



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE

January 15, 2008

Contact: Andy Nielsen
515/281-5834

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

The Center had total receipts of \$2,249,989 for the year ended June 30, 2007, a 43 percent increase over 2006. The receipts included \$601,089 in detention care fees, \$758,950 in tracking, monitoring and outreach service fees, \$360,450 from the state and \$116,058 in interest on investments.

Disbursements totaled \$2,368,986 for the year ended June 30, 2007, a 74 percent increase over the prior year, and included \$1,006,508 for salaries, \$565,139 for construction of a new facility and \$296,022 for court ordered transport.

The significant increase in receipts and disbursements is due to expanded tracking, monitoring and outreach services and court ordered transport services. Also, disbursements increased due to the construction of a new facility for the Central Iowa Juvenile Detention Center.

A copy of the audit report is available for review in the Central Iowa Juvenile Detention Center's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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CENTRAL IOWA JUVENILE DETENTION CENTER

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

JUNE 30, 2007

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Central Iowa Juvenile Detention Center

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Wes Sweedler	Chair	Hamilton County
Dean Hoag, Sr.	1 st Vice-Chair	Calhoun County
Morton Christianson	2 nd Vice-Chair	Humboldt County
David Reed	Member	Boone County
Ted Hall	Member	Hancock County
Erv Miller	Member	Hardin County
John Muir	Member	Greene County
Alice Derycke	Member	Iowa County
Max Worthington	Member	Jasper County
Eugene Elsbecker	Member	Kossuth County
Pat Brooks	Member	Marshall County
Elle Snook	Member	Poweshiek County
Wayne Clinton	Member	Story County
Larry Vest	Member	Tama County
Phil Condon	Member	Webster County
Warren Wubben	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 year ended June 30, 2007. 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 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, 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 at June 30, 2007, 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 December 19, 2007 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, 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 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 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 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

December 19, 2007

Central Iowa Juvenile Detention Center

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, 2007. We encourage readers to consider this information in conjunction with the Center's financial statement, which follows.

2007 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 43%, or approximately \$646,000, from fiscal 2006 to fiscal 2007.
- ◆ Operating disbursements increased 48%, or approximately \$584,000, from fiscal 2006 to fiscal 2007.
- ◆ Cash basis net assets decreased 6%, or approximately \$119,000, from June 30, 2006 to June 30, 2007, primarily due to construction costs of \$565,139 for a new facility for the Central Iowa Juvenile Detention Center.

USING THIS ANNUAL REPORT

The Center 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 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 financial position has improved or deteriorated as a result of the year's activities.
- 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

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. 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 Center's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for fees for detention care, tracking services, transportation services, state programs, family team meetings and fiscal services. Operating disbursements are disbursements paid to operate the Center. Non-operating receipts and disbursements are for interest on investments and capital projects. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2007 and June 30, 2006 are presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2007	2006
Operating receipts:		
Detention care fees	\$ 601,089	588,759
Tracking service fees	758,950	411,341
State programs	360,450	298,802
Court ordered transport service fees	397,474	185,787
Family team meetings	13,199	-
Miscellaneous	2,769	3,312
Total operating receipts	<u>2,133,931</u>	<u>1,488,001</u>
Operating disbursements:		
Salaries	1,006,508	748,472
Employee benefits	159,933	128,447
Travel	77,522	47,897
Resident meals	40,545	37,940
Utilities	25,191	25,191
Court ordered transport	296,022	126,860
Equipment and vehicle	52,100	20,383
Professional fees	3,232	3,109
Insurance	46,570	43,951
Supplies	14,276	16,219
Resident health	8,661	8,385
Staff development	5,849	3,581
Telephone	8,634	7,834
Family team meetings	2,605	-
Fiscal agent services	51,978	-
Miscellaneous	4,221	1,019
Total operating disbursements	<u>1,803,847</u>	<u>1,219,355</u>
Excess of operating receipts over operating disbursements	<u>330,084</u>	<u>268,646</u>
Non-operating receipts (disbursements):		
Interest on investments	116,058	82,980
Construction of new facility	(565,139)	(142,200)
Net non-operating receipts (disbursements)	<u>(449,081)</u>	<u>(59,220)</u>
Net change in cash basis assets	(118,997)	209,426
Cash basis net assets beginning of year	<u>2,142,087</u>	<u>1,932,661</u>
Cash basis net assets end of year	<u>\$ 2,023,090</u>	<u>2,142,087</u>

In fiscal 2007, operating receipts increased \$645,930, or 43%, over fiscal 2006. The increase was a result of expanding tracking and transportation services, in addition to new services for family team meetings and fiscal agent services. In fiscal 2007, operating disbursements increased \$584,492, or 48%, over fiscal 2006. The increase in disbursements was due to the same items which increased operational receipts. Non-operating disbursements increased primarily due to construction of a new facility for the Central Iowa Juvenile Detention Center. The Center plans to pay for the new facility with fund balances and a loan.

LONG-TERM DEBT

At June 30, 2007, the Center had no long term debt outstanding.

ECONOMIC FACTORS

The financial position of the Center did not improve in the current fiscal year as construction projects decreased net assets. 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 a transitional one as the building project is completed and the Center will expend the majority of its net assets in addition to taking on long-term debt.

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 its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Iowa Juvenile Detention Center, 3216 Edgington Ave, Eldora Iowa 50627, phone (641) 858-3852.

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

Year ended June 30, 2007

Operating receipts:	
Detention care fees	\$ 601,089
Tracking service fees	758,950
State programs	360,450
Court ordered transport service fees	397,474
Family team meeting	13,199
Miscellaneous	2,769
Total operating receipts	<u>2,133,931</u>
Operating disbursements:	
Salaries	1,006,508
Employee benefits	159,933
Travel	77,522
Resident meals	40,545
Building lease	25,191
Court ordered transport	296,022
Equipment and vehicle	52,100
Professional fees	3,232
Insurance	46,570
Supplies	14,276
Resident health	8,661
Staff development	5,849
Telephone	8,634
Family team meetings	2,605
Fiscal agent services	51,978
Miscellaneous	4,221
Total operating disbursements	<u>1,803,847</u>
Excess of operating receipts over operating disbursements	<u>330,084</u>
Non-operating receipts (disbursements):	
Interest on investments	116,058
Construction of new facility	(565,139)
Net non-operating receipts (disbursements)	<u>(449,081)</u>
Change in cash basis net assets	(118,997)
Cash basis net assets beginning of year	<u>2,142,087</u>
Cash basis net assets end of year	<u>\$ 2,023,090</u>
Cash Basis Net Assets	
Restricted for tracking services	\$ 200,000
Unrestricted	<u>1,823,090</u>
Total cash basis net assets	<u>\$ 2,023,090</u>

See notes to financial statement.

Central Iowa Juvenile Detention Center

Notes to Financial Statement

June 30, 2007

(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. The Center 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 are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

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 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 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, 2007.

E. Restricted Cash Basis Net Assets

An agreement with Second Judicial District required the Center to post a performance bond. See note 7 for details.

(2) Cash and Investments

The Center's deposits in banks at June 30, 2007 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 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 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. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$52,914, \$45,923 and \$44,761, respectively, equal to the required contributions for each year.

(4) Risk Management

The 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 based on the number of years of service 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, 2007 is \$44,300.

This liability has been computed based on rates of pay in effect at June 30, 2007.

(7) Contingent Liability

During fiscal year 2004, the 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 was July 1, 2003 to June 30, 2006, unless terminated in accordance with the agreement. Second Judicial District renewed 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 of \$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 a 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) Construction Commitments

Construction commitments at June 30, 2007 totaled \$3,520,120 for a new facility for the Central Iowa Juvenile Detention Center which will be paid as work on the project progresses. This project will be funded with a loan and local funds on hand.

Central Iowa Juvenile Detention Center

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Central Iowa Juvenile Detention Center



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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 Financial Statements Performed in Accordance with
Government Auditing Standards

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 year ended June 30, 2007, and have issued our report thereon dated December 19, 2007. 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

In planning and performing our audit, we considered the Central Iowa Juvenile Detention Center'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 an opinion on the effectiveness of the Central Iowa Juvenile Detention Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Iowa Juvenile Detention Center's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Center's financial statement that is more than inconsequential will not be prevented or detected by the Center's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the Center's internal control.

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

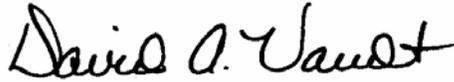
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, 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.

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

December 19, 2007

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2007

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

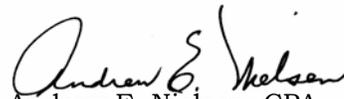
- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.
- (3) Center Minutes – No transactions were found that we believe should have been approved in the Center 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 and the Center’s investment policy were noted.

Central Iowa Juvenile Detention Center

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Shawn R. Elsbury, Staff Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State