

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
(D/B/A NORTHWEST IOWA YOUTH EMERGENCY SERVICES CENTER)

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007 AND 2006

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4
Management's Discussion and Analysis	5-8
Financial Statements:	
	<u>Exhibit</u>
Balance Sheets	A 9
Statements of Operations and Changes in Net Assets	B 10
Statements of Cash Flows	C 11
Notes to Financial Statements	12-15
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 <i>Governmental Auditing Standards</i>	16-17
Schedule of Findings	18-19

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Ken Chalstrom	Chairperson	Clay County
Joe Cronin	Vice-Chairperson	Ida County
Jack Bensley	Member	Sac County
Craig Block	Member	Lyon County
Denny Wright	Member	Sioux County
Ralph Christiansen	Member	Pocahontas County
Mardi Allen	Member	Dickinson County
Jim Jenson	Member	Emmet County
Eugene Meiners	Member	Carroll County
Dan Struve	Member	O'Brien County
Dan Muhlbauer	Member	Crawford County
Ken Hach	Member	Buena Vista County
John Schneider	Member	Plymouth County
Ronald Wetherell	Member	Cherokee County
Cheryl McGrory	Director	
Karla Lundy	Assistant Director	

HUNZELMAN, PUTZIER & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcccpa.com

Independent Auditor's Report

To the Board of Directors of the Northwest Iowa
Multicounty Regional Juvenile Detention Center:

We have audited the accompanying balance sheets of Northwest Iowa Multicounty Regional Juvenile Detention Center as of and for the years ended June 30, 2007 and 2006, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Iowa Multicounty Regional Juvenile Detention Center as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2007, on our consideration of Northwest Iowa Multicounty Regional Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 5 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

November 14, 2007



MANAGEMENT'S DISCUSSION AND ANALYSIS

Northwest Iowa Multicounty Regional Juvenile Detention Center provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the Center's financial statements, which follow.

FINANCIAL HIGHLIGHTS

The Center's operating revenues increased 7.4%, or \$66,140, from fiscal 2006 to fiscal 2007.

The Center's operating expenses were 10.5%, or \$80,082, more in fiscal 2007 than in fiscal 2006.

The Center's net assets increased 28.9%, or \$122,530, from June 30, 2006, to June 30, 2007.

USING THIS ANNUAL REPORT

Northwest Iowa Multicounty Regional Juvenile Detention Center is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to Northwest Iowa Multicounty Regional Juvenile Detention Center's financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Center's financial activities.

The Balance Sheet presents information on the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Operations and Changes in Net Assets presents information on the Center's operating revenues and expenses, non-operating revenues and expenses, and whether the Center's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Center's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Center financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE CENTER

Condensed Balance Sheet

As noted earlier, net assets may serve over time as a useful indicator of the Center's financial position. The Center's net assets for fiscal 2007 totaled approximately \$547,000. This compares to approximately \$424,000 for fiscal 2006. A summary of the Center's net assets is presented below.

	<u>Net Assets</u>	
	<u>June 30,</u> <u>2007</u>	<u>2006</u>
Current assets	\$584,532	\$452,122
Property and equipment, less accumulated depreciation	<u>26,750</u>	<u>28,875</u>
Total assets	<u>611,282</u>	<u>480,997</u>
Current liabilities	<u>64,377</u>	<u>56,622</u>
Net assets:		
Invested in capital assets	26,750	28,875
Unrestricted	<u>520,155</u>	<u>395,500</u>
Total net assets	<u>\$546,905</u>	<u>\$424,375</u>

The invested in capital assets (5%, e.g., buildings and equipment) are resources allocated to capital assets. The remaining net assets (95%) are the unrestricted net assets that can be used to meet the Center's obligations as they come due.

Condensed Statement of Operations and Changes in Net Assets

Operating revenues are received for services provided juveniles who await court disposition. The Center provides a physically secure, emotionally stable and safe environment for these individuals until final court ruling. Operating expenses are expenses paid to operate the Center. Non-operating revenues are for interest income and miscellaneous reimbursements. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses, and changes in net assets for the year ended June 30, 2007 and 2006, is presented below:

	<u>Changes in Net Assets</u>	
	<u>Year Ended June 30,</u> <u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>		
Detention care fees	\$525,641	\$ 497,950
Tracking service fees	264,000	250,976
State allocation	153,960	127,275
State programs	11,735	10,811
Other operating revenues	<u>886</u>	<u>3,070</u>
Total operating revenues	<u>956,222</u>	<u>890,082</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	692,887	631,056
Meals and food	29,550	26,558
Insurance	31,067	28,872
Depreciation	6,647	7,250
Other	<u>85,514</u>	<u>71,847</u>
Total operating expenses	<u>845,665</u>	<u>765,583</u>
Operating income	<u>110,557</u>	<u>124,499</u>

FINANCIAL ANALYSIS OF THE CENTER - (Continued)

Condensed Statement of Operations and Changes in Net Assets - (Continued)

	<u>Year Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
<u>NONOPERATING REVENUES</u>		
Interest on investments	\$ 10,873	4,648
Miscellaneous	<u>1,100</u>	<u>1,300</u>
Net non-operating revenues	<u>11,973</u>	<u>5,948</u>
Change in net assets	122,530	130,447
Net assets beginning of year	<u>424,375</u>	<u>293,928</u>
Net assets end of year	<u>\$546,905</u>	<u>\$424,375</u>

The Statement of Operations and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the fiscal year.

In fiscal 2007, operating revenues increased by \$66,140, or 7.4%, primarily as a result of the implementation of the tracker services for outlying regions and an increase in the number of juveniles immured within the Detention Center during this fiscal year. This increase is also due to an increase of 6% in the State reimbursement for the operating costs.

Operating expenses increased by \$80,082, or 10.5%, which was the result of increased wages, raised health insurance costs, and one additional full-time staff added to the Center's budget.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing, and investing activities. Cash provided by operating activities includes County fees and the State allocation reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2007, the Center had approximately \$27,000 invested in capital assets, net of accumulated depreciation of approximately \$122,000. Depreciation charges totaled \$6,647 and \$7,250 for fiscal years 2007 and 2006, respectively. More detailed information about the Center's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

Northwest Iowa Multicounty Regional Juvenile Detention Center continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Center officials. Some of the realities that may potentially become challenges for the Center to meet are:

Facilities at the Center require constant maintenance and upkeep.

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

ECONOMIC FACTORS - (Continued)

The Center anticipates the current fiscal year will continue to show a significant increase in receipts collected due to an increase in the number of juveniles immured within the Center. It is anticipated that the State reimbursement will decrease by 17% this year due to changes within the legislature. There will continue to be an increase in expenditures for the Center due to tracking and monitoring program disbursements that went into effect on July 1, 2005, with salaries and expenditures paid for tracking, monitoring, and outreach services for juveniles

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If there are questions about this report or additional financial information is needed, contact Northwest Iowa Multicounty Regional Juvenile Detention Center, 1231 W. Cedar Loop, Suite #110, Cherokee, Iowa.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER

BALANCE SHEETS

JUNE 30, 2007 AND 2006

Exhibit A

	<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 190,553	\$ 207,111
Temporary cash investments	102,658	-
Due from other governments	264,245	224,927
Prepaid insurance	<u>27,076</u>	<u>20,084</u>
Total current assets	<u>584,532</u>	<u>452,122</u>
<u>PROPERTY AND EQUIPMENT (Note 4):</u>		
Leasehold improvements	102,717	100,084
Equipment	<u>46,362</u>	<u>44,473</u>
	149,079	144,557
Accumulated amortization and depreciation	<u>(122,329)</u>	<u>(115,682)</u>
Net property and equipment	<u>26,750</u>	<u>28,875</u>
Total assets	<u>\$ 611,282</u>	<u>\$ 480,997</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 8,209	\$ 8,533
Salaries and benefits payable	24,812	21,349
Payroll taxes payable	6,610	3,106
Compensated absences	<u>24,746</u>	<u>23,634</u>
Total current liabilities	<u>64,377</u>	<u>56,622</u>
<u>NET ASSETS</u>		
Invested in capital assets	26,750	28,875
Unrestricted	<u>520,155</u>	<u>395,500</u>
Total net assets	<u>546,905</u>	<u>424,375</u>
Total liabilities and net assets	<u>\$ 611,282</u>	<u>\$ 480,997</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

Exhibit B

	<u>2007</u>	<u>2006</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$525,641	\$497,950
State allocation	153,960	250,976
State allocation - Tracker	264,000	127,275
State programs	11,735	10,811
Other operating revenues	<u>886</u>	<u>3,070</u>
Total operating revenues	<u>956,222</u>	<u>890,082</u>
<u>OPERATING EXPENSES</u>		
Salaries	533,616	496,957
FICA and IPERS	70,967	61,296
Unemployment insurance	4,605	5,497
Health insurance	83,699	67,306
Meals and food	29,550	26,558
Treatment and health supplies	6,486	2,757
Clothing	5,264	1,950
Travel	28,044	21,805
Training	453	608
Office supplies	8,582	7,785
Postage	765	1,931
Telephone and internet	12,139	12,808
Utilities	6,848	8,499
Insurance	31,067	28,872
Audit fees	3,946	3,300
Accounting services	8,238	8,242
Miscellaneous	2,089	71
Repairs and maintenance	2,660	2,091
Depreciation	<u>6,647</u>	<u>7,250</u>
Total operating expenses	<u>845,665</u>	<u>765,583</u>
Operating income	<u>110,557</u>	<u>124,499</u>
<u>NONOPERATING REVENUES</u>		
Interest on investments	10,873	4,648
Miscellaneous	<u>1,100</u>	<u>1,300</u>
Net nonoperating revenues	<u>11,973</u>	<u>5,948</u>
Changes in net assets	122,530	130,447
Net assets beginning of year	<u>424,375</u>	<u>293,928</u>
Net assets end of year	<u>\$546,905</u>	<u>\$424,375</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

Exhibit C

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Cash received from members/others	\$ 513,894	\$ 484,768
Cash received from State	403,010	346,471
Cash payments to employees for services	(529,041)	(464,887)
Cash payments to suppliers for goods and services	<u>(309,214)</u>	<u>(259,572)</u>
Net cash provided by operating activities	<u>78,649</u>	<u>106,780</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Acquisition of capital assets	<u>(4,522)</u>	<u>(3,002)</u>
Net cash used in capital and related financing activities	<u>(4,522)</u>	<u>(3,002)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Cash received from other sources	<u>1,100</u>	<u>1,300</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of investments	(100,000)	-
Interest on investments	<u>8,215</u>	<u>4,648</u>
Net cash provided by (used in) investing activities	<u>(91,785)</u>	<u>4,648</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>		
	(16,558)	109,726
Cash and cash equivalents at beginning of year	<u>207,111</u>	<u>97,385</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 190,553</u>	<u>\$ 207,111</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating income	\$110,557	\$ 124,499
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	6,647	7,250
Changes in assets and liabilities:		
Increase in due from other governments	(39,318)	(58,843)
Increase in prepaid insurance	(6,992)	(4,098)
Increase (decrease) in accounts payable	(324)	2,796
Increase in salaries and benefits payable	3,463	21,349
Increase in payroll taxes payable	3,504	3,106
Increase in compensated absences	<u>1,112</u>	<u>10,721</u>
Total adjustments	<u>(31,908)</u>	<u>(17,719)</u>
Net cash provided by operating activities	<u>\$ 78,649</u>	<u>\$ 106,780</u>

See notes to financial statements.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

1. Summary of Significant Accounting Policies

Northwest Iowa Multicounty Regional Juvenile Detention Center (d/b/a Northwest Iowa Youth Emergency Services Center) was formed in 1989 by eleven northwest Iowa member counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Three additional counties subsequently joined the organization. The Center provides detention and shelter care of juveniles.

Northwest Iowa Multicounty Regional Juvenile Detention Center is governed by a Board comprised of one representative from each of the following member counties: Cherokee, Plymouth, Ida, Buena Vista, Carroll, O'Brien, Sioux, Lyon, Pocahontas, Sac, Dickinson, Clay, Emmet, and Crawford.

The Center's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

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

B. Basis of Presentation

The accounts of Northwest Iowa Multicounty Regional Juvenile Detention Center are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Center applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

1. Summary of Significant Accounting Policies - (Continued)
 - C. Measurement Focus and Basis of Accounting - (Continued)

The Center distinguishes operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Center's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- D. Assets and Liabilities

The following accounting policies are followed in preparing the balance sheets:

Cash, Investments, and Cash Equivalents - The Center considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2007, include a certificate of deposit of \$102,658.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over fifteen years and equipment is depreciated over a five to ten year life.

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated Absences - Center employees accumulate a limited amount of earned but unused vacation and compensatory time off hours for subsequent use or for payment upon termination, death, or retirement. The Center's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2007 and 2006.

2. Cash and Investments

The Center's deposits in banks at June 30, 2007 and 2006, 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 depositories to insure there will be no loss of public funds.

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

The Center had no investments meeting the disclosure requirements of Governmental Auditing Standards Board Statement Number 3, as amended by Statement No. 40.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 AND 2006

2. Cash and Investments – (Continued)

Interest rate risk - The Center's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Center.

3. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the Center is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2007, 2006, and 2005, were \$30,373, \$26,395, and \$18,730, respectively, equal to the required contributions for each year.

4. Capital Assets

A summary of capital assets and accumulated depreciation for the years ended June 30, 2007 and 2006, is as follows:

	Balance June 30, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2007</u>
Leasehold improvements	\$ 100,084	\$ 2,633	\$ -	\$102,717
Equipment	44,473	1,889	-	46,362
	<u>144,557</u>	<u>\$ 4,522</u>	<u>\$ -</u>	<u>149,079</u>
Less amortization and depreciation	<u>115,682</u>	<u>\$ 6,647</u>	<u>\$ -</u>	<u>122,329</u>
Total	<u>\$ 28,875</u>			<u>\$ 26,750</u>

5. Rent Obligations

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Cherokee, Iowa. The lease cost is \$1 per year plus a portion of the utilities and telephone. The terms are subject to renegotiation annually.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
NOTES TO FINACIAL STATEMENTS
JUNE 30, 2007 AND 2006

6. Related Party Transactions

Total charges for services during the years ended June 30, 2007 and 2006, were \$525,641 and \$497,950, respectively. The member counties were billed \$150 per diem for juvenile detention services provided. Non-member counties were billed \$175 per diem for juvenile detention services provided.

7. 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Center assumes liability for any deductibles and claims in excess of coverage limitations.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Gain Contingency

A former director of the Center was directed to make restitution, however, because no estimate can be made of the amount that will actually be received, the Center will not recognize any amount in the financial statements until it is received.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
KEITH C. GERMANN, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcocpa.com

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 Governmental Auditing Standards

To the Members of Northwest Iowa
Multicounty Regional Juvenile Detention Center:

We have audited the accompanying financial statements of Northwest Iowa Multicounty Regional Juvenile Detention Center (the Center) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 14, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Center's that is more than inconsequential will not be prevented or detected by the Center's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings, we believe items (A) and (B) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of non-compliance that is 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, 2007, 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.

The Center's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Center's responses, we did not audit the Center's responses and, accordingly, we express no opinion on them.

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

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

November 14, 2007

Hengelman, Putzier & Co.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The mail should be opened by someone who does not have access to the accounting records. A list of all checks received should be prepared and this list should then be agreed to amounts posted to the accounting records.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The Center continues to review its policies and procedures regarding segregation of duties. The mail continues to be opened by a staff member who does not have access to the accounting duties and a log is kept by this employee of all incoming checks. The checks are credited to each accounts receivable and given to the Assistant Director for deposit. A copy of the deposit slip is given to the independent bookkeeper for comparison at the month end. We continue to look for ways to improve the segregation of duties within the facility.

Conclusion - Response accepted.

- B. Financial Reporting - Reporting financial data reliably in accordance with U.S. generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response - Due to a desire to maintain a segregation of duties within the organization, the monthly financial reports are completed by an independent CPA. The auditors hired by the facility to complete the year-end audit currently prepare the year-end financial statements, including footnote disclosures.

Conclusion - Response accepted.

NORTHWEST IOWA MULTICOUNTY REGIONAL JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2007

Other Findings Related to Statutory Reporting:

1. Questionable Expenditures - No expenses that 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 expenditures for travel expenses of spouses of Center officials or employees were noted.
3. Bond Coverage - Employees were covered by a surety bond during the year ended June 30, 2007.
4. Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the minutes and gross annual salaries are not being published.

Recommendation - The Center should publish the minutes and annual gross salaries as required by Chapter 28E.6 of the Code of Iowa.

Response - The YES Center Board has addressed this issue and has chosen not to publish the minutes of the board meetings until further direction or legal reason compels the Board to do so.

Conclusion - Iowa Code, Section 28E.6(3) is very specific and states, in part:

All proceedings of each regular or special meeting, including the schedule of bills allowed, shall be published....The entity..... shall furnish a copy of the proceedings to be published to the newspaper within one week following adjournment of the meeting. the names and gross salaries of persons regularly employed by the entity..... shall only be published annually.

5. Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Center's investment policy were identified.
6. Business Transactions - No business transactions between the Center and Center officials or employees were noted.

HUNZELMAN, PUTZIER & CO., PLC

1100 WEST MILWAUKEE AVE
P. O. BOX 398
STORM LAKE, IA 50588-0398
712-732-3653

NORTHWEST IOWA Y.E.S. CENTER
1231 W. CEDAR LOOP, SUITE 110
CHEROKEE, IA 51012

Invoice No. 16325
Date 02/07/2008
Client No. 100646000

Final billing for services through February 1, 2008 for audit of accounts and preparation of reports for the year ended June 30, 2007:

CPA engagement member	11	hours @ \$63.00 per hour	\$ 693.00
Senior staff accountant	41 3/4	hours @ \$48.00 per hour	2,004.00
Staff accountant	14 1/4	hours @ \$36.00 per hour	513.00
Typing and clerical	4 3/4	hours @ \$29.00 per hour	137.75
Travel expenses			78.14
Postage			7.48
			<u>71.75</u>

TOTAL THIS INVOICE 3,433.37

FEE LIMITED TO AMOUNT PER CONTRACT 3,400.00
LESS PREVIOUS PAYMENTS- THANK YOU (3,160.87)
TOTAL DUE \$ 239.13


Richard R. Moore, CPA

Certificate No. 3680

0 - 30	31 - 60	61 - 90	91 - 120	Over 120	Balance
239.13	0.00	0.00	0.00	0.00	239.13

IF THIS STATEMENT BALANCE IS NOT PAID IN FULL ON OR BEFORE THIRTY DAYS FOLLOWING THE STATEMENT DATE, THE UNPAID BALANCE WILL BEAR INTEREST AT THE MAXIMUM RATE ALLOWED BY LAW FROM THE PAYMENT DUE DATE.



**Northwest Iowa YES
Center**

1231 W. Cedar Loop
#110
Cherokee, IA 51012

Phone: 712-225-5777
Fax: 712-225-3722
E-mail: yescntr@yahoo.com

Ken Chalstrom
Chairman
Clay County

Ken Hach
Buena Vista County

Eugene Meiners
Carroll County

Ron Wetherell
Cherokee County

Mardi Allen
Dickinson County

Jim Jenson
Emmet County

Joe Cronin
Ida County

Craig Block
Lyon County

Dan Struve
O'Brien County

John Schneider
Plymouth County

Ralph Christiansen
Pocahontas County

Jack Bensley
Sac County

Denny Wright
Sioux County

Dan Muhlbauer
Crawford County

Cheryl McGrory
Director

NORTHWEST IOWA YOUTH EMERGENCY SERVICES CENTER

For Release—

The audit report of the Northwest Iowa Multi-county Regional Juvenile Detention Center (d/b/a Northwest Iowa Youth Emergency Services Center) for the years ended June 30, 2007 and 2006, has been released. This report was issued by Hunzelman, Putzier & Co., PLC, C.P.A.'s and filed with David a Vaudt, Auditor of State.

A Copy of the audit report is available for review in the office of the Auditor of State and at the Northwest Iowa Multi-county Regional Juvenile Detention Center.