



**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 31, 2006 \_\_\_\_\_

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 \$711,603 for the year ended June 30, 2005, a 6.5 percent increase from 2004. The receipts included gate fees of \$113,488, city contributions of \$313,396 and county contributions of \$194,436.

Disbursements for the year totaled \$702,557, an 8.6 percent decrease from the prior year, and included \$157,985 for salaries, \$214,998 for landfill disposal fees and \$175,426 for transporting recyclables and recycling.

A copy of the audit report is available for review at the Butler County Recycling Education Center's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**BUTLER COUNTY SOLID WASTE COMMISSION**

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

**JUNE 30, 2005**

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## Butler County Solid Waste Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Richard Young	Chair	City of New Hartford
Bob Greenlee	Vice-Chair	City of Allison
Charles Mosher	Secretary-Treasurer	City of Shell Rock
Kim Boeset	Member	City of Aredale
John Zimmerman	Member	Butler County
Jeff Kolb	Member	City of Clarksville
Robert Haylock	Member	City of Parkersburg
Joyce Fenneman	Member	City of Bristow
Kenny Oldenburger	Member	Butler County
Larry Backer	Member	Butler County
Marvin Hearn	Member	City of Dumont
Lucy Miller	Member	City of Aplington
Ramond DeVries	Member	City of Greene
Shelene Codner	Director	

**Butler County Solid Waste Commission**



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Independent Auditor's Report

To the Members of the Butler County Solid Waste Commission:

We have audited the accompanying financial statement of the Butler County Solid Waste Commission as of and for the year ended June 30, 2005. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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

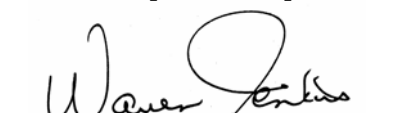
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Butler County Solid Waste Commission as of June 30, 2005, and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2005 on our consideration of the Butler County Solid Waste Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 26, 2005

**Butler County Solid Waste Commission**

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

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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, 2005. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2005 FINANCIAL HIGHLIGHTS**

- Total receipts increased 6.53%, or \$43,626, from fiscal 2004 to fiscal 2005. The increase was primarily a result of implementing the Iowa Waste Exchange Grant Program and updating the current recycling program. The Iowa Waste Exchange is a confidential, non-regulatory, free program of the Iowa Department of Economic Development and the Iowa Department of Natural Resources. The goal of the program is to divert waste from area companies and redirect the materials to end users as opposed to landfilling the materials. The current director of the Butler County Solid Waste Commission agreed to take on the additional role as Area Resource Specialist for Area C of the Iowa Waste Exchange, which includes 12 counties. Grant reimbursements account for the increase in receipts. In addition, the implementation of the program diverted approximately 6,500 tons of materials from area landfills and saved area companies \$144,000. The Butler County Solid Waste Commission also implemented an updated recycling program which allowed residents to bring a larger mix of materials to the volunteer drop-off containers and to the Butler County Transfer Station, which increased the volume of recyclables and increased generated revenues from the sale of marketable materials.
- Operating disbursements decreased \$66,424, or 8.64%, from fiscal 2004 to fiscal 2005. This is primarily due to a reduction in capital expenditures for the purchase of equipment compared to fiscal 2004.
- Cash basis net assets increased 2.31%, or \$9,046, from June 30, 2004 to June 30, 2005 due to the reasons stated above.

### **USING THIS ANNUAL REPORT**

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, 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 is intended to serve as an introduction to the financial statement. The annual report consists of a financial statement and other information, as follows:

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

## FINANCIAL ANALYSIS OF THE COMMISSION

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

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

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the transfer station. Non-operating receipts are for a grant and interest on investments. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2005 and June 30, 2004 is presented below:

	Changes in Cash Basis Net Assets	
	Year ended June 30,	
	2005	2004
Operating receipts:		
Gate fees	\$ 113,488	103,065
City contributions	313,396	307,863
County contributions	194,436	194,436
Recycling fees	44,953	33,962
Miscellaneous	19,605	12,074
Total operating receipts	685,878	651,400
Operating disbursements:		
Salaries and benefits	175,351	164,470
Transporting recyclables and recycling	175,426	176,036
Landfill disposal fees	214,998	210,413
Other	136,782	218,062
Total operating disbursements	702,557	768,981
Deficiency of operating receipts under operating disbursements	(16,679)	(117,581)
Non-operating receipts:		
Solid waste alternatives program grant	17,619	7,859
Interest on investments	8,106	8,718
Total non-operating receipts	25,725	16,577
Net change in cash basis net assets	9,046	(101,004)
Cash basis net assets beginning of year	392,397	493,401
Cash basis net assets end of year	\$ 401,443	392,397

In fiscal 2005, operating receipts increased by \$43,626, or 6.53%. The increase was primarily a result of implementing the Iowa Waste Exchange Grant Program and updating the current recycling program. In fiscal 2005, operating disbursements decreased by \$66,424, or 8.64%, from fiscal 2004 due to a decrease in capital expenditures for the purchase of equipment.

### **LONG-TERM DEBT**

At June 30, 2005, the Commission had no long term debt outstanding.

### **ECONOMIC FACTORS**

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

- Facilities require constant maintenance and upkeep for safety and other regulatory compliance issues.
- The instability of the current 28E forming the Rural Iowa Waste Management Association which previously included Butler, Hamilton, Hardin and Wright Counties. As of July 1, 2005, Hamilton County has withdrawn from the Association.
- The instability of the Rural Iowa Landfill and required cell expansion make it difficult to gauge future landfill tipping fees.

The Commission anticipates the current fiscal year will be much like the last and will constantly monitor potential revenue sources as well as potential areas to reduce expenses to maintain 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, 309 North Main Street, Allison, Iowa 50602-0647.

**Butler County Solid Waste Commission**

## **Financial Statement**

**Exhibit A**

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

As of and for the year ended June 30, 2005

Operating receipts:	
Gate fees	\$ 113,488
City contributions	313,396
County contributions	194,436
Recycling fees	44,953
Miscellaneous	19,605
Total operating receipts	<u>685,878</u>
Operating disbursements:	
Salaries	157,985
FICA and IPERS	17,366
Utilities and telephone	9,591
Transfer station expense and supplies	29,375
Transporting recyclables and recycling	175,426
Office supplies and recycling promotion	6,741
Landfill disposal fees	214,998
Transporting household hazardous waste materials	10,561
Insurance	18,186
Professional fees	2,980
Water analysis	7,125
Equipment	4,478
Solid waste transportation	14,758
Landfill expansion	31,200
Miscellaneous	1,787
Total operating disbursements	<u>702,557</u>
Deficiency of operating receipts under operating disbursements	<u>(16,679)</u>
Non-operating receipts:	
Solid waste alternatives program grant	17,619
Interest on investments	8,106
Total non-operating receipts	<u>25,725</u>
Change in cash basis net assets	9,046
Cash basis net assets beginning of year	<u>392,397</u>
Cash basis net assets end of year	<u>\$ 401,443</u>
<b>Cash Basis Net Assets</b>	
Restricted for closure care	\$ 9,830
Unrestricted	<u>391,613</u>
Total cash basis net assets	<u>\$ 401,443</u>

See notes to financial statement.

Butler County Solid Waste Commission

Notes to Financial Statement

June 30, 2005

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

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

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

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

C. Basis of Accounting

The Butler County Solid Waste Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payable for closure costs. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. Restricted Cash Basis Net Assets

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

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

**(3) Pension and Retirement Benefits**

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

Plan members are required to contribute 3.70% of their annual covered salary and the Commission is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$7,230, \$7,207, and \$6,613, 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, 2005 is \$9,000. This liability has been computed based on rates of pay in effect at June 30, 2005.

**(5) Landfill Closure**

The landfill closed October 1989 and started to operate 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 post-closure care requirements, nor demonstrate financial assurance for closure and post-closure 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, 2005 have been estimated at \$9,830. The balance has been restricted and is fully funded at June 30, 2005.

**(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 509 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, 2005 were \$7,841.

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 aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

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

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

**Butler County Solid Waste Commission**



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Independent Auditor's Report on  
Internal Control 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 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, 2005, and have issued our report thereon dated October 26, 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 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain 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 Butler County Solid Waste Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. The reportable conditions are described in the accompanying Schedule of Findings.

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

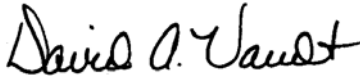
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Butler County Solid Waste Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and 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.

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

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

October 26, 2005

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2005

**Findings Related to the Financial Statement:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

- (A) Segregation of Duties – One important aspect of internal accounting is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas:

- (1) Receipts – collecting, depositing, journalizing, posting and reconciling.
- (2) Disbursements – check writing, signing and reconciling.
- (3) Payroll – preparation and distribution.
- (4) Investing – recordkeeping and investing.

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

Response – Due to the lack of personnel, segregation of duties continues to be a challenge. Consistent review procedures are in place and we will continue implementing these control procedures in addition to implementing an accounting and disbursement policy.

Conclusion – Response accepted.

- (B) Payroll – Starting July 1, 2005, the Director assumed additional duties related to a specific grant. According to the Fair Labor Standards Act, employees working more than 40 hours a week are to be paid at least one and one-half times the regular rate of pay for each hour worked over 40 in a week. However, exemptions to the requirements are provided for executive, administrative and professional employees. The Commission has not made a determination if the Director qualifies for one of the exemptions to the requirements of the Fair Labor Standards Act.

Recommendation – The Commission should determine if the Director qualifies for an exemption from the requirements of the Fair Labor Standards Act.

Response – The comment has been sent to the Butler County Solid Waste Commission's attorney for review and an opinion.

Conclusion – Response accepted.

- (C) Accounts Receivable – The reconciliation of accounts receivable billings, collections and delinquent accounts was not documented.

Recommendation – Procedures should be established to document the reconciliation of accounts receivable billings, collections and delinquencies for each billing period. An independent person should review the reconciliations and monitor delinquencies.

Butler County Solid Waste Commission

Schedule of Findings

Year ended June 30, 2005

Response – Documentation for reconciliation activities will be kept for all accounts receivable billings, collections and delinquencies beginning January 1, 2006. A member of the Solid Waste Commission Board can review these in addition to the bank reconciliations.

Conclusion – Response accepted.

**Other Findings Related to Required Statutory Reporting:**

- (1) Official Depositories – A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of 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) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.

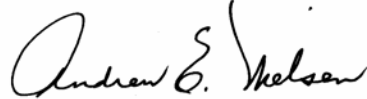
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Butler County Solid Waste Commission

Staff

This audit was performed by:

K. David Voy, CPA, Manager  
Bobbie J. Zediker, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State