



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

March 12, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the North Iowa Juvenile Detention Services Commission.

The Commission's receipts totaled \$1,205,981 for the year ended June 30, 2013, a 39.5% increase over the prior year. The receipts included \$384,825 in detention care fees, \$241,753 from the state, \$282,608 in adult crisis stabilization services fees, \$172,234 from monitoring service fees and \$123,921 from miscellaneous receipts. The increase in receipts is due to more juveniles in detention and the Adult Crisis Services Center being open for a full year.

Disbursements totaled \$1,143,072 for the year ended June 30, 2013, a 22.1% increase over the prior year, and included \$692,162 for salaries and \$124,905 for employee health and life insurance. The increase in disbursements is due primarily to an increase in salaries and employee health and life insurance because additional employees were hired and the Commission agreed to pay the employees' share of health insurance.

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/1314-1502-B00F.pdf>.

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**NORTH IOWA JUVENILE DETENTION SERVICES COMMISSION**

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

**JUNE 30, 2013**

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## North Iowa Juvenile Detention Services Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
James Ross	Chair	Grundy County
Larry Gibbs	Vice Chair	Clayton County
Vicki Rowland	Treasurer/Secretary	Fayette County
Ralph Kremer	Member	Buchanan County
Mark Reiher	Member	Butler County
Frank Magsamen	Member	Black Hawk County
Jason Byrne	Member	Chickasaw County
Jerry Ries	Member	Delaware County
Wayne Demmer	Member	Dubuque County
Bob Amosson	Member	Cerro Gordo County
Mark Kubik	Member	Howard County
Joel Voaklander	Member	Mitchell County
Floyd Ashbacher	Member	Winneshiek County
Dave Haugen	Member	Worth County
Larry Schellhammer	Member	Allamakee County
Ken Kammeyer	Member	Bremer County
Martin Petersen	Member-at-large	
Capt. Timothy Pillack	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:

Report on the Financial Statement

We have audited the accompanying financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

## Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the North Iowa Juvenile Detention Services Commission as of June 30, 2013, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.


## Other Matters


### *Other Information*

The other information, Management's Discussion and Analysis on pages 8 through 10, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 19, 2014 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 in considering the North Iowa Juvenile Detention Services Commission's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 19, 2014



**North Iowa Juvenile Detention Services Commission**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2013. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### 2013 FINANCIAL HIGHLIGHTS

- Operating receipts increased 36.9%, or approximately \$342,000, from fiscal year 2012 to fiscal year 2013.
- Operating disbursements increased 22.1%, or approximately \$207,000, from fiscal year 2012 to fiscal year 2013.
- The Commission's cash balance increased 11.6%, or approximately \$62,900, from June 30, 2012 to June 30, 2013.

### 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 is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's 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 Balance*

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Commission's cash basis financial position by analyzing the increase and decrease in cash basis net position.

Operating receipts are received from sixteen 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 include interest on investments. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2013 and June 30, 2012 is presented below:

	Changes in Cash Balance	
	Year ended June 30,	
	2013	2012
Operating receipts:		
Detention care fees	\$ 384,825	326,975
Monitoring services	172,234	121,934
Adult crisis stabilization services	282,608	6,300
State programs	241,753	329,723
Transportation service fees	68,374	42,221
Miscellaneous	55,547	36,450
Total operating receipts	<u>1,205,341</u>	<u>863,603</u>
Operating disbursements:		
Salaries	692,162	569,639
Payroll tax and IPERS	111,945	87,757
Health and life insurance	124,905	105,906
Food and clothing	34,142	16,206
Insurance	45,449	48,306
Other	134,469	108,479
Total operating disbursements	<u>1,143,072</u>	<u>936,293</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	62,269	(72,690)
Non-operating receipts:		
Interest on investments	640	1,191
Change in cash balance	62,909	(71,499)
Cash balance beginning of year	542,740	614,239
Cash balance end of year	<u>\$ 605,649</u>	<u>542,740</u>

In fiscal year 2013, operating receipts increased \$341,738, or 39.6%. The increase was primarily a result of an increase in the number of juveniles in detention in fiscal year 2013 and the Adult Crisis Stabilization Center being open for the full fiscal year. In fiscal year 2013, operating disbursements increased \$206,779, or 22.1%, from fiscal year 2012 due to an increase in salaries of \$122,523 and an increase in employee health and life insurance of \$18,999 as a result of additional juvenile detention days, the Adult Crisis Stabilization Center being open for the full fiscal year and the Commission paying for 100% of employees' health insurance in fiscal year 2013.

## **ECONOMIC FACTORS**

While the North Iowa Juvenile Detention Services Commission maintained a positive outcome for its financial position during the current fiscal year, 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.
- Juvenile detention beds across the State of Iowa have decreased due to alternatives to detention, thus reducing receipts for multi-county Iowa Code Chapter 28E run detention centers.

The Commission anticipates the current fiscal year to be challenging due to a decrease in detention bed usage. The Commission 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 Balance

As of and for the year ended June 30, 2013

Operating receipts:	
Detention care fees	\$ 384,825
Monitoring services	172,234
Adult crisis services	282,608
State programs	241,753
Transportation service fees	68,374
Miscellaneous	55,547
Total operating receipts	<u>1,205,341</u>
Operating disbursements:	
Salaries	692,162
Payroll tax and IPERS	111,945
Health and life insurance	124,905
Audit fees	5,544
Supplies, non-office	12,664
Office equipment and supplies	9,773
Education and training	1,053
Telephone	5,329
Resident health	1,310
Travel	4,478
Food and clothing	34,142
Repair and maintenance	10,206
Utilities	17,155
Insurance	45,449
Unemployment tax	7,453
Vehicle	13,974
Transportation program	13,815
Monitoring program	21,766
Miscellaneous	9,949
Total operating disbursements	<u>1,143,072</u>
Excess of operating receipts over operating disbursements	62,269
Non-operating receipts:	
Interest on investments	<u>640</u>
Change in cash balance	62,909
Cash balance beginning of year	<u>542,740</u>
Cash balance end of year	<u>\$ 605,649</u>
<b>Cash Basis Fund Balance</b>	
Unrestricted	<u>\$ 605,649</u>

See notes to financial statement.

North Iowa Juvenile Detention Services Commission

Notes to Financial Statement

June 30, 2013

**(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, Mitchell, Winneshiek and Worth, Iowa as authorized by 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. In 2012, the facility opened the Adult Crisis Stabilization Center to provide immediate shelter, support and care for those experiencing a situational crisis.

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, 2013 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 5.78% of their annual covered salary and the Commission is required to contribute 8.67% of annual covered payroll for the year ended June 30, 2013. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$60,011, \$45,970 and \$40,103, 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, retirees and their spouses. There are 9 active and no 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 would 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 \$872 for single coverage and \$2,192 for family coverage. For the year ended June 30, 2013, the Commission contributed \$124,187 and plan members eligible for benefits did not contribute 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, 2013 was \$42,000. This liability has been computed based on rates of pay in effect at June 30, 2013.

**(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 679 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, 2013 were \$17,359.

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, 2013, 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 claim 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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**STATE OF IOWA**

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Auditor of State

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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, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement, and have issued our report thereon dated February 19, 2014. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the North Iowa Juvenile Detention Services Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

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 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 deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

## 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, 2013 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


The North Iowa Juvenile Detention Services Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The North Iowa Juvenile Detention Services Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the 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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

February 19, 2014

North Iowa Juvenile Detention Services Commission

Schedule of Findings

June 30, 2013

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCY:**

- (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 records receipts and prepares the monthly bank reconciliation, but an independent review of the bank reconciliations is not performed.

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 Members.

Response - NIJDC will attempt to comply with these recommendations.

Conclusion - Response accepted.

- (B) Financial Reporting - We identified a material bank transfer recorded as a miscellaneous receipt and a miscellaneous disbursement. Adjustments were subsequently made to properly record these amounts in the financial statements.

Recommendation - The Commission should implement procedures to ensure transfers between banks are properly recorded and not included in miscellaneous receipts and miscellaneous disbursements.

Response - The Commission will 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.

North Iowa Juvenile Detention Services Commission

Schedule of Findings

June 30, 2013

- (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 will contact the bank to have them photo copy the front and back of checks.

Conclusion – Response accepted.



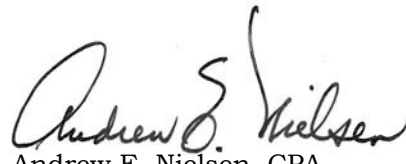
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North Iowa Juvenile Detention Services Commission

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Elissa R. Olson, 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