



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

David A. Vaudt, CPA  
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**NEWS RELEASE**

FOR RELEASE

February 13, 2006

Contact: Andy Nielsen  
515/281-5834

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

The Commission had total revenues of \$601,501 for the year ended June 30, 2005, a six percent increase from the prior year. Revenues included gate fees of \$461,846 and County and City assessments of \$71,651.

Expenses totaled \$449,127 for the year ended June 30, 2005, a fourteen percent increase over the prior year. Expenses included \$162,308 for employee salaries and benefits, \$23,145 for engineering services and \$64,952 for closure and postclosure care costs.

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

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**JONES COUNTY SOLID WASTE MANAGEMENT COMMISSION**

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

**JUNE 30, 2005**

## Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	5
Management's Discussion and Analysis	7-11
Basic Financial Statements:	<u>Exhibit</u>
Statement of Net Assets	A      14
Statement of Revenues, Expenses and Changes in Net Assets	B      15
Statement of Cash Flows	C      16
Notes to Financial Statements	17-21
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 <u>Government Auditing Standards</u>	23-24
Schedule of Findings	25-26
Staff	27

## Jones County Solid Waste Management Commission

### Officials

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

**Jones County Solid Waste Management Commission**



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Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jones County Solid Waste Management Commission at June 30, 2005, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2005 on our consideration of the Jones County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 11 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 9, 2005

**Jones County Solid Waste Management Commission**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Jones County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30 2005. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 7%, or \$35,198, from fiscal 2004 to fiscal 2005. Gate fees and other revenues increased.
- ◆ The Commission's operating expenses were 14%, or \$55,979, more in fiscal 2005 than in fiscal 2004. The increase was primarily the result of increased engineering costs due to services provided to add a new cell and increased salaries and benefits, tire disposal, and closure and postclosure care costs.
- ◆ The Commission's net assets increased 7%, or \$152,374, from June 30, 2004 to June 30, 2005.

### USING THIS ANNUAL REPORT

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

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

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

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

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

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



## FINANCIAL ANALYSIS OF THE COMMISSION

### Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Commission's financial position. The Commission's net assets at the end of fiscal 2005 totaled \$2,294,730. This compares to \$2,142,356 at the end of fiscal 2004. A summary of the Commission's net assets is presented below.

Net Assets		
	June 30,	
	2005	2004
<b>Assets</b>		
Current assets:		
Cash	\$ 169,225	107,152
Certificates of deposit	1,454,522	1,364,812
Receivables:		
Accounts	55,307	68,754
Interest	15,847	13,505
Total current assets	<u>1,694,901</u>	<u>1,554,223</u>
Noncurrent assets:		
Restricted cash	4,470	5,308
Restricted certificates of deposit	1,178,612	1,072,639
Capital assets (net of accumulated depreciation)	353,672	373,751
Total noncurrent assets	<u>1,536,754</u>	<u>1,451,698</u>
Total assets	<u>3,231,655</u>	<u>3,005,921</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	18,892	11,958
Compensated absences payable	4,174	2,700
Total current liabilities	<u>23,066</u>	<u>14,658</u>
Non-current liabilities:		
Estimated liability for landfill closure and postclosure care	913,859	848,907
Total liabilities	<u>936,925</u>	<u>863,565</u>
<b>Net assets</b>		
Invested in capital assets	353,672	373,751
Restricted for:		
Closure and postclosure care	264,753	223,732
Tonnage fees	4,470	5,308
Unrestricted	<u>1,671,835</u>	<u>1,539,565</u>
Total net assets	<u>\$ 2,294,730</u>	<u>2,142,356</u>

The largest portion of the Commission's net assets (73%) are the unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets are for closure and postclosure care (12%) and for tonnage fees. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (15%, e.g., land and equipment) are resources allocated to capital assets.

### Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues is for interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2005 and June 30, 2004 is presented below:

Changes in Net Assets		
	Year ended June 30,	
	2005	2004
Operating revenues:		
Assessments	\$ 71,651	71,651
Gate fees	461,846	428,364
Other operating revenues	8,981	7,265
Total operating revenues	<u>542,478</u>	<u>507,280</u>
Operating expenses:		
Salaries and benefits	162,308	130,546
Utilities	2,088	1,870
Tonnage fees remitted to Iowa Department of Natural Resources	18,179	17,162
Engineering services	23,145	13,498
Equipment maintenance and repair	20,078	29,598
Fly ash	1,062	-
Insurance	13,598	11,603
Auditing, consulting and legal	11,102	9,438
Road rock	7,137	11,361
Fuel	6,712	6,495
Tire disposal	18,220	12,213
Leachate hauling and treatment	10,319	13,633
Depreciation	20,079	20,079
Earthmoving	22,025	28,055
Office supplies and operations	2,051	4,008
Travel and training	2,043	2,499
Household hazardous waste disposal	6,750	7,886
Recycling	22,594	18,539
White goods disposal	12,428	12,825
Miscellaneous	2,257	1,458
Closure and postclosure care	64,952	40,382
Total operating expenses	<u>449,127</u>	<u>393,148</u>
Operating income	93,351	114,132
Non-operating revenues:		
Interest income	59,023	57,665
Change in net assets	152,374	171,797
Net assets beginning of year	2,142,356	1,970,559
Net assets end of year	<u>\$2,294,730</u>	<u>2,142,356</u>

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

In fiscal 2005, operating revenues increased by \$35,198, or 7%, primarily a result of gate fees increasing by \$33,482 due to an increase of tonnage coming into the landfill. This is due to large demolition projects and increased usage by the general public. Operating expenses increased by \$55,979, or 14%. The increase was primarily the result of increased engineering costs due to services provided to add a new cell and increased salaries and benefits, tire disposal, and closure and postclosure care costs.

#### *Statement of Cash Flows*

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

### **CAPITAL ASSETS**

At June 30, 2005, the Commission had \$579,152 invested in capital assets and accumulated depreciation of \$225,480 on those assets. Depreciation charges totaled \$20,079 for fiscal 2005. More detailed information about the Commission's capital assets is presented in Note 4 to the financial statements.

### **LONG-TERM DEBT**

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

### **ECONOMIC FACTORS**

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

- ◆ Facilities at the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- ◆ Annual deposits required to be made to closure and postclosure care accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's 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 Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jones County Solid Waste Management Commission, P.O. Box 235, Anamosa, Iowa 52205.

**Jones County Solid Waste Management Commission**

## **Basic Financial Statements**

**Exhibit A**

## Jones County Solid Waste Management Commission

## Statement of Net Assets

June 30, 2005

**Assets**

## Current assets:

Cash	\$ 169,225
Certificates of deposit	1,454,522
Receivables:	
Accounts	55,307
Interest	15,847
Total current assets	<u>1,694,901</u>

## Noncurrent assets:

Restricted cash	4,470
Restricted certificates of deposit	1,178,612
Capital assets (net of accumulated depreciation)	353,672
Total noncurrent assets	<u>1,536,754</u>

**Total assets**3,231,655**Liabilities**

## Current liabilities:

Accounts payable	18,892
Compensated absences payable	4,174
Total current liabilities	<u>23,066</u>

## Non-current liabilities:

Estimated liability for landfill closure and postclosure care	<u>913,859</u>
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**Total liabilities**936,925**Net assets**

Invested in capital assets	353,672
Restricted for:	
Closure and postclosure care	264,753
Tonnage fees	4,470
Unrestricted	<u>1,671,835</u>
<b>Total net assets</b>	<u>\$ 2,294,730</u>

See notes to financial statements.

Jones County Solid Waste Management Commission

Statement of Revenues, Expenses and  
Changes in Net Assets

Year ended June 30, 2005

Operating revenues:	
Assessments	\$ 71,651
Gate fees	461,846
Other operating revenues	<u>8,981</u>
Total operating revenues	<u>542,478</u>
Operating expenses:	
Salaries and benefits	162,308
Utilities	2,088
Tonnage fees remitted to Iowa Department of Natural Resources	18,179
Engineering services	23,145
Equipment maintenance and repair	20,078
Fly ash	1,062
Insurance	13,598
Auditing, consulting and legal	11,102
Road rock	7,137
Fuel	6,712
Tire disposal	18,220
Leachate hauling and treatment	10,319
Depreciation	20,079
Earthmoving	22,025
Office supplies and operations	2,051
Travel and training	2,043
Household hazardous waste disposal	6,750
Recycling	22,594
White goods disposal	12,428
Miscellaneous	2,257
Closure and postclosure care	<u>64,952</u>
Total operating expenses	<u>449,127</u>
Operating income	93,351
Non-operating revenues:	
Interest income	<u>59,023</u>
Change in net assets	152,374
Net assets beginning of year	<u>2,142,356</u>
Net assets end of year	<u><u>\$ 2,294,730</u></u>

See notes to financial statements.



## Jones County Solid Waste Management Commission

## Statement of Cash Flows

Year ended June 30, 2005

Cash flows from operating activities:	
Cash received from assessments	\$ 85,889
Cash received from gate fees	461,055
Cash paid to suppliers for goods and services	(199,965)
Cash paid to employees for services	(155,723)
Other operating receipts	8,981
Net cash provided by operating activities	<u>200,237</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(194,283)
Interest received	56,681
Net cash used for investing activities	<u>(137,602)</u>
Net increase in cash and cash equivalents	62,635
Cash and cash equivalents beginning of year	<u>226,218</u>
Cash and cash equivalents end of year	<u>\$ 288,853</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<u>\$ 93,351</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	20,079
Closure and postclosure care	64,952
Changes in assets and liabilities:	
Decrease in accounts receivable	13,447
Increase in accounts payable	6,934
Increase in compensated absences payable	1,474
Total adjustments	<u>106,886</u>
Net cash provided by operating activities	<u>\$ 200,237</u>
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on the Statement of Net Assets:</b>	
Current assets:	
Cash	\$ 169,225
Certificates of deposit	1,454,522
Restricted assets:	
Cash	4,470
Certificates of deposit	<u>1,178,612</u>
	2,806,829
Less items not meeting the definition of cash equivalents:	
Certificates of deposit	<u>(2,517,976)</u>
Cash and cash equivalents end of year	<u>\$ 288,853</u>

See notes to financial statements.

Jones County Solid Waste Management Commission

Notes to Financial Statements

June 30, 2005

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

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

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

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

C. Measurement Focus and Basis of Accounting

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

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

D. Assets, Liabilities and Net Investments

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

Cash, Investments and Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2005 include certificates of deposit of \$2,517,976.

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

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

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

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

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

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Equipment	3-20

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2005.

**(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 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 for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$5,268, \$5,136 and \$4,385, respectively, equal to the required contributions for each year.

**(4) Capital Assets**

A summary of capital assets at June 30, 2005 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 195,000	-	-	195,000
Capital assets being depreciated:				
Equipment	384,152	-	-	384,152
Less accumulated depreciation for:				
Equipment	205,401	20,079	-	225,480
Total capital assets being depreciated, net	178,751	(20,079)	-	158,672
Total capital assets, net	\$ 373,751	(20,079)	-	353,672

**(5) Closure and Postclosure Care Costs**

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

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

These costs for the Jones County Solid Waste Management Commission have been estimated at \$152,075 for closure and \$1,185,280 for postclosure, for a total of \$1,337,355 as of June 30, 2005, and the portion of the liability that has been recognized is \$913,859. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2005. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these costs and, at June 30, 2005, assets of \$1,178,612 are restricted for these purposes. They are reported as restricted investments and restricted net assets on the Statement of Net Assets.

Also, pursuant to Chapter 567-111.3(3) of the Iowa Administrative Code (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 mechanism.

Chapter 567-111.8(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 post closure care 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 two accounts for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2005, the unspent amounts retained by the Commission and restricted for the required purposes totaled \$4,470.

**(7) Risk Management**

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

**(8) Subsequent Event**

The Jones County Solid Waste Management Commission plans to close all existing cells and open a new cell by October 1, 2007 in order to comply with minimum liner standards established by the Environmental Protection Agency and adopted by the Iowa Department of Natural Resources. The Commission plans to use existing resources to finance these activities.

**Jones County Solid Waste Management 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 Financial Statements Performed  
in Accordance with Government Auditing Standards

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

We have audited the accompanying financial statements of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2005, and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jones County Solid Waste Management Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements 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 Jones 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. 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 statements 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 material weaknesses.

Compliance and Other Matters

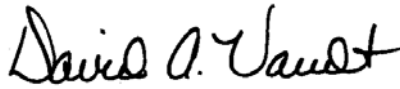
As part of obtaining reasonable assurance about whether the Jones County Solid Waste Management Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards. However, we noted 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, 2005 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.

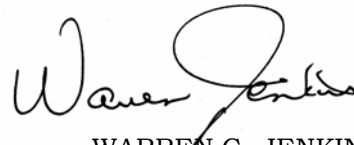
This report, a public record by law, is intended solely for the information and use of the members and customers of the Jones County Solid Waste Management Commission and other parties to whom the Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



DAVID A. VAUDT, CPA  
Auditor of State

December 9, 2005



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2005

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

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

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

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

Conclusion – Response accepted.

- (B) Gate Receipts – The landfill gate receipts are pre-numbered. However, they are not accounted for and reconciled to the bank deposit.

Recommendation – An employee who does not receive cash at the landfill should account for the daily receipts and reconcile receipts to the deposit to ensure all collections were deposited.

Response – We will reconcile receipts to deposits and account for pre-numbered gate receipts.

Conclusion – Response accepted.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2005

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

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.
- (2) Travel Expense – No expenditures of 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 – The interest rate on two time certificates of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee.

Recommendation – Public funds time certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on the date of renewal. The Commission should seek reimbursement of the additional interest due on the certificates of deposit. In addition, the Commission should be aware of the current allowable rates to insure at least the minimum allowable rate is received for all investments.

Response – We will contact the bank again to make sure the interest rate has been changed. We will seek reimbursement of interest due.

Conclusion – Response accepted.

- (5) Solid Waste Tonnage Fees Retained – During the year ended June 30, 2005, the Commission used or retained the solid waste tonnage fees in accordance with Chapter 455B.310 of the Code of Iowa.
- (6) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 1,337,355
Less: Balance of funds held in the local dedicated fund at June 30, 2004	<u>(1,072,639)</u>
	264,716
Divided by the number of years remaining in the pay-in period	÷ <u>3</u>
Required payment into the local dedicated fund for the year ended June 30, 2005	88,239
Balance of funds held in the local dedicated fund at June 30, 2004	<u>1,072,639</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2005	<u>\$ 1,160,878</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2005	<u>\$ 1,178,612</u>

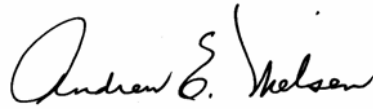
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Jones County Solid Waste Management Commission

Staff

This audit was performed by:

Kay F. Dunn, CPA, Manager  
Heather L. Templeton, Staff Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State