



**Menke & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

**SOUTH IOWA AREA CRIME COMMISSION**

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

**June 30, 2014**

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## **SOUTH IOWA AREA CRIME COMMISSION**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve McCoy	Executive Director	
Richard Reed	Chairman	Jefferson County
Gary See	Vice Chairman	Henry County
Jerry Parker	Secretary/Treasurer	Wapello County
Cliff Sheriff	Member	Adair County
Ron Bride	Member	Davis County
Jim Cary	Member	Des Moines County
Deke Wood	Member	Keokuk County
Ron Fedler	Member	Lee County
Paula Buckman	Member	Louisa County
Mike Vander Molen	Member	Mahaska County
John Hughes	Member	Monroe County
Robert Waugh	Member	Van Buren County
Jack Seward	Member	Washington County
Duffy Kester	Member	Wayne County

**SOUTH IOWA AREA CRIME COMMISSION**



**Menke & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

### Report on the Financial Statement

We have audited the accompanying financial statement of the South Iowa Area Crime Commission as of and for the year ended June 30, 2014, and the related notes to financial statement.

### Management's Responsibility for the Financial Statement

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

### Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the South Iowa Area Crime Commission as of June 30, 2014 and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

### Basis of Accounting

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

### Other Matters

#### *Other Information*

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 7 through 10 and 21 through 22, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2014 on our consideration of the South Iowa Area Crime Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Iowa Area Crime Commission's internal control over financial reporting and compliance.

Sincerely,



Menke & Company  
Certified Public Accountants  
Professional Corporation  
West Point, Iowa  
October 21, 2014

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

The South Iowa Area Crime Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the South Iowa Area Crime Commission is for the year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2014 FINANCIAL HIGHLIGHTS**

- Operating receipts decreased 12%, or approximately \$87,122, from fiscal year 2013 to fiscal year 2014.
- Operating disbursements decreased 9%, or approximately \$55,080, from fiscal year 2013 to fiscal year 2014.
- The Commission's cash balance increased 11%, or approximately \$37,029, from June 30, 2013 to June 30, 2014.

### **USING THIS ANNUAL REPORT**

The Commission 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 generally accepted accounting principles in the United States of America. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenue and expenses and the related assets and liabilities are recorded when they result from cash transactions.

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

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

This discussion and analysis is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

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

The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's cash basis financial position has improved or deteriorated as a result of the year's activities.

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

Other Information further explains and supports the financial statement with a comparison of the Commission's budget for the year.

## FINANCIAL ANALYSIS OF THE COMMISSION

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

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

Operating receipts are received for assessments from the members of the Commission and transport fees. Operating disbursements are disbursements paid to operate the Commission. Non-operating receipts and disbursements are for interest on investments, equipment purchases and capital projects. A summary of cash receipts, disbursements, and changes in cash balance for the years ended June 30, 2014 and June 30, 2013 is as follows:

	Year ended June 30,	
	2014	2013
Operating receipts:		
County assessments	\$ 223,163	\$ 235,564
County transport fees	354,308	424,599
Other reimbursements	48,399	52,829
Total operating receipts	<u>625,870</u>	<u>712,992</u>
Operating disbursements:		
Salaries and benefits	373,551	398,143
Payroll taxes	25,296	27,834
Dues and subscriptions	400	1,013
Insurance	18,012	20,452
Office expense	4,528	5,012
Professional fees	45,932	44,911
Repairs and maintenance	69,524	85,607
Telephone	9,344	9,533
Training	6,792	14,187
Travel and transport expenses	12,729	17,809
Utilities	10,187	6,874
Total disbursements	<u>576,295</u>	<u>631,375</u>
Excess of operating receipts Over operating disbursements	<u>49,575</u>	<u>81,617</u>

Non-operating receipts (disbursements):		
Interest income	40	35
Capital purchases	<u>-12,586</u>	<u>-58,644</u>
Net non-operating disbursements	-12,546	-58,609
Change in cash balance	37,029	23,008
Cash balance beginning of year	<u>309,409</u>	<u>286,401</u>
Cash balance end of year	<u>\$ 346,438</u>	<u>\$ 309,409</u>
<b>Cash Basis Fund Balance</b>		
Unrestricted	<u>\$ 346,438</u>	<u>\$ 309,409</u>

In fiscal year 2014, operating receipts decreased \$87,122, or 12%, over fiscal year 2013. The decrease was primarily a result of a decrease in transport fees due to fewer transports. In fiscal year 2014, operating disbursements decreased \$55,080, or 9%, compared to fiscal year 2013. The decrease was primarily a result of a decrease in salaries and benefits due to fewer transports. Many other general operating expenses were lower for this same reason.

The Commission’s net assets decreased approximately \$37,029, or 11%, during the year.

**LONG –TERM DEBT**

At June 30, 2014, the Commission had no long term debt outstanding.

**ECONOMIC FACTORS**

The financial position of the Commission did improve in the current fiscal year as operating receipts were lower than expected and so were operating expenditures.

Current and upcoming projects for the Crime Commission include maintaining the cornerstones of our lawsuit avoidance efforts, jail policies and procedures, standards operating procedures, jail audits, fire evacuation training, and in-service training. Training for fiscal year 2014 included six 20-hour jail schools: September, 2013 in Burlington; October, 2013 in Ottumwa; November, 2013 in Albia; December, 2013 in Mt. Pleasant; March, 2014 in Washington and April, 2014 in Oskaloosa. Two 40-hour basic jailer training schools with medication management included were conducted in November, 2013 and May, 2014 in Ottumwa. Pre-employment suitability testing for correctional officers and dispatchers was administered in Davis and Van Buren Counties. PREA standards training was conducted at each 20 hour jail school, and a special class was conducted in July, 2013 for PREA coordinators. An 8-hour dispatcher in service training was conducted in Ottumwa in October, 2013. FATS training was conducted in Jefferson, Van Buren and Davis Counties.

A review of the fiscal year Juvenile Project budget showed operating receipts were lower than expected and so were operating expenditures due to a decrease in the number of transports completed.

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. One replacement vehicle was purchased. The cash balance of the Juvenile Project increased during the year. The reason for this increase is because expenditures were much lower than last year. This past fiscal year showed a total of 1,383 transports, a decrease from the prior year.

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

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Commission's finances and to show its 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.

**SOUTH IOWA AREA CRIME COMMISSION**

## **BASIC FINANCIAL STATEMENT**

**SOUTH IOWA AREA CRIME COMMISSION**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCE**  
**As of and For the Year Ended June 30, 2014**

	General Operating	Alternative Juvenile Detention Project	Total
Operating receipts:			
County assessments	\$ 223,163	\$ -	\$ 223,163
County transport fees	-	354,308	354,308
Other reimbursements	42,085	6,314	48,399
Total operating receipts	<u>265,248</u>	<u>360,622</u>	<u>625,870</u>
Operating disbursements:			
Salaries and benefits	213,935	159,616	373,551
Payroll taxes	14,009	11,287	25,296
Dues and subscriptions	400	-	400
Insurance	2,141	15,871	18,012
Office expense	2,996	1,532	4,528
Professional fees	15,300	30,632	45,932
Repairs and maintenance	-	69,524	69,524
Telephone	1,773	7,571	9,344
Training	6,792	-	6,792
Travel and transport expenses	3,837	8,892	12,729
Utilities	5,274	4,913	10,187
Total operating disbursements	<u>266,457</u>	<u>309,838</u>	<u>576,295</u>
Excess of operating receipts over operating disbursements	<u>(1,209)</u>	<u>50,784</u>	<u>49,575</u>
Non-operating receipts (disbursements):			
Interest income	20	20	40
Capital purchases	(86)	(12,500)	(12,586)
Net non-operating receipts (disbursements)	<u>(66)</u>	<u>(12,480)</u>	<u>(12,546)</u>
Change in cash balance	(1,275)	38,304	37,029
Cash balance beginning of year	<u>117,055</u>	<u>192,354</u>	<u>309,409</u>
Cash balance end of year	<u>\$ 115,780</u>	<u>\$ 230,658</u>	<u>\$ 346,438</u>

See notes to financial statement.

**SOUTH IOWA AREA CRIME COMMISSION  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BALANCE  
As of and For the Year Ended June 30, 2014**

	<u>General Operating</u>	<u>Alternative Juvenile Detention Project</u>	<u>Total</u>
<b>Cash Basis Fund Balance</b>			
Unrestricted	<u>\$ 115,780</u>	<u>\$ 230,658</u>	<u>\$ 346,438</u>
Total cash basis fund balance	<u><u>\$ 115,780</u></u>	<u><u>\$ 230,658</u></u>	<u><u>\$ 346,438</u></u>

See notes to financial statement.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The South Iowa Area Crime Commission was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of South Iowa Area Crime Commission is 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 include: Adair, Davis, Des Moines, Henry, Jefferson, Keokuk, Lee, Louisa, Mahaska, Monroe, Van Buren, Wapello, Washington, and Wayne. Each member county 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 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 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.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operations 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 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.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission 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 Commission in accordance with accounting principles generally accepted in the United States of America.

D. Budgets and Budgetary Accounting

The budgetary comparison is reported as Other Information.

**NOTE 2 – CASH AND INVESTMENTS**

The Commission's deposits in banks at June 30, 2014 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 investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$316,332 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) to 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.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2014**

**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.

Plan members are required to contribute 5.95% of their annual salary and the Commission is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$29,290, \$30,193, and \$27,829, respectively, equal to the required contribution for each year.

**NOTE 4 – COMPENSATED ABSENCES**

Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation and sick leave payable to employees at June 30, 2014, was \$20,814 and \$63,769, respectively. The liability has been computed based on rates of pay in effect at June 30, 2014.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

The South Iowa Area Crime Commission share an office facility, management functions and have several of the same board members as South Iowa Area Detention Service Agency. The Commission received payments from the Agency totaling \$52,098 for the year ended June 30, 2014.

**NOTE 6 – PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2014**

**NOTE 7 – 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 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance 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 to equal 150 percent of the total current members' basis rate 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, 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 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, 2014 were \$10,571.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location. Property risks exceeding \$150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

**SOUTH IOWA AREA CRIME COMMISSION**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended June 30, 2014**

**NOTE 7 – RISK MANAGEMENT (CONTINUED)**

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 member'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 reinsurance 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 incurred. As of June 30, 2014, 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 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.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through October 21, 2014, the date which the financial statements were available for issue.

## **OTHER INFORMATION**

**SOUTH IOWA AREA CRIME COMMISSION**  
**COMPARISON OF RECEIPTS AND DISBURSEMENTS**  
**ACTUAL TO BUDGET - GENERAL OPERATING**  
**For the Year Ended June 30, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County assessments	\$ 223,163	\$ 223,163	\$ -
Other reimbursements	42,085	47,310	(5,225)
Total operating receipts	<u>265,248</u>	<u>270,473</u>	<u>(5,225)</u>
Operating disbursements:			
Salaries and benefits	213,935	213,906	(29)
Payroll taxes	14,009	14,469	460
Dues and subscriptions	400	1,000	600
Insurance	2,141	3,250	1,109
Office expense	2,996	4,610	1,614
Professional fees	15,300	15,750	450
Repairs and maintenance	-	500	500
Telephone	1,773	2,000	227
Training	6,792	7,500	708
Travel and transport expenses	3,837	7,580	3,743
Utilities	5,274	2,500	(2,774)
Total operating disbursements	<u>266,457</u>	<u>273,065</u>	<u>6,608</u>
Excess of operating receipts over operating disbursements	<u>(1,209)</u>	<u>(2,592)</u>	<u>1,383</u>
Non-operating receipts (disbursements):			
Interest income	20	200	(180)
Capital purchases	(86)	(1,500)	1,414
Net non-operating receipts (disbursements)	<u>(66)</u>	<u>(1,300)</u>	<u>1,234</u>
Excess/(deficiency) of receipts over disbursements	<u>\$ (1,275)</u>	<u>\$ (3,892)</u>	<u>\$ 2,617</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, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County transport fees	\$ 354,308	\$ 415,000	\$ (60,692)
Other reimbursements	6,314	2,000	4,314
Total operating receipts	<u>360,622</u>	<u>417,000</u>	<u>(56,378)</u>
Operating disbursements:			
Salaries and benefits	159,616	209,288	49,672
Payroll taxes	11,287	13,740	2,453
Insurance	15,871	22,000	6,129
Office expense	1,532	2,000	468
Professional fees	30,632	30,212	(420)
Repairs and maintenance	69,524	99,000	29,476
Telephone	7,571	8,200	629
Training	-	3,300	3,300
Travel and transport expenses	8,892	20,500	11,608
Utilities	4,913	3,000	(1,913)
Total operating disbursements	<u>309,838</u>	<u>411,240</u>	<u>101,402</u>
Excess of operating receipts over operating disbursements	<u>50,784</u>	<u>5,760</u>	<u>45,024</u>
Non-operating receipts (disbursements):			
Interest income	20	200	(180)
Capital purchases	(12,500)	-	(12,500)
Net non-operating receipts (disbursements)	<u>(12,480)</u>	<u>200</u>	<u>(12,680)</u>
(Deficiency)/excess of receipts over disbursements	<u>\$ 38,304</u>	<u>\$ 5,960</u>	<u>\$ 32,344</u>

See accompanying notes.

**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**

**SOUTH IOWA AREA CRIME COMMISSION**



**Menke & Company**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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 South Iowa Area Crime Commission as of and for the year ended June 30, 2014, and the related notes to financial statement, and have issued our report thereon dated October 21, 2014. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of South Iowa Area Crime Commission's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2014-I-A to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Iowa Area Crime Commission'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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. 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 Iowa Area Crime Commission's Responses to Findings

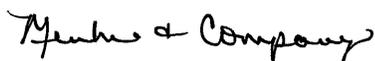
The South Iowa Area Crime Commission's written responses to findings identified in our audit are described in the accompanying Schedule of Findings. The South Iowa Area Crime Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and accordingly, we express no opinion on them.

## 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 result of that testing and not to provide an opinion on the effectiveness of the Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the South Iowa Area Crime Commission 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.

Sincerely,



Menke & Company  
Certified Public Accountants  
Professional Corporation  
West Point, Iowa  
October 21, 2014

**SOUTH IOWA AREA CRIME COMMISSION  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2014**

**Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2014-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. We 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 due to the small size of the office staff.

Recommendation – We 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, everything that we do is checked, double checked, and sometimes even triple checked among the employees that we do have. We also rotate various tasks among the office staff to avoid a single person always doing the same task.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

2014-II-A

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.

2014-II-B

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

**SOUTH IOWA AREA CRIME COMMISSION  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2014**

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

2014-II-C

Commission Meetings – No transactions were found that we believe should have been approved in the Commission minutes but were not. However, the minutes did not include the schedule of bills allowed as required by Chapter 28E.6(3) of the Code of Iowa.

Recommendation – The Commission should ensure the minutes, including the schedule of bills allowed, are published as required.

Response – This recommendation will be followed for future publications.

Conclusion – Response accepted.

2014-II-D

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.

2014-II-E

Electronic Check Retention – Chapter 554D.114 of the Code of Iowa allows the Commission to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Commission retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The Commission should obtain and retain an image of both the front and back of each cancelled check as required.

Response – We will contact our banks about printing both sides of the checks from now on.

Conclusion – Response accepted.

**SOUTH IOWA AREA CRIME COMMISSION**

**Audit Staff**

The audit was performed by:

Ann M. Menke, CPA

Carol Ross, CPA

Kelly Nelton, CPA

Kristy Adams, Staff Auditor

## News Release

For Release:

Menke & Company, PC, of West Point, Iowa, today released an audit report on the South Iowa Area Crime Commission.

The Commission had total receipts of \$625,910 for the year ended June 30, 2014 a 14 percent decrease from the prior year. The receipts included county transport fees of \$354,308, county assessments of \$223,163 and other reimbursements of \$48,399.

Disbursements for the year totaled \$588,881, a 9 percent decrease from the prior year, and included \$373,551 for salaries and benefits, \$69,524 for repairs and maintenance, and \$45,932 for professional fees.

The significant decrease in receipts is primarily due to a decrease in county transport fees over the prior year.

A copy of the audit report is available for review in the office of Auditor of State and the South Iowa Area Crime Commission. The report can also be accessed on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.