



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE March 29, 2005

Contact: Andy Nielsen  
515/281-5834

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

The System's receipts totaled \$249,913 for the year ended June 30, 2004, a 1% increase from the prior year. The receipts included \$74,643 in county assessments and \$148,219 in city assessments.

Disbursements for the year totaled \$206,804, a 24% decrease from the prior year, and included \$52,313 for equipment, \$35,960 for telephone lines and \$30,471 for salaries and benefits. The significant decrease in disbursements is due primarily to fewer equipment purchases.

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 AND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2004**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Managements Discussion and Analysis	7-9
Financial Statement:	Exhibit
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	A 12
Notes to Financial Statement	13-15
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting	17-18
Schedule of Findings	19-20
Staff	21

## **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
Thomas Little, Black Hawk County Board of Supervisors Appointee	Board Member
Linda Nilges, First Judicial District Court Administrator	Board Member
Cathy Anderson	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 financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2004. The 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 our audit provides a reasonable basis for our opinion.

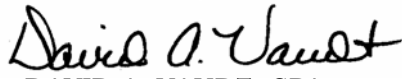
As described in Note 1, the financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

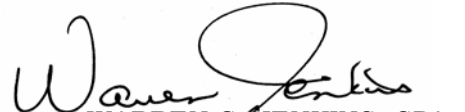
In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Black Hawk County Criminal Justice Information System as of June 30, 2004 and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 5, during the year ended June 30, 2004, the Black Hawk County Criminal Justice Information System 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; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2005 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.

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 thereon.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 1, 2005

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

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The Black Hawk County Criminal Justice Information System provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Black Hawk County Criminal Justice Information System is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the System's financial statement, which follows.

### **2004 FINANCIAL HIGHLIGHTS**

- Operating receipts increased 1%, or \$3,133, from fiscal 2003 to fiscal 2004.
- Operating disbursements decreased \$64,914, or 24%, from fiscal 2003 to fiscal 2004.
- Cash basis net assets increased 61%, or \$43,109, from June 30, 2003 to June 30, 2004.

### **USING THIS ANNUAL REPORT**

The System 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 System'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 this 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, the reader 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 System's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the System's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the System's operating receipts and disbursements, non-operating receipts and disbursements and whether the System'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.



## FINANCIAL ANALYSIS OF THE SYSTEM

### *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 System and the disbursements paid by the System, both operating and non-operating. The statement also presents a fiscal snapshot of the System's cash basis balance at year end. Over time, readers of the financial statement are able to determine the System's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for services provided the member agencies for their computer information networks. The Black Hawk County Criminal Justice Information System helps provide and maintain effective and efficient data processing operations to meet the operational and management information needs of the criminal justice agencies. Operating disbursements are disbursements paid to operate the information system. Non-operating receipts are for interest on investments. A summary of cash receipts, disbursements and changes in cash balances for the years ended June 30, 2004 and 2003 are presented below:

	2004	2003
Operating receipts:		
Assessments from:		
Black Hawk County	\$ 74,643	63,251
City of Waterloo	84,452	74,452
City of Cedar Falls	42,500	39,633
City of Evansdale	18,300	20,500
City of La Porte City	2,967	2,943
Consolidated Communications Center participation:		
Black Hawk County	9,904	9,600
City of Dunkerton	171	-
City of Gilbertville	171	1,200
City of Hudson	854	1,200
Intelligent transportation system grant	-	19,759
Refunds and reimbursements	13,432	11,723
Total operating receipts	<u>247,394</u>	<u>244,261</u>
Operating disbursements:		
System operation:		
Equipment	52,313	116,884
Maintenance	696	10,210
Software support	30,182	37,356
Training	7,611	7,879
Telephone lines	35,960	38,773
Supplies	12,617	13,540
Contractual services	26,877	7,270
Office operation:		
Salaries and benefits	30,471	25,618
Professional services	1,825	2,086
Other office operations	8,252	12,102
Total operating disbursements	<u>206,804</u>	<u>271,718</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	40,590	(27,457)
Non operating receipts:		
Interest on investments	<u>2,519</u>	<u>2,597</u>
Change in cash basis net assets	43,109	(24,860)
Cash basis net assets beginning of year	<u>70,734</u>	<u>95,594</u>
Cash basis net assets end of year	<u>\$ 113,843</u>	<u>70,734</u>

In fiscal 2004, operating receipts increased by \$3,133, or 1%.

In fiscal 2004, operating disbursements decreased by \$64,914, or 24%, from fiscal 2003 due to fewer equipment purchases in fiscal 2004.

### **DEBT ADMINISTRATION**

At June 30, 2004, the System had no long-term debt outstanding.

### **ECONOMIC FACTORS**

The Black Hawk County Criminal Justice Information System continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for System officials. Some of the realities that may potentially become challenges for the System to meet are:

- Computer equipment and software require constant maintenance and updating.
- Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.

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

### **CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cathy Anderson, Administrative Coordinator of Black Hawk County Criminal Justice Information System, P.O. Box 1806, Waterloo, Iowa 50703.

**Black Hawk County Criminal Justice Information System**

**Financial Statement**

**Exhibit A**

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## Black Hawk County Criminal Justice Information System

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

As of and for the year ended June 30, 2004

Operating receipts:	
Assessments from:	
Black Hawk County	\$ 74,643
City of Waterloo	84,452
City of Cedar Falls	42,500
City of Evansdale	18,300
City of La Porte City	2,967
Consolidated Communications Center participation:	
Black Hawk County	9,904
City of Dunkerton	171
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Contractual services	26,877
Office operation:	
Salaries and benefits	30,471
Professional services	1,825
Other office operations	<u>8,252</u>
Total operating disbursements	<u>206,804</u>
Excess of operating receipts over operating disbursements	40,590
Non operating receipts:	
Interest on investments	<u>2,519</u>
Change in cash basis net assets	43,109
Cash basis net assets beginning of year	<u>70,734</u>
Cash basis net assets end of year	<u>\$ 113,843</u>
<b>Cash Basis Net Assets</b>	
Unrestricted	<u>\$ 113,843</u>

See notes to financial statement.

Black Hawk County Criminal Justice Information System

Notes to Financial Statement

June 30, 2004

**(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 Presentation

The accounts of the System 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 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, 2004 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 for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The System's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$1,337, \$1,299 and \$1,259 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) Accounting Change**

For the year ended June 30, 2004, the System implemented 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.

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



**Black Hawk County Criminal Justice Information System**



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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, 2004, and have issued our report thereon dated March 1, 2005. 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.

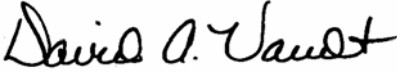
Comments involving statutory and other legal matters about the System's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Black Hawk County Criminal Justice Information System. Since our 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.


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. 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 statement 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 compliance and its operation that we considered to be material weaknesses.

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 1, 2005

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2004

**Findings Related to the Financial Statement:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2004

**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, 2004.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 12, 1979 were noted.
- (3) Travel Expense – No disbursements of System 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 pooled 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.

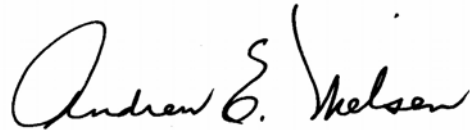
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Black Hawk County Criminal Justice Information System

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Richard C. Brown, CGFM, Senior 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".

Andrew E. Nielsen, CPA  
Deputy Auditor of State