



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ January 14, 2004

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

The Center's receipts totaled \$898,878 for the year ended June 30, 2003, and included \$596,517 in detention care fees, \$149,331 in court-ordered transport service fees, \$98,652 from the state and \$52,858 in interest on investments. The Center had total receipts of \$859,190 for the year ended June 30, 2002, which included \$528,212 in detention care fees, \$124,448 in court-ordered transport service fees, \$99,057 from the state and \$73,140 in interest on investments.

Disbursements totaled \$711,915 for the year ended June 30, 2003, and included \$389,521 for salaries, \$66,022 for employee benefits and \$101,601 for court-ordered transport. Disbursements totaled \$686,361 for the year ended June 30, 2002, and included \$379,676 for salaries, \$63,112 for employee benefits and \$94,848 for court ordered transport.

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

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**CENTRAL IOWA JUVENILE DETENTION CENTER**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT  
SCHEDULE OF FINDINGS**

**JUNE 30, 2003 AND 2002**

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## Central Iowa Juvenile Detention Center

### Officials

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

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Independent Auditor's Report

To the Members of the Central Iowa  
Juvenile Detention Center:

We have audited the accompanying statement of cash transactions of the Central Iowa Juvenile Detention Center as of and for the years ended June 30, 2003 and 2002. This financial statement is the responsibility of the Center's management. Our responsibility is to express an opinion on this financial statement based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 that our audits provide a reasonable basis for our opinion.

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

In our opinion, the aforementioned statement of cash transactions presents fairly, in all material respects, the results of the cash transactions of the Central Iowa Juvenile Detention Center for the years ended June 30, 2003 and 2002, on the basis of accounting described in note 1.

As discussed in note 6, Central Iowa Juvenile Detention Center intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the Center's financial statements and related notes in the year of implementation. The revised requirements include an analytical overview of the Center's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2003 on our consideration of the Central Iowa Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 5, 2003



## **Financial Statement**

**Exhibit A**

## Central Iowa Juvenile Detention Center

## Statement of Cash Transactions

Years ended June 30, 2003 and 2002

|                                       | 2003                | 2002             |
|---------------------------------------|---------------------|------------------|
| Receipts:                             |                     |                  |
| Detention care fees                   | \$ 596,517          | 528,212          |
| Membership fees                       | -                   | 32,277           |
| State programs                        | 98,652              | 99,057           |
| Interest on investments               | 52,858              | 73,140           |
| Court-ordered transport service fees  | 149,331             | 124,448          |
| Miscellaneous                         | 1,520               | 2,056            |
| Total receipts                        | <u>898,878</u>      | <u>859,190</u>   |
| Disbursements:                        |                     |                  |
| Salaries                              | 389,521             | 379,676          |
| Employee benefits                     | 66,022              | 63,112           |
| Travel                                | 7,285               | 6,979            |
| Resident meals                        | 33,303              | 33,010           |
| Utilities                             | 20,437              | 20,112           |
| Court-ordered transport               | 101,601             | 94,848           |
| Equipment and vehicle                 | 17,050              | 23,162           |
| Building repairs and remodeling       | 9,010               | 2,059            |
| Professional fees                     | 2,294               | 2,170            |
| Insurance                             | 19,762              | 16,490           |
| Supplies                              | 15,307              | 13,998           |
| Resident health                       | 16,547              | 15,865           |
| Staff development                     | 5,190               | 6,518            |
| Telephone                             | 8,240               | 7,516            |
| Miscellaneous                         | 346                 | 846              |
| Total disbursements                   | <u>711,915</u>      | <u>686,361</u>   |
| Excess of receipts over disbursements | 186,963             | 172,829          |
| Balance beginning of year             | <u>1,388,125</u>    | <u>1,215,296</u> |
| Balance end of year                   | <u>\$ 1,575,088</u> | <u>1,388,125</u> |

See notes to financial statement.

Central Iowa Juvenile Detention Center

Notes to Financial Statement

June 30, 2003 and 2002

**(1) Summary of Significant Accounting Policies**

The Central Iowa Juvenile Detention Center was formed in 1993 pursuant to Chapter 28E of the Code of Iowa. This Commission is a voluntary joint undertaking of the Boards of Supervisors of the counties of Boone, Calhoun, Greene, Hamilton, Hardin, Hancock, Humboldt, 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, 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 statements 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 Central Iowa Juvenile Detention Center has no component units which meet the Governmental Accounting Standards Board criteria.

B. 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 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 or results of operations of the Center in accordance with U.S. generally accepted accounting principles.

C. 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 as of June 30, 2003.

**(2) Cash and Investments**

The Center's deposits in banks at June 30, 2003 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 members of the pool to insure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Center had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$696,051 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

**(3) Pension and Retirement Benefits**

The Center contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Commission 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, 2003, 2002 and 2001 were \$24,939, \$24,245, and \$25,110, respectively, equal to the required contributions for each year.

**(4) Risk Management**

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

**(5) Rent Agreement**

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Eldora, Iowa. The lease cost is based on \$2.63 per square foot per year. The terms are subject to renegotiations annually.

**(6) Prospective Accounting Change**

The Governmental Accounting Standards Board issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the Center's financial activities



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

To the Members of the Central Iowa  
Juvenile Detention Center:

We have audited the financial statement of the Central Iowa Juvenile Detention Center for the year ended June 30, 2003, and have issued our report thereon dated November 5, 2003. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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 grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. There were no prior year statutory comments.

Internal Control Over Financial Reporting

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and customers of the Central Iowa Juvenile Detention Center and other parties to whom the Central Iowa Juvenile Detention Center may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Central Iowa Juvenile Detention Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

November 5, 2003

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2003

**Findings Related to the Financial Statement:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

**Other Findings Related to Required Statutory Reporting:**

- (1) Official Depositories – A resolution naming the official depository has been approved by the Center. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2003.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.
- (4) Center Minutes – No transactions were found that we believe should have been approved in the Center minutes but were not.
- (5) Deposits and Investments – No instances of non-compliance with the deposit and pooled investment provisions of Chapter 12B and Chapter 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:

Steven M. Nottger, CPA, Manager  
M. Crystal A. Berg, CPA, Staff Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State