South Central Iowa Solid Waste Agency

Independent Auditor's Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2008

ROLAND & DIELEMAN
CERTIFIED PUBLIC ACCOUNTANTS

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South Central Iowa Solid Waste Agency

Officials

Name	Title	Representing
Roger Schletzbaum	Chairperson	Marion County
Mike Beary	Vice-Chairperson	Monroe County
Doug Shutts	Member	Poweshiek County
Larry Davis	Member	Lucas County
Sara Bixby	Director	
Leslie Sedlock	Office Manager	

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Independent Auditor's Report

To the Members of
South Central Iowa Solid Waste Agency:

We have audited the accompanying financial statements of South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Agency'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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Iowa Solid Waste Agency at June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2008 on our consideration of South Central Iowa Solid Waste Agency'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 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

ROLAND & DIELEMAN

Roland & Dieleman

Certified Public Accountants

October 30, 2008

South Central Iowa Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues increased 12% , or $312,473, from fiscal 2007 to fiscal 2008.
- The Agency's operating expenses were 30%, or $694,612, more in fiscal 2008 than in fiscal 2007.
- The Agency's net assets increased 6%, or $305,669, from June 30, 2007 to June 30, 2008.

USING THIS ANNUAL REPORT

The South Central Iowa Solid Waste Agency is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to South Central Iowa Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

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

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

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

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

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

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. The Agency's net assets for fiscal 2008 totaled $5,716,690. This compares to $5,411,021 for fiscal 2007. A summary of the Agency's net assets is presented below.

Net Assets

	June 30,	
	2008	2007
Current assets	$ 3,151,911	2,801,922
Restricted investments	2,248,784	1,937,174
Capital assets at cost, less accumulated depreciation	2,545,687	2,384,982
Co-op stock	254	254
Total assets	7,946,636	7,124,332
Current liabilities	170,602	151,454
Noncurrent liabilities	2,059,344	1,561,857
Total liabilities	2,229,946	1,713,311
Net assets:		
Invested in capital assets, net of related debt	2,545,687	2,372,982
Restricted	2,248,784	1,937,174
Unrestricted	922,219	1,100,865
Total net assets	$ 5,716,690	5,411,021

The unrestricted portion of the agency's net assets (16%) may be used to meet the agency's obligations as they come due. The invested in capital assets (45%, e.g., land, buildings, and equipment), less the related debt portion of net asset are resources allocated to capital assets. The remaining net assets are restricted for closure and postclosure care and for tonnage fees due to the State of Iowa. State and Federal laws and regulations require the agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received as gate fees from accepting solid waste and charges for recyclable items. Operating expenses are expenses paid to operate the landfill and transfer station and for off-site recycling services. Non-operating revenues and expenses are for interest income and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the year ended June 30, 2008 and 2007 is presented below:

Changes in Net Assets

	Year ended June 30, 2008	2007
Operating revenue:		
Gate fees	$ 2,940,880	2,642,319
Other operating revenues	57,827	43,915
Total operating revenues	2,998,707	2,686,234
Operating expenses:		
Salaries	565,176	532,272
Employee benefits	142,076	132,857
Machinery maintenance, labor and parts	87,572	57,568
Oil and gas	198,718	148,302
Long range planning and engineering	44,685	39,430
Site maintenance	26,186	21,809
Site utilities	31,545	26,759
Office expenses	56,318	34,863
Training and travel	4,133	4,898
Legal and accounting	3,875	4,362
Insurance	54,246	55,961
Closure and postclosure care costs	533,794	127,276
Iowa Department of Natural Resources tonnage fees	177,626	167,390
Depreciation	309,564	277,421
Disposal Fees	639,277	586,146
Miscellaneous	56,246	40,262
Monitoring and sampling	25,995	6,507
Education and grants	37,890	36,227
Total operating expenses	2,994,922	2,300,310
Operating income	3,785	385,924
Non-operating revenues (expenses):		
Interest income	195,913	206,895
Increase or (Decrease) in value of investments	105,971	9,519
Net non-operating revenue	301,884	216,414
Increase in net assets	305,669	602,338
Net assets beginning of year	5,411,021	4,808,683
Net assets end of year	$ 5,716,690	5,411,021

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

In fiscal 2008, the Agency continued to operate both a Landfill and the Poweshiek Transfer Station.

Operating revenues increased $312,473, or 12%, primarily as a result of a Landfill tipping fee increase of $2 per ton (to $30 per ton) and the acceptance of waste from an additional county. The Agency entered into a long-term disposal contract with the Rathbun Area Solid Waste Commission (RASWC) and waste delivery began in December 2007 when the Appanoose County Landfill closed. The RASWC owns and operates its own transfer station with delivery to the Agency Landfill where disposal fees cover the cost of existing airspace, disposal operations, and a contribution to the Agency's General Obligation (Capital Reserve) and Closure/Postclosure Funds.

The Agency in FYE 2008 continued its practice of regular contributions to both reserve funds - the Closure/Post Closure Fund and the General Obligation (Capital Reserve) Fund - from tipping fees charged on all waste received. Both funds are held in conservative management investments and continue to maintain their value even with recent market downturns.

In each year the Agency operates a landfill and transfer station, its liabilities increase as a result of the ongoing disposal and extended closure and post closure obligations. These liabilities are recognized as a function of the remaining constructed airspace so as capacity in the existing cells is consumed, the liability increases. As shown in the Changes in Net Assets on the previous page, the Ageny's recognized closure and post closure care costs also increased in the past year.

Contributions to the Closure/Post Closure Fund are required by state code until the balance reaches a level matching the estimated cost to close the Landfill and ensure its care for at least 30 years thereafter. This cost was estimated to be $2,579,113 by the consulting engineer in November 2007. On June 30, 2008, the Closure/Post Closure Fund had a balance of $2,248,784, an increase of $311,610 from the previous year. Additional contributions are being made to the fund in 2009 and FYE 2010 and management anticipates the necessary fund balance will be reached in FYE 2010.

The Agency also continued making regular contributions from tipping fees to its General Obligation (Capital Reserve) Fund in FYE 2008. As of June 30, 2008, the General Obligation (Capital Reserve) Fund held $2,067,355, up $416,601 from the previous year.

The General Obligation (Capital Reserve) Fund is the Agency's "savings account" from which it can draw to fund major capital expenditures like construction of new disposal capacity and equipment replacement. Beginning in FYE 2009 and for some years thereafter, the Agency will make withdrawals from this reserve fund for construction of new disposal capacity. The Agency will also look at other financing avenues (e.g, bonds, increased disposal fees) to pay for construction costs.

The notes to this audit show that the agency has fewer than two years of remaining capacity in its currently constructed disposal area. A permit modification has been submitted to and approved by DNR for construction of up to 35 years of additional disposal capacity beginning in spring 2009. This capacity will be built in phases, with construction of each new phase beginning as the older phase is used. The Agency has adequate land to ensure continued disposal on site well into the next century and far beyond the time covered by the permit modification.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money

it receives. If you have questions about this report or need additional financial information, contact South Central Iowa Solid Waste Agency, 1736 Hwy T 17, Tracy, Iowa 50256 or call 641-828-8545. Minutes of Agency Board meetings are posted on its website @ www.sciswa.org.

South Central Iowa Solid Waste Agency
Statement of Net Assets
June 30, 2008

Exhibit A

Assets	
Current assets:	
Cash and cash equivalents	$ 461,030
Investments	2,385,504
Receivables:	
Accounts	263,020
Prepaid insurance	42,357
Total current assets	3,151,911
Noncurrent assets:	
Restricted investments	2,248,784
Capital assets (net of accumulated depreciation)	2,545,687
Co-op stock	254
Total noncurrent assets	4,794,725
Total assets	7,946,636
Liabilities	
Current liabilities:	
Accrued expenses	61,014
Salaries and benefits payable	109,588
Total current liabilities	170,602
Noncurrent liabilities:	
Landfill closure and postclosure care costs	2,059,344
Total noncurrent liabilities	2,059,344
Total liabilities	2,229,946
Net assets	
Invested in capital assets, net of related debt	2,545,687
Restricted for:	
Closure and postclosure care	2,248,784
Unrestricted	922,219
Total net assets	$ 5,716,690

See notes to financial statements.

South Central Iowa Solid Waste Agency
Statement of Revenues, Expenses and
Changes in Net Assets
Year ended June 30, 2008

Exhibit B

Operating revenues:	
Gate fees	$ 2,940,880
Other operating revenues	57,827
Total operating revenues	2,998,707
Operating expenses:	
Salaries	565,176
Employee benefits	142,076
Machinery maintenance, labor and parts	87,572
Oil and gas	198,718
Long range planning and engineering	44,685
Site maintenance	26,186
Site utilities	31,545
Office expenses	56,318
Training and travel	4,133
Legal and accounting	3,875
Insurance	54,246
Closure and postclosure care costs	533,794
Iowa Department of Natural Resources tonnage fees	177,626
Depreciation	309,564
Disposal fees	639,277
Miscellaneous	56,246
Monitoring and sampling	25,995
Education and grants	37,890
Total operating expenses	2,994,922
Operating income	3,785
Non-operating revenues (expenses):	
Interest income	195,913
Gain on investments	105,971
Net non-operating revenues	301,884
Change in net assets	305,669
Net assets beginning of year	5,411,021
Net assets end of year	$ 5,716,690

See notes to financial statements.

South Central Iowa Solid Waste Agency
Statement of Cash Flows
Year ended June 30, 2008

Exhibit C

Cash flows from operating activities:	
Cash received from gate fees	$ 2,923,500
Cash received from other operating receipts	57,827
Cash paid to suppliers for goods and services	(1,608,271)
Cash paid to employees for services	(549,655)
Net cash provided by operating activities	823,401
Cash flows from capital and related financing activities:	
Purchase of capital assets	(470,269)
Net cash used by capital and related financing activities	(470,269)
Cash flows from investing activities:	
(Decrease) in debt	(12,000)
Purchase of investments	(641,224)
Interest received	195,913
Net cash used by investing activities	(457,311)
Net (Decrease) in cash and cash equivalents	(104,179)
Cash and cash equivalents beginning of year	565,209
Cash and cash equivalents end of year	$ 461,030
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 3,785
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	309,564
Closure and postclosure costs	497,487
Changes in assets and liabilities:	
(Increase) in accounts receivable	(17,335)
(Increase) in prepaid insurance	(1,248)
Increase in accrued expenses	15,301
Increase in salary and benefits payable	15,847
Total adjustments	819,616
Net cash provided by operating activities	$ 823,401

See notes to financial statements.

(1) Summary of Significant Accounting Policies

South Central Iowa Solid Waste Agency was formed in 1994 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Marion County for use by all residents of Marion, Poweshiek, Lucas, and Monroe counties.

The Agency is composed of one representative from each of the four member counties.

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

A. Reporting Entity

For financial reporting purposes, South Central Iowa Solid Waste Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency 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 Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency 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 Agency. South Central Iowa Solid Waste Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of South Central Iowa Solid Waste Agency are organized as an Enterprise fund. Enterprise funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting

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

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

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

D. Assets, Liabilities, and Net Investments

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

Cash, Investments and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months. The agency had $590,149 in an overnight repurchase agreement as of June 30, 2008.

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

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

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

Asset Class	Amount
Buildings and improvements	$ 25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful lives (In Years)
Buildings	20-40
Equipment and vehicles	5-10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project

with interest earned on invested proceeds over the same period. There were no qualifying assets during the year ended June 30, 2008.

Compensated absences - Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2008.

(2) Cash and Investments

The Agency's deposits in banks at June 30, 2008 were not 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 Agency 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 Agency; prime eligible bankers acceptances; certain high rates 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 Agency's investments and cash are categorized to give an indication of the level of risk assumed by the Agency at year end. The three categories of risk are described below.

Category 1 Investments that are insured, registered or held by the entity or by its agent in the Agency's name.

Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the Agency's name.

Category 3 Uninsured and unregistered investments held by the counterparty, its trust or its agent, but not in the Agency's name.

The Agency's investments and cash equivalents at June 30, 2008 are as follows:

	June 30, 2008		
	Carrying Amount	Market Value	Risk Category
Wells Fargo Cash Investment M.M.	$ 1,177,409	$ 1,177,409	1
Wells Fargo Bank Iowa Repurchase Agreements	590,149	590,149	3
Wells Fargo Gov't Obligation	3,456,879	3,456,879	2
Wells Fargo Checking	(129,119)	(129,119)	1

(3) Pension and Retirement Benefits

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

Plan members are required to contribute 3.90% of their annual covered salary and the Agency is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Agency's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006, were $32,167, $29,416 and $28,291, respectively, equal to the required contributions for each year.

(4) Capital Assets

A summary of capital assets at June 30, 2008 is as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land and improvements	$ 196,727			196,727
Capital assets being depreciated:				
Buildings and roads	803,880			803,880
Equipment and vehicles	3,000,419	489,738	22,028	3,468,129
Total capital assets being depreciated	3,804,299	489,738	22,028	4,272,009
Less accumulated depreciation for:				
Buildings and roads	159,066	20,979		180,045
Equipment and vehicles	1,456,978	288,585	2,559	1,743,004
Total accumulated depreciation	1,616,044	309,564	2,559	1,923,049
Total capital assets being depreciated, net	2,188,255	180,174	19,469	2,348,960
Total capital assets, net	$ 2,384,982	180,174	19,469	2,545,687

(5) Closure and Postclosure Care Costs

To comply with Federal and State regulations, the Agency 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 Landfill (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste,

it must be covered with a cap that matches the liner below the waste 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 at least thirty years.

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

These costs for the South Central Iowa Solid Waste Agency have been estimated at $1,229,917 for closure and $1,349,196 for postclosure, for a total of $2,579,113 as of June 30, 2008, and the portion of the liability that has been recognized is $2,059,344. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2008. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfills constructed operating cells is 2 years and the capacity used at June 30, 2008 is 91 percent.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2008, assets of $2,248,784 are restricted for these purposes. They are reported as restricted investments and restricted net assets on the Statement of Net Assets.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted a combination of dedicated funds and the financial test.

Financial Assurance - The Agency has demonstrated financial assurance for closure and postclosure care costs as provided in Chapter 567-113 of the Iowa Administrative Code.

Total estimated costs for closure and postclosure care	$ 2,579,113
Financial assurance instruments	
SCISWA Financial Test	$ 625,471
Local Dedicated Fund	$ 2,248,784
	$ 2,874,255
Amount agency has restricted and reserved for closure and post closure care at June 30, 2008	$ 2,248,784

Chapter 567-113.14(8) of the IAC allows the agency 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 landfill 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 Agency has established an account for restricting and using solid waste tonnage fees retained by the Agency in accordance with Chapter 455B.310 of the Code of Iowa.

(7) Risk Management

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

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

To the Members of South Central Iowa
Solid Waste Agency:

We have audited the accompanying financial statements of South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2008 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 South Central Iowa Solid Waste Agency'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 South Central Iowa Solid Waste Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of South Central Iowa Solid Waste Agency'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.

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 South Central Iowa Solid Waste Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of South Central Iowa Solid Waste Agency's financial statements that is more than inconsequential will not be prevented or deleted by South Central Iowa Solid Waste Agency's internal control.

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 South Central Iowa Solid Waste Agency'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.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Agency'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 Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the members and customers of South Central Iowa Solid Waste Agency and other parties to whom the Agency 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 South Central Iowa Solid Waste Agency 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.

ROLAND & DIELEMAN

Certified Public Accountants

October 30, 2008

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

None

Findings Related to Required Statutory Reporting:

1- Questionable Expenses - No expenses 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 expenditures of money for travel expenses of spouses of Agency officials or employees were noted.

3- Board Minutes - No transactions were found that we believe should have been approved in the Agency 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 Agency's investment policy were noted.

5- 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.

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

		Closure and Postclosure
Total estimated costs for closure and postclosure care		$ 2,579,113
Less: Balance of funds held in the local dedicated fund At July 31, 2007		1,953,642
		625,471
Divided by the capacity remaining in the pay-in period	÷	156,321
Times last year tonnage	x	61,812
Required payment into the local dedicated fund for the year ended June 30, 2008		247,322
Balance of funds held in the local dedicated fund and July 31, 2007		1,953,642
Required balance of funds to be held in the local dedicated fund and local governments financial test at June 30, 2008		2,579,113
Amount Agency has restricted for closure and postclosure		

care at June 30, 2008	2,248,784
Local Government Financial Test	625,471
Total	$ 2,874,255

Staff

This audit was performed by:

Roger Roland, CPA
Royal Roland, CPA
Edwin Dieleman, CPA