

SAN BERNARDINO/RIVERSIDE
REGIONAL REMOTE ACCESS NETWORK
AND
SAN BERNARDINO LOCAL
REMOTE ACCESS NETWORK
(THE CAL-ID PROGRAM)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
JUNE 30, 2009 and 2008

SAN BERNARDINO/RIVERSIDE
REGIONAL REMOTE ACCESS NETWORK
AND
SAN BERNARDINO LOCAL
REMOTE ACCESS NETWORK
(THE CAL-ID PROGRAM)

FOR THE YEARS ENDED
JUNE 30, 2009 and 2008

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CERTIFIED PUBLIC ACCOUNTANTS

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- Donald L. Parker, C.P.A.
- Michael K. Chu, C.P.A.
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INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors of
Counties of San Bernardino and Riverside

We have audited the accompanying statements of receipts, disbursements and changes in trust fund cash of the San Bernardino/Riverside Regional Remote Access Network and San Bernardino Local Access Network (the CAL-ID Program) for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the CAL-ID Program's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts, disbursements and changes in trust fund cash of the CAL-ID Program for the years ended June 30, 2009 and 2008 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2009 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the statements of receipts, disbursements and changes in trust fund cash taken as a whole. The supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the statements. Such information has not been subjected to the auditing procedures applied in the audit of the statements and, accordingly, we express no opinion on it.

Lance, Soll & Lunghard, LLP

December 4, 2009

CAL-ID PROGRAM

Statements of Receipts, Disbursements and Changes in Trust Fund Cash

For the Years Ended June 30, 2009 and 2008

Regional Programs		
	<u>2009</u>	<u>2008</u>
<u>AFIS</u>		
Contractual payment-County of Riverside	\$ 215,000	\$ -
Contractual payment from local program-County of San Bernardino	215,000	1,246,442
Interest earnings	<u>55,895</u>	<u>53,589</u>
Total receipts	485,895	1,300,031
Cash transfer to operating fund	<u>1,213,316</u>	<u>404,525</u>
Receipts over (under) disbursements	(727,421)	895,506
Beginning balance	<u>1,428,899</u>	<u>533,393</u>
Ending balance	<u>701,478</u>	<u>1,428,899</u>
<u>DNA</u>		
Contractual payment-County of Riverside	542,056	533,199
Contractual payment from local program-County of San Bernardino	1,171,858	990,228
Interest earnings	<u>52,456</u>	<u>55,299</u>
Total receipts	<u>1,766,370</u>	<u>1,578,726</u>
Cash transfer to operating fund	<u>1,063,557</u>	<u>1,255,478</u>
Receipts over (under) disbursements	702,813	323,248
Beginning balance	<u>732,008</u>	<u>408,760</u>
Ending balance	<u>1,434,821</u>	<u>732,008</u>
Total Regional Programs cash balance at year end	<u><u>\$ 2,136,299</u></u>	<u><u>\$ 2,160,907</u></u>
 Local Program		
<u>San Bernardino AFIS</u>		
Contractual payments	\$ 1,521,010	\$ 1,455,255
LiveScan fees	66,567	78,661
Interest earnings	157,122	290,562
Penalty assessment fines	639,746	617,061
DMV assessment, net	<u>1,623,293</u>	<u>1,647,825</u>
Total receipts	4,007,738	4,089,364
Cash transfer to Regional AFIS and DNA	1,386,858	2,236,670
Cash transfer to operating funds	<u>3,126,913</u>	<u>3,017,183</u>
Receipts over (under) disbursements	(506,033)	(1,164,489)
Beginning Balance	<u>4,210,864</u>	<u>5,375,353</u>
Total Local Program cash balance at year end	<u><u>\$ 3,704,831</u></u>	<u><u>\$ 4,210,864</u></u>

CAL-ID PROGRAM

Notes to Financial Statements

1. Summary of Operations and Significant Accounting Policies

Description of the Program

The San Bernardino/Riverside Regional Remote Access Program (the CAL-ID Program) is a two-county contractual program between San Bernardino and Riverside Counties for computerizing fingerprint records and performing DNA analyses to support criminal investigations. It also allows local agencies in both counties to access the databases of other jurisdictions to conduct fingerprint searches. The CAL-ID Program is administered by the San Bernardino County Sheriff's Department's Grants/Cost Recovery Unit.

The accompanying financial statements presents only the activities of the CAL-ID Program and are not intended to present the results of operations or other activities of the San Bernardino County Sheriff's Department nor the County of San Bernardino itself in conformity with accounting principles generally accepted in the United States of America.

Automated Fingerprint Identification System (AFIS)

Regional: The regional program provides hardware and software used to maintain fingerprint records. The system is for both counties and local police agencies.

Local: The San Bernardino County program enables local police agencies to interface with the regional system. The program allows agencies to input fingerprint data and perform database searches.

Regional Deoxyribonucleic Acid (DNA) Laboratory

The regional program provides for equipment and operation of a DNA analysis laboratory located at the San Bernardino Sheriff's Department Crime Laboratory. Services are available to all San Bernardino and Riverside local police agencies. However, due to the expense of DNA analysis, criteria have been established to define which cases will be accepted.

Funding and Cost Recovery for Regional Programs

The Regional AFIS program is funded equally by San Bernardino and Riverside Counties.

The Regional DNA program is funded by San Bernardino and Riverside Counties based on the amount of DNA cases analyzed by the crime laboratory. For the years ended June 30, 2009 and 2008, the contribution rate was 65% for the County of San Bernardino and 35% for the County of Riverside.

Funding and Cost Recovery for Local Program

The Local Program receives a portion of its receipts from court-imposed penalty assessment fines. Senate Bill (SB) 1148, effective October 1, 1988 states an additional \$0.50 assessment will be levied on every \$10 fine, penalty or forfeiture imposed or collected by the courts for criminal offenses.

The funds collected are deposited directly by the courts into the local AFIS trust fund.

CAL-ID PROGRAM

Notes to Financial Statements

1. Summary of Operations and Significant Accounting Policies (Continued)

Funding and Cost Recovery for Local Program (Continued)

On September 30, 1997, the State enacted SB 720 adding Section 9250.19 to the Vehicle Code, which provides that, upon request by a county, the Department of Motor Vehicles can, with certain exceptions, collect a \$1 fee from every motor vehicle registered within each County for the five-year period of January 1, 1998 through January 1, 2005. The State has subsequently extended the sunset date to January 1, 2012. The funds collected are to be used for local programs to enhance law enforcement fingerprint identification. On October 28, 1997, the San Bernardino County Board of Supervisors adopted a resolution implementing a \$1 registration assessment on vehicles registered in San Bernardino County to fund their AFIS local program.

The Local Program also receives additional funds from San Bernardino County and participating cities based on relative population.

Basis of Accounting

The trust account financial statements are prepared on a cash basis of accounting, which is comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts and disbursements are recognized when cash is received or when cash is paid.

The trust funds are maintained by the San Bernardino Auditor/Controller-Recorder (ACR) under the terms of various contracts between San Bernardino and Riverside Counties. The ACR is the trustee for both the regional programs and the local program for San Bernardino County. As trustee, the ACR is responsible for collecting and disbursing all funds.

2. Commitments

Through a contractual agreement between San Bernardino and Riverside Counties, the Counties must jointly approve an agreement for computer and equipment purchases and vendor maintenance. The Counties have a contract with N.E.C. Technologies, Inc. (N.E.C.) the state-selected contractor for the CAL-ID Program. The Program had outstanding purchase commitments at June 30, 2009 and 2008, of approximately \$11,280 and \$564,908, respectively to N.E.C.

CAL-ID PROGRAM

**Schedule of Receipts and Disbursements - Operating Funds
(Unaudited)**

For the Years Ended June 30, 2009 and 2008

Regional Programs

	<u>2009</u>	<u>2008</u>
<u>AFIS</u>		
Revenues		
Reimbursements from trust fund	\$ 1,213,316	\$ 404,525
Expenditures		
Services and supplies	646,964	138,363
Capital Outlay	567,393	266,170
	<u>1,214,357</u>	<u>404,533</u>
Balance due to/(from) trust fund	<u>\$ (1,041)</u>	<u>\$ (8)</u>

<u>DNA</u>		
Revenues		
Reimbursements from trust fund	\$ 1,063,557	\$ 1,255,478
Expenditures		
Salaries and benefits	946,408	1,075,130
Services and supplies	141,384	84,296
	<u>1,087,792</u>	<u>1,159,426</u>
Balance due to/(from) trust fund	<u>\$ (24,235)</u>	<u>\$ 96,052</u>

Local Programs

<u>San Bernardino AFIS</u>		
Revenues		
Reimbursements from trust fund	\$ 3,126,913	\$ 3,017,183
Expenditures		
Salaries and benefits	2,349,537	2,399,378
Services and supplies	702,068	357,845
Capital Outlay	57,289	74,388
	<u>3,108,894</u>	<u>2,831,611</u>
Balance due to/(from) trust fund	<u>\$ 18,019</u>	<u>\$ 185,572</u>

CAL-ID PROGRAMS

Note to Supplementary Schedule

1. Basis of Presentation

The auditor/controller-recorder maintains separate operating funds for each program and is presented in the accompanying Schedule of Receipts and Disbursements – Operating Funds (Unaudited). This schedule is prepared on the cash basis of accounting, where in receipts for reimbursement of expenditures and disbursements are recognized when the cash is received or when the cash is paid.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Supervisors
Counties of San Bernardino and Riverside

We have audited the financial statements of receipts, disbursements and changes in trust fund cash of the San Bernardino/Riverside Regional Remote Access Network and San Bernardino Local Access Network Programs (the CAL-ID Program) for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 4, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the CAL-ID Program's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CAL-ID Program's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CAL-ID Program's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the CAL-ID Program's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the CAL-ID Program's financial statements that is more than inconsequential will not be prevented or detected by the CAL-ID Program's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the CAL-ID Program's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



To the Board of Supervisors
Counties of San Bernardino and Riverside

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CAL-ID Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the CAL-ID Program's management and the Board of Supervisors for the Counties of San Bernardino and Riverside, and is not intended to be, and should not be, used by anyone other than these specified parties.

Lance, Soll & Lughard, LLP

December 4, 2009

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH MANAGEMENT ASSERTIONS

To the Board of Supervisors of
Counties of San Bernardino and Riverside

We have examined management's assertions regarding the San Bernardino/Riverside Regional Remote Access Network and San Bernardino Local Access Network (the CAL-ID program) compliance with the terms and provisions of applicable agreements for the years ended June 30, 2009 and 2008, included in the accompanying Statement of Compliance. Management is responsible for the CAL-ID Program's compliance with those requirements. Our responsibility is to express an opinion on management's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the CAL-ID Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the CAL-ID Program's compliance with specified requirements.

In our opinion, the CAL-ID Program complied, in all material respects, with the aforementioned requirements for the years ended June 30, 2009 and 2008.

This report is intended solely for the information and use of the CAL-ID Program's management and the Board of Supervisors for the Counties of San Bernardino and Riverside, and is not intended to be, and should not be, used by anyone other than these specified parties.

Lance, Soll & Lunghard, LLP

December 4, 2009

AUDITOR/CONTROLLER-RECORDER COUNTY CLERK



COUNTY OF SAN BERNARDINO

AUDITOR/CONTROLLER • 222 West Hospitality Lane, Fourth Floor
San Bernardino, CA 92415-0018 • (909) 387-8322 • Fax (909) 386-8830
RECORDER • COUNTY CLERK • 222 West Hospitality Lane, First Floor
San Bernardino, CA 92415-0022 • (909) 387-8306 • Fax (909) 386-9050

LARRY WALKER
Auditor/Controller-Recorder
County Clerk

ELIZABETH A. STARBUCK, CGFM
Assistant Auditor/Controller-Recorder
Assistant County Clerk

December 21, 2009

SAN BERNARDINO/RIVERSIDE REGIONAL RAN BOARD
SAN BERNARDINO COUNTY LOCAL RAN BOARD
880 East Mill Street
San Bernardino, California 92415-0054

SUBJECT: REGIONAL AND LOCAL RAN PROGRAMS (CAL ID)
STATEMENT OF COMPLIANCE
FUNDS HELD IN THE SAN BERNARDINO COUNTY TREASURY

In connection with funds held in the San Bernardino County Treasury for the San Bernardino/Riverside Regional Remote Access Network (Regional RAN, also known as Regional CAL ID) and the San Bernardino Local Remote Access Network (Local RAN, also known as Local CAL ID) for the two fiscal years from July 1, 2007 through June 30, 2009, we have complied with the stated terms of the following established procedures executed by the County of San Bernardino, the County of Riverside and the cities located within San Bernardino County. Specifically, we managed funds held for these programs such that, to the best of our knowledge and belief, we assured compliance with the provisions and established procedures as stated below.

1. Established procedures between the counties of San Bernardino and Riverside:
 - a. Riverside and San Bernardino counties each agree to be responsible for 50% of the cost of the Regional AFIS Program, and also agree that San Bernardino be responsible for 65% of the Regional DNA costs and Riverside for the remaining 35%.
 - b. The Regional RAN Board will adopt an annual budget, which will be approved by the Riverside County and San Bernardino County Boards of Supervisors;
 - c. San Bernardino and Riverside counties will remit to the San Bernardino County Auditor/Controller-Recorder their annual contributions;
 - d. The San Bernardino County Auditor/Controller-Recorder will reimburse the San Bernardino County Sheriff's Department for actual expenses incurred by Regional and Local RAN operations;
 - e. San Bernardino County will provide Riverside County with a financial statement at the end of each fiscal year covering the expenses of the Regional RAN;
 - f. The Sheriffs of Riverside and San Bernardino counties will be responsible for fiscally managing and operating the Regional RAN systems; as a matter of practice, this includes ensuring that all documents have the proper signatures, and that funds are disbursed only for program purposes.

2. Established procedures between San Bernardino County and each city within San Bernardino County:
 - a. San Bernardino County and each of the participating cities within San Bernardino County share in San Bernardino County's Regional and Local RAN program costs by paying an assessment fee of \$0.75 per capita based on population figures from the California Department of Finance.
 - b. Funds will be held in separately identifiable interest-bearing accounts with the County;
 - c. The Sheriff of San Bernardino County will be responsible for managing and operating the San Bernardino County Local RAN system consistent with the direction of the Local RAN Board;
 - d. San Bernardino County shall provide users with a financial statement at the end of each fiscal year.

COUNTY OF SAN BERNARDINO

Larry Walker, Auditor/Controller-Recorder

Rod Hoops, Sheriff

Howard Ochi, CPA, Chief Deputy Auditor

CAL-ID PROGRAMS

Findings and Questioned Costs

For the Year Ended June 30, 2009 and 2008

No findings or questioned costs were noted.

CAL-ID PROGRAMS

Status of Prior Year Findings and Questioned Costs

For the Year Ended June 30, 2007 and 2006

Compliance and Other Matters

07/06-1 Maintenance of Supporting Documentation

Criteria: The policies and procedures for the County of San Bernardino Sheriff's Department's maintenance of grant records that all supporting documentation be maintained to support activity reported for all grant activity.

Condition: During the testing of grant expenditures we noted the following:

1. The Sheriff's Department grants/costs recovery unit personnel did not have a central location for all supporting documentation charged to the CAL-ID Program. Items selected for testing needed to be accumulated for the audit. As a result:
 - a. Out of a sample size of 124 expenditures transactions, over six months were needed to accumulate the supporting documentation.
 - b. Payroll allocations to the CAL-ID Program included adjustments (both increases and decreases) with no supporting explanation.
2. Prior audit fees were reclassified between trust funds without proper budget modifications. These fees should be allocated between all trust funds.
3. Expenditures transactions are recorded (both increases and decreases) which are related to other grants similar to the CAL-ID Program in the operating funds of the CAL-ID Program with no supporting explanation for these adjustments.

Cause: The Sheriff's Department had a change in grants/cost recovery unit personnel and therefore was unable to locate much of the supporting documentation or obtain explanations.

Recommendation: We recommend that the Sheriff's Department reinforce its policies and procedures required for all grants to the CAL-ID Program.

Sheriff's Department Response: The Department grants/cost recovery unit personnel are currently maintaining supporting documentation in separate binders for the CAL-ID Program.

Status: We noted that the client was able to provide all support requested and has resolved the findings noted above.

CAL-ID PROGRAMS

Status of Prior Year Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2007 and 2006

07/06-2-Monitoring of Budget Variances

Criteria: The policies and procedures for the County of San Bernardino Sheriff's Department's maintenance of grant records require that personnel monitor budget vs. actual activity including obtaining approval for budget modifications if necessary.

Condition: During the testing of grant expenditures budget vs. actual we noted that two of the trust funds for each fiscal year expended more than amounts budgeted in total and by certain expenditure line items.

Cause: The Sheriff's Department monitored budget variances but did not follow-up on noted variances where the actual expenditures exceeded budgeted amounts.

Recommendation: We recommend that the Sheriff's Department reinforce its policies and procedures required for all grants to CAL-ID Program.

Sheriff's Department Response: The Department grants/costs recovery unit personnel will better monitor budget vs. actual activity and obtain the proper approvals or budget modification when variances are noted.

Status: We noted that the client was able to provide us approved adjustments to the budget and has resolved the finding noted above.