



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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NEWS RELEASE

FOR RELEASE

June 10, 2024

Contact: Brian Brustkern
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 \$1,301,670 for the year ended June 30, 2023, a 5.4% decrease from the prior year. Disbursements for the year ended June 30, 2023 totaled \$815,446, a 20.8% increase over the prior year. The increase in disbursements was primarily due to the purchase of communications equipment.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and disbursement of taxpayer funds. These findings are found on pages 30 through 32 of this report. The findings address the lack of segregation of duties and the lack of independent review of bank reconciliations. Sand provided the Service Board with recommendations to address the findings.

All of the findings discussed above are repeated from the prior year. 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 website at [Audit Reports – Auditor of State](#).

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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, 2023

South Central Iowa Regional 911 Service Board



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Rob Sand
Auditor of State

April 10, 2024

Officials of the South Central Iowa Regional 911 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 Regional 911 Service Board for the year ended June 30, 2023. 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 Regional 911 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, appearing to read "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 Chairperson	Adair County
Jo Duckworth	Board Vice Chairperson	Union County
Diane Sefrit	Board Secretary/Treasurer	
Nathan Baier	Board Member	Adair County
Tony Hardisty	Board Member	Adams County
Bill Lyddon	Board Member	Adams County
Byron Jimmerson	Board Member	Clarke County
Austin Taylor	Board Member	Clarke County
Charles Cleveland	Board Member	Guthrie County
Robert Kempf	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
Tamara Fitzgerald	Board Member	Union County
Diane Sefrit	Administrator	

South Central Iowa Regional 911 Service Board



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Independent Auditor's Report

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

Report on the Audit of the Financial Statement

Opinion

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, 2023 and the related Notes to Financial Statement, which collectively comprise the Service Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the South Central Iowa Regional 911 Service Board as of June 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of South Central Iowa Regional 911 Service Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Central Iowa Regional 911 Service Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 South Central Iowa Regional 911 Service Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the South Central Iowa Regional 911 Service Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the Board's Proportionate Share of the Net Pension Liability and the Schedule of Board Contributions on pages 20 through 27 but does not include the basic financial statement and our auditor's report thereon. Our opinion on the basic financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 10, 2024 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 solely 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 effectiveness of the Board's 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.



Brian R. Brustkern, CPA
Deputy Auditor of State

April 10, 2024

South Central Iowa Regional 911 Service Board

Basic 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, 2023

Operating receipts:	
Land line and wireless surcharge fees	<u>\$ 1,119,418</u>
Operating disbursements:	
Signs and equipment repair	282,326
Administration	96,026
911 phone calls and cable expansion	<u>99,601</u>
Total operating disbursements	<u>477,953</u>
Excess of operating receipts over operating disbursements	<u>641,465</u>
Non-operating receipts (disbursements):	
Interest on investments	32,568
State reimbursement grants	149,346
Miscellaneous	338
Capital improvements	(336,095)
Debt service	<u>(1,398)</u>
Total non-operating receipts (disbursements)	<u>(155,241)</u>
Change in cash balance	486,224
Cash balance beginning of year	<u>3,808,680</u>
Cash balance end of year	<u>\$ 4,294,904</u>
Cash Basis Fund Balance	
Restricted for 911 services	<u>\$ 4,294,904</u>

See notes to financial statements.

South Central Iowa Regional 911 Service Board

Notes to Financial Statement

June 30, 2023

(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.

D. Budgets and Budgetary Accounting – The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, disbursements did not exceed the amount budgeted.

(2) Cash and Investments

The Service Board's deposits in banks at June 30, 2023 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 800 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, employment practices liability, public officials liability, cyber liability, law enforcement liability and property. 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, 2023 were \$15,896.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber 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. As of June 30, 2023, 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. 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 workers compensation in the amount of \$100,000 and 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, 2023 was \$1,130. The liability has been computed based on rates of pay in effect at June 30, 2023.

(5) 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.

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 2023, 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, 2023 totaled \$4,311.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Service Board reported a liability of \$17,068 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the Service Board's proportion was 0.000335%, which was a decrease of 0.002529% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Service Board's pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled (\$245), \$17,297 and \$18,587, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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 geometric 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%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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	\$ 31,799	17,068	4,085

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.

(6) Salary Reimbursement to Union County

Union 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 Union County for the wages and benefits for these employees paid through the County’s payroll system. During the year ended June 30, 2023, the Service Board reimbursed the County \$54,670 for wages and benefits paid through the County’s payroll system.

(7) Lease Agreement

On January 1, 2023, the South Central Iowa Regional 911 Service Board entered into a noncancelable lease agreement with 403 Main Street, LLC for use of office space. The lease requires monthly payments of \$500 over five years, with an implicit interest rate of 3% and final payment due December 1, 2027. During the year ended June 30, 2023, principal and interest paid were \$2,668 and \$332, respectively.

Future principal and interest lease payments as of June 30, 2023 are as follows:

Year Ending June 30,	Office Lease			
	Interest Rates	Principal	Interest	Total
2024	3.00%	\$ 5,316	684	6,000
2025	3.00	5,478	522	6,000
2026	3.00	5,644	356	6,000
2027	3.00	5,816	184	6,000
2028	3.00	2,974	26	3,000
		<u>\$ 25,228</u>	<u>1,772</u>	<u>27,000</u>

South Central Iowa Regional 911 Service Board

Other Information

South Central Iowa Regional 911 Service Board

Budgetary Comparison Schedule of Receipts, Disbursements and
Changes in Balance – Budget and Actual

Other Information

Year ended June 30, 2023

	Actual	Budgeted Amounts		Final to Actual Variance
		Original	Final	
Receipts:				
Land line and wireless surcharge fees	\$ 1,119,418	1,090,000	1,090,000	29,418
Interest	32,568	6,000	6,000	26,568
Miscellaneous	338	-	-	338
State grant reimbursements	149,346	-	-	149,346
Total receipts	1,301,670	1,096,000	1,096,000	205,670
Disbursements:				
Signs and equipment repair	282,326	258,030	358,030	75,704
Administration	96,026	98,798	128,060	32,034
911 phone calls and cable expansion	99,601	300,000	375,000	275,399
Capital improvements	336,095	250,000	384,346	48,251
Debt Service	1,398	-	1,398	-
Total disbursements	815,446	906,828	1,246,834	431,388
Change in cash balance	486,224	189,172	(150,834)	637,058
Balance beginning of year	3,808,680	3,691,807	3,691,807	116,873
Balance end of year	\$ 4,294,904	3,880,979	3,540,973	753,931

See accompanying independent auditor's report.

South Central Iowa Regional 911 Service Board

Notes to Other Information – Budgetary Reporting

June 30, 2023

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 \$340,006.

Formal and legal budgetary control is based on total disbursements. During the year ended June 30, 2023, total disbursements did not exceed the amount budgeted.

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 Nine Fiscal Years*
 Other Information

	2023	2022	2021	2020
Service Board's proportion of the net pension liability	0.000335%	0.002864%	0.000391%	0.000383%
Service Board's proportionate share of the net pension liability	\$ 17,068	565	28,128	22,879
Service Board's covered payroll	\$ 43,798	42,200	40,975	39,778
Service Board's proportionate share of the net pension liability as a percentage of its covered payroll	38.97%	1.34%	68.65%	57.52%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

* 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.

2019	2018	2017	2016	2015
0.000376%	0.000429%	0.000386%	0.000383%	0.000380%
23,675	26,454	22,245	18,863	15,394
38,611	37,962	35,756	34,401	47,828
61.32%	69.69%	62.21%	54.83%	32.19%
83.62%	82.21%	81.82%	85.19%	87.61%

South Central Iowa Regional 911 Service Board

Schedule of Service Board Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Other Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 4,311	4,135	3,984	3,868
Contributions in relation to the statutorily required contribution	<u>(4,311)</u>	<u>(4,135)</u>	<u>(3,984)</u>	<u>(3,868)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Service Board's covered payroll	\$ 45,665	43,798	42,200	40,975
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
3,755	3,448	3,390	3,193	3,072	4,271
(3,755)	(3,448)	(3,390)	(3,193)	(3,072)	(4,271)
-	-	-	-	-	-
39,778	38,611	37,962	35,756	34,401	47,828
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

South Central Iowa Regional 911 Service Board

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Notes to Other Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.
- 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.



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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 911 Service Board:

We have audited in accordance with auditing standards generally accepted in the United States of America 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, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statement, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 10, 2024. Our report expressed 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Central Iowa Regional 911 Service Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central Iowa Regional 911 Service Board's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 that a material misstatement of the Board's financial statements 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 that 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 first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Central Iowa Regional 911 Service Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Service Board. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

South Central Iowa Regional 911 Service Board's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the South Central Iowa Regional 911 Service Board's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. South Central Iowa Regional 911 Service Board's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 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 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 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.



Brian R. Brustkern., CPA
Deputy Auditor of State

April 10, 2024

South Central Iowa Regional 911 Service Board

Schedule of Findings

Year ended June 30, 2023

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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 vice-chairman 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, 2023

2023-002 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by reconciling bank and book balances.

Condition – The Service Board’s financial activity is accounted for in several different bank accounts maintained by the Service Board. A complete bank reconciliation, including all bank accounts, is not prepared. Although bank reconciliations are prepared for each individual bank account and reviewed by an independent person, the reviewer does not always evidence their review by signing or initialing and dating the reconciliation.

Cause – Procedures have not been designed and implemented to ensure all accounts are reconciled and the amounts recorded in the books are complete, accurate and properly accounted for.

Effect – The lack of a complete bank to book reconciliation can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – To improve financial accountability and control, the Authority should prepare monthly bank reconciliations which include all bank accounts and variances between book and bank balances should be investigated and resolved in a timely manner. The reconciliations should be reviewed by an independent person and the review should be documented by the signature or initials of the independent reviewer and the date of review.

Response – This was completed after the audit. It will be completed earlier at our next audit.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

South Central Iowa Regional 911 Service Board

Schedule of Findings

Year ended June 30, 2023

Other Findings Related to Required Statutory Reporting:

- 2022-A Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amount budgeted.
- 2022-B 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.
- 2022-C Travel Expense – No disbursements of Service Board money for travel expenses of spouses of Service Board officials or employees were noted.
- 2022-D Restricted Donor Activity – No transactions were noted between the Service Board, Service Board officials, Service Board employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2022-E 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.
- 2022-F Board Minutes – No transactions were found that we believe should have been approved in the Service Board minutes but were not.
- 2022-G 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:

Brian R. Brustkern, CPA, Deputy
Gwen D. Fangman, CPA, Manager
Roxanne R. Stotler, Staff Auditor