

FISCAL UPDATE

June 28, 2007

Legislative Services Agency

(515)-281-5279 FAX 281-8027

<http://staffweb.legis.state.ia.us/lfb>

DEPARTMENT OF CULTURAL AFFAIRS APPROPRIATIONS TRANSFER

Appropriations Transfer

The Fiscal Services Division of the LSA received notification of a request to transfer funds pursuant to Section 8.39, Code of Iowa. The notice requests a transfer of \$65,000 to the Historical Division, Department of Cultural Affairs, from the Department's Great Places appropriation.

Reason for Transfer

The transfer was requested to offset unanticipated expenditures for vacation payouts for the former Director and Deputy Director and due to a shortfall in receipts revenue.

More Information

Additional information is available from the Legislative Services Agency (LSA) upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

LEGISLATIVE FISCAL COMMITTEE MEETING

Fiscal Comm. Meeting

The Legislative Fiscal Committee met on June 14.

Revenue Update



The LSA provided an update on year-to-date General Fund receipts for FY 2007. Receipts are on target to meet the Revenue Estimating Conference (REC) estimate of \$5.613 billion, an increase of 4.3% compared to FY 2006.

The LSA also presented the 12-Month Total Net Tax Report, which provides information on all taxes deposited into State funds. Tax receipts have increased 5.7% during the 12-month period ending May 2007 compared to the prior 12 months.

Balance Sheets

An update of the General Fund balance sheet, after the Governor's item vetoes, and the status of the reserve funds was presented. The only veto affecting the General Fund was \$150,000 from FY 2007 supplemental appropriations. It was reported that the Cash Reserve and Economic Emergency Funds are projected to be at the statutory maximums for FY 2008, with cash balances in both funds totaling \$592.4 million. The LSA also provided an overview of several non-General Fund sources.

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Item Vetoes

The LSA presented the Governor's item vetoes of the various appropriations acts for FY 2008.

Approp. Report

The LSA provided a final report on General Fund appropriations listing the FY 2007 item vetoes, as well as the allocation of the FY 2008 salary adjustment funds. Of the \$106.8 million appropriated for salary adjustment, only \$92.9 million was needed for distribution to State agencies. The Department of Management indicated they will work with the LSA in reviewing payroll and employment data used in the salary projections to improve the accuracy of future estimates.

Medicaid & *hawk-i*

The LSA provided updates on the status of FY 2007 funding for the Medicaid Program and the Healthy and Well Kids in Iowa Program (*hawk-i*). The LSA noted that only \$6.0 million of the \$12.0 million Medicaid supplemental appropriation is estimated to be needed for FY 2007. The remaining \$6.0 million is expected to revert to the Senior Living Trust Fund.

Lease Purchases



Information was presented on three proposed lease purchases, which included:

- Department of Corrections - \$210,000 for a digital video recording system at the Fort Dodge Correctional Facility.
- Department of Corrections - \$532,000 for door control hardware and software at the Fort Dodge Correctional Facility.
- Department of Administrative Services - \$8.0 million for the purchase of the Mercy Medical property. The property is located adjacent to the Capitol Complex and includes the Mercy Capitol hospital facility and several other buildings. The Department would acquire the property through a lease purchase agreement totaling \$8.0 million over a 20-year period. Six million dollars would be used to purchase the real estate and \$2.0 million would be used to make needed improvements to the hospital facility to accommodate specific needs of State functions that would be relocated to the facility.

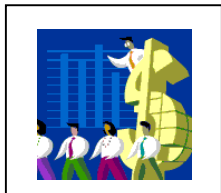
More Information

Handouts from the meeting are available on the web site at: <http://www.legis.state.ia.us/asp/Committees/Committee.aspx?id=46>. The next meeting is scheduled for September 2007 on a date yet to be determined. Additional information is available from the LSA upon request.

STAFF CONTACTS: David Reynolds (Ext. 16934) Sue Lerdal (Ext. 17794)

**GOVERNOR ITEM VETOES ECONOMIC DEVELOPMENT
APPROPRIATIONS ACT – SF 562**

Econ. Dev. Approp.



The Governor item vetoed and signed SF 562 (FY 2008 Economic Development Appropriations Act) on May 29. The Act appropriates a total of \$40.1 million from the General Fund and 499.9 FTE positions to the Department of Cultural Affairs, the Department of Economic Development, the Iowa Finance Authority, Board of Regents economic development programs, Iowa Workforce Development, and the Public Employment Relations Board (PERB). This is an increase of \$3.2 million and 15.2 FTE positions compared to estimated FY 2007. The Act also increases support from other funds \$1.5 million, to a total of \$10.5 million. The General Fund appropriations were reduced a total of \$400,000 in SF 601 (FY 2008 Standing Appropriations Act).

Item Veto

The Governor vetoed the requirement that departments examine telecommuting options, develop a telecommuter policy, and implement a plan to increase the number of telecommuting employees. The Governor stated that many departments currently have a telecommuting policy and the language is duplicative and unnecessary.

More Information

Additional information is available from the LSA upon request.

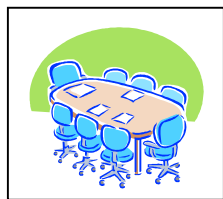
STAFF CONTACT: Ron Robinson (Ext. 16256)

GOVERNMENT OVERSIGHT COMMITTEE MEETING**Oversight Meetings**

The Government Oversight Committee met on June 18-19.

June 18

On June 18, the Committee heard presentations and discussed the following:



- Update on Central Iowa Employment and Training Consortium (CIETC) – Presenters included David Reed, CIETC Board Chairperson; Jonathan Wilson, Legal Counsel; Jasper County Supervisor Max Worthington; Dallas County Supervisor Mark Hanson; and Grant Dugdale, Assistant Attorney General.
- Mark VanderLinden, Department of Public Health, provided follow-up information requested at the June meeting regarding the Gambler's Treatment Program.

June 19

On June 19, the Committee heard presentations and discussed the following:

- Barney Devine, Federal Veterans Administration, provided an update on the Knoxville and Des Moines Veterans Administration Facilities.
- Commandant Daniel Steen presented on the Iowa Veterans Home in Marshalltown.
- Director Patrick Palmersheim, Department of Veterans Affairs, provided an update on the Iowa Veterans Cemetery and the County Grant Program.
- Director Darlene McMartin, Pottawattamie County Veterans Affairs Department, presented on the County Grant Program.

More Information

Handouts from the meeting are available on the web site at: <http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=41>. The next meeting is scheduled for July 23-24. Additional information is available from the LSA upon request.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

JUNE COUNCIL ON HUMAN SERVICES MEETING**Council Meeting**

The Council on Human Services met on June 13.

Adm. Rules

The Council approved several Administrative Rules for adoption relating to Medicaid, Emergency Assistance, child welfare provider increases, child care assistance eligibility requirements related to citizenship, child abuse assessment corrections, and fingerprint-based criminal record checks for prospective foster and adoptive parents.

Child Care Invoices

Ann Wiebers and Jim Krogman, Department of Human Services (DHS), reported that the Department is working with child care providers to shift the

current child care assistance billing and payment system from a monthly to a bi-monthly payment system as directed by SF 601 (FY 2008 Standing Appropriations Act). A bi-monthly, rather than a bi-weekly, payment system will be easier to develop due to the limitations of the current system.

Provider Survey

Mike Speight, Iowa Foundation for Medical Care, provided the results of a provider satisfaction survey on Iowa Medicaid Enterprise (IME) services. The survey included questions regarding satisfaction related to the timeliness and accuracy of claims processing and customer service and provider support.

Refugee Services

John Wilken, DHS, provided an update on the Refugee Services Program. The continuing decline in the number of refugees being resettled in Iowa has led to a decline in the federal social services formula funding awarded to the State since FY 2000. In FY 2000, Iowa received an estimated \$1.5 million compared to an estimated \$511,000 in FY 2006.

Social Workers

Bill Gardam and Mary Nelson, DHS, provided information obtained from a survey of social worker education administered in May 2007. A total of 566 social workers responded to the survey. Of these, 82.0% hold a Bachelor's degree, while 17.0% hold advanced degrees.

Director's Report



Deputy Director Sally Titus provided the following information:

- Dr. Allen Parks has begun a series of workgroups for mental health redesign.
- The Department is in the process of increasing outreach efforts for children in Medicaid and *hawk-i*. Also, the DHS is using \$50,000 for an awareness campaign for the Safe Haven Program.
- The Department is providing support information for the new Commission on Affordable Health Care.
- The Department received a significant portion of the funding needed for salary adjustment in FY 2008.

More Information

The next meeting is scheduled for July 11. Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942) Jess Benson (Ext. 14611)
Sue Lerdal (Ext. 17794)

JUNE MENTAL HEALTH COMMISSION MEETING

MH Meeting

The Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Commission met June 21.

Accreditations

The Commission approved various requested accreditations for service providers and changes to County Plans.

Administrative Rules

The Commission approved proposed administrative rules relating to county data reporting requirements required by the 2007 General Assembly and for client co-payment requirements required by the 2006 General Assembly.

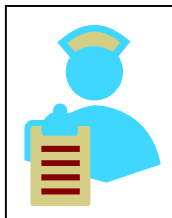
Reports

Dr. Allen Parks, Department of Human Services (DHS), provided the following reports:

- Update regarding the multiple workgroups for mental health reform.
- Visits to various community mental health centers and the DHS institutions.
- Information regarding housing availability for those in need.

Director Kevin Concannon, DHS, provided the following information:

- Update regarding the Legislative Commission on Affordable Health Care.
- Research update for the proposed federal grant to serve the mentally ill departing from the Corrections System. The grant will serve approximately 300 individuals with Medicaid, counseling, and employment support. Other individuals will receive only minimal support and a limited amount of prescription medicine.
- Various waivers via the Iowa Medicaid Enterprise, pending outcomes, and results from those efforts.



Dr. Michael Flaum reported on FY 2007 expenditures for the enhancing behavioral health workforce effort.

The Commission also received status reports from the Functional Assessment and Outcomes and Measurement Workgroups.

Consultant Information

Dr. Ken Minkoff provided information regarding support for reform for developing care recovery that is comprehensive, continuous, and integrated.

More Information

The next meeting is scheduled for July 19. Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

NATURAL RESOURCE COMMISSION MEETING

Commission Tour



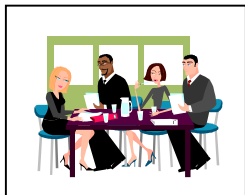
The Natural Resource Commission met and toured the Mount Vernon area on June 13. Projects reviewed included:

- The Hale Bridge at Wapsipinicon State Park that had been moved by helicopter from Olin on March 8, 2006.
- The McCloud Run Trout Stream that is located in the City of Cedar Rapids.
- The improvements completed to the Civilian Conservation Corps gazebo at Palisades-Kepler State Park.



Ken Herring, Department of Natural Resources, discusses changes completed at Palisades-Kepler State Park.

Commission Meeting



The Commission met on June 14. The following constructions were approved:

- The construction of wetlands at the Sedan Bottom Wildlife Management Area in Appanoose County for a cost of \$247,000. Funding is from the federal Natural Resource Conservation Service (NRCS).
- The construction of a storage building at Storm Lake Marina in Buena Vista County for a cost of \$479,000. Funding is from the Marine Fuel Tax Fund and from federal Coast Guard funds.
- The completion of concrete pavers near the boat ramp at Spirit Lake in Dickinson County for a cost of \$107,000. Funding is from the Marine Fuel Tax Fund and local matching funds.
- The construction of a shower building at Lake Macbride State Park in Johnson County for a cost of \$236,000. Funding is from the federal Land and Water Conservation and the Resource Enhancement and Protection (REAP) Fund.
- The construction of a storage building at Chariton Research Station in Lucas County for a cost of \$154,000. Funding is from the Fish and Wildlife Trust Fund.
- The construction of a shower building at Stone State Park in Woodbury County for a cost of \$236,000. Funding is from the REAP, local funds, and the Iowa Values Fund.

Land Purchases



The Commission approved the following land purchases:

- 78 acres adjacent to the Muskrat Slough Wildlife Management Area in Jones County for a price of \$238,000.
- 70 acres bordering the Yellow River State Forest in Allamakee County for a price of \$165,000.
- 200 acres bordering Stephens State Forest in Lucas County for a price of \$405,000.

Deer Management Hunts

The Commission approved the list of 2007 deer management zone hunts that can be held in a city, county, State Park, or some other designated area. The list includes open hunting zones, season dates, legal weapons, license types and quotas, and other information. The local government must also approve the hunt and the Department of Natural Resources (DNR) assists with the implementation.

Bobcat Hunting Season

The Commission approved the Final Rule that creates a bobcat hunting season. The season will begin on November 3, 2007, and will last until January 31, 2008, or when the season quota of 150 bobcats has been met. Hunting will be allowed in the southern two tiers of Iowa counties.

Capitals Budget

The Commission approved the FY 2008 Capitals Projects and Programs Plan that is shown in the table below.

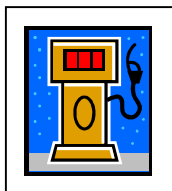
**DEPARTMENT OF NATURAL RESOURCES (DNR)
CAPITAL PROJECTS AND PROGRAMS
(Millions)**

Fund	FY 2007 Funding	FY 2008 Funding	Federal & Other Funds	Total
Fish & Wildlife Trust	\$ 0.0	\$ 6.6	\$ 11.9	\$ 18.5
Park & Institutional Roads	0.0	6.2	0.0	6.2
Infrastructure & Capitals	30.3	21.3	3.9	55.5
Total	\$ 30.3	\$ 34.1	\$ 15.8	\$ 80.2

More Information

For review of Commission agendas, minutes, and other related information, access the DNR web site at: www.iowadnr.com/. The next meeting is scheduled for August 9 at Stone State Park in Woodbury County. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

FUEL TAX CHANGES FOR FY 2008**Fuel Tax Rates**

The tax rates for unleaded and ethanol-blended gasoline will change on July 1, 2007. The rates are based on a 69.3% market share of ethanol-blended gasoline in CY 2006, and are in effect through June 30, 2008. Beginning July 1, the rates will be as follows:

- Unleaded Gasoline: 20.7 cents per gallon
- E-10: 19.0 cents per gallon
- E-85: 19.0 cents per gallon

Background

The Ethanol Sales Promotion Act of 2001 provided for changes in fuel tax rates based on the gallons of ethanol-blended gasoline sold in the State between January 1 and December 31 of each year. The rates applied for the following fiscal year. The Act implemented the following tax schedule, effective from July 1, 2002, to June 30, 2007. After that date, unleaded and ethanol-blended gasoline was to be taxed at a flat rate of 20.0 cents per gallon.

Tax Schedule

Ethanol Market Share Percentage	Ethanol- Blended Tax	Unleaded Gasoline Tax
0% - 50%	19.0	20.0
50% - 55%	19.0	20.1
55% - 60%	19.0	20.3
60% - 65%	19.0	20.5
65% - 70%	19.0	20.7
70% - 75%	19.0	21.0
75% - 80%	19.3	20.8
80% - 85%	19.5	20.7
85% - 90%	19.7	20.4
90% - 95%	19.9	20.1
95% - 100%	20.0	20.0

Current Rates	Senate File 601 (FY 2008 Standing Appropriations Act) extended the fuel tax schedule from June 30, 2007, to June 30, 2012. After that date, unleaded and ethanol-blended gasoline will be taxed at a flat rate of 20.0 cents per gallon.
Road Use Tax Fund Impact	The estimated fiscal impact of extending the fuel tax schedule is a decrease of \$7.9 million to the Road Use Tax Fund in FY 2008, resulting from a decrease in fuel tax revenues of the same amount.
More Information	Additional information is available from the LSA upon request.
STAFF CONTACT: Mary Beth Mellick (Ext. 18223)	

TRANSPORTATION COMMISSION APPROVES FIVE-YEAR PROGRAM

Five-Year Program



The Transportation Commission approved the FY 2008 – FY 2012 Transportation Improvement Program on June 12. All highway projects previously included in the FY 2007 – FY 2011 Program are included. As drafted, the new Program includes the following highway projects:

- Completion of the Des Moines to Burlington corridor in southeast Iowa in 2008.
- Investment of an average of \$310.0 million annually for maintenance and preservation of highways.
- Completion of previously programmed projects that result in the completion of a needed highway improvement or a segment of a larger project, and maximize the use of special federal appropriations. Projects include:
 - \$99.7 million for the Fort Madison bypass along U.S. Highway 61.
 - \$73.9 million for the four-lane project from Moorland to Iowa Highway 4 along U.S. Highway 20.
 - \$65.8 million for the Tama/Toledo bypass along U.S. Highway 30.
 - \$64.5 million for a new bridge along U.S. Highway 34 crossing the Missouri River in Mills County.

More Information	A copy of the Five-Year Program can be found on the Department of Transportation web site at: http://www.iowadot.org/five_year/final_2008_2012_plan.htm . Additional information is available from the LSA upon request.
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STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

CAPITAL PROJECTS COMMITTEE MEETING

Capital Projects Meeting	The Capital Projects Committee of the Legislative Council met on June 13 for an update from the Department of Administrative Services on capital projects in progress on the Capitol Complex.
Projects Discussed	The Department presented information on the status of the following projects: <ul style="list-style-type: none">• State Capitol Building renovation and restoration.

- West Capitol Terrace improvements.
- The recently completed Department of Public Safety Building.
- The new State office buildings currently in the planning and design phases.
- The proposed lease purchase of the Mercy Medical property.

More Information

Handouts from the meeting are available on the web site at:
<http://www.legis.state.ia.us/aspx/Committees/Committee.aspx?id=45>.
Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934)

STATE SOIL CONSERVATION COMMITTEE MEETING**Committee Meeting**

The State Soil Conservation Committee met on June 19 in Clarinda.

Election of Officers

The Committee re-elected Duane Sand as the State Conservation Committee Chairperson and Jody Kern as the State Conservation Committee Vice Chairperson for the FY 2008 term.

Committee Approval

The Committee approved the following:

- Winnebago priority watershed project submitted by the Winnebago County Conservation Board.
- Two Notices of Intended Action: One for changes to the cost share program and the other for the rules on the distribution of money received from the Resource Enhancement and Protection (REAP) Fund.

Budget Discussions

The Committee and members from the Conservation Districts of Iowa discussed preliminary FY 2009 budget proposals. Ken Tow, Department of Agriculture and Land Stewardship (DALs), provided a proposal that would increase the General Fund appropriation by \$1.1 million and the Environment First Fund appropriation by \$7.0 million. The members will vote on the proposal at the next meeting. Changes included:

General Fund

- \$134,000 for expense reimbursement for Soil and Water Conservation Commissioners.
- \$65,000 for a Minerals Inspector.
- \$402,000 and 10.0 FTE positions for Field Technicians.
- \$150,000 for field staff training.
- \$325,000 and 4.0 FTE positions for Urban Environment Specialists.

Environment First Fund

- \$3.0 million for the Soil Conservation Cost Share Program.
- \$2.7 million for the Watershed Protection Fund Program.
- \$500,000 for the District Initiatives Program.

- \$750,000 for the Farm Demonstration Program.

LiDAR Information

Lyle Asell, Department of Natural Resources (DNR), reported that information collected using the Light Detection and Ranging (LiDAR) will be available on the DNR's web site in July.

FARMS Information

Jim Gillespie, DALs, reported the Financial Accounting Reporting Management System (FARMS) will be operational on July 1, 2007. This is a web-based accounting system that will provide real-time information regarding the distribution of funds in the Soil Conservation Cost Share Fund.

Conservation Tour



The Committee toured conservation projects completed in Page and Taylor Counties, including:

- A buried water intake project at the Jim O'Hara farm in Page County.
- A discussion of the Green Plains Renewable Energy plant located in Shenandoah. The 50-million gallon ethanol plant will open later this summer. Wayne Hoovestol answered questions related to the plant.
- A discussion on alternative manure management systems for cattle feedlots at the Keith Wellhausen farm in Page County.
- A discussion of the West Tarkio Lake project that is being proposed for Montgomery and Page Counties.
- A discussion on a Hungry Canyons project in Taylor County.
- A discussion on growing chestnut trees as an alternative crop at the Kelly Tobin farm in Taylor County.

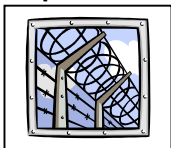


Bill Northey, Secretary of Agriculture, discusses a water quality project with Ron Sanson and Shawn Shouse.

More Information

For more information about the State Soil Conservation Committee, access the web site at: <http://www.agriculture.state.ia.us/scccommittee.htm>. The next meeting is scheduled for August 2 in Des Moines. Additional information is available from the LSA upon request.

STAFF CONTACT: Debra Kozel (Ext. 16767)

DEPARTMENT OF CORRECTIONS DURRANT FOCUS GROUPS**Report**

The Durrant study continuation will begin July 1 focusing on the areas of substance abuse, mental health, women offenders, treatment, and the expansion of Mitchellville. The complete report should be ready for presentation to the Department of Corrections Board and to the General Assembly by February 2008.

Long-Term Initiatives

On June 14, the Department of Corrections hosted the first focus group meeting to begin developing recommendations contained in the Durrant Report into long-term Department initiatives. The Department plans to include the majority of the recommendations in the FY 2010 budget request.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

DEPARTMENT OF PUBLIC DEFENSE ANNUAL REPORT**National Guard**

As of December 31, 2006, the Iowa Army National Guard consisted of 111 companies or detachment-sized units located in 49 communities and Camp Dodge, consisting of 7,558 soldiers. The Iowa Air National Guard consisted of four separate organizations with 2,056 assigned officers and airmen.

BRAC

Construction has begun on the new Armed Forces Reserve Center Complex at Camp Dodge. This \$33.1 million project is the first of only two Base Realignment and Closure (BRAC) Act construction projects approved for the National Guard nationwide. In addition to new armory facilities for a number of Iowa Army Guard units, the Center will consolidate the U.S. Army Recruiting Command battalion headquarters and the Armed Forces Military Entrance Processing Station at Camp Dodge.

Counterdrug Task Force

The Iowa National Guard began providing counterdrug support to Iowa law enforcement agencies in 1989. In 2003, the Midwest Counterdrug Training Center was established at Camp Dodge, one of five federally funded counterdrug schools across the nation. During FY 2006, Iowa's Counterdrug Task Force conducted 127 missions and the Midwest Counterdrug Training Center conducted 182 courses, 17 conferences, and trained 8,033 law enforcement officers from across the U.S. In addition, the Counterdrug Task Force's Drug Demand Reduction Program reached 8,800 students with a science-based drug education curriculum. The Counterdrug Task Force's supply interdiction efforts conducted 19 year-long missions assisting in 3,389 arrests and resulting in \$40.0 million in drug seizures.

Federal vs. State Funding

During FY 2006, the Iowa National Guard (Army and Air) was supported by \$375.0 million (97.0%) in federal funds and \$11.8 million (3.0%) in State funds.

HLSEMD

In FY 2006, 12 Governor's Disaster Proclamations were issued. The Homeland Security and Emergency Response Division (HLSEMD) received revenues totaling \$58.7 million from federal and State funds, as well as the four nuclear power plants located within or adjacent to Iowa. Of this amount, \$52.3 million was passed through to local governments. The operational

budget for the Division totaled \$6.4 million, of which \$1.3 million was appropriated from the General Fund.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

JUVENILE DRUG COURTS

Juvenile Drug Courts



Iowa has three juvenile drug courts located in Marshall, Polk, and Woodbury Counties. In calendar year 2006, 141 juveniles were referred to juvenile drug court. The following chart shows the number of youth referred to juvenile drug court by race or ethnicity.

	<u>Marshall County</u>	<u>Polk County</u>	<u>Woodbury County</u>
Asian/Pacific Islander	1	1	5
Black/African American	1	5	9
Hispanic/Latino	3	5	9
Native American	0	0	8
White/European American	12	40	42
TOTAL	<u>17</u>	<u>51</u>	<u>73</u>

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846) Lisa Burk (Ext. 17942)

MAY METH LAB STATISTICS

ODCP



As of May 31, 2007, the Office of Drug Control Policy (ODCP) reported Iowa meth lab incidents had declined 77.0% in 2006, which is the first full year after methamphetamine legislation was enacted compared to 2004. The calendar year 2006 monthly meth lab seizure average was 29 labs compared to the current average of 14. For calendar year 2006, State and local law enforcement responded to 345 labs.

Prison

Iowa has the nation's eighth highest rate of meth use, and the sixth highest rate of smoked meth. Approximately 80.0% of offenders in Iowa prisons had a past or current drug problem at the time of admission. Of this amount, approximately 52.0% of women and 50.0% of men had used meth.

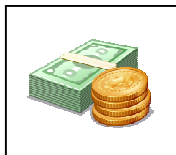
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

UPDATE ON OUTSTANDING COURT DEBT

April 2007



As of April 30, 2007, the Judicial Branch reported \$446.4 million in outstanding court debt compared to \$447.9 million reported in March 2007. The amount of increased court debt for the month of April was \$14.8 million, while the amount of court debt collected for the month of April was \$16.3 million. When comparing April 2007 to April 2006, outstanding court debt increased \$39.2 million.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – DEPARTMENT FOR THE BLIND**Audit**

The LSA received the FY 2006 State Audit for the Department for the Blind.

Internal Control

The single finding in the Audit related to internal control. The auditors found that certain expenditures for the audio news and information services for blind and visually impaired persons did not have detailed supporting documentation and/or a contract agreement for services provided. The Department responded that a contract was signed on February 16, 2007.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270)

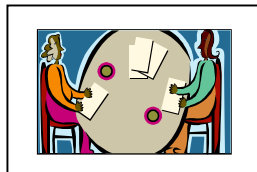
AUDIT REPORT – DEPARTMENT OF PUBLIC HEALTH**Audit Report**

The LSA received a copy of the State Auditor's FY 2006 report on the Department of Public Health. The Report cited two findings related to internal controls for initial receipt listings prepared by the Bureau of Radiological Health and the Professional Licensure Division.

Audit Findings

Payments by cash and check are received at various locations in the Department. Initial receipt listings should be prepared when the cash or check is received and later compared to the deposit by an independent person.

In the Bureau of Radiological Health, the initial receipt listings were prepared by the mail opener and were not independently compared to deposits. In the Professional Licensure Division, the listings were not prepared.

Audit Responses

In the Bureau of Radiological Health, staff are now compiling and photocopying a list of checks received before sending them to the Cashier's Office in the Bureau of Finance. The Bureau of Finance returns a copy of the Cash Receipt Document and the processed paperwork to the Bureau of Radiological Health, which utilizes the information for reconciliation. This response was accepted by the Auditor.

The Professional Licensure Division attributed this finding to insufficient FTE positions and an inadequate computer system. The Division anticipates this can be corrected, beginning in FY 2008, when the Division will retain 100.0% of fees, which will provide additional resources. The response was acknowledged by the Auditor. In the meantime, the Auditor recommends the Division consider performing random checks of receipts to deposits to ensure receipts are properly deposited.

More Information

Additional information is available from the LSA upon request.

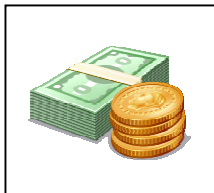
STAFF CONTACT: Lisa Burk (Ext. 17942)

AUDIT REPORT – DEPARTMENT OF PUBLIC DEFENSE

Audit

The LSA received the State Audit for the Department of Public Defense, which is composed of the Military and Homeland Security and Emergency Management Divisions.

Cash Management



The Auditor noted effective cash management procedures minimize the amount of State funds required to operate a program until federal funds are received and can minimize the amount of time between the drawdown/request for federal funds and the disbursement of the funds.

The Department reported that procedures have been implemented to resolve excessive cash balances and this should not be a problem in future years. The response was accepted.

Purchasing Cards

The Auditor noted that for the Homeland Security and Emergency Management Division, six of 12 purchasing card payments were paid more than 25 days after the statement date, which is contrary to the terms of the agreement and resulted in the assessment of late fees. The Auditor also noted that 15 item purchases in September and October 2005 by the Military Division for Hurricane Katrina relief exceeded the individual card limit for daily transactions, and airline tickets and hotel charges were incurred with the cards, which is unallowable for certain users. The Military Division reported it was allowable to increase card limits and incur airline tickets and hotel charges with the purchasing card for State Active Duty Emergencies.

The Homeland Security and Emergency Management Division turned over all payments to the Department's Comptroller's office to ensure payments are made in a timely fashion. The written policies and procedures for purchasing card use by the Military Division during State Active Duty will be in place by June 30, 2007. The responses were accepted.

Biennial Reports



Section 7A.3, Code of Iowa, requires the Adjutant General to file a biennial report in each even-numbered year. At the time of the Audit, reports for fiscal years 2003, 2004, 2005, and 2006 had not been filed.

All annual reports have been completed as of May 15, 2007, and submitted to the Governor's Office and the General Assembly. Future reports will be completed by January 31 following the close of each fiscal year. The response was accepted.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – IOWA JUDICIAL BRANCH

Judicial Branch

The Iowa Judicial Branch is responsible for general appellate and original jurisdiction in civil and criminal cases and in all proceedings including probate and juvenile matters. The Judicial Branch also determines rules for admission and discipline of the Iowa Bar; adopts rules regulating appellate practice and procedures; and promulgates regulations of the Commission on Judicial Qualifications, the Board of Law Examiners, and the Board of Shorthand Reporters.

Audit

The Auditor noted the following three internal control issues:

- **Capital Assets** – The Auditor noted errors in the up-to-date inventory listing of all real and personal property belonging to the State. The Auditor recommended the Judicial Branch review its capital asset procedures to ensure the maintenance of current and accurate records. The Judicial Branch agreed to continue to improve and the response was accepted.
- **GAAP Package** – The Auditor noted several errors in the GAAP Package, including an overstatement in the balance of sick leave liability by \$25,000, an overstatement in the employer share of costs related to sick leave liability by \$40,000, an overstatement in capital assets and related accumulated depreciation by \$346,000, an overstatement in accumulated depreciation by \$40,000, an overstatement in the minimum lease payments for operating leases by \$120,000, and an overstatement of rental expenses by \$25,000. The Auditor recommended the GAAP Package be reviewed by management prior to submission. The Judicial Branch agreed and the response was accepted.
- **Sick Leave Conversion Liability** – The Auditor noted numerous errors in the calculation of the sick leave conversion liability due to spreadsheet and formula errors, causing an ending balance to be overstated by \$25,000. Also, the spreadsheet used to track health insurance premiums did not agree with the actual payments made. The Judicial Branch does not reconcile these amounts. The errors caused incorrect converted sick leave balances and incorrect calculations of the Judicial Branch's liability. The Auditor recommended the Judicial Branch review the sick leave liability calculation to determine and correct errors. The Auditor also recommended the Judicial Branch verify and reconcile actual payments made for health insurance premiums to the sick leave liability spreadsheet to help ensure each individual employee's balance/bank is accurate. The Judicial Branch stated they would work on improving their sick leave conversion program process and will review their records and calculations accuracy and verify and reconcile periodically. The response was accepted.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

AUDIT REPORT – GOVERNOR'S TRAFFIC SAFETY BUREAU**Audit**

The LSA received the State Audit on the Governor's Traffic Safety Bureau for the year ending September 30, 2006. The Highway Safety Projects are administered by Integer Groups Midwest. Six contracts were authorized with total expenditures of \$666,191 for designing, producing, and distributing public service announcements on traffic safety. The Auditor reported a total of \$640,588 of eligible expenditures has been claimed under the contracts.

Recommendation

The Auditor recommended the quarterly and final reports be submitted timely according to contract conditions. The Governor's Traffic Safety Bureau agreed to time stamp the reports as received and to review contracts for any changes needed in reporting deadlines. The response was accepted.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

This document can be found on the LSA web site:
<http://www.legis.state.ia.us/Fiscal/fiscupdt/>