



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____ March 25, 2010

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

The System's receipts totaled \$188,472 for the year ended June 30, 2009, a 7% decrease from the prior year. The receipts included \$88,567 in county assessments and \$80,608 in city assessments.

Disbursements for the year totaled \$187,030, an 18% decrease from the prior year, and included \$57,458 for telephone lines, \$35,144 for software support and \$33,458 for equipment. The significant decrease in disbursements is primarily due to decreased costs for software support because training was provided in fiscal year 2008 for the software added in fiscal year 2008.

A copy of the audit report is available for review at the Black Hawk County Criminal Justice Information System, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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**BLACK HAWK COUNTY
CRIMINAL JUSTICE INFORMATION SYSTEM**

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

JUNE 30, 2009

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Black Hawk County Criminal Justice Information System

Officials

<u>Name</u>	<u>Title</u>
Jeff Olson, Chief, Cedar Falls Police Department	Board Chair
Randy Weber, Chief, Evansdale Police Department	Board Vice Chair
Thomas Jennings, Chief, Waterloo Police Department	Board Member
Larry Feaker, Chief, La Porte City Police Department	Board Member
Tony Thompson, Black Hawk County Sheriff	Board Member
Barb Krizek, City of Waterloo representative	Board Member
Chad Deutsch, Mayor, City of Evansdale	Board Member
Thomas Little, Black Hawk County Board of Supervisors	Board Member
Linda Nilges, First Judicial District Court Administrator	Board Member

Black Hawk County Criminal Justice Information System



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Independent Auditor's Report

To the Members of the Black Hawk County
Criminal Justice Information System:

We have audited the accompanying financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2009. This financial statement is the responsibility of the System's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Black Hawk County Criminal Justice Information System as of June 30, 2009, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 11, 2010 on our consideration of the Black Hawk County Criminal Justice Information System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 6 through 8 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 11, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Black Hawk County Criminal Justice Information System provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Black Hawk County Criminal Justice Information System is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the System's financial statement, which follows.

2009 FINANCIAL HIGHLIGHTS

- Operating receipts decreased 6.7%, or \$13,289, from fiscal year 2008 to fiscal year 2009. The primary reason for the decrease was due to fewer refunds and reimbursements for training in fiscal year 2009 than in fiscal year 2008.
- Operating disbursements decreased \$36,149, or 19.1%, from fiscal year 2008 to fiscal year 2009. In fiscal year 2008, an assessment was paid to the Iowa Department of Public Safety, but no such assessment occurred in fiscal year 2009.
- Cash basis net assets increased 1.9%, or \$1,442, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

As a result of the use of 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 System's cash basis of accounting.

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

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the System's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the System's operating receipts and disbursements, non-operating receipts and disbursements and whether the System's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

FINANCIAL ANALYSIS OF THE SYSTEM

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

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

Operating receipts are received for services provided the member agencies for their computer information networks. The Black Hawk County Criminal Justice Information System helps provide and maintain effective and efficient data processing operations to meet the operational and management information needs of the criminal justice agencies. Operating disbursements are disbursements paid to operate the information system. Non-operating receipts and disbursements include interest on investments and equipment purchases. A summary of cash receipts, disbursements and changes in cash balances for the years ended June 30, 2009 and 2008 is presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2009	2008
Operating receipts:		
Assessments from:		
Black Hawk County	\$ 88,567	83,844
City of Waterloo	19,386	23,986
City of Cedar Falls	40,000	45,058
City of Evansdale	20,000	20,017
City of La Porte City	1,222	3,914
Consolidated Communications Center participation:		
Black Hawk County	14,196	13,191
City of Dunkerton	60	108
City of Gilbertville	24	43
City of Hudson	1,272	1,514
Refunds and reimbursements	1,431	7,772
Total operating receipts	<u>186,158</u>	<u>199,447</u>
Operating disbursements:		
System operation:		
Maintenance	18,864	12,584
Software support	35,144	73,456
Training	8,099	6,063
Telephone lines	57,458	76,087
Supplies	7,687	1,454
Contractual services	7,794	1,738
Office operation:		
Other office operations	18,526	18,339
Total operating disbursements	<u>153,572</u>	<u>189,721</u>
Excess of operating receipts over operating disbursements	<u>32,586</u>	<u>9,726</u>
Non operating receipts (disbursements):		
Interest on investments	2,314	2,386
Equipment	(33,458)	(37,329)
Total non-operating receipts (disbursements)	<u>(31,144)</u>	<u>(34,943)</u>
Change in cash basis net assets	1,442	(25,217)
Cash basis net assets beginning of year	75,520	100,737
Cash basis net assets end of year	<u>\$ 76,962</u>	<u>75,520</u>

In fiscal year 2009, operating receipts decreased \$13,289, or 6.7%. The primary reason for the decrease was fewer refunds and reimbursements for training in fiscal year 2009 than in fiscal year 2008. All allocations for fiscal year 2009 were received in fiscal year 2009.

Operating disbursements decreased \$36,149, or 19.1%, from fiscal year 2008. The assessment from the Iowa Department of Public Safety for telephone lines was paid in August 2007. No such assessment was paid in fiscal year 2009.

DEBT ADMINISTRATION

At June 30, 2009, the System had no long-term debt outstanding.

ECONOMIC FACTORS

Current conditions in the state continue to be a concern for System officials. Some of the realities that may potentially become challenges for the System to meet are:

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

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

CONTACTING THE SYSTEM'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the System's finances and to show the System's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Janis Swanson, Black Hawk County Consolidated Public Safety Communications Center, 225 E. Sixth Street, Waterloo, Iowa 50703. Her phone number is (319)-291-2680, Ext 250.

Financial Statement

Exhibit A

Black Hawk County Criminal Justice Information System

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

As of and for the year ended June 30, 2009

Operating receipts:	
Assessments from:	
Black Hawk County	\$ 88,567
City of Waterloo	19,386
City of Cedar Falls	40,000
City of Evansdale	20,000
City of La Porte City	1,222
Consolidated Communications Center participation:	
Black Hawk County	14,196
City of Dunkerton	60
City of Gilbertville	24
City of Hudson	1,272
Refunds and reimbursements	<u>1,431</u>
Total operating receipts	<u>186,158</u>
Operating disbursements:	
System operation:	
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Excess of operating receipts over operating disbursements	<u>32,586</u>
Non-operating receipts (disbursements):	
Interest on investments	2,314
Equipment	<u>(33,458)</u>
Total non-operating receipts (disbursements)	<u>(31,144)</u>
Change in cash basis net assets	1,442
Cash basis net assets beginning of year	<u>75,520</u>
Cash basis net assets end of year	<u>\$ 76,962</u>
Cash Basis Net Assets	
Unrestricted	<u>\$ 76,962</u>

See notes to financial statement.

Black Hawk County Criminal Justice Information System

Notes to Financial Statement

June 30, 2009

(1) Summary of Significant Accounting Policies

The Black Hawk County Criminal Justice Information System is a multi-agency computer information network established and maintained through a 28E Agreement entered into by the participating criminal justice agencies and their respective units of local government. The Board of Directors has been established to provide and maintain effective and efficient data processing operations to meet the operational and management information needs of the criminal justice agencies. The participating criminal justice agencies are:

Black Hawk County Sheriff's Department
Cedar Falls Police Department
Evansdale Police Department
Waterloo Police Department
La Porte City Police Department

A. Reporting Entity

For financial reporting purposes, the Black Hawk County Criminal Justice Information System has included all funds, organizations, agencies, boards, commissions and authorities. The System has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the System to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the System. The System has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the System are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

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

C. Basis of Accounting

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

(2) Cash and Investments

The System's deposits at June 30, 2009 and throughout the fiscal year were held in a credit union in amounts in excess of the amount covered by federal depository insurance. The System maintained an appropriate letter of credit as security for the excess deposits in accordance with Chapter 12C of the Code of Iowa.

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

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

(3) Services Agreement

In October 2006, the Black Hawk County Criminal Justice Information System (System) entered into an agreement with the Black Hawk County Consolidated Public Safety Communications Center (Center) to purchase the services of the Center's Administrative Aide to perform all recordkeeping and other administrative duties for the System. Pursuant to the agreement, the Center will direct the Administrative Aide to work an average of five hours per week on behalf of the System. The System will reimburse the Center quarterly for the cost of the Administrative Aide's hourly wage and related payroll costs. During the year ended June 30, 2009, the System paid \$2,875 to the Center under this agreement.

(4) Risk Management

The Black Hawk County Criminal Justice Information System is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The System assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**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**

Black Hawk County Criminal Justice Information System



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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 Officials of the Black Hawk County
Criminal Justice Information System:

We have audited the accompanying financial statement of the Black Hawk County Criminal Justice Information System as of and for the year ended June 30, 2009, and have issued our report thereon dated March 11, 2010. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Black Hawk County Criminal Justice Information System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Black Hawk County Criminal Justice Information System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Black Hawk County Criminal Justice Information System's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Black Hawk County Criminal Justice Information System's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Black Hawk County Criminal Justice Information System's financial statement that is more than inconsequential will not be prevented or detected by the Black Hawk County Criminal Justice Information System's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statement will not be prevented or detected by the Black Hawk County Criminal Justice Information System's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Black Hawk County Criminal Justice Information System's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 System's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the System. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Black Hawk County Criminal Justice Information System and other parties to whom the System may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Black Hawk County Criminal Justice Information System during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 11, 2010

Black Hawk County Criminal Justice Information System

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCY:

- (A) Credit Card – The Black Hawk County Criminal Justice Information System has a credit card for use by various employees while on business. The Black Hawk County Criminal Justice Information System has not adopted a formal policy to regulate the use of the credit card and to establish procedures for the proper accounting of credit card charges.

Recommendation – The Black Hawk County Criminal Justice Information System should adopt a formal written policy regulating the use of the credit card. The policy, at a minimum, should address who controls the credit card, who is authorized to use the credit card and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – A policy will be written for the Black Hawk County Criminal Justice Information System credit card.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 12, 1979 were noted.
- (2) Travel Expense – No disbursements of System money for travel expenses of spouses of System officials or employees were noted.
- (3) Board Minutes – No transactions were found that we believe should have been approved in the System's minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and pooled investment provisions of Chapters 12B and 12C of the Code of Iowa and the System's investment policy were noted.
- (5) Business Transactions – No business transactions between the System and System officials or employees were noted.

Black Hawk County Criminal Justice Information System

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Kurt D. Goldsmith, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State