

**NORTHEAST IOWA RESPONSE GROUP**

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

June 30, 2009

# NORTHEAST IOWA RESPONSE GROUP

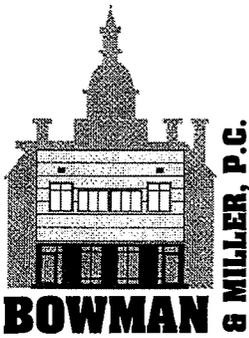
## Table of Contents

	<u>Page</u>
Officials .....	1
Independent Auditors' Report .....	2
Management's Discussion and Analysis .....	3-5
Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes	
in Cash Basis Nets Assets .....	6
<u>Exhibit</u> A	
Notes to Financial Statement.....	7-8
Independent Auditors' Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statement Performed in Accordance with	
<u>Government Auditing Standards</u> .....	9-10
Schedule of Findings .....	11
Audit Staff .....	12

# NORTHEAST IOWA RESPONSE GROUP

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
W. Douglas Carter	Chairperson	Waterloo Fire Rescue
Jim Johnson	Vice-Chairperson	Hardin County
John Miller	Treasurer	Chickasaw County
Rick Holthaus	Member	Black Hawk County
Gaylord Hineraker	Member	Bremer County
Ken Oldenburger	Member	Butler County
Barbara Smith	Member	Grundy County
Jordan Kendall	Member	Tama County
Adolph Gamez	Member	Howard County
Dean Darling	Member	Winneshiek County
Doug Shutts	Member	Poweshiek County
Lennie Burke	Member	Allamakee County



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Lori H. Stansberry, CPA • lori@bowmanandmillerpc.com

Independent Auditors' Report

To the Members of  
Northeast Iowa Response Group:

We have audited the accompanying financial statement of Northeast Iowa Response Group as of and for the year ended June 30, 2009. This financial statement is the responsibility of the Group's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this financial statement is 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 statement referred to above presents fairly, in all material respects, the cash basis financial position of Northeast Iowa Response Group as of June 30, 2009, and the changes in its cash basis financial position for the year 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 3, 2009 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, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 audit.

Management's Discussion and Analysis on pages 3 through 5 is not a required part of the financial statement, 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 on it.

*Bowman & Miller, P.C.*

Marshalltown, Iowa  
August 3, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Northeast Iowa Response Group provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Northeast Iowa Response Group is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Group's financial statement, which follows.

### 2009 FINANCIAL HIGHLIGHTS

- The Group's operating receipts decreased 3.7% or \$4,537, from fiscal 2008 to fiscal 2009.
- The Group's operating disbursements decreased 33.9%, or \$41,782, from fiscal 2008 to fiscal 2009.
- The Group's non-operating disbursements remained virtually unchanged from fiscal 2008 to fiscal 2009.
- The Group's net assets increased 46.7%, or \$19,756, from June 30, 2008 to June 30, 2009.

### USING THIS ANNUAL REPORT

The Northeast Iowa Response Group has elected to present its financial statement on the 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 the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers 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 financial statement and other information as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Group's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Group's operating receipts and disbursements, non-operating receipts and disbursements and whether the Group's cash basis financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

## FINANCIAL ANALYSIS OF THE GROUP

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

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

Operating receipts are received from the eleven member counties paying a yearly per capita fee based on the 2000 census. The operating disbursements for the Group are paid out for physicals, training, communications, and maintenance fees for the hazardous materials team. Non-operating receipts are for interest on investments. Non-operating disbursements are for equipment purchased. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and June 30, 2008 is presented below:

	Year ended June 30,	
	2009	2008
Operating receipts:		
County per capita assessments	\$ 116,172	116,172
Miscellaneous income	1,690	6,227
Total operating receipts	<u>117,862</u>	<u>122,399</u>
Operating disbursements:		
Professional fees	800	-
Radio and communications	-	6,259
Insurance	8,257	8,501
Medical examinations	21,731	23,273
Postage and delivery	33	129
Advertising	63	106
Telephone	422	425
Vehicle expense	334	4,167
Training and education	49,454	79,925
Travel	117	250
Miscellaneous	42	-
Total operating disbursements	<u>81,253</u>	<u>123,035</u>
Excess of operating receipts over (under) operating disbursements	<u>36,609</u>	<u>(636)</u>
Non-operating receipts (disbursements):		
Interest on investments	1,607	3,345
Equipment	<u>(18,460)</u>	<u>(18,583)</u>
Total non-operating receipts (disbursements)	<u>(16,853)</u>	<u>(15,238)</u>
Change in cash basis net assets	19,756	(15,874)
Cash basis net assets beginning of year	<u>42,338</u>	<u>58,212</u>
Cash basis net assets end of year	<u>\$ 62,094</u>	<u>42,338</u>

In fiscal 2009, operating receipts decreased by \$4,537, or 3.7%. In fiscal 2009, operating disbursements decreased by \$41,782, or 33.9%. The decrease is due to fewer training certification classes held in 2009. In fiscal 2009, non-operating disbursements remained virtually unchanged. Non-operating receipts decreased \$1,738 or 51.2%, due to lower interest rates on investments.

## **ECONOMIC FACTORS**

The Northeast Iowa Response Group's financial position increased 46.7%, or \$19,756, from fiscal 2008. However, the current conditions of the economy in the state continue to be a concern for Group officials. Some of the realities that may potentially become challenges for the Group to meet are:

- New training and safety standards will increase the cost of training for the Group
- The Northeast Iowa Response Group has acquired essential equipment over the last few years. However, this equipment will need to be replaced at some point in the future.

The Group anticipates the current fiscal year will be much like the last including no increase in the per capita fee charged to member counties.

## **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 to show the Group's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Pat Brockway, Hazardous Materials Regional Training Center, 1925 Newell Street, Waterloo, Iowa, 50703.

NORTHEAST IOWA RESPONSE GROUP  
Statement of Cash Receipts, Disbursements and Changes  
in Cash Basis Net Assets  
As of and for the year ended June 30, 2009

Operating receipts:	
County per capita assessments	\$ 116,172
Miscellaneous	1,690
Total operating receipts	<u>117,862</u>
Operating disbursements:	
Professional fees	800
Insurance	8,257
Medical examinations	21,731
Postage and delivery	33
Advertising	63
Telephone	422
Vehicle expense	334
Training and education	49,454
Travel	117
Miscellaneous	42
Total operating disbursements	<u>81,253</u>
Excess of operating receipts over operating disbursements	<u>36,609</u>
Non-operating receipts (disbursements):	
Interest on investments	1,607
Equipment	(18,460)
Total non-operating receipts (disbursements)	<u>(16,853)</u>
Change in cash basis net assets	19,756
Cash basis net assets beginning of year	<u>42,338</u>
Cash basis net assets end of year	<u>\$ 62,094</u>
<b>Cash Basis Net Assets</b>	
Unrestricted	<u>\$ 62,094</u>

NORTHEAST IOWA RESPONSE GROUP  
Notes to Financial Statements  
June 30, 2009

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 eleven member counties and one representative from Waterloo Fire Rescue. The member counties are: Black Hawk, Bremer, Butler, Chickasaw, Grundy, Hardin, Howard, Poweshiek, Tama, Allamakee 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 statement 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. Basis of Presentation

The accounts of the Group 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

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

NORTHEAST IOWA RESPONSE GROUP  
Notes to Financial Statements (Continued)  
June 30, 2009

Note 2 - Cash and Investments

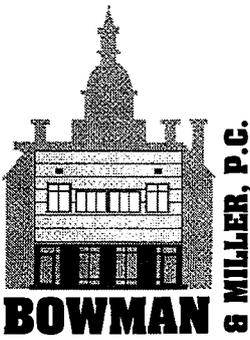
The Group's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds

The 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 at federally insured depository institutions approved by the Group; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-ended 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, as amended by Statement No. 40.

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.



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

To the Members of Northeast  
Iowa Response Group:

We have audited the accompanying financial statement of Northeast Iowa Response Group as of and for the year ended June 30, 2009, and have issued our report thereon dated August 3, 2009. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects Northeast Iowa Response Group's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Northeast Iowa Response Group's financial statement that is more than inconsequential will not be prevented or detected by Northeast Iowa Response Group's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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, 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 audit 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 Group's operations for the year ended June 30, 2009 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.

Northeast Iowa Response Group's written response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on Northeast Iowa Response Group's response, we did not audit Northeast Iowa Response Group's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, members and citizens of Northeast Iowa Response Group and other parties to whom Northeast Iowa Response 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  
August 3, 2009

NORTHEAST IOWA RESPONSE GROUP  
Schedule of Findings  
Year Ended June 30, 2009

**Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCIES:**

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

**INSTANCE OF NON-COMPLIANCE:**

No matters were reported.

**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 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 deposits or investments were found that we believe were not in compliance with the investment policy established by the Group.

# 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  
Lori H. Stansberry, C.P.A., Principal