



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

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Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE _____ March 10, 2005

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Wayne-Ringgold-Decatur County Solid Waste Management Commission.

The Commission had total receipts of \$448,558 during the year ended June 30, 2004, a 2.7 percent decrease from 2003. The receipts included county and city allocations of \$160,342 and landfill gate receipts of \$236,643.

Disbursements for the year totaled \$497,649, an 87.3 percent increase from the prior year, and included \$119,490 for salaries and benefits and \$259,246 for capital projects and engineering services.

A copy of the audit report is available for review in the Office of Auditor of State and at the Wayne-Ringgold-Decatur County Solid Waste Management Commission.

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**WAYNE-RINGGOLD-DECATUR COUNTY
SOLID WASTE MANAGEMENT COMMISSION**

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

JUNE 30, 2004

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**Wayne-Ringgold-Decatur County
Solid Waste Management Commission**

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Royce Dredge	Chair	Ringgold County
Jerry O'Dell	Vice-Chair	Wayne County
Larry Eastin	Member	Decatur County
Bill Carlton	Member	City of Humeston
Keith Hinds	Member	City of Leon
Eldon Still	Member	City of Mount Ayr
Gus Dittman	Member	City of Tingley
Mary Davis	Member	City of Grand River
Douglas McCart	Member	City of Corydon
Dale R. Smith	Member	Wayne County
Roger Potts	Member	City of Lamoni
Yvonne Andrew	Treasurer	
Sue Ruble	Secretary	

**Wayne-Ringgold-Decatur County
Solid Waste Management Commission**



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Independent Auditor's Report

To the Members of the Wayne-Ringgold-Decatur County
Solid Waste Management Commission:

We have audited the accompanying financial statement of the Wayne-Ringgold-Decatur County Solid Waste Management Commission as of and for the year ended June 30, 2004. 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, Chapter 11 of the Code of Iowa 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.

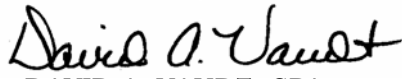
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

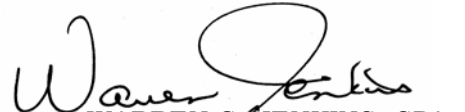
In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Wayne-Ringgold-Decatur County Solid Waste Management Commission as of June 30, 2004, and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 9, during the year ended June 30, 2004, the Wayne-Ringgold-Decatur County Solid Waste Management Commission adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2005 on our consideration of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering 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 thereon.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 14, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wayne-Ringgold-Decatur County Solid Waste Management Commission (W-R-D CSWMC) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the W-R-D CSWMC is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2004 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 2.9%, or approximately \$11,000, from fiscal 2003 to fiscal 2004.
- ◆ Operating disbursements decreased 10%, or approximately \$27,000, from fiscal 2003 to fiscal 2004.
- ◆ Cash basis net assets decreased 2%, or approximately \$49,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The W-R-D CSWMC 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 this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

This discussion and analysis are intended to serve as an introduction to the 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 W-R-D CSWMC's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the W-R-D CSWMC's operating receipts and disbursements, non-operating receipts and disbursements and whether the W-R-D CSWMC's cash basis 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 W-R-D CSWMC

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 W-R-D CSWMC and the disbursements paid by the W-R-D CSWMC, 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 W-R-D CSWMC's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received from gate fees for accepting solid waste and assessments from the members of the W-R-D CSWMC. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, capital projects and related engineering services. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2004 and 2003 is presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2004	2003
Operating receipts:		
County and city allocations	\$ 160,342	160,214
Landfill gate receipts	236,643	225,593
Miscellaneous	1,494	1,500
Total operating receipts	<u>398,479</u>	<u>387,307</u>
Operating disbursements:		
Salaries and benefits	119,490	100,220
Other	118,913	165,477
Total operating disbursements	<u>238,403</u>	<u>265,697</u>
Excess of operating receipts over operating disbursements	<u>160,076</u>	<u>121,610</u>
Non-operating receipts (disbursements):		
Interest on investments	50,079	73,497
Engineering services	(103,481)	-
Capital projects	(155,765)	-
Net non-operating receipts (disbursements)	<u>(209,167)</u>	<u>73,497</u>
Net change in cash basis net assets	(49,091)	195,107
Cash basis net assets beginning of year	<u>2,155,468</u>	<u>1,960,361</u>
Cash basis net assets end of year	<u>\$ 2,106,377</u>	<u>2,155,468</u>

In fiscal year 2004, operating receipts increased by \$11,172, or 2.9%, over fiscal year 2003. The increase was primarily a result of an increase in waste tonnage brought into the landfill over the previous year and a result of several severe storms in the landfill area. In fiscal year 2004, operating disbursements decreased by \$27,294, or 10%, from fiscal year 2003.

A portion of the W-R-D CSWMC's cash basis net assets (32%) is restricted for closure/postclosure care and solid waste tonnage fees retained. State and federal laws and regulations require the W-R-D CSWMC to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty (30) years after closure. The remaining net assets (68%) are unrestricted cash basis net assets that can be used to meet the W-R-D CSWMC's obligations as they come due. Restricted cash basis net assets increased \$103,806, or 18%, during the year. The increase was due to additional funds being set aside for closure and postclosure care. Unrestricted cash basis net assets decreased \$152,897, or 10%, during the year due to an increase in amounts restricted for closure and postclosure care.

ECONOMIC FACTORS

The current condition of the economy in the state continues to be a concern for W-R-D CSWMC officials. Some of the realities that may potentially become challenges for the W-R-D CSWMC to meet are:

- Facilities 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.
- Annual deposits required to be made to closure and postclosure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the landfill.
- The on going concerns of household toxic and hazardous materials coming into the landfill.

The W-R-D CSWMC anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain its ability to react to unknown issues.

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 W-R-D CSWMC'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 Wayne-Ringgold-Decatur County Solid Waste Management Commission, 21377 125th Avenue, Grand River, Iowa 50108, or call 641-773-5229.

**Wayne-Ringgold-Decatur County
Solid Waste Management Commission**

Financial Statement

Exhibit A

Wayne-Ringgold-Decatur County Solid Waste Management Commission

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

Year ended June 30, 2004

Operating receipts:	
County and city allocations	\$ 160,342
Landfill gate receipts	236,643
Miscellaneous	1,494
Total receipts	<u>398,479</u>
Operating disbursements:	
Salaries and benefits	119,490
Iowa Department of Natural Resources tonnage fee	28,309
Scale	369
Insurance	21,861
Diesel fuel and supplies	12,521
Equipment repair, rent and supplies	24,343
Disposal/recycling/hauling service	10,181
Travel	1,567
Road rock	4,115
Utilities	2,877
Office operation	6,018
Ground maintenance	2,033
Miscellaneous	4,719
Total operating disbursements	<u>238,403</u>
Excess of operating receipts over operating disbursements	<u>160,076</u>
Non-operating receipts (disbursements):	
Interest on investments	50,079
Engineering services	(103,481)
Capital projects	(155,765)
Net non-operating disbursements	<u>(209,167)</u>
Change in cash basis net assets	(49,091)
Cash basis net assets beginning of year	<u>2,155,468</u>
Cash basis net assets end of year	<u>\$ 2,106,377</u>
Cash Basis Net Assets	
Restricted for:	
Closure/postclosure care	\$ 568,325
Solid waste tonnage fees retained	107,331
Total restricted net assets	<u>675,656</u>
Unrestricted	<u>1,430,721</u>
Total cash basis net assets	<u>\$ 2,106,377</u>

See notes to financial statement.

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Notes to Financial Statement

June 30, 2004

(1) Summary of Significant Accounting Policies

The Wayne-Ringgold-Decatur County Solid Waste Management Commission was formed in 1988 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities for Wayne, Ringgold and Decatur Counties on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each of the member units of government. The member counties are Wayne, Ringgold and Decatur and the member cities are the Iowa cities of Lamoni, Leon, Davis City, Garden Grove, Van Wert, Grand River, Decatur, Weldon, Pleasanton, Le Roy, Mount Ayr, Diagonal, Kellerton, Tingley, Redding, Ellston, Delphos, Maloy, Beaconsfield, Benton, Huneston, Lineville, Clio, Corydon and Allerton. The commissioners are appointed by the participating political subdivisions and each has one vote for each one thousand population, or fraction thereof, which the member represents.

A. Reporting Entity

For financial reporting purposes, the Wayne-Ringgold-Decatur 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 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.

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 Wayne-Ringgold-Decatur County Solid Waste Management 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 payables for closure and postclosure care. 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. Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Restricted Cash Basis Net Assets – Funds set aside for payment of closure and postclosure care and solid waste tonnage fees retained are classified as restricted.

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2004 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's investments are categorized to give an indication of the level of risk assumed by the Commission at year end. The Commission's investments are all category 1, which means the investments are insured or registered or the securities are held by the Commission or its agent in the Commission's name.

The Commission's investments at June 30, 2004 are as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. treasury bonds	<u>\$ 477,000</u>	<u>478,720</u>

(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 which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Commission is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2004, 2003 and 2002. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$5,674, \$4,980 and \$4,793, respectively, equal to the required contributions for each year.

(4) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. However, sick leave hours are lost upon resignation, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability to employees for earned vacation leave at June 30, 2004 is \$2,700. This liability has been computed based on rates of pay in effect at June 30, 2004.

(5) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan 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 care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Wayne-Ringgold-Decatur County Solid Waste Management Commission as of June 30, 2004 have been estimated at \$330,426 for closure and \$345,622 for postclosure, for a total of \$676,048. The estimated remaining life of the landfill is 2 years and the capacity used at June 30, 2004 is 86.5 percent.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure accounts to accumulate resources for the payment of closure and postclosure care costs. The Wayne-Ringgold-Decatur County Solid Waste Management Commission has begun to accumulate resources to fund these costs and, at June 30, 2004, assets of \$568,325 are restricted for these purposes. They are reported as restricted cash basis net assets on the Statement of Receipts, Disbursements and Changes in Cash Basis Net Assets.

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

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

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

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

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

(6) Solid Waste Tonnage Fees Retained

The Commission has established an account 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, 2004, the unspent amounts retained by the Commission and restricted for the required specific purposes totaled \$107,331.

(7) Risk Management

The Wayne-Ringgold-Decatur County Solid Waste Management Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 490 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, 2004 were \$6,377.

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 \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks, including automobile physical damage, are also 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. The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the Commission's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

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 and the member's proportionate share of any capital deficiency.

The Commission also carries commercial insurance purchased from other insurers for coverages associated with workers compensation, auto, commercial property, commercial inland marine, and employee blanket bond. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Commitments

The Commission entered into a contract for \$98,808 in May 2004 to construct a leachate control system. At June 30, 2004, the Commission had not made any payments on this contract.

(9) Accounting Change

For the year ended June 30, 2004, the Commission implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balance of the 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 Compliance
and on Internal Control over Financial Reporting

To the Members of the Wayne-Ringgold-Decatur County
Solid Waste Management Commission:

We have audited the financial statement of the Wayne-Ringgold-Decatur County Solid Waste Management Commission as of and for the year ended June 30, 2004, and have issued our report thereon dated January 14, 2005. 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, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne-Ringgold-Decatur County Solid Waste Management Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that are 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, 2004 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 prior year statutory comment has not been resolved and has been restated as item (1).

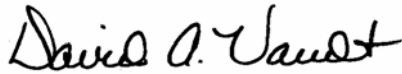
Internal Control Over Financial Reporting


In planning and performing our audit, we considered the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Wayne-Ringgold-Decatur County Solid Waste Management Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item (A) is a material weakness. The prior year reportable condition has not been resolved and has been restated as item (A).

This report, a public record by law, is intended solely for the information and use of the members and customers of the Wayne-Ringgold-Decatur 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 Wayne-Ringgold-Decatur 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

January 14, 2005

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2004

Findings Related to the Financial Statement:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties – During our review of internal controls, the existing control activities 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 the investments, receipts, and accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will comply with the recommendation to the extent possible.

Conclusion – Response accepted.

- (B) Bank Reconciliation – The bank reconciliation for Great Western Bank was not performed.

Recommendation – The bank reconciliation should be prepared and reconciled to the book balance timely.

Response – Started July 1, 2004 to perform the bank reconciliation for the Great Western Account.

Conclusion – Response accepted.

Other Findings Related to Statutory Reporting:

- (1) Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amount stated in the resolution for U.S. Bank was exceeded during the year ended June 30, 2004.

Recommendation - A new resolution in an amount sufficient to cover anticipated balances at the approved depository should be adopted.

Response – Will discuss with the Board depository agreement and increasing maximum deposit for U.S. Bank.

Conclusion – Response accepted.

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2004

- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (4) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (5) Cash and Investments – Except as noted above, 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.
- (6) Solid Waste Tonnage Fees Retained – During the year ended June 30, 2004, the Commission used or retained the solid waste fees in accordance with Chapters 455B.310(3) and (4) of the Code of Iowa.
- (7) 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(9) of the Iowa Administrative Code. The calculation is made as follows:

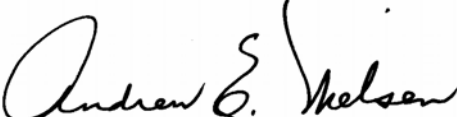
Total estimated costs for closure and postclosure care at June 30, 2004	\$ 676,048			
Less: Balance of funds held in the local dedicated fund at June 30, 2003	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">478,180</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">197,868</td></tr> </table>	478,180	197,868	
478,180				
197,868				
Divided by the number of years remaining in the pay-in period	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">÷ 4</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">4</td></tr> </table>	÷ 4	4	
÷ 4				
4				
Required payment into the local dedicated fund for the year ended June 30, 2004	49,467			
Balance of funds held in the local dedicated fund at June 30, 2003	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">478,180</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">478,180</td></tr> </table>	478,180	478,180	
478,180				
478,180				
Balance of funds required to be held in the local dedicated fund at June 30, 2004	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">\$ 527,647</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">527,647</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">\$ 527,647</td></tr> </table>	\$ 527,647	527,647	\$ 527,647
\$ 527,647				
527,647				
\$ 527,647				
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2004	<table style="margin-left: auto; margin-right: 0;"> <tr><td style="text-align: right;">\$ 568,325</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">568,325</td></tr> <tr><td style="border-top: 1px solid black; text-align: right;">\$ 568,325</td></tr> </table>	\$ 568,325	568,325	\$ 568,325
\$ 568,325				
568,325				
\$ 568,325				

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
Ryan J. Johnson, CPA, Assistant Auditor



Andrew E. Nielsen, CPA
Deputy Auditor of State