

SOUTH IOWA AREA CRIME COMMISSION

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

June 30, 2015

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SOUTH IOWA AREA CRIME COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Steve McCoy	Executive Director	
Matthew Murphy	Assistant 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
Lamoyne Gaard	Member	Poweshiek 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, 2015, 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, 2015 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.

Emphasis of Matter

As disclosed in Note 3 to the financial statements, The South Iowa Area Crime Commission adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

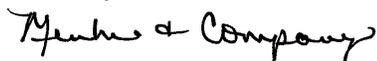
Other Information

The other information, Management's Discussion and Analysis, budgetary comparison information, the Schedule of the Commission's Proportionate Share of the Net Pension Liability, and the Schedule of Commission Contributions on pages 7 through 10 and 24 through 27, 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 January 13, 2016 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Iowa Area Crime Commission's internal control over financial reporting and compliance.

Sincerely,



Menke & Company
Certified Public Accountants
Professional Corporation
West Point, Iowa
January 13, 2016

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, 2015. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2015 FINANCIAL HIGHLIGHTS

- Operating receipts decreased 1.1%, or approximately \$6,762, from fiscal year 2014 to fiscal year 2015.
- Operating disbursements decreased 5.0%, or approximately \$28,558, from fiscal year 2014 to fiscal year 2015.
- The Commission's cash balance decreased 22.1%, or approximately \$76,592, from June 30, 2014 to June 30, 2015.

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 Commission's proportionate share of the net pension liability and related contributions and 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, membership rebates, and capital projects. A summary of cash receipts, disbursements, and changes in cash balance for the years ended June 30, 2015 and June 30, 2014 is as follows:

	Year ended June 30,	
	2015	2014
Operating receipts:		
County assessments	\$ 238,689	\$ 223,163
County transport fees	329,113	354,308
Other reimbursements	51,306	48,399
Total operating receipts	<u>619,108</u>	<u>625,870</u>
Operating disbursements:		
Salaries and benefits	363,427	373,551
Payroll taxes	25,437	25,296
Dues and subscriptions	270	400
Insurance	14,843	18,012
Office expense	4,150	4,528
Professional fees	47,585	45,932
Repairs and maintenance	60,861	69,524
Telephone	8,817	9,344
Training	7,825	6,792
Travel and transport expenses	10,887	12,729
Utilities	3,635	10,187
Total disbursements	<u>547,737</u>	<u>576,295</u>
Excess of operating receipts Over operating disbursements	<u>71,371</u>	<u>49,575</u>

Non-operating receipts (disbursements):		
Interest income	38	40
Membership rebate	-92,554	0
Capital purchases	-55,447	-12,586
Net non-operating disbursements	<u>-147,963</u>	<u>-12,546</u>
Change in cash balance	-76,592	37,029
Cash balance beginning of year	<u>346,438</u>	<u>309,409</u>
Cash balance end of year	<u>\$ 269,846</u>	<u>\$ 346,438</u>
Cash Basis Fund Balance		
Unrestricted	<u>\$ 269,846</u>	<u>\$ 346,438</u>

In fiscal year 2015, operating receipts decreased \$6,762, or 1.1%, over fiscal year 2014. The decrease was primarily a result of a decrease in transport fees due to fewer transports. In fiscal year 2015, operating disbursements decreased \$28,558, or 5.0%, compared to fiscal year 2014. The decrease was primarily due to a decrease in salaries, benefits, insurance, repairs, and utilities due to fewer transports.

The Commission's net assets decreased approximately \$76,592, or 22.1%, during the year.

LONG –TERM DEBT

At June 30, 2015, the Commission had no long term debt outstanding.

ECONOMIC FACTORS

The financial position of the Commission did not improve in the current fiscal year mainly due to the non-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 2015 included five 20-hour jail schools: September, 2014 in Burlington; October, 2014 in Ottumwa; November, 2014 in Albia; December, 2014 in Mt. Pleasant; and April, 2015 in Oskaloosa. Two 40-hour basic jailer training schools with medication management included were conducted in December, 2014 and June, 2015 in Ottumwa. PREA standards training was conducted at each 20 hour jail school. Less lethal training was conducted in October, 2014 at Henry County. ALICE training was conducted in August, 2014 at Jefferson County Hospital, Wapello County JCO's office, and at Indian Hills Community College. ALICE training was also conducted in December, 2014 at the Monroe County Hospital.

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. Three replacement vehicles were purchased. The cash balance of the Juvenile Project decreased during the year. The reason for this decrease is because of the vehicle replacements and membership rebate expenditures. This past fiscal year showed a total of 1,301 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 Matthew Murphy, Executive Director, South Iowa Area Crime Commission, 212 Glasgow Road, Fairfield, Iowa, 52556.

SOUTH IOWA AREA CRIME COMMISSION

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, 2015

	General Operating	Alternative Juvenile Detention Project	Total
Operating receipts:			
County assessments	\$ 238,689	\$ -	\$ 238,689
County transport fees	-	329,113	329,113
Other reimbursements	42,806	8,500	51,306
Total operating receipts	<u>281,495</u>	<u>337,613</u>	<u>619,108</u>
Operating disbursements:			
Salaries and benefits	208,469	154,958	363,427
Payroll taxes	14,059	11,378	25,437
Dues and subscriptions	270	-	270
Insurance	1,945	12,898	14,843
Office expense	3,230	920	4,150
Professional fees	15,767	31,818	47,585
Repairs and maintenance	-	60,861	60,861
Telephone	1,747	7,070	8,817
Training	7,825	-	7,825
Travel and transport expenses	4,785	6,102	10,887
Utilities	1,921	1,714	3,635
Total operating disbursements	<u>260,018</u>	<u>287,719</u>	<u>547,737</u>
Excess of operating receipts over operating disbursements	<u>21,477</u>	<u>49,894</u>	<u>71,371</u>
Non-operating receipts (disbursements):			
Interest income	18	20	38
Membership rebate	(42,633)	(49,921)	(92,554)
Capital purchases	(2,542)	(52,905)	(55,447)
Net non-operating receipts (disbursements)	<u>(45,157)</u>	<u>(102,806)</u>	<u>(147,963)</u>
Change in cash balance	(23,680)	(52,912)	(76,592)
Cash balance beginning of year	<u>115,780</u>	<u>230,658</u>	<u>346,438</u>
Cash balance end of year	<u>\$ 92,100</u>	<u>\$ 177,746</u>	<u>\$ 269,846</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, 2015**

	<u>General Operating</u>	<u>Alternative Juvenile Detention Project</u>	<u>Total</u>
Cash Basis Fund Balance			
Unrestricted	<u>\$ 92,100</u>	<u>\$ 177,746</u>	<u>\$ 269,846</u>
Total cash basis fund balance	<u><u>\$ 92,100</u></u>	<u><u>\$ 177,746</u></u>	<u><u>\$ 269,846</u></u>

See notes to financial statement.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015

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 fifteen member counties. The member counties include: Adair, Davis, Des Moines, Henry, Jefferson, Keokuk, Lee, Louisa, Mahaska, Monroe, Poweshiek, 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, 2015

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, 2015 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 \$261,591 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, 2015

NOTE 3 – PENSION AND RETIREMENT BENEFITS

Plan Description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

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

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

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015

NOTE 3 – PENSION AND RETIREMENT BENEFITS (Continued)

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's contributions to IPERS for the year ended June 30, 2015 were \$29,667.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Commission's liability for its proportionate share of the collective net pension liability totaled \$198,299. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the collective net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Commission's proportion was 0.0050001 percent, which was a decrease of 0.0002636 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the Commission's collective pension expense, collective deferred outflows and collective deferred inflows totaled \$14,842, \$10,906 and \$75,625, respectively.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015

NOTE 3 – PENSION AND RETIREMENT BENEFITS (Continued)

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(.69)
Total	100%	

**SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015**

NOTE 3 – PENSION AND RETIREMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Commission's proportionate share of the net pension liability	\$ 374,680	\$ 198,299	\$ 49,415

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

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, 2015, was \$18,386 and \$60,058, respectively. The liability has been computed based on rates of pay in effect at June 30, 2015.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015

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 \$55,565 for the year ended June 30, 2015.

NOTE 6 – 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 727 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual 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, but 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 contributions to the Pool for the year ended June 30, 2015 were \$9,030.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO FINANCIAL STATEMENT
For the Year Ended June 30, 2015

NOTE 6 – 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 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 \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the 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 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.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the Commission's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool of 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 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 13, 2016, 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, 2015

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County assessments	\$ 238,689	\$ 223,163	\$ 15,526
Other reimbursements	42,806	49,301	(6,495)
Total operating receipts	<u>281,495</u>	<u>272,464</u>	<u>9,031</u>
Operating disbursements:			
Salaries and benefits	208,469	220,786	12,317
Payroll taxes	14,059	14,748	689
Dues and subscriptions	270	800	530
Insurance	1,945	3,250	1,305
Office expense	3,230	4,360	1,130
Professional fees	15,767	15,750	(17)
Repairs and maintenance	-	500	500
Telephone	1,747	2,000	253
Training	7,825	7,500	(325)
Travel and transport expenses	4,785	7,580	2,795
Utilities	1,921	2,000	79
Total operating disbursements	<u>260,018</u>	<u>279,274</u>	<u>19,256</u>
Excess of operating receipts over operating disbursements	<u>21,477</u>	<u>(6,810)</u>	<u>28,287</u>
Non-operating receipts (disbursements):			
Interest income	18	200	(182)
Membership rebate	(42,633)	-	(42,633)
Capital purchases	(2,542)	(1,500)	(1,042)
Net non-operating receipts (disbursements)	<u>(45,157)</u>	<u>(1,300)</u>	<u>(43,857)</u>
Excess/(deficiency) of receipts over disbursements	<u>\$ (23,680)</u>	<u>\$ (8,110)</u>	<u>\$ (15,570)</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, 2015

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
Operating receipts:			
County transport fees	\$ 329,113	\$ 415,000	\$ (85,887)
Other reimbursements	8,500	2,000	6,500
Total operating receipts	<u>337,613</u>	<u>417,000</u>	<u>(79,387)</u>
Operating disbursements:			
Salaries and benefits	154,958	209,288	54,330
Payroll taxes	11,378	13,740	2,362
Insurance	12,898	22,000	9,102
Office expense	920	2,000	1,080
Professional fees	31,818	30,212	(1,606)
Repairs and maintenance	60,861	95,725	34,864
Telephone	7,070	8,200	1,130
Training	-	3,300	3,300
Travel and transport expenses	6,102	20,500	14,398
Utilities	1,714	3,000	1,286
Total operating disbursements	<u>287,719</u>	<u>407,965</u>	<u>120,246</u>
Excess of operating receipts over operating disbursements	<u>49,894</u>	<u>9,035</u>	<u>40,859</u>
Non-operating receipts (disbursements):			
Interest income	20	200	(180)
Membership rebate	(49,921)	-	(49,921)
Capital purchases	(52,905)	-	(52,905)
Net non-operating receipts (disbursements)	<u>(102,806)</u>	<u>200</u>	<u>(103,006)</u>
(Deficiency)/excess of receipts over disbursements	<u>\$ (52,912)</u>	<u>\$ 9,235</u>	<u>\$ (62,147)</u>

See accompanying notes.

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2015**

	<u>2015</u>
Commission's proportion of the net pension liability	0.0050001%
Commission's proportionate share of the net pension liability	\$ 198,299
Commission's covered-employee payroll	\$ 332,216
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	59.69%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

See accompanying independent auditor's report.

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF COMMISSION CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 YEARS
OTHER INFORMATION**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Statutorily required contributions	\$ 29,667	\$ 29,218	\$ 29,931	\$ 27,829	\$ 22,492
Contributions in relation to the statutorily required contribution	<u>29,667</u>	<u>29,218</u>	<u>29,931</u>	<u>27,829</u>	<u>22,492</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Commission's covered-employee payroll	\$332,216	327,189	345,225	344,845	323,626
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contributions	\$ 21,991	\$ 20,557	\$ 17,569	\$ 16,218	\$ 16,266
Contributions in relation to the statutorily required contribution	<u>21,991</u>	<u>20,557</u>	<u>17,569</u>	<u>16,218</u>	<u>16,266</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Commission's covered-employee payroll	\$330,692	323,732	290,397	282,052	282,887
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See independent auditor's report.

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO OTHER INFORMATION – PENSION LIABILITY
For the Year Ended June 30, 2015

Changes of benefit terms:

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

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

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

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

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

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

SOUTH IOWA AREA CRIME COMMISSION
NOTES TO OTHER INFORMATION – PENSION LIABILITY
For the Year Ended June 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**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, 2015, and the related Notes to Financial Statement, and have issued our report thereon dated January 13, 2016. 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 2015-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, 2015 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 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 results 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
January 13, 2016

**SOUTH IOWA AREA CRIME COMMISSION
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2015**

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2015-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:

2015-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.

2015-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, 2015**

Other Findings Related to Required Statutory Reporting:

2015-II-C

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

2015-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.

SOUTH IOWA AREA CRIME COMMISSION

Audit Staff

The audit was performed by:

Ann M. Menke, CPA

Carol Ross, CPA

Kelly Nelton, CPA

Kim Settles, CPA

Kristy Adams, Staff Auditor