



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 29, 2023

Auditor of State Rob Sand today released an audit report on the Central Iowa Juvenile Detention Center in Eldora, Iowa.

FINANCIAL HIGHLIGHTS:

The Center had total receipts \$18,901,784 for the year ended June 30, 2022, a 63.43% increase over the prior year. Disbursements for the year ended June 30, 2022 totaled \$18,941,623, a 66.21% increase over the prior year. The significant increase in receipts is due primarily to an increase in line of credit proceeds for the Center's building expansion. The significant increase in disbursements is due primarily to an increase in debt payments and an increase in construction in progress disbursements.

AUDIT FINDINGS:

Sand reported no findings pertaining to the Central Iowa Juvenile Detention Center.

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

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CENTRAL IOWA JUVENILE DETENTION CENTER

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

JUNE 30, 2022

Central Iowa Juvenile Detention Center



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

Rob Sand
Auditor of State

March 21, 2023

Officials of the Central Iowa Juvenile Detention Center
Eldora, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the Central Iowa Juvenile Detention Center 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 Central Iowa Juvenile Detention Center 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,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Central Iowa Juvenile Detention Center

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dave Thompson	Chair	Marshall County
Gary McVicker	1 st Vice-Chair	Franklin County
Lance Granzow	2 nd Vice-Chair	Hardin County
Jeff Kulmatycki	Member	Appanoose County
Rick Primmer	Member	Benton County
Bill Zinnel	Member	Boone County
Don Shonka	Member	Buchanan County
Paul Merten	Member	Buena Vista County
Scott Becker	Member	Calhoun County
Ty Rosburg	Member	Crawford County
Harley Pothoff	Member	Dubuque County
Jeff Quastad	Member	Emmet County
Roy Schwickerath	Member	Floyd County
Peter Bardole	Member	Greene County
Dan Campidilli	Member	Hamilton County
Gary Rayhons	Member	Hancock County
Bruce Reimers	Member	Humboldt County
John Gahring	Member	Iowa County
Doug Cupples	Member	Jasper County
Kyle Stecker	Member	Kossuth County
Larry Davis	Member	Lucas County
Steve Wanders	Member	Mahaska County
Mike Mayer	Member	Mitchell County
Roger Faulstick	Member	Palo Alto County
Diana Dawley	Member	Poweshiek County
Latifah Faisal	Member	Story County
Larry Vest	Member	Tama County
Bob Thode	Member	Webster County
Susan Smith	Member	Winnebago County
Mark Smeby	Member	Worth County
Rick Rasmussen	Member	Wright County
Tony Reed	Executive Director	
Justin Cornish	Regulatory Director	
Kassie Ruth	Fiscal Director	

Central Iowa Juvenile Detention Center



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Independent Auditor's Report

To the Members of the Central Iowa Juvenile Detention Center:

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of the Central Iowa Juvenile Detention Center as of and for the year ended June 30, 2022 and the related Notes to Financial Statement.

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

Basis for Opinion

We conducted our audit 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. 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 Central Iowa Juvenile Detention Center, 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 opinion.

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.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements 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 statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Central Iowa Juvenile Detention Center'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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Central Iowa Juvenile Detention Center'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 Central Iowa Juvenile Detention Center'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.

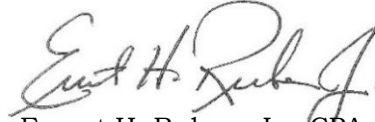
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of the Center's Proportionate Share of the Net Pension Liability and the Schedule of Center Contributions on pages 22 through 27 but does not include the basic financial statement and our auditor's report thereon. Our opinion on the basic financial statement does 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 financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, 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 Central Iowa Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Center'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 Central Iowa Juvenile Detention Center's internal control over financial reporting and compliance.



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

March 21, 2023

Central Iowa Juvenile Detention Center

Basic Financial Statements

Central Iowa Juvenile Detention Center

Central Iowa Juvenile Detention Center
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		\$ 1,730,843
State programs:		
Detention care	\$ 440,603	
School lunch	<u>40,367</u>	480,970
Child welfare service and juvenile justice fees		9,591,622
Transportation services		1,563,648
Miscellaneous		<u>308,387</u>
Total operating receipts		<u>13,675,470</u>
Operating disbursements:		
Salaries:		
Detention care	2,690,995	
Community based services	<u>4,233,780</u>	6,924,775
Employee benefits:		
Detention care	1,602,127	
Community based services	<u>1,377,043</u>	2,979,170
Travel:		
Detention care	105,517	
Community based services	<u>219,611</u>	325,128
Resident meals		153,709
Building repairs		75,977
Utilities		144,004
Equipment		18,934
Vehicle maintenance		278,675
Professional fees		53,256
Insurance		417,093
Supplies		127,235
Medical		147,915
Staff development		13,002
Information services		83,702
Community based services		<u>1,721,314</u>
Total operating disbursements		<u>13,463,889</u>
Excess of operating receipts over operating disbursements		<u>211,581</u>
Non-operating receipts (disbursements):		
Interest on investments		33
Line of credit proceeds		5,226,281
Capital outlay		(3,881,164)
Vehicle purchase		(110,578)
Debt service:		
Principal	(1,458,921)	
Interest	<u>(27,071)</u>	(1,485,992)
Net non-operating receipts (disbursements)		<u>(251,420)</u>
Change in cash balance		(39,839)
Cash balance beginning of year		<u>326,642</u>
Cash balance end of year		<u>\$ 286,803</u>
Cash Basis Fund Balance		
Unrestricted		<u>\$ 286,803</u>

See notes to financial statement.

Exhibit B

Central Iowa Juvenile Detention Center

Statement of Changes in Fiduciary Net Position –
Custodial Funds

As of and for the year ended June 30, 2022

	Custodial						
	Northeast Iowa Local Workforce Development Area	North Central Iowa Local Workforce Development Area	Northwest Iowa Local Workforce Development Area	Building Direction for Families	4 R Kids	DHLW	Partnerships 4 Families
Additions:							
Local Workforce Development Areas:							
Adult program	\$ 393,055	84,555	76,607	-	-	-	-
Dislocated worker program	311,992	118,058	81,795	-	-	-	-
Youth program	323,576	94,303	85,117	-	-	-	-
Ticket to work program	100,780	69,145	22,709	-	-	-	-
Rapid response program	1,035	16,000	-	-	-	-	-
COVID program	-	16,263	2,095	-	-	-	-
Other	571,800	-	-	-	-	-	-
Early Childhood Iowa:							
State grants	-	-	-	552,133	1,100,476	926,904	526,498
Interest on investments	-	-	-	25	-	-	-
Total additions	1,702,238	398,324	268,323	552,158	1,100,476	926,904	526,498
Deductions:							
Local Workforce Development Areas:							
Adult program	393,055	84,555	76,607	-	-	-	-
Dislocated worker program	311,992	118,058	81,795	-	-	-	-
Youth program	323,576	94,303	85,116	-	-	-	-
Rapid response program	1,035	16,000	-	-	-	-	-
COVID program	-	16,263	2,095	-	-	-	-
Other	571,800	-	-	-	-	-	-
Early Childhood Iowa:							
Program services	-	-	-	535,939	1,147,301	972,296	505,783
Total deductions	1,601,458	329,179	245,613	535,939	1,147,301	972,296	505,783
Change in cash balance	100,780	69,145	22,710	16,219	(46,825)	(45,392)	20,715
Net position beginning of year	89,237	1	-	173,503	305,362	277,497	117,949
Net position end of year	\$ 190,017	69,146	22,710	189,722	258,537	232,105	138,664

See notes to financial statement.

Funds									
Better Tomorrows	Cedar Valley's Promise	HAWC Partnerships for Children	Lakes Region	Iowa River Valley	Early Childhood of North Central Iowa	Quad Counties 4 Kids	Kids First Communities	Iowa/ Jefferson/ Keokuk	Total
-	-	-	-	-	-	-	-	-	554,217
-	-	-	-	-	-	-	-	-	511,845
-	-	-	-	-	-	-	-	-	502,996
-	-	-	-	-	-	-	-	-	192,634
-	-	-	-	-	-	-	-	-	17,035
-	-	-	-	-	-	-	-	-	18,358
-	-	-	-	-	-	-	-	-	571,800
423,481	1,164,189	600,722	546,048	566,175	569,341	443,242	456,937	603,457	8,479,603
20	28	28	30	18	18	17	34	19	237
423,501	1,164,217	600,750	546,078	566,193	569,359	443,259	456,971	603,476	10,848,725
-	-	-	-	-	-	-	-	-	554,217
-	-	-	-	-	-	-	-	-	511,845
-	-	-	-	-	-	-	-	-	502,995
-	-	-	-	-	-	-	-	-	17,035
-	-	-	-	-	-	-	-	-	18,358
-	-	-	-	-	-	-	-	-	571,800
421,754	1,106,774	543,658	574,522	566,230	423,779	335,581	321,597	446,593	7,901,807
421,754	1,106,774	543,658	574,522	566,230	423,779	335,581	321,597	446,593	10,078,057
1,747	57,443	57,092	(28,444)	(37)	145,580	107,678	135,374	156,883	770,668
150,318	126,265	187,154	182,242	113,921	-	-	-	-	1,723,449
152,065	183,708	244,246	153,798	113,884	145,580	107,678	135,374	156,883	2,494,117

Central Iowa Juvenile Detention Center

Notes to Financial Statement

June 30, 2022

(1) Summary of Significant Accounting Policies

The Central Iowa Juvenile Detention Center was formed in 1993 pursuant to Chapter 28E of the Code of Iowa. The Center is a voluntary joint undertaking of the Boards of Supervisors of the counties of Appanoose, Benton, Boone, Buchanan, Buena Vista, Calhoun, Crawford, Dubuque, Emmet, Floyd, Franklin, Greene, Hamilton, Hancock, Hardin, Humboldt, Iowa, Jasper, Kossuth, Lucas, Mahaska, Marshall, Mitchell, Palo Alto, Poweshiek, Story, Tama, Webster, Winnebago, Worth and Wright, Iowa. The primary purpose of this detention facility is to provide a physically secure, emotionally stable and safe environment in which juveniles can await court disposition.

A. Reporting Entity

For financial reporting purposes, the Central Iowa Juvenile Detention Center has included all funds, organizations, agencies, boards, commissions and authorities. The Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Center are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Additionally, the Center reports Fiduciary Funds - Custodial Funds. Custodial funds are used to account for assets held by the Center as an agent for other governmental units.

C. Basis of Accounting

The Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Center in accordance with U.S. generally accepted accounting principles.

(2) Cash and Investments

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

The Center had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Short-Term and Long-Term Liabilities

A summary of changes in short-term and long-term liabilities and interest paid for the year ended June 30, 2022 is as follows:

	Line of Credit May 6, 2020	Line of Credit Sep 29, 2021	Facility Expansion Loan Mar 4, 2022	Total
Balance beginning of year	\$ -	-	-	-
Increases	425,000	1,033,921	3,767,361	5,226,282
Decreases	425,000	1,033,921	-	1,458,921
Balance end of year	\$ -	-	3,767,361	3,767,361
Interest paid during the year	\$ 1,157	6,270	19,644	27,071

Line of Credit – Direct Borrowing

On May 6, 2020, the Center entered into a loan agreement with a local bank to borrow up to \$1,000,000 for the payment of operating expenses. The loan agreement was evidenced by a promissory note, with a maturity date of May 1, 2021 and a variable interest rate equal to the Bank Prime Loan Rate as published in the Federal Reserve Statistical Bulletin (the Index). The variable interest rate is not to be less than 3.5% per annum or more than the maximum rate allowed by applicable law. The line of credit is to be paid when funds are received from operations. On June 30, 2021, the loan agreement was extended to August 1, 2021 with an interest rate of 3.5% per annum until maturity. In fiscal year 2022, \$425,000 was drawn on the loan agreement and \$425,000 was repaid. As of June 30, 2022 the loan balance was \$0.

Line of Credit – Direct Borrowing

On September 29, 2021, the Center entered into a loan agreement with a local bank to borrow up to \$1,000,000 for the payment of operating expenses. The loan agreement was evidenced by a promissory note, with a maturity date of May 30, 2022 and a variable interest rate equal to the Bank Prime Loan Rate as published in the Federal Reserve Statistical Bulletin (the Index). The variable interest rate is not to be less than 3.5% per annum or the maximum rate allowed by applicable law. In fiscal year 2022, \$1,033,921 was drawn on the loan agreement and \$1,033,921 was repaid. As of June 30, 2022 the loan balance was \$0.

Line of Credit – Direct Borrowing

On June 14, 2022, the Center entered into a loan agreement with a local bank to borrow up to \$1,000,000 for the payment of operating expenses. The loan agreement was evidenced by a promissory note, with a maturity date of May 15, 2023 and a variable interest rate equal to the Bank Prime Loan Rate as published in the Federal Reserve Statistical Bulletin (the Index). The variable interest rate is not to be less than 4.5% per annum or the maximum rate allowed by applicable law. In fiscal year 2022, no funds were drawn on the loan agreement.

Facility Expansion Loan – Direct Borrowing

On March 4, 2022, the Center entered into a loan agreement with a local bank to borrow up to \$6,134,117 for the payment of facility expansion costs. The loan agreement was evidenced by a promissory note, with a maturity date of March 4, 2023 and a variable interest rate equal to the Bank Prime Loan Rate as published in the Federal Reserve Statistical Bulletin (the Index). The variable interest rate is not to be less than 4.0% per annum or the maximum rate allowed by applicable law. In fiscal year 2022, \$3,767,361 was drawn on the loan agreement and no payments were made. As of June 30, 2022, the loan balance was \$3,767,361. The loan is secured by real estate mortgage collateral belonging to the Center.

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Center, except for those covered by another retirement system. Employees of the Center 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 Center contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Center's contributions to IPERS for the year ended June 30, 2022 totaled \$598,212.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the Center had a liability of \$88,967 for its proportionate share of the overall plan net pension asset. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The Center's proportion of the overall plan net pension asset was based on the Center's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Center's proportion was (0.0257706)%, which was a decrease of 0.085720% over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Center's pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled \$(309,321), \$585,518, and \$3,751,015, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability 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 Center 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 liability.

Sensitivity of the Center’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Center’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Center’s proportionate share of the net pension liability would be if it were calculated using a discount rate 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%)
Center's proportionate share of the net pension liability (asset)	\$ 3,148,829	88,967	(2,475,392)

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) Other Postemployment Benefits (OPEB)

Plan Description – The Center operates a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Center currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for health coverage for the Center and the plan members range from \$368 for single coverage to \$2,163 for family coverage. The most recent active member monthly premiums for dental coverage for the Center and the plan members range from \$26 for single coverage to \$79 for family coverage. For the year ended June 30, 2022, the Center contributed \$433,761 and plan member eligible for benefits contributed \$240,905 to the plan. At June 30, 2022, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Central Iowa Juvenile Detention Center and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2022, there were 51 active employees covered by the benefit terms and no inactive employees or beneficiaries currently receiving benefit payments.

(6) Risk Management

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

(7) Compensated Absences

Center employees accumulate an established amount of earned personal time off based on the number of years of service for subsequent use or for payment upon termination, resignation, retirement or death. These accumulations are not recognized as disbursements by the Center until used or paid. The Center’s approximate liability to employees for earned personal time off at June 30, 2022 is \$478,111. This liability has been computed based on rates of pay in effect at June 30, 2022.

(8) Prospective Accounting Change

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

Other Information

Central Iowa Juvenile Detention Center

Schedule of the Center's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Eight Years*
(In Thousands)

Other Information

	2022	2021	2020	2019
Center's proportion of the net pension liability (asset)	(0.025770%) **	0.059950%	0.057279%	0.055410%
Center's proportionate share of the net pension liability (asset)	\$ 89	4,211	3,317	3,506
Center's covered payroll	\$ 5,151	4,758	4,428	4,165
Center's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.73%	88.50%	74.91%	84.18%
IPERS' net position as a percentage of the total pension liability (asset)	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
0.046961%	0.045978%	0.040556%	0.038800%
3,128	2,894	2,004	1,539
3,505	3,299	2,778	2,531
89.24%	87.72%	72.14%	60.81%
82.21%	81.82%	85.19%	87.61%

Central Iowa Juvenile Detention Center

Schedule of Center Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 598	486	449	412
Contributions in relation to the statutorily required contribution	<u>(598)</u>	<u>(486)</u>	<u>(449)</u>	<u>(412)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Center's covered payroll	\$ 6,337	5,151	4,758	4,428
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
372	313	295	248	226	141
(372)	(313)	(295)	(248)	(226)	(141)
-	-	-	-	-	-
4,165	3,505	3,299	2,778	2,531	1,626
8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

Central Iowa Juvenile Detention Center

Central Iowa Juvenile Detention Center

Notes to Other Information – Pension Liability (Asset)

Year ended June 30, 2022

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.



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

To the Members of the Central Iowa Juvenile Detention Center:

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 the Central Iowa Juvenile Detention Center as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, and have issued our report thereon dated March 21, 2023. Our report expressed unmodified opinions 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 statements, we considered Central Iowa Juvenile Detention Center'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 statements, but not for the purpose of expressing an opinion on the effectiveness of Central Iowa Juvenile Detention Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Iowa Juvenile Detention Center'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 Center'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Iowa Juvenile Detention Center's financial statements are 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. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements 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.

Central Iowa Juvenile Detention Center's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Central Iowa Juvenile Detention Center's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Central Iowa Juvenile Detention Center'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 Center'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 Center'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 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.



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

March 21, 2023

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2022

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCY:

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

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2022

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Center, Center officials, Center employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (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 investment provisions of Chapters 12B and 12C of the Code of Iowa and the Center’s investment policy were noted.
- (6) Pledged Government Assets – The Central Iowa Juvenile Detention Center (CIJDC) is operating under the authority of Chapter 28E of the Code of Iowa and serves as a government body of the State of Iowa. In March 2022, the Center authorized a \$6,134,117 facility expansion loan, as evidenced by a twelve-month promissory note for the construction of an addition to the Center. According to the loan agreement, the loan is secured by real estate collateral belonging to the Center.

We are not aware of a statute or legal opinion that would grant the authority of a 28E entity to pledge government assets.

Recommendation – The Center should consult legal counsel to determine the legality of the loan agreement and disposition of this matter.

Response – We consulted legal counsel about this matter in the past.

Conclusion – Response acknowledged. We are not aware of a statute or legal opinion that would grant the authority of a 28E entity to pledge government assets.

Central Iowa Juvenile Detention Center

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
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