

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Mid Michigan Waste Authority	County Saginaw
Audit Date 12/31/04	Opinion Date 5/18/05	Date Accountant Report Submitted to State: 6/9/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

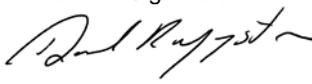
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- yes no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- yes no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- yes no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- yes no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- yes no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- yes no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- yes no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- yes no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- yes no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo CPA's			
Street Address 3023 Davenport	City Saginaw	State MI	ZIP 48602
Accountant Signature 			

MID MICHIGAN WASTE AUTHORITY
Annual Financial Statements
and
Auditors' Report
December 31, 2004

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Independent Auditors' Report

To the Board of Trustees of
Mid Michigan Waste Authority
Saginaw, Michigan

We have audited the statement of net assets of the Mid Michigan Waste Authority as of December 31, 2004 and 2003, and the related statements of revenue, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid Michigan Waste Authority as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mid Michigan Waste Authority's basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Authority has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not a required part of, the basic financial statements.

Yeo & Yeo, P.C.

Saginaw, Michigan
May 18, 2005

Mid Michigan Waste Authority
Statement of Net Assets
December 31, 2004 and 2003

	2004	2003
Assets		
Cash and cash equivalents	\$ 250	\$ 242,168
Due from other governmental units		
Due from Saginaw County	-	12,000
Billed services to members	1,762,211	1,046,332
Refund due to members - 2004	(241,423)	-
Refund due to members - 2003	-	(171,427)
Due from other governmental units - net	1,520,788	886,905
Prepaid expenses	-	1,262
Total assets	1,521,038	1,130,335
Liabilities		
Checks written against future deposits	244,424	-
Accounts payable	510,576	409,160
Member deposits	547,084	544,673
Payroll related liabilities	608	2,278
Total liabilities	1,302,692	956,111
Net assets	\$ 218,346	\$ 174,224

See Accompanying Notes to Financial Statements

Mid Michigan Waste Authority
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2004 and 2003

	2004	2003
Operating revenues		
Albee Township	\$ 74,403	\$ 78,615
Birch Run Township	127,861	125,168
Birch Run, Village of	42,157	38,627
Blumfield Township	69,998	74,971
Brady Township	63,879	66,413
Bridgeport Charter Township	465,496	478,940
Buena Vista Township	364,098	370,500
Carrollton Township	256,345	262,400
Chapin Township	42,812	42,679
Chesaning Township	96,841	94,442
Chesaning, Village of	102,920	87,408
Frankenmuth , City of	161,780	166,788
Frankenmuth Township	74,445	75,629
Fremont Township	73,295	73,292
James Township	88,306	86,869
Jonesfield Township	33,292	34,141
Kochville Township	85,590	85,532
Lakefield Township	38,241	35,483
Maple Grove Township	101,124	93,993
Merrill, Village of	23,198	26,724
Richland Township	134,815	135,596
Saginaw Charter Township	1,376,868	1,408,558
Saginaw, City of	1,236,559	526,974
Spaulding Township	98,706	102,997
St. Charles Township	54,291	59,163
St. Charles, Village of	72,005	70,351
Swan Creek Township	82,872	86,594
Thomas Township	457,844	468,785
Tittabawassee Township	301,886	296,932
Zilwaukee, City of	82,245	83,102
Contracted services	252,500	157,000
Other revenue	7,191	351
Total operating revenues	6,543,863	5,795,017
Operating expenses	6,505,210	5,796,915
Operating income (loss)	38,653	(1,898)
Non operating revenue		
Interest income	5,469	4,962
Net income	44,122	3,064
Net assets, beginning of year	174,224	171,160
Net assets, end of year	\$ 218,346	\$ 174,224

See Accompanying Notes to Financial Statements

Mid Michigan Waste Authority
Statement of Cash Flows
For the Years Ended December 31, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Charges for services	\$ 5,912,391	\$ 6,127,958
Payment to suppliers	(6,032,825)	(5,841,041)
Payment to employees	(126,953)	(113,278)
	(247,387)	173,639
Cash flows from investing activities		
Interest earned	5,469	4,962
Net change in cash and cash equivalents	(241,918)	178,601
Cash and cash equivalents, beginning of year	242,168	63,567
Cash and cash equivalents, end of year	\$ 250	\$ 242,168
Reconciliation of net operating revenues provided by operating activities:		
Operating income (loss)	\$ 38,653	\$ (1,898)
(Increase) decrease in		
Due from other governmental units	(633,883)	332,941
Prepaid expenses	1,262	88
Increase (decrease) in liabilities		
Checks written against future deposits	244,424	-
Accounts payable	101,416	(21,021)
Member deposits	2,411	9,074
Deferred revenue	-	(145,000)
Payroll related liabilities	(1,670)	(545)
Net cash provided (used) by operating activities	\$ (247,387)	\$ 173,639

See Accompanying Notes to Financial Statements

Mid Michigan Waste Authority
Notes to Financial Statements
December 31, 2004 and 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

The Mid Michigan Waste Authority was created by twelve municipal corporations within Saginaw County under Act 233, Public Acts of Michigan, 1955. It was created in 1991 for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system, excluding incinerators, in accordance with the Enabling Act and to perform any other functions permitted by the Enabling Act. The Authority is made up of 30 members as of December 31, 2004.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Mid Michigan Waste Authority conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The following significant accounting policies were applied in the preparation of the accompanying financial statements:

THE REPORTING ENTITY

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Mid Michigan Waste Authority is the primary government which has oversight responsibility and control over all activities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Mid Michigan Waste Authority (the primary government) and does not include any other component within its financial statements.

BASIS OF PRESENTATION

The financial activities of the Authority are recorded within one fund, categorized and described as follows:

PROPRIETARY FUND TYPE - A proprietary fund type is used to account for ongoing organizations and activities that are similar to those found in the private sector.

DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units have been recognized for all significant amounts due to the Authority. No allowance for uncollectible accounts has been provided as management does not believe collection to be doubtful.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of accounts receivable allowance for uncollectible accounts at the date of the financial statements and the reported amount of revenues during the reporting period. Actual results could differ from those estimates.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT – 20

In accordance with GASB Statement 20, the Authority has elected not to apply the FASB statements issued after November 30, 1989 to its financial statements.

Mid Michigan Waste Authority
Notes to Financial Statements
December 31, 2004 and 2003

NOTE 3 - CASH AND CASH EQUIVALENTS

Deposits - The Authority is authorized by the State of Michigan Public Act 217 of 1982 to deposit its funds in banks, savings and loan associations, or credit unions having their principal offices in the State of Michigan. The carrying amount of the Authority's deposits with financial institutions as of December 31, 2004 was (\$244,424), and is shown as checks written against future deposits. The actual bank balance amounted to \$ 804,195 at December 31, 2004, of which \$ 100,000 was insured, the remaining balance was uninsured and uncollateralized.

NOTE 4 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all its insurance needs. Settled claims for commercial insurance have not materially exceeded the amount of insurance coverage in any of the past two fiscal years.

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS

The balance of due from other governmental units at December 31, 2004 and 2003, consisted of the following:

	<u>December 31, 2004</u>			
	<u>Billed Services</u>	<u>2004 Refund</u>	<u>Net Due From 2004</u>	<u>Net Due From 2003</u>
Albee Township	\$ 25,762	\$ (2,408)	\$ 23,354	\$ 10,992
Birch Run, Village of	7,626	(1,235)	6,391	5,019
Birch Run Township	22,433	(6,134)	16,299	17,910
Blumfield Township	12,394	(3,161)	9,233	10,523
Brady Township	15,961	(2,144)	13,817	15,310
Bridgeport Township	77,983	(14,499)	63,484	66,356
Buena Vista Township	91,920	(7,149)	84,771	83,801
Carrollton Township	43,578	(11,833)	31,745	34,163
Chapin Township	7,077	(1,305)	5,772	6,057
Chesaning Township	19,084	(4,074)	15,010	23,682
Chesaning, Village of	17,325	(4,534)	12,791	15,555
Frankenmuth Township	14,412	(5,189)	9,223	10,801
Frankenmuth, City of	29,281	(9,464)	19,817	23,508
Fremont Township	12,804	(2,805)	9,999	10,418
James Township	15,862	(5,176)	10,686	19,619
Jonesfield Township	5,788	(1,792)	3,996	4,832
Kochville Township	14,883	(3,298)	11,585	12,193
Lakefield Township	6,843	(2,255)	4,588	5,045
Maple Grove Township	17,237	(3,015)	14,222	13,209
Merrill, Village of	4,457	(1,379)	3,078	3,876
Richland Township	23,507	(6,166)	17,341	19,276
Saginaw Township	236,639	(85,133)	151,506	187,798
Saginaw, City of	846,465	(3,606)	842,859	71,159
Spaulding Township	16,546	(1,958)	14,588	13,940
St. Charles Township	491	(3,984)	(3,493)	8,421
St. Charles, Village of	13,022	(4,816)	8,206	9,136
Swan Creek Township	15,007	(5,622)	9,385	11,245
Thomas Township	81,846	(21,177)	60,669	106,510
Tittabawasee Township	51,864	(12,891)	38,973	42,042
Zilwaukee, City of	14,114	(3,221)	10,893	12,509
Saginaw County	-	-	-	12,000
	<u>\$ 1,762,211</u>	<u>\$ (241,423)</u>	<u>\$ 1,520,788</u>	<u>\$ 886,905</u>

Mid Michigan Waste Authority
Notes to Financial Statements
December 31, 2004 and 2003

NOTE 6 - MEMBER DEPOSITS

The balance of member deposits at December 31, 2004 and 2003, consisted of the following:

	<u>2004</u>	<u>2003</u>
Albee Township	\$ 6,427	\$ 6,427
Birch Run, Village of	3,362	3,362
Birch Run Township	13,383	13,383
Blumfield Township	6,222	6,222
Brady Township	5,488	5,488
Bridgeport Charter Township	43,160	43,160
Buena Vista Township	34,523	34,523
Carrollton Township	27,045	27,045
Chapin Township	3,658	3,658
Chesaning Township	10,601	10,601
Chesaning, Village of	9,074	9,074
Frankenmuth, City of	12,778	12,778
Frankenmuth Township	6,346	6,346
Fremont	6,104	6,104
James Township	8,944	8,944
Jonesfield Township	3,549	3,549
Kochville Township	8,061	8,061
Lakefield Township	3,033	3,033
Maple Grove Township	8,477	8,477
Merrill, Village of	2,411	-
Richland Township	11,624	11,624
Saginaw, City of	73,361	73,361
Saginaw Charter Township	132,511	132,511
St. Charles, Village of	6,864	6,864
St. Charles Township	5,133	5,133
Spaulding Township	8,845	8,845
Swan Creek Township	7,660	7,660
Thomas Township	41,996	41,996
Tittabawassee Township	25,890	25,890
Zilwaukee, City of	<u>10,554</u>	<u>10,554</u>
	<u>\$ 547,084</u>	<u>\$ 544,673</u>

Mid Michigan Waste Authority
Other Supplemental Information
Schedule of Operating Expenses
For the Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Accounting	\$ 14,265	\$ 9,950
Advertising	15,330	-
Collections	4,449,446	3,648,767
Composting	141,460	175,370
Disposal	1,354,285	1,418,183
Education	177,485	132,656
Legal	6,078	5,815
Office support services	59,542	46,083
Salaries and wages	126,953	113,278
Payroll taxes	14,580	9,504
Recycling	<u>145,786</u>	<u>237,309</u>
 Total operating expenses	 <u>\$ 6,505,210</u>	 <u>\$ 5,796,915</u>