

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

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
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**NEWS RELEASE**

FOR RELEASE

October 14, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Butler County Solid Waste Commission.

The Commission had total receipts of \$869,635 for the year ended June 30, 2011, a 7% increase from the prior year. The receipts included gate fees of \$226,067, city contributions of \$310,329 and county contributions of \$194,436.

Disbursements for the year totaled \$873,679, a 7% increase from the prior year, and included \$224,400 for salaries and benefits, \$309,762 for landfill disposal fees and \$124,269 for transporting recyclables and recycling. The Commission also purchased equipment costing \$49,715.

A copy of the audit report is available for review in the Butler County Solid Waste Commission's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1114-2343-B00F.pdf>.

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**BUTLER COUNTY SOLID WASTE COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT AND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2011**

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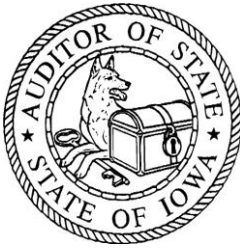
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## Butler County Solid Waste Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Robert Greenlee	Chairperson/ Executive Board/ RIWMA Representative	City of Shell Rock
Deb Prier	Vice Chairperson/Treasurer/ Executive Board/ RIWMA Representative	City of Aplington
Scott Henrichs	Member	City of Allison
Mardee Johnson	Member	City of Aredale
Diane Buss	Member	City of Bristow
Tom Heidenwirth	Member	Butler County
Karl Nelson	Member	Butler County
Mark Reiher	Member	Butler County
Diane Renning	Member	City of Clarksville
K.C. McKinney	Member	City of Dumont
Raymond DeVries	Member/Executive Board	City of Greene
Gordon Ballhagen	Member	City of New Hartford
Perry Bernard	Member	City of Parkersburg
Tom Cain	Director	

**Butler County Solid Waste Commission**



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Independent Auditor's Report

To the Members of the Butler County Solid Waste Commission:

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2011. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement 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 audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

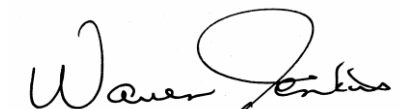
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Butler County Solid Waste Commission as of June 30, 2011, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2011 on our consideration of the Butler County Solid Waste Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing 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.

Management's Discussion and Analysis on pages 7 through 9 is not a required part of the financial statement, but is supplementary information required by the Governmental 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. We did not audit the information and express no opinion on it.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 29, 2011

**Butler County Solid Waste Commission**



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Butler County Solid Waste Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Butler County Solid Waste Commission is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2011 FINANCIAL HIGHLIGHTS**

- Operating receipts increased 7.6%, or approximately \$61,000, from fiscal year 2010 to fiscal year 2011.
- Operating disbursements increased 18.3%, or approximately \$128,000, from fiscal year 2010 to fiscal year 2011.
- Cash basis net assets decreased less than 1%, or approximately \$4,000, from June 30, 2010 to June 30, 2011.

### **USING THIS ANNUAL REPORT**

The Commission has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

## FINANCIAL ANALYSIS OF THE COMMISSION

### *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Commission's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for gate fees from accepting solid waste, assessments from the members of the Commission and recycling sales. Operating disbursements are disbursements paid to operate the transfer station. Non-operating receipts and disbursements are for interest on investments and capital asset purchases. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2011 and June 30, 2010 are presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2011	2010
Operating receipts:		
Gate fees	\$ 226,067	\$ 165,936
City contributions	310,329	333,675
County contributions	194,436	212,112
Recycling sales	101,472	76,880
Miscellaneous	28,043	11,039
Total operating receipts	<u>860,347</u>	<u>799,642</u>
Operating disbursements:		
Salaries and benefits	224,400	211,504
Transporting recyclables and recycling	124,269	83,650
Landfill disposal fees	309,762	260,828
Other	165,533	139,729
Total operating disbursements	<u>823,964</u>	<u>695,711</u>
Excess of operating receipts over operating disbursements	<u>36,383</u>	<u>103,931</u>
Non-operating receipts (disbursements):		
Interest on investments	9,288	13,104
Equipment	(49,715)	(120,451)
Net non-operating receipts (disbursements)	<u>(40,427)</u>	<u>(107,347)</u>
Net change in cash basis net assets	(4,044)	(3,416)
Cash basis net assets beginning of year	<u>546,515</u>	<u>549,931</u>
Cash basis net assets end of year	<u>\$ 542,471</u>	<u>\$ 546,515</u>
<b>Cash Basis Net Assets</b>		
Restricted for closure care	\$ 22,195	\$ 22,195
Unrestricted	<u>520,276</u>	<u>524,320</u>
Total cash basis net assets	<u>\$ 542,471</u>	<u>\$ 546,515</u>

In fiscal year 2011, operating receipts increased approximately \$61,000, or 7.6%. This was primarily the result of increased gate receipts due to home demolitions as a result of FEMA buyouts due to flood damage in previous years. Material values for recycled materials sold were up throughout 2011. The Commission also received a \$25,000 grant to purchase a can crusher. The Commission approved one month's free disposal to each City and Butler County which reduced potential revenues approximately \$45,600. Disbursements increased approximately \$128,000, or 18.3%, primarily due to increased landfill disposal fees for waste following home demolitions as a result of FEMA buyouts. The Commission also purchased a baler and made extensive repairs to concrete areas of the transfer station. The Commission also approved recycling rebates totaling \$21,800 to the cities and Butler County. These rebates reflected savings in disposal costs and transfer station hauling costs realized due to the recycling efforts of the entities. Total disbursements exceeded total receipts by approximately \$4,000. The Commission had total cash basis net assets at year end of approximately \$542,500.

## **LONG-TERM DEBT**

At June 30, 2011, the Commission had no long-term debt outstanding.

## **ECONOMIC FACTORS**

The Commission's financial picture did not improve in fiscal year 2011. Some factors which continue to cause long term concerns are:

- Facilities and equipment require constant maintenance and upkeep for safety and other regulatory compliance issues.
- Equipment maintenance, fuel and replacement costs continue to increase due to the escalating costs of oil and steel.
- Heating and electrical costs for the transfer station continue to be difficult to predict and, therefore, budget for.

The Commission will monitor receipts and disbursements to regulate the Commission's budget.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Butler County Solid Waste Commission, 25251 Highway 3, Allison, Iowa 50602.

**Butler County Solid Waste Commission**

## **Financial Statement**

**Exhibit A**

Butler County Solid Waste Commission  
Statement of Cash Receipts, Disbursements and  
Changes in Cash Basis Net Assets

Year ended June 30, 2011

Operating receipts:	
Gate fees	\$ 226,067
City contributions	310,329
County contributions	194,436
Recycling sales	101,472
Miscellaneous	28,043
Total operating receipts	<u>860,347</u>
Operating disbursements:	
Salaries	169,648
Employee benefits	54,752
Utilities and telephone	11,547
Transfer station expense and supplies	61,094
Transporting recyclables and recycling	124,269
Office supplies and recycling promotion	3,811
Landfill disposal fees	309,762
Transporting household hazardous waste materials	3,419
Insurance	22,635
Professional fees	4,856
Water analysis	10,205
Solid waste transportation	42,515
Miscellaneous	5,451
Total operating disbursements	<u>823,964</u>
Excess of operating receipts over operating disbursements	<u>36,383</u>
Non-operating receipts (disbursements):	
Interest on investments	9,288
Capital assets	(49,715)
Net non-operating receipts (disbursements)	<u>(40,427)</u>
Change in cash basis net assets	(4,044)
Cash basis net assets beginning of year	<u>546,515</u>
Cash basis net assets end of year	<u>\$ 542,471</u>
<b>Cash Basis Net Assets</b>	
Restricted for closure care	\$ 22,195
Unrestricted	<u>520,276</u>
Total cash basis net assets	<u>\$ 542,471</u>

See notes to financial statement.

Butler County Solid Waste Commission

Notes to Financial Statement

June 30, 2011

**(1) Summary of Significant Accounting Policies**

The Butler County Solid Waste Commission was formed in 1980 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission was to operate a sanitary landfill in Butler County for use by all of the residents of the County. In October 1989, the Butler County Landfill was closed and the Commission began operating a solid waste transfer station.

The Commission is composed of one representative from each of the participating cities and three representatives from Butler County. The representatives of a City shall be appointed by the Mayor, approved by the City Council and certified to the Commission by the City Clerk. Representatives of the County shall be the members of the Board of Supervisors. The member cities are: Allison, Aplington, Aredale, Bristow, Clarksville, Dumont, Greene, New Hartford, Parkersburg and Shell Rock.

A. Reporting Entity

For financial reporting purposes, the Butler County Solid Waste Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial 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.

Jointly Governed Organization – The Commission is a member of the Rural Iowa Waste Management Association (RIWMA), a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. RIWMA is composed of two members from the Hardin County Sanitary Solid Waste Disposal Commission (one at large member and one County Supervisor) and two members from the Butler County Solid Waste Commission (one at large member and one County Supervisor). The purpose of RIWMA is to effectively provide for the sanitary disposal of solid waste generated within the boundaries of Butler and Hardin Counties through the joint operation of a landfill site and the initiation of such other solid waste reduction or recycling programs as the Commissions deem necessary and beneficial to the citizens they serve.

RIWMA is responsible for sanitary landfill activities. The responsibilities for hazardous waste, waste reduction, special waste and education under the Environmental Protection Act remain with each separate Commission or Authority.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payable for closure care costs. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. Net Assets

Funds set aside for payment of closure care are classified as restricted.

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(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 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 4.5% of their annual covered salary and the Commission is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$10,440, \$10,542 and \$9,258, respectively, equal to the required contributions for each year.

**(4) Compensated Absences**

Commission employees accumulate a limited amount of earned but unused vacation leave for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation leave at June 30, 2011 is \$4,200. This liability has been computed based on rates of pay in effect at June 30, 2011.

**(5) Landfill Closure**

The landfill closed October 1989 and began operating as a transfer station. Because the landfill closed before the October 9, 1993 effective date of certain state and federal rules and regulations, the Commission is not required to meet certain closure and postclosure care requirements, nor demonstrate financial assurance for closure and postclosure care. However, state law requires the Commission to conduct ground water monitoring at the landfill for 30 years.

**(6) Transfer Station Closure Care**

To comply with state regulations, the Commission is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Commission is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total closure care costs for the Commission as of June 30, 2011 have been estimated at \$22,195. The balance has been restricted and is fully funded at June 30, 2011.

**(7) Risk Management**

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 645 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2011 were \$15,286.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2011, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital casualty contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with the employee blanket bond in the amount of \$20,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Other Post Employment Benefits (OPEB)**

Plan Description – The Commission operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. There are 2 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with United Healthcare. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Commission and plan members are \$1,021 for family coverage with no children and \$1425 for family coverage with children. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the Commission contributed \$29,360 and plan members eligible for benefits contributed \$1,706 to the plan.

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards**



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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards

To the Members of the Butler County Solid Waste Commission:

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated September 29, 2011. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. 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 the Butler County Solid Waste Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Butler County Solid Waste Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Butler County Solid Waste Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and another deficiency we consider to be a significant deficiency.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Butler County Solid Waste Commission's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (C) to be a significant deficiency.

## Compliance and Other Matters

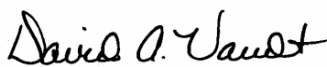
As part of obtaining reasonable assurance about whether the Butler County Solid Waste Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have 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 or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement 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.


The Butler County Solid Waste Commission's written responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Butler County Solid Waste Commission's responses and, accordingly, we express no opinion on them.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

September 29, 2011

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2011

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Bank Reconciliations – Monthly bank reconciliations were prepared, but not as of the last day of the month, and the bank balance, including investments, did not reconcile with the book balances. Monthly printouts of the general ledger, receipts and disbursements were retained, but the bank and book balances were not reconciled. Certain receipts and disbursements were not consistently recorded on the day of the transaction. Certain receipts were not cut off at the end of the month and a separate bank deposit was not made. These matters were resolved for audit purposes.

Recommendation – Monthly bank reconciliations should be prepared as of the last day of the month and the bank balance, including investments, should be reconciled with the book balances. All reconciling items between the bank and book balances should be documented. Any variances should be investigated and resolved in a timely manner. The bank and book balances on the monthly printouts of the general ledger, receipts and disbursements should be reconciled. Receipts and disbursements should be recorded on the day of the transaction. Receipts should be cut off at the end of the month and a separate bank deposit should be made. Once the books have been closed for the month, no adjustments should be made to the prior monthly financial statements.

Response – Monthly bank reconciliations will be prepared as of the last day of the month and bank balances, including investments, will be reconciled with the book balances. Receipts and disbursements will be recorded on the day of the transaction and monthly cut off will be done promptly.

Conclusion – Response accepted.

- (B) Reconciliation of Accounts Receivable – Accounts receivable billings, collections and delinquent accounts were not reconciled throughout the year.

Recommendation – Procedures should be established to reconcile accounts receivable billings, collections and delinquencies for each billing period. The Director or Director-designated independent person should review the reconciliations and monitor delinquencies.

Response – We will implement accounts receivable reconciliations.

Conclusion – Response accepted.

- (C) Information System – The Commission does not have a written policy to require users to change computer passwords on a periodic basis.

Recommendation – To improve computer system security, the Commission should develop a written policy to require users to change computer passwords on a periodic basis.

Response – The Executive Board will implement a written policy to require computer passwords be changed on a regular basis.

Conclusion – Response accepted.

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2011

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.



Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2011

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission’s investment policy were noted.
- (5) Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

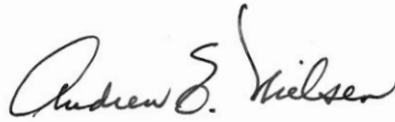
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Butler County Solid Waste Commission

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Kelly L. Hilton, Staff Auditor  
Daniel J. Mikels, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State