

**NORTHEAST IOWA RESPONSE GROUP**

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

June 30, 2004

# NORTHEAST IOWA RESPONSE GROUP

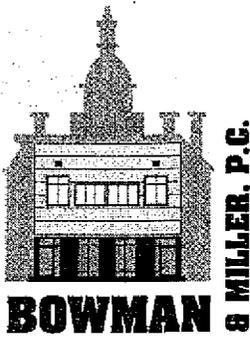
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# NORTHEAST IOWA RESPONSE GROUP

## OFFICIALS

| <u>Name</u>     | <u>Title</u>     | <u>Representing</u>  |
|-----------------|------------------|----------------------|
| Ned Deberg      | Chairperson      | Waterloo Fire Rescue |
| John Huegel     | Vice-Chairperson | Chickasaw County     |
| Jim Ledvina     | Treasurer        | Tama County          |
| Brian Quirk     | Member           | Black Hawk County    |
| Jim Block       | Member           | Bremer County        |
| Ken Oldenburger | Member           | Butler County        |
| Chris Herkees   | Member           | Grundy County        |
| Jim Johnson     | Member           | Hardin County        |
| Dale Fenske     | Member           | Howard County        |
| Dean Darling    | Member           | Winneshiek County    |
| Sandy Moffett   | Member           | Poweshiek County     |



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

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Suzanne M. Mead, CPA • suzanne@syscompia.com

Independent Auditors' Report

To the Members of  
Northeast Iowa Response Group:

We have audited the accompanying financial statement, listed as Exhibit A in the table of contents of this report, of Northeast Iowa Response Group as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 audit provides 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 results of the cash transactions of Northeast Iowa Response Group as of and for the year ended June 30, 2004 on the basis of accounting described in Note 1.

As discussed in Note 4, during the year ended June 30, 2004, Northeast Iowa Response Group 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 July 13, 2004 on our consideration of Northeast Iowa Response Group's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 5 through 6 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 methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
July 13, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### USING THIS ANNUAL REPORT

The Northeast Iowa Response Group 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. 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 Group'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 Group's cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the Northeast Iowa Response Group'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 Group's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Net Assets - Cash Basis presents information on the Group's operating receipts and disbursements, and whether the Group'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

#### *Statement of Cash Receipts, Disbursements and Changes in Net Assets - Cash Basis*

The purpose of the statement is to present the receipts received by the Group and the disbursements paid by the Group.

Receipts are received from the ten member counties paying a yearly fee of \$.50 per capita, based on the 2000 census. The expenses for the Group are paid out for equipment, physicals, communications, and maintenance fees for the hazardous materials team. A summary of cash receipts, disbursements and changes in net assets for the years ended June 20, 2004 and June 30, 2003 are presented below:

## Changes in Cash Basis Net Assets

|   | Year ended June 30, |          |
|---|---------------------|----------|
|   | 2004                | 2003     |
| Receipts:                                 |                     |          |
| County per capita assessments             | \$ 96,073           | 83,205   |
| Interest                                  | 850                 | 1,228    |
| Miscellaneous income                      | -                   | 45       |
| Total receipts                            | 96,923              | 84,478   |
| Disbursements:                            |                     |          |
| Radio and communications                  | 5,258               | 5,303    |
| Hazardous materials equipment             | 5,243               | 8,636    |
| Insurance                                 | 8,276               | 8,277    |
| Medical examinations                      | 7,983               | 3,202    |
| Postage and delivery                      | 29                  | 39       |
| Telephone                                 | 311                 | 272      |
| Vehicles and equipment                    | 816                 | 21,007   |
| Training and education                    | 46,406              | 50,651   |
| Travel                                    | 96                  | 3,184    |
| Miscellaneous                             | 214                 | 270      |
| Total disbursements                       | 74,632              | 100,841  |
| Excess of receipts over disbursements     | 22,291              | (16,363) |
| Net assets - cash basis beginning of year | 64,205              | 80,568   |
| Net assets - cash basis end of year       | \$ 86,496           | 64,205   |

In fiscal 2004, receipts increased by \$12,445, or 15%. The increase was a result of timing differences in the receipt of per capita payments from member counties. In fiscal 2004, disbursements decreased by \$26,209, or 26%. The decrease is due to the purchase of a semi tractor and additional training and education in fiscal 2003.

### CONTACTING THE NORTHEAST IOWA RESPONSE GROUP'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Group's finances and show the Group's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Northeast Iowa Response Group's treasurer, Jim Ledvina, Tama County Board of Supervisors, 100 W. High Street, Toledo, Iowa, 52342, or Pat Brockway, Hazardous Materials Regional Training Center, 1925 Newell Street, Waterloo, Iowa, 50707.

## **Financial Statements**

NORTHEAST IOWA RESPONSE GROUP  
Statement of Cash Receipts, Disbursements and Changes  
in Net Assets - Cash Basis  
For the Year Ended June 30, 2004

|   |                  |
|---|------------------|
| Receipts:                                 |                  |
| County per capita assessments             | \$ 96,073        |
| Interest                                  | 850              |
|   | <hr/>            |
| Total receipts                            | 96,923           |
|   | <hr/>            |
| Disbursements:                            |                  |
| Radio and communications                  | 5,258            |
| Hazardous materials equipment             | 5,243            |
| Insurance                                 | 8,276            |
| Medical examinations                      | 7,983            |
| Postage and delivery                      | 29               |
| Telephone                                 | 311              |
| Vehicles and equipment                    | 816              |
| Training and education                    | 46,406           |
| Travel                                    | 96               |
| Miscellaneous                             | 214              |
|   | <hr/>            |
| Total disbursements                       | 74,632           |
|   | <hr/>            |
| Excess of receipts over disbursements     | 22,291           |
|   | <hr/>            |
| Net assets - cash basis beginning of year | 64,205           |
|   | <hr/>            |
| Net assets - cash basis end of year       | \$ <u>86,496</u> |

# NORTHEAST IOWA RESPONSE GROUP

## Notes to Financial Statements

June 30, 2004

### Note 1 - Summary of Significant Accounting Policies

Northeast Iowa Response Group was formed in 1994 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Group is to provide hazardous material coverage on behalf of the units of governments which are members of the Group.

The governing body of the Group is composed of one representative from each of the ten member counties, and one representative from Waterloo Fire Rescue. The member counties are: Black Hawk, Butler, Chickasaw, Grundy, Hardin, Howard, Poweshiek, Tama, and Winneshiek. The members are appointed by the participating political subdivisions and each has one vote.

#### A. Reporting Entity

For financial reporting purposes, Northeast Iowa Response Group has included all funds, organizations, agencies, boards, commissions and authorities. The Group 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 Group are such that exclusion would cause the Group'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 including appointing a voting majority of an organization's governing body, and (1) the ability of the Group 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 Group. The Group has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Fund Accounting

The accounts of the Group are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and fund balances. The various funds and their designated purpose are as follows:

Operating Fund - This is the general operating fund of the Group. All receipts are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs.

#### C. Basis of Accounting

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

### Note 2 - Cash and Investments

The Group's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance.

The Group 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

# NORTHEAST IOWA RESPONSE GROUP

## Notes to Financial Statements (Continued)

June 30, 2004

### Note 2 - Cash and Investments (Continued)

at federally insured depository institutions approved by the Group; 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 Group had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

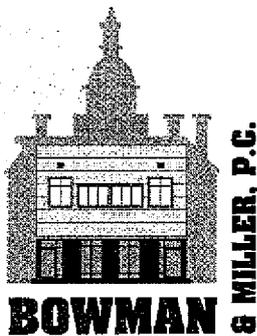
### Note 3 - Risk Management

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

### Note 4 - Accounting Change

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

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



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

To the Members of Northeast  
Iowa Response Group:

We have audited the financial statement of Northeast Iowa Response Group as of and for the year ended June 30, 2004, and have issued our report thereon dated July 13, 2004. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Northeast Iowa Response Group's financial statement is 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northeast Iowa Response Group's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned

functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the members and customers of Northeast Iowa Response Group and other parties to whom the Group 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 Northeast Iowa Response Group 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.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
July 13, 2004

# NORTHEAST IOWA RESPONSE GROUP

## Schedule of Findings Year Ended June 30, 2004

### Findings related to the financial statements:

#### INSTANCE OF NON-COMPLIANCE:

No matters were reported.

#### REPORTABLE CONDITIONS:

- (A) Advance signing of checks – Blank checks were signed in advance by authorized signers when they would be unavailable.

Recommendation – Checks should only be signed when the completed check and appropriate supporting evidence is available for review. To prevent blank checks from being signed in the future, the Group should consider adding an additional authorized signer.

Response – There is a third signatory on the account that we will utilize for this purpose.

Conclusion – Response accepted.

### Other findings related to statutory reporting:

- (1) 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.
- (2) Travel expense – No disbursements of Group money for travel expenses of spouses of Group officials or employees were noted.
- (3) Board minutes – No transactions were found that we believe should have been approved in the board minutes but were not.
- (4) 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 Group's investment policy were noted.

# NORTHEAST IOWA RESPONSE GROUP

## 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 Northeast Iowa Response Group.

The Group had total revenues of \$96,923 for the year ended June 30, 2004, which included per capita assessments of \$96,073 and interest of \$850.

Expenses totaled \$74,632 for the year ended June 30, 2004, which included \$46,406 for training and education, \$8,276 for insurance, and \$7,983 for medical examinations.

A copy of the audit report is available for review in the office of the Auditor of State and the Northeast Iowa Response Group.