

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT
AUDITORS' REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2011 AND 2010**

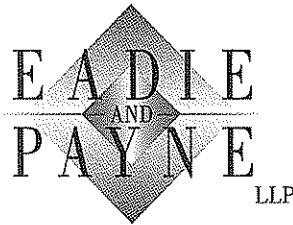
SAN BERNARDINO/RIVERSIDE REGIONAL REMOTE ACCESS NETWORK
AND SAN BERNARDINO LOCAL REMOTE ACCESS NETWORK
(THE CAL-ID PROGRAM)

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JUNE 30, 2011 AND 2010

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*Certified Public Accountants
and
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INDEPENDENT AUDITORS' REPORT

Board of Supervisors of
Counties of San Bernardino and Riverside, California
and County of San Bernardino Sheriff/Coroner-Public Administrator
San Bernardino, California

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 Remote Access Network (the CAL-ID Program) for the years ended June 30, 2011 and 2010. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the CAL-ID Program prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, 2011 and 2010, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 on our consideration of the entity'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statements of receipts, disbursements, and changes in trust fund cash as a whole. The schedule of receipts and disbursements - operating funds on page 7 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we do not express an opinion or provide any assurance on it.

Eadie and Payne, LLP

December 13, 2011

CAL-ID PROGRAM

STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN TRUST FUND CASH FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Regional Programs

	<u>2011</u>	<u>2010</u>
AFIS		
Contractual payment - County of Riverside	\$ 215,000	\$ 215,000
Contractual payment from local program - County of San Bernardino	215,000	215,000
Interest earnings	<u>13,331</u>	<u>19,701</u>
Total receipts	443,331	449,701
Cash transfer to operating fund	<u>613,065</u>	<u>17,812</u>
Receipts over (under) disbursements	(169,734)	431,889
Beginning balance	<u>1,133,367</u>	<u>701,478</u>
Ending balance	<u>963,633</u>	<u>1,133,367</u>
DNA		
Contractual payment - County of Riverside	175,000	621,740
Contractual payment from local program - County of San Bernardino	325,000	1,240,374
Interest earnings	<u>23,486</u>	<u>38,658</u>
Total receipts	523,486	1,900,772
Cash transfer to operating fund	<u>1,650,927</u>	<u>1,246,192</u>
Receipts over (under) disbursements	(1,127,441)	654,580
Beginning balance	<u>2,089,401</u>	<u>1,434,821</u>
Ending balance	<u>961,960</u>	<u>2,089,401</u>
Total Regional Programs Cash Balance at Year-End	<u>\$ 1,925,593</u>	<u>\$ 3,222,768</u>

Local Program

San Bernardino AFIS		
Contractual payments	\$ 2,163,998	\$ 2,147,140
LiveScan fees	66,948	61,171
Interest earnings	52,429	67,615
Penalty assessment fines	560,246	632,071
DMV assessment, net	<u>1,620,654</u>	<u>1,607,321</u>
Total receipts	4,464,275	4,515,318
Cash transfer to Regional AFIS and DNA	540,000	1,455,374
Cash transfer to operating fund	<u>2,816,538</u>	<u>3,236,971</u>
Receipts over (under) disbursements	1,107,737	(177,027)
Beginning balance	<u>3,527,804</u>	<u>3,704,831</u>
Total Local Program Cash Balance at Year-End	<u>\$ 4,635,541</u>	<u>\$ 3,527,804</u>

The accompanying notes are an integral part of the financial statements.

CAL-ID PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Program

The San Bernardino/Riverside Regional Remote Access Network 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 San Bernardino Regional Remote Access Network and the San Bernardino Local Remote Access Network are collectively referred to as the CAL-ID Program. The CAL-ID Program is administered by the San Bernardino County Sheriff's Department's Grants/Cost-Recovery Unit.

The accompanying financial statements present 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 or 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 County 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.

B. 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, 2011 and 2010, the contribution rate was 65% for the County of San Bernardino and 35% for the County of Riverside.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

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 seven-year period of January 1, 1998 through January 1, 2005. The State extended the sunset date to January 1, 2012 and has subsequently amended this provision with AB 674 to remove the sunset provision. AB 674 was approved by the California Assembly and Senate and signed into law by the Governor on September 1, 2011. 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.

D. Basis of Accounting

The trust account statement of receipts, disbursements, and changes in trust fund cash is prepared on a cash basis of accounting, which is a 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 County of San Bernardino Sheriff/Coroner-Public Administrator (Sheriff) under the terms of various contracts between San Bernardino and Riverside Counties. The Sheriff administers both the regional programs and the local program for San Bernardino County. The custodian of the funds is County of San Bernardino Auditor-Controller/Treasurer/Tax Collector who continues to process CAL-ID deposits collected by the Sheriff into the County consolidated banking account and transfers funds from the trust accounts into the operational accounts.

NOTES TO FINANCIAL STATEMENTS (Continued)

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. (NEC) the State-selected contractor for the CAL-ID Program. The Program had outstanding purchase commitments at June 30, 2011 and 2010 of approximately \$0 and \$351,999, respectively, to NEC.

CAL-ID PROGRAM

SCHEDULE OF RECEIPTS AND DISBURSEMENTS - OPERATING FUNDS (UNAUDITED)
 FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

Regional Programs

	<u>2011</u>	<u>2010</u>
AFIS		
Revenues		
Reimbursements from trust fund	\$ 613,065	\$ 17,812
Expenditures		
Services and supplies	<u>345,000</u>	<u>16,763</u>
Change in Balance Due to (From) Trust Fund	<u>\$ 268,065</u>	<u>\$ 1,049</u>
DNA		
Revenues		
Reimbursements from trust fund	\$ 1,650,927	\$ 1,246,192
Expenditures		
Salaries and benefits	1,143,364	1,046,912
Services and supplies	<u>130,188</u>	<u>137,015</u>
	<u>1,273,552</u>	<u>1,183,927</u>
Change in Balance Due to (From) Trust Fund	<u>\$ 377,375</u>	<u>\$ 62,265</u>

Local Program

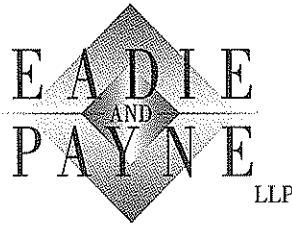
San Bernardino AFIS		
Revenues		
Reimbursements from trust fund	\$ 2,816,538	\$ 3,236,971
Expenditures		
Salaries and benefits	2,453,537	2,374,067
Services and supplies	533,805	521,504
Capital outlay	<u>16,813</u>	<u>334,826</u>
	<u>3,004,155</u>	<u>3,230,397</u>
Change in Balance Due to (From) Trust Fund	<u>\$ (187,617)</u>	<u>\$ 6,574</u>

CAL-ID PROGRAM
NOTE TO SUPPLEMENTARY SCHEDULE
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

1. BASIS OF PRESENTATION

The Auditor-Controller/Treasurer/Tax Collector 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, wherein 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, California
and County of San Bernardino Sheriff/Coroner-Public Administrator
San Bernardino, California

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 Remote Access Network (the CAL-ID Program) for the years ended June 30, 2011 and 2010, and have issued our report thereon dated December 13, 2011. 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 opinion 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

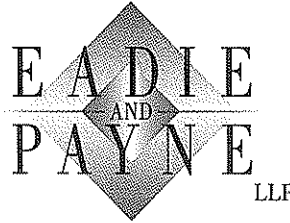
As part of obtaining reasonable assurance about whether the CAL-ID Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

Eadie and Payne, LLP

December 13, 2011

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH MANAGEMENT ASSERTIONS**

To the Board of Supervisors
Counties of San Bernardino and Riverside, California
and County of San Bernardino Sheriff/Coroner-Public Administrator
San Bernardino, California

We have examined management's assertions regarding the San Bernardino/Riverside Regional Remote Access Network and San Bernardino Local Access Network Programs (CAL-ID Program) compliance with the terms and provisions of applicable agreements for the years ended June 30, 2011 and 2010, 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, 2011 and 2010.

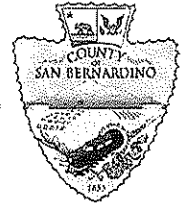
This report is intended solely for the information and use of the CAL-ID Program's management and the Board of Supervisors for the Counties of San Bernardino and Riverside, and is not intended to be, and should not be, used by anyone other than these specified parties.

Eadie and Payne, LLP

December 13, 2011



ROD HOOPS, SHERIFF-CORONER



November 17, 2011

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

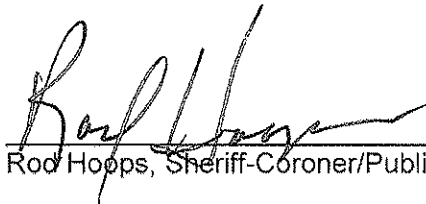
In connection with funds received and deposited into the San Bernardino County Treasury for the San Bernardino/Riverside Regional Remote Access Network (Regional RAN, also known as Regional CAL ID) and the San Bernardino Local Remote Access Network (Local RAN, also known as Local CAL ID) for the two fiscal years from July 1, 2009, through June 30, 2011, 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 Sheriff-Coroner's department their annual contributions.
 - d. Each year, following the Local and Regional RAN Board's approval of the local and regional budgets, the San Bernardino County Sheriff-Coroner's department will request to the Auditor/Controller/Treasurer-Tax Collector department, transfers from the trust accounts to the operating accounts the annual budget figures approved. 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;
 - e. 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.

SAN BERNARDINO/RIVERSIDE REGIONAL RAN BOARD
SAN BERNARDINO COUNTY LOCAL RAN BOARD
November 17, 2011
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2. Established procedures 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 \$1.05 per capita based on population figures from the California Department of Finance;
 - b. The Sheriff of San Bernardino County will prepare and send out the annual per capita assessment fee letters.
 - c. San Bernardino County and each of the participating cities within San Bernardino County will remit their contributions to the San Bernardino County Sheriff-Coroner's department;
 - d. Funds will be held in separately identifiable interest-bearing accounts with the County.
 - e. 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;
 - f. San Bernardino County shall provide users with a financial statement at the end of each fiscal year.

COUNTY OF SAN BERNARDINO


Rod Hoops, Sheriff-Coroner/Public Administrator

**CAL-ID PROGRAM
FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

There were no findings or questioned costs noted.

CAL-ID PROGRAM
STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

There were no findings or questioned costs for the years ended June 30, 2009 and 2008.