



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

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____ February 11, 2004 _____

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Jones County Solid Waste Management Commission for the years ended June 30, 2003 and 2002.

The Commission's revenues totaled \$592,556 and \$635,748 for the years ended June 30, 2003 and June 30, 2002, respectively. For the year ended June 30, 2003, revenues included assessments of \$52,088, gate fees of \$448,304 and interest income of \$81,553. For the year ended June 30, 2002, revenues included assessments of \$50,371, gate fees of \$483,860 and interest income of \$90,366.

Expenses totaled \$537,288 and \$348,556 for the years ended June 30, 2003 and June 30, 2002, respectively. For the year ended June 30, 2003, expenses included \$113,025 for salaries and benefits, \$175,516 for land and \$40,541 for closure and postclosure care costs. For the year ended June 30, 2002, expenses included \$96,529 for salaries and benefits and \$54,819 for closure and postclosure care costs.

This report contains a recommendation to Commission officials to improve controls over receipts, including account billing, collecting, depositing, posting and reconciling by segregating accounting duties to the extent possible. The Commission has responded favorably to this recommendation.

A copy of the audit report is available for review in the Office of Auditor of State and at the Jones County Solid Waste Management Commission.

###

JONES COUNTY SOLID WASTE MANAGEMENT COMMISSION

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS**

JUNE 30, 2003 AND 2002

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5
General Purpose Financial Statements:	<u>Exhibit</u>
Balance Sheet	A 8
Statement of Revenues, Expenses and Changes in Retained Earnings	B 9
Statement of Cash Flows	C 10-11
Notes to Financial Statements	12-15
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting	19-20
Schedule of Findings	21-23
Staff	24

Jones County Solid Waste Management Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Stuart Ireland	Chair	City of Wyoming
George Zirkelbach	Vice-Chair	City of Olin
Larry Stoneking	Member	City of Monticello
Dan Lambertsen	Member	Jones County
City of Center Junction	Member	City of Center Junction
City of Martelle	Member	City of Martelle
Ben Losh	Member	City of Morley
City of Onslow	Member	City of Onslow
Russ Krejci	Member	City of Oxford Junction
John Fayrum	Member	Anamosa State Penitentiary
Andy McKean	Member	City of Anamosa
Diane Casper	Director	

Jones County Solid Waste Management Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Members of the Jones County Solid
Waste Management Commission:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of the Jones County Solid Waste Management Commission, as of and for the years ended June 30, 2003 and 2002. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the property and equipment and related provision for depreciation which should be included in order to conform with U.S. generally accepted accounting principles. The amounts that should be recorded for property and equipment and the provision for depreciation are not known.

In our opinion, except for the effects on the financial statements of the omissions described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jones County Solid Waste Management Commission at June 30, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 7, the Jones County Solid Waste Management Commission intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the Commission's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the Commission's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2003 on our consideration of the Jones County Solid Waste Management 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.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 26, 2003

Financial Statements

Jones County Solid Waste Management Commission

Balance Sheet

June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Assets		
Current assets:		
Cash	\$ 142,460	171,460
Certificates of deposit	1,234,183	1,215,992
Accounts receivable	56,206	55,482
Total current assets	<u>1,432,849</u>	<u>1,442,934</u>
Restricted assets:		
Cash (note 5)	7,050	7,319
Certificates of deposit (note 4)	963,732	847,403
Total restricted assets	<u>970,782</u>	<u>854,722</u>
Total assets	<u><u>\$ 2,403,631</u></u>	<u><u>2,297,656</u></u>
Liabilities and Fund Equity		
Current liabilities:		
Accounts payable	\$ 31,545	21,380
Non-current liabilities:		
Estimated liability for landfill closure and postclosure care costs (note 4)	<u>808,525</u>	<u>767,984</u>
Total liabilities	<u>840,070</u>	<u>789,364</u>
Fund equity:		
Retained earnings:		
Reserved for:		
Closure and postclosure care	155,207	79,419
Tonnage fees retained (note 5)	7,050	7,319
Unreserved	<u>1,401,303</u>	<u>1,421,554</u>
Total fund equity	<u>1,563,560</u>	<u>1,508,292</u>
Total liabilities and fund equity	<u><u>\$ 2,403,630</u></u>	<u><u>2,297,656</u></u>

See notes to financial statements.

Jones County Solid Waste Management Commission

Statement of Revenues, Expenses and Changes in Retained Earnings

Years ended June 30, 2003 and 2002

	2003	2002
Operating revenues:		
Assessments	\$ 52,088	50,371
Gate fees	448,304	483,860
East Central Iowa Council of Governments grant	8,440	9,628
Other operating revenues	2,171	1,523
Total operating revenues	<u>511,003</u>	<u>545,382</u>
Operating expenses:		
Salaries and benefits	113,025	96,529
Utilities	2,071	2,022
Tonnage fees remitted to Iowa Department of Natural Resources	17,480	19,819
Engineering services	16,175	8,630
Equipment maintenance and repair	27,996	30,210
Insurance	10,175	8,685
Auditing, consulting and legal	8,888	8,565
Road rock	6,621	12,029
Fuel	6,808	5,166
Tire disposal	12,919	16,623
Land	175,516	19,500
Leachate hauling and treatment	18,416	18,431
Leachate control system	1,999	685
Earthmoving	36,056	7,500
Office supplies and operations	2,317	3,178
Travel and training	2,095	2,982
Household hazardous waste disposal	5,905	6,965
Recycling	14,732	10,723
White goods disposal	16,686	14,220
Miscellaneous	867	1,275
Closure and postclosure care costs	40,541	54,819
Total operating expenses	<u>537,288</u>	<u>348,556</u>
Operating income (loss)	(26,285)	196,826
Non-operating revenues:		
Interest income	81,553	90,366
Net income	55,268	287,192
Retained earnings beginning of year	1,508,292	1,221,100
Retained earnings end of year	<u>\$ 1,563,560</u>	<u>1,508,292</u>

See notes to financial statements.

Exhibit C

Jones County Solid Waste Management Commission

Statement of Cash Flows

Years ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Cash received from assessments	\$ 52,088	50,371
Cash received from gate fees	447,580	490,639
Cash payments to suppliers for goods and services	(373,557)	(192,055)
Cash payments to employees for services	(113,025)	(96,529)
Other operating revenues	10,611	11,151
Net cash provided by operating activities	<u>23,697</u>	<u>263,577</u>
Cash flows from investing activities:		
Purchase of certificates of deposit	(245,703)	(317,015)
Interest received	81,553	90,366
Net cash used for investment activities	<u>(164,150)</u>	<u>(226,649)</u>
Net increase (decrease) in cash and cash equivalents	(140,453)	36,928
Cash and cash equivalents beginning of year	<u>394,336</u>	<u>357,408</u>
Cash and cash equivalents end of year	<u>\$ 253,883</u>	<u>394,336</u>

Jones County Solid Waste Management Commission

Statement of Cash Flows

Years ended June 30, 2003 and 2002

	2003	2002
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (26,285)	196,826
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Closure and postclosure costs	40,541	54,819
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(724)	6,779
Increase in accounts payable	10,165	5,153
Total adjustments	49,982	66,751
Net cash provided by operating activities	\$ 23,697	263,577
Reconciliation of cash and cash equivalents at year end to specific assets included on Balance Sheet:		
Current assets:		
Cash	\$ 142,460	171,460
Certificates of deposit	1,234,183	1,215,992
Restricted assets:		
Cash	7,050	7,319
Certificates of deposit	963,732	847,403
	2,347,425	2,242,174
Less items not meeting the definition of cash equivalent:		
Certificates of deposit	(2,093,542)	(1,847,838)
Cash and cash equivalents end of year	\$ 253,883	394,336

See notes to financial statements.

Jones County Solid Waste Management Commission

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

The Jones County Solid Waste Management Commission was formed in 1972 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to operate and maintain solid waste facilities in Jones County for use by all of the residents of the County.

The governing body of the Commission is composed of one representative from each of the nine member cities, the Anamosa State Penitentiary and Jones County. The member cities are: Anamosa, Center Junction, Olin, Oxford Junction, Martelle, Monticello, Morley, Onslow, and Wyoming. The Commissioners are appointed by the participating political subdivisions and each member has one vote for each one thousand population or fraction thereof, residing in the governmental jurisdiction he represents.

A. Reporting Entity

For financial reporting purposes, the Jones County Solid Waste Management Commission has included all funds, organizations, account groups agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Fund Accounting

The accounts of Jones County Solid Waste Management Commission are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus

Enterprise Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheet. The reported fund equity, net total assets, is reported as retained earnings. The operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its Enterprise Fund, the Commission applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Except for the omission of property and equipment from the Balance Sheet and the effects of the related provision for depreciation and purchase of land on the Statement of Revenues, Expenses and Changes in Retained Earnings, the accompanying financial statements have been prepared on the accrual basis of accounting in conformity with standards set forth by the Governmental Accounting Standards Board. Revenues are recognized when earned and expenses are recognized when incurred.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2003 included certificates of deposit of \$2,093,542.

Restricted Assets – Funds set aside for payment of closure and postclosure care costs and tonnage fees retained are classified as restricted.

(2) Cash and Investments

The Commission's deposits at June 30, 2003 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 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 Boards Statement No. 3.

(3) Pension and Retirement Benefits

The 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 payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2003, 2002 and 2001 were \$4,385, \$3,750, and \$3,729, respectively, equal to the required contributions for each year.

(4) Closure and Postclosure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring care, (2) the cost of final cover material and labor, (3) the cost of monitoring and landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for the Jones County Solid Waste Management Commission have been estimated at \$153,621 for closure and \$1,157,500 for postclosure for a total of \$1,311,121 as of June 30, 2003 and the portion of the liability that has been recognized is \$808,525. This liability represents the cumulative amount reported to date based on the use of approximately 62 percent of the capacity of the landfill with a remaining life of 11½ years. A provision for the above liability has been made on the Commission's balance sheet as of June 30, 2003. The Commission has accumulated resources to fund these costs and at June 30, 2003 resources of \$963,732 are held for these purposes. They are reported as restricted assets on the balance sheet.

(5) Solid Waste Tonnage Fees Retained

The Commission has established two accounts for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2003, the unspent amounts retained by the Commission and restricted for the required specific purposes totaled \$7,050.

(6) Risk Management

The 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. The Commission assumes liability for any deductibles and claims in excess of coverage limitations.

(7) Prospective Accounting Change

The Governmental Accounting Standards Board issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of the Commission’s financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the Commission’s financial activities.

Jones County Solid Waste Management Commission

**Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting**

Jones County Solid Waste Management Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Members of the Jones County Solid
Waste Management Commission

We have audited the general purpose financial statements of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2003, and have issued our report thereon dated November 26, 2003. Our report expressed a qualified opinion on the financial statements due to the omission of property and equipment and related provisions for depreciation, which should be included in order to conform with U.S. generally accepted accounting principles. 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 Jones County Solid Waste Management Commission's general purpose 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. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose 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. Prior year statutory comments have been resolved except for item (5).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jones County Solid Waste Management Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Jones County Solid Waste Management Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying Schedule of Findings.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition (A) described above is a material weakness. Prior year reportable conditions have been resolved except for item (A).

This report, a public record by law, is intended solely for the information and use of the members and customers of the Jones County Solid Waste Management 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 Jones County Solid Waste Management Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

November 26, 2003

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2003

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITION:

- (A) Segregation of Duties – During our review of the internal control activities, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the Commission's financial statements. Generally, one individual has control over receipts, including account billing, collecting, depositing, posting and reconciling, and bank reconciliations without compensating controls.

Recommendation – We realize that with a limited number of employees, segregation of duties is difficult. However, the operating procedures should be reviewed to obtain the maximum internal control possible under the circumstances. Current personnel should be utilized to provide additional control through review of financial transactions and reconciliations. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – We will review our operating procedures to obtain the maximum internal control possible.

Conclusion – Response accepted.

- (B) Capital Asset Records – Detailed capital asset records are not maintained as required by U.S. generally accepted accounting principles.

Recommendation – Capital assets should be reported at cost or estimated historical cost where historical cost is not available. The Commission should develop a system to document additions and deletions for capital assets.

Response – We will report capital assets for FY2004. The Commission will develop a system to document additions and deletions for capital assets.

Conclusion – Response accepted.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2003

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Questionable Disbursements – Certain disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Stuart Ireland	Christmas bonus	\$250
Diane Casper	Christmas bonus	100
Leonard Brokens	Christmas bonus	100
Kent Edwards	Christmas bonus	100
Gene Cook	Christmas bonus	100

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Commission should determine and document in the minute record the specific public purpose served by each of these disbursements before authorizing any further payments. If this practice is continued, the Commission should establish written policies and procedures, including the requirements for proper documentation surrounding each individual transaction.

Response – We will determine and document in the minute record the specific purpose served by these disbursements before authorizing any further payments.

Conclusion – Response accepted.

- (3) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.

- (4) Commission Minutes – One expenditure tested was not approved in the Commission minutes.

Recommendation – Approval for all expenditures should be documented in the Commission minutes prior to payment.

Response – We will document in the Commission minutes the approval for all expenditures prior to payment.

Conclusion – Response -accepted.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2003

- (5) Deposits and Investments – The interest rate on one time certificate of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee.

Recommendation – Public funds time certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on date of renewal. The Commission should seek reimbursement of the additional interest due on this certificate of deposit. In addition, the Commission should be aware of the current allowable rates to insure that at least the minimum allowable rate is received for all investments.

Response – We will review current allowable rates when renewing certificate of deposit to receive at least the minimum.

Conclusion – Response acknowledged. The Commission should seek reimbursement of the additional interest due on this certificate of deposit.

- (6) Solid Waste Fees Retainage – During the year ended June 30, 2003, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

- (7) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(9) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 1,311,121
Less: Balance of funds held in the local dedicated fund at June 30, 2002	<u>(847,403)</u>
	463,718
Divided by the number of years remaining in the pay-in-period	÷ <u>5</u>
Required payment into the local dedicated fund at June 30, 2003	92,744
Balance of funds held in the local dedicated fund at June 30, 2002	<u>847,403</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2003	<u>\$ 940,147</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2003	<u>\$ 963,732</u>

Jones County Solid Waste Management Commission

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Heather L. Templeton, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State