



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

Mary Mosiman, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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

**NEWS RELEASE**

FOR RELEASE March 31, 2014

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Butler County Solid Waste Commission.

The Commission had total receipts of \$765,925 for the year ended June 30, 2013, a 1.9% decrease from the prior year. The receipts included gate fees of \$149,726, city contributions of \$334,044 and county contributions of \$201,153.

Disbursements for the year ended June 30, 2013 totaled \$740,103, a 5.4% decrease from the prior year, and included \$223,262 for salaries and benefits, \$239,605 for landfill disposal fees and \$122,855 for transporting recyclables and recycling.

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/1314-2343-B00F.pdf>.

###



**BUTLER COUNTY SOLID WASTE COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT  
OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2013**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5-6
Management's Discussion and Analysis	7-9
Financial Statement:	<u>Exhibit</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Balance	A      12
Notes to Financial Statement	13-17
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 <u>Government Auditing Standards</u>	19-20
Schedule of Findings	21-22
Staff	23

## 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
Mark Reiher	Vice Chairperson/ Executive Board/ RIWMA Representative	Butler County
Deb Prier	Secretary/Executive Board	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
Rex Ackerman	Member	Butler County
Diane Renning	Member	City of Clarksville
K.C. McKinney	Member	City of Dumont
Raymond DeVries	Member/Executive Board	City of Greene
John Andersen	Member	City of New Hartford
Perry Bernard	Member	City of Parkersburg
Tom Cain	Director	

**Butler County Solid Waste Commission**



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

Mary Mosiman, 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  
Butler County Solid Waste Commission:

Report on the Financial Statement

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

*Other Information*

The other information, Management's Discussion and Analysis on pages 7 through 9, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2014 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 in considering the Butler County Solid Waste Commission's internal control over financial reporting and compliance.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 6, 2014

---

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

---

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, 2013. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2013 FINANCIAL HIGHLIGHTS**

- Operating receipts decreased 1.7%, or approximately \$13,000, from fiscal year 2012 to fiscal year 2013.
- Operating disbursements decreased 2.2%, or approximately \$16,000, from fiscal year 2012 to fiscal year 2013.
- The Commission's cash balance increased 4.8%, or approximately \$26,000, from June 30, 2012 to June 30, 2013.

### **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 is 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 Balance 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 Balance*

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 the Commission's cash balance.

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 balance for the years ended June 30, 2013 and June 30, 2012 is as follows:

	Changes in Cash Balance	
	Year ended June 30,	
	2013	2012
Operating receipts:		
Gate fees	\$ 149,726	166,092
City contributions	334,044	306,207
County contributions	201,153	184,404
Recycling sales	75,027	116,882
Miscellaneous	3,526	3,308
Total operating receipts	<u>763,476</u>	<u>776,893</u>
Operating disbursements:		
Salaries and benefits	223,262	226,547
Transporting recyclables and recycling	122,855	120,295
Landfill disposal fees	239,605	269,413
Other	153,381	139,124
Total operating disbursements	<u>739,103</u>	<u>755,379</u>
Excess of operating receipts over operating disbursements	<u>24,373</u>	<u>21,514</u>
Non-operating receipts (disbursements):		
Interest on investments	2,449	3,602
Equipment	(1,000)	(26,704)
Net non-operating receipts (disbursements)	<u>1,449</u>	<u>(23,102)</u>
Change in cash balance	25,822	(1,588)
Cash balance beginning of year	540,883	542,471
Cash balance end of year	<u>\$ 566,705</u>	<u>540,883</u>
<b>Cash Basis Fund Balance</b>		
Restricted for closure care	\$ 33,503	22,195
Unrestricted	533,202	518,688
Total cash basis fund balance	<u>\$ 566,705</u>	<u>540,883</u>

In fiscal year 2013, operating receipts decreased approximately \$13,000, or 1.7%. This decrease was primarily a result of decreased gate receipts due to a reduction of home demolitions as a result of FEMA buyouts for flood damage in previous years. Income from the sale of recyclables decreased \$42,000 in fiscal year 2013. Material values for recycled materials sold decreased steadily the first half of fiscal year 2013, with improvement in some of the markets toward the end of the year. Unfortunately, the value of recycled newspaper stayed at \$65 for most of the year.

Operating disbursements decreased approximately \$16,000, or 2.2%, primarily due to the decrease in landfill disposal fees due to less construction and demolition materials hauled. The only equipment purchase in fiscal year 2013 was a welder for \$1,000. The Commission approved recycling rebates totaling \$23,700 to cities and Butler County to encourage recycling within the County and reward these entities for their participation. Total receipts exceeded total disbursements by approximately \$26,000. The Commission's cash balance at year end was \$566,705, an increase of 4.8% from the end of the previous fiscal year.

### **LONG-TERM DEBT**

At June 30, 2013, the Commission had no long-term debt outstanding.

### **ECONOMIC FACTORS**

The Commission's financial picture improved slightly in fiscal year 2013. 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 Balance

Year ended June 30, 2013

Operating receipts:	
Gate fees	\$ 149,726
City contributions	334,044
County contributions	201,153
Recycling sales	75,027
Miscellaneous	3,526
Total operating receipts	<u>763,476</u>
Operating disbursements:	
Salaries	164,401
Employee benefits	58,861
Utilities and telephone	12,181
Transfer station expense and supplies	20,223
Transporting recyclables and recycling	122,855
Office supplies and recycling promotion	2,744
Landfill disposal fees	239,605
Transporting household hazardous waste materials	3,769
Insurance	33,491
Professional fees	10,356
Water analysis	6,094
Solid waste transportation	56,933
Miscellaneous	7,590
Total operating disbursements	<u>739,103</u>
Excess of operating receipts over operating disbursements	<u>24,373</u>
Non-operating receipts (disbursements):	
Interest on investments	2,449
Capital assets	(1,000)
Net non-operating receipts (disbursements)	<u>1,449</u>
Net change in cash balance	25,822
Cash balance beginning of year	540,883
Cash balance end of year	<u>\$ 566,705</u>
<b>Cash Basis Fund Balance</b>	
Restricted for closure care	\$ 33,503
Unrestricted	533,202
Total cash basis fund balance	<u>\$ 566,705</u>

See notes to financial statement.

Butler County Solid Waste Commission

Notes to Financial Statement

June 30, 2013

**(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 City representative and one County Supervisor) and two members from the Butler County Solid Waste Commission (one City representative 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.

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 Position

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, 2013 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 5.78% of their annual covered salary and the Commission is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$14,224, \$13,574 and \$10,440, 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, 2013 is approximately \$6,900. This liability has been computed based on rates of pay in effect at June 30, 2013.

**(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, 2013 have been estimated to be \$18,888. The balance has been restricted and is fully funded at June 30, 2013.

**(7) Risk Management**

The Commission is a member of 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 679 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% 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, 2013 were \$22,911.

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 Lexington 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, 2013, 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% 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 Postemployment Benefits (OPEB)**

Plan Description – The Commission operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, 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 \$1,114 for family coverage with no children and \$1,562 for family coverage with children. For the year ended June 30, 2013, the Commission contributed \$34,382 and plan members eligible for benefits contributed \$4,196 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**



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

Mary Mosiman, 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 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 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, the financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement, and have issued our report thereon dated March 6, 2014. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Butler County Solid Waste Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Butler County Solid Waste Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Butler County Solid Waste Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses.

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.

## 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, 2013 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.

## Butler County Solid Waste Commission's Responses to the Findings

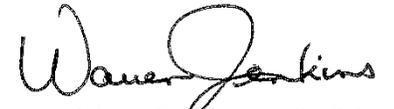
The Butler County Solid Waste Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Butler County Solid Waste Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 6, 2014

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2013

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. One person had control over each of the following areas for the Commission:

Receipts – records collections, prepares deposits and maintains the accounts receivable records.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review the operating procedures to obtain the maximum internal control possible under the circumstances utilizing available staff, including Board Members.

Response – We will segregate duties to the best of our ability with the personnel available.

Conclusion – Response acknowledged. The Commission should designate another employee or official to provide additional control through review of financial transactions to help ensure accounts receivable charges and payments on account are properly recorded.

- (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 billings, collections and delinquent accounts for each billing period. The Director or Director-designated independent person should review the reconciliations and monitor delinquent accounts.

Response – Accounts receivable billings, collections and delinquent accounts will be reconciled at least monthly to the best of our abilities.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2013

**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 Tonnage Fees Retainage – No instances of non-compliance with the solid waste tonnage fees used or retained in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.

---

Butler County Solid Waste Commission

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
Jesse J. Probasco, CPA, Staff Auditor  
Kyle C. Smith, Assistant Auditor

  
Andrew E. Nielsen, CPA  
Deputy Auditor of State