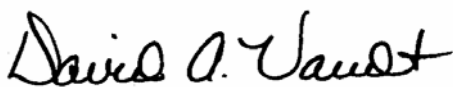
As part of obtaining reasonable assurance about whether the South Central Iowa Regional E-911 Service Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance 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, 2011 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.

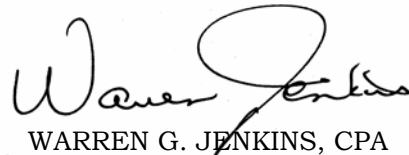
The South Central Iowa Regional E-911 Service Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the South Central Iowa Regional E-911 Service Board's responses, we did not audit the South Central Iowa Regional E-911 Service 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 South Central Iowa Regional E-911 Service Board and other parties to whom the Service Board may report and 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.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

April 24, 2012

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

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

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

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

Conclusion – Response acknowledged. The Service Board should utilize current personnel, including Service Board members, to provide additional control through review of financial transactions, reconciliations and reports.

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

Recommendation – To improve financial accountability and control, the book and bank balances should be reconciled monthly and the reconciliations should be retained. Any variances should be investigated and resolved in a timely manner. A listing of outstanding checks should be prepared each month and retained. Also, the bank statements should cut off on the last day of the month.

Response – The administrator lists the outstanding transactions on each meeting printout of the accounts and recently installed Quicken to have the reconciliation report for each month.

Conclusion – Response acknowledged. Bank statements should be cut off on the last day of the month so bank balances reconcile to the financial statement balances on the last day of the month.

South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2011

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

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

Response – The Service Board will take this into consideration and will adopt a policy at a future meeting.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



South Central Iowa Regional E-911 Service Board

Schedule of Findings

Year ended June 30, 2011

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2011 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) Business Transactions – No business transactions between the Service Board and Service Board officials or employees were noted.
- (5) 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.
- (6) Board Minutes – No transactions were found that we believe should have been approved in the Service Board minutes but were not.
- (7) 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.
- (8) Depository Resolution – The Service Board was unable to locate an approved depository resolution.

Recommendation – The Service Board should establish and approve a depository resolution.

Response – The recommendation will be taken to the Service Board.

Conclusion – Response accepted.

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South Central Iowa Regional E-911 Service Board

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Manager  
Ryan A. Yeager, CPA, Assistant 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