

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

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Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0006

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ February 25, 2020

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an audit report on the South Central Iowa Regional 911 Service Board.

**FINANCIAL HIGHLIGHTS:**

The Board's receipts totaled \$1,628,109 for the year ended June 30, 2019, a 46.8% increase over the prior year. Disbursements for the year ended June 30, 2019 totaled \$1,100,667, a 68.9% increase over the prior year. The significant increase in the receipts and disbursements is due primarily to the receipt of a state grant for the purchase and upgrade of 911 equipment in all seven participating counties.

**AUDIT FINDINGS:**

Sand reported one finding related to the receipt and disbursement of taxpayer funds. It is found on page 30 of this report. The finding addresses a lack of segregation of duties. Sand provided the Service Board with a recommendation to address the finding.

The Service Board has a fiduciary responsibility to provide oversight of the Service Board's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

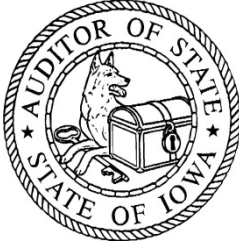
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**SOUTH CENTRAL IOWA REGIONAL 911 SERVICE BOARD**

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

**JUNE 30, 2019**

**South Central Iowa 911 Regional Service Board**



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Rob Sand  
Auditor of State

February 7, 2020

Officials of the South Central Iowa 911 Regional Service Board  
Bedford, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the South Central Iowa 911 Regional Service Board for the year ended June 30, 2019. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the South Central Iowa 911 Regional Service Board throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand".

Rob Sand  
Auditor of State

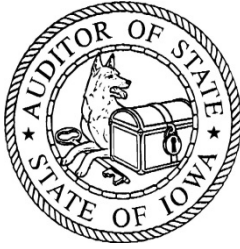
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## South Central Iowa Regional 911 Service Board

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dennis Denton	Board Chairman	Adair County
Diane Sefrit	Board Secretary/Treasurer	
Steve Shelley	Board Member	Adair County
Alan Johannes	Board Member	Adams County
Merlin Dixon	Board Member	Adams County
Raydean Robins	Board Member	Clarke County
Shirley Jackson	Board Member	Clarke County
Robert Kempf	Board Member	Guthrie County
Charles Cleveland	Board Member	Guthrie County
Angela Henry	Board Member	Madison County
Paul Welch	Board Member	Madison County
Nate Bucher	Board Member	Taylor County
Dani Gray	Board Member	Taylor County
Jo Duckworth	Board Member	Union County
Mark Williams	Board Member	Union County
Diane Sefrit	Administrator	



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Independent Auditor's Report

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

Report on the Financial Statement

We have audited the accompanying financial statement of the South Central Iowa Regional 911 Service Board as of and for the year ended June 30, 2019, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Service Board's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

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 911 Service Board as of June 30, 2019, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

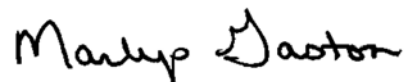
## Other Matters

### *Other Information*

The Other Information, Management's Discussion and Analysis, the Budgetary Comparison information, the Schedule of the Service Board's Proportionate Share of the Net Pension Liability and the Schedule of Service Board Contributions on pages 6 through 8 and 21 through 27, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2020 on our consideration of the South Central Iowa Regional 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 in considering the South Central Iowa Regional 911 Service Board's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA  
Deputy Auditor of State

February 7, 2020



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

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The South Central Iowa Regional 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, 2019. We encourage readers to consider this information in conjunction with the Service Board's financial statement, which follows.

### **2019 FINANCIAL HIGHLIGHTS**

- The Service Board's operating receipts increased 1.9%, or \$20,210, from fiscal year 2018 to fiscal year 2019. The Service Board's operating disbursements increased 13.3%, or \$67,332, from fiscal year 2018 to fiscal year 2019.
- The Service Board's non-operating disbursements include \$98,907 paid to Guthrie County to pay the general obligation bonds issued by the County for the Service Board and \$427,459 for 911 system capital improvement disbursements.
- The Service Board's cash balance increased 24.6%, or \$527,442, from June 30, 2018 to June 30, 2019.

### **USING THIS ANNUAL REPORT**

The South Central Iowa Regional 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 cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

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

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

This discussion and analysis are intended to serve as an introduction to the 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 Service Board's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Service Board's operating receipts and disbursements, non-operating receipts and disbursements and whether the Service Board's cash basis financial position 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.
- Other Information further explains and supports the financial statement with a comparison of the Service Board's budget for the year and the Service Board's proportionate share of the net pension liability and related contributions.

## FINANCIAL ANALYSIS OF THE SERVICE BOARD

### *Statement of Cash Receipts, Disbursements and Changes in Cash Balance*

The purpose of the statement is to present the receipts received by the Service Board and the disbursements paid by the Service Board, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Service Board's financial position by analyzing the increase or decrease in the Service Board's cash balance.

Operating 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. Operating disbursements are paid to operate the 911 emergency telephone assistance system. Non-operating receipts are for grant receipts and interest on investments. Non-operating disbursements are for 911 system capital improvements and payments to Guthrie County to pay the general obligation bonds issued by the County for the Service Board. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2019 and June 30, 2018 is as follows:

	Changes in Cash Balance	
	Year ended June 30,	
	2019	2018
Operating receipts:		
Land line and wireless surcharge fees	\$ 1,089,192	1,068,982
Operating disbursements:		
Signs and equipment repair	224,911	152,425
Administration	79,309	88,393
911 phone calls and cable expansion	270,081	266,151
Total operating disbursements	574,301	506,969
Excess of operating receipts over operating disbursements	514,891	562,013
Non-operating receipts (disbursements):		
Interest on investments	10,177	7,476
State reimbursement grants	527,651	31,517
Miscellaneous	1,089	1,043
Capital improvements	(427,459)	(49,841)
Debt service	(98,907)	(94,995)
Total non-operating receipts (disbursements)	12,551	(104,800)
Change in cash balance	527,442	457,213
Cash balance beginning of year	2,147,372	1,690,159
Cash balance end of year	\$ 2,674,814	2,147,372
<b>Cash Basis Fund Balance</b>		
Restricted for 911 services	\$ 2,674,814	2,147,372

The Service Board's cash balance is used in the routine operations of the Service Board and for 911 system capital improvements.

In fiscal year 2019, operating receipts increased \$20,210, or 1.9%. In fiscal year 2019, operating disbursements increased \$67,332, or 13.3%, over fiscal year 2018. The increase in disbursements is primarily due 911 system capital improvements.

## **BUDGETARY HIGHLIGHTS**

The Service Board prepares a budget on the cash basis of accounting. The Service Board amended its budget once during the year ended June 30, 2019. The amendment was necessary for costs associated with equipment purchases.

The Service Board's receipts were \$558,507 more than budgeted. The variance was the result of state grant money received during fiscal year 2019 for upgrading and replacing 911 equipment and software in all of the participating counties.

Total disbursements were \$64,488 less than budgeted. Although \$437,869 was budgeted for capital improvements, only \$427,459 was paid during the year ended June 30, 2019. Disbursements for 911 phone calls and cable expansion were budgeted at \$315,000, however, only \$270,081 was paid during the year ended June 30, 2019.

## **LONG-TERM DEBT**

During the year ended June 30, 2012, the Service Board received general obligation bond proceeds of \$1,188,430 from Guthrie County. The County issued \$1,210,000 of bonds, net of \$21,570 of issuance costs, on behalf of the Service Board to fund the replacement of the existing 911 system. The Service Board agreed to pay the County the principal and interest on the general obligation bonds as they come due. The Service Board paid \$98,907 for principal, interest and registrar fees during the year ended June 30, 2019. At June 30, 2019 the Service Board had \$685,000 of debt outstanding. Additional information about the debt is presented in Note 5 to the financial statement.

## **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 ongoing 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.

The Service Board will continue to 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 911 Service Board, Attn: Diane Sefrit, Administrator, 404 Main Street, PO Box 14, Bedford, Iowa 50833.

## **Financial Statement**

**South Central Iowa Regional 911 Service Board**

## South Central Iowa Regional 911 Service Board

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2019

Operating receipts:	
Land line and wireless surcharge fees	<u>\$ 1,089,192</u>
Operating disbursements:	
Signs and equipment repair	224,911
Administration	79,309
911 phone calls and cable expansion	<u>270,081</u>
Total operating disbursements	<u>574,301</u>
Excess of operating receipts over operating disbursements	<u>514,891</u>
Non-operating receipts (disbursements):	
Interest on investments	10,177
State reimbursement grants	527,651
Miscellaneous	1,089
Capital improvements	(427,459)
Debt service	<u>(98,907)</u>
Total non-operating receipts (disbursements)	<u>12,551</u>
Change in cash balance	527,442
Cash balance beginning of year	<u>2,147,372</u>
Cash balance end of year	<u>\$ 2,674,814</u>
<b>Cash Basis Fund Balance</b>	
Restricted for 911 services	<u>\$ 2,674,814</u>

See notes to financial statements.

South Central Iowa Regional 911 Service Board

Notes to Financial Statement

June 30, 2019

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

The South Central Iowa Regional 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 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 911 Service Board has included all funds, organizations, agencies, boards, commissions and authorities. 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 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 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 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 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 Service Board in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Service Board's deposits in banks at June 30, 2019 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 ensure 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. 72.

**(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 778 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Service Board's contributions to the Pool for the year ended June 30, 2019 were \$11,929.



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 \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Service Board's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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 at June 30, 2019 was \$1,700. The liability has been computed based on rates of pay in effect at June 30, 2019.

**(5) General Obligation 911 Bonds**

In February 2012, Guthrie County issued general obligation 911 bonds on behalf of the Service Board for acquisition of equipment. The County forwarded the net bond proceeds to the Service Board. The Service Board has agreed to pay the County the principal and interest on the general obligation bonds as they come due. During the year ended June 30, 2019, the Service Board paid Guthrie County \$98,907 for current year bond principal, interest and fees. Details of the Service Board’s June 30, 2019 obligation for the County’s general obligation 911 bond indebtedness are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2020	1.80%	\$ 80,000	16,968	96,968
2021	2.15	80,000	15,528	95,528
2022	2.15	80,000	13,808	93,808
2023	2.50	85,000	12,088	97,088
2024	2.50	85,000	9,963	94,963
2025-2027	2.85	275,000	15,818	290,818
Total		\$ 685,000	84,173	769,173

**(6) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the Service Board, except for those covered by another retirement system. Employees of the Service Board are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member’s highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member’s earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Service Board contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Service Board's contributions to IPERS for the year ended June 30, 2019 totaled \$3,755.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Service Board reported a liability of \$23,675 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Service Board's proportion of the net pension liability was based on the Service Board's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the Service Board's proportion was 0.000376%, which was an increase of 0.0000523% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Service Board's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$3,208, \$6,266 and \$3,409, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Service Board will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Service Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Service Board's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Service Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Service Board's proportionate share of the net pension liability	\$ 40,182	23,675	9,829

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(7) Salary Reimbursement to Taylor County**

Taylor County processes the payroll for the employees of the South Central Iowa Regional 911 Service Board. The South Central Iowa Regional 911 Service Board then reimburses Taylor County for the wages and benefits for these employees paid through the County's payroll system. During the year ended June 30, 2019, the Service Board reimbursed the County \$52,024 for wages and benefits paid through the County's payroll system.

## **Other Information**

**South Central Iowa Regional 911 Service Board**

South Central Iowa Regional 911 Service Board

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

Other Information

Year ended June 30, 2019

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
<b>Receipts:</b>				
Land line and wireless surcharge fees	\$ 1,089,192	1,065,399	1,065,399	23,793
Interest	10,177	4,203	4,203	5,974
Miscellaneous	1,089	-	-	1,089
State grant reimbursements	527,651	-	-	527,651
Total receipts	1,628,109	1,069,602	1,069,602	558,507
<b>Disbursements:</b>				
Signs and equipment repair	224,911	232,118	232,118	7,207
Administration	79,309	81,160	81,160	1,851
911 phone calls and cable expansion	270,081	315,000	315,000	44,919
Capital improvements	427,459	25,830	437,869	10,410
Debt service	98,907	99,008	99,008	101
Total disbursements	1,100,667	753,116	1,165,155	64,488
Excess of receipts over disbursements	527,442	316,486	(95,553)	622,995
Balance beginning of year	2,147,372	1,694,223	1,694,223	453,149
Balance end of year	\$ 2,674,814	2,010,709	1,598,670	1,076,144

See accompanying independent auditor's report.



South Central Iowa Regional 911 Service Board  
Notes to Other Information – Budgetary Reporting  
June 30, 2019

The budgetary comparison is presented 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, one budget amendment increased budgeted disbursements by \$412,039.

Formal and legal budgetary control is based on total disbursements. During the year ended June 30, 2019, total disbursements did not exceed the amount budgeted.

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South Central Iowa Regional 911 Service Board

Schedule of the Service Board's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
Last Five Fiscal Years\*

Other Information

	2019	2018	2017	2016	2015
Service Board's proportion of the net pension liability	0.000376%	0.000429%	0.000386%	0.000383%	0.000380%
Service Board's proportionate share of the net pension liability	\$ 23,675	26,454	22,245	18,863	15,394
Service Board's covered payroll	\$ 38,611	37,962	35,756	34,401	47,828
Service Board's proportionate share of the net pension liability as a percentage of its covered payroll	61.32%	69.69%	62.21%	54.83%	32.19%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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South Central Iowa Regional 911 Service Board

Schedule of Service Board Contributions

Iowa Public Employees' Retirement System  
Last Ten Fiscal Years

Other Information

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 3,755	3,448	3,390	3,193
Contributions in relation to the statutorily required contribution	<u>(3,755)</u>	<u>(3,448)</u>	<u>(3,390)</u>	<u>(3,193)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Service Board's covered payroll	\$ 39,778	38,611	37,962	35,756
Contributions as a percentage of covered payroll	9.44%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

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2015	2014	2013	2012	2011	2010
3,072	4,271	3,651	3,280	2,801	2,692
(3,072)	(4,271)	(3,651)	(3,280)	(2,801)	(2,692)
-	-	-	-	-	-
34,401	47,828	42,111	40,644	40,302	40,481
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

**South Central Iowa Regional 911 Service Board**

South Central Iowa Regional 911 Service Board

Notes to Other Information – Pension Liability

Year ended June 30, 2019

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.



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Auditor of State's Independent 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 911 Service Board:

We have audited 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, the financial statement of the South Central Iowa Regional 911 Service Board as of and for the year ended June 30, 2019, and the related Notes to Financial Statement, and have issued our report thereon dated February 7, 2020. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the South Central Iowa Regional 911 Service Board's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the South Central Iowa Regional 911 Service Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Regional 911 Service Board's internal control.

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 911 Service Board's financial statement will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A), we consider to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Iowa Regional 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 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, 2019 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.

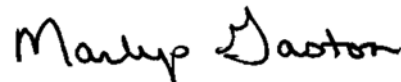
### The South Central Iowa Regional 911 Service Board's Response to the Finding

The South Central Iowa Regional 911 Service Board's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The South Central Iowa Regional 911 Service Board's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Service Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Service Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the South Central Iowa Regional 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.



Marlys K. Gaston, CPA  
Deputy Auditor of State

February 7, 2020



South Central Iowa Regional 911 Service Board

Schedule of Findings

Year ended June 30, 2019

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Service Board’s financial statement.

Condition – One individual has control over receipts, including opening mail, collecting, depositing and posting.

Cause – The Service Board has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Service Board’s ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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 documented by the signature or initials of the reviewer and the date of the review.

Response – The Service Board feels the duties are segregated 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 recording. Records are kept in two places and bank notices are sent to two employees in two different locations so all are aware of the 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 without hiring additional personnel.

South Central Iowa Regional 911 Service Board

Schedule of Findings

Year ended June 30, 2019

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2019 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) 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.
- (5) Board Minutes – No transactions were found that we believe should have been approved in the Service Board minutes but were not.
- (6) 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.

South Central Iowa Regional 911 Service Board

Staff

This audit was performed by:

- Marlys K. Gaston, CPA, Deputy
- Tammy A. Hollingsworth, CIA, Manager
- Cody J. Pifer, Staff Auditor