



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

June 13, 2012

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the North Iowa Juvenile Detention Services Commission.

The Commission's receipts totaled \$899,530 for the year ended June 30, 2011, a 31% increase over the prior year. The receipts included \$387,625 in detention care fees, \$324,989 from the state and \$116,484 from monitoring service fees. The significant increase in receipts is due to an increase in detention care fees and state program receipts.

Disbursements totaled \$943,292 for the year ended June 30, 2011, a 14% decrease from the prior year, and included \$577,029 for salaries and \$121,880 for employee health and life insurance. The decrease in disbursements is due to a decrease in debt service payments because the Commission's remaining debt was repaid in full in the prior year.

A copy of the audit report is available for review in the North Iowa Juvenile Detention Services Commission's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1114-1502-B00F.pdf>.

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NORTH IOWA JUVENILE DETENTION SERVICES COMMISSION

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

JUNE 30, 2011

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North Iowa Juvenile Detention Services Commission

Officials

| <u>Name</u> | <u>Title</u> | <u>Representing</u> |
|-----------------------|---------------------|---------------------|
| Frank Magsamen | Chair | Black Hawk County |
| James Ross | Vice Chair | Grundy County |
| Vickie Rowland | Treasurer/Secretary | Fayette County |
| Ralph Kremer | Member | Buchanan County |
| Karl Nelson | Member | Butler County |
| Jason Byrne | Member | Chickasaw County |
| Larry Gibbs | Member | Clayton County |
| Jerry Ries | Member | Delaware County |
| Wayne Demmer | Member | Dubuque County |
| Ron Buch | Member | Benton County |
| Bob Amosson | Member | Cerro Gordo County |
| Adolf Gamez | Member | Howard County |
| Joel Voaklander | Member | Mitchell County |
| Stephen Bouska | Member | Winneshiek County |
| Dave Haugen | Member | Worth County |
| Martin Peterson | Member-at-large | |
| Capt. Timothy Pillack | Member-at-large | |
| Ruth Frush | Member-at-large | |
| Luis Cox | Director | |

North Iowa Juvenile Detention Services Commission



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Independent Auditor's Report

To the Members of the North Iowa
Juvenile Detention Services Commission:

We have audited the accompanying financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2011. The financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the North Iowa Juvenile Detention Services Commission at June 30, 2011, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2012 on our consideration of the North Iowa Juvenile Detention Services 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 6 through 8 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The North Iowa Juvenile Detention Services Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the North Iowa Juvenile Detention Services Commission is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2011 FINANCIAL HIGHLIGHTS

- Operating receipts increased 31%, or approximately \$214,000, from fiscal year 2010 to fiscal year 2011.
- Operating disbursements decreased 7%, or approximately \$76,000, from fiscal year 2010 to fiscal year 2011.
- Cash basis net assets decreased 7%, or approximately \$44,000, from June 30, 2010 to June 30, 2011.

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 U.S. generally accepted accounting principles. 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, revenues 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 are 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 Basis Net Assets presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

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 cash basis net assets.

Operating receipts are received from seventeen member counties and non-member counties for services provided to juveniles who await court disposition. The Commission provides a physically secure, emotionally stable and safe environment for these individuals until a final court ruling. Operating disbursements are disbursements paid to operate the Commission. Non-operating receipts and disbursements include interest on investments and principal and interest payments on the Commission's debt. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2011 and June 30, 2010 is presented below:

| Changes in Cash Basis Net Assets | | |
|--|---------------------|------------------|
| | Year ended June 30, | |
| | 2011 | 2010 |
| Operating receipts: | | |
| Detention care fees | \$ 387,625 | 313,200 |
| Monitoring services | 116,484 | 75,284 |
| State programs | 324,989 | 233,946 |
| Transportation service fees | 39,592 | 25,664 |
| Miscellaneous | 28,343 | 35,207 |
| Total operating receipts | <u>897,033</u> | <u>683,301</u> |
| Operating disbursements: | | |
| Salaries | 577,029 | 587,301 |
| Payroll tax and IPERS | 82,210 | 81,619 |
| Health and life insurance | 121,880 | 187,776 |
| Food and clothing | 18,636 | 20,104 |
| Insurance | 40,992 | 39,652 |
| Other | 102,545 | 102,559 |
| Total operating disbursements | <u>943,292</u> | <u>1,019,011</u> |
| Deficiency of operating receipts under operating disbursements | <u>(46,259)</u> | <u>(335,710)</u> |
| Non-operating receipts (disbursements): | | |
| Interest on investments | 2,497 | 3,402 |
| Debt service | - | (79,023) |
| Net non-operating receipts (disbursements) | <u>2,497</u> | <u>(75,621)</u> |
| Net change in cash basis assets | (43,762) | (411,331) |
| Cash basis net assets beginning of year | <u>658,001</u> | <u>1,069,332</u> |
| Cash basis net assets end of year | <u>\$ 614,239</u> | <u>658,001</u> |

In fiscal year 2011, operating receipts increased \$213,732, or 31%. The increase was primarily a result of an increase in detention care fees of \$74,425 due to returning detention fees charged to member and non-member counties to normal levels after a year of reduced fees in fiscal year 2010. Also, monitoring services were in place for the entire year rather than a partial year as in fiscal year 2010. In fiscal year 2011, operating disbursements decreased \$75,719, or 7.4%, from fiscal year 2010 due to a decrease in salaries of \$10,272, elimination of debt in 2010 that reduced debt service payments by \$79,023 and a decrease in life and health insurance costs as a result of changes in staffing.

ECONOMIC FACTORS

The North Iowa Juvenile Detention Services Commission maintained a deficit outcome for its financial position during the current fiscal year. Also, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities and equipment require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- The cost to house residents continues to increase due to multiple factors.
- The Commission is a pilot for a program reforming Iowa's Juvenile Homes and has limited individuals who are eligible to be housed at the facility.
- Increased competition from other commissions.

The Commission anticipates the current fiscal year to be challenging due to a decrease in residents and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Luis Cox, Director of the North Iowa Juvenile Detention Services Commission, 1440 W. Dunkerton Road, Waterloo, Iowa, 50703-5783.

Financial Statement

Exhibit A

North Iowa Juvenile Detention Services Commission

Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Net Assets

As of and for the year ended June 30, 2011

| | |
|--|-------------------|
| Operating receipts: | |
| Detention care fees | \$ 387,625 |
| Monitoring services | 116,484 |
| State programs | 324,989 |
| Transportation service fees | 39,592 |
| Miscellaneous | 28,343 |
| Total operating receipts | <u>897,033</u> |
| Operating disbursements: | |
| Salaries | 577,029 |
| Payroll tax and IPERS | 82,210 |
| Health and life insurance | 121,880 |
| Audit fees | 2,819 |
| Supplies, non-office | 6,397 |
| Office equipment and supplies | 5,993 |
| Education and training | 350 |
| Telephone | 3,464 |
| Resident health | 2,897 |
| Travel | 4,091 |
| Food and clothing | 18,636 |
| Repair and maintenance | 9,817 |
| Utilities | 13,924 |
| Insurance | 40,992 |
| Unemployment tax | 2,357 |
| Vehicle | 5,924 |
| Transportation program | 7,163 |
| Monitoring program | 18,217 |
| Miscellaneous | 19,132 |
| Total operating disbursements | <u>943,292</u> |
| Deficiency of operating receipts under operating disbursements | (46,259) |
| Non-operating receipts: | |
| Interest on investments | <u>2,497</u> |
| Change in cash basis net assets | (43,762) |
| Cash basis net assets beginning of year | <u>658,001</u> |
| Cash basis net assets end of year | <u>\$ 614,239</u> |
| Cash Basis Net Assets | |
| Unrestricted | <u>\$ 614,239</u> |

See notes to financial statement.

North Iowa Juvenile Detention Services Commission

Notes to Financial Statement

June 30, 2011

(1) Summary of Significant Accounting Policies

From its inception in 1986 until July 1987, the North Iowa Juvenile Detention Services Commission was under the direction of the Juvenile Detention Project Advisory Committee. In July 1987, the North Iowa Juvenile Detention Services Commission was established. This Commission is a voluntary joint undertaking of the Boards of Supervisors of the counties of Allamakee, Black Hawk, Benton, Bremer, Buchanan, Butler, Cerro Gordo, Chickasaw, Clayton, Delaware, Dubuque, Fayette, Grundy, Howard, Winneshiek, Worth and Wright, Iowa as authorized in Chapter 28E of the Code of Iowa. The primary purpose of this detention facility is to provide a physically secure, emotionally stable and safe environment in which juveniles can await court disposition.

A. Reporting Entity

For financial reporting purposes, the North Iowa Juvenile Detention Services 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 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 may be used to report any activity for which a fee is charged to external users for goods or services.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods 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.

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 U.S. generally accepted accounting principles.

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2011 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 deposit 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 no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Pension and Retirement Benefits

The Commission contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the Commission is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$40,103, \$38,985 and \$40,100, respectively, equal to the required contributions for each year.

(4) Other Postemployment Benefits (OPEB)

Plan Description - The Commission operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 10 active and 1 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Commission and plan members are \$650 for single coverage and \$1,636 for family coverage. For the year ended June 30, 2011, the Commission contributed \$119,145 and plan members eligible for benefits contributed \$27,460 to the plan.

(5) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation 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 hours payable to employees at June 30, 2011 was \$35,000. This liability has been computed based on rates of pay in effect at June 30, 2011.

(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 645 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 operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2011 were \$18,688.

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 in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

North Iowa Juvenile Detention Services Commission

**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**



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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 Members of the North Iowa
Juvenile Detention Services Commission:

We have audited the accompanying financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated May 23, 2012. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards 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

Management of the North Iowa Juvenile Detention Services Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the North Iowa Juvenile Detention Services Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the North Iowa Juvenile Detention Services 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 (A) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Iowa Juvenile Detention Services 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 or other matters 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, 2011 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.

North Iowa Juvenile Detention Services Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and members of the North Iowa Juvenile Detention Services Commission and other parties to whom the North Iowa Juvenile Detention Services Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the North Iowa Juvenile Detention Services 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

May 23, 2012

Schedule of Findings

June 30, 2011

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

- (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. For the Commission one individual has control over cash receipts, opening mail, collecting and depositing.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. The Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Commission Board Members.

Response - NIJDC will attempt to comply with these recommendations.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

- (1) 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.
- (2) Travel Expense - No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.
- (5) Electronic Check Retention - Chapter 554D.114 of the Code of Iowa allows the Commission to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Commission retains electronic images of the front, but not the back, of cancelled checks.

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

Response - The Director met with a bank representative in March, 2012. This issue has now been resolved.

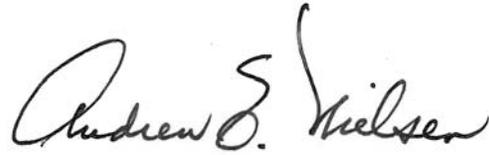
Conclusion - Response accepted.

North Iowa Juvenile Detention Services Commission

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Kelly L. Hilton, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State