

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

**Financial Statements
with
Independent Auditors' Reports**

**For the Years Ended
June 30, 2017 and 2016**

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CAL-ID PROGRAM

Statements of Receipts, Disbursements and Changes in Trust Fund Cash Balances Modified Cash Basis

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Regional Programs		
<u>AFIS</u>		
Contractual payment - County of Riverside	\$ 1,000,000	\$ 1,000,000
Contractual payment from local program - County of San Bernardino	1,000,000	1,000,000
Interest earnings	19,261	6,945
Total receipts	<u>2,019,261</u>	<u>2,006,945</u>
Cash transfer to operating fund	<u>720,000</u>	<u>650,050</u>
Receipts over disbursements	1,299,261	1,356,895
Beginning trust fund cash balance	<u>2,409,202</u>	<u>1,052,307</u>
Ending trust fund cash balance	<u>3,708,463</u>	<u>2,409,202</u>
<u>DNA</u>		
Contractual payment - County of Riverside	243,000	243,000
Contractual payment from local program - County of San Bernardino	451,000	451,000
Interest earnings	17,351	16,014
Total receipts	<u>711,351</u>	<u>710,014</u>
Cash transfer to operating fund	<u>1,552,613</u>	<u>1,764,157</u>
Receipts over (under) disbursements	(841,262)	(1,054,143)
Beginning trust fund cash balance	<u>2,023,402</u>	<u>3,077,545</u>
Ending trust fund cash balance	<u>1,182,140</u>	<u>2,023,402</u>
Total Regional Programs cash balance at yearend	<u>\$ 4,890,603</u>	<u>\$ 4,432,604</u>
Local Program		
<u>San Bernardino AFIS</u>		
Contractual payments	\$ 2,483,063	\$ 2,315,093
LiveScan fees	59,326	67,295
Interest earnings	14,712	11,581
Penalty assessment fines	361,986	280,501
DMV assessment, net	3,088,353	1,754,564
Total receipts	<u>6,007,440</u>	<u>4,429,034</u>
Cash transfer to Regional AFIS and DNA	1,451,000	1,451,000
Cash transfer to operating funds	<u>3,651,613</u>	<u>3,992,224</u>
Receipts over (under) disbursements	904,827	(1,014,190)
Beginning trust fund cash balance	<u>724,853</u>	<u>1,739,043</u>
Total Local Program cash balance at yearend	<u>\$ 1,629,680</u>	<u>\$ 724,853</u>

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

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.

The preparation of these statements of receipts, disbursements and changes in trust fund cash balances – modified cash basis requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of cash receipts and disbursements. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of these financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows:

Automated Fingerprint Identification System (AFIS)

Regional: The regional programs provide hardware and software used to maintain fingerprint records. The system is used by 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 local police agencies in San Bernardino and Riverside Counties. 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, 2017 and 2016 the contribution rate was 65% for the County of San Bernardino and 35% for the County of Riverside.

CAL-ID PROGRAM

Notes to Financial Statements

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

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 \$.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 five-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.

Basis of Accounting

The trust account financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America. Receipts and disbursements are generally recognized when cash is received or when cash is transferred to cover reimbursable costs.

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 and local program for San Bernardino County. The custodian of the funds is the 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 to operating accounts.

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.

3. Subsequent Events

Events or transactions that occurred after June 30, 2017 up through November 6, 2018, the date the CAL-ID Program's statements of receipts, disbursements and changes in trust fund cash balances – modified cash basis were available for issuance, were reviewed for subsequent event accounting and disclosure. During this period the San Bernardino County Sheriff's Department does not believe it had any material subsequent events.

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SUPPLEMENTARY INFORMATION

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CAL-ID PROGRAM

Schedules of Receipts and Disbursements - Operating Funds

For the Years Ended June 30, 2017 and 2016

Regional Programs	<u>2017</u>	<u>2016</u>
<u>AFIS</u>		
Receipts:		
Reimbursements from AFIS trust fund	\$ 720,000	\$ 650,050
Disbursements paid/payable:		
Services and supplies	611,870	561,978
Capital outlay	-	47,000
	<u>611,870</u>	<u>608,978</u>
Excess of receipts over disbursements	108,130	41,072
Beginning balance due to AFIS trust fund	<u>85,997</u>	<u>44,925</u>
Ending balance due to AFIS trust fund	<u>\$ 194,127</u>	<u>\$ 85,997</u>
<u>DNA</u>		
Receipts:		
Reimbursements from DNA trust fund	\$ 1,552,613	\$ 1,764,157
Disbursements paid/payable:		
Salaries and benefits	1,354,836	1,227,805
Services and supplies	229,750	316,295
	<u>1,584,586</u>	<u>1,544,100</u>
Excess of receipts over (under) disbursements	(31,973)	220,057
Beginning balance due to (from) DNA trust fund	<u>104,931</u>	<u>(115,126)</u>
Ending balance due to DNA trust fund	<u>\$ 72,958</u>	<u>\$ 104,931</u>
 Local Program		
<u>San Bernardino AFIS</u>		
Receipts:		
Reimbursements from San Bernardino AFIS trust fund	\$ 3,651,613	\$ 3,992,224
Disbursements paid/payable:		
Salaries and benefits	3,202,291	3,037,390
Services and supplies	385,020	678,540
Capital outlay	24,039	140,654
	<u>3,611,350</u>	<u>3,856,584</u>
Excess of receipts over disbursements	40,263	135,640
Beginning balance due to San Bernardino AFIS trust fund	<u>230,164</u>	<u>94,524</u>
Ending balance due to San Bernardino AFIS trust fund	<u>\$ 270,427</u>	<u>\$ 230,164</u>

CAL-ID PROGRAM

Note to Supplementary Schedules

1. Basis of Presentation

The County of San Bernardino Auditor-Controller/Treasurer/Tax Collector maintains separate operating funds for each program which are presented in the accompanying schedules of receipts and disbursements - operating funds. This schedule is prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Receipts

The operating funds program receipts represent reimbursements to the operating funds from the respective trust funds.

Disbursements

The program disbursements represent amounts paid or that will be paid for expenditures incurred on behalf of each respective trust fund during each program year.



POWELL, SPAFFORD, & LANDRY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA
Patrick D. Spafford, CPA
Todd C. Landry, CPA

Licensed by the California Board of Accountancy
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Independent Auditors' Report

To the Board of Supervisors of the
Counties of San Bernardino and Riverside, California
and the San Bernardino County Sheriff's Department

Report on the Financial Statements

We have audited the accompanying statements of receipts, disbursements and changes in trust fund cash balances – modified cash basis 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, 2017 and 2016 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 statements.

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

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 balances – modified cash basis of the CAL-ID Program for the years ended June 30, 2017 and 2016, in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2018 on our consideration of Department'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance, 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 the Department's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the statements of receipts, disbursements and changes in trust fund cash balances taken as a whole. The supplementary information schedules of receipts and disbursements - operating funds on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Powell, Spafford & Landry, Inc.

November 6, 2018



**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***

Independent Auditors' Report

To the Board of Supervisors of the
Counties of San Bernardino and Riverside, California
and the San Bernardino County Sheriff's Department

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 accompanying statements of receipts, disbursements and changes in trust fund cash balances 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, 2017 and 2016, and the related notes to the statements of receipts, disbursements and changes in trust fund cash balances, and have issued our report thereon dated November 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CAL-ID Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the CAL-ID Program's internal control.

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 that a material misstatement of the CAL-ID Program's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statements of receipts, disbursements and changes in trust fund cash balance 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 matter that is required to be reported under *Government Auditing Standards*.

Purpose of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rowell, Spafford & Hardy, Inc.

November 6, 2018



POWELL, **S**PAFFORD, & **L**ANDRY, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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Todd C. Landry, CPA

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Member: American Institute of Certified Public Accountants

**Independent Accountants' Report on Compliance
with Management's Assertions**

To the Board of Supervisors of the
Counties of San Bernardino and Riverside, California
and the San Bernardino County Sheriff's Department

We have examined management of San Bernardino County Sheriff's Department's assertion that the San Bernardino County Sheriff's Department complied with the San Bernardino/Riverside Regional Remote Access Network and San Bernardino Local Access Network (the CAL-ID Program) terms and provisions of applicable agreements for the years ended June 30, 2017 and 2016, included in the accompanying Cal-ID Statement of Compliance. The San Bernardino County Sheriff's Department's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about San Bernardino County Sheriff's Department's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of the San Bernardino County Sheriff's Department's compliance with specified requirements.

In our opinion, management's assertion that the San Bernardino County Sheriff's Department complied with the CAL-ID Program compliance requirements included in the accompanying Cal-ID Statement of Compliance is fairly stated, in all material respects.

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

Powell, Spafford & Landry, Inc.

November 6, 2018

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JOHN McMAHON, SHERIFF-CORONER

October 10, 2018

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

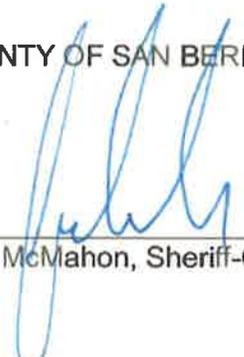
SUBJECT: REGIONAL AND LOCAL RAN PROGRAMS (CAL ID)
STATEMENT OF COMPLIANCE
FUNDS HELD IN THE SAN BERNARDINO COUNTY TREASURY

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, 2015, through June 30, 2017, 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 from the Auditor/Controller/Treasurer-Tax Collector to transfer, the annual budget figures approved, from the trust accounts to the operating accounts. 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.

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 the current year assessment fee 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



John McMahon, Sheriff-Coroner/Public Administrator

CAL-ID PROGRAM

Findings and Questioned Costs

For the Years Ended June 30, 2017 and 2016

Compliance

Nothing to report.

Status of Prior Year Findings and Questioned Costs

2015/2014-1 – Remittance of Annual Contributions

Criteria: 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 the Auditor/Controller/Treasurer-Tax Collector Department to transfer from the trust accounts to the operating accounts the approved budgeted amounts.

Condition: The County of San Bernardino Sheriff's Department did not remit the approved budgeted amounts for the fiscal year ending June 30, 2014 on a timely basis. The contributions were made during the year ended June 30, 2015.

Cause: The Sheriff's Department had a change in personnel which resulted in an oversight for these requirements.

Recommendation: We recommend that the Sheriff's Department personnel ensure compliance with timely funding of its annual contribution.

Current Status: Implemented.

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