



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE

March 17, 2004

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the North Iowa Juvenile Detention Services Commission.

The Commission's receipts totaled \$1,051,138 for the year ended June 30, 2003, and included \$799,795 in detention care fees, \$158,467 from the state and \$20,281 in interest on investments. The Commission had total receipts of \$1,219,448 for the year ended June 30, 2002, which included \$896,615 in detention care fees, \$184,211 from the state and \$46,544 in interest on investments.

Disbursements totaled \$1,198,387 for the year ended June 30, 2003, which included \$744,308 for salaries, \$231,133 for employee benefits and \$51,255 for resident food and clothing. Disbursements totaled \$1,207,758 for the year ended June 30, 2002, which included \$726,461 for salaries, \$209,479 for employee benefits and \$53,589 for resident food and clothing.

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

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**NORTH IOWA JUVENILE DETENTION  
SERVICES COMMISSION**

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

**JUNE 30, 2003 AND 2002**

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## North Iowa Juvenile Detention Services Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Sherry Mattke	Chair	Chickasaw County
Ron Buch	Vice Chair	Benton County
Leon Mosley	Treasurer/Secretary	Black Hawk County
Kathy Campbell	Member	Allamakee County
Steven Reuter	Member	Bremer County
Ralph Kremer	Member	Buchanan County
Larry Backer	Member	Butler County
Robert Amosson	Member	Cerro Gordo County
Robert Walke	Member	Clayton County
G.Eldon Koeneke	Member	Delaware County
Donna Smith	Member	Dubuque County
John Bunn	Member	Fayette County
Arlin Enabnit	Member	Floyd County
Daryl Kothenbeuter	Member	Franklin County
Elmer Willms	Member	Grundy County
Mary Jo Wilhelm	Member	Howard County
Ron Goeke	Member	Marshall County
Mike Bergan	Member	Winneshiek County
Darrell Bang	Member	Worth County
Rod Toftey	Member	Wright County
Steve Smith	Member-at-large	
Thomas Horvath	Member-at-large	
Jane Hartman	Member-at-large	
Neal Wedeking	Member-at-large	
Lt. Timothy Pillack	Member-at-large	
Sara Petersen	Director	

**North Iowa Juvenile Detention Services Commission**



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Independent Auditor's Report

To the Members of the North Iowa  
Juvenile Detention Services Commission:

We have audited the accompanying statement of cash transactions of the North Iowa Juvenile Detention Services Commission as of and for the years ended June 30, 2003 and 2002. This financial statement is the responsibility of the Commission'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 North Iowa Juvenile Detention Services Commission for the years ended June 30, 2003 and 2002, on the basis of accounting described in Note 1.

As discussed in Note 7, the North Iowa Juvenile Detention Services Commission 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 Commission's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the Commission'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 February 12, 2004 on our consideration of the North Iowa Juvenile Detention Services Commission'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

February 12, 2004

**North Iowa Juvenile Detention Services Commission**

## **Financial Statement**



**Exhibit A**

## North Iowa Juvenile Detention Services Commission

## Statement of Cash Transactions

Years ended June 30, 2003 and 2002

	2003	2002
Receipts:		
Detention care fees	\$ 799,795	896,615
Membership fees	-	14,190
Telephone support	20,786	24,228
State programs	158,467	184,211
Interest on investments	20,281	46,544
Transportation service fees	35,651	35,704
Miscellaneous	16,158	17,956
Total receipts	<u>1,051,138</u>	<u>1,219,448</u>
Disbursements:		
Salaries	744,308	726,461
Payroll tax and IPERS	99,738	97,346
Health and life insurance	131,395	112,133
Audit fees	2,327	2,094
Supplies	17,668	18,871
Equipment	9,694	10,610
Telephone	5,556	5,203
Resident health	3,323	2,987
Travel	9,044	9,977
Food and clothing	51,255	53,589
Repair and maintenance	5,846	14,904
Building and remodeling	723	2,987
Utilities	17,448	17,198
Insurance	-	33,016
Unemployment tax	500	489
Transportation	16,116	16,530
Miscellaneous	7,085	6,390
Loan repayment:		
Principal	50,704	48,826
Interest	25,657	28,147
Total disbursements	<u>1,198,387</u>	<u>1,207,758</u>
Excess (deficiency) of receipts over (under) disbursements	(147,249)	11,690
Balance beginning of year	<u>812,644</u>	<u>800,954</u>
Balance end of year	<u>\$ 665,395</u>	<u>812,644</u>

See notes to financial statement.

North Iowa Juvenile Detention Services Commission

Notes to Financial Statement

June 30, 2003 and 2002

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

From its inception in 1986 until July 1987, the North Iowa Juvenile Detention Services Commission was under the direction of the Juvenile Detention Project Advisory Committee. In July 1987, the North Iowa Juvenile Detention Services Commission was established. This Commission is a voluntary joint undertaking of the Boards of Supervisors of the counties of Allamakee, Black Hawk, Benton, Bremer, Buchanan, Butler, Cerro Gordo, Chickasaw, Clayton, Delaware, Dubuque, Fayette, Floyd, Franklin, Grundy, Howard, Marshall, Winneshiek, Worth and Wright, Iowa as authorized in Chapter 28E of the Code of 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 North Iowa Juvenile Detention Services Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission 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 Commission are such that exclusion would cause the Commission'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 Commission 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 Commission. The North Iowa Juvenile Detention Services Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Accounting

The North Iowa Juvenile Detention Services Commission 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 Commission in accordance with U.S. generally accepted accounting principles.

**(2) Cash and Investments**

The Commission'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 depositories to insure there will be no loss of public funds.

The Commission 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 Commission; 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 Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

**(3) Note Payable**

On August 24, 1995, the Commission entered into an \$800,000 loan agreement with Black Hawk County to pay the costs of an addition to the facility. The loan is evidenced by a revenue capital loan note requiring annual principal payments and semi-annual interest payments. Details of the capital loan note at June 30, 2003 are as follows:

Date	Interest Rates	Principal	Interest	Total
Dec 1, 2003	5.125%	\$ -	11,529	11,529
Jun 1, 2004	5.125	54,460	11,529	65,989
Dec 1, 2004	5.125	-	10,134	10,134
Jun 1, 2005	5.125	56,338	10,134	66,472
Dec 1, 2005	5.125	-	8,690	8,690
Jun 1, 2006	5.125	60,094	8,690	68,784
Dec 1, 2006	5.125	-	7,150	7,150
Jun 1, 2007	5.125	63,850	7,150	71,000
Dec 1, 2007	5.125	-	5,514	5,514
Jun 1, 2008	5.125	67,606	5,514	73,120
Dec 1, 2008	5.125	-	3,781	3,781
Jun 1, 2009	5.125	71,362	3,782	75,144
Dec 1, 2009	5.200	-	1,953	1,953
Jun 1, 2010	5.200	75,117	1,953	77,070
Total		\$ 448,827	97,503	546,330

During the year ended June 30, 2003, principal of \$50,704 and interest of \$25,657 were paid.

**(4) Pension and Retirement Benefits**

The Commission 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 Commission's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$42,793, \$41,772, and \$38,041, respectively, equal to the required contributions for each year.

**(5) Risk Management**

The North Iowa Juvenile Detention Services Commission 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 Commission 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**

Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation hours payable to employees at June 30, 2003 was \$48,000. This liability has been computed based on rates of pay in effect at June 30, 2003.

**(7) Prospective Accounting Change**

The Governmental Accounting Standards Board has 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 the Commission's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the Commission's financial activities.

**North Iowa Juvenile Detention Services Commission**



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

To the Members of the North Iowa  
Juvenile Detention Services Commission:

We have audited the financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2003, and have issued our report thereon dated February 12, 2004. Our report expressed an unqualified opinion on the financial statement, which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the North Iowa Juvenile Detention Services Commission'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. Prior year statutory comments have been resolved.

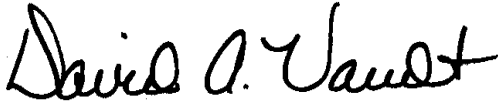
Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Iowa Juvenile Detention Services Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

February 12, 2004

North Iowa Juvenile Detention Services Commission

Schedule of Findings

June 30, 2003 and 2002

**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 official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were 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 Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (4) Commission Minutes – No transactions were found that we believe should have been approved in the Commission 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 Commission’s investment policy were noted.



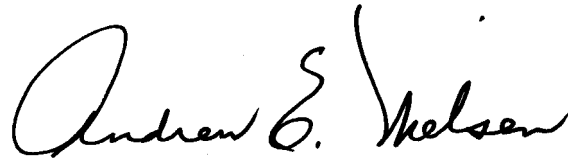
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North Iowa Juvenile Detention Services Commission

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Pamela L. Brandenburg, Senior Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA  
Deputy Auditor of State