DICKINSON COUNTY SANITARY LANDFILL COMMISSION
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS
JUNE 30, 2009 AND 2008

DICKINSON COUNTY SANITARY LANDFILL COMMISSION

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DICKINSON COUNTY SANITARY LANDFILL COMMISSION

OFFICIALS

NAME	TITLE	REPRESENTING
Dennis Daly	Chairman	City of Okoboji
Ed Rice	Vice-Chairman	City of West Okoboji
Ron Walker	Secretary/Treasurer	City of Arnolds Park
Dennis Clark	Member	City of Wahpeton
Don Lamb	Member	City of Milford
Kevin Bice	Member	City of Spirit Lake
Jim Jackson	Member	City of Orleans
Tom Underwood	Member	City of Lake Park
Mardi Allen	Member	Dickinson County
John Walters	Executive Director	

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Dickinson County Sanitary Landfill Commission
Arnolds Park, IA 51331

We have audited the accompanying statements of cash receipts, disbursements, and changes in cash basis net assets of the Dickinson County Sanitary Landfill Commission for the years ended June 30, 2009 and 2008. 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 audits.

We conducted our audits 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 audits 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 are 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 Dickinson County Sanitary Landfill Commission as of June 30, 2009 and 2008 and the changes in its cash basis financial position for the years 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 September 30, 2009 on our consideration of Commission's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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.

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The Commission has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insight on that information that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Winther, Stone & Co. LLP

September 30, 2009

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
OPERATING RECEIPTS:		
Payments from landfill	$ 48,448	$ 41,417
State grants	26,301	38,890
Miscellaneous	21,979	16,919
TOTAL OPERATING RECEIPTS	96,728	97,226
OPERATING DISBURSEMENTS:		
Business-type activities	84,651	56,441
TOTAL OPERATING DISBURSEMENTS	84,651	56,441
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	12,077	40,785
NON-OPERATING RECEIPTS (DISBURSEMENTS)		
Interest income	61	134
Construction loan repayments	(21,714)	(12,336)
Building and equipment purchases		(35,612)
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS)	(21,653)	(47,814)
CHANGE IN CASH BASIS NET ASSETS	(9,576)	(7,029)
NET ASSETS - CASH BASIS - BEGINNING OF YEAR	30,807	37,836
NET ASSETS - CASH BASIS - END OF YEAR	$ 21,231	$ 30,807
CASH BASIS NET ASSETS:		
Unrestricted	$ 21,231	$ 30,807
TOTAL CASH BASIS NET ASSETS	$ 21,231	$ 30,807

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dickinson County Sanitary Landfill Commission is an inter-governmental agency, established in accordance with the provisions of Chapter 28E of the State Code of Iowa. The purpose of the Commission is to continuously study and implement methods and means to efficiently, economically, and lawfully manage solid waste generated within each member city and the unincorporated portion of Dickinson County.

The governing body of the Commission is composed of one representative from each member. The members of the Commission include Dickinson County and the Cities of Okoboji, West Okoboji, Arnolds Park, Wahpeton, Milford, Spirit Lake, Orleans, and Lake Park. The Commission receives a portion of the solid waste fees charged for usage by Dickinson Landfill, Inc. which is separately owned and operated.

Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, account groups, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financial 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.

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 outgoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Basis of Accounting

The 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. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

2. CASH

The Commission's deposits at June 30, 2009 were 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 ensure 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's Board of Directors; 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.

3. CONSTRUCTION LOAN REPAYMENTS

During the year ended June 30, 2006, the Commission completed construction of an Operations Building. This project was financed in part with a $46,627 award from the Iowa Department of Natural Resources (IDNR). This award consisted of a $20,000 forgivable loan and a $26,627 zero interest loan. The IDNR determined the Commission complied with all contractual obligations of the project, and the $20,000 loan was forgiven. The zero interest loan had a remaining balance payable of $-0- and $8,320 at June 30, 2009 and 2008, respectively.

The Commission has also received an $82,336 award from the Iowa Department of Natural Resources, of which $48,345 was utilized as of June 30, 2009 and 2008. The utilized award consisted of a $20,000 forgivable loan and a $28,345 zero interest loan. The forgivable loan portion of this award will be forgiven if the Commission has complied with all contractual obligations of the project through January 15, 2010. If contractual requirements are not met, the forgivable loan portion of the award will revert to a zero interest loan requiring repayment. The zero interest loan had a remaining balance of $9,938 and $17,040 at June 30, 2009 and 2008, respectively. The loan is due in quarterly installments of $1,420 with final payment due April 15, 2011.

The Commission has also been awarded a $23,300 loan from the Iowa Department of Natural Resources, payable in twenty quarterly installments of $1,259, including interest at 3%, with final payment due October 15, 2012. The loan had a remaining balance of $15,145 and $20,970 at June 30, 2009 and 2008, respectively.

Total loan principal payments are due as follows:

Years ending June 30,	
2010	$ 8,919
2011	10,339
2012	4,660
2013	1,165
Total	$ 25,083

4. CLOSURE AND POSTCLOSURE CARE COST

Since the Commission does not own and operate Dickinson Landfill, Inc., the Commission is not required to complete a monitoring system plan and a closure/postclosure plan to comply with Federal and State regulations or to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure.

Since the Commission is not subject to these requirements, Governmental Accounting Standards Board Statement No. 18, which 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, does not apply to the Commission.

5. RISK MANAGEMENT

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2009 and 2008 were $2,639 and $2,886, respectively.

5. RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured in an amount not to exceed $2,650,000 per claim and $10,000,000 in aggregate per year. For members requiring specific coverage from $3,000,000 to $10,000,000, such excess coverage is also reinsured. 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 such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company 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% 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.

6. MAJOR CUSTOMER

The Commission received approximately 50% and 43% of its revenues from one company from solid waste fees collected and approximately 27% and 40% of its revenues from State of Iowa grants during the years ended June 30, 2009 and 2008, respectively.

7. RELATED PARTY TRANSACTIONS

The Dickinson County Conservation Board (Board) collects disposal fees from Commission members and from private citizens for items deposited at the regional collection center operated by the Commission. The Board also pays the wages of employees responsible for managing and operating the center. The cash balance held by the Board is considered held for the benefit of the Commission. The Commission is responsible to reimburse the Board for any excess of cash disbursements over cash receipts.

Cash transactions of the Board during the fiscal year ended June 30, 2009 and 2008 are as follows:

	2009	2008
Cash receipts from Commission	$ 70,220	$ 35,214
Cash receipts from others	28,099	30,567
Cash disbursements to Commission	(21,979)	(16,919)
Cash disbursements to others	(90,475)	(48,020)
Cash - beginning of year	17,761	16,919
Cash held for the benefit of the Commission	$ 3,626	$ 17,761

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INDEPENDENT AUDITORS' 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

Board of Directors
Dickinson County Landfill Commission
Arnolds Park, IA 51331

We have audited the accompanying financial statements of Dickinson County Sanitary Landfill Commission as of and for the years ended June 30, 2009 and 2008 and have issued our report thereon dated September 30, 2009. 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 Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 and a material weakness.

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 affect the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the Commission's financial statement that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency in

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internal control described in Part I of 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 statement will not be prevented or detected by the 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 referred to above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Dickinson County Sanitary Landfill Commission are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial 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.

The Commission's written responses to findings identified in our audits are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of Commission officials, the citizens of Dickinson County, 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 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.

Winther, Stone & Co LLP

September 30, 2009

DICKINSON COUNTY SANITARY LANDFILL COMMISSION
SCHEDULE OF FINDINGS

Part I: Findings Related to the Financial Statements

Significant Deficiency:

I-A-09 Segregation of Duties - The Commission has no employees, and responsibilities assigned to management and Board members do not provide adequate segregation of duties. One individual has control over collecting, depositing, and reconciling receipts for which no compensating controls exist.

Recommendation - We realize that with no employees segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances, and the Board should carefully monitor financial reporting.

Response - The Commission is aware that this condition exists and will continue to monitor the internal control system and financial reporting to ensure assets are safeguarded.

Conclusion - Response accepted.

Instances of Noncompliance:

No matters were noted.

Part II: Other Findings Related to Statutory Reporting

II-A-09 Questionable Expenses - We noted no expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-B-09 Travel Expense - No expenditures of money for travel expenses of spouses of Commission officials were noted.

II-C-09 Board Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.

II-D-09 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.

II-E-09 Solid Waste Fees Retainage - During the year ended June 30, 2009, the Commission did not receive or retain solid waste fees in accordance with Chapter 455B.310(3) and (4) of the Code of Iowa. However, the Commission did receive payments from Dickinson Landfill, Inc. representing a portion of solid waste fees the landfill collected.