

**TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION**

Independent Auditors' Reports  
Basic Financial Statements and  
Required Supplementary Information  
Supplementary Information  
Schedule of Findings

June 30, 2004 and 2003

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

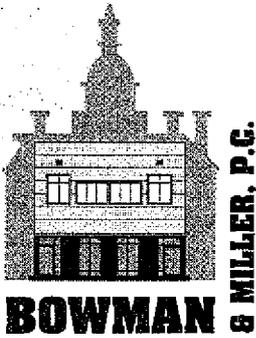
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# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John Van Dee	Commission Member	City of Vining
Jim Fagan	Commission Member	City of Gladbrook
Lori Leytham	Commission Member	City of Garwin
Open	Commission Member	City of Lincoln
Dale Gericke	Commission Member	City of Montour
Mike Henle	Commission Member	City of Toledo
Steve Vande Walle	Commission Member	City of Chelsea
Jane Svoboda	Commission Member	City of Clutier
Bob Hill	Commission Member	City of Tama
Joseph Coffey	Commission Member	City of Dysart
Roger Janssen	Commission Member	City of Traer
Ervern Nekola	Commission Member	City of Elberon
Open	Commission Member	Sac & Fox Tribal Council
Larry Vest	Commission Member	Board of Supervisors
Keith Sash	Commission Member	Board of Supervisors
Jim Ledvina	Commission Member	Board of Supervisors
Duane Leek	Administrator	
Lyle Brehm	Advisor	
Susan Jones	Clerk / Treasurer	



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366  
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366  
4949 PLEASANT STREET • SUITE 206 • WEST DES MOINES, IOWA 50266 • 515-309-5461 • FAX 515-278-0287

James R. Bowman, CPA • jim@syscompia.com  
Elizabeth A. Miller, CPA • beth@syscompia.com  
Debra J. Osborn, CPA • deb@syscompia.com  
Suzanne M. Mead, CPA • suzanne@syscompia.com

Independent Auditors' Report

To the Members of Tama County  
Solid Waste Disposal Commission:

We have audited the accompanying financial statements of Tama County Solid Waste Disposal Commission as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of the Commission'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, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the 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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of Tama County Solid Waste Disposal Commission as of and for the years ended June 30, 2004 and 2003 and the changes in cash basis financial position for the years ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 10, during the year ended June 30, 2004, Tama County Solid Waste Disposal Commission adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38 Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated August 20, 2004 on our consideration of Tama County Solid Waste Disposal Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Management's Discussion and Analysis on pages 6 through 9 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 thereon.

The Schedules of Comparisons of Disbursements with Budgets on pages 18 through 19 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
August 20, 2004

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Tama County Solid Waste Disposal Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of the Tama County Solid Waste Disposal Commission is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### 2004 FINANCIAL HIGHLIGHTS

- The Commission's operating receipts for fiscal year 2003 were \$494,864, and for fiscal year 2004 they were \$451,116. This represents a decrease from fiscal 2003 to fiscal 2004 of 9%, or \$43,748.
- The Commission's operating disbursements for fiscal year 2003 were \$371,186, and for fiscal year 2004 they were \$351,840. This represents a decrease from fiscal 2003 to fiscal 2004 of 5%, or \$19,346.
- The Commission's net assets for fiscal year 2003 were \$2,486,376, and for fiscal year 2004 they were \$2,603,936. This represents an increase from fiscal 2003 to fiscal 2004 of 5%, or \$117,560.

### USING THIS ANNUAL REPORT

The Commission has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. The 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 Commission's 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 this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader 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 the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Commission's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Tama County Solid Waste Disposal Commission's basic 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 Commission's financial activities.
- The Statement of Net Assets – Cash Basis presents information on the Commission's net assets, including balances restricted for specific purposes and balances unrestricted and available for operating activities.
- The Statement of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis 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.

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

## FINANCIAL ANALYSIS OF THE COMMISSION

### *Statements of Net Assets – Cash Basis*

The Statements of Net Assets – Cash Basis presents the assets and net assets of the Commission at the end of the fiscal year. The Statements of Net Assets – Cash Basis are point-in-time financial statements. The purpose of these statements are to present a fiscal snapshot of the Commission to the readers of the financial statements.

Over time, readers of the financial statements are able to determine the Commission's financial position by analyzing the increases and decreases in net assets.

Assets and Net Assets		
	June 30,	
	2004	2003
<b>Assets</b>		
Cash and cash equivalents:		
Unrestricted	\$ 182,286	157,483
Investments:		
Restricted	1,000,000	1,000,000
Unrestricted	1,421,650	1,328,893
Total assets	<u>\$ 2,603,936</u>	<u>2,486,376</u>
<b>Net assets</b>		
Net assets:		
Restricted	\$ 1,000,000	1,000,000
Unrestricted	1,603,936	1,486,376
Total net assets	<u>\$ 2,603,936</u>	<u>2,486,376</u>

A large portion of the Commission's net assets (38%) is restricted for closure and post-closure care. State and federal laws and regulations require the Commission to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining net assets (62%) are unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets did not change from the end of fiscal year 2003 to the end of fiscal year 2004. Unrestricted net assets increased \$117,560, or 8% from the end of fiscal year 2003 to the end of fiscal year 2004.

### *Statements of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis*

Changes in total net assets as presented on the Statements of Net Assets – Cash Basis are based on the activity presented in the Statements of Cash Receipts, Disbursements and Changes in Net Assets – Cash Basis. The purpose of these statements are to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission (per capita fees). Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, payments for new equipment, and construction costs. A summary of cash receipts, disbursements and changes in net assets for the fiscal years ended June 30, 2004 and June 30, 2003 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2004	2003
Operating receipts:		
Per capita assessments	\$ 99,568	101,032
Tipping fees and gate charges	351,206	393,832
Miscellaneous	342	-
Total operating receipts	<u>451,116</u>	<u>494,864</u>
Operating disbursements:		
Administrator salary	35,000	33,681
Salaries-full time	52,072	50,567
Salaries-part time	27,867	22,846
Education	695	631
Office supplies	4,224	1,951
Telephone	625	1,196
Postage	447	377
Recycling	63,244	67,824
Utilities	4,475	3,003
Fuel and oil	14,990	13,993
Clothes and uniforms	1,162	1,218
Repairs	18,368	36,594
Development and improvements	3,113	12,059
Payroll taxes	9,071	8,402
IPERS - employer share	6,609	6,158
Insurance	51,988	44,915
Mileage	476	518
Engineering/testing/inspection	16,877	20,295
Professional fees	2,900	2,750
Tonnage fees	37,637	42,208
Total operating disbursements	<u>351,840</u>	<u>371,186</u>
Excess of operating receipts over operating disbursements	<u>99,276</u>	<u>123,678</u>
Non-operating receipts (disbursements):		
Interest on investments	86,506	101,703
New equipment	(68,222)	(246,625)
Net non-operating receipts (disbursements)	<u>18,284</u>	<u>(144,922)</u>
Change in net assets - cash basis	117,560	(21,244)
Net assets beginning of year	<u>2,486,376</u>	<u>2,507,620</u>
Net assets end of year	<u>\$ 2,603,936</u>	<u>2,486,376</u>

In fiscal 2004, operating receipts decreased by \$43,748, or 9%. The decrease was primarily a result of the timing of receipts of per capita assessments. In fiscal 2004, operating disbursements decreased by \$19,346, or 5%, from fiscal 2003.

### **LONG-TERM DEBT**

At June 30, 2004, the Commission had no debt.

### **ECONOMIC FACTORS**

The Tama County Solid Waste Disposal Commission 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 Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities require 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.
- Amounts restricted for closure and post-closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- A deadline mandated by the U.S. Environmental Protection Agency and imposed by the Iowa Department of Natural Resources states that all waste be deposited on a Subtitle D landfill liner. The current cell does not meet this standard. The Commission is currently exploring options in order to meet these requirements.

The Commission anticipates the current fiscal year will be much like the last and 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, taxpayers, customers and vendors 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:

Tama County Solid Waste Disposal Commission  
1002 E. 5<sup>th</sup> St.  
Tama, IA 52339

## **Basic Financial Statements**

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION  
 Statements of Net Assets - Cash Basis  
 June 30, 2004 and 2003

	2004	2003
Assets		
Cash and cash equivalents:		
Unrestricted	\$ 182,286	157,483
Investments:		
Restricted	1,000,000	1,000,000
Unrestricted	1,421,650	1,328,893
Total assets	\$ 2,603,936	2,486,376
 Net assets		
Restricted for:		
Closure and post-closure	\$ 1,000,000	1,000,000
Unrestricted	1,603,936	1,486,376
Total net assets	\$ 2,603,936	2,486,376

**TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION**  
**Statements of Cash Receipts, Disbursements and**  
**Changes in Net Assets - Cash Basis**  
**For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Operating receipts:		
Per capita assessments	\$ 99,568	101,032
Tipping fees and gate charges	351,206	393,832
Miscellaneous	342	-
Total operating receipts	<u>451,116</u>	<u>494,864</u>
Operating disbursements:		
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Clothes and uniforms	1,162	1,218
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Non-operating receipts (disbursements):		
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New equipment	<u>(68,222)</u>	<u>(246,625)</u>
Net non-operating receipts (disbursements)	<u>18,284</u>	<u>(144,922)</u>
Change in cash basis net assets	117,560	(21,244)
Net assets - cash basis beginning of year	<u>2,486,376</u>	<u>2,507,620</u>
Net assets - cash basis end of year	<u>\$ 2,603,936</u>	<u>2,486,376</u>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements June 30, 2004 and 2003

### Note 1 - Summary of Significant Accounting Policies

Tama County Solid Waste Disposal Commission was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities in Tama County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each of the twelve member cities, one representative from the Sac and Fox Tribal Council, and three representatives from the Tama County Board of Supervisors. The member cities are: Chelsea, Clutier, Dysart, Elberon, Garwin, Gladbrook, Lincoln, Montour, Tama, Toledo, Traer, and Vining. The Commissioners have one vote each.

#### A. Reporting Entity

For financial reporting purposes, Tama County Solid Waste Disposal Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The 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 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 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 periodic determination of receipts, disbursements, and / or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2004 and 2003

### Note 1 - Summary of Significant Accounting Policies (continued)

#### C. Basis of Accounting

Tama County Solid Waste Disposal Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items including the estimated payables for closure and postclosure care costs. Accordingly, the financial statements do not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

#### D. Assets and Net Assets

The following accounting policies are followed in preparing the Statements of Net Assets - Cash Basis.

Cash Equivalents - The Commission 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.

Restricted Assets and Net Assets - Funds set aside for payment of closure and postclosure care costs are classified as restricted.

### Note 2 - Cash and Investments

The Commission's deposits in banks at June 30, 2004 and 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The Commission's investments at June 30, 2004 and 2003 are as follows:

	<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
2004	Certificates of deposit	\$ <u>2,421,650</u>	<u>2,386,059</u>
2003	Certificates of deposit	\$ <u>2,328,893</u>	<u>2,334,887</u>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2004 and 2003

### Note 3 - Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual salary and the Commission is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002, were \$6,609, \$6,158 and \$5,976, respectively, equal to the required contributions for each year.

### Note 4 - Control of Landfill Commission Funds

The Commission has two main sources of revenue, gate receipts and per capita assessments. All gate fees are deposited with Tama County. Per capita assessments received are deposited into the checking account at the Commission. Tama County accounts for approximately 35% of per capita assessments. As the County requires additional funds, the Commission will remit a portion of these per capita assessments to Tama County. The majority of claims are paid by Tama County, after approval by the Commission Board.

### Note 5 - Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation leave 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 payments payable to employees at June 30, 2004 and 2003 is as follows:

<u>Type of Benefit</u>	<u>2004</u>	<u>2003</u>
Vacation	\$ <u>2,098</u>	<u>1,658</u>

This liability has been computed based on rates of pay in effect as of June 30, 2004 and 2003.

### Note 6 - Closure and Postclosure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure / postclosure plan to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2004 and 2003

### Note 6 - Closure and Postclosure Care Costs (continued)

requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post-closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost would be based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for Tama County Solid Waste Disposal Commission as of June 30, 2004 have been estimated at \$209,542 for closure and \$475,800 for postclosure, for a total of \$685,342. The estimated remaining life of the landfill is 5 years, with approximately 49% of the landfill's capacity used at June 30, 2004.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has accumulated resources to fund these costs and, at June 30, 2004 and 2003, assets of \$1,000,000 are restricted for these purposes. They are reported as restricted assets and restricted net assets on the Statement of Net Assets - Cash Basis.

### Note 7 - Solid Waste Tonnage Fees Retained

The Commission retains solid waste tonnage fees in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2004 and 2003 the Commission had unspent tonnage fees as follows:

	2004	2003
Comprehensive planning	\$ 43,137	47,750
Waste reduction and recycling	16,567	11,116
Total unspent tonnage fees	\$ <u>59,704</u>	<u>58,866</u>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2004 and 2003

### Note 8 - Local Government Risk Pool

Tama County Solid Waste Disposal Commission has entered into an agreement, as allowed by Chapter 331.301 of the Code of Iowa, to become a member in a local government risk pool. The Pool was formed July 1, 1987 to provide worker's compensation and property/casualty insurance to counties in the State of Iowa. At present, ten counties are members of the Pool. The risk pool was created for the purpose of providing and maintaining self-insurance benefits on a group basis substantially at cost. There have been no reductions in insurance coverage from prior years.

Each member is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as expenditures from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member county against any person or other entity legally responsible for damages for said loss, and in such event, the member is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the premiums on the insurance policies when due; to pay claims in accordance with the various coverages and to make other payments as required by applicable law; to establish and accumulate a reserve or reserves which are deemed advisable or required by law to carry out the purposes of the risk pool; and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverages is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2004 which covers exposure of specific losses in excess of \$350,000 per occurrence up to a maximum of \$10,000,000 per occurrence for workers' compensation, including the retention of the pool, and in excess of \$250,000 per occurrence up to a maximum of \$1,000,000 per occurrence, including the retention of the pool, for general and automobile liability. The policy obtained for the year ended June 30, 2004 covered exposures of \$350,000 and \$250,000, respectively, up to the above stated maximums including retention of the pool. The risk pool fund records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustments expenses. At June 30, 2004 and 2003, the risk pool fund reported a surplus of pool assets over liabilities.

Members retain the risk of claims, if any, exceeding maximum reinsurance coverages and the amount of surplus maintained in the risk pool, by means of an assessment that would be charged to the member in addition to the premium contributions. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since commencement of the risk pool.

The Commission's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the years ended June 30, 2004 were \$14,617 and for June 30, 2003 were \$6,168. Initial membership into the risk pool is for mandatory three year period. Subsequent to the initial term, a member may withdraw at the end of any given fiscal year. The initial membership period for Tama County commenced July 1, 1987 and is subject to renewal every three years.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2004 and 2003

### Note 9 - Related Parties

A Commission member is an owner / operator of a garbage collection business which utilizes the Tama County Solid Waste Disposal for its dumping. Receipts during the fiscal years ended June 30, 2004 and 2003 from this business amounted to \$105,942 and \$105,930, respectively.

This same Commission member was also awarded a contract to service a local recycling route. Expenditures relating to this contract amounted to \$14,800 and \$18,250 during the fiscal years ended June 30, 2004 and 2003, respectively.

A commission member is a salesperson for a local equipment dealer. The Commission has purchased various pieces of equipment from the dealer without going through a bidding process.

### Note 10 - Accounting Change

For the year ended June 30, 2004, the Commission implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38 Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balances of the Commission.

**Supplementary Information**

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedules of Comparisons of Disbursements with Budgets For the Year Ended June 30, 2004

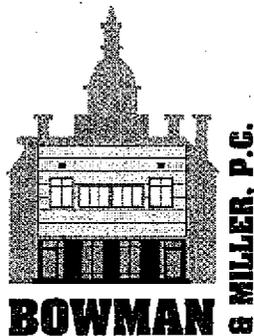
	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 35,000	35,000	-	-	35,000
Salaries - full time	51,500	52,072	572	-	52,072
Salaries - part time	28,300	27,867	(433)	-	27,867
Education	5,000	695	(4,305)	-	695
Office supplies	7,000	3,313	(3,687)	911	4,224
Telephone	1,500	625	(875)	-	625
Postage	1,000	447	(553)	-	447
Recycling	65,000	61,927	(3,073)	1,317	63,244
Utilities	6,500	4,475	(2,025)	-	4,475
Fuel and oil	17,000	14,990	(2,010)	-	14,990
Clothes and uniforms	1,500	1,162	(338)	-	1,162
Repairs	50,000	18,368	(31,632)	-	18,368
Development and improvements	90,000	3,113	(86,887)	-	3,113
Payroll taxes	9,150	9,071	(79)	-	9,071
IPERS-employer share	6,601	6,609	8	-	6,609
Insurance	59,857	51,988	(7,869)	-	51,988
Mileage	1,000	476	(524)	-	476
Engineering/testing/inspection	12,000	10,295	(1,705)	6,582	16,877
Professional fees	-	2,900	2,900	-	2,900
Tonnage fees	-	37,637	37,637	-	37,637
New equipment	100,000	68,222	(31,778)	-	68,222
Buildings	6,000	-	(6,000)	-	-
<b>Total</b>	<b>\$ 553,908</b>	<b>411,252</b>	<b>(142,656)</b>	<b>8,810</b>	<b>420,062</b>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedules of Comparisons of Disbursements with Budgets For the Year Ended June 30, 2003

	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 33,681	33,681	-	-	33,681
Salaries - full time	50,000	50,567	567	-	50,567
Salaries - part time	24,000	22,846	(1,154)	-	22,846
Education	7,000	631	(6,369)	-	631
Office supplies	7,000	1,951	(5,049)	-	1,951
Telephone	1,200	1,196	(4)	-	1,196
Postage	1,200	377	(823)	-	377
Recycling	65,000	67,824	2,824	-	67,824
Utilities	6,500	3,003	(3,497)	-	3,003
Fuel and oil	18,000	13,993	(4,007)	-	13,993
Clothes and uniforms	1,500	1,218	(282)	-	1,218
Repairs	50,000	36,594	(13,406)	-	36,594
Development and improvements	100,000	12,059	(87,941)	-	12,059
Payroll taxes	8,575	8,402	(173)	-	8,402
IPERS-employer share	6,200	6,158	(42)	-	6,158
Insurance	52,620	44,915	(7,705)	-	44,915
Mileage	1,200	518	(682)	-	518
Engineering/testing/inspection	15,000	20,295	5,295	-	20,295
Professional fees	-	2,750	2,750	-	2,750
Tonnage fees	-	42,208	42,208	-	42,208
New equipment	265,000	246,625	(18,375)	-	246,625
Building	6,000	-	(6,000)	-	-
<b>Total</b>	<b>\$ 719,676</b>	<b>617,811</b>	<b>(101,865)</b>	<b>-</b>	<b>617,811</b>

**Independent Auditors' Report on Compliance and on  
Internal Control over Financial Reporting**



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

24 EAST MAIN STREET • MARSHALLTOWN, IOWA 50158 • 641-753-9337 • FAX 641-753-6366  
418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366  
4949 PLEASANT STREET • SUITE 206 • WEST DES MOINES, IOWA 50266 • 515-309-5461 • FAX 515-278-0287

James R. Bowman, CPA • jim@syscompia.com  
Elizabeth A. Miller, CPA • beth@syscompia.com  
Debra J. Osborn, CPA • deb@syscompia.com  
Suzanne M. Mead, CPA • suzanne@syscompia.com

Independent Auditors' Report on Compliance  
and on Internal Control over Financial Reporting

To the Members of Tama County  
Solid Waste Disposal Commission:

We have audited the financial statements of Tama County Solid Waste Disposal Commission as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 20, 2004. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audits in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Tama County Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2004 and 2003 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Tama County Solid Waste Disposal Commission during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
August 20, 2004

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedule of Findings Years Ended June 30, 2004 and 2003

### Findings related to the financial statements:

#### Instance of non-compliance:

No matters were reported.

#### Reportable conditions:

No matters were reported.

### Other Findings Related to Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the years ended June 30, 2004 and 2003.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (4) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (5) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.
- (6) Solid Waste Tonnage Fees Retained – During the years ended June 30, 2004 and 2003, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310(3),(4) of the Code of Iowa.
- (7) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care costs by establishing a dedicated fund as required by Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ <u>685,342</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2004	\$ <u>1,000,000</u>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

Audit Staff

This audit was performed by:

BOWMAN & MILLER, P.C.  
Certified Public Accountants  
Marshalltown, Iowa

Personnel:

Elizabeth A. Miller, C.P.A., Principal  
Debra J. Osborn, C.P.A., Principal

## NEWS RELEASE

Bowman & Miller, P.C. today released an audit report on the Tama County Solid Waste Disposal Commission.

The Commission had total receipts of \$537,622 for the year ended June 30, 2004, which included gate fees of \$351,206 and county and city assessments of \$99,568.

Disbursements totaled \$420,062 for the year ended June 30, 2004, which included \$68,222 for equipment, \$130,619 for employees' salaries and benefits, and \$63,244 for recycling.

A copy of the audit report is available for review in the office of the Auditor of State and the Tama County Solid Waste Disposal Commission.