



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

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE March 19, 2010

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 \$911,004 during the year ended June 30, 2009, a 50 percent increase over 2008. The receipts included county and city allocations of \$199,730, landfill gate receipts of \$449,835 and loan proceeds of \$212,200.

Disbursements for the year totaled \$913,861, a 19 percent increase over the prior year, and included \$212,930 for equipment purchases, \$168,052 for capital projects and \$164,200 for salaries and benefits.

The significant increase in receipts and disbursements is primarily due to the purchase of equipment with proceeds from a bank loan.

A copy of the audit report is available for review at the Wayne-Ringgold-Decatur 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/index.html>.

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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, 2009**

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

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dale Walters	Chair	Ringgold County
Larry Eastin	Vice-Chair	Decatur County
Keith Hinds	Member	City of Leon
Robert Davis	Member	City of Allerton
Jim Feedback	Member	City of Mount Ayr
Nancy Jarred	Member	City of Tingley
Mary Joyce Hewlett	Member	City of Grand River
Cindy Miller	Member	City of Corydon
Roger Potts	Member	City of Lamoni
Jerry O' Dell	Member	Wayne County
Bill Carlton	Member	City of Humeston
Sue Ruble	Secretary/Treasurer	
Karen Denney	Office Manager	

**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, 2009. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement based on our audit.

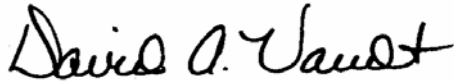
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Wayne-Ringgold-Decatur County Solid Waste Management Commission as of June 30, 2009, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2010 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, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 5, 2010



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

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

### **2009 FINANCIAL HIGHLIGHTS**

- ◆ Operating receipts increased 19.9%, or approximately \$109,000, from fiscal 2008 to fiscal 2009.
- ◆ Operating disbursements increased 1.1%, or approximately \$4,000, from fiscal 2008 to fiscal 2009.
- ◆ Cash basis net assets decreased 0.2%, or approximately \$3,000, from June 30, 2008 to June 30, 2009.

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

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

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

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the 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, related engineering services, equipment purchases and related loans. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and 2008 is presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2009	2008
Operating receipts:		
County and city allocations	\$ 199,730	194,403
Landfill gate receipts	449,835	347,350
Miscellaneous	4,632	3,924
Total operating receipts	<u>654,197</u>	<u>545,677</u>
Operating disbursements:		
Salaries and benefits	164,200	153,172
Other	253,614	260,464
Total operating disbursements	<u>417,814</u>	<u>413,636</u>
Excess of operating receipts over operating disbursements	<u>236,383</u>	<u>132,041</u>
Non-operating receipts (disbursements):		
RCC grant	2,318	2,233
Interest on investments	42,289	58,526
Proceeds from bank loan	212,200	-
Engineering/professional services	(115,065)	(88,141)
Equipment	(212,930)	-
Capital projects	(168,052)	(265,204)
Net non-operating disbursements	<u>(239,240)</u>	<u>(292,586)</u>
Net change in cash basis net assets	(2,857)	(160,545)
Cash basis net assets beginning of year	<u>1,607,008</u>	<u>1,767,553</u>
Cash basis net assets end of year	<u>\$ 1,604,151</u>	<u>1,607,008</u>

In fiscal year 2009, operating receipts increased \$108,520, or 19.9%, over fiscal year 2008. The increase was primarily a result of an increase in tonnage fees on July 1, 2008. In fiscal year 2009, operating disbursements increased \$4,178, or 1.0%, over fiscal year 2008.

A portion of the W-R-D CSWMC's cash basis net assets (84.3%) is restricted for closure and 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 (15.7%) are unrestricted cash basis net assets which can be used to meet the W-R-D CSWMC's obligations as they come due. Restricted net assets increased \$14,805, or 1.1%, during the year. Unrestricted cash basis net assets decreased \$17,662, or 6.5%.

## **LONG-TERM DEBT**

At June 30, 2009, the W-R-D CSWMC had long-term debt of \$212,200 outstanding. On February 12, 2009, the Commission entered into a bank loan to assist in the purchase of equipment.

## **ECONOMIC FACTORS**

W-R-D CSWMC's cash basis net assets decreased during the current fiscal year. The current financial condition of the counties and cities budgeting and availability to make their allocations continues to be a concern for W-R-D CSWMC officials. Some of the realities which 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.
- The on going concerns of household toxic and hazardous materials coming into the landfill.

The Wayne-Ringgold-Decatur County Solid Waste Management Commission, staff and employees are committed to continued operation and service to the residents of the cities and counties that use the facility. The Commission is working with Professional Services, the Iowa Department of Natural Resources, local contractors and employees for the construction of cells and lagoons to support the continued operation of the W-R-D CSWMC.

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 125<sup>th</sup> 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, 2009

Operating receipts:	
County and city allocations	\$ 199,730
Landfill gate receipts	449,835
Miscellaneous	4,632
Total operating receipts	<u>654,197</u>
Operating disbursements:	
Salaries and benefits	164,200
Iowa Department of Natural Resources tonnage fee	25,421
Insurance	15,279
Fuel	29,299
Equipment repair, maintenance and supplies	30,149
Disposal/recycling/hauling service	100,154
Meetings and travel	3,277
Road rock and sand	24,024
Administration	5,358
Utilities	12,020
Office operation	6,444
Miscellaneous	2,189
Total operating disbursements	<u>417,814</u>
Excess of operating receipts over operating disbursements	<u>236,383</u>
Non-operating receipts (disbursements):	
RCC grant	2,318
Interest on investments	42,289
Bank loan proceeds	212,200
Engineering/professional services	(115,065)
Equipment	(212,930)
Capital projects	(168,052)
Net non-operating disbursements	<u>(239,240)</u>
Change in cash basis net assets	(2,857)
Cash basis net assets beginning of year	<u>1,607,008</u>
Cash basis net assets end of year	<u><u>1,604,151</u></u>
<b>Cash Basis Net Assets</b>	
Restricted for:	
Closure and postclosure care	1,241,667
Solid waste tonnage fees retained	110,380
Total restricted net assets	<u>1,352,047</u>
Unrestricted	<u>252,104</u>
Total cash basis net assets	<u><u>\$ 1,604,151</u></u>

See notes to financial statement.

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Notes to Financial Statement

June 30, 2009

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

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

At June 30, 2009, the Commission had the following investments:

Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1-5
U.S. treasury bonds	\$ 906,843	249,013	657,830

Interest Rate Risk. The Commission's investment policy does not limit the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days.

**(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 4.10% of their annual salary and the Commission is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$8,236, \$7,558 and \$6,886 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, 2009 is \$4,600. This liability has been computed based on rates of pay in effect at June 30, 2009.

**(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 care plan to provide funding necessary to effect closure and postclosure care, 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 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 Commission as of June 30, 2009 have been estimated at \$640,007 for closure and \$962,904 for postclosure care, for a total of \$1,602,911. During the fiscal year ended June 30, 2007, the Commission closed 9.0 acres of the facility and subsequently opened another 9.75 acre cell. The estimated remaining life of the new cell is 62 years and the capacity used at June 30, 2009 is 3 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 care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2009, assets of \$1,241,667 are restricted for these purposes. They are reported as restricted cash basis net assets in the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Also, pursuant to Chapter 567-113.14 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 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 567-113.14(8) 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, 2009, the unspent amounts retained by the Commission and restricted for the required specific purposes totaled \$110,380.

**(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 whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2009 were \$12,968.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured 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, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty 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 casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for 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) Equipment Loan**

On February 12, 2009, the Commission entered into a loan for \$212,200 from Great Western Bank to purchase a Caterpillar tractor. The 4.75% loan is to be repaid in eight semi-annual installments of \$29,488 beginning August 15, 2009.

**Wayne-Ringgold-Decatur 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 a Financial Statement Performed in Accordance with  
Government Auditing Standards

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, 2009, and have issued our report thereon dated March 5, 2010. 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 Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Wayne-Ringgold-Decatur County Solid Waste Management Commission's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's financial statement that is more than inconsequential will not be prevented or detected by the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statement will not be prevented or detected by the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A) and (B) are material weaknesses.

#### Compliance and Other Matters

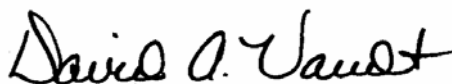
As part of obtaining reasonable assurance about whether the Wayne-Ringgold-Decatur County Solid Waste Management Commission's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

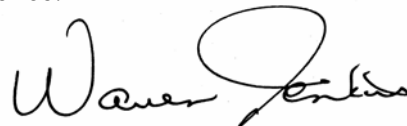
The Wayne-Ringgold-Decatur County Solid Waste Management Commission's written responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Wayne-Ringgold-Decatur County Solid Waste Management Commission's responses and, accordingly, we express no opinion on them.

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

March 5, 2010

Wayne-Ringgold-Decatur County  
Solid Waste Management Commission

Schedule of Findings

June 30, 2009

**Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCIES:**

- (A) Segregation of Duties – During our review of internal control, 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 statement. Generally, one individual has control over the bank reconciliations, disbursements, payroll, 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 work on trying to correct this matter, but with limited staff it sometimes becomes difficult.

Conclusion – Response accepted.

- (B) Bank Reconciliations – Bank reconciliations are performed on a monthly basis. However, the reconciliations are not properly reconciled to the book balances. In addition, the bank reconciliations are not reviewed by an independent person.

Recommendation - The bank balance should be reconciled to the book balance on a monthly basis. The bank reconciliations should be reviewed by an independent person, such as a Commission member, and the independent review should be evidenced by a signature or initials of the reviewer and the date of the review. Also, reconciling items, such as outstanding check listings, should be accurate and readily available so an independent person could reperform the bank reconciliation.

Response – A commissioner will review and sign.

Conclusion – Response acknowledged. The bank balance should be reconciled to the book balance on a monthly basis and an appropriate outstanding check list should be provided to the reviewer.

- (C) Electronic Data Processing Systems - During our review of internal control, the existing control activities in the Commission’s computer based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The following weaknesses in the Commission’s computer based systems were noted:

The Commission does not have written policies for:

- password privacy and confidentiality.
- requiring passwords to be changed periodically.

Wayne-Ringgold-Decatur County  
Solid Waste Management Commission

Schedule of Findings

June 30, 2009

- requiring strong passwords.
- usage of a time out or log off function to protect a terminal if left unattended.
- a screen saver password.
- ensuring only software licensed to the Commission is installed on computers.
- usage of the internet and email.

Also, the Commission has a written disaster recovery plan, but it does not include such things as the identification of staff responsibilities, computer equipment needed for temporary processing, alternate business locations and training for emergency situations.

Recommendation – The Commission should develop written policies addressing the above items in order to improve the Commission’s control over computer based systems. The disaster recovery plan should be further developed.

Response – We will work on these items and we will talk to our software provider and make some changes.

Conclusion – Response accepted.

- (D) Disbursements – The Commission’s general practice is to have two signatures on checks. However, the Commissioner’s signature stamp is in the control of the individual who prepares and countersigns the checks. Also, the Commission receives a listing of claims to be paid at its meetings. For six of the fifteen disbursements tested, items could not be traced to a claims listing. In addition, there is no evidence of the Commission’s approval of the claims listing. One disbursement tested could not be traced to supporting documentation.

Recommendation – The Commission’s signature stamp should be under the control of an independent person if not under the control of the Commissioner. A claims listing should be approved and evidence of the approval documented. Supporting documentation for all claims should be maintained.

Response – A Commissioner will review and sign a claims listing before checks are issued.

Conclusion – Response acknowledged. The signature stamp should be controlled by a Commissioner or an independent person.

- (E) Investments - A detailed record of investment transactions was not maintained. Interest earned on investments is added to the principal. However, this was not being tracked in the investment ledger.

Recommendation - A detailed record of investment transactions should be maintained on a current basis. This record should include investment number, purchase date, redemption date, interest rate and amount of principal and interest. All interest earned should be recorded in the accounting records.

Response – These items will be added to the excel file so they will be more complete.

Conclusion – Response accepted.



Wayne-Ringgold-Decatur County  
Solid Waste Management Commission

Schedule of Findings

June 30, 2009

- (F) Payroll –The Commission approved a certain percentage increase from the prior year for salaries and hourly wages for employees as documented in the minutes. However, the prior wages and/or the calculation of the new wages was not documented and approved.

Recommendation – The Commission minutes should clearly document the approved salaries and wages of all employees.

Response – We have always approved salaries but will include more detail to document the actions.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

Wayne-Ringgold-Decatur County  
Solid Waste Management Commission

Schedule of Findings

June 30, 2009

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

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.

However, the Commission minutes were not signed to authenticate the record. Also, annual salaries of employees was not published as required by Chapter 28E.6 of the Code of Iowa.

Recommendation – All minutes should be signed to authenticate the action taken. The Commission should publish salaries annually to comply with Chapter 28E.6 of the Code of Iowa.

Response – A Commissioner will sign the minutes.

Conclusion – Response acknowledged. The annual salaries should be published in accordance with Chapter 28E.6 of the Code of Iowa.

- (4) Deposits and Investments – The interest rate on one time certificate of deposit (CD) did not meet the minimum rate of interest set by the State Rate Setting Committee.

Recommendation – Public fund 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 be aware of the current allowable rates to ensure that at least the minimum allowable rate is received for all investments.

Response – We were not aware there were guidelines in regards to interest rates but will correct as they come up for renewals.

Conclusion – Response accepted.

- (5) Solid Waste Fees Retained – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

Wayne-Ringgold-Decatur County  
Solid Waste Management Commission

Schedule of Findings

June 30, 2009

- (6) Financial Assurance - The Commission has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Closure/ Postclosure Care	Total
Total estimated costs for closure and postclosure care at June 30, 2009	\$ 640,007	962,904	1,602,911
Less: Balance of funds held in the local dedicated fund at June 30, 2008	467,280	700,919	1,168,199
	<u>172,727</u>	<u>261,985</u>	<u>434,712</u>
Divided by the number of years remaining in the pay-in period	÷ 9	÷ 9	÷ 9
Required payment into the local dedicated fund for the year ended June 30, 2009	19,192	29,109	48,301
Balance of funds held in the local dedicated fund at June 30, 2008	467,280	700,919	1,168,199
Balance of funds required to be held in the local dedicated fund at June 30, 2009	<u>\$ 486,472</u>	<u>730,028</u>	<u>1,216,500</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2009			<u><u>\$ 1,241,667</u></u>

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Wayne-Ringgold-Decatur County Solid Waste Management Commission

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Karen L. Brustkern, CPA, Senior Auditor II  
Samantha J. Brincks, Assistant Auditor

A handwritten signature in cursive script that reads "Andrew E. Nielsen". The signature is written in black ink and is positioned above the printed name and title.

Andrew E. Nielsen, CPA  
Deputy Auditor of State