

SOUTH IOWA AREA CRIME COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2006

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SOUTH IOWA AREA CRIME COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve McCoy	Executive Director	
Max Proctor	Chairman	Davis County
Willie Van Weelden	Vice Chairman	Mahaska County
Jerry Parker	Secretary/Treasurer	Wapello County
Dean Kaster	Member	Appanoose County
Edgar Blow	Member	Des Moines County
Gary See	Member	Henry County
Richard Reed	Member	Jefferson County
Ernie Griener	Member	Keokuk County
Larry Kruse	Member	Lee County
David Wilson	Member	Louisa County
Cathy Reece	Member	Lucas County
Paul Koffman	Member	Monroe County
Bill Randolph	Member	Van Buren County
Amy Sinclair	Member	Wayne County

SOUTH IOWA AREA CRIME COMMISSION



Independent Auditor's Report

To the Board of Directors of the
South Iowa Area Crime Commission
Fairfield, Iowa

I have audited the accompanying financial statements of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2006, which collectively comprise the Commission's basic financial statements listed in the table of contents. These financial statements are the responsibility of the South Iowa Area Crime Commission's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2006 and the respective changes in cash basis financial position for the year then ended with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2006 on my consideration of the South Iowa Area Crime Commission's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance with the results of that testing and not to

provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information of pages 8 through 11 and 20 through 21 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Iowa Area Crime Commission's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements.

Sincerely,

Ann M Menke

Ann M. Menke
Certified Public Accountant
Professional Corporation
December 14, 2006

SOUTH IOWA AREA CRIME COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The South Iowa Area Crime Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of the South Iowa Area Crime Commission is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- The Commission's operating receipts increased 14.3%, or approximately \$70,184, from fiscal 2005 to fiscal 2006.
- The Commission's operating disbursements increased 18.6%, or approximately \$77,243, from fiscal 2005 to fiscal 2006.
- The Commission's net assets decreased approximately \$52,945, or 18.1%, from June 30, 2005 to June 30, 2006.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets – Cash Basis. This statement provides information about the activities of the Commission as a whole and presents an overall view of the Commission's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Commission's budget for the year.

BASIS OF ACCOUNTING

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets – Cash Basis reports information which helps answer this question.

The Statement of Activities and Net Assets - Cash Basis presents the Commission's net assets. Over time, increases or decreases in the Commission's net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The Commission's cash balances decreased significantly from a year ago. The analysis that follows focuses on the changes in cash balances.

	Year ended June 30,	
	2006	2005
Operating receipts:		
County assessments	\$ 216,637	\$ 176,993
County transport fees	305,054	270,232
Other reimbursements	40,991	45,273
Total operating receipts	<u>562,682</u>	<u>492,498</u>
Operating disbursements:		
Salaries and benefits	314,372	265,774
Payroll taxes	23,140	20,362
Dues and subscriptions	1,913	1,925
Insurance	15,748	17,124
Office expense	9,376	6,058
Professional fees	38,753	38,277
Repairs and maintenance	44,580	40,118
Telephone	9,905	9,693
Training	7,625	0
Travel and transport expenses	17,251	14,106
Utilities	10,145	2,128
Total disbursements	<u>492,808</u>	<u>415,565</u>
Excess of operating receipts Over operating disbursements	<u>69,874</u>	<u>76,933</u>

Non-operating receipts (disbursements):		
Interest income	11,040	5,274
Sale of capital assets	16,171	0
Capital purchases	-57,030	-26,649
Membership rebate	-93,000	-92,870
Net non-operating disbursements	<u>-122,819</u>	<u>-114,245</u>
Change in cash basis net assets	-52,945	-37,312
Net assets-cash basis beginning of year	<u>291,901</u>	<u>329,213</u>
Cash basis net assets end of year	<u>\$ 238,956</u>	<u>\$ 291,901</u>

The Commission's operating receipts increased 14.3%, or approximately \$70,184, from fiscal 2005 to fiscal 2006. This increase was primarily the result of the increase in the number of transports during the year.

The Commission's operating disbursements increased 18.6%, or approximately \$77,243, from fiscal 2005 to fiscal 2006. This increase was primarily due to increases in salaries and benefits, utilities, and training costs.

The Commission's net assets decreased approximately \$52,945, or 18.1%, from June 30, 2005 to June 30, 2006.

ECONOMIC FACTORS

A review of the fiscal year budget for the Crime Commission showed actual operating income exceeded expectations by \$28,272, with operating receipts being more than expected and operating expenditures were less than projected. Additional expenses beyond the normal operating budget included \$38,668 for the fifth consecutive 20% rebate back to member counties.

The current financial status of the organization indicates financial assets total approximately \$136,773.

Current and upcoming projects for the Crime Commission include updating jail policies and procedures for existing jails, medication management, and development of policies and procedures for new jails in four member counties. Three 20-hour jail schools were conducted in the fall of 2006: September in Burlington; October in Ottumwa; and November in Chariton.

A review of the fiscal year Juvenile Project budget showed actual operating income up from expectations by approximately \$31,143, while normal operating expenditures were \$13,080 less than projected. Revenues were \$18,063 more than projected. Additional expenses beyond the normal operating budget included vehicle purchases/replacements of \$55,100, and a 20% rebate of \$54,332 for member county transport expenses.

The current financial status of the Juvenile Project indicates total financial assets are approximately \$102,183.

A review of the summary of transports, transport administrative cost history, and vehicle fuel/maintenance cost summary showed a productive and successful year for the Juvenile Project. However, the net assets of the Juvenile Project declined by \$50,768 during the year. The primary cause of this decrease is due to the cost of replacing several vehicles during this last fiscal year. This past fiscal year showed a total of 1,851 transports, an increase of 314 from the prior year. A look at the administrative costs shows that the goal of keeping this at or near \$50 was not met due to the high cost of fuel (\$51.09). Vehicle operating costs are still within an allowable range, although unstable and sporadic spikes in fuel costs have caused some vehicles to go above the \$.05 per mile allowance.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Steve McCoy, Executive Director, South Iowa Area Crime Commission, 212 Glasgow Road, Fairfield, Iowa, 52556.

BASIC FINANCIAL STATEMENTS

SOUTH IOWA AREA CRIME COMMISSION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the Year Ended June 30, 2006

	General Operating	Alternative Juvenile Detention Project	Total
Operating receipts:			
County assessments	\$ 216,637	\$ -	\$ 216,637
County transport fees	-	305,054	305,054
Other reimbursements	37,982	3,009	40,991
Total operating receipts	<u>254,619</u>	<u>308,063</u>	<u>562,682</u>
Operating disbursements:			
Salaries and benefits	164,795	149,577	314,372
Payroll taxes	11,783	11,357	23,140
Dues and subscriptions	1,913	-	1,913
Insurance	2,878	12,870	15,748
Office expense	3,296	6,080	9,376
Professional fees	14,879	23,874	38,753
Repairs and maintenance	200	44,380	44,580
Telephone	2,063	7,842	9,905
Training	7,625	-	7,625
Travel and transport expenses	7,456	9,795	17,251
Utilities	6,718	3,427	10,145
Total operating disbursements	<u>223,606</u>	<u>269,202</u>	<u>492,808</u>
Excess of operating receipts over operating disbursements	<u>31,013</u>	<u>38,861</u>	<u>69,874</u>
Non-operating receipts (disbursements):			
Interest income	7,408	3,632	11,040
Sale of capital assets	-	16,171	16,171
Capital purchases	(1,930)	(55,100)	(57,030)
Membership rebate	(38,668)	(54,332)	(93,000)
Net non-operating disbursements	<u>(33,190)</u>	<u>(89,629)</u>	<u>(122,819)</u>
Change in cash basis net assets	(2,177)	(50,768)	(52,945)
Unrestricted net assets - cash basis beginning of ye	<u>138,950</u>	<u>152,951</u>	<u>291,901</u>
Unrestricted net assets - cash basis end of year	<u>\$ 136,773</u>	<u>\$ 102,183</u>	<u>\$ 238,956</u>

See notes to financial statements.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The South Iowa Area Crime Commission was formed under Chapter 28E of the Code of Iowa as a planning Commission for Southern Iowa counties to provide centralized administration and coordinate planning efforts for crime prevention programs, criminal justice programs, jail planning and procedures, and other related programs under the direction of the member counties.

The governing body of the Commission is composed of one representative from each of the fourteen member counties. The member counties are: Appanoose, Davis, Des Moines, Henry, Jefferson, Keokuk, Lee, Louisa, Lucas, Mahaska, Monroe, Van Buren, Wapello, and Wayne. The commissioners are appointed by the participating political subdivisions and each has one vote.

A. Reporting Entity

For financial reporting purposes, the South Iowa Area Crime Commission has included all funds, organizations, agencies, boards, commissions, and authorities. The Commission 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 Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission 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 Commission. The South Iowa Area Crime Commission has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

Several members of the Commission's board of directors are also board members of the South Iowa Area Detention Service Agency, which is a jointly governed organization since it provides services to the member counties of the Commission but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets – Cash Basis reports information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

**SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

The Statement of Activities and Net Assets – Cash Basis presents the Commission’s nonfiduciary net assets. All of the Commission’s net assets are unrestricted. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

C. Measurement Focus and Basis of Accounting

South Iowa Area Crime Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

Proprietary 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 a proprietary fund’s principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The Commission annually adopts a budget on the cash basis in December of the year preceding the budget year. The annual budget may be amended during the year upon approval of the Commission’s executive committee.

Formal budgetary control is based upon two major classes of expenditures. These are general operating expenditures and Alternative Juvenile Detention Project expenditures.

The Commission’s general operating budget is funded primarily by annual assessments of member counties. The Alternative Juvenile Detention Project budget is funded primarily by assessments to counties for actual juvenile transport costs and administrative costs.

The budgetary comparison is reported as Required Supplementary Information.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

NOTE 2 – CASH AND POOLED INVESTMENTS

The Commission's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposits or other evidences of deposit at federally insured depository institutions approved by the Commission; 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 Commission had deposits in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$230,081 at June 30, 2006 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Commission.

Credit risk – The Commission's investment in the Iowa Public Agency Investment Trust is unrated.

NOTE 3 – PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the Commission is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the Commission contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$16,266, \$13,439, and \$14,860, respectively, equal to the required contribution for each year.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

NOTE 4 – COMPENSATED ABSENCES

Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Unused vacation hours are paid upon termination, retirement, or death. These accumulations are not recognized as disbursements by the Commission until used or paid. Employees accumulate sick leave up to a maximum of 90 days. If not used this sick leave is lost upon termination, retirement, or death. The Commission's approximate liability for earned vacation and sick leave payable to employees at June 30, 2006, is \$12,686 and \$66,545 respectively. This liability has been computed based on rates of pay in effect at June 30, 2006.

NOTE 5 – RISK MANAGEMENT

The Commission 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 531 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2006 were \$10,047.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

NOTE 5 – RISK MANAGEMENT (CONTINUED)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pools' intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance company 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 claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The Commission 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.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH IOWA AREA CRIME COMMISSION
COMPARISON OF RECEIPTS AND DISBURSEMENTS
ACTUAL TO BUDGET - GENERAL OPERATING
For the Year Ended June 30, 2006

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County assessments	\$ 216,637	\$ 203,339	\$ 13,298
Other reimbursements	37,982	45,886	(7,904)
Total operating receipts	<u>254,619</u>	<u>249,225</u>	<u>5,394</u>
Operating disbursements:			
Salaries and benefits	164,795	180,740	15,945
Payroll taxes	11,783	13,884	2,101
Dues and subscriptions	1,913	2,000	87
Insurance	2,878	6,060	3,182
Office expense	3,296	5,000	1,704
Professional fees	14,879	17,200	2,321
Repairs and maintenance	200	2,000	1,800
Telephone	2,063	2,000	(63)
Training	7,625	7,200	(425)
Travel and transport expenses	7,456	7,900	444
Utilities	6,718	2,500	(4,218)
Total operating disbursements	<u>223,606</u>	<u>246,484</u>	<u>22,878</u>
Excess of operating receipts over operating disbursements	<u>31,013</u>	<u>2,741</u>	<u>28,272</u>
Non-operating receipts (disbursements):			
Interest income	7,408	1,250	6,158
Capital purchases	(1,930)	(2,500)	570
Membership rebate	(38,668)	-	(38,668)
Net non-operating disbursements	<u>(33,190)</u>	<u>(1,250)</u>	<u>(31,940)</u>
Excess/(deficiency) of receipts over disbursements	<u>\$ (2,177)</u>	<u>\$ 1,491</u>	<u>\$ (3,668)</u>

See accompanying notes.

SOUTH IOWA AREA CRIME COMMISSION
COMPARISON OF RECEIPTS AND DISBURSEMENTS
ACTUAL TO BUDGET - ALTERNATIVE JUVENILE DETENTION PROJECT
For the Year Ended June 30, 2006

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County transport fees	\$ 305,054	\$ 285,000	\$ 20,054
Other reimbursements	3,009	5,000	(1,991)
Total operating receipts	<u>308,063</u>	<u>290,000</u>	<u>18,063</u>
Operating disbursements:			
Salaries and benefits	149,577	174,724	25,147
Payroll taxes	11,357	12,566	1,209
Insurance	12,870	15,240	2,370
Office expense	6,080	2,000	(4,080)
Professional fees	23,874	24,502	628
Repairs and maintenance	44,380	30,600	(13,780)
Telephone	7,842	10,000	2,158
Travel and transport expenses	9,795	10,150	355
Utilities	3,427	2,500	(927)
Total operating disbursements	<u>269,202</u>	<u>282,282</u>	<u>13,080</u>
Excess of operating receipts over operating disbursements	<u>38,861</u>	<u>7,718</u>	<u>31,143</u>
Non-operating receipts (disbursements):			
Interest income	3,632	1,800	1,832
Sale of capital assets	16,171	-	16,171
Capital purchases	(55,100)	-	(55,100)
Membership rebate	(54,332)	-	(54,332)
Net non-operating disbursements	<u>(89,629)</u>	<u>1,800</u>	<u>(91,429)</u>
(Deficiency)/excess of receipts over disbursements	<u>\$ (50,768)</u>	<u>\$ 9,518</u>	<u>\$ (60,286)</u>

See accompanying notes.

SOUTH IOWA AREA CRIME COMMISSION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PEFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**



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

To the Board of Directors of the
South Iowa Area Crime Commission
Fairfield, Iowa

I have audited the accompanying financial statements of the governmental activities and each major fund of the South Iowa Area Crime Commission as of and for the year ended June 30, 2006, which collectively comprise the Commission's basic financial statements listed in the table of contents and have issued my report thereon dated December 14, 2006. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the South Iowa Area Crime Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the South Iowa Area Crime Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 2006-I-A is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Iowa Area Crime Commission's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the South Iowa Area Crime Commission's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the South Iowa Area Crime Commission. Since my 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the South Iowa Area Crime Commission and other parties to whom the South Iowa Area Crime Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the South Iowa Area Crime Commission during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Sincerely,

Ann M Menke

Ann M. Menke
Certified Public Accountant
Professional Corporation
December 14, 2006

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2006**

Part I: Findings Related to the Financial Statements:

REPORTABLE CONDITIONS:

2006-I-A:

Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted the same individual who prepares the bank deposits may also prepare billings, maintain cash receipts and accounts receivable records, prepare checks, and record disbursements in the accounting record.

Recommendation – I realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should continue to review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is difficult. However, we will continue to have the manager and other staff, where appropriate, review receipts, invoices and bill payments, and payroll as much as possible.

Conclusion – Response accepted.

Part II: Other Findings Related to Statutory Reporting:

2006-II-A

Questionable Disbursements –No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2006-II-B

Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

2006-II-C

Business Transactions – No business transactions between the Commission and Commission officials or employees were noted.

2006-II-D

Bond Coverage – Surety bond coverage of Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2006**

Part II: Other Findings Related to Statutory Reporting: (Continued)

2006-II-E

Commission Meetings – No transactions were found that I believe should have been approved in the Commission minutes but were not.

2006-II-F

Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.

SOUTH IOWA AREA CRIME COMMISSION

Audit Staff

The audit was performed by:

Ann M. Menke, CPA
Carol Ross, CPA
Betty Thomas, CPA

News Release

For Release:

Ann M. Menke, CPA, PC, of West Point, Iowa, today released an audit report for the fiscal year ended June 30, 2006, on the South Iowa Area Crime Commission.

The Commission had total receipts of \$589,893 during the year ended June 30, 2006, which included \$521,691 from local governments and \$11,040 in interest on investments.

Disbursements totaled \$642,838 for the year ended June 30, 2006, which included \$314,372 for salaries and benefits, \$93,000 for membership rebates, and \$57,030 for capital purchases.

A copy of the audit report is available for review in the office of Auditor of State and the South Iowa Area Crime Commission.