



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

NEWS RELEASE

FOR RELEASE _____ January 15, 2010 _____

Contact: Andy Nielsen
515/281-5834

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

The Commission had total receipts of \$927,672 for the year ended June 30, 2009, a 14.6 percent increase over 2008. The receipts included gate fees of \$186,355, city contributions of \$316,296 and county contributions of \$194,436.

Disbursements for the year totaled \$869,167, a 17.1 percent increase over the prior year, and included \$201,408 for salaries and benefits, \$369,361 for landfill disposal fees and \$108,849 for transporting recyclables and recycling.

The significant increase in receipts and disbursements is primarily due to the increased volume of recyclables and waste related to storm and flood cleanup.

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

###

BUTLER COUNTY SOLID WASTE COMMISSION

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

JUNE 30, 2009

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5
Management's Discussion and Analysis	7-9
Financial Statement:	<u>Exhibit</u>
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	A 12
Notes to Financial Statement	13-16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Financial Statement Performed in Accordance with <u>Government Auditing Standards</u>	19-20
Schedule of Findings	21-22
Staff	23

Butler County Solid Waste Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John Zimmerman	Chairperson	Butler County Board of Supervisors
Robert Greenlee	Vice Chairperson/ Treasurer	City of Shell Rock
Deb Prier	Secretary	City of Aplington
Scott Henrichs	Member	City of Allison
Mardee Johnson	Member	City of Aredale
Diane Buss	Member	City of Bristow
Ken Oldenburger	Member	Butler County
Karl Nelson	Member	Butler County
Diane Renning	Member	City of Clarksville
Marvin Hearn	Member	City of Dumont
Ray DeVries	Member	City of Greene
Gordon Ballhagen	Member	City of New Hartford
Robert Haylock	Member	City of Parkersburg
Tom Cain	Director	

Butler County Solid Waste Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

Independent Auditor's Report

To the Members of the Butler County Solid Waste Commission:

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2009. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Butler County Solid Waste Commission as of June 30, 2009, 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 December 14, 2009 on our consideration of the Butler County Solid Waste Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 9 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 14, 2009

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, 2009. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2009 FINANCIAL HIGHLIGHTS

- Operating receipts increased 14.8%, or approximately \$118,000, from fiscal 2008 to fiscal 2009.
- Operating disbursements increased 20.1%, or approximately \$142,000, from fiscal 2008 to fiscal 2009.
- Cash basis net assets increased 11.9%, or approximately \$59,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

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

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

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

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

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

FINANCIAL ANALYSIS OF THE COMMISSION

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

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

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments and equipment purchases. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and June 30, 2008 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2009	2008
Operating receipts:		
Gate fees	\$ 186,355	125,578
City contributions	316,296	333,202
County contributions	194,436	212,112
Recycling fees	119,362	106,639
Miscellaneous	92,949	14,359
Total operating receipts	<u>909,398</u>	<u>791,890</u>
Operating disbursements:		
Salaries and benefits	201,408	190,199
Transporting recyclables and recycling	108,849	120,016
Landfill disposal fees	369,361	265,553
Other	171,248	132,677
Total operating disbursements	<u>850,866</u>	<u>708,445</u>
Excess of operating receipts over operating disbursements	<u>58,532</u>	<u>83,445</u>
Non-operating receipts (disbursements):		
Interest on investments	18,274	17,430
Equipment	(18,301)	(34,027)
Net non-operating receipts (disbursements)	<u>(27)</u>	<u>(16,597)</u>
Net change in cash basis net assets	58,505	66,848
Cash basis net assets beginning of year	<u>491,426</u>	<u>424,578</u>
Cash basis net assets end of year	<u>\$ 549,931</u>	<u>491,426</u>
Cash Basis Net Assets		
Restricted for closure care	\$ 27,589	29,639
Unrestricted	522,342	461,787
Total cash basis net assets	<u>\$ 549,931</u>	<u>491,426</u>

In fiscal 2009, operating receipts increased approximately \$118,000, or 14.8%. This was primarily the result of increased gate receipts from construction and demolition disposal due to storm and flood damage to homes and improved market values for baled recyclable materials sold. Operating disbursements increased approximately \$142,000, or 20.1%, primarily due to increased landfill disposal fees for waste from storm and flood damage. Total operating receipts exceeded operating disbursements by approximately \$59,000. The Commission had total cash basis net assets at year end of approximately \$550,000.

LONG-TERM DEBT

At June 30, 2009, the Commission had no long-term debt outstanding.

ECONOMIC FACTORS

The Commission's financial picture improved in fiscal year 2009. Some factors which continue to cause long term concerns are:

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

The Commission will monitor revenue sources and expenses to regulate the Commission's budget.

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.

Butler County Solid Waste Commission

Financial Statement

Exhibit A

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

Year ended June 30, 2009

Operating receipts:	
Gate fees	\$ 186,355
City contributions	316,296
County contributions	194,436
Recycling fees	119,362
Miscellaneous	92,949
Total operating receipts	<u>909,398</u>
Operating disbursements:	
Salaries	152,335
Employee benefits	49,073
Utilities and telephone	10,665
Transfer station expense and supplies	27,230
Transporting recyclables and recycling	108,849
Office supplies and recycling promotion	4,570
Landfill disposal fees	369,361
Transporting household hazardous waste materials	33,235
Insurance	20,811
Professional fees	12,504
Water analysis	8,002
Solid waste transportation	36,294
Miscellaneous	17,937
Total operating disbursements	<u>850,866</u>
Excess of operating receipts over operating disbursements	<u>58,532</u>
Non-operating receipts (disbursements):	
Interest on investments	18,274
Equipment	(18,301)
Net non-operating receipts (disbursements)	<u>(27)</u>
Change in cash basis net assets	58,505
Cash basis net assets beginning of year	<u>491,426</u>
Cash basis net assets end of year	<u>\$ 549,931</u>
Cash Basis Net Assets	
Restricted for closure care	\$ 30,680
Unrestricted	519,251
Total cash basis net assets	<u>\$ 549,931</u>

See notes to financial statement.

Butler County Solid Waste Commission

Notes to Financial Statement

June 30, 2009

(1) Summary of Significant Accounting Policies

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

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

A. Reporting Entity

For financial reporting purposes, the Butler County Solid Waste Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

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

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

B. Basis of Presentation

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

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

C. Basis of Accounting

The 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 care costs. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. 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, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Pension and Retirement Benefits

The Commission contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the Commission is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$9,258, \$8,727 and \$7,685, 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, 2009 is \$6,200. This liability has been computed based on rates of pay in effect at June 30, 2009.

(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, 2009 have been estimated at \$18,868. The balance has been restricted and is fully funded at June 30, 2009.

(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 577 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 200 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, 2009 were \$13,945.

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 \$10,000,000 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 by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, 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 casualty contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

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

Butler County Solid Waste Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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

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

To the Members of the Butler County Solid Waste Commission:

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Butler County Solid Waste Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Butler County Solid Waste Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Butler County Solid Waste Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and material weaknesses.

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 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 the Butler County Solid Waste Commission's financial statement that is more than inconsequential will not be prevented or detected by the Butler County Solid Waste Commission's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be 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 statement will not be prevented or detected by the 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 deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Butler County Solid Waste Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. 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, 2009 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

December 14, 2009

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2009

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCIES:

- (A) Segregation of Duties – A list of money and checks received is not prepared by the person opening the mail, at least on a test basis.

Recommendation – The mail opener should prepare an initial listing of money and checks received to compare with the bank deposit to obtain the maximum internal control possible under the circumstances.

Response – This will be done by the Director on a daily basis.

Conclusion – Response accepted.

- (B) Reconciliation of Accounts Receivable – Accounts receivable billings, collections and delinquent accounts were not reconciled throughout the year. Accounts receivable collections are not properly credited to customers' accounts on a timely basis.

Recommendation – Procedures should be established to reconcile accounts receivable billings, collections and delinquencies for each billing period. The Director or Director-designated independent person should review the reconciliations and monitor delinquencies. Billings for accounts receivable should include a tear off stub for the customer to return with their payment. A listing of accounts receivable billed should be sent to the Commission's accountant so the collections can be matched with the billings and posted to customer accounts timely.

Response – These issues were discussed during the audit and changes will be made in our system.

Conclusion – Response accepted.

- (C) Bank Reconciliations – While monthly bank reconciliations for the checking account were prepared, the overall book and bank balances, including investments, were not reconciled monthly.

Recommendation – To improve financial accountability and control, the book and bank balances should be reconciled monthly and retained for all bank accounts and investments. Any variances should be investigated and resolved in a timely manner.

Response – All accounts and investments will be reconciled monthly and retained. Variances will be resolved in a timely manner

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2009

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission’s investment policy were noted.
- (5) Solid Waste Fees Retainage – Solid waste fees retained for one quarter of fiscal year 2009 exceeded the amount allowed to be retained by Chapter 455B.310(3) of Code of Iowa by \$59 due to a computational error.

Recommendation – The Commission should ensure solid waste fees retained are in compliance with Chapter 455B.310(3) of Code of Iowa and adjust a future quarterly report to correct the error.

Response – Each quarter’s report will be checked closely before being approved.

Conclusion – Response accepted.

Butler County Solid Waste Commission

Staff

This audit was performed by:

K. David Voy, CPA, Manager
Kelly L. Hilton, Assistant Auditor

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

Andrew E. Nielsen, CPA
Deputy Auditor of State