

**TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION**

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

June 30, 2006 and 2005

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

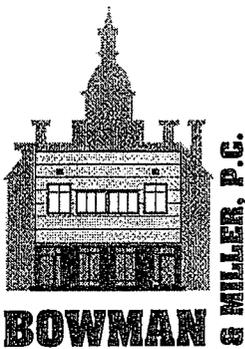
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# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Open	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 Van De Walle	Commission Member	City of Chelsea
Jane Svoboda	Commission Member	City of Clutier
Bob Hill	Commission Member	City of Tama
Ora Hennessy	Commission Member	City of Dysart
Mark Mason	Commission Member	City of Traer
Ervern Nekola	Commission Member	City of Elberon
Shelley Buffalo	Commission Member	Sac & Fox Tribal Council
Larry Vest	Commission Member	Board of Supervisors
Keith Sash	Commission Member	Board of Supervisors
Patrick Henry	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

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418 2ND STREET • GLADBROOK, IOWA 50635 • 641-473-2717 • FAX 641-753-6366  
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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, 2006 and 2005. 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, 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 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 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, 2006 and 2005 and the changes in its cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2006 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, contracts 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 the 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 audits.

Management's Discussion and Analysis on pages 4 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 the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The Schedules of Comparisons of Disbursements with Budgets on pages 15 through 16 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 financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
August 29, 2006

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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 years ended June 30, 2006 and 2005. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### 2006 FINANCIAL HIGHLIGHTS

- The Commission's operating receipts for fiscal year 2006 were \$477,221, and for fiscal year 2005 they were \$575,878. This represents a decrease of 17% or \$98,657, from fiscal 2005 to fiscal 2006.
- The Commission's operating disbursements for fiscal year 2006 were \$388,660, and for fiscal year 2005 they were \$458,519. This represents a decrease of 15%, or \$68,859, from fiscal 2005 to fiscal 2006.
- The Commission's cash basis net assets for fiscal year 2006 were \$2,809,311, and for fiscal year 2005 they were \$2,799,427. This represents a negligible change of \$9,884 from fiscal 2005 to fiscal 2006.

### 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 is 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 Cash Receipts, Disbursements and Changes in Cash Basis Net Assets 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 Cash Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of the statements are to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statements also present a fiscal snapshot of the balances at year end. Over time, readers of the financial statements are able to determine the Commission's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for gate fees from accepting solid waste and assessments (per capita fees) from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, payments for new equipment and capital projects. A summary of cash receipts, disbursements and changes in cash basis net assets for the fiscal years ended June 30, 2006 and June 30, 2005 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2006	2005
Operating receipts:		
Per capita assessments	\$ 99,567	99,567
Tipping fees and gate charges	375,347	467,245
Miscellaneous	2,307	9,066
Total operating receipts	<u>477,221</u>	<u>575,878</u>
Operating disbursements:		
Salaries	127,621	119,746
Education	1,123	894
Office supplies	2,419	1,732
Telephone	696	675
Postage	478	824
Recycling	50,882	34,481
Utilities	4,445	4,277
Fuel and oil	31,723	25,061
Clothes and uniforms	-	44
Repairs	10,907	93,283
Development and improvements	7,869	29,322
Payroll taxes	10,056	9,339
IPERS - employer share	7,339	6,886
Health insurance	43,327	43,327
Liability insurance	16,350	13,463
Mileage	587	512
Engineering/testing/inspection	39,529	22,127
Professional fees	3,500	3,200
Tonnage fees	29,809	49,326
Total operating disbursements	<u>388,660</u>	<u>458,519</u>
Excess of operating receipts over operating disbursements	<u>88,561</u>	<u>117,359</u>
Non-operating receipts (disbursements):		
Interest on investments	98,470	85,632
New equipment	(177,147)	(7,500)
Net non-operating receipts (disbursements)	<u>(78,677)</u>	<u>78,132</u>
Change in cash basis net assets	9,884	195,491
Cash basis net assets beginning of year	<u>2,799,427</u>	<u>2,603,936</u>
Cash basis net assets end of year	<u>\$ 2,809,311</u>	<u>2,799,427</u>

In fiscal 2006, operating receipts decreased by \$98,657, or 17% over fiscal 2005. The decrease was almost entirely a result of gate fees falling by \$91,898 due to a decrease in waste received. Member contributions remained the same, given that the per capita fee and populations remained unchanged. In fiscal 2006, operating disbursements decreased by \$68,859, or 15%, from fiscal 2005. The dominant reason for this was the large expense of overhauling the compactor in fiscal 2005, with no similar repairs in fiscal 2006.

## **LONG-TERM DEBT**

At June 30, 2006 and 2005, the Commission had no debt.

## **ECONOMIC FACTORS**

The Tama County Solid Waste Disposal Commission continued to slightly 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 constructing a new cell in order to meet these requirements.
- New cells require large outlays of capital, which is then recouped through tipping fees from garbage collected. Competition from private landfills in other states pose a threat to the revenue stream that is intended to offset the construction cost of the cell. Current transportation costs have the effect of minimizing this threat, but unknown changes in the future could alter this balance.
- Unforeseen regulatory changes could have an impact on the life of the new cell.

The Commission anticipates the 2006/2007 fiscal year will include increased expenditures as the new cell is developed and opened 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

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION  
 Statements of Cash Receipts, Disbursements and  
 Changes in Cash Basis Net Assets  
 For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating receipts:		
Per capita assessments	\$ 99,567	99,567
Tipping fees and gate charges	375,347	467,245
Miscellaneous	2,307	9,066
Total operating receipts	477,221	575,878
Operating disbursements:		
Administrator salary	37,128	35,700
Salaries-full time	57,386	53,218
Salaries-part time	33,107	30,828
Education	1,123	894
Office supplies	2,419	1,732
Telephone	696	675
Postage	478	824
Recycling	50,882	34,481
Utilities	4,445	4,277
Fuel and oil	31,723	25,061
Clothes and uniforms	-	44
Repairs	10,907	93,283
Development and improvements	7,869	29,322
Payroll taxes	10,056	9,339
IPERS - employer share	7,339	6,886
Health insurance	43,327	43,327
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Non-operating receipts (disbursements):		
Interest on investments	98,470	85,632
New equipment	(177,147)	(7,500)
Net non-operating receipts (disbursements)	(78,677)	78,132
Net change in cash basis net assets	9,884	195,491
Cash basis net assets beginning of year	2,799,427	2,603,936
Cash basis net assets end of year	\$ 2,809,311	2,799,427

TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION  
 Statements of Cash Receipts, Disbursements and  
 Changes in Cash Basis Net Assets (Continued)  
 For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
<b>Cash Basis Net Assets</b>		
Restricted for:		
Closure	\$ 297,000	305,749
Postclosure care	703,000	694,251
Total restricted net assets	<u>1,000,000</u>	<u>1,000,000</u>
Unrestricted	<u>1,809,311</u>	<u>1,799,427</u>
Total cash basis net assets	<u><u>\$ 2,809,311</u></u>	<u><u>2,799,427</u></u>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements June 30, 2006 and 2005

### 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 utilized to finance and account for the acquisition, operation, and maintenance of governmental facilities and services supported by user charges.

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

#### 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

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2006 and 2005

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

#### C. Basis of Accounting (continued)

and postclosure care. 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. Net Assets

Funds set aside for payment of closure and postclosure care are classified as restricted.

### Note 2 - Cash and Investments

The Commission's deposits in banks at June 30, 2006 and 2005 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, 2006 and 2005 are as follows:

	<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
2006	Certificates of deposit	\$ <u>2,631,345</u>	<u>2,572,237</u>
2005	Certificates of deposit	\$ <u>2,471,380</u>	<u>2,479,773</u>

Interest rate risk. The Commission'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 with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Commission.

### 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.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2006 and 2005

### Note 3 - Pension and Retirement Benefits (continued)

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, 2006, 2005 and 2004, were \$7,339, \$6,886 and \$6,609, 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, 2006 and 2005 is as follows:

<u>Type of Benefit</u>	<u>2006</u>	<u>2005</u>
Vacation	\$ <u>1,936</u>	<u>3,077</u>

This liability has been computed based on rates of pay in effect as of June 30, 2006 and 2005.

### 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 and 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 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 postclosure 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.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2006 and 2005

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

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 and 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.

These costs for the Commission have been estimated at \$216,275 for closure and \$510,300 for postclosure, for a total of \$726,575 as of June 30, 2006. The estimated remaining life of the landfill is 1 year.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure 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, 2006 and 2005, assets of \$1,000,000 are restricted for these purposes. They are reported as restricted cash basis net assets on the Statements of Receipts, Disbursements and Changes in Cash Basis Net Assets.

### 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, 2006 the Commission had no unspent tonnage fees. At June 30, 2005 the Commission had unspent tonnage fees of \$37,910 for Comprehensive Planning and \$0 for Waste Reduction and Recycling.

### Note 8 - Risk Management

Tama County Solid Waste Disposal Commission is a member of the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Heartland Risk Pool (Pool) is a local government risk-sharing pool with ten counties as members. The Pool was formed July 1, 1987 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, law enforcement liability, property, and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurances expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Any year end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2006 and 2005

### Note 8 - Risk Management (continued)

The Commission's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The Commission's annual contributions to the Pool for the years ended June 30, 2006 and 2005 were \$16,350 and \$13,463, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains automobile and general liability risks in excess of \$250,000 up to \$1,000,000 per claim. The Pool retains workers' compensation risks in excess of \$350,000 up to \$1,000,000 per claim. Automobile and general liability claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$3,000,000 per claim. Workers' compensation claims exceeding \$1,000,000 are reinsured in an amount not to exceed \$2,000,000. Crime lines of business risks are retained by the Pool up to \$25,000 per occurrence. Automobile physical damage risks are retained by the Pool up to the replacement cost of the vehicle. All property, inland marine, boiler, public officials' errors and omissions, business income and expense and law enforcement liability risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of, June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception

Initial membership into the Pool is for a 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 Solid Waste Disposal Commission commenced July 1, 1987 and is subject to renewal every three years. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one year period following withdrawal and the member's proportionate share of any capital deficiency.

### 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, 2006 and 2005 from this business amounted to \$97,708 and \$105,919, respectively.

This same Commission member was also awarded a contract to service a local recycling route. Expenditures relating to this contract amounted to \$17,600 and \$13,500 during the fiscal years ended June 30, 2006 and 2005, respectively.

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Notes to Financial Statements (Continued) June 30, 2006 and 2005

### Note 10 - Subsequent Event

By October 1, 2007, Iowa solid waste landfills must meet the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. Non-compliant landfills must implement closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and may construct new cells that are in compliance if they are to continue accepting solid waste for disposal. Tama County Solid Waste Disposal Commission plans to close the existing cell that is not in compliance with the requirements within the next year, and a new cell will be open before the October 1, 2007 deadline.

**Supplementary Information**

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedule of Comparisons of Disbursements with Budgets For the Year Ended June 30, 2006

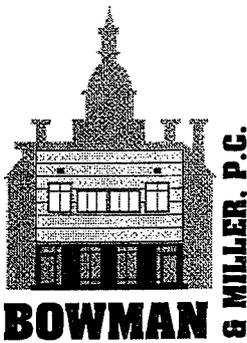
	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 37,128	37,128	-	-	37,128
Salaries - full time	54,600	57,386	2,786	-	57,386
Salaries - part time	30,021	33,107	3,086	-	33,107
Education	5,000	1,123	(3,877)	-	1,123
Office supplies	9,292	2,419	(6,873)	-	2,419
Telephone	1,500	696	(804)	-	696
Postage	1,000	478	(522)	-	478
Recycling	90,000	50,882	(39,118)	-	50,882
Utilities	6,500	4,445	(2,055)	-	4,445
Fuel and oil	18,000	31,723	13,723	-	31,723
Clothes and uniforms	500	-	(500)	-	-
Repairs	60,000	10,907	(49,093)	-	10,907
Development and improvements	70,000	7,869	(62,131)	-	7,869
Payroll taxes	9,855	10,056	201	-	10,056
IPERS-employer share	7,124	7,339	215	-	7,339
Health insurance	43,340	43,327	(13)	-	43,327
Liability insurance	17,800	16,350	(1,450)	-	16,350
Mileage	600	587	(13)	-	587
Engineering/testing/inspection	35,000	39,529	4,529	-	39,529
Professional fees	-	3,500	3,500	-	3,500
Tonnage fees	-	29,809	29,809	-	29,809
New equipment	150,000	177,147	27,147	-	177,147
Buildings	5,000	-	(5,000)	-	-
<b>Total</b>	<b>\$ 652,260</b>	<b>565,807</b>	<b>(86,453)</b>	<b>-</b>	<b>565,807</b>

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedule of Comparisons of Disbursements with Budgets For the Year Ended June 30, 2005

	Budget	Funds Expended Through County Auditor	(Favorable) Unfavorable Variance	Funds Expended Through Landfill Treasurer	Total Funds Expended
Administrator salary	\$ 35,700	35,700	-	-	35,700
Salaries - full time	52,500	53,218	718	-	53,218
Salaries - part time	28,866	30,828	1,962	-	30,828
Education	5,000	894	(4,106)	-	894
Office supplies	7,000	1,732	(5,268)	-	1,732
Telephone	1,500	675	(825)	-	675
Postage	1,000	824	(176)	-	824
Recycling	91,000	34,481	(56,519)	-	34,481
Utilities	6,500	4,277	(2,223)	-	4,277
Fuel and oil	18,000	25,061	7,061	-	25,061
Clothes and uniforms	500	44	(456)	-	44
Repairs	40,000	93,283	53,283	-	93,283
Development and improvements	80,000	23,909	(56,091)	5,413	29,322
Payroll taxes	9,475	9,339	(136)	-	9,339
IPERS-employer share	6,850	6,886	36	-	6,886
Health insurance	43,340	43,327	(13)	-	43,327
Liability insurance	15,890	13,463	(2,427)	-	13,463
Mileage	1,000	512	(488)	-	512
Engineering/testing/inspection	12,000	22,127	10,127	-	22,127
Professional fees	-	3,200	3,200	-	3,200
Tonnage fees	-	49,326	49,326	-	49,326
New equipment	210,000	7,500	(202,500)	-	7,500
Building	5,000	-	(5,000)	-	-
<b>Total</b>	<b>\$ 671,121</b>	<b>460,606</b>	<b>(210,515)</b>	<b>5,413</b>	<b>466,019</b>

**Independent Auditors' Report on  
Internal Control over Financial Reporting and on Compliance and Other Matters  
Based on Audits of Financial Statements Performed in Accordance with  
Government Auditing Standards**



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Independent Auditors' Report on  
Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on Audits  
of Financial Statements Performed in Accordance with  
Government Auditing Standards

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, 2006 and 2005, and have issued our report thereon dated August 29, 2006. 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 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 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 an opinion on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 we consider to be material weaknesses.

Compliance and Other Matters

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, contracts and grant agreements, 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 or other matters 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, 2006 and 2005 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits are 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.

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 29, 2006

# TAMA COUNTY SOLID WASTE DISPOSAL COMMISSION

## Schedule of Findings Years Ended June 30, 2006 and 2005

### Findings Related to the Financial Statements:

Instances of non-compliance:

No matters were reported.

Reportable conditions:

No matters were reported.

### Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (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, 2006 and 2005, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310(2) 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 567-111.6(9) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ <u>726,575</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2006	\$ <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:

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 \$575,691 for the year ended June 30, 2006, a 12 percent decrease from 2005. The receipts included gate fees of \$375,347, county and city assessments of \$99,567, and interest on investments of \$98,470.

Disbursements for the year totaled \$565,807, a 21 percent increase from the prior year, and included \$188,343 for employees' salaries and benefits, \$177,147 for equipment purchases and \$50,882 for recycling.

A copy of the audit report is available for review in the Tama County Solid Waste Disposal Commission's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.