



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ January 29, 2009

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 \$6,253,465 for the year ended June 30, 2008, a 178 percent increase over 2007. The receipts included \$3,600,000 in bank loan and revenue note proceeds, \$835,016 in tracking, monitoring and outreach service fees and \$626,372 in detention care fees.

Disbursements totaled \$8,136,211 for the year ended June 30, 2008, a 243 percent increase over the prior year, and included \$3,511,875 for construction of a new facility, \$1,184,637 for salaries and \$2,344,679 for debt service payments.

The significant increase in receipts and disbursements is due to expanded tracking and fiscal agent services, proceeds from bank loans and a revenue note, debt service payments and construction costs of a new facility.

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, 2008**

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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 <sup>st</sup> Vice-Chair	Calhoun County
Morton Christianson	2 <sup>nd</sup> Vice-Chair	Humboldt County
David Reed	Member	Boone County
Ted Hall	Member	Hancock County
Erv Miller	Member	Hardin County
John Muir	Member	Greene County
Ray Garringer	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, 2008. 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, 2008, 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 September 13, 2008 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

September 13, 2008

**Central Iowa Juvenile Detention Center**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2008. We encourage readers to consider this information in conjunction with the Center's financial statement, which follows.

### **2008 FINANCIAL HIGHLIGHTS**

- ◆ Operating receipts increased 12%, or approximately \$250,000, from fiscal 2007 to fiscal 2008 due to increased programming for a larger area.
- ◆ Operating disbursements increased 14%, or approximately \$251,000, from fiscal 2007 to fiscal 2008 due to increased programming costs.
- ◆ Cash basis net assets decreased 93%, or approximately \$1,883,000, from June 30, 2007 to June 30, 2008, primarily due to construction costs of 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 agent services. Operating disbursements are disbursements paid to operate the Center. Non-operating receipts and disbursements are for interest on investments, capital projects activity, debt service and contract deposits paid and refunded. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2008 and June 30, 2007 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2008	2007
Operating receipts:		
Detention care fees	\$ 626,372	\$ 601,089
Tracking service fees	835,016	758,950
State programs	307,861	360,450
Transport service fees	389,337	397,474
Family team meetings	10,999	13,199
Fiscal agent services	200,684	-
Miscellaneous	13,784	2,769
Total operating receipts	2,384,053	2,133,931
Operating disbursements:		
Salaries	1,184,637	1,146,677
Employee benefits	262,001	159,933
Travel	201,799	233,375
Resident meals	42,100	40,545
Utilities	23,781	25,191
Support services	53,783	-
Equipment and vehicle	84,055	52,100
Professional fees	16,270	3,232
Insurance	50,621	46,570
Supplies	18,592	14,276
Resident health	10,082	8,661
Staff development	7,287	5,849
Telephone	11,110	8,634
Family team meetings	1,772	2,605
Fiscal agent services	86,433	51,978
Miscellaneous	334	4,221
Total operating disbursements	2,054,657	1,803,847
Excess of operating receipts over operating disbursements	329,396	330,084
Non-operating receipts (disbursements):		
Interest on investments	44,412	116,058
Construction of new facility	(3,511,875)	(565,139)
Bank loans and revenue note proceeds	3,600,000	-
Debt service	(2,344,679)	-
Contract deposits paid to DHS	(225,000)	-
Contract deposits refunded by DHS	225,000	-
Net non-operating receipts (disbursements)	(2,212,142)	(449,081)
Net change in cash basis assets	(1,882,746)	(118,997)
Cash basis net assets beginning of year	2,023,090	2,142,087
Cash basis net assets end of year	\$ 140,344	2,023,090

In fiscal 2008, operating receipts increased \$250,122, or 12%, over fiscal 2007. The increase was a result of expanding tracking and fiscal agent services. In fiscal 2008, operating disbursements increased \$250,810, or 14%, over fiscal 2007. The increase in disbursements was due to the same items which increased operating receipts. Non-operating disbursements increased primarily due to construction of a new facility for the Central Iowa Juvenile Detention Center and retiring debt issued during the current fiscal year related to the construction activities. The Center plans to pay for the new facility with fund balances and a loan.

### **LONG-TERM DEBT**

During the year ended June 30, 2008, the Center issued and retired bank loans totaling \$1,100,000 and issued a \$2,500,000 revenue note to finance the construction of a new facility. At June 30, 2008, the balance outstanding on the revenue note was \$1,285,563.

### **ECONOMIC FACTORS**

The financial position of the Center did not improve in the current fiscal year as construction projects decreased cash basis 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 continues to repay long-term debt.

### **CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, 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, 2317 Rick Collins Way, Eldora, Iowa 50627, phone (641) 858-3852, e-mail [cijdc@cijdc.com](mailto:cijdc@cijdc.com).

**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, 2008

Operating receipts:		
Detention care fees		\$ 626,372
Tracking service fees		835,016
State programs		307,861
Transport service fees		389,337
Family team meeting		10,999
Fiscal agent services		200,684
Miscellaneous		13,784
Total operating receipts		<u>2,384,053</u>
Operating disbursements:		
Salaries:		
Transport service	\$ 80,369	
Tracking service	487,780	
Other	<u>616,488</u>	1,184,637
Employee benefits		262,001
Travel:		
Transport service	112,273	
Tracking service	66,299	
Other	<u>23,227</u>	201,799
Resident meals		42,100
Building lease		23,781
Support services		53,783
Equipment and vehicle		84,055
Professional fees		16,270
Insurance		50,621
Supplies		18,592
Resident health		10,082
Staff development		7,287
Telephone		11,110
Family team meetings		1,772
Fiscal agent services		86,433
Miscellaneous		334
Total operating disbursements		<u>2,054,657</u>
Excess of operating receipts over operating disbursements		<u>329,396</u>
Non-operating receipts (disbursements):		
Interest on investments		44,412
Construction of new facility		(3,511,875)
Bank loan and revenue note proceeds		3,600,000
Debt service		(2,344,679)
Contract deposits paid to DHS		(225,000)
Contract deposits refunded by DHS		225,000
Net non-operating receipts (disbursements)		<u>(2,212,142)</u>
Change in cash basis net assets		(1,882,746)
Cash basis net assets beginning of year		<u>2,023,090</u>
Cash basis net assets end of year		<u>\$ 140,344</u>

## Central Iowa Juvenile Detention Center

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

Year ended June 30, 2008

**Cash Basis Net Assets**

Restricted for tracking services	\$ 200,000
Unrestricted	<u>(59,656)</u>
Total cash basis net assets	<u>\$ 140,344</u>

See notes to financial statement.

Central Iowa Juvenile Detention Center

Notes to Financial Statement

June 30, 2008

**(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. 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, 2008 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) Long-term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Bank Loans	Revenue Note	Total
Balance beginning of year	\$ -	-	-
Increases	1,100,000	2,500,000	3,600,000
Decreases	1,100,000	1,214,437	2,314,437
Balance end of year	\$ -	1,285,563	1,285,563
Due within one year	\$ -	161,760	161,760

Bank Loans

On December 21, 2007, the Center entered into a loan agreement with a local bank for \$200,000. The funds were used for construction costs. The loan bears 7.00% interest per annum and was repaid in one payment on March 6, 2008. Current year interest paid was \$1,089.

On March 6, 2008, the Center entered into a loan agreement with a local bank for \$900,000. The funds were used for construction costs and to pay off the loan taken out on December 21, 2007. The loan bears 7.00% interest per annum and was repaid on April 1, 2008. Current year interest paid was \$11,083.

## Revenue Note

A summary of the Center's revenue note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.69%	\$ 161,760	52,937	214,697
2010	4.69	184,761	49,455	234,216
2011	4.69	193,740	40,476	234,216
2012	4.69	203,076	31,140	234,216
2013	4.69	213,026	21,190	234,216
2014-2015	4.69	329,200	12,215	341,415
Total		\$ 1,285,563	207,413	1,492,976

On April 1, 2008, the Center issued a revenue note for \$2,500,000. The funds were used for construction costs and to pay off the bank loan taken out on March 6, 2008. The revenue note bears 4.69% interest per annum and is to be repaid in monthly installments, including interest, beginning June 1, 2008 and ending April 1, 2023. The revenue note is subject to prepayment in whole or in part in reverse order of maturity. During the year ended June 30, 2008, the Center prepaid those maturities due after December 1, 2014. Current year interest paid was \$18,070. The balance of the loan at June 30, 2008 was \$1,285,563.

The revenue note is secured by the future net revenues of the Center and by a mortgage on certain real estate, buildings and equipment located in Eldora, Iowa.

### **(4) 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 3.90% of their annual covered salary and the Center is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$64,807, \$52,914 and \$45,923, respectively, equal to the required contributions for each year.

### **(5) 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.

**(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, 2008 is \$71,300.

This liability has been computed based on rates of pay in effect at June 30, 2008.

**(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.

**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 a Financial Statement Performed in Accordance with  
Government Auditing Standards**

**Central Iowa Juvenile Detention Center**



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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  
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, 2008, and have issued our report thereon dated September 13, 2008. 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 an instance of non-compliance or other matters required to be reported under Government Auditing Standards that is described as item A in the accompanying Schedule of Findings.

Central Iowa Juvenile Detention Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Center's response, we did not audit the Central Iowa Juvenile Detention Center's response and, accordingly, we express no opinion on it.

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

September 13, 2008

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2008

**Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

- (A) State Reimbursements – Pursuant to Chapter 232.142 of the Code of Iowa, multicounty juvenile detention centers receive financial aid from the State of Iowa of at least ten percent, but not more than 50 percent, of the total cost of the establishment, improvements, operations and maintenance of the home in a manner approved by the Director of the Iowa Department of Human Services.

The Central Iowa Juvenile Detention Center received reimbursements of \$1,425,037 from the State of Iowa for certain disbursements related to tracking, transportation and other activities. The disbursements associated with these receipts were not removed when requesting reimbursement from the State of Iowa pursuant to Chapter 232.142 of the Code of Iowa.

Chapter 232.142 of the Code of Iowa does not specifically address whether expenses for tracking, transportation and other activities are to be included in the total cost of the establishment, improvements, operations and maintenance of the home.

In addition, the disbursements submitted by the Central Iowa Juvenile Detention Center for the year ended June 30, 2006 for proportional reimbursement during the year ended June 30, 2007 exceeded the disbursements in the audit report by \$25,000 due to including disbursements of \$25,000 for security deposits which were subsequently returned to the Center.

Recommendation – Since the statute does not address whether expenses for reimbursed tracking, transportation and other activities should be removed from a request for reimbursement pursuant to Chapter 232.142 of the Code of Iowa, the Center should contact the Iowa Department of Human Services to resolve this matter.

In addition, the disbursements claimed for proportional reimbursement should not exceed those reported in the audit report. The Center should also contact the Iowa Department of Human Services to resolve this matter.

Response – We completely agree with the statement Chapter 232.142 of the Code of Iowa does not specifically address whether expenses for related services should be included in the total cost. The questioned expenses were categorized as operating in our fiscal year 2006 audit report. CIJDC also feels these expenses are a fundamental part of the continuum of services that is necessary to achieve desired outcomes for delinquent juveniles.

CIJDC recognizes some major flaws in the language in Chapter 232.142 of the Code of Iowa. CIJDC has pushed to have this code section changed since 1997. Prior to disqualifying a narrowly skewed list of items from reimbursement, we would ask the Iowa Department of Human Services (DHS) take a comprehensive look at all items at all centers. The following other items have been identified as questionable for reimbursement: in-home detention, shared shelter staff, space sharing for other services, centralized intake, bumped juvenile fees and percentage of salaries of other county employees.

The funds are reimbursed to detention facilities based solely on total expenditures. As shown below, the current system rewards detention centers for inefficiency. The more money you spend or waste, the more you get in reimbursement. CIJDC prides itself on being one of Iowa's most efficient Detention Centers, but this is a true disadvantage for reimbursements under the current system. This system is implemented completely contrary to the accountable government act.

There are two types of detention facilities in the State of Iowa, five County centers and five multi-county Regional centers. In fiscal year 2006, the year of expenses being addressed by these audit comments, reimbursements statewide were as follows:

	<u>% of Bed Days</u>	<u>% of State Reimbursement</u>
County centers	52%	61%
Regional centers	48%	39%

As shown above, this system treats agencies providing the same service in a very different way. In this same fiscal year, there was a Regional center and a County center which each provided 14% of the statewide bed days (8900). The County center received 18% of the total state reimbursement while the Regional center only received 8%. If a center provides 14% of the total usage, an equitable system would pay it 14% of the funding, not 8% or 18%. Paying detention centers for building costs and then their percentage of bed day usage would create an equitable system. CIJDC has discussed this item and proposed this recommendation to both DHS and the Iowa Juvenile Detention Association.

In response to the 2<sup>nd</sup> item listed, the \$25,000 security deposit was included as an expense when submitting for reimbursement. We hope DHS also brings clarity to this issue.

Conclusion – Response accepted.

**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.

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Central Iowa Juvenile Detention Center

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager  
Shawn R. Elsbury, Staff Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a prominent initial 'A' and a dot over the 'i' in Nielsen.

Andrew E. Nielsen, CPA  
Deputy Auditor of State