

ANNUAL FINANCIAL REPORT

of the

NORTHEAST NEBRASKA SOLID WASTE COALITION

for the fiscal years ended
September 30, 2009
and 2008

NORTHEAST
NEBRASKA
SOLID WASTE
COALITION

ANNUAL FINANCIAL REPORT

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September 30, 2009
and 2008*

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
ANNUAL FINANCIAL REPORT**
For the Fiscal Years Ended September 30, 2009 and 2008

TABLE OF CONTENTS

	<u>Exhibit No.</u>	<u>Page(s)</u>
List of Principal Officials		1
FINANCIAL SECTION		
Independent Auditors' Report		2
Management's Discussion and Analysis		3-6
BASIC FINANCIAL STATEMENTS		
Statement of Net Assets	1	7-8
Statements of Revenues, Expenses, and Changes in Net Assets	2	9
Statements of Cash Flows	3	10
Schedule of Revenues, Expenditures and Changes in General Fund Balance - Budget and Actual - Budgetary Basis	4A	11
Schedule of Revenues, Expenditures and Changes in Closure/Post Closure Fund Balance -- Budget and Actual - Budgetary Basis	4B	12
Notes to Financial Statements		13-21
Schedule of Findings		22
Independent Auditors' Report on Compliance and Other Matters And on Internal Control over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with <i>U.S.</i> <i>Government Auditing Standards</i>		23-24

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NORTHEAST NEBRASKA SOLID WASTE COALITION

List of Principal Officials

September 30, 2009

<u>Title</u>	<u>Name</u>	<u>Representing</u>	<u>Population</u>
Chairman	Scott Getzchman	City of Fremont	25,174
Vice-Chairman	Jim Brenneman	City of Norfolk	23,516
Board member	Ronald Bogus	City of Columbus	20,971
Board member	Joe Tooley	Platte County	8,285
Board member	Paul Marsh	Dodge County	6,465
Board member	Rick Uhler	Madison County	6,342
Board member	Jerry Weatherholt	Stanton County	4,450
Board member	James Swenson	Burt County	2,710
Board member	Arland Claus	City of Madison	2,367
Board member	Jay Spence	City of Stanton	1,627
Board member	Trish Johnson	City of Oakland	1,367
Board member	Eric Kraft	City of Battle Creek	1,158
Board member	Gene Meyer	Village of Hooper	827
Board member	Gene Gembica	Village of Silver Creek	441
Board member	Teresa Menking	Village of Nickerson	431
Board member	Jerry Abrahamson	Village of Inglewood	382
Board member	Dennis Wolverton	Village of Pilger	378
Board member	Eugene Drozd	Village of Duncan	359
Board member	Jack Warrick	Village of Meadow Grove	311
Board member	Dallas Heppner, Jr.	Village of Hoskins	283
Board member	Dan Dallman	Village of Uehling	275
Board member	Vacant	Village of Craig	241
Board member	Todd Groteluschen	Village of Creston	215
Board member	Vacant	Village of Winslow	104
Board member	Gary Svitak	Maple Creek Precinct	
Treasurer	Randy Gates		
Secretary	Beth Deck		
		Total	<u>108,679</u>



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northeast Nebraska Solid Waste Coalition

We have audited the financial statements of Northeast Nebraska Solid Waste Coalition as of and for the fiscal years ended September 30, 2009 and 2008. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Northeast Nebraska Solid Waste Coalition as of September 30, 2009 and 2008, and the respective changes in financial position and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards* we have also issued a report dated March 18, 2010, on our consideration of the Coalition's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting 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.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 18, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of the Northeast Nebraska Solid Waste Coalition's financial performance provides an overview of the Coalition's financial activities for the fiscal year ending September 30, 2009. We encourage readers to consider this information in conjunction with the Coalition's financial statements which follow.

FINANCIAL OPERATIONS SUMMARY

With revenues of \$2,523,451 and expenses of \$2,031,702, the Coalition's net assets increased by \$491,749 in fiscal year 2009 going from \$5,415,015 to \$5,906,764. Net assets invested in capital assets, net of related debt, decreased \$63,511. Restricted net assets increased \$22,800 and unrestricted net assets increased \$532,460.

USING THIS ANNUAL REPORT

The Northeast Nebraska Solid Waste Coalition is a special purpose government presented as a single enterprise fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Coalition's basic financial statements. The annual report consists of a series of financial statements and other information as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Coalition's financial activities.

The Statement of Net Assets presents information on the Coalition's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Coalition is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on the Coalition's operating revenues and expenses, non-operating revenues and expenses and whether the Coalition's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Coalition's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Coalition financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The Required Supplementary information provides a comparison of actual results to budget.

FINANCIAL ANALYSIS

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Coalition's financial position. The Coalition's net assets for fiscal 2009 totaled \$5,906,764. This compares to \$5,415,015 for fiscal 2008. A summary of the Coalition's net assets is presented below.

	September 30		Increase	
	2009	2008	(Decrease)	% change
Current assets	\$ 1,660,007	\$ 1,150,976	\$ 509,031	44.2%
Restricted assets	4,968,614	4,645,290	323,324	7.0%
Net property, buildings, and equipment	5,526,805	5,781,287	(254,482)	-4.4%
Other assets	146,072	162,302	(16,230)	-10.0%
Total assets	<u>12,301,498</u>	<u>11,739,855</u>	<u>561,643</u>	4.8%
Current liabilities	511,062	456,227	54,835	12.0%
Noncurrent liabilities	5,883,672	5,868,613	15,059	0.3%
Total liabilities	<u>6,394,734</u>	<u>6,324,840</u>	<u>69,894</u>	1.1%
Net assets invested in capital assets				
net of related debt	2,414,858	2,478,369	(63,511)	-2.6%
Restricted net assets	1,845,986	1,823,186	22,800	1.3%
Unrestricted net assets	1,645,920	1,113,460	532,460	47.8%
Total net assets	<u>\$ 5,906,764</u>	<u>\$ 5,415,015</u>	<u>\$ 491,749</u>	9.1%

The increase in current assets of \$509,031 is primarily due to an increase in cash. Cash went from approximately \$900,000 at the end of last year to \$1.4 million this year. This \$500,000 increase in cash is a result of cash provided from operations.

Restricted assets increased \$323,324 going from \$4,645,290 last year to \$4,968,614 as of September 30, 2009, an increase of 7% due to an increase in cash and investments held for closure/postclosure care costs. \$43,634 of this increase was the Coalition's current year funding of closure/postclosure care cost. The remaining portion of the increase was split between interest on investments held for closure/postclosure care cost and increases in fair market value of these investments due to declining interest rates.

Unrestricted net assets increased \$500,000 going from \$1.1 million last year to \$1.6 million as of September 30, 2009 due to Coalition operations.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues consist of tipping fees for disposal of waste at the Coalition's landfill in Stanton County. Coalition waste is primarily received from transfer stations of member communities. The Coalition decreased its tipping fee from \$27.30 per ton to \$25 per ton effective February 1, 2007. This reduction in tipping fees is due to a \$188,000 reduction in

annual closure/postclosure funding requirements resulting from the 60 foot vertical expansion approved by the Nebraska Department of Environmental Quality on October 20, 2005. The current fiscal year was the first full fiscal year reflecting these decreased tipping fees resulting in a \$46,891 or 2.1% decrease in user charges.

The Coalition hired Waste Connections to perform day-to-day landfill operations. Payments to Waste Connections are included in disposal fees. The scale operators at the landfill are Coalition employees. Payroll and related taxes and benefits shown on the operating statement are for wages and fringe benefits paid to these two Coalition employees. The utilization of capital assets is reflected in the financial statements as depreciation which allocates the cost of an asset over its expected useful life. Nonoperating revenue consists of interest income, along with any increase in the fair value of investments. Nonoperating expense is interest on the Coalition's bond issue. A summary of revenue, expenses and changes in net assets for the fiscal years ended 2009 and 2008 follows:

	September 30		Increase (Decrease)	% change
	2009	2008		
Operating revenues:				
User charges	\$ 2,232,021	\$ 2,278,912	\$ (46,891)	-2.1%
Operating expenses:				
Payroll and related taxes and benefits	92,239	85,365	6,874	8.1%
Disposal fees	976,425	983,126	(6,701)	-0.7%
Repairs and maintenance	3,887	6,681	(2,794)	-41.8%
General and administration	221,180	173,415	47,765	27.5%
Closure/postclosure costs	305,830	314,662	(8,832)	-2.8%
Depreciation and amortization	275,997	360,483	(84,486)	-23.4%
Total operating expenses	<u>1,875,558</u>	<u>1,923,732</u>	<u>(48,174)</u>	-2.5%
Operating Income	356,463	355,180	1,283	0.4%
Nonoperating revenue (expense):				
Net increase (decrease) in the fair value of investments	95,947	146,110	(50,163)	-34.3%
Interest income	195,483	256,189	(60,706)	-23.7%
Loss on disposal of equipment	-	(441)	441	0.0%
Interest Expense	<u>(156,144)</u>	<u>(208,139)</u>	<u>51,995</u>	-25.0%
Total Nonoperating Revenue (Expense)	135,286	193,719	(58,433)	-30.2%
Change in net assets	491,749	548,899	(57,150)	-10.4%
Net assets, beginning of year	<u>5,415,015</u>	<u>4,866,116</u>	<u>548,899</u>	11.3%
Net assets, end of year	<u>\$ 5,906,764</u>	<u>\$ 5,415,015</u>	<u>\$ 491,749</u>	9.1%

General and administration expense increased from \$173,415 in fiscal year 2008 to \$221,180 in the current fiscal year, an increase of \$47,765 or 27.5%. The increase is primarily in professional fees which went up almost \$28,000 due to re-permitting costs.

Depreciation and amortization expense decreased \$84,486 or 23.4%. Amortization expense increased over \$79,000 last year primarily due to calling \$2,420,000 of Coalition bonds for payment on February 1, 2008. The deferred bond issue cost and loss on early retirement of debt related to the called bonds was amortized last year resulting in a large increase in amortization expense in fiscal year 2008.

Net increase in fair value of investments was \$95,947 compared to \$146,110 last year. These increases were driven by decreases in interest rates on long-term treasuries which declined both years, but less in fiscal year 2009.

Interest income decreased over \$60,706 or 23.7%. This decrease was primarily driven by a \$2.4 million decrease in cash and investments due to the bond call on February 1, 2008. Interest income was higher in fiscal year 2008 because this \$2.4 million was earning interest the first five months of the fiscal year.

CAPITAL ASSETS

On September 30, 2009, the Coalition had approximately \$5.5 million invested in capital assets, net of accumulated depreciation of approximately \$4 million. Most of the Coalition's assets consist of landfill cells. The Coalition owns 160 acres of land on which the landfill is sited with land and related costs totaling approximately \$1.2 million. The Coalition also has a maintenance building and scale house totaling approximately \$465,000. Depreciation charges for the year were \$255,539.

LONG-TERM DEBT

The Coalition has one bond issue outstanding with an original amount of \$8 million. Scheduled bond payments were made on time and \$2,420,000 of term bonds with a due date of May 15, 2023 were called and paid with cash on February 1, 2008. Requirements of the bond covenants have been met in full. \$275,000 of principal payments were made during the year. On September 30, 2009, \$3,150,000 of bonds remain outstanding reported net of \$38,053 of unamortized original discount.

CONTACTING THE COALITION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, creditors, and members with a general overview of the Coalition's finances and to demonstrate the Coalition's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Coalition's Finance Department at (402) 844-2000.

NORTHEAST NEBRASKA SOLID WASTE COALITION
STATEMENT OF NET ASSETS
September 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Current assets:		
Cash and cash equivalents	\$ 1,419,061	\$ 918,678
Receivables:		
Accounts	217,518	208,881
Interest	19,757	19,886
Prepaid insurance	<u>3,671</u>	<u>3,531</u>
Total current assets	<u>1,660,007</u>	<u>1,150,976</u>
Restricted Assets:		
Restricted cash	238,025	247,483
Cash and investments held for closure/postclosure costs	4,158,367	3,818,129
Investments with bond trustee	<u>572,222</u>	<u>579,678</u>
Total restricted assets	<u>4,968,614</u>	<u>4,645,290</u>
Property, Buildings, and Equipment:		
Land	1,218,051	1,218,051
Buildings and improvements	8,287,930	8,287,930
Equipment	<u>43,374</u>	<u>43,332</u>
Total property, buildings, and equipment	9,549,355	9,549,313
Less accumulated depreciation	<u>4,022,550</u>	<u>3,768,026</u>
Total property, buildings, and equipment net of accumulated depreciation	<u>5,526,805</u>	<u>5,781,287</u>
Other assets:		
Deferred Loss on early retirement of debt net of accumulated amortization	74,252	82,502
Bond issue costs net of accumulated amortization	<u>71,820</u>	<u>79,800</u>
Total other assets	<u>146,072</u>	<u>162,302</u>
Total assets	<u>\$ 12,301,498</u>	<u>\$ 11,739,855</u>

The accompanying notes are an integral part of the financial statements.

LIABILITIES AND NET ASSETS	<u>2009</u>	<u>2008</u>
Current liabilities:		
Accounts and contracts payable	\$ 152,027	\$ 112,472
Payroll liabilities	8,132	7,546
Payable from restricted assets:		
Accrued interest	55,903	61,209
Current portion of revenue bonds	<u>295,000</u>	<u>275,000</u>
Total current liabilities	<u>511,062</u>	<u>456,227</u>
Noncurrent liabilities (Net of current portion):		
Accrued closure/postclosure costs (payable from restricted assets)	3,066,725	2,760,895
Revenue bonds (Net of deferred bond discount of \$38,053 in 2009 and \$42,282 in 2008)	<u>2,816,947</u>	<u>3,107,718</u>
Total noncurrent liabilities	<u>5,883,672</u>	<u>5,868,613</u>
Total liabilities	<u>6,394,734</u>	<u>6,324,840</u>
Net assets:		
Invested in capital assets, net of related debt	2,414,858	2,478,369
Restricted for bond covenants	754,344	765,952
Restricted for closure/postclosure costs	1,091,642	1,057,234
Unrestricted	<u>1,645,920</u>	<u>1,113,460</u>
Total net assets	<u>5,906,764</u>	<u>5,415,015</u>
Total net assets & liabilities	<u>\$ 12,301,498</u>	<u>\$ 11,739,855</u>

The accompanying notes are an integral part of the financial statements.

EXHIBIT 2

NORTHEAST NEBRASKA SOLID WASTE COALITIONSTATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS*for fiscal years ended September 30, 2009 and 2008*

	<u>2009</u>	<u>2008</u>
Operating revenues:		
User charges	<u>\$ 2,232,021</u>	<u>\$ 2,278,912</u>
Operating expenses:		
Payroll and related taxes and benefits	92,239	85,365
Disposal fees	976,425	983,126
Repairs and maintenance	3,887	6,681
General and administration	221,180	173,415
Closure/postclosure costs	305,830	314,662
Depreciation and amortization	<u>275,997</u>	<u>360,483</u>
Total operating expenses	<u>1,875,558</u>	<u>1,923,732</u>
Operating Income	356,463	355,180
Nonoperating revenue (expense):		
Net increase in the fair value of investments	95,947	146,110
Interest income	195,483	256,189
Loss on disposal of equipment	-	(441)
Interest expense	<u>(156,144)</u>	<u>(208,139)</u>
Total nonoperating revenue (expense)	<u>135,286</u>	<u>193,719</u>
Change in net assets	491,749	548,899
Net assets, beginning of year	<u>5,415,015</u>	<u>4,866,116</u>
Net assets, end of year	<u>\$ 5,906,764</u>	<u>\$ 5,415,015</u>

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION
STATEMENTS OF CASH FLOWS
for the fiscal years ended September 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Cash received from customers	\$ 2,223,384	\$ 2,256,108
Cash paid to suppliers for goods and services	(1,162,077)	(1,172,446)
Cash paid to employees for services	(91,653)	(85,084)
Net cash provided by operating activities	969,654	998,578
Cash flows for capital and related financing activities:		
Acquisition and construction of capital assets	(1,056)	(18,233)
Principal paid on bonds	(275,000)	(2,685,000)
Interest paid on bonds	(161,450)	(268,678)
Net cash (used) for capital and related financing activities	(437,506)	(2,971,911)
Cash flows from investing activities:		
Restricted investment purchased	(108,030)	(199,541)
Proceeds from sale of restricted investments	-	30,000
Interest received	52,702	119,383
Net cash (used for) investing activities	(55,328)	(50,158)
Net increase (decrease) in cash and cash equivalents	476,820	(2,023,491)
Cash and cash equivalents - beginning of year	1,193,008	3,216,499
Cash and cash equivalents - end of year	1,669,828	1,193,008
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	356,463	355,180
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	275,997	360,483
Closure/postclosure costs	305,830	314,662
Changes in assets and liabilities		
(Increase) accounts receivable	(8,637)	(22,804)
(Increase) decrease prepaid insurance	(140)	94
Increase (decrease) accounts payable	39,555	(9,318)
Increase payroll liabilities	586	281
Total Adjustments	613,191	643,398
Net cash provided by operating activities	969,654	998,578
Supplemental Schedule of Noncash Investing, Capital and Financing Activities		
Loss on disposal of equipment	-	(441)
Net Increase in the fair value of investments	95,947	146,110
Total noncash investing, capital and financing activities	95,947	145,669
Reconciliation of cash and cash equivalents to the statement of net assets:		
Cash & cash equivalents	1,419,061	918,678
Restricted cash	238,025	247,483
Cash held for closure/post closure costs	12,742	26,847
	\$ 1,669,828	\$ 1,193,008

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN GENERAL FUND BALANCE -
 BUDGET AND ACTUAL - BUDGETARY BASIS
for the Fiscal Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$ 18,000	\$ 7,288	\$ (10,712)
User charges	<u>2,358,900</u>	<u>2,223,384</u>	<u>(135,516)</u>
Total revenues	2,376,900	2,230,672	(146,228)
Expenditures:			
Payroll and related taxes and benefits	92,905	91,653	1,252
Disposal fees	1,011,494	974,335	37,159
Repairs and maintenance	8,800	5,119	3,681
Operating supplies	2,485	1,261	1,224
General and administration	334,829	181,362	153,467
Capital outlay	2,950	1,056	1,894
Debt service:			
Interest	161,450	161,450	-
Principal	<u>275,000</u>	<u>275,000</u>	<u>-</u>
Total expenditures	<u>1,889,913</u>	<u>1,691,236</u>	<u>198,676</u>
Excess (deficiency) of revenues over expenditures	<u>486,987</u>	<u>539,436</u>	<u>52,448</u>
Other financial sources (uses):			
Intrafund operating transfer out	<u>(46,000)</u>	<u>(43,634)</u>	<u>2,366</u>
Total other financial sources (uses)	<u>(46,000)</u>	<u>(43,634)</u>	<u>2,366</u>
Excess of revenues over expenditures and other financial uses	440,987	495,802	54,815
Fund balance - budgetary basis:			
Beginning of year	<u>1,750,250</u>	<u>1,750,250</u>	<u>-</u>
End of year	<u>\$ 2,191,237</u>	<u>\$ 2,246,052</u>	<u>\$ 54,815</u>

The accompanying notes are an integral part of the financial statements.

NORTHEAST NEBRASKA SOLID WASTE COALITION
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN CLOSURE/POST CLOSURE FUND BALANCE -
 BUDGET AND ACTUAL - BUDGETARY BASIS
for the Fiscal Year Ended September 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$ 225,000	\$ 140,219	\$ (84,781)
Other financial sources:			
Intrafund operating transfer in	<u>46,000</u>	<u>43,634</u>	<u>(2,366)</u>
Excess of revenues and other sources over expenditures	271,000	183,853	(87,147)
Fund balance - budgetary basis:			
Beginning of year	<u>3,380,502</u>	<u>3,380,502</u>	<u>-</u>
End of year	<u>\$ 3,651,502</u>	<u>\$ 3,564,355</u>	<u>\$ (87,147)</u>

The accompanying notes are an integral part of the financial statements.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

1. Summary of Significant Accounting Policies:

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

A. Reporting Entity and Nature of Operations:

The Northeast Nebraska Solid Waste Coalition (the Coalition) is a joint venture composed of twenty-four cities and counties in Northeast Nebraska formed pursuant to the Nebraska Interlocal Cooperation Act for the purpose of providing solid waste management to their respective entities by the means of creating, building, and operating a solid waste disposal facility, more commonly referred to as a landfill. The Coalition's Board is composed of a member from each of the participating cities and counties. None of the participating entities have an equity interest in the Coalition. The Coalition commenced operations October 30, 1995.

B. Basis of Accounting:

The Coalition's financial statements are prepared using a flow of economic resources measurement focus. With this measurement focus all assets and all liabilities associated with the operation of the Coalition are included on the balance sheet. The operating statement presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The Coalition uses the accrual basis of accounting wherein revenues are recognized when earned and expenses when incurred. Bond issue costs are amortized on a method approximating level yield over the life of the bonds. Fixed assets are depreciated on a straight-line basis over estimated useful lives ranging from 2 - 30 years on buildings and improvements and 5 - 25 years on equipment. The Coalition applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations.

C. Budgets/Budgetary Accounting:

With the passage of LB 1207 in the 1994 Legislative session, joint entities such as the Northeast Nebraska Solid Waste Coalition created to fulfill the purpose of Integrated Solid Waste Management Act pursuant to the Interlocal Cooperation Act, were required to comply with the Municipal Proprietary Function Act for purposes of budgetary accounting. At the June 23, 2009 Coalition meeting following a public hearing, the Coalition Board adopted the budget for the fiscal

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

C. Budgets/Budgetary Accounting (Continued):

year ending September 30, 2009. Prior to this, public hearings on the budget were also held in Fremont, Norfolk and Columbus. This budget was prepared by Coalition staff and submitted to the Coalition Board for their approval. The Municipal Proprietary Function Act requires that if estimated expenditures exceed budgeted expenditures the Board must adopt a proprietary function reconciliation statement within 90 days after year end which reflects any difference between the adopted budget statement and the actual expenditures for the fiscal year.

The Coalition's budget is adopted and stated on a cash basis. For budget purposes both cash and cash equivalents along with restricted cash and investments (net of unamortized discount) are considered cash. The Budgetary Comparison Statement is prepared on this budgetary basis, which is not in accordance with U.S. generally accepted accounting principles.

D. Statements of Cash Flows:

The Coalition's cash and cash equivalents (which includes restricted cash) consists of demand deposit accounts and any certificates of deposit with original maturities of three months or less which are considered cash equivalents for purposes of the Statement of Cash Flows.

E. Investments:

The Coalition uses the following methods in determining the reported amounts:

<u>Type</u>	<u>Method</u>
Certificates of Deposit	Cost
Treasury Notes	Fair Value

2. Budget and Budgetary Control:

The annual appropriated budget adopted by the Coalition is prepared on a cash basis and, therefore, the budgetary basis differs from that used to present the financial statements in accordance with U.S. generally accepted accounting principles (GAAP). Such differences and their effect on operations are summarized as follows:

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

2. Budget and Budgetary Control (continued):

Excess of revenues over expenditures and other financial	
Uses, on a budgetary basis:	
General Fund	\$495,802
Closure/Post Closure Fund	<u>183,853</u>
	679,655
Basis differences:	
To adjust revenues from recognition on a cash basis	153,783
To adjust total expenditures from recognition on a cash basis	<u>(341,689)</u>
Net Income, on a GAAP basis	<u>\$491,749</u>

3. Cash and Cash Equivalents:

On September 30, 2009 and 2008, the Coalition's cash consisted entirely of fully insured and collateralized checking accounts and certificates of deposit. The Coalition's policy is to maintain all cash and equivalents either in fully insured and/or collateralized checking accounts, certificates of deposit and short-term U.S. Treasury obligations maturing in approximately one year or less. On September 30, 2009 and 2008, and throughout such years, the Coalition's bank deposits were entirely covered by Federal Deposit Insurance or by collateral held in joint custody in the Coalition's name at a third party bank (a Federal Reserve Bank) acting as the Coalition's agent. The Coalition's agent, in the Coalition's name, held U.S. Treasury obligations. Pursuant to bond covenants, \$90,000 and \$102,000 is required to be held in the operations and maintenance account and is shown as a portion of Restricted Cash on the balance sheet at September 30, 2009 and 2008 respectively. Also included in Restricted Cash at September 30, 2009 and 2008 are \$148,025 and \$145,483 respectively, of bond reserve as required by the bond ordinance.

4. Deposit and Investments:

The Coalition's deposits at September 30, 2009 were fully insured and collateralized checking accounts. The Coalition's primary account had a balance at September 30, 2009 of \$1,657,086. The Coalition also has an account held by the Coalition to finance closure/post closure care. At September 30, 2009 the balance in this bank account was \$12,742.

Investments are shown at fair market value. Investments held for closure/post closure care consisted of zero coupon U.S. Treasury obligations (Strips), maturing May 15, 2011, August 15, 2015, November 15, 2015, August 15, 2019, February 15, 2020 and November 15, 2026. Inflation Indexed Treasury Notes maturing January 15, 2010 and

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

4. Deposit and Investments (Continued):

April 15, 2028 and a U.S. Treasury Note maturing August 15, 2028. Pursuant to bond covenants, investments held for Debt Service consisted of U.S. Treasuries held by the Bond Trustee with original maturity of five years or less maturing on December 13, 2013 with a fair market value of \$572,222. At September 30, 2009 the Coalition had the following investments:

<u>US Treasury Obligations:</u>	<u>Maturity</u>	<u>Fair Value</u>
Inflation Indexed Notes	1/15/2010	\$263,660
Inflation Indexed Notes	4/15/2028	\$321,071
Inflation Indexed Notes	4/15/2028	\$296,374
Inflation Indexed Notes	4/15/2028	\$309,546
Inflation Indexed Notes	4/15/2028	\$113,609
Strips	8/15/2015	\$437,920
Strips	5/15/2011	\$739,878
Strips	2/15/2020	\$395,280
Strips	8/15/2019	\$452,911
Strips	11/15/2015	\$331,118
Strips	11/15/2026	\$225,282
Notes	8/15/2028	\$258,976
Notes	1/15/2009	\$572,222

Interest Rate Risk: The Coalition's investment policy for operating funds is limited to Direct U.S. Treasury obligations or certificates of deposit with a maturity of 1 year or less. The investment policy for Debt Service funds is direct U.S. Treasury obligations with a maturity of 5 years or less. The investment policy for Closure/Post Closure Funds is direct U.S. Treasury obligations with investments maturing on or before needed for closure and post closure care.

Credit Risk: Coalition's investments at September 30, 2009 consisted entirely of U.S. Treasury obligations rated AAA.

Concentration of Credit Risk: The Coalition's investment policy places no limits on the amounts that may be invested in any one issuer.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

4. Deposit and Investments (Continued):

Reconciliation to the financial statements:

	<u>Carrying Amount</u>
Investments	\$4,717,847
Demand deposits	<u>1,669,828</u>
	<u>6,387,675</u>
Cash and cash equivalents	1,419,061
Restricted cash	238,025
Cash and investments held for closure/postclosure costs	4,158,367
Investments with bond trustee	<u>572,222</u>
	<u>\$6,387,675</u>

5. Debt:

Changes in bonds payable for the period ended September 30, 2009 were as follows:

	Balance October 01, 2008	Additions	Retirements	Balance September 30, 2009	Due Within One Year
Revenue bonds, 4.45% to 4.80% mature in 2018	\$ 3,425,000	\$ -	\$ 275,000	\$ 3,150,000	\$ 295,000

These bonds are reported net of unamortized deferred bond discount of \$38,053 and \$42,282 as of September 30, 2009 and 2008 respectively.

The Coalition issued \$8,000,000 of bonds dated October 1, 1998 with a final maturity of May 15, 2023. The proceeds of these bonds were used to refund the existing \$1,160,000 of Coalition Bond Anticipation Notes, \$5,465,000 of 1995 Series bonds, and provide for additional construction of the Coalition landfill. These were issued with an Original Issue Discount of .13%. Although the advance refunding resulted in the recognition of a deferred accounting loss of \$181,504 for the year ended July 31, 1999, the Coalition in effect reduced its aggregate debt service payments by almost \$850,000 over 25 years and obtained an economic gain of \$320,000. The deferred loss is being amortized over 22 years.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

5. Debt: (Continued)

The Coalition has pledged future customer revenues, net of specified operating expenses, to repay \$3,425,000 in revenue bonds issued in October 1998. Proceeds from the bonds provided financing for additional construction to the Coalition landfill. The bonds are payable solely from customer net revenues and are payable through 2018. Principal and interest payments on the bonds for fiscal year 2009 were 20% of customer revenues. The total principal and interest remaining to be paid on the bonds is \$3,944,040. Principal and interest paid for the current year and total customer revenues were \$436,450 and \$2,232,021, respectively.

On February 1, 2008 the Coalition called and paid from cash \$2,420,000 term bonds shortening final maturity from May 15, 2023 to May 15, 2018.

The remaining term bonds hold interest rates that range from 4.60% to 4.80%. Bonds will be paid by revenues from the operation of the landfill. The following schedule sets forth the remaining debt service requirements for the 1998 Bonds.

DEBT SERVICE SCHEDULE FOR 1998 BONDS

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2010	\$295,000	\$149,075	\$444,075
2011	300,000	135,505	435,505
2012	310,000	121,405	431,405
2013	335,000	106,680	441,680
2014	350,000	90,600	440,600
2015-2018	1,560,000	190,775	1,750,775
Totals	<u>\$3,150,000</u>	<u>\$794,040</u>	<u>\$3,944,040</u>

6. Closure and Postclosure Care Cost:

State and federal laws and regulations require the Coalition to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after final closure. Although closure and postclosure care costs will be paid only near or after the date of closure, the Coalition

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

6. Closure and Postclosure Care Cost: (continued)

reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as each balance sheet date. The \$3,066,725 and \$2,760,895 reported as landfill closure and postclosure care liability at September 30, 2009 and 2008, respectively, represents the cumulative amount reported to date based on the use of 26.6% and 24.4% respectively, of the estimated capacity of the landfill. The Coalition will recognize the remaining amount of the total estimated cost of closure and postclosure care of 11.5 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2009 and 2008. The Coalition expects to close the landfill in a single phase. The estimated remaining landfill is 33 years. Actual cost could change significantly due to inflation, changes in technology, or changes in regulations.

The Coalition is required by state and federal laws and regulations to make annual contributions to an account held by the Coalition to finance closure and postclosure care. The Coalition is in compliance with these requirements and, at September 30, 2009 and 2008, cash and investments of \$3,564,355 and \$3,380,502, respectively, (\$4,158,367 and \$3,818,129 fair value, respectively) are held for these purposes. These are reported as restricted assets on the balance sheet. The Coalition expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

7. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,218,051	\$ -	\$ -	\$ 1,218,051
Total capital assets, not being depreciated	<u>1,218,051</u>	<u>-</u>	<u>-</u>	<u>1,218,051</u>
Capital assets, being depreciated:				
Buildings & land improvements	8,287,930	-	-	8,287,930
Equipment	43,332	1,056	(1,014)	43,374
Total capital assets, being depreciated	<u>8,331,262</u>	<u>1,056</u>	<u>(1,014)</u>	<u>8,331,304</u>
Less accumulated depreciation for:				
Buildings & land improvements	3,748,324	253,170	-	4,001,494
Equipment	19,702	2,368	1,014	21,056
Total accumulated depreciation	<u>(3,768,026)</u>	<u>(255,538)</u>	<u>1,014</u>	<u>(4,022,550)</u>
Total capital assets, being depreciated, net	<u>4,563,236</u>	<u>(254,482)</u>	<u>-</u>	<u>4,308,754</u>
Capital assets, net	<u>\$5,781,287</u>	<u>(\$254,482)</u>	<u>-</u>	<u>\$ 5,526,805</u>

8. Risk Management:

The Coalition is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Coalition's general liability policy is a two million dollar aggregate, one million dollar per occurrence policy. The policy period is October 1, 2008 to September 30, 2009. Settled claims have not exceeded coverage in any of the past three years.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
NOTES TO FINANCIAL STATEMENTS**
For the fiscal years ended September 30, 2009 and 2008

9. Pension Plan:

The Northeast NE Solid Waste Coalition provides a defined Simplified Employee Pension plan through the Coalition. The plan established under Section 408(k) of the Internal Revenue Code, is for all employees age 18 or older, and who have completed at least six months of service of the immediately preceding five years. The amount contributed by the Coalition for the benefit of its employees is 6.0% of their salaries. The plan becomes fully vested after 7 years of service. Pension expense for the year ended September 30, 2009 totaled \$3,312.

**NORTHEAST NEBRASKA
SOLID WASTE COALITION
Schedule of Findings
For the Fiscal Year Ended September 30, 2009**

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) The audit did not disclose any deficiencies in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No Matters were noted.
There were no prior year audit findings.

Significant Deficiencies:

No Matters were noted.



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

**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 Board of Directors
Northeast Nebraska Solid Waste Coalition

We have audited the financial statements of Northeast Nebraska Solid Waste Coalition, as of and for the years ended September 30, 2009 and 2008, which collectively comprise the Northeast Nebraska Solid Waste Coalition's basic financial statements and have issued our report thereon dated March 18, 2010. 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 Nebraska Solid Waste Coalition's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northeast Nebraska Solid Waste Coalition's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northeast Nebraska Solid Waste Coalition's internal control over financial reporting.

A control deficiency exists when the design or operation of a 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 affect the Northeast Nebraska Solid Waste Coalition's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Northeast Nebraska Solid Waste Coalition's financial statements that is more than inconsequential will not be prevented or detected by the Northeast Nebraska Solid Waste Coalition's internal control.

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

Our consideration of 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 internal control that might be significant deficiencies or 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 Nebraska Solid Waste Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report, a public record by law, is intended solely for the information and use of management and the Board of Directors. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of the Northeast Nebraska Solid Waste Coalition during the course of our audit. If you have any questions concerning the above matters, we would be pleased to discuss them with you at your earliest convenience.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 18, 2010