



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

FOR RELEASE March 5, 2004

Contact: Andy Nielsen
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Auditor of State David A. Vaudt today released an audit report on the Pocahontas County Solid Waste Commission.

The Commission had total General Fund receipts of \$262,797 during the year ended June 30, 2003, which included county assessments of \$70,656 and city assessments of \$149,250. The Commission had total General Fund receipts of \$257,310 during the year ended June 30, 2002, which included county assessments of \$59,404 and city assessments of \$145,310.

General Fund disbursements totaled \$197,738 for the year ended June 30, 2003, which included \$56,302 for salaries and benefits, \$58,964 for landfill charges and \$41,185 for recycling. General Fund disbursements totaled \$213,072 for the year ended June 30, 2002, which included \$53,948 for salaries and benefits, \$54,139 for landfill charges and \$30,350 for recycling.

A copy of the audit report is available for review in the Office of Auditor of State and the Pocahontas County Auditor's office.

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POCAHONTAS COUNTY SOLID WASTE COMMISSION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS**

JUNE 30, 2003 AND 2002

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Financial Statements:	<u>Exhibit</u>
Statements of Cash Transactions:	
General Fund	A 9
Equipment Reserve Fund	B 10
Notes to Financial Statements	11-14
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting	15-16
Schedule of Findings	17
Staff	18

Pocahontas County Solid Waste Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Paul Beneke	Chair	Pocahontas County
Ron Hauswirth	Member	City of Havelock
Greg Fritz	Member	City of Pocahontas
Gay Stover	Member	City of Rolfe
Eloise Enger	Member	City of Laurens
Allan Minkler	Member	City of Plover
Julie Rosenboom	Member	City of Palmer
Richard Kollbaum	Member	City of Varina
Jack DeWolf	Member	Pocahontas County
James Frerk	Manager	
Jeffrey Johnson	Treasurer	

Pocahontas County Solid Waste Commission



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Independent Auditor's Report

To the Members of the Pocahontas County
Solid Waste Commission:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Pocahontas County Solid Waste Commission as of and for the years ended June 30, 2003 and 2002. 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 audit 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 results of the cash transactions of the Pocahontas County Solid Waste Commission as of and for the years ended June 30, 2003 and 2002, on the basis of accounting described in note 1.

As discussed in note 11, the Pocahontas County Solid Waste Commission intends to implement 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, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the Commission's financial statements and related notes in the year of implementation. The revised requirements include an analytical overview of the Commission's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2003 on our consideration of the Pocahontas County Solid Waste 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2003

Financial Statements

Pocahontas County Solid Waste Commission

Pocahontas County Solid Waste Commission

General Fund

Statements of Cash Transactions

Years ended June 30, 2003 and 2002

	2003	2002
Receipts:		
County assessments	\$ 70,656	59,404
City assessments	149,250	145,310
Gate fees	40,022	44,848
Interest on investments	2,427	6,713
Miscellaneous	442	1,035
Total receipts	<u>262,797</u>	<u>257,310</u>
Disbursements:		
Salaries and benefits	56,302	53,948
Landfill charges	58,964	54,139
Tonnage fees remitted to Landfill Operator	14,566	18,923
Truck expense	6,608	8,059
Recycling	41,185	30,350
Insurance	2,113	12,577
Supplies	1,446	1,659
Repair and maintenance	1,433	2,025
Utilities	3,237	3,193
Legal, accounting and auditing	10,466	9,493
Professional fees	225	15,876
Miscellaneous	1,193	2,830
Total disbursements	<u>197,738</u>	<u>213,072</u>
Excess of receipts over disbursements	65,059	44,238
Other financing uses:		
Operating transfers out:		
Equipment Reserve	<u>(42,678)</u>	<u>(42,678)</u>
Excess of receipts over disbursements and other financing uses	22,381	1,560
Balance beginning of year	<u>173,117</u>	<u>171,557</u>
Balance end of year	<u>\$ 195,498</u>	<u>173,117</u>

See notes to financial statements.

Exhibit B

Pocahontas County Solid Waste Commission

Equipment Reserve Fund

Statements of Cash Transactions

Years ended June 30, 2003 and 2002

	2003	2002
Receipts:		
None	\$ -	-
Disbursements:		
Capital outlay	-	57,597
Postclosure care costs	12,800	-
Total disbursements	<u>12,800</u>	<u>57,597</u>
Deficiency of receipts under disbursements	(12,800)	(57,597)
Other financing sources:		
Operating transfers in:		
General	<u>42,678</u>	<u>42,678</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	29,878	(14,919)
Balance beginning of year	<u>155,455</u>	<u>170,374</u>
Balance end of year	<u>\$ 185,333</u>	<u>155,455</u>

See notes to financial statements.

Pocahontas County Solid Waste Commission

Notes to Financial Statements

June 30, 2003 and 2002

(1) Summary of Significant Accounting Policies

The Pocahontas County Solid Waste Commission was formed in 1974 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Commission was established for the purposes of developing, operating and maintaining sanitary disposal and recycling facilities for the units of government that are parties to the agreement. The participating units of government include the cities of Havelock, Laurens, Palmer, Plover, Rolfe, Varina, Pocahontas and Pocahontas County.

In the performing its duties, the Commission may cooperate, contract with, and accept and expend funds from federal, state, or local agencies, public or semi-public, private individuals or corporations, and may carry out such cooperative undertakings and contracts as provided by law. The Commission also is empowered to fix, establish and maintain rates and charges to produce revenues to pay the necessary costs of operation and maintenance. Currently, the Commission contracts for landfill operations.

A. Reporting Entity

For financial reporting purposes, Pocahontas County Solid Waste 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. Fund Accounting

The accounts of the Commission 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 balances. The various funds and their designated purpose are as follows:

General Fund - This is the general operating fund of the Commission. All receipts that are not related to construction are accounted for in this fund. From the fund are paid the general operating disbursements and the fixed charges that are not paid through other funds.

Equipment Reserve Fund – This fund is utilized to accumulate funds for future property and equipment purchases and replacements and is also being used to dedicate funds for the Commission's share of closure and postclosure care costs.

C. Basis of Accounting

The Pocahontas County Solid Waste 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 post-closure 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.

(2) Cash and Investments

The Commission's deposits in banks at June 30, 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Pension and Retirement Benefits

The Pocahontas County Solid Waste 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 contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$2,393, \$2,322 and \$2,264, respectively, equal to the required contributions for each year.

(4) 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 to employees for earned vacation leave was \$950 at June 30, 2003, primarily relating to the General Fund.

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

(5) Risk Management

Pocahontas County Solid Waste Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) Solid Waste Disposal Contract

The Pocahontas County Solid Waste Commission entered into a contract with the City of Spencer (Landfill Operator) for the disposal of all solid waste which has been first collected at the Commission's transfer station. Under the contract, the Landfill Operator accepts the solid waste for disposal according to applicable rules, laws, and regulations. During the year ended June 30, 2003, the Landfill Operator was paid \$58,964 under this contract and an additional \$14,566 in tonnage fees mandated by the Iowa Department of Natural Resources.

(7) Drop-Box Recycling Contract

The Pocahontas County Solid Waste Commission entered into a contract for receptacles for the purpose of furnishing rural residents a place to deliver and dispose of recyclable solid waste. Under the contract, the contractor will deliver and install the drop-boxes and will deliver the contents of each drop-box to another contractor at Emmetsburg, Iowa. During the year ended June 30, 2003, the contractor was paid \$22,577 under this contract.

(8) Recyclable Materials Disposal Contract

The Pocahontas County Solid Waste Commission entered into a contract for the disposal of recyclable material. Under the contract, the contractor accepts and disposes of recyclable material collected at drop-boxes and of recyclable material delivered to them. During the year ended June 30, 2003, the contractor was paid \$11,414 under this contract.

(9) Postclosure Care Costs

The Pocahontas County Solid Waste Commission has contractually assumed a portion of the postclosure care costs of the landfill located in Palo Alto County. The contract is to be paid in five annual installments of \$6,400, beginning July 1, 2002. The Commission paid two installments of \$6,400, or \$12,800, during the year, leaving a balance due at June 30, 2003 of \$19,200.

At June 30, 2003, the Commission had dedicated \$7,200 in the Equipment Reserve Fund for this purpose.

(10) Appliance Recycling Contract

The Pocahontas County Solid Waste Commission entered into a contract dated August 27, 2002 for the purpose of recycling appliances. The contract was terminated effective May 4, 2003. During the year ended June 30, 2003, the contractor was paid \$3,675 under the terms of the contract.

(11) Prospective Accounting Change

The Governmental Accounting Standards Board has 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. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the Commission's financial activities.



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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Members of the Pocahontas County
Solid Waste Commission:

We have audited the financial statements of the Pocahontas County Solid Waste Commission as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. 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 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 the Pocahontas County Solid Waste 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 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 Commission's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. 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 the Pocahontas County Solid Waste 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 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 the Pocahontas County Solid Waste 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 the Pocahontas County Solid Waste Commission 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.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 5, 2003

Pocahontas County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2003

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

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

Findings Related to Required Statutory Reporting:

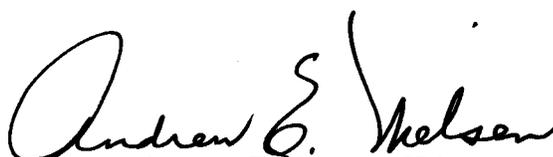
- (1) Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements 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.

Pocahontas County Solid Waste Commission

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
James L. Blekfeld, CPA, Senior Auditor
Steven O. Fuqua, CPA, Senior Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State