



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE _____ February 3, 2006

Contact: Andy Nielsen
515/281-5834

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

The Commission had total receipts of \$278,146 during the year ended June 30, 2005, a six percent increase over 2004. The receipts included county and city contributions of \$226,819 and gate and recycling fees of \$36,877.

Disbursements for the year totaled \$218,778, a three percent decrease from the prior year, and included \$58,549 for salaries and benefits, \$64,980 for landfill disposal fees and \$36,597 for recycling.

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

###

POCAHONTAS COUNTY SOLID WASTE COMMISSION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2005

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5
Management's Discussion and Analysis	6-8
	<u>Exhibit</u>
Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	A 9
Notes to Financial Statement	10-13
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	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
Greggory Cullen (resigned)	Member	City of Rolfe
William Winkleblack (appointed)	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



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report

To the Members of the Pocahontas County
Solid Waste Commission:

We have audited the accompanying financial statement of the Pocahontas County Solid Waste Commission as of and for the year ended June 30, 2005. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial statement based on our audit.

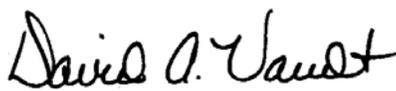
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 our audit provides a reasonable basis for our opinion.

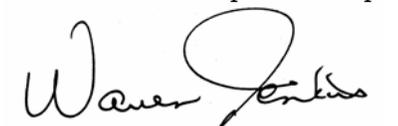
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Pocahontas County Solid Waste Commission as of June 30, 2005, and the changes in 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 November 21, 2005 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, 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 6 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 21, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Pocahontas County Solid Waste Commission (PCSWC) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the PCSWC is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2005 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 4.78%, or approximately \$12,000, from fiscal 2004 to fiscal 2005.
- ◆ Operating disbursements decreased approximately \$6,000, or 2.60%, from fiscal 2004 to fiscal 2005.
- ◆ Cash basis net assets increased 14.19%, or approximately \$59,000, from June 30, 2004 to June 30, 2005.

USING THIS ANNUAL REPORT

The PCSWC 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 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, 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 Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the PCSWC's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the PCSWC's operating receipts and disbursements, non-operating receipts and disbursements and whether the PCSWC'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 COMMISSION

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 PCSWC and the disbursements paid by the PCSWC, both operating and non-operating. The statement also presents a fiscal snapshot of the Commission's cash balance at year end. Over time, readers of the financial statement are able to determine the PCSWC'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 from the members of the PCSWC. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts are for interest on investments. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2005 and June 30, 2004 is presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2005	2004
Operating receipts:		
City assessments	\$ 158,465	155,282
County assessments	68,354	69,961
Gate and recycling fees	36,877	29,241
Miscellaneous	6,762	3,629
Total operating receipts	<u>270,458</u>	<u>258,113</u>
Operating disbursements:		
Salaries and benefits	58,549	56,126
Operator and recycling contracts	101,577	96,616
Other	58,652	71,886
Total operating disbursements	<u>218,778</u>	<u>224,628</u>
Excess of operating receipts over operating disbursements	51,680	33,485
Non-operating receipts:		
Interest on investments	<u>7,688</u>	<u>3,985</u>
Net change in cash basis net assets	59,368	37,470
Cash basis net assets beginning of year	<u>418,301</u>	<u>380,831</u>
Cash basis net assets end of year	<u>\$ 477,669</u>	<u>418,301</u>

In fiscal 2005, operating receipts increased by \$12,000, or 4.78%, over fiscal 2004. The increase was primarily a result of an increase in gate and recycling fees over the previous year. In fiscal 2005, operating disbursements decreased by \$6,000, or 2.60%, from fiscal 2004. The decrease was primarily due to a decrease in insurance premiums.

The smaller portion of the PCSWC's cash basis net assets (1.4%) is restricted for postclosure care. The remaining portion (98.6%) are the unrestricted cash basis net assets that can be used to meet the PCSWC's obligations as they come due. The Board of Trustees has historically designated a portion of the unrestricted net assets for the purpose of replacing capital assets as the need arises. At June 30, 2005, the Commission's designated funds totaled \$248,997.

ECONOMIC FACTORS

PCSWC continued to improve its cash basis financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for PCSWC officials. Some of the realities that may potentially become challenges for the PCSWC to meet are:

- ◆ Facilities require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors 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 PCSWC by mail at P.O. Box 98, Pocahontas, IA 50574, by telephone at 712-335-3301 or by e-mail at jjohnson@evertek.net.

Pocahontas County Solid Waste Commission

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

As of and for the Year ended June 30, 2005

Operating receipts:	
City assessments	\$ 158,465
County assessments	68,354
Gate and recycling fees	36,877
Miscellaneous	6,762
Total operating receipts	270,458
Operating disbursements:	
Salaries and benefits	58,549
Landfill disposal fees	64,980
Recycling	36,597
Insurance	11,218
Tonnage fees remitted to Landfill Operator	15,134
Legal, accounting and auditing	9,774
Postclosure care	6,400
Utilities and telephone	3,566
Advertising and supplies	1,180
Truck expense	9,875
Repair and maintenance	579
Miscellaneous	926
Total operating disbursements	218,778
Excess of operating receipts over operating disbursements	51,680
Non-operating receipts:	
Interest on investments	7,688
	59,368
Change in cash basis net assets	59,368
Cash basis net assets beginning of year	418,301
Cash basis net assets end of year	\$ 477,669
Cash Basis Net Assets	
Restricted for postclosure care	\$ 6,800
Unrestricted	470,869
Total cash basis net assets	\$ 477,669

See notes to financial statement.

Pocahontas County Solid Waste Commission

Notes to Financial Statement

June 30, 2005

(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 purpose 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 and Pocahontas and Pocahontas County.

In 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, the 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 statement 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

The Pocahontas County Solid Waste Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is 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 postclosure care costs. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. Restricted Cash Basis Net Assets

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

(2) Cash and Investments

The Commission's deposits in banks at June 30, 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 had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(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 covered salary and the Commission is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$2,561, \$2,464 and \$2,393, respectively, equal to the required contribution 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 \$790 at June 30, 2005. This liability has been computed based on rates of pay in effect at June 30, 2005.

(5) Risk Management

The Pocahontas County Solid Waste Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omission; 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, 2005, the Landfill Operator was paid \$64,980 under this contract and an additional \$15,134 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, 2005, the contractor was paid \$21,659 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, 2005, the contractor was paid \$11,749 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 one installment of \$6,400 during the year, leaving a balance due at June 30, 2005 of \$6,400.

At June 30, 2005, the Commission had dedicated \$6,800 for this purpose.

(10) Appliance Recycling Contract

The Pocahontas County Solid Waste Commission entered into a contract dated May 4, 2003 for the purpose of recycling appliances. During the year ended June 30, 2005, the contractor was paid \$2,715 under the terms of the contract.

(11) Designated Balances

The Commission maintains designated balances in separate ledger accounts identified for specific types of equipment. The following is a summary of the activity for the year:

	<u>Amount</u>
Balance beginning of year	\$ 215,034
Additional designations	<u>33,963</u>
Balance end of year	<u>\$ 248,997</u>

Pocahontas County Solid Waste Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's 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 the Pocahontas County
Solid Waste Commission:

We have audited the accompanying financial statement of the Pocahontas County Solid Waste Commission as of and for the year ended June 30, 2005, and have issued our report thereon dated November 21, 2005. 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 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 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 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 operations that we consider to be material weaknesses.

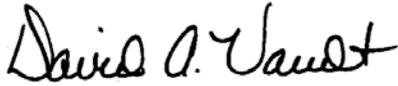
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pocahontas County Solid Waste Commission'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 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, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement 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.

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

November 21, 2005

Pocahontas County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2005

Findings Related to the Financial Statement:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No matters were noted.

Other Findings Related to Statutory Reporting:

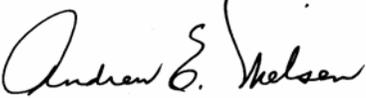
- (1) Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements 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
Jeffrey L. Lenhart, Staff Auditor


Andrew E. Nielsen, CPA
Deputy Auditor of State