OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE March 27, 2023

Auditor of State Rob Sand today released an audit report on North Iowa Juvenile Detention Services Commission, commonly known as North Iowa Regional Services, in Waterloo, Iowa.

FINANCIAL HIGHLIGHTS:

The Commission's receipts totaled $3,190,587 for the year ended June 30, 2022, a 42.6% increase over the prior year. Disbursements for the year ended June 30, 2022 totaled $3,092,007, a 39.1% increase over the prior year. The increase in receipts and disbursements is due primarily to the increase in the number of adult services offered during the year.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and expenditure of taxpayer funds. They are found on pages 30 and 31 of this report. The findings address issues such as a lack procedures to monitor compensated absences and expenditures which may not meet the public purpose criteria since the underlying documentation was not maintained.

The Commission has a fiduciary responsibility to provide oversight of the Commission's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's website at Audit Reports – Auditor of State.

# # #

NORTH IOWA JUVENILE DETENTION SERVICES COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENT
AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2022

2214-1502-B00F

North Iowa Juvenile Detention Services Commission

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

March 21, 2023

Officials of the North Iowa Juvenile Detention Services Commission
Waterloo, Iowa

Dear Commission Members:

I am pleased to submit to you the financial and compliance audit report for the North Iowa Juvenile Detention Services Commission for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the North Iowa Juvenile Detention Services Commission throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

North Iowa Juvenile Detention Services Commission

Officials

Name	Title	Representing
Ken Kammeyer	Chair	Bremer County
Greg Fangman	Vice Chair	Waterloo Police Dept.
Rusty Eddy	Treasurer/Secretary	Butler County
Larry Schellhammer	Member	Allamakee County
Craig White	Member	Black Hawk County
Don Shonka	Member	Buchanan County
Casey Callanan	Member	Cerro Gordo County
Jason Byrne	Member	Chickasaw County
Steve Doeppke	Member	Clayton County
Pete Buschman	Member	Delaware County
Ann McDonough	Member	Dubuque County
Jeanine Tellin	Member	Fayette County
Vic VandeHaar	Member	Grundy County
Pat Murray	Member	Howard County
Jim Wherry	Member	Mitchell County
Gary Rustad	Member	Winneshiek County
Martin Petersen	Member-at-large	Attorney
Frank Magsamen	Ex-Officio	
Tony Thompson	At Large	Black Hawk Co. Sheriff
Samuel D. Hudson III	Executive Director	

North Iowa Juvenile Detention Services Commission

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834   Facsimile (515) 281-6518

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statement of the North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2022, and the related Notes to Financial Statements.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the North Iowa Juvenile Detention Services Commission as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the Unites States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the North Iowa Juvenile Detention Services Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the North Iowa Juvenile Detention Services Commission adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Iowa Juvenile Detention Services Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Iowa Juvenile Detention Services Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 8 through 10 and 22 through 27 but does not include the basic financial statement and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 21, 2023 on our consideration of the North Iowa Juvenile Detention Services Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the North Iowa Juvenile Detention Services Commission's internal control over financial reporting and compliance.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 21, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The North Iowa Juvenile Detention Services Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the North Iowa Juvenile Detention Services Commission is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2022 FINANCIAL HIGHLIGHTS

- Operating receipts decreased 1.7%, or approximately $37,000 from fiscal year 2021 to fiscal year 2022. Operating disbursements increased 3.0%, or approximately $67,000 from fiscal year 2021 to fiscal year 2022.

- The Commission's cash balance increased 15.0%, or approximately $99,000, from June 30, 2021 to June 30, 2022.

USING THIS ANNUAL REPORT

The Commission 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 is 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 Commission's financial activities.

- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission'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.

- Other Information further explains and supports the Commission's proportionate share of the net pension liability and related contributions.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Cash Receipts, Disbursements and Changes in Cash Balance

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, 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 Commission's cash basis financial position by analyzing the increase or decrease in the Commission's cash balance.

Operating receipts are received from fifteen member counties and non-member counties for services provided to juveniles who await court disposition. The Commission provides a physically secure, emotionally stable and safe environment for these individuals until a final court ruling. Operating receipts are also received from twenty-two member and non-member counties for services provided to adults with mental health issues. Operating disbursements are disbursements paid to operate the Commission. Non-operating receipts and disbursements include interest on investments and loan repayments. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2022 and June 30, 2021 is presented below:

Changes in Cash Balance

	Year ended June 30, 2022	2021
Operating receipts:		
Detention care fees	$ 503,324	325,707
Monitoring service fees	108,160	132,155
Adult crisis service fees	1,348,481	1,425,574
State programs	119,595	195,053
Transportation service fees	76,280	102,277
Miscellaneous	43,902	56,331
Total operating receipts	2,199,742	2,237,097
Operating disbursements:		
Salaries	1,427,806	1,410,141
Payroll tax and IPERS	239,577	236,072
Health and life insurance	213,225	224,588
Repair and maintenance	56,446	71,945
Food and clothing	54,632	49,658
Insurance	64,824	44,506
Other	221,997	174,458
Total operating disbursements	2,278,507	2,211,368
Excess of operating receipts over operating disbursements	(78,765)	25,729
Non-operating receipts (disbursements):		
Interest on investments	20	48
Loan proceeds	225,000	-
Grant proceeds	765,825	-
Capital outlay	(813,500)	-
Loan repayments	-	(10,806)
Total non-operating receipts (disbursements):	177,345	(10,758)
Change in cash balance	98,580	14,971
Cash balance beginning of year	656,619	641,648
Cash balance end of year	$ 755,199	656,619

In fiscal year 2022, operating receipts decreased approximately $37,000, or 1.7%. In fiscal year 2022, operating disbursements increased approximately $67,000 or 3.0%. Non-operating receipts and disbursements increased $990,797 and $802,694, respectively, for purposes of purchasing and remodeling a building for the Youth Crisis Stabilization Center.

ECONOMIC FACTORS

The North Iowa Juvenile Detention Services Commission had a positive outcome for its financial position during the current fiscal year, and while the current condition of the economy in the State continues to be a concern for Commission officials, they are working to identify new revenue streams. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities and equipment require constant maintenance and upkeep.

- Technology continues to expand and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

- Juvenile detention beds across the State of Iowa have decreased due to alternatives to detention, thus reducing receipts for multi-county Iowa Code Chapter 28E detention centers.

- The cost to house residents continues to increase due to multiple factors.

- Increased competition from other commissions.

The Commission will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Samuel D. Hudson III, Executive Director of the North Iowa Juvenile Detention Services Commission, 1440 W. Dunkerton Road, Waterloo, Iowa 50703-5783.

Basic Financial Statement

North Iowa Juvenile Detention Services Commission

North Iowa Juvenile Detention Services Commission

Statement of Cash Receipts, Disbursements and Changes in Cash Balance

As of and for the year ended June 30, 2022

Operating receipts:	
Detention care fees	$ 503,324
Monitoring service fees	108,160
Adult crisis service fees	1,348,481
State programs	119,595
Transportation service	76,280
Miscellaneous	43,902
Total operating receipts	2,199,742
Operating disbursements:	
Salaries	1,427,806
Payroll tax and IPERS	239,577
Health and life insurance	213,225
Supplies, non-office	28,742
Office equipment and supplies	12,541
Education and training	6,598
Telephone and internet	34,079
Resident health	4,147
Travel	4,570
Food and clothing	54,632
Repair and maintenance	56,446
Utilities	44,006
Insurance	64,824
Unemployment tax	2,978
Vehicle	15,091
Transportation program	17,231
Monitoring program	11,532
Miscellaneous	40,482
Total operating disbursements	2,278,507
Excess of operating receipts over operating disbursements	(78,765)
Non-operating receipts (disbursements):	
Interest on investments	20
Loan proceeds	225,000
Grant proceeds	765,825
Capital outlay	(813,500)
Total non-operating receipts (disbursements)	177,345
Change in cash balance	98,580
Cash balance beginning of year	656,619
Cash balance end of year	$ 755,199
Cash Basis Fund Balance	
Unrestricted	$ 755,199

See notes to financial statement.

(1) Summary of Significant Accounting Policies

From its inception in 1986 until July 1987, the North Iowa Juvenile Detention Services Commission (NIJDS) 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, Bremer, Buchanan, Butler, Cerro Gordo, Chickasaw, Clayton, Delaware, Dubuque, Fayette, Grundy, Howard, Mitchell, and Winneshiek, Iowa as authorized by 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. In 2012, the facility opened the Adult Crisis Stabilization Center to provide immediate shelter, support and care for those experiencing a situational crisis.

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 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 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 Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

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 Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission 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 Commission in accordance with U.S. generally accepted accounting principles.

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2022 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 ensure 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. 72.

(3) Loans, Notes and Leases Payable

A summary of changes in notes payable for the year ended June 30, 2022 is as follows:

	Beginning Balances, As Restated	Increases	Decreases	Ending Balances	Due Within One Year
Lease agreements	$ 6,322	-	2,030	4,292	2,098
County social services loan	27,019	-	-	27,019	-
General obligation note - direct borrowing	-	225,000	-	225,000	39,889
Governmental activities total	$ 33,341	225,000	2,030	256,311	41,987

During January 2020, County Social Services (CSS) approved a loan for up to $185,000 to NIJDS to help maintain cash flows due to the slow reimbursement of expenses from Managed Care Organizations (MCO's). The actual advance was for $87,791, made on April 21, 2020. The terms of the advance required NIJDS to reimburse CSS as the MCO's paid NIJDS. No interest was to be charged. The remaining balance at June 30, 2022 was $27,019, to be repaid as NIJDS received the payments from the MCO's.

General Obligation Note – Direct Borrowing

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2023	5.80%	$ 39,889	12,168	52,057
2024	5.80	42,299	9,758	52,057
2025	5.80	44,854	7,202	52,056
2026	5.80	47,564	4,492	52,056
2027	5.80	50,394	1,618	52,012
Total		$ 225,000	35,238	260,238

On June 2, 2022, the Commission issued a $225,000 loan with an interest rate of 5.80% per annum. The loan was issued to finance the construction of a hallway connecting Unit A to the gym. No payments were made during the year ended June 30, 2022.

Lease Agreement

On July 1, 2019, the Commission entered into a noncancelable lease agreement for a printer. An initial lease liability was recorded in the amount of $6,322. The agreement requires monthly payments of $187 over 60 months, with an implicit interest rate of 4.5% and a final payment on June 1, 2024.

Year Ending June 30,	Printer			
		Principal	Interest	Total
2023	$	2,098	146	2,244
2024		2,194	50	2,244
Total	$	4,292	196	4,488

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2022 were $134,784.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the Commission reported a liability of $24,348 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total plan pension liability was used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The Commission's proportion of the overall plan net pension asset was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Commission's proportion of the overall plan net pension asset was (0.007053)%, which was a decrease of 0.02247.% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Commission's pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled $(84,653), $34,451 and $900,769, respectively.

There were no non-employer contributing entries to IPERS.

Actuarial Assumptions – The total pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension asset was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability (asset)	$ 861,755	24,348	(677,453)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) 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, 2022 was $110,000. This liability has been computed based on rates of pay in effect at June 30, 2022.

(6) Risk Management

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, employment practices liability, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the year ended June 30, 2022 were $28,804.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation in the amount of $1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statements will require reporting of the right to use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

Other Information

North Iowa Juvenile Detention Services Commission

Schedule of the Commission's Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees' Retirement System
For the Last Eight Years*

Other Information

	2022	2021	2020	2019
Commission's proportion of the net pension liability/asset	(0.007053)% **	0.015420%	0.015334%	0.015459%
Commission's proportionate share of the net pension liability (asset)	$ 24,348	1,083,224	887,940	978,258
Commission's covered payroll	$ 1,410,141	1,223,836	1,167,094	1,161,860
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.51%	76.08%	84.20%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

**Overall plan net pension asset

See accompanying independent auditor's report.

2018	2017	2016	2015
0.015948%	0.012481%	0.011312%	0.011859%
1,062,308	785,436	558,880	470,318
1,194,363	895,646	785,786	776,003
88.94%	87.69%	71.12%	60.61%
82.21%	81.82%	85.19%	87.61%

North Iowa Juvenile Detention Services Commission

Schedule of Commission Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Other Information

	2022	2021	2020	2019
Statutorily required contribution	$ 134,784	133,066	115,525	110,163
Contributions in relation to the statutorily required contribution	(134,784)	(133,066)	(115,525)	(110,163)
Contribution deficiency (excess)	$ -	-	-	-
Commission's covered payroll	$ 1,427,806	1,410,141	1,223,836	1,167,094
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
103,754	106,656	79,981	70,171	69,297	60,011
(103,754)	(106,656)	(79,981)	(70,171)	(69,297)	(60,011)
-	-	-	-	-	-
1,161,860	1,194,363	895,646	785,786	776,003	692,162
8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

North Iowa Juvenile Detention Services Commission

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of North Iowa Juvenile Detention Services Commission as of and for the year ended June 30, 2022, and the related Notes to Financial Statement and have issued our report thereon dated March 21, 2023. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the North Iowa Juvenile Detention Services Commission's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Iowa Juvenile Detention Services Commission's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2022 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.

North Iowa Juvenile Detention Services Commission's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the North Iowa Juvenile Detention Services Commission's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The North Iowa Juvenile Detention Services Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 21, 2023

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCY:

2022-001 Compensated Absences

Criteria – An effective internal control system provides for internal controls related to the processing and approval of payroll for employees in accordance with adopted policies of the Commission. Approved policies regarding compensated absence records can help ensure proper payment of payroll expenses.

Condition – Although the Commission has an established policy for paid holidays, sick leave, personal leave and vacation time, the Commission has not enforced the vacation time allowed by policy resulting in excessive carryover of balances.

Cause – Established vacation accrual policies have not been enforced.

Effect – The lack of enforcing the policy regarding compensated absences could result in inaccurate or incorrect use of unallowed compensated absences or inaccurate payout of balances upon resignation or retirement from employment.

Recommendation – The Commission should review policies regarding vacation accruals and payout of compensated absences upon resignation or retirement and establish procedures to ensure policies are enforced. In addition, the Commission should review compensated absence balances to determine their accuracy.

Response – We will follow the company policy and procedure. Sam will be asking the Board to increase the amount of time that can be carried over. If the Board doesn't approve this matter, the excess vacation time will be forfeited.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

2022-A Questionable Disbursements – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain disbursements were noted which we are unable to determine whether they meet the requirements of public purpose as defined in an Attorney General's opinion since they were unsupported and since the public benefits to be derived have not been clearly documented were noted. These disbursements are detailed as follows:

Paid to	Purpose	Amount
SamsClub	Unsupported	$ 647
Domino's	Unsupported	74

Recommendation – The Commission should retain supporting documentation to determine and document the public purpose served by these disbursements.

Response – We will be more diligent in getting receipts from any credit card user.

Conclusion – Response accepted.

2022-B Business Transactions – No business transactions between the Commission and Commission officials or employees were noted.

2022-C Restricted Donor Activity – No transactions were noted between the Commission and Commission officials or employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2022-D Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

2022-E Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.

2022-F Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Deputy
Cole L. Hocker, CPA, Manager
Kelly L. Hilton, Senior Auditor