



Jolly, Becky <becky.jolly@dnr.iowa.gov>

Re: NIASWA local gov't. guarantee examples

1 message

Blum, Bill <bill.blum@dnr.iowa.gov>

Tue, Oct 4, 2022 at 12:05 PM

To: Brian Rath <brath@evora-group.com>

Cc: "Jolly, Becky" <becky.jolly@dnr.iowa.gov>, "NW Iowa Landfill, Susan McCarty" <nwiaswa@netllc.net>

I apologize for not getting to this until I had current examples.

1st from the Sioux County Local Government Guarantee. The \$306,000 of financial assurance covered by this Guarantee would have to have been made up by some other means if accepted as presented. Refer in the 1st attachment to line 10 where the County has to say whether Revenues have exceeded Expenditures for both of the most recent 2 years. The County answered correctly for the numbers they reported, which would have made this Guarantee ineligible [also because the \$27,518,166 is 7% more than \$25,712,248].

But the number for Total Expenditures did not have the deductions as directed in the Definition of "Total expenditures" at the bottom of the page. Also attached are the referenced 2 pages of the Sioux County audit.

2nd, O'Brien County's [3rd attachment] would have also been ineligible for covering its \$306,000 due to the same issue; only this time as to last year's Total Expenditures compared to Total Revenues. As reported, last year's Expenditures exceed last year's Revenues, and the difference is greater than the 5% allowable in line 11.

But again, by applying the deductions directed in the Definition on the Form, Total Expenditures for last year go down to \$1,088,434 less than last year's Revenues; see the 4th attachment from O'Brien County's audit..

Lyon County [\$17,485,558 - \$3,589,679 - \$664,954 = \$13,231,925] similarly doesn't apply the deductions directed in the Definition of Total Expenditures stated on the Local Government Guarantee form [deducting 'capital outlays' and 'debt payment']. But Lyon County's Revenues exceed Expenditures even without the Definitional deductions.

Osceola County makes the Definitional deductions [\$9,537,320 - \$643,148 - \$373,143 = \$8,521,029], but also deducts the \$77,066 [to get the reported \$8,443,963] which was apparently expended for "County Urban Renewal Area (CFE Project); I'm unable to find the explanation. This could be an issue if that \$77,066 was the difference for the Guarantee's eligibility, but was not.



Bill Blum •program planner

Land Quality Bureau/Financial & Business Assistance

Iowa Department of Natural Resources

ph. 515-240-6048

502 E 9th St, Des Moines, IA 50319



On Tue, Dec 7, 2021 at 9:01 AM Brian Rath <brath@evora-group.com> wrote:

Bill – I just spoke with the agency, and they have informed the counties in the past. To resolve this going forward, can you provide more details on what your concerns are, so this can be clearly communicated to the counties?
Thanks.

Brian L. Rath, P.E. (IA, NE, MN)

**Director of Engineering Operations**www.evora-group.com

From: NW Iowa Landfill <nwiaswa@netllc.net>
Sent: Tuesday, December 7, 2021 8:15 AM
To: Brian Rath <brath@evora-group.com>
Subject: FW: Northwest Iowa Area SLF financial assurance

From: Blum, Bill [<mailto:bill.blum@dnr.iowa.gov>]
Sent: Monday, December 06, 2021 5:12 PM
To: NW Iowa Landfill, Susan McCarty <nwiaswa@netllc.net>
Cc: Jolly, Becky <becky.jolly@dnr.iowa.gov>; Scott Wilson <scott.wilson@dnr.iowa.gov>
Subject: Northwest Iowa Area SLF financial assurance

Hello Northwest Iowa Area Solid Waste Agency - Attached is approval for this year's financial assurance reporting for the Northwest Iowa Area Sanitary Landfill. Because this has become an ongoing issue, it's worth repeating from the letter:

*It's become an annual message to please advise the four counties to apply the **definition** of "**Total expenditures**" for their **Local Government Guarantees**. Unless we'd made that administrative adjustment to the O'Brien County Guarantee, it would not have been an eligible instrument, and other measures would have been required.*

Bill Blum •program planner
Land Quality Bureau/Financial & Business Assistance
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4 attachments

Sioux Co.'22,Loc.Gov't.Gurantee.pdf
399K



Sioux Co.'21 audit, p.21-22.pdf
295K



O'Brien Co.'22,Loc.Gov't.Gurantee.pdf
559K



O'Brien Co.'21 audit, p.74.pdf
50K

O'Brien County

Schedule of Revenues By Source and Expenditures By Function -
All Governmental Funds

For the Last Ten Years

	2021	2020	2019	2018
Revenues:				
Property and other county tax	\$ 6,945,877	5,890,979	5,855,926	6,678,801
Local option sales tax	698,972	708,500	629,051	593,784
Tax increment financing	-	-	-	-
Interest and penalty on property tax	64,282	23,088	36,951	42,262
Intergovernmental	7,463,669	5,924,140	5,652,202	5,647,010
Licenses and permits	125,624	85,325	121,992	121,359
Charges for service	738,686	622,826	598,909	627,722
Use of money and property	230,331	368,469	427,533	293,350
Miscellaneous	273,001	431,217	554,900	222,578
Total	\$ 16,540,442	14,054,544	13,877,464	14,226,866
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,962,536	3,462,733	3,385,615	3,171,369
Physical health and social services	456,243	408,596	435,469	489,779
Mental health	699,761	209,917	139,997	409,869
County environment and education	1,595,568	1,225,173	1,163,616	1,052,900
Roads and transportation	4,564,411	5,448,753	5,012,030	4,417,507
Governmental services to residents	690,395	618,506	606,356	579,165
Administration	1,378,716	1,563,944	1,192,553	1,383,603
Non-program	7,792	28,488	47,034	98,740
Debt service	96,016	170,561	189,649	272,458
Capital projects	1,213,179	2,172,791	859,459	1,961,307
Total	\$ 14,664,617	15,309,462	13,031,778	13,836,697

See accompanying independent auditor's report.

The figures for the following items are derived from the Guarantor's independently audited, year-end financial statements/audit report for the latest completed fiscal year, ended June 30, 2021. **for O'Brien County.**

Alternative I

1. Sum of the current closure and/or postclosure cost estimate(s) being assured through the Local Government Guarantee	\$306,000.00	\$306,000.00
	From most recent annual auditor's report	From 2nd most recent annual auditor's report
2. Total Revenues for this year	\$16,540,442	\$14,054,544
3. Total Expenditures deduct \$1,213,179 & \$96,016	\$14,664,617	\$15,309,462
4. Current bond rating of most recent outstanding general obligation bonds please be sure to fill this in-----	=\$13,355,422	AAA
Must be able to answer "Yes" or "True" to the following		
	Yes/True	No/False
5. Has evidence been provided of most recent bond rating?	x	
6. Are outstanding general obligation bonds rated at least Aaa, Aa, A, or Baa, as issued by Moody's or AAA, AA, A or BBB, as issued by Standard & Poor's?	x	
7. There are no outstanding general obligation bonds that are currently in default.	x	
8. There are no outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard & Poor's.	x	
9. Have financial statements (audit) been prepared in conformity with Generally Accepted Accounting Principles or with Other Comprehensive Basis of Accounting?	x	
10. Is line 3 less than line 2 in each of the past two years?		x
11. If answered "no" to line 10, line 3 does not exceed line 2 by more than 5 percent in each of the past two years.	x	
12. Is line 1 less than 43 percent of line 2?	x	
13. Have not received an adverse opinion or disclaimer of opinion from the independent certified public accountant or office of the auditor of the state of Iowa.	x	
14. Have closure and postclosure costs being assured been referenced in the owner's most recent audit report or instead placed in the owner's files if timing did not permit reference in the most recent audit?	x	

by the Definition below, deduct Capital projects \$2,172,791 and deduct Debt service \$170,561 = **\$12,966,110**

This would've not been eligible; \$15,309,462 is **8.93%** more than \$14,054,544

Definitions:

"Deficit" - means total annual revenues minus total annual expenditures.

"Total revenues" - means revenues from all taxes and fees but does not include the proceeds from borrowing or asset sales, excluding revenue from funds managed by local government on behalf of a specific third party. **audit p. 74, for this year \$1,213,179 \$2,172,791 last year \$170,561**

"Total expenditures" - means all expenditures **excluding capital outlays and debt repayment.**

"Cash plus marketable securities" - means all the cash plus marketable securities held by the local government on the last day of a fiscal year, excluding cash and marketable securities designated to satisfy past obligations such as pensions.

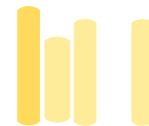
"Debt service" - means the amount of principal and interest due on a loan in a given time period, typically the current year.

SIOUX COUNTY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2021

	General	Rural Services	Secondary Roads
Revenue:			
Property and other county taxes	\$ 7,177,945	\$ 4,359,983	\$ -
Interest and penalties on taxes	104,583	-	-
Intergovernmental	2,048,265	20,099	7,732,397
Licenses and permits	-	-	19,725
Charges for services	999,201	42,322	-
Use of money and property	170,914	-	26,567
Miscellaneous	198,851	-	194,610
Total revenue	10,699,759	4,422,404	7,973,299
Expenditures:			
Current operating:			
Public safety and legal services	3,882,271	744,121	-
Physical health and social services	929,167	-	-
Mental health	-	-	-
County environment and education	1,775,746	412,127	-
Roads and transportation	132,500	-	7,013,131
Government services to residents	1,112,448	5,110	-
Administration	2,205,120	-	-
Non-program services	36,398	-	-
Capital projects	-	-	2,438,960
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	10,073,650	1,161,358	9,452,091
Excess (deficiency) of revenues over expenditures	626,109	3,261,046	(1,478,792)
Other financing sources (uses):			
Lease Agreements	65,950	-	-
Transfers in	-	-	2,800,208
Transfers (out)	(418,830)	(2,531,378)	-
Bond proceeds	-	-	-
Premiums on issuance of bond	-	-	-
Total other financing sources (uses)	(352,880)	(2,531,378)	2,800,208
Net change in fund balances	273,229	729,668	1,321,416
Fund balances - beginning of year	6,045,065	3,016,464	19,118,288
Increase in reserve for inventory	-	-	847,222
Fund balances - end of year	\$ 6,318,294	\$ 3,746,132	\$ 21,286,926

Urban Renewal District #1	American Rescue Plan	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 408,607	\$ -	\$ 463,800	\$ 1,064,333	\$ 13,474,668
-	-	-	-	104,583
-	-	124,780	33,100	9,958,641
-	-	-	-	19,725
-	-	-	257,005	1,298,528
29	-	41	196,407	393,958
-	-	-	68,684	462,145
408,636	-	588,621	1,619,529	25,712,248
-	-	-	-	4,626,392
-	-	-	-	929,167
-	-	-	971,754	971,754
-	-	-	-	2,187,873
-	-	-	-	7,145,631
-	-	-	8,805	1,126,363
-	-	-	-	2,205,120
-	-	-	136,037	172,435
-	-	-	402,733	2,841,693
-	-	7,865,000	-	7,865,000
-	-	288,431	-	288,431
-	-	8,153,431	1,519,329	30,359,859
408,636	-	(7,564,810)	100,200	(4,647,611)
-	-	-	-	65,950
-	-	1,072,356	150,000	4,022,564
(212,000)	-	-	(860,356)	(4,022,564)
-	-	6,045,000	-	6,045,000
-	-	130,794	-	130,794
(212,000)	-	7,248,150	(710,356)	6,241,744
196,636	-	(316,660)	(610,156)	1,594,133
(1,724,211)	-	4,186,969	4,548,431	35,191,006
-	-	-	-	847,222
\$ (1,527,575)	\$ -	\$ 3,870,309	\$ 3,938,275	\$ 37,632,361

Total expenditures
\$30,359,859 minus
Capital projects, \$2,841,693
minus
Debt Service,
Principal \$7,865,000, and
Interest \$288,431 =
**\$19,364,735, "Total
expenditures" under the
Local Government
Guarantee Definitions**



The figures for the following items are derived from the Guarantor's independently audited, year-end financial statements/audit report for the latest completed fiscal year, ended June 30, 2021. **for Sioux County**

Alternative I

1. Sum of the current closure and/or postclosure cost estimate(s) being assured through the Local Government Guarantee	\$306,000.00	\$306,000.00
audit p.21-22, 'Total expenditures' = \$30,359,859, then by Definition below, deduct both 'Capital projects', \$2,841,693, and 'Debt service:' Principal, \$7,865,000+Interest, \$288,431	From most recent annual auditor's report	From 2nd most recent annual auditor's report
2. Total Revenues	\$25,712,248	\$26,728,358
3. Total Expenditures <i>see explanation above</i> \$19,364,735	\$27,518,166**	\$19,853,767
4. Current bond rating of most recent outstanding general obligation bonds	Aa2	Aa2
Must be able to answer "Yes" or "True" to the following		
	Yes/True	No/False
5. Has evidence been provided of most recent bond rating?	Yes	
6. Are outstanding general obligation bonds rated at least Aaa, Aa, A, or Baa, as issued by Moody's or AAA, AA, A or BBB, as issued by Standard & Poor's?	Yes	
7. There are no outstanding general obligation bonds that are currently in default.	True	
8. There are no outstanding general obligation bonds rated lower than Baa as issued by Moody's or BBB as issued by Standard & Poor's.	True	
9. Have financial statements (audit) been prepared in conformity with Generally Accepted Accounting Principles or with Other Comprehensive Basis of Accounting?	Yes	
10. Is line 3 less than line 2 in each of the past two years? <i>see explanation above</i>	✓	No
11. If answered "no" to line 10, line 3 does not exceed line 2 by more than 5 percent in each of the past two years. <i>ineligible as submitted; \$27,518,166** is 7% more than \$25,712,248</i>		No
12. Is line 1 less than 43 percent of line 2?	Yes	
13. Have not received an adverse opinion or disclaimer of opinion from the independent certified public accountant or office of the auditor of the state of Iowa.	True	
14. Have closure and postclosure costs being assured been referenced in the owner's most recent audit report or instead placed in the owner's files if timing did not permit reference in the most recent audit?	Yes	

Definitions:

"Deficit" - means total annual revenues minus total annual expenditures.

"Total revenues" - means revenues from all taxes and fees but does not include the proceeds from borrowing or asset sales, excluding revenue from funds managed by local government on behalf of a specific third party.

"Total expenditures" - means all expenditures *audit p.22, \$2,841,693 ✓* excluding capital outlays and debt repayment. *audit p.22, \$7,865,000 + \$288,431 = \$8,153,431*

"Cash plus marketable securities" - means all the cash plus marketable securities held by the local government on the last day of a fiscal year, excluding cash and marketable securities designated to satisfy past obligations such as pensions.

"Debt service" - means the amount of principal and interest due on a loan in a given time period, typically the current year.