

**HAMILTON COUNTY SOLID WASTE COMMISSION**

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

**JUNE 30, 2008**

## CONTENTS

	<u>Page</u>
<b>OFFICIALS</b>	<b>3</b>
<b>INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS</b>	<b>4-5</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	<b>6-8</b>
<b>FINANCIAL STATEMENTS</b>	<b>9</b>
Statement of Net Assets-Cash Basis	10
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balances-Cash Basis	11-13
Notes to Financial Statements	14-18
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>19</b>
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balances-Comparison to Budget	20-21
<b>OTHER SUPPLEMENTARY INFORMATION</b>	<b>22</b>
Summary of Cash and Investment Balances	23
Schedule of Investment Transactions	24
Schedule of Cash Transactions	
Operations and Maintenance Fund	25
Equipment Reserve Fund	26
Dirt Removal Fund	27
Revenue Fund	28
Farm Account Fund	29
Post Closure Reserve Fund	30
DNR State Retainage Fund	31
Recycling Reserve Fund	32
Landfill Closure Reserve Fund	33
Transfer Station Closure Fund	34
Statement of Cash Disbursements – Actual and Budget	35-37
<b>INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>38-39</b>
<b>SCHEDULE OF FINDINGS</b>	<b>40-41</b>

## Hamilton County Solid Waste Commission

### OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Troy Hassebrock	Chairperson	City of Blairsburg
Gregg Wright	Vice Chairperson	City of Randall
Wes Sweedler	Member	Hamilton County
Dale Graham	Member	City of Ellsworth
Mickey Walker	Member	City of Jewell
Lendall Mechaelson	Member	City of Kamrar
Ronnie McKenzie	Member	City of Stanhope
Mike Nepereny	Member	City of Stratford
Eugene Gray	Member	City of Webster City
Roy Ronnfelt	Member	City of Williams
Lori Isvik	Secretary-Treasurer	

**INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees  
Hamilton County Solid Waste Commission

We have audited the accompanying financial statements of the Hamilton County Solid Waste Commission as of and for the year ended June 30, 2008, as listed in the contents page of this report. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, these financial statements were 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 statements referred to above present fairly, in all material respects, the cash basis financial position of the Hamilton County Solid Waste Commission as of June 30, 2008, 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 November 6, 2008 on our consideration of the Hamilton County Solid Waste Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 6 through 8 and the budgetary comparison information on pages 20 through 21 are not required parts of the financial statements but are 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Potter & Brant, P.L.C.*

Potter & Brant, P.L.C.  
Certified Public Accountants  
Webster City, Iowa  
November 6, 2008

**Hamilton County Solid Waste Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2008**

The Hamilton County Solid Waste Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities of Hamilton County Solid Waste Commission is for the fiscal year ended June 30, 2008, within the limitations of the Commission's cash basis of accounting. Please read it in conjunction with the Commission's financial statements that begin on page 9.

**2008 FINANCIAL HIGHLIGHTS**

Receipts decreased 9.3%, or approximately \$84,700, from fiscal 2007 to fiscal 2008.

Disbursements increased 7.1%, or approximately \$58,200, from fiscal 2007 to fiscal 2008.

Cash basis net assets decreased 2.3%, or approximately \$45,900, from June 30, 2007 to June 30, 2008.

**USING THIS ANNUAL REPORT**

The Commission has elected to present its financial statements 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 these financial statements. 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.

**Report Components**

**Management's Discussion and Analysis:** Introduces the basic financial statements and provides analytical overview of the Commission's financial activities.

**Financial Statements:** The Statement of Net Assets-Cash Basis reports the balances of cash and investments as of June 30, 2008. The Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balances – Cash Basis 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.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information:** This Management's Discussion and Analysis and the Comparison to Budget Schedule (see page 20) represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the financial statements, and notes (referred to as "the basic financial statements").

**Other Supplementary Information:** This part of the annual report (starting on page 23) includes optional financial information. This other supplemental financial information is provided to address certain specific needs of various users of the Commission's annual report.

**REPORTING THE COMMISSION AS A WHOLE**

**The Commission's Reporting Entity Presentation**

- This annual report includes all activities for which the Hamilton County Solid Waste Commission's Board of Trustees is fiscally responsible.

**Hamilton County Solid Waste Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2008**

**The Statement of Net Assets-Cash Basis and the Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balances-Cash Basis**

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse as a result of the year's activities?" The Statement of Cash Receipts, Cash Disbursements and Changes in Cash Balances-Cash Basis reports information about the Commission as a whole and about its activities in a way that helps answer this question. This statement includes the activities of the solid waste commission. These activities are financed primarily by user charges.

This statement reports the Commission's cash basis net assets and change in them. Keeping in mind the limitations of the cash basis of accounting, you can think of the Commission's cash basis net assets as one way to measure the Commission's financial health of financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the Commission.

In the financial statements which include a statement of cash receipts, cash disbursements and changes in cash balances-cash basis, we divide the Commission into ten funds:

- *Operations and Maintenance Fund* – This fund is used to pay all expenses of the normal operations of the Commission. Funds are transferred in from the Revenue Fund.
- *Equipment Reserve Fund* – This fund is utilized for future replacement of equipment.
- *Dirt Removal Fund* – This fund is utilized for dirt cover of the landfill.
- *Revenue Fund* – This fund is utilized to account for all revenues of the Commission. Funds are transferred out to other funds from the Revenue Fund.
- *Farm Account Fund* – This fund is utilized to account for the sale of farm land and disbursements of those monies.
- *Post Closure Reserve Fund* – This fund is utilized to meet federal and state regulations that require a post closure plan for the solid waste facility.
- *DNR State Retainage Fund* – This fund is required by the state for planning and for other related items to the DNR.
- *Recycling Reserve Fund* - This fund is required by the state for planning and for recycling purposes.
- *Landfill Closure Reserve Fund* - This fund is utilized to meet federal and state regulations that require a closure plan for the solid waste facility.
- *Transfer Station Closure Fund* - This fund is utilized to meet federal and state regulations that require a closure plan for the solid waste facility.

**Government-Wide Financial Analysis**

A portion of the Commission's net assets, \$1,158,535 (59.7%), is restricted 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. A portion of the Commission's net assets, \$47,781 (2.5%), is also restricted for DNR funds. The state requires the Commission to have funds set aside for DNR related purposes. The remaining net assets, \$734,601 (37.8%), are unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets increased \$51,939, or 4.5%, during the year. The increase was due to additional funds set aside for closure and postclosure care. Unrestricted net assets decreased \$97,880, or 11.8%, during the year due to normal operations during this time.

**Hamilton County Solid Waste Commission  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2008**

**LONG-TERM DEBT**

At June 30, 2008, the Commission had no long term debt outstanding.

**ECONOMIC FACTORS**

The financial position of the Commission did improve in the current fiscal year. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

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

The Commission anticipates the current fiscal year will be one of transition as it makes important decisions regarding the future of solid waste in this planning area.

**BUDGETARY AMENDMENTS**

Over the course of the year, the Commission amended its budget once. The amendment was approved on February 13, 2008 and resulted in an increase in operating receipts and disbursements.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This report is designed to provide our property owners in the Commission, taxpayers, customers, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Hamilton County Solid Waste, Webster City, Iowa 50595.

## **FINANCIAL STATEMENTS**

**Hamilton County Solid Waste Commission**  
**STATEMENT OF NET ASSETS --- CASH BASIS**  
**June 30, 2008**

**ASSETS**

Cash		\$ 957,217
Certificate of Deposit		<u>983,700</u>
 TOTAL ASSETS		 <u><u>\$ 1,940,917</u></u>

**NET ASSETS**

Unrestricted:		
Operations & Maintenance Fund	\$ (58,032)	
Equipment Reserve Fund	150,148	
Revenue Fund	604,456	
Farm Account Fund	<u>38,029</u>	
 Total unrestricted net assets		 734,601
Restricted:		
Post Closure Reserve Fund	1,007,354	
DNR State Retainage Fund	8,082	
Recycling Reserve Fund	39,699	
Landfill Closure Reserve Fund	137,446	
Transfer Station Closure Fund	<u>13,735</u>	
 Total restricted net assets		 <u>1,206,316</u>
 TOTAL NET ASSETS		 <u><u>\$ 1,940,917</u></u>

See accompanying notes to financial statements.

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS**  
**AND CHANGES IN CASH BALANCES --- CASH BASIS**  
**For the Year Ended June 30, 2008**

	Operations and Maintenance Fund	Equipment Reserve Fund	Dirt Removal Fund	Revenue Fund
<b>RECEIPTS</b>				
Gate charges	\$ -	\$ -	\$ -	\$ 723,758
Farm income	-	-	-	2,237
Interest income	-	-	-	23,024
Insurance claims	-	12,173	-	-
Scrap sales	-	-	-	10,781
Other	-	1,350	-	980
Total receipts	<u>-</u>	<u>13,523</u>	<u>-</u>	<u>760,780</u>
Transfers	<u>690,467</u>	<u>20,000</u>	<u>49,906</u>	<u>-</u>
Total transfers and receipts	<u>690,467</u>	<u>33,523</u>	<u>49,906</u>	<u>760,780</u>
<b>DISBURSEMENTS</b>				
General and administrative	225,682	-	-	-
Operations and maintenance	476,546	89,987	49,720	-
Capital outlay	3,225	-	-	-
Other	-	-	-	9,542
Total disbursements	<u>705,453</u>	<u>89,987</u>	<u>49,720</u>	<u>9,542</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,006</u>
Total transfers and disbursements	<u>705,453</u>	<u>89,987</u>	<u>49,720</u>	<u>788,548</u>
Excess (deficiency) of receipts over disbursements	(14,986)	(56,464)	186	(27,768)
<b>CASH BALANCES, beginning of year</b>	<u>(43,046)</u>	<u>206,612</u>	<u>(186)</u>	<u>632,224</u>
<b>CASH BALANCES, end of year</b>	<u><u>\$ (58,032)</u></u>	<u><u>\$ 150,148</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 604,456</u></u>

See accompanying notes to financial statements.

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS**  
**AND CHANGES IN CASH BALANCES --- CASH BASIS**  
**For the Year Ended June 30, 2008**

	Farm Account Fund	Post Closure Reserve Fund	DNR State Retainage Fund	Recycling Reserve Fund
<b>RECEIPTS</b>				
Gate charges	\$ -	\$ -	\$ -	\$ -
Farm income	-	-	-	-
Interest income	1,152	47,322	-	-
Insurance claims	-	-	-	-
Scrap sales	-	-	-	-
Other	-	-	-	-
Total receipts	<u>1,152</u>	<u>47,322</u>	<u>-</u>	<u>-</u>
Transfers	-	-	2,947	5,599
Total transfers and receipts	<u>1,152</u>	<u>47,322</u>	<u>2,947</u>	<u>5,599</u>
<b>DISBURSEMENTS</b>				
General and administrative	-	-	-	470
Operations and maintenance	-	-	2,258	-
Capital outlay	-	-	-	-
Other	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>2,258</u>	<u>470</u>
Transfers	-	-	-	-
Total transfers and disbursements	<u>-</u>	<u>-</u>	<u>2,258</u>	<u>470</u>
Excess (deficiency) of receipts over disbursements	1,152	47,322	689	5,129
<b>CASH BALANCES, beginning of year</b>	<u>36,877</u>	<u>960,032</u>	<u>7,393</u>	<u>34,570</u>
<b>CASH BALANCES, end of year</b>	<u><u>\$ 38,029</u></u>	<u><u>\$ 1,007,354</u></u>	<u><u>\$ 8,082</u></u>	<u><u>\$ 39,699</u></u>

See accompanying notes to financial statements.

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS**  
**AND CHANGES IN CASH BALANCES --- CASH BASIS**  
**For the Year Ended June 30, 2008**

	<b>Landfill Closure Reserve Fund</b>	<b>Transfer Station Closure Fund</b>	<b>Total (Memorandum Only)</b>
<b>RECEIPTS</b>			
Gate charges	\$ -	\$ -	\$ 723,758
Farm income	-	-	2,237
Interest income	6,754	448	78,700
Insurance claims	-	-	12,173
Scrap sales	-	-	10,781
Other	-	-	2,330
Total receipts	<u>6,754</u>	<u>448</u>	<u>829,979</u>
Transfers	-	10,087	779,006
Total transfers and receipts	<u>6,754</u>	<u>10,535</u>	<u>1,608,985</u>
<b>DISBURSEMENTS</b>			
General and administrative	-	737	226,889
Operations and maintenance	17,753	-	636,264
Capital outlay	-	-	3,225
Other	-	-	9,542
Total disbursements	<u>17,753</u>	<u>737</u>	<u>875,920</u>
Transfers	-	-	779,006
Total transfers and disbursements	<u>17,753</u>	<u>737</u>	<u>1,654,926</u>
Excess (deficiency) of receipts over disbursements	(10,999)	9,798	(45,941)
<b>CASH BALANCES, beginning of year</b>	<u>148,445</u>	<u>3,937</u>	<u>1,986,858</u>
<b>CASH BALANCES, end of year</b>	<u>\$ 137,446</u>	<u>\$ 13,735</u>	<u>\$ 1,940,917</u>

See accompanying notes to financial statements.

**Hamilton County Solid Waste Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

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

The Hamilton County Solid Waste Commission was formed in 1974 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 facilities in Hamilton County 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 member. The members of the Commission include Hamilton County and the cities of Blairsburg, Ellsworth, Jewell, Kamrar, Randall, Stanhope, Stratford, Webster City, and Williams. Each member of the Commission has one vote for each person residing within the jurisdiction of the governmental unit they represent.

**A. Reporting Entity**

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

**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 Hamilton County Solid Waste Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are 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 statements do not present the financial position and results of operations of the Commission in accordance with U. S. generally accepted accounting principles.

**Hamilton County Solid Waste Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2008 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2008 the Commission had the following investments:

Type	Fair Value	Maturity
Certificate of Deposit	<u>\$ 983,700</u>	November 2008

Interest rate risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within one year. Funds not identified as operating funds may be invested in investments with maturities no longer than two years but the maturities shall be consistent with the needs and use of the Commission.

Credit risk. The Commission's certificate of deposit at June 30, 2008 is covered by the Commission's depository resolution (see paragraph one).

Concentration of credit risk. The Commission places no limit on the amount that may be invested in any one issuer. The Commission's investment in the certificate of deposit is 100 percent of the Commission's total investments.

**(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 3.90% of their annual salary and the Commission is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$7,686, \$7,765 and \$7,368, respectively, equal to the required contributions for each year.

**Hamilton County Solid Waste Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

**(4) Closure and Postclosure Care**

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan and to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year 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 due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Commission have been estimated to be \$137,446 for closure and \$1,007,354 for postclosure, for a total of \$1,144,800 as of June 30, 2008. The Commission entered into a contract on July 22, 2008 to begin the landfill closure project.

Chapter 455B.306 (8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30 2008, assets of \$1,144,800 are restricted for these purposes, of which \$137,446 is for closure and \$1,007,354 is for postclosure care. They are reported as restricted cash basis net assets on the Statement of Net Assets – Cash Basis. As of June 30, 2008 the closure and postclosure estimated costs are fully funded.

**(5) Transfer Station Closure Care**

To comply with state regulations, the Commission is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on the site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Commission is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit

**Hamilton County Solid Waste Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

landfill owners to perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total closure costs for the Commission as of June 30, 2008 have been estimated at \$7,835. The balance has been restricted and will require one annual deposit of \$1,949 per year.

**(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, 2008, the Commission had \$8,082 in unspent tonnage fees.

**(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 563 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 annual contributions to the Pool for the year ended June 30, 2008 were \$12,113.

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 in excess of \$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 that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of

**Hamilton County Solid Waste Commission**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2008**

such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

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

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

**(8) North Central IA Regional Solid Waste Agency Contract**

The Commission has entered into a contract, effective July 1, 2005, with North Central IA Regional Solid Waste Agency to provide for the disposal of all solid waste and recyclable materials generated within the Commission's jurisdiction. The contract requires per capita assessments and buy-in payments of \$115,248 per year for 15 years. It is estimated that the Commission will make full use of the facility on or about January 1, 2008. Total costs incurred under the contract for the year ended June 30, 2008 were \$115,248.

Minimum future costs under the contract are as follows:

6-30-09	\$ 115,248
6-30-10	115,248
6-30-11	115,248
6-30-12	115,248
6-30-13	115,248
Thereafter	<u>806,736</u>
	<u>\$1,382,976</u>

**(9) 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. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation payments at June 30, 2008 was \$3,156. This liability has been computed based on rates of pay in effect at June 30, 2008.

Commission employees accumulate a limited amount of earned but unused sick leave hours for subsequent use. A percentage of unused hours is paid upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned sick payments at June 30, 2008 was \$3,939. This liability has been computed based on rates of pay in effect at June 30, 2008.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES --- COMPARISON TO BUDGET**  
**For the Year Ended June 30, 2008**

	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
<b>RECEIPTS</b>			
Operations and maintenance fund			
Revenue	\$ -	\$ -	\$ -
Equipment reserve fund			
Insurance claims	12,173	-	12,173
Other	1,350	-	1,350
Post closure reserve fund			
Interest income	47,322	48,000	(678)
Dirt removal fund			
Revenue	-	-	-
DNR State Retainage fund			
Revenue	-	-	-
Recycling reserve fund			
Revenue	-	-	-
Landfill closure reserve fund			
Interest income	6,754	7,000	(246)
Transfer station closure fund			
Interest income	448	200	248
Revenue fund			
Gate charges	723,758	714,000	9,758
Farm income	2,237	3,035	(798)
Interest income	23,024	25,000	(1,976)
Scrap sales	10,781	10,000	781
Other	980	495	485
Farm account fund			
Interest income	1,152	-	1,152
Total receipts	<u>829,979</u>	<u>807,730</u>	<u>22,249</u>
<b>DISBURSEMENTS</b>			
Operations and maintenance fund			
General and administrative	225,682	259,920	(34,238)
Operations and maintenance	476,546	544,626	(68,080)
Capital outlay	3,225	10,000	(6,775)
Equipment reserve fund			
Operations and maintenance	89,987	90,000	(13)

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCES --- COMPARISON TO BUDGET**  
**For the Year Ended June 30, 2008**

	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
Post closure reserve fund			
Operations and maintenance	-	-	-
Dirt removal fund			
Operations and maintenance	49,720	50,000	(280)
DNR state retainage fund			
Operations and maintenance	2,258	-	2,258
Recycling reserve fund			
General and administrative	470	-	470
Landfill closure reserve fund			
Operations and maintenance	17,753	155,484	(137,731)
Transfer station closure fund			
General and administrative	737	-	737
Revenue fund			
Other	9,542	8,000	1,542
Farm account fund			
Operations and maintenance	-	-	-
Total disbursements	<u>875,920</u>	<u>1,118,030</u>	<u>(242,110)</u>
Net amounts	(45,941)	(310,300)	264,359
<b>CASH BALANCES, beginning of year</b>	<u>1,986,858</u>	<u>1,796,310</u>	<u>190,548</u>
<b>CASH BALANCES, end of year</b>	<u><u>\$ 1,940,917</u></u>	<u><u>\$ 1,486,010</u></u>	<u><u>\$ 454,907</u></u>

See Independent Auditor's Report

## **OTHER SUPPLEMENTARY INFORMATION**

**Hamilton County Solid Waste Commission**  
**SUMMARY OF CASH AND INVESTMENT BALANCES**  
**June 30, 2008**

**SUMMARY OF JUNE 30, 2008 BALANCE**

First State Bank	
Checking accounts	\$ 45,217
Money market account	912,000
Certificate of deposit	<u>983,700</u>
 Total	 <u><u>\$ 1,940,917</u></u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission  
SCHEDULE OF INVESTMENT TRANSACTIONS  
June 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Purchased</u>	<u>Redeemed</u>	<u>Balance June 30, 2008</u>	<u>Interest Received</u>
Money market account	\$ 817,000	\$ 165,000	\$ 70,000	\$ 912,000	\$ 24,789
Certificate of deposit	<u>1,085,500</u>	<u>1,108,700</u>	<u>1,210,500</u>	<u>983,700</u>	<u>53,675</u>
Totals	<u>\$ 1,902,500</u>	<u>\$ 1,273,700</u>	<u>\$ 1,280,500</u>	<u>\$ 1,895,700</u>	<u>\$ 78,464</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- OPERATIONS & MAINTENANCE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Total receipts	<u>\$ -</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>690,467</u> <u>690,467</u>
<b>DISBURSEMENTS</b>	
General and administrative	225,682
Operations and maintenance	<u>476,546</u>
Total regular disbursements	702,228
 Capital outlay	
Capital improvements	<u>3,225</u>
Total disbursements	<u>705,453</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u> <u>705,453</u>
Excess (deficiency) of receipts over disbursements	(14,986)
<b>BALANCE, beginning of year</b>	<u>(43,046)</u>
<b>BALANCE, end of year</b>	<u>\$ (58,032)</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- EQUIPMENT RESERVE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>		
Insurance claims	\$	12,173
Other		<u>1,350</u>
Total receipts		<u>13,523</u>
<b>TRANSFERS IN</b>		<u>20,000</u>
Total receipts and transfers in		<u>33,523</u>
<b>DISBURSEMENTS</b>		
Operations and maintenance		<u>89,987</u>
Total disbursements		<u>89,987</u>
<b>TRANSFERS OUT</b>		<u>-</u>
Total disbursements and transfers out		<u>89,987</u>
Excess (deficiency) of receipts over disbursements		(56,464)
<b>BALANCE, beginning of year</b>		<u>206,612</u>
<b>BALANCE, end of year</b>	<b>\$</b>	<u><u>150,148</u></u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- DIRT REMOVAL FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Total receipts	\$ -
<b>TRANSFERS IN</b>	
Total receipts and transfers in	49,906
<b>DISBURSEMENTS</b>	
Operations and maintenance	49,720
Total disbursements	49,720
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	-
Excess (deficiency) of receipts over disbursements	186
<b>BALANCE, beginning of year</b>	(186)
<b>BALANCE, end of year</b>	\$ -

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- REVENUE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Gate charges	\$ 723,758
Farm income	2,237
Interest income	23,024
Scrap sales	10,781
Other	980
Total receipts	<u>760,780</u>
 <b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>-</u> <u>760,780</u>
 <b>DISBURSEMENTS</b>	
Other	9,542
Total disbursements	<u>9,542</u>
 <b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>779,006</u> <u>788,548</u>
Excess (deficiency) of receipts over disbursements	(27,768)
 <b>BALANCE, beginning of year</b>	 <u>632,224</u>
 <b>BALANCE, end of year</b>	 <u><u>\$ 604,456</u></u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- FARM ACCOUNT FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Interest income	\$ 1,152
Total receipts	<u>1,152</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>1,152</u>
<b>DISBURSEMENTS</b>	
Total disbursements	<u>-</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u>
Excess (deficiency) of receipts over disbursements	1,152
<b>BALANCE, beginning of year</b>	<u>36,877</u>
<b>BALANCE, end of year</b>	<u><u>\$ 38,029</u></u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- POST CLOSURE RESERVE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Interest income	\$ 47,322
Total receipts	<u>47,322</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>47,322</u>
<b>DISBURSEMENTS</b>	
Total disbursements	<u>-</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u>
Excess (deficiency) of receipts over disbursements	47,322
<b>BALANCE, beginning of year</b>	<u>960,032</u>
<b>BALANCE, end of year</b>	<u><u>\$ 1,007,354</u></u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- DNR STATE RETAINAGE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>		
Total receipts	\$	-
<b>TRANSFERS IN</b>		2,947
Total receipts and transfers in		2,947
<b>DISBURSEMENTS</b>		
Operations and maintenance		2,258
Total disbursements		2,258
<b>TRANSFERS OUT</b>		-
Total disbursements and transfers out		2,258
Excess (deficiency) of receipts over disbursements		689
<b>BALANCE, beginning of year</b>		7,393
<b>BALANCE, end of year</b>	\$	8,082

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- RECYCLING RESERVE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Total receipts	<u>\$ -</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>5,599</u> <u>5,599</u>
<b>DISBURSEMENTS</b>	
General and administrative	<u>470</u>
Total disbursements	<u>470</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u> <u>470</u>
Excess (deficiency) of receipts over disbursements	5,129
<b>BALANCE, beginning of year</b>	<u>34,570</u>
<b>BALANCE, end of year</b>	<u>\$ 39,699</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- LANDFILL CLOSURE RESERVE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Interest income	\$ 6,754
Total receipts	<u>6,754</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>-</u> <u>6,754</u>
<b>DISBURSEMENTS</b>	
Operations and maintenance	<u>17,753</u>
Total disbursements	<u>17,753</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u> <u>17,753</u>
Excess (deficiency) of receipts over disbursements	(10,999)
<b>BALANCE, beginning of year</b>	<u>148,445</u>
<b>BALANCE, end of year</b>	<u>\$ 137,446</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF CASH TRANSACTIONS --- TRANSFER STATION CLOSURE FUND**  
**For the Year Ended June 30, 2008**

<b>RECEIPTS</b>	
Interest income	\$ 448
Total receipts	<u>448</u>
<b>TRANSFERS IN</b>	
Total receipts and transfers in	<u>10,087</u> <u>10,535</u>
<b>DISBURSEMENTS</b>	
General and administrative	<u>737</u>
Total disbursements	<u>737</u>
<b>TRANSFERS OUT</b>	
Total disbursements and transfers out	<u>-</u> <u>737</u>
Excess (deficiency) of receipts over disbursements	9,798
<b>BALANCE, beginning of year</b>	<u>3,937</u>
<b>BALANCE, end of year</b>	<u>\$ 13,735</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH DISBURSEMENTS**  
**ACTUAL & BUDGET**  
**For the Year Ended June 30, 2008**

	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
<b>DISBURSEMENTS</b>			
Operations and maintenance fund			
General and administrative			
Salaries	\$ 134,571	\$ 156,824	\$ (22,253)
Employer's share of FICA & IPERS	17,981	21,014	(3,033)
Worker's compensation	6,432	6,600	(168)
Unemployment insurance	1,401	1,480	(79)
Health insurance	15,298	17,862	(2,564)
Office expenses	5,424	4,465	959
Legal fees	834	4,000	(3,166)
Accounting fees	6,000	5,000	1,000
Licensing & sales tax	684	175	509
Engineering fees	17,914	23,000	(5,086)
Public notices and advertising	2,027	100	1,927
General and liability Insurance	12,113	14,500	(2,387)
Dues & memberships	562	400	162
Medical expense	129	200	(71)
Telephone expense	1,098	1,600	(502)
Commission fees	2,130	1,800	330
Property tax - rented land	-	100	(100)
Travel	1,084	800	284
Total general and administrative disbursements	<u>225,682</u>	<u>259,920</u>	<u>(34,238)</u>
Operations and maintenance			
Building repairs	4,631	1,000	3,631
Building supplies	1,061	750	311
Equipment rental	1,796	1,732	64
Electricity	7,229	6,300	929
Drainage assessment	25	-	25
Water softner	565	500	65
Propane gas	6,469	4,000	2,469
Diesel, gasoline and oil	47,684	29,000	18,684
DNR state fee	19,779	20,000	(221)
Vehicle expense	36,746	44,490	(7,744)
Water quality annual report	2,300	3,000	(700)

See Independent Auditor's Report

**Hamilton County Solid Waste Commission**  
**STATEMENT OF CASH DISBURSEMENTS**  
**ACTUAL & BUDGET**  
**For the Year Ended June 30, 2008**

	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
Leachate control testing and reports	2,050	1,390	660
Appliance removal	11,745	18,000	(6,255)
North Central - Gate	207,489	260,836	(53,347)
North Central - Buy In	115,248	140,078	(24,830)
Consulting fees	-	500	(500)
Rock	765	600	165
Laboratory testing	7,534	7,000	534
Slug testing	1,500	3,000	(1,500)
Clothing allowance	1,688	2,000	(312)
Weed chemicals	200	100	100
Medical supplies	42	350	(308)
Total operations and maintenance disbursements	<u>476,546</u>	<u>544,626</u>	<u>(68,080)</u>
Capital outlay			
Capital improvements	3,225	10,000	(6,775)
Total capital outlay disbursements	<u>3,225</u>	<u>10,000</u>	<u>(6,775)</u>
Total operations and maintenance fund disbursements	<u>705,453</u>	<u>814,546</u>	<u>(109,093)</u>
Equipment reserve fund			
Building repairs	12,396	-	12,396
Equipment purchase	77,591	90,000	(12,409)
Total equipment reserve fund disbursements	<u>89,987</u>	<u>90,000</u>	<u>(13)</u>
Post closure reserve fund			
Total post closure reserve fund disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Dirt removal fund			
Dirt removal	49,720	50,000	(280)
Total dirt removal fund disbursements	<u>49,720</u>	<u>50,000</u>	<u>(280)</u>
DNR state retainage fund			
Closure planning	758	-	758
Slug testing	1,500	-	1,500
Total DNR state retainage fund disbursements	<u>2,258</u>	<u>-</u>	<u>2,258</u>

See Independent Auditor's Report

**Hamilton County Solid Waste Commission  
STATEMENT OF CASH DISBURSEMENTS  
ACTUAL & BUDGET  
For the Year Ended June 30, 2008**

	<u>Actual</u>	<u>Amended Budget</u>	<u>Variance</u>
Recycling reserve fund			
Tire removal	470	-	470
Total recycling reserve fund disbursements	<u>470</u>	<u>-</u>	<u>470</u>
Landfill closure reserve fund			
Contracts	3,402	155,484	(152,083)
Engineering fees	1,734	-	1,734
Lab testing	5,123	-	5,123
Wells and pumps	1,183	-	1,183
Barker Lemar	6,313	-	6,313
Total landfill closure reserve fund disbursements	<u>17,753</u>	<u>155,484</u>	<u>(137,731)</u>
Transfer station closure fund			
Office expenses	737	-	737
Total transfer station closure fund disbursements	<u>737</u>	<u>-</u>	<u>737</u>
Revenue fund			
Sales tax	9,542	8,000	1,542
Total revenue fund disbursements	<u>9,542</u>	<u>8,000</u>	<u>1,542</u>
Farm account fund			
Total farm account fund disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>\$ 875,920</u>	<u>\$ 1,118,030</u>	<u>\$ (242,110)</u>

See Independent Auditor's Report

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
Hamilton County Solid Waste Commission  
Webster City, Iowa

We have audited the accompanying financial statements of Hamilton County Solid Waste Commission as of and for the year ended June 30, 2008, and have issued our report thereon dated November 6, 2008. Our report expressed an unqualified opinion on the financial statements which were 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 Hamilton County Solid Waste 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 Hamilton County Solid Waste Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hamilton County Solid Waste 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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 Hamilton County Solid Waste 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 Hamilton County Solid Waste Commission's financial statements that is more than inconsequential will not be prevented or detected by Hamilton County Solid Waste Commission's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings to be a significant deficiency 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 statements will not be prevented or detected by Hamilton County Solid Waste 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 the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hamilton County Solid Waste Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters 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, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Hamilton County Solid Waste Commission's written response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Commission's response, we did not audit Hamilton County Solid Waste Commission's response and, accordingly, we express no opinion on it.

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

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

*Potter & Brant, P.L.C.*

Potter & Brant, P.L.C.  
Certified Public Accountants  
Webster City, Iowa  
November 6, 2008

**Hamilton County Solid Waste Commission  
SCHEDULE OF FINDINGS  
For the Year Ended June 30, 2008**

**Findings Related to the Financial Statements**

**SIGNIFICANT DEFICIENCIES:**

**Segregation of Duties** – During our review of internal controls, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Commission's financial statements. Generally, one individual has control over receipts and disbursements, including account billings, collecting, depositing, posting, check signing and reconciling, for which no compensating controls exist.

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

**Response** – Billing procedures are currently separate from collecting and depositing cash. All bills paid or pending payments are presented to the board for approval. Will consider further segregation of duties as qualified personnel become available and as board members decide to become more involved.

**Conclusion** – Response accepted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**Other Findings Related to Required Statutory Reporting**

**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.

**TRAVEL EXPENSE**

No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

**COMMISSION MINUTES**

No transactions were found that we believe should have been approved in the Commission minutes but were not.

**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.

**Hamilton County Solid Waste Commission**  
**SCHEDULE OF FINDINGS**  
**For the Year Ended June 30, 2008**

**SOLID WASTE FEES RETAINAGE**

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.

**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 (IAC). As of June 30, 2008, the Commission has fully funded the estimated costs of closure and postclosure.