



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

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NEWS RELEASE

FOR RELEASE

March 25, 2009

Contact: Andy Nielsen
515/281-5834

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

The Commission had total revenues of \$687,819 for the year ended June 30, 2008, a less than 1% increase over the prior year. Revenues included gate fees of \$487,515 and county and city assessments of \$71,649. The increase in revenues was due to a slight increase in interest income.

Expenses totaled \$772,681 for the year ended June 30, 2008, a 1.6% decrease from the prior year. Expenses included \$152,837 for employee salaries and benefits, \$307,753 for solid waste hauling and treatment and \$60,393 closure and postclosure care. The increase in expenses is due primarily to costs associated with the landfill closing in October 2007 and becoming a transfer station. The closing was originally scheduled for January 2015.

A copy of the audit report is available for review at the Jones County Solid Waste Management Commission, 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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JONES COUNTY SOLID WASTE MANAGEMENT COMMISSION

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

JUNE 30, 2008

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Jones County Solid Waste Management Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Stuart Ireland	Chair	City of Wyoming
George Zirkelbach	Vice-Chair	City of Olin
Gerald Muller	Member	City of Monticello
Andy McKean	Member	Jones County
(Vacant)	Member	City of Center Junction
(Vacant)	Member	City of Martelle
(Vacant)	Member	City of Morley
(Vacant)	Member	City of Onslow
Merle Tank	Member	City of Oxford Junction
John Fayrum	Member	Anamosa State Penitentiary
Jon Hatcher	Member	City of Anamosa
Diane Casper	Director	

Jones County Solid Waste Management Commission



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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

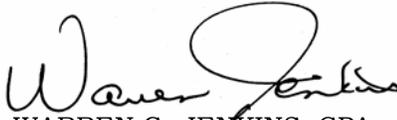
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jones County Solid Waste Management Commission at June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2009 on our consideration of the Jones County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, 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 10 is not a required part of the basic financial statements, 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

March 5, 2009

Jones County Solid Waste Management Commission

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Jones County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30 2008. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues decreased less than 1%, or \$5,179, from fiscal 2007 to fiscal 2008. The decrease is primarily due to a decrease in gate fees and other operating revenues.
- ◆ The Commission's operating expenses were 1.6%, or \$12,758, less in fiscal 2008 than in fiscal 2007.
- ◆ The Commission's net assets decreased 3.6%, or \$84,862, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

The Jones County Solid Waste Management Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Jones County Solid Waste Management Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Assets presents information on the Commission's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist users of the report in determining how the Commission financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. The Commission's net assets at the end of fiscal 2008 totaled \$2,249,405. This compares to \$2,334,267 at the end of fiscal 2007. A summary of the Commission's net assets is presented below.

Net Assets		
	June 30,	
	2008	2007
Assets		
Current assets:		
Cash	\$ 84,730	349,389
Certificates of deposit	1,086,663	1,417,708
Receivables:		
Accounts	174,470	116,462
Accrued interest	34,741	30,654
Total current assets	<u>1,380,604</u>	<u>1,914,213</u>
Noncurrent assets:		
Cash	4,714	4,286
Certificates of deposit	1,481,034	1,413,103
Capital assets (net of accumulated depreciation)	842,359	355,737
Total noncurrent assets	<u>2,328,107</u>	<u>1,773,126</u>
Total assets	<u>3,708,711</u>	<u>3,687,339</u>
Liabilities		
Current liabilities:		
Accounts payable	60,586	12,589
Compensated absences	4,344	6,500
Total current liabilities	<u>64,930</u>	<u>19,089</u>
Non-current liabilities:		
Estimated liability for landfill closure and postclosure care	1,394,376	1,333,983
Total liabilities	<u>1,459,306</u>	<u>1,353,072</u>
Net assets		
Invested in capital assets, net of related debt	842,359	355,737
Restricted for:		
Closure and postclosure care	86,658	79,120
Tonnage fees	4,714	4,286
Unrestricted	<u>1,315,674</u>	<u>1,895,124</u>
Total net assets	<u>\$ 2,249,405</u>	<u>2,334,267</u>

The largest portion of the Commission's net assets (58.5%) are the unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets (4.1%) are for closure and postclosure care and for tonnage fees. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (37.4%, e.g., land and equipment) are resources allocated to capital assets.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues is for interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2008 and June 30, 2007 is presented below:

	Changes in Net Assets	
	Year Ended June 30,	
	2008	2007
Operating revenues:		
Assessments	\$ 71,649	71,647
Gate fees	487,515	490,910
Other operating revenues	4,310	6,096
Total operating revenues	<u>563,474</u>	<u>568,653</u>
Operating expenses:		
Salaries and benefits	152,837	171,989
Utilities	3,312	1,495
Tonnage fees remitted to Iowa Department of Natural Resources	11,383	19,952
Engineering services	47,476	31,668
Equipment rental, maintenance and repair	13,149	29,724
Insurance	7,465	21,024
Auditing, consulting and legal	13,692	13,574
Road rock	26,135	12,938
Fuel	6,732	11,434
Tire disposal	13,710	17,568
Leachate hauling and treatment	11,174	15,141
Solid waste hauling and treatment	307,753	-
Leachate control system	1,752	-
Depreciation	39,889	23,327
Transfer station	8,540	-
Office supplies and operations	4,563	3,866
Travel and training	3,282	2,564
Household hazardous waste disposal	5,199	6,983
Recycling	10,485	19,646
Landfill equipment	16,690	-
White goods disposal	6,228	11,904
Closure and postclosure care	60,393	369,117
Miscellaneous	842	1,525
Total operating expenses	<u>772,681</u>	<u>785,439</u>
Operating income (loss)	(209,207)	(216,786)
Non-operating revenues:		
Interest income	124,345	118,564
Change in net assets	(84,862)	(98,222)
Net assets beginning of year	<u>2,334,267</u>	<u>2,432,489</u>
Net assets end of year	<u>\$ 2,249,405</u>	<u>2,334,267</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a decrease in the net assets at the end of the fiscal year.

In fiscal 2008, operating revenues decreased \$5,179, or less than 1%, primarily a result of gate fee revenues decreasing \$3,395 due to slight changes in the fee structure.

Operating expenses decreased \$12,758, or 1.7%. The decrease was primarily due to a decrease in closure and postclosure care expenses.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash provided by investing activities includes the sale of investments and interest income.

CAPITAL ASSETS

At June 30, 2008, the Commission had \$842,359 invested in capital assets, net of accumulated depreciation of \$312,023. Depreciation charges totaled \$39,889 for fiscal 2008. More detailed information about the Commission's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2008, the Commission had no long-term debt outstanding.

ECONOMIC FACTORS

The Jones County Solid Waste Management Commission continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- ◆ Facilities at the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.
- ◆ The Commission was required to stop burying solid waste on site beginning October 1, 2007. The Commission constructed a transfer station. Operating expenses changed tremendously for fiscal year 2008.
- ◆ Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing cost estimates.

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 the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jones County Solid Waste Management Commission, P.O. Box 235, Anamosa, Iowa 52205.

Basic Financial Statements

Exhibit A

Jones County Solid Waste Management Commission

Statement of Net Assets

June 30, 2008

Assets

Current assets:

Cash	\$ 84,730
Certificates of deposit	1,086,663
Receivables:	
Accounts	174,470
Interest	34,741
Total current assets	<u>1,380,604</u>

Noncurrent assets:

Restricted cash	4,714
Restricted certificates of deposit	1,481,034
Capital assets, nondepreciable	219,110
Capital assets, depreciable (net of accumulated depreciation)	623,249
Total noncurrent assets	<u>2,328,107</u>

Total assets3,708,711**Liabilities**

Current liabilities:

Accounts payable	60,586
Compensated absences payable	4,344
Total current liabilities	<u>64,930</u>

Non-current liabilities:

Estimated liability for landfill closure and postclosure care	<u>1,394,376</u>
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Total liabilities1,459,306**Net assets**

Invested in capital assets	842,359
Restricted for:	
Closure and postclosure care	86,658
Tonnage fees	4,714
Unrestricted	<u>1,315,674</u>
Total net assets	<u><u>\$ 2,249,405</u></u>

See notes to financial statements.

Jones County Solid Waste Management Commission

Statement of Revenues, Expenses and
Changes in Net Assets

Year ended June 30, 2008

Operating revenues:	
Assessments	\$ 71,649
Gate fees	487,515
Other operating revenues	4,310
Total operating revenues	<u>563,474</u>
Operating expenses:	
Salaries and benefits	152,837
Utilities	3,312
Tonnage fees remitted to Iowa Department of Natural Resources	11,383
Engineering services	47,476
Equipment rental, maintenance and repair	13,149
Insurance	7,465
Auditing, consulting and legal	13,692
Road rock	26,135
Fuel	6,732
Tire disposal	13,710
Leachate hauling and treatment	11,174
Solid waste hauling and disposal	307,753
Leachate control system	1,752
Depreciation	39,889
Transfer station	8,540
Office supplies and operations	4,563
Travel and training	3,282
Household hazardous waste disposal	5,199
Recycling	10,485
Landfill equipment, noncapitalized	16,690
White goods disposal	6,228
Closure and postclosure care	60,393
Miscellaneous	842
Total operating expenses	<u>772,681</u>
Operating loss	(209,207)
Non-operating revenues:	
Interest income	<u>124,345</u>
Change in net assets	(84,862)
Net assets beginning of year	<u>2,334,267</u>
Net assets end of year	<u><u>\$ 2,249,405</u></u>

See notes to financial statements.

Exhibit C

Jones County Solid Waste Management Commission

Statement of Cash Flows

Year ended June 30, 2008

Cash flows from operating activities:	
Cash received from assessments	\$ 71,649
Cash received from gate fees	429,507
Cash paid to suppliers for goods and services	(468,283)
Cash paid to employees for services	(158,275)
Other operating receipts	4,310
Net cash used for operating activities	<u>(121,092)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	<u>(526,511)</u>
Cash flows from investing activities:	
Sale of investments	340,561
Interest received	6,796
Net cash provided by investing activities	<u>347,357</u>
Net decrease in cash and cash equivalents	(300,246)
Cash and cash equivalents beginning of year	<u>471,060</u>
Cash and cash equivalents end of year	<u>\$ 170,814</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	<u>\$ (209,207)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	39,889
Closure and postclosure care	60,393
Changes in assets and liabilities:	
Increase in accounts receivable	(58,008)
Increase in accounts payable	47,997
Decrease in compensated absences payable	(2,156)
Total adjustments	<u>88,115</u>
Net cash used for operating activities	<u>\$ (121,092)</u>
Reconciliation of cash and cash equivalents at year end to specific assets included in the Statement of Net Assets:	
Current assets:	
Cash	\$ 84,730
Certificates of deposit	1,086,663
Restricted assets:	
Cash	4,714
Certificates of deposit	1,481,034
	<u>2,657,141</u>
Less items not meeting the definition of cash equivalents:	
Certificates of deposit	<u>(2,486,327)</u>
Cash and cash equivalents end of year	<u>\$ 170,814</u>

See notes to financial statements.

Jones County Solid Waste Management Commission

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

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

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

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Jones County Solid Waste Management 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 statements 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 Jones County Solid Waste Management Commission has no component units which meet the Governmental Accounting Standards Board criteria.

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.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The Commission distinguishes operating revenues from non-operating revenues. Operating revenues generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues not meeting this definition are reported as non-operating revenues.

D. Assets, Liabilities and Net Investments

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash, Investments and Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2008 include certificates of deposit of \$2,486,328.

Restricted Investments – Funds set aside for payment of closure and postclosure care are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 25,000
Building	25,000
Equipment	5,000

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Building	35
Equipment	3-20

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2008.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission’s liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2008.

(2) Cash and Investments

The Commission’s deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

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

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards 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 3.90% of their annual covered salary and the Commission is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Commission’s contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$6,130, \$5,441 and \$5,657, respectively, equal to the required contributions for each year.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 195,000	24,110	-	219,110
Capital assets being depreciated:				
Equipment	432,871	77,000	-	509,871
Building	-	425,401	-	425,401
Total capital assets being depreciated	432,871	502,401	-	935,272
Less accumulated depreciation for:				
Equipment	272,134	28,460	-	300,594
Building	-	11,429	-	11,429
Total accumulated depreciation	272,134	39,889	-	312,023
Total capital assets being depreciated, net	160,737	462,512	-	623,249
Total capital assets, net	\$ 355,737	486,622	-	842,359

(5) Closure and Postclosure Care Costs

Landfill

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure 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 cost consists 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 Jones County Solid Waste Management Commission have been estimated at \$158,076 for closure and \$1,225,600 for postclosure care, for a total of \$1,383,676 as of June 30, 2008, and the portion of the liability that has been recognized is \$1,383,676. During the year ended June 30, 2008, the Commission stopped accepting waste at the landfill and began transferring waste to Milan, Illinois.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2008, assets of \$1,478,932 are restricted for these purposes. They are reported as restricted certificates of deposit in the Statement of Net Assets.

Also, Chapter 567-113.14 of the Iowa Administrative Code requires entities to demonstrate financial assistance for underfunded closure and postclosure care costs. Since the Commission's closure and postclosure care costs are fully funded at June 30, 2008, the Commission is not required to demonstrate financial assurance.

Transfer Station

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 costs for the Commission transfer station have been estimated at \$10,700 as of June 30, 2008 and the portion of the liability that has been recognized is \$10,700. The Commission has funded \$2,102 at June 30, 2008. The Commission fully funded the estimated cost with the purchase of a certificate of deposit for \$15,613.75 on September 17, 2008.

(6) Solid Waste Tonnage Fees Retained

The Commission has established two accounts for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2008, the unspent amounts retained by the Commission and restricted for the required purposes totaled \$4,714.

(7) Risk Management

The Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Commission assumes liability for any deductibles and claims in excess of coverage limitations.

Jones County Solid Waste Management Commission



OFFICE OF AUDITOR OF STATE
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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 the Jones County
Solid Waste Management Commission:

We have audited the accompanying financial statements of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2008, and have issued our report thereon dated March 5, 2009. 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 Jones County Solid Waste Management 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 the Jones County Solid Waste Management Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jones County Solid Waste Management 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 deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including a material weakness.

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 the Jones County Solid Waste Management Commission's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the Jones County Solid Waste Management Commission's financial statements that is more than inconsequential will not be prevented or detected by the Jones County Solid Waste Management Commission's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be a significant deficiencies 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 statements will not be prevented or detected by the Jones County Solid Waste Management 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 as item (A) is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jones County Solid Waste Management Commission's financial statements are 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. However, we noted an immaterial instance of non-compliance that is described in the accompanying Schedule of Findings.

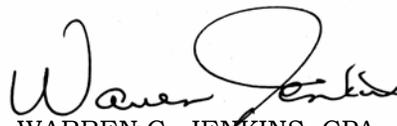
Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Jones County Solid Waste Management Commission's responses to the 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 Jones County Solid Waste Management 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 Jones County Solid Waste Management Commission and other parties to whom the Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Jones County Solid Waste Management Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 5, 2009

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2008

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

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

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

Response – We will review our operating procedures to provide more checks and balances in our internal control.

Conclusion – Response accepted.

- (B) Construction Project – During our review of the construction contract to erect the transfer station, the following were noted:

Changes to the contract were not approved by the Commission prior to work being done, retainage was not held until the end of the project and certain pay estimates did not contain sufficient support to determine what work was completed to incur the charges that were billed.

Recommendation – The Jones County Solid Waste Management Commission should ensure changes to the contract are approved by the Commission prior to work being completed, retainage is held through the completion of the project and pay estimates include sufficient detail to show what work was completed.

Response – In any future contacts, we will make sure all changes are approved by the Commission as well as our Engineer. We will hold any retainage through the completion of the project rather than from one billing cycle to the next. We will also work with the contractor to make sure pay estimates show sufficient detail to show specifically what work was completed.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2008

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expenses 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 expenditures 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 were noted.
- (5) Solid Waste Tonnage Fees Retained – During the year ended June 30, 2008, the Commission used or retained the solid waste tonnage fees in accordance with Chapter 455B.310 of the Code of Iowa.
- (6) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care 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:

Total estimated costs for closure and postclosure care	<u>\$ 1,394,376</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2007	<u>\$ 1,481,034</u>

Jones County Solid Waste Management Commission

Staff

This audit was performed by:

Deborah J. Moser, CPA, Manager
Shawn R. Elsbury, Staff Auditor
Joshua A. Pronk, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State