



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ June 11, 2008

Contact: Andy Nielsen  
515/281-5834

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

The Commission had total receipts of \$982,652 during the year ended June 30, 2007, a 39 percent increase over 2006. The receipts included county and city contributions of \$199,587, gate and tonnage fees of \$497,610, interest on investments of \$104,963, sale of cell liner of \$170,369 and other receipts of \$10,123.

Disbursements for the year totaled \$628,721, a 24 percent increase over the prior year, and included \$185,896 for salaries and benefits, \$83,021 for recycling, \$188,109 for a cell liner and \$44,543 for buildings and grounds.

The significant increase in receipts is due primarily to increases in gate and tonnage fees, county and city contributions, interest on investments and the sale of a liner.

The significant increase in disbursements is due primarily to the purchase of a liner for a new cell offset by decreases in engineering and testing.

A copy of the audit report is available for review at the Crawford County Area Solid Waste Agency 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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**CRAWFORD COUNTY AREA SOLID  
WASTE AGENCY COMMISSION**

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

**JUNE 30, 2007**

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**Crawford County Area Solid Waste Agency Commission**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John P. Lawler	Chairperson	Crawford County
Jerry Buller	Vice Chairperson	Cities of Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail and Westside
Jay Ford	Member	City of Denison
Robert Lohrmann	Member	Crawford County
Garry Chapman	Member	City of Denison
Charles E. Ettleman	Financial Secretary	

**Crawford County Area Solid Waste Agency Commission**



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Independent Auditor's Report

To the Members of the Crawford County Area  
Solid Waste Agency Commission:

We have audited the accompanying financial statement of the Crawford County Area Solid Waste Agency Commission as of and for the year ended June 30, 2007. 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 Crawford County Area Solid Waste Agency Commission as of June 30, 2007, 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 May 30, 2008 on our consideration of the Crawford County Area Solid Waste Agency 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 6 through 8 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

May 30, 2008

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

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The Crawford County Area Solid Waste Agency Commission (CCASWAC) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the CCASWAC is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2007 FINANCIAL HIGHLIGHTS**

- ◆ Operating receipts increased 11%, or approximately \$68,000, from fiscal 2006 to fiscal 2007.
- ◆ Operating disbursements decreased approximately \$70,000, or 14%, from fiscal 2006 to fiscal 2007.
- ◆ Cash basis net assets increased 16%, or approximately \$354,000, from June 30, 2006 to June 30, 2007.

### **USING THIS ANNUAL REPORT**

The CCASWAC 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 Commission's cash basis of accounting.

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

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.
- 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 landfill and recycling program. Non-operating receipts and disbursements include interest on investments, vehicle storage fees, equipment purchases and the acquisition and subsequent sale of a cell liner. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2007 and June 30, 2006 is presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2007	2006
Operating receipts:		
County contributions	\$ 56,881	51,710
City contributions	142,706	130,935
Gate and tonnage fees	497,610	444,908
Miscellaneous	8,773	10,457
Total operating receipts	<u>705,970</u>	<u>638,010</u>
Operating disbursements:		
Salaries and benefits	185,896	179,249
Recycling	83,021	96,677
Engineering and testing	35,049	101,153
Landfilling and other	127,994	125,038
Total operating disbursements	<u>431,960</u>	<u>502,117</u>
Excess of operating receipts over operating disbursements	<u>274,010</u>	<u>135,893</u>
Non-operating receipts (disbursements):		
Interest on investments	104,963	65,603
Vehicle storage fees	1,350	1,160
Equipment	(8,652)	(6,651)
Sale of cell liner	170,369	-
Cell liner	(188,109)	-
Net non-operating receipts (disbursements)	<u>79,921</u>	<u>60,112</u>
Net change in cash basis net assets	353,931	196,005
Cash basis net assets beginning of year	<u>2,195,564</u>	<u>1,999,559</u>
Cash basis net assets end of year	<u>\$ 2,549,495</u>	<u>2,195,564</u>
<b>Cash Basis Net Assets</b>		
Restricted for:		
Groundwater protection	\$ 174,669	162,479
Closure and postclosure care	929,954	809,181
Total restricted net assets	<u>1,104,623</u>	<u>971,660</u>
Unrestricted	<u>1,444,872</u>	<u>1,223,904</u>
Total cash basis net assets	<u>\$ 2,549,495</u>	<u>2,195,564</u>

In fiscal 2007, operating receipts increased \$67,960, or 11%, over fiscal 2006. The increase was primarily a result of gate and tonnage fees increasing \$52,702, due to the Commission increasing tonnage fees, and contributions from county and the cities increasing \$16,942, due to an increase in the per capita rates. Operating disbursements decreased \$70,157, or 14%, from fiscal 2006. The decrease was a result of a decrease in engineering and testing of \$66,104. The prior year included additional groundwater monitoring and conceptual design and capital improvement plan costs to help make long range planning decisions.

In fiscal 2007, the Commission purchased a liner system for \$188,109 for the construction of a new waste cell. After the purchase was made, the Commission learned of changes the Iowa Department of Natural Resources was proposing which would affect the construction of the new waste cell. As a result of the proposed changes, the Commission decided not to construct the new cell but rather to operate the facility as a transfer station after December 10, 2007. The Commission was able to locate a buyer for a portion of the liner system and received \$170,369 for the sale. The Commission continues to work with its consultants to sell the remaining five rolls of liner valued at \$17,740. The purchase and subsequent sale of the cell liner system are included in non-operating receipts and disbursements.

A portion of the Commission's net assets, \$1,104,623 (43%), is restricted for groundwater protection and for closure and postclosure care. State and federal laws and regulations require the Commission 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 years after closure. The remaining net assets, \$1,444,872 (57%), are unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets increased \$132,963, or 14%, during the year. The increase was primarily due to additional funds set aside for closure and postclosure care. Unrestricted net assets increased \$220,968, or 18%, during the year due to increases in operating receipts and decreases in operating disbursements.

## **LONG-TERM DEBT**

At June 30, 2007, the Commission had no long-term debt outstanding.

## **ECONOMIC FACTORS**

The Commission improved 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 members. Some of the realities that may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment require constant maintenance and upkeep for safety and other regulatory compliance issues.
- ◆ Closing the current fill area.
- ◆ Constructing and operating a transfer building.
- ◆ Increased fuel costs.
- ◆ Transportation of waste to the Carroll County Solid Waste Commission site.
- ◆ Solid waste fees to be paid to the Carroll County Solid Waste Commission.
- ◆ Recycling costs.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers and customers 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 Crawford County Area Solid Waste Agency Commission, P.O. Box 458, Denison, Iowa 51442-0668.

## **Financial Statement**

**Exhibit A**

## Crawford County Area Solid Waste Agency Commission

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

As of and for the year ended June 30, 2007

Operating receipts:	
County contributions	\$ 56,881
City contributions	142,706
Tonnage fees	467,720
Gate fees	29,890
Sales tax	5,852
Sale of materials	2,921
Total receipts	<u>705,970</u>
Operating disbursements:	
Salaries and benefits	185,896
Insurance	9,940
Utilities	4,759
Office supplies	2,893
Recycling	83,021
Engineering and testing	35,049
Equipment operations	27,736
Building and grounds	44,543
Tonnage fees to Iowa Department of Natural Resources	25,110
Miscellaneous	13,013
Total operating disbursements	<u>431,960</u>
Excess of operating receipts over operating disbursements	<u>274,010</u>
Non-operating receipts (disbursements):	
Interest on investments	104,963
Vehicle storage fees	1,350
Sale of cell liner	170,369
Cell liner	(188,109)
Equipment	(8,652)
Net non-operating (disbursements)	<u>79,921</u>
Change in cash basis net assets	353,931
Cash basis net assets beginning of year	<u>2,195,564</u>
Cash basis net assets end of year	<u>\$ 2,549,495</u>
<b>Cash Basis Net Assets</b>	
Restricted for:	
Groundwater protection	\$ 174,669
Closure and postclosure care	929,954
Total restricted net assets	<u>1,104,623</u>
Unrestricted	<u>1,444,872</u>
Total cash basis net assets	<u>\$ 2,549,495</u>

See notes to financial statement.

Crawford County Area Solid Waste Agency Commission

Notes to Financial Statement

June 30, 2007

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

The Crawford County Area Solid Waste Agency Commission was formed in 1989 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 in Crawford County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of five members. Each member of the Commission has one vote and is appointed as follows: three members shall be appointed by the Crawford County Board of Supervisors, consisting of one from the City of Denison, one a resident of Crawford County but not a resident of Denison and one a member of the Board of Supervisors; one member shall be appointed by the City of Denison and shall be an elected official; one member shall be appointed by the other cities in Crawford County and shall be an elected official. The member cities are Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Denison, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail and Westside.

A. Reporting Entity

For financial reporting purposes, the Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency 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 estimated closure and postclosure care costs. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

D. Restricted Cash Basis Net Assets

Funds set aside for payment of groundwater protection costs and closure and postclosure care costs are classified as restricted.

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2007 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 which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the Commission is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$8,307, \$8,190 and \$8,427, respectively, equal to the required contribution 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 to employees for earned vacation leave at June 30, 2007 was \$7,700. This liability has been computed based on rates of pay in effect at June 30, 2007.

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost would be 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 Crawford County Area Solid Waste Agency Commission have been estimated to be \$315,300 for closure and \$574,116 for postclosure care, for a total of \$889,416. The estimated remaining life of the landfill is 1 year, with approximately 98 percent of the landfill's capacity used at June 30, 2007. On October 20, 1997, Iowa received final full program determination of adequacy from the U.S. Environmental Protection Agency (EPA) for the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. As a fully approved state, Iowa must have enforceable standards to comply with 40 Code of Regulations (CFR) part 258, which establishes the minimum national criteria for all MSW landfills. Even though the landfill continues to have additional space available for future waste, the Iowa Department of Natural Resources has stated the landfilling of waste in this area must cease as of October 1, 2007.

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 Crawford County Area Solid Waste Agency Commission has begun to accumulate resources to fund these costs and, at June 30, 2007, assets of \$929,954 are restricted for these purposes. They are reported as restricted cash basis net assets on the Statement of Receipts, Disbursements and Changes in Cash Basis Net Assets.

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

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

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

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

Chapter 57-111.8(7) of the IAC allows a government to choose the Dedicated Fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure 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 the Groundwater Protection Fund for restricting and using solid waste tonnage fees retained by the Commission. At June 30, 2007, the unspent amounts retained by the Commission and restricted for the required specific purposes totaled \$174,669.

**(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 556 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 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 fund at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2007 were \$633.

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 \$5,000,000 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, 2007, 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 \$60,000. 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.

**(8) Lease Agreement**

The land used by the Commission for its landfill site was leased from Crawford County for a one-time fee of \$1.00. The lease is self-renewing for twelve month periods unless written notice is given by either party within sixty days of the end of a fiscal year.

**(9) Recyclable Materials Processing Agreement**

The Commission entered into a recycling agreement with the Carroll County Solid Waste Management Commission. The Commission has built a Recyclable Material transfer station capable of receiving commingled recyclable materials from private haulers and transferring those materials to an off-site processing facility in Carroll County. The Commission pays the Carroll County Solid Waste Management Commission for marketing the processed recyclable materials and for educating the public on recycling issues. The Commission paid a flat rate of \$40.00 per ton during fiscal year 2007 for the recyclable materials. The agreement commenced on July 1, 1995 and is renewable on an annual basis.

**(10) Subsequent Events**

By December 10, 2007, Iowa solid waste landfills were required to meet the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. Non-compliant landfills were required to implement closure requirements by December 10, 2007 for all cells not meeting RCRA Subtitle D liner requirements and construct new cells that are in compliance if they are to continue accepting solid waste for disposal. The Crawford County Area Solid Waste Agency Commission has stopped burying waste in the existing cell not in compliance with the requirements and will operate as a transfer station.

The Commission awarded a contract for disposal of municipal solid waste to the Carroll County Solid Waste Commission for \$19.95 per ton, effective October 1, 2007, or until the transfer station was constructed. The Commission also awarded a contract to Erlbacher Brothers, Inc. for hauling solid waste to Carroll County for \$10.75 per ton. On December 10, 2007, the Commission began transferring waste to the Carroll County Solid Waste Commission from a temporary transfer site approved by the DNR.

On July 26, 2007, the Commission approved a contract with Ahrenholtz Construction for furnishing and constructing a pre-engineered steel building for storing and transferring waste for \$219,500. On September 14, 2007, the Commission approved a contract with Dixon Construction Company for concrete work for the transfer building for \$229,605. On January 15, 2008, the Commission approved a contract with DeMey Electric for electrical work for the transfer building for \$13,810.



**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 Crawford County Area  
Solid Waste Agency Commission:

We have audited the accompanying financial statement of the Crawford County Area Solid Waste Agency Commission as of and for the year ended June 30, 2007, and have issued our report thereon dated May 30, 2008. 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 Crawford County Area Solid Waste Agency 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 statements, but not for the purpose of expressing our opinion on the effectiveness of the Crawford County Area Solid Waste Agency Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency Commission's financial statement that is more than inconsequential will not be prevented or detected by the Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency Commission's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crawford County Area Solid Waste Agency 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 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, 2007 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.

Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency 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 Crawford County Area Solid Waste Agency 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

May 30, 2008

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2007

**Findings Related to the Financial Statement:**

**SIGNIFICANT DEFICIENCIES:**

(A) Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties, which are incompatible. One person in the office has control over each of the following areas for the Commission:

- (1) Accounting system – record keeping for receipts and financial reporting.
- (2) Receipts – opening mail and listing mail receipts, collecting, depositing, journalizing and posting.
- (3) Investments – investing, recording and custody. An independent person does not inspect the investments, confirm investments with those held by outsiders, reconcile documents to the investment record, verify recorded investment earnings for the accuracy thereof or reconcile earnings with those recorded in the accounting records.

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 limited number of staff available to perform the duties, options available are limited. However, we will continue to look at different procedures.

Conclusion – Response accepted.

(B) Billings Reconciliation – Although the recording secretary performs a monthly reconciliation of billings, payments on account and customer account balances, the following deficiencies were noted related to the reconciliation performed:

- In some cases, variances existed between the ending receivable balance and the beginning receivable balance of the next month.
- The scalehouse operator and recording secretary independently maintain accounts receivable records. They reconcile the month end accounts receivable balance with each other, but the reconciliation is not documented.
- An independent person does not compare the payments received on account to the receipts register and deposits.

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2007

Recommendation – The reasons for variances between the ending receivable balance and the beginning receivable balance of the next month should be identified and resolved. The reconciliation performed between the scalehouse operator and the recording secretary should be retained and initialed and dated by each individual. An independent person should compare the payments received on account with the receipts register and deposits.

Response – We will work toward following this recommendation. Some of the recommendations have already been implemented.

Conclusion – Response accepted.

- (C) Receipts – Receipts collected by the recording secretary were not always deposited intact and timely. At times, collections were retained in the office until the amounts accumulated were sufficient to purchase certificates of deposit.

Recommendation – The recording secretary should deposit all receipts intact and timely and a disbursement should be made from the checking account to purchase certificates of deposit.

Response – We will try to make more timely deposits.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2007

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

- (1) Questionable Disbursement – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted. However, the investment policy did not include references to the current Code of Iowa.

Recommendation – The investment policy should be rewritten to include references to the current Code of Iowa.

Response – The investment policy will be rewritten to include references to the current Code of Iowa.

Conclusion – Response accepted.

- (5) Solid Waste Fees Retainage – During the year ended June 30, 2007, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310(3) and (4) 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 567-111.6(9) of the Iowa Administrative Code. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 889,416
Less: Balance of funds held in the local dedicated fund at June 30, 2006	<u>(809,181)</u>
	80,235
Divided by the number of years remaining in the pay-in period	÷ <u>1</u>
Required payment into the local dedicated fund for the year ended June 30, 2007	80,235
Balance of funds held in the local dedicated fund at June 30, 2006	<u>809,181</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2007	<u>\$ 889,416</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2007	<u>\$ 929,954</u>

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2007

- (7) Public Hearing for Public Improvements – The Commission did not hold a public hearing prior to entering into a contract for the construction of the transfer building in accordance with Chapter 26.12 of the Code of Iowa. In addition, the Commission did not advertise for sealed bids or award the contracts for the transfer building as provided in Chapter 26.3 and Chapter 26.9 of the Code of Iowa.

Recommendation - Before entering into any contract for a public improvement where the cost exceeds \$100,000, the Commission should set a date for a public hearing and publish notice of the hearing in accordance with Chapters 26.12 and 362.3 of the Code of Iowa. In addition, the Commission should advertise for sealed bids and award the contract to the lowest responsive, responsible bidder as provided by Chapters 26.3 and 26.9 of the Code of Iowa. The Commission should consult legal counsel to determine the disposition of this matter.

Response – The Commission was unaware of the recent change in Iowa law at the times relevant to the contracting for and construction of the Crawford County Solid Waste Transfer Building. Deadlines imposed by the IDNR for no longer accepting waste at the existing landfill contributed to the urgency of getting the transfer building constructed. However, there was no intent on the part of the Commission members to circumvent Iowa law. Certainly, the Commission members are now aware of the requirement of Chapter 26 of the Iowa Code and Section 362.3 of the Code of Iowa, and any future projects will be in compliance with the requirements of those provisions of Iowa law. Also the Commission has consulted with legal counsel in regard to this matter.

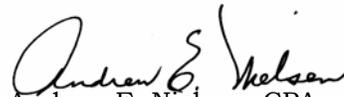
Conclusion – Response accepted.

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Crawford County Area Solid Waste Agency Commission  
Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager  
James L. Blekfeld, CPA, Senior Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State