



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE _____

October 31, 2007

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

The Commission had total receipts of \$773,098 for the year ended June 30, 2007, an 8 percent increase over 2006. The receipts included gate fees of \$102,096, city contributions of \$338,868 and county contributions of \$212,112.

Disbursements for the year totaled \$704,352, an 8 percent decrease from the prior year, and included \$177,437 for salaries and benefits, \$254,452 for landfill disposal fees and \$139,058 for transporting recyclables and recycling.

A copy of the audit report is available for review at the Butler County Recycling Education Center's office, 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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BUTLER COUNTY SOLID WASTE COMMISSION

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

JUNE 30, 2007

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Butler County Solid Waste Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John Zimmerman	Chair	Butler County Board of Supervisors
Robert Greenlee	Vice Chair/Treasurer	City of Shell Rock
Deb Prior	Secretary	City of Aplington
Charles Mosher	Member	City of Allison
Mike Olesen	Member	City of Aredale
Diane Buss	Member	City of Bristow
Kenny Oldenburger	Member	Butler County
Larry Backer	Member	Butler County
Diane Renning	Member	City of Clarksville
Marvin Hearn	Member	City of Dumont
Ray DeVries	Member	City of Greene
Richard Young	Member	City of New Hartford
Robert Haylock	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, 2007. 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 and provisions 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.

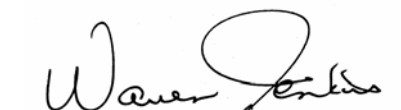
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2007, 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 28, 2007 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 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 28, 2007

Butler County Solid Waste Commission

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, 2007. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2007 FINANCIAL HIGHLIGHTS

- Operating receipts increased 9.7%, or approximately \$65,900, from fiscal 2006 to fiscal 2007.
- Operating disbursements decreased 7.8%, or approximately \$59,600, from fiscal 2006 to fiscal 2007.
- Cash basis net assets increased 19.3%, or approximately \$68,700, from June 30, 2006 to June 30, 2007.

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 Commission's cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded only 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 a 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.
- 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 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 and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the transfer station. Non-operating receipts are for grants and interest on investments. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2007 and June 30, 2006 is presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2007	2006
Operating receipts:		
Gate fees	\$ 102,096	92,361
City contributions	338,868	310,629
County contributions	212,112	194,436
Recycling fees	90,856	80,320
Miscellaneous	3,961	4,251
Total operating receipts	<u>747,893</u>	<u>681,997</u>
Operating disbursements:		
Salaries and benefits	177,437	193,778
Transporting recyclables and recycling	139,058	152,337
Landfill disposal fees	254,452	250,671
Other	133,405	167,144
Total operating disbursements	<u>704,352</u>	<u>763,930</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	43,541	(81,933)
Non-operating receipts:		
Solid waste alternatives program grant	-	2,369
Iowa waste exchange grant	10,016	23,567
Interest on investments	15,189	10,386
Total non-operating receipts	<u>25,205</u>	<u>36,322</u>
Net change in cash basis net assets	68,746	(45,611)
Cash basis net assets beginning of year	355,832	401,443
Cash basis net assets end of year	<u>\$ 424,578</u>	<u>355,832</u>
Cash Basis Net Assets		
Restricted for closure care	\$ 27,589	27,143
Unrestricted	396,989	328,689
Total cash basis net assets	<u>\$ 424,578</u>	<u>355,832</u>

In fiscal 2007, operating receipts increased \$65,896, or 9.7%. The increase was primarily a result of member contributions increasing \$45,915 due to an increase in the per capita fee. In addition, sales of recyclables increased \$10,536 and gate fees increased \$9,735 due to an increase in the charge to accept construction and demolition debris and steel. In fiscal 2007, operating disbursements decreased \$59,578, or 7.8%, from fiscal 2006. The decrease was primarily a result of a decrease in other disbursements of \$33,739 due to eliminating an office in town, thereby reducing duplicated disbursements and controlling other disbursements. In addition, the cost for salaries and benefits decreased \$16,341 because of operating for a period without a Director, a reduction in the number of hours paid for overtime and eliminating the can redemption program. Also, the cost of transporting recyclables decreased \$13,279 due to a change in service providers. Total operating receipts exceeded operating disbursements by \$43,541. Cash basis net assets increased by \$68,746 to \$424,578 at the end of fiscal year 2007, or an increase of 19.3% due to the reasons stated above.

LONG-TERM DEBT

At June 30, 2007, the Commission had no long term debt outstanding.

ECONOMIC FACTORS

The Commission's financial picture improved in fiscal year 2007. Some factors which continue to cause long term concerns are:

- Facilities require constant maintenance, upkeep and upgrading to improve the services provided and ensure the safety of workers and residents.
- Equipment replacement costs continue to increase, which increases the need to plan equipment replacement and build those costs into annual budgets.
- Fuel, heating and electrical costs have a major effect on the Commission's budget, and are difficult to predict for budget planning.

The Commission anticipates the current fiscal year will be stable as it makes important decisions regarding the future of solid waste planning in this area.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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, P.O. Box 121, Allison, Iowa 50602-0647.

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

As of and for the year ended June 30, 2007

Operating receipts:	
Gate fees	\$ 102,096
City contributions	338,868
County contributions	212,112
Recycling fees	90,856
Miscellaneous	3,961
Total operating receipts	<u>747,893</u>
Operating disbursements:	
Salaries	133,649
Employee benefits	43,788
Utilities and telephone	11,431
Transfer station expense and supplies	13,970
Transporting recyclables and recycling	139,058
Office supplies and recycling promotion	5,199
Landfill disposal fees	254,452
Transporting household hazardous waste materials	10,254
Insurance	18,516
Professional fees	12,459
Water analysis	8,519
Solid waste transportation	38,392
Miscellaneous	14,665
Total operating disbursements	<u>704,352</u>
Excess of operating receipts over operating disbursements	<u>43,541</u>
Non-operating receipts:	
Iowa waste exchange grant	10,016
Interest on investments	15,189
Total non-operating receipts	<u>25,205</u>
Change in cash basis net assets	68,746
Cash basis net assets beginning of year	<u>355,832</u>
Cash basis net assets end of year	<u>\$ 424,578</u>
Cash Basis Net Assets	
Restricted for closure care	\$ 27,589
Unrestricted	<u>396,989</u>
Total cash basis net assets	<u>\$ 424,578</u>

See notes to financial statement.

Butler County Solid Waste Commission

Notes to Financial Statement

June 30, 2007

(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 the 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 representative 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. The Association is composed of one member from each of the following Commissions/Authorities: Hardin County Sanitary Solid Waste Disposal Commission, Butler County Solid Waste Commission and Wright County Area Landfill Authority. The purpose of the Association is to effectively provide for the sanitary disposal of solid waste within the boundaries of Butler, Hardin and Wright 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 Butler County Solid Waste 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 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. Restricted Cash Basis 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, 2007 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 3.70% of their annual covered salary and the Commission is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$7,685, \$8,204 and \$7,230, 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, 2007 is \$4,100. This liability has been computed based on rates of pay in effect at June 30, 2007.

(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, 2007 have been estimated at \$18,868. The balance has been restricted and is fully funded at June 30, 2007.

(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 with over 556 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 300 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, 2007 were \$8,880.

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 and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

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, 2007, 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 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 contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual 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.

**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**

Butler County Solid Waste Commission



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Independent Auditor's Report on Internal Control
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Based on an Audit of Financial Statements 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, 2007, and have issued our report thereon dated September 28, 2007. 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 statements, but not for the purpose of expressing our opinion on the effectiveness of Butler County Solid Waste Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Butler County Solid Waste Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of Butler County Solid Waste Commission's financial statement that is more than inconsequential will not be prevented or detected by Butler County Solid Waste Commission's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statement will not be prevented or detected by Butler County Solid Waste Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

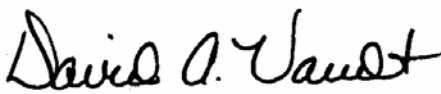
As part of obtaining reasonable assurance about whether the Butler County Solid Waste Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have 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. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2007 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.

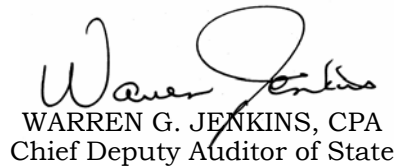
The Butler County Solid Waste Commission's written responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Butler County Solid Waste Commission's responses and, accordingly, 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. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the 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 28, 2007

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2007

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCY:

- (A) Compensatory Time – Butler County Solid Waste Commission’s personnel policy states any employee who has earned compensatory time must use the time by the end of the fiscal year in which the time was earned. At June 30, 2007, three employees were allowed to carry compensatory time balances forward into fiscal year 2008.

Recommendation – The Commission should ensure the personnel policy is followed. If the policy is outdated for current operations or is inaccurate, amendments to the policy should be considered.

Response – Employees had not worked the full year and were still on probation. Director was not able to schedule the time off due to the work load. The employees agreed to carry their balances forward, as they did not have vacation.

Conclusion – Response acknowledged. The policy should be followed or revised.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2007

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. However, on three occasions a voting majority of the Executive Board met to conduct business on behalf of the Commission. Per Chapter 21.4 of the Code of Iowa, public notice is to be given no earlier than 20 days and no fewer than 10 days prior to meetings. No public notice was given prior to the meetings in question. Additionally, minutes are to be recorded and subsequently published in a local newspaper within a reasonable time following the meeting. Minutes were not kept for the meetings in question and were not published in the local newspaper.

Recommendation – The Commission should ensure it is complying with Chapter 21.4 of the Code of Iowa.

Response – Three Executive Board members met December 6th 2006 to review applications and select applicants to be interviewed. Four members met again on December 14th 2006 to interview the applicants. No other issues were discussed or acted upon.

Ads were placed in several newspapers to advertise the position for applicants, but notices were not posted for the meetings and minutes were not published.

This was an oversight of the Public Meetings Law. In the future, we will be mindful of this law in all situations.

Conclusion – Response accepted.

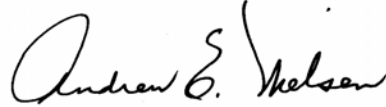
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Commission’s investment policy were noted.

Butler County Solid Waste Commission

Staff

This audit was performed by:

Joe Marturello, CIA, Manager
Shawn R. Elsbury, Staff Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State