



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE November 18, 2004

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Central Iowa Juvenile Detention Center, which is located in Eldora, Iowa.

The Center had total receipts of \$1,247,213 for the year ended June 30, 2004, which included \$603,302 in detention care fees, \$321,733 in tracking, monitoring and outreach service fees, \$172,437 from the state and \$18,528 in interest on investments. The Center had total receipts of \$898,878 for the year ended June 30, 2003, which included \$596,517 in detention care fees, \$98,652 from the state and \$52,858 in interest on investments.

Disbursements totaled \$1,041,138 for the year ended June 30, 2004, and included \$643,035 for salaries, \$105,563 for employee benefits and \$88,342 for court ordered transport. Disbursements totaled \$711,915 for the year ended June 30, 2003, and included \$389,521 for salaries, \$66,022 for employee benefits and \$101,601 for court ordered transport.

The significant increase in receipts and disbursements is due to tracking, monitoring and outreach service fees collected and salaries paid for tracking, monitoring and outreach services for juveniles.

A copy of the audit report is available for review in the Office of Auditor of State and at the Central Iowa Juvenile Detention Center's office.

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CENTRAL IOWA JUVENILE DETENTION CENTER

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

JUNE 30, 2004 AND 2003

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Central Iowa Juvenile Detention Center

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Bill Raney	Chair	Greene County
David Reed	1 st Vice-Chair	Boone County
Wes Sweedler	2 nd Vice-Chair	Hamilton County
Dean Hoag Sr.	Member	Calhoun County
David Smith	Member	Hancock County
Erv Miller	Member	Hardin County
Morton Christianson	Member	Humboldt County
John Tibben	Member	Iowa County
Max Worthington	Member	Jasper County
Eugene Elsbecker	Member	Kossuth County
John Soorholtz	Member	Marshall County
Thomas E. Law	Member	Poweshiek County
Wayne Clinton	Member	Story County
Jim Ledvina	Member	Tama County
Floyd Magnusson	Member	Webster County
Robert Joynt	Member	Winnebago County
Tony Reed	Director	

Central Iowa Juvenile Detention Center



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Independent Auditor's Report

To the Members of the Central Iowa
Juvenile Detention Center:

We have audited the accompanying financial statement of the Central Iowa Juvenile Detention Center as of and for the years ended June 30, 2004 and 2003. This financial statement is the responsibility of the Center's management. Our responsibility is to express an opinion on this financial statement based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 audits provide a reasonable basis for our opinion.

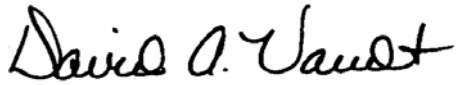
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Central Iowa Juvenile Detention Center as of and for the years ended June 30, 2004 and 2003 and the changes in cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

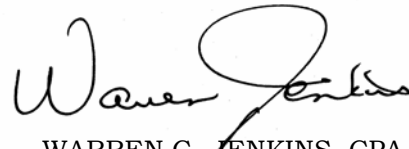
As discussed in Note 8, during the year ended June 30, 2004, the Central Iowa Juvenile Detention Center adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated August 11, 2004 on our consideration of the Central Iowa Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 7 through 9 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 supplementary information. We did not audit the information and express no opinion thereon.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

August 11, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Central Iowa Juvenile Detention Center provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Central Iowa Juvenile Detention Center is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Center's financial statement, which follows.

2004 FINANCIAL HIGHLIGHTS

- The Center's operating receipts increased 45%, or approximately \$383,000, from fiscal 2003 to fiscal 2004.
- The Center's operating disbursements increased approximately \$329,000, or 46%, from fiscal 2003 to fiscal 2004.
- The Center's net assets increased 13%, or approximately \$206,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The Center has elected to present its financial statement on a 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 Center's 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 this 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, the reader 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 the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Center's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Central Iowa Juvenile Detention Center's financial statement. The annual report consists of a financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Center's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Center's operating receipts and disbursements, non-operating receipts and disbursements and whether the Center's cash basis 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 CENTER

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

Changes in total cash basis net assets are based on the activity presented in the 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 Center and the disbursements paid by the Center, both operating and non-operating.

Operating receipts are received for services provided juveniles who await court disposition. The Central Iowa Juvenile Detention Center provides a physically secure, emotionally stable and safe environment for these individuals until final court ruling. Operating disbursements are disbursements paid to operate the detention center. Non-operating receipts are for interest on investments. A summary of cash receipts, disbursements and changes in cash balances for the years ended June 30, 2004 and 2003 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30	
	2004	2003
Operating receipts:		
Detention care fees	\$ 603,202	596,517
Tracking service fees	321,733	-
State programs	172,437	98,652
Court ordered transport service fees	130,538	149,331
Miscellaneous	775	1,520
Total operating receipts	<u>1,228,685</u>	<u>846,020</u>
Operating disbursements:		
Salaries	643,035	389,521
Employee benefits	105,563	66,022
Travel	33,034	7,285
Resident meals	36,512	33,303
Utilities	20,948	20,437
Court ordered transport	88,342	101,601
Equipment and vehicle	37,679	17,050
Insurance	37,280	19,762
Other	38,745	56,934
Total operating disbursements	<u>1,041,138</u>	<u>711,915</u>
Excess of operating receipts over operating disbursements	187,547	134,105
Non-operating receipts:		
Interest on investments	18,528	52,858
Increase in cash basis net assets	206,075	186,963
Cash basis net assets beginning of year	<u>1,575,088</u>	<u>1,388,125</u>
Cash basis net assets end of year	<u>\$ 1,781,163</u>	<u>1,575,088</u>

In fiscal 2004, operating receipts increased by \$382,665, or 45%. The increase was primarily a result of additional tracking, monitoring and outreach services (tracking services) with Second Judicial District increasing operating receipts by \$321,733 and an increase in state programs of \$73,785, or 75%, due to an increase in Iowa Department of Human Services reimbursement. In fiscal 2004, operating disbursements increased by \$329,223, or 46%, from fiscal 2003 due to additional payroll costs associated with Second Judicial District tracking services agreement of \$254,309 and related employer costs, such as IPERS and FICA contributions, of approximately \$34,000.

DEBT ADMINISTRATION

At June 30, 2004, the Center had no long-term debt outstanding.

ECONOMIC FACTORS

The Central Iowa Juvenile Detention Center continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Center officials. Some of the realities that may potentially become challenges for the Center to meet are:

- Facilities require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.

The Center anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Center's ability to react to unknown issues.

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tony Reed, Executive Director of Central Iowa Juvenile Detention Center, 3216 Edgington Avenue, Eldora, Iowa.

Central Iowa Juvenile Detention Center

Financial Statement

Exhibit A

Central Iowa Juvenile Detention Center
Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Net Assets

Years ended June 30, 2004 and 2003

	2004	2003
Operating receipts:		
Detention care fees	\$ 603,202	596,517
Tracking service fees	321,733	-
State programs	172,437	98,652
Court ordered transport service fees	130,538	149,331
Miscellaneous	775	1,520
Total operating receipts	<u>1,228,685</u>	<u>846,020</u>
Operating disbursements:		
Salaries	643,035	389,521
Employee benefits	105,563	66,022
Travel	33,034	7,285
Resident meals	36,512	33,303
Utilities	20,948	20,437
Court ordered transport	88,342	101,601
Equipment and vehicle	37,679	17,050
Building repair and remodeling	259	9,010
Professional fees	2,188	2,294
Insurance	37,280	19,762
Supplies	15,421	15,307
Resident health	6,258	16,547
Staff development	5,620	5,190
Telephone	8,394	8,240
Miscellaneous	605	346
Total operating disbursements	<u>1,041,138</u>	<u>711,915</u>
Excess of operating receipts over operating disbursements	187,547	134,105
Non-operating receipts:		
Interest on investments	18,528	52,858
Changes in cash basis net assets	206,075	186,963
Cash basis net assets beginning of year	1,575,088	1,388,125
Cash basis net assets end of year	<u>\$ 1,781,163</u>	<u>1,575,088</u>
Cash Basis Net Assets		
Restricted for tracking services	\$ 200,000	-
Unrestricted	1,581,163	1,575,088
Total cash basis net assets	<u>\$ 1,781,163</u>	<u>1,575,088</u>

See notes to financial statement.

Central Iowa Juvenile Detention Center

Notes to Financial Statement

June 30, 2004 and 2003

(1) Summary of Significant Accounting Policies

The Central Iowa Juvenile Detention Center was formed in 1993 pursuant to Chapter 28E of the Code of Iowa. This Commission is a voluntary joint undertaking of the Boards of Supervisors of the counties of Boone, Calhoun, Greene, Hamilton, Hardin, Hancock, Humboldt, Iowa, Jasper, Kossuth, Marshall, Poweshiek, Story, Tama, Webster and Winnebago, 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 Central Iowa Juvenile Detention Center has included all funds, organizations, agencies, boards, commissions and authorities. The Center 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 Center are such that exclusion would cause the Center'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 Center 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 Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Center 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 Central Iowa Juvenile Detention Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center are 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 Center in accordance with U.S. generally accepted accounting principles.

D. Designated Cash Balance

The Central Iowa Juvenile Detention Center has designated a portion of the cash balance for future capital projects. The amount designated for this purpose totaled \$900,000 at June 30, 2004.

(2) Cash and Investments

The Center's deposits in banks at June 30, 2004 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 Center 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 Center; 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 Center had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$48,005 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Pension and Retirement Benefits

The Center 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 3.70% of their annual covered salary and the Center is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003, and 2002. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$39,160, \$24,939 and \$24,245, respectively, equal to the required contributions for each year.

(4) Risk Management

The Central Iowa Juvenile Detention Center is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(5) Rent Agreement

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Eldora, Iowa. The lease cost is based on \$2.88 per square foot per year. The terms are subject to renegotiation annually.

(6) Compensated Absences

Center employees accumulate an established amount of earned personal time off hours based on the number of years of services for subsequent use or for payment upon termination, resignation, retirement or death. These accumulations are not recognized as disbursements by the Center until used or paid. The Center's approximate liability to employees for earned personal time off at June 30, 2004 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Personal Time Off	<u>\$ 27,100</u>

This liability has been computed based on rates of pay in effect at June 30, 2004.

(7) Contingent Liability

During fiscal year 2004, the Central Iowa Juvenile Detention Center entered into an agreement with Second Judicial District to provide tracking, monitoring and outreach services in compliance with Iowa Administrative Code 441 Chapter 151. The Center's responsibilities include hiring and maintaining adequate staff to provide tracking, monitoring and outreach services to clients as needed or required on a 24 hour a day, seven days a week basis. The Center is also responsible for preparing monthly summary reports for each juvenile assigned and preparing monthly billings with adequate detail to ensure services were adequately provided. The initial term of the agreement is July 1, 2003 to June 30, 2006, unless terminated in accordance with the agreement. Second Judicial District has the option to renew the agreement for two additional one year terms by providing written notice of intent to exercise the option to renew within sixty days of the expiration of the initial term or renewal period.

Second Judicial District required the Center to post a performance bond for \$200,000 to provide funds to Second Judicial District in the event it suffers any liability, loss, damage or expense as a result of the Center's failure to perform fully and completely all requirements of this agreement or any material failures of the Center which occur during the term of the agreement regardless of when the failure is discovered or claim is filed. With the concurrence of Second Judicial District, the Center presented Second Judicial District a check for \$200,000 in lieu of the performance bond. Second Judicial District has agreed to not cash the check unless the Center violates the agreement. The check for \$200,000 is reported as restricted cash in the financial statement.

(8) Accounting Change

For the year ended June 30, 2004, the Center implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balance of the Center.

Central Iowa Juvenile Detention Center



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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Members of the Central Iowa
Juvenile Detention Center:

We have audited the financial statement of the Central Iowa Juvenile Detention Center as of and for the year ended June 30, 2004, and have issued our report thereon dated August 11, 2004. 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, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Central Iowa Juvenile Detention Center's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of noncompliance that is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. 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. There were no prior year statutory comments.

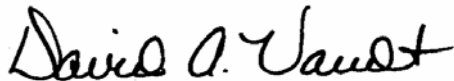
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Central Iowa Juvenile Detention Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

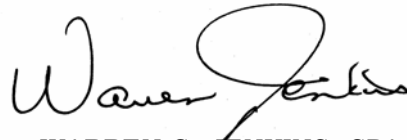
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the Central Iowa Juvenile Detention Center and other parties to whom the Central Iowa Juvenile Detention Center 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 Central Iowa Juvenile Detention Center 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

August 11, 2004

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2004

Findings Related to the Financial Statement:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over financial reporting were noted.

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming the official depository has been approved by the Center. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2004.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.
- (4) Center Minutes – No transactions were found that we believe should have been approved in the Center minutes but were not.
- (5) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Center's investment policy were noted.
- (6) Mileage Rate – Mileage was paid at a rate in excess of the Internal Revenue Service maximum rate.

Recommendation – The Center should ensure the approved mileage rate is equal to or less than the rate set by the Internal Revenue Service as required by Chapter 70A.9 of the Code of Iowa.

Response – The Center approved a policy to match the federal mileage reimbursement rate, as set by the IRS, on June 6, 2001. It is Administrative responsibility to update payment rate as it fluctuates on an annual basis. The standard mileage rate for 2003 was 36 cents/mile and went up to 37.5 cents/mile in 2004. For FY2004 the Center paid \$.365 from July 2003 to March 2004 and 37.5 cents/mile from April 2004 to June 2004.

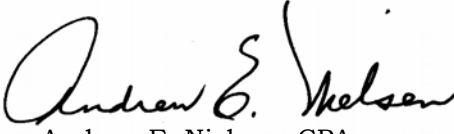
Conclusion – Response acknowledged. The Center should not pay mileage rates in excess of the mileage rate set by the Internal Revenue Service.

Central Iowa Juvenile Detention Center

Staff

This audit was performed by:

K. David Voy, CPA, Manager
M. Crystal A. Berg, CPA, 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".

Andrew E. Nielsen, CPA
Deputy Auditor of State