



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE

March 6, 2006

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Prairie Solid Waste Agency.

The Agency had total receipts of \$776,424 during the year ended June 30, 2005, a 13 percent increase from 2004. The receipts included solid waste fees of \$690,410, city assessments of \$34,125 and recycling sales of \$22,501.

Disbursements for the year totaled \$569,198, a 37 percent decrease from the prior year, and included \$278,616 for solid waste contractor payments, \$61,072 for regulatory assistance/engineering and \$51,476 for recycling.

The significant decrease in total disbursements was due primarily to the completion of construction projects, including closure of 5 acres and the installation of a leachate lagoon and toe drain system in the prior year.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**PRAIRIE SOLID WASTE AGENCY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENT AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2005**

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Prairie Solid Waste Agency

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Don Irelan	Chairperson	Union County
Gene Dunfee	Vice-Chairperson	City of Arispe
John Kline	Member	City of Afton
Mike Tamerius	Member	City of Creston
Vacant	Member	City of Cromwell
Kent Forbes	Member	City of Lorimor
Eivens Marlin	Member	City of Macksburg
Terry Gilbert	Member	City of Shannon City
Tom Britt	Member	City of Thayer
Leslie Bullock Goldsmith	Director	

**Prairie Solid Waste Agency**



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Independent Auditor's Report

To the Members of the Prairie Solid Waste Agency:

We have audited the accompanying financial statement of the Prairie Solid Waste Agency as of and for the year ended June 30, 2005. This financial statement is the responsibility of the Agency'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 Prairie Solid Waste Agency as of June 30, 2005, and the changes in 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 January 12, 2006 on our consideration of the Prairie Solid Waste Agency'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 6 through 8 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

January 12, 2006

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

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The Prairie Solid Waste Agency (Prairie SWA) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Prairie SWA is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the Prairie SWA's financial statement, which follows.

### **2005 FINANCIAL HIGHLIGHTS**

- ◆ Operating receipts increased 15%, or approximately \$99,000, from fiscal 2004 to fiscal 2005.
- ◆ Operating disbursements decreased 6%, or approximately \$36,000, from fiscal 2004 to fiscal 2005.
- ◆ Cash basis net assets increased 28%, or approximately \$207,000, from June 30, 2004 to June 30, 2005.

### **USING THIS ANNUAL REPORT**

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

## FINANCIAL ANALYSIS OF THE PRAIRIE SWA

### *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 Prairie SWA and the disbursements paid by the Prairie SWA, 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 Prairie SWA'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 and assessments from the members of the Prairie SWA. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, equipment purchases and capital projects. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2005 and June 30, 2004 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2005	2004
Operating receipts:		
Solid waste fees	\$ 690,410	565,639
City assessments	34,125	25,356
Recycling grants	18,410	59,740
Recycling sales	22,501	13,464
Miscellaneous	2,622	5,193
Total operating receipts	<u>768,068</u>	<u>669,392</u>
Operating disbursements:		
Solid waste contractor	278,616	272,880
Closure	-	89,017
Other	261,165	214,091
Total operating disbursements	<u>539,781</u>	<u>575,988</u>
Excess of operating receipts over operating disbursements	<u>228,287</u>	<u>93,404</u>
Non-operating receipts (disbursements):		
Interest on investments	8,356	17,824
Recycling collection center equipment	(515)	(35,962)
Building and grounds	(28,902)	(298,744)
Net non-operating disbursements	<u>(21,061)</u>	<u>(316,882)</u>
Net change in cash basis net assets	207,226	(223,478)
Cash basis net assets beginning of year	<u>749,818</u>	<u>973,296</u>
Cash basis net assets end of year	<u>\$ 957,044</u>	<u>749,818</u>

In fiscal 2005, operating receipts increased by \$98,676, or 15%, over fiscal 2004. The increase was primarily a result of solid waste fees increasing by \$124,771 due to an increase in tipping fees (increased from \$35/ton to \$39/ton) and tonnage received due to a number of demolition and building projects. Member contributions increased by \$8,769 because this fee was increased to support recycling and household hazardous waste programs. Grant income decreased by \$41,330 because the grant moved past the major purchase stage into program development. In fiscal 2005, operating disbursements decreased by \$36,207, or 6%, from fiscal 2004. The decrease was primarily due to the completion of large projects in the prior year.



A large portion of the Prairie SWA's net assets, \$577,571 (60%), is restricted for closure and postclosure care. State and federal laws and regulations require the Agency to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining net assets, \$379,243 (40%), are the unrestricted net assets that can be used to meet the Prairie SWA's obligations as they come due. Restricted net assets increased \$253,631, or 78%, during the year. The increase was due to additional funds being set aside for closure and postclosure care. Unrestricted net assets decreased \$46,405, or 11%, during the year due to an increase in amounts restricted for closure and postclosure care.

## **LONG-TERM DEBT**

At June 30, 2005, the Prairie SWA had no long term debt.

## **ECONOMIC FACTORS**

The financial position of the Prairie SWA began to improve during the current fiscal year. The Agency members realize the up-coming changes in solid waste rules will have a great effect on the Agency and expenses, so there is every effort to improve the financial standing in order to be in a better position to pay for large expenditures in the future. Some of the realities that may potentially become challenges for the Prairie SWA to meet are:

- ◆ Facilities require constant maintenance and upkeep.
- ◆ The Prairie SWA decision to close the landfill in 2007 and build a transfer/recycling facility.
- ◆ Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.
- ◆ Annual deposits required to be made to closure and postclosure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Prairie SWA anticipates the current fiscal year will be another one of transition as the Agency makes important decisions regarding the future of solid waste in this planning area.

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

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Prairie SWA'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 Prairie Solid Waste Agency, PO Box 227, Creston, Iowa 50801.

## **Financial Statement**

**Exhibit A**

## Prairie Solid Waste Agency

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

Year ended June 30, 2005

Operating receipts:	
Solid waste fees	\$ 690,410
City assessments	34,125
Recycling grants	18,410
Recycling sales	22,501
Miscellaneous	2,622
Total operating receipts	<u>768,068</u>
Operating disbursements:	
Salaries and benefits	42,997
Solid waste contractor	278,616
Iowa Department of Natural Resources tonnage fee	31,661
Regulatory assistance/engineering	61,072
Tire disposal	1,565
Recycling	51,476
Equipment maintenance	5,420
Ground water monitoring/inspecting	10,972
Road gravel	4,847
Legal, accounting and auditing	6,490
Office equipment and supplies	4,429
Utilities	4,913
Insurance	22,142
Miscellaneous	13,181
Total operating disbursements	<u>539,781</u>
Excess of operating receipts over operating disbursements	<u>228,287</u>
Non-operating receipts (disbursements):	
Interest on investments	8,356
Recycling collection center equipment	(515)
Building and grounds	(28,902)
Net non-operating disbursements	<u>(21,061)</u>
Change in cash basis net assets	207,226
Cash basis net assets beginning of year	<u>749,818</u>
Cash basis net assets end of year	<u>\$ 957,044</u>
<b>Cash Basis Net Assets</b>	
Restricted for:	
Closure	\$ 173,240
Postclosure care	404,511
Total restricted net assets	<u>577,751</u>
Unrestricted	<u>379,293</u>
Total cash basis net assets	<u>\$ 957,044</u>

See notes to financial statement.

Prairie Solid Waste Agency  
Notes to Financial Statement  
June 30, 2005

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

The Prairie Solid Waste Agency, formerly the Union County Solid Waste Management Commission, was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to develop, operate and maintain solid waste facilities in Union County on behalf of the units of government which are members of the Agency.

The governing body of the Agency is composed of one representative from each member. The members of the Agency include Union County and the cities of Afton, Arispe, Creston, Cromwell, Kent, Lorimor, Macksburg, Shannon City and Thayer. Each member of the Agency has one vote, except for Union County and the City of Creston, which each have six votes. Currently, the Agency contracts for landfill operations.

A. Reporting Entity

For financial reporting purposes, the Prairie Solid Waste Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency'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 Agency 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 Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Agency 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 Prairie Solid Waste Agency maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Agency 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 payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Agency in accordance with U.S. generally accepted accounting principles.

D. Restricted Cash Basis Net Assets

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

**(2) Cash and Investments**

The Agency's deposits in banks at June 30, 2005 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 Agency 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 Association; 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 Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

The Agency had \$957,044 of deposits held by the Union County Treasurer at June 30, 2005.

**(3) Pension and Retirement Benefits**

The Agency 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 covered salary and the Agency is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Agency's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$2,055 \$2,023 and \$1,935, respectively, equal to the required contribution for each year.

**(4) Closure and Postclosure Care**

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure care, 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 consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the 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.

These costs for the Prairie Solid Waste Agency have been estimated to be \$246,797 for closure and \$590,913 for postclosure care, for a total of \$834,710. The estimated remaining life of the landfill is 2.3 years, with approximately 85.1 percent of the landfill's capacity used at June 30, 2005. On October 20, 1997, Iowa received final full program determination of adequacy from the U.S. Environmental Protection Agency (EPA) for the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. As a fully approved state, Iowa must have enforceable standards to comply with 40 Code of Regulations (CFR) part 258, which establishes the minimum national criteria for all MSW landfills. Even though the landfill continues to have additional space available for future waste, the Iowa Department of Natural Resources has stated the landfilling of waste in this area must cease as of October 1, 2007. At that time, the landfill will begin closure activities. This action is the result of proposed revisions to Chapter 567-113 of the Iowa Administrative Code to comply with 40 CFR 258. Effective October 1, 2007, the Prairie Solid Waste Agency Board has approved the conversion of the landfill into a transfer station.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure accounts to accumulate resources for the payment of closure and postclosure care costs. The Prairie Solid Waste Agency has begun to accumulate resources to fund these costs and, at June 30, 2005, assets of \$577,751 are restricted for these purposes, of which \$173,240 is for closure and \$404,511 is for postclosure care. They are reported as restricted cash basis net assets on the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Also, pursuant to Chapter 567-111.3(3) of the IAC, since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the Dedicated Fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment  
 CE = total required financial assurance  
 CB = current balance of the fund  
 Y = number years remaining in the pay-in period

Chapter 57-111.8(7) of the IAC allows a government to choose the Dedicated Fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Agency is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the Dedicated Fund financial assurance mechanism.

**(5) Solid Waste Tonnage Fees Retained**

The Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2005, the Agency had no unspent tonnage fees.

**(6) Risk Management**

The Prairie Solid Waste Agency is exposed to various risks of loss related to torts, theft, and 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 resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Landfill Operator Contract**

The Prairie Solid Waste Agency has entered into a contract with Union County Management Services, Inc. for the operation of the landfill. Under the contract, the contractor is to operate the landfill site in compliance with all applicable laws, rules, and regulations. The contractor is to furnish all labor, tools and equipment necessary for operation, except for recycling responsibilities. For these services, the operator was paid \$278,616 during the year ended June 30, 2005.

**(8) Compensated Absences**

Agency employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Agency until used or paid. The Agency's approximate liability for earned vacation payments at June 30, 2005 was \$2,200. The liability has been computed based on rates of pay in effect at June 30, 2005.

**(9) Subsequent Event**

The Prairie Solid Waste Agency plans to close all existing cells by October 1, 2007 in order to comply with minimum liner standards established by the Environmental Protection Agency and adopted by the Iowa Department of Natural Resources. The Agency Board has approved the conversion of the landfill into a transfer station.



**Prairie Solid Waste Agency**



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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 Financial Statements Performed in Accordance with  
Government Auditing Standards

To The Members of Prairie Solid Waste Agency:

We have audited the accompanying financial statement of the Prairie Solid Waste Agency as of and for the year ended June 30, 2005, and have issued our report thereon dated January 12, 2006. 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 Prairie Solid Waste Agency'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 an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Prairie Solid Waste Agency's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described in the accompanying Schedule of Findings.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statement 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 do not believe the reportable condition described above is a material weakness.

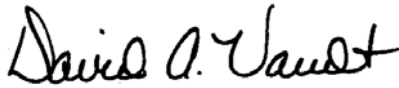
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Prairie Solid Waste Agency'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 required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Agency. 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.

This report, a public record by law, is intended solely for the information and use of the members and customers of Prairie Solid Waste Agency and other parties to whom the Agency 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 Prairie Solid Waste Agency 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

January 12, 2006

Prairie Solid Waste Agency

Schedule of Findings

Year ended June 30, 2005

**Findings Related to the Financial Statement:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITION:**

- (1) 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. One person has primary control over charge accounts, including billing, deposit preparation, posting transactions to accounting records and reconciling payments to receivable records.

Recommendation – The Agency should designate a member of the Board to provide additional control through review of financial transactions to help ensure accounts receivable charges and payments are deposited intact.

Response – Per discussion with the auditor, the person in charge of the Prairie SWA deposit will copy the validated deposit slip and forward it to the Prairie SWA staff to review and compare to our records. This will include deposits from cash and checks received from the landfill each week and payments made on account sent or delivered directly to the Union County Auditor's Office.

The Union County Auditor's Office and Prairie SWA will work out details of this additional procedure and implement it immediately.

Conclusion – Response accepted.

**Other Findings Related to Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been approved by the Union County Board of Supervisors. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2005.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- (4) Agency Minutes – No transactions were found that we believe that should have been approved in the Agency minutes but were not.
- (5) 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 Agency's investment policy were noted.

Prairie Solid Waste Agency

Schedule of Findings

Year ended June 30, 2005

- (6) Solid Waste Tonnage Fees Retained – During the year ended June 30, 2005, the Agency used or retained the solid waste fees in accordance with Chapter 455B.310(3) and (4) of the Code of Iowa.
- (7) Financial Assurance – The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Postclosure
Total estimated costs for closure and postclosure care	\$ 246,797	\$ 590,913
Less: Balance of funds held in the local dedicated fund at June 30, 2004	112,393	211,727
	<u>134,404</u>	<u>379,186</u>
Divided by the number of years remaining in the pay-in period	÷ 3	3
Required payment into the local dedicated fund for the year ended June 30, 2005	44,801	126,395
Balance of funds held in the local dedicated fund at June 30, 2004	<u>112,393</u>	<u>211,727</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2005	<u>\$ 157,194</u>	<u>338,122</u>
Amount Agency has restricted and reserved for closure and postclosure care at June 30, 2005	<u>\$ 173,240</u>	<u>404,511</u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and postclosure accounts be made at least yearly, and the deposits shall be made within 30 days of the close of each fiscal year. The required deposit was made May 31, 2005.

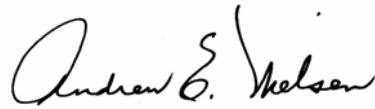
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Prairie Solid Waste Agency

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
Stephanie A. Bernard, Staff Auditor  
Joe M. Seuntjens, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State