



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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ February 27, 2003 \_\_\_\_\_ Contact: Andy Nielsen  
515/281-5515

The Office of Auditor of State today released an audit report on the Pocahontas County Solid Waste Commission.

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. The Commission had total General Fund receipts of \$250,127 during the year ended June 30, 2001, which included county assessments of \$53,570 and city assessments of \$145,245.

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, \$30,350 for recycling and \$13,878 for tonnage fees. General Fund disbursements totaled \$193,266 for the year ended June 30, 2001, which included \$52,844 for salaries and benefits, \$47,614 for landfill charges, \$35,432 for recycling, \$14,463 for tonnage fees.

A copy of the audit report is available for review in the office of the 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, 2002 AND 2001**

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## **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, 2002 and 2001. 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, 2002 and 2001, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2002 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.

December 5, 2002

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

**Pocahontas County Solid Waste Commission**



## **Financial Statements**

**Exhibit A**

## Pocahontas County Solid Waste Commission

## General Fund

## Statements of Cash Transactions

Years ended June 30, 2002 and 2001

	2002	2001
Receipts:		
County assessments	\$ 59,404	53,570
City assessments	145,310	145,245
Gate fees	44,848	33,106
Interest on investments	6,713	17,188
Miscellaneous	1,035	1,018
Total receipts	<u>257,310</u>	<u>250,127</u>
Disbursements:		
Salaries and benefits	53,948	52,844
Landfill charges	54,139	47,614
User fees	5,045	-
Truck expense	8,059	7,791
Recycling	30,350	35,432
Insurance	12,577	11,172
Supplies	1,659	2,445
Repair and maintenance	2,025	2,734
Utilities	3,193	3,375
Legal, accounting and auditing	9,493	10,227
Professional fees	15,876	3,546
Tonnage fees paid to contractor	13,878	14,463
Miscellaneous	2,830	1,623
Total disbursements	<u>213,072</u>	<u>193,266</u>
Excess of receipts over disbursements	44,238	56,861
Other financing uses:		
Operating transfers out:		
Equipment Reserve	<u>(42,678)</u>	<u>(18,964)</u>
Excess of receipts over disbursements and other financing uses	1,560	37,897
Balance beginning of year	<u>171,557</u>	<u>133,660</u>
Balance end of year	<u>\$ 173,117</u>	<u>171,557</u>

See notes to financial statements.

## Pocahontas County Solid Waste Commission

## Equipment Reserve Fund

## Statements of Cash Transactions

Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Receipts:		
None	\$ -	-
Disbursements:		
Capital outlay	<u>57,597</u>	<u>10,248</u>
Deficiency of receipts under disbursements	(57,597)	(10,248)
Other financing sources:		
Operating transfers in:		
General	<u>42,678</u>	<u>18,964</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements	(14,919)	8,716
Balance beginning of year	<u>170,374</u>	<u>161,658</u>
Balance end of year	<u>\$ 155,455</u>	<u>170,374</u>

See notes to financial statements.

Pocahontas County Solid Waste Commission

Notes to Financial Statements

June 30, 2002 and 2001

**(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, 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 fund 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 post closure 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, 2002 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 Number 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, 2002, 2001, and 2000 were \$2,322, \$2,264, and \$1,964, respectively, equal to the required contributions for each year.

**(4) 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.

**(5) Solid Waste Disposal Contract**

The Pocahontas County Solid Waste Commission entered into a contract for the disposal of all solid waste, garbage, trash, and refuse 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, 2002, the contractors were paid \$54,139 under this contract and an additional \$13,878 in tonnage fees. The Pocahontas County Solid Waste Commission also paid the contractor \$8,386 as its share of a leachate collection and treatment system costs.

**(6) 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, 2002, the contractor was paid \$22,253 under this contract.

**(7) 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, 2002, the contractor was paid \$8,097 under this contract.

**(8) Closure and Post Closure Care Costs**

The Pocahontas County Solid Waste Commission has assumed a portion of the closure/post closure care costs of the landfill (cells 5A through 22A) through the solid waste disposal contract. The costs are to be prorated among users of the landfill. The closure costs for the Commission are \$32,000 with no post closure costs. Closure costs are to be paid in five annual installments of \$6,400, beginning July 1, 2002.

At June 30, 2002, the Commission had dedicated \$20,000 of the Equipment Reserve Fund for this purpose.



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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, 2002, and have issued our report thereon dated December 5, 2002. 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, 2002 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.

December 5, 2002

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State



Pocahontas County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2002

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**REPORTABLE CONDITIONS:**

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

**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, 2002.
- (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.

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Pocahontas County Solid Waste Commission

Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager  
Steven O. Fuqua, CPA, Senior Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State