AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Independent Auditors' Reports
Financial Statement And
Required Supplementary Information
Schedule of Findings

June 30, 2009

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants
CARROLL, IOWA

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

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INDEPENDENT AUDITORS' REPORT

To the Members of the Audubon County
Solid Waste Management Commission
Audubon, Iowa

We have audited the accompanying financial statement of Audubon County Solid Waste Management Commission as of and for the year ended June 30, 2009. This financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on the financial statement based on our audit.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2010 on our consideration of Audubon County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions 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 Governmental Auditing Standards and should be considered in assessing the results of our audit.

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Officials

Name	Title	Representing
Rod Fulton	Chairperson	Kimballton Representative
Robert Sornson	Vice Chairman	Audubon Representative
Lora Anthofer	Member	County Representative
Bruce Nelson	Member	County Representative
Penny Schmidt	Member	Gray Representative
Janet Hansen	Director	

Management's Discussion and Analysis on pages 6 through 8 is not a required part of the basic financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion thereon.

Olsen, Muhlbauer & Co., LLP

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

January 18, 2010

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Management's Discussion and Analysis

Audubon County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Audubon County Solid Waste Management Commission is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2009 FINANCIAL HIGHLIGHTS

- The Commission's operating receipts decreased 28%, or approximately $112,000, from fiscal 2008 to fiscal 2009. (2009 was the first full year operating as a transfer station)
- The Commission's operating disbursements decreased approximately $21,000, or 6%, from fiscal 2008 to fiscal 2009.
- The Commission's net assets decreased 24%, or approximately $234,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The Commission has elected to present its financial statement on a 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 Commission's 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 this cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, the reader 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 the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Commission's cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the Audubon County Solid Waste Management Commission's basic financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.
- The Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the basic financial statement.

FINANCIAL ANALYSIS OF THE COMMISSION

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

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year-end. Over time, readers of the financial statement are able to determine the Commission's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

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

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill and transfer station. Non-operating activities consist of interest on investments and capital improvements. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2009 and June 30, 2008 are presented below:

Changes in Cash Basis Net Assets		
	Year Ended June 30,	
	2009	2008
Operating Receipts:		
Tipping Fees and Gate Charges	115,111	184,293
Member Assessments	159,334	210,935
Recycling Revenue	8,928	5,610
Miscellaneous	7,575	1,828
Total Operating Receipts	290,948	402,666
Operating Disbursements:		
Solid Waste Contractor	0	27,188
Landfill Disposal Fees	38,139	36,615
Other	291,283	286,479
Total Operating Disbursements	329,422	350,282
Excess of Operating Receipts Over Operating Disbursements/ (Disbursements in Excess of Receipts)	(38,474)	52,384
Non-operating Receipts (Disbursements)		
Interest on Investments	19,389	46,352
Fire Insurance Proceeds	228,386	0
Equipment Purchases	(75,145)	(144,550)
Building Remodel	(115,345)	(20,581)
Closure Costs	(252,333)	(7,553)
Net Non-operating Receipts (Disbursements)	(195,048)	(126,332)
(Decrease) in Cash Basis Net Assets	(233,522)	(73,948)
Cash Basis Net Assets Beginning of Year	990,736	1,064,684
Cash Basis Net Assets End of Year	757,214	990,736

In fiscal 2009, operating receipts were less primarily due to tipping fees and member payments. At June 30, 2009 the Commission had received assessments and fees of $121,000 less than in 2008. In fiscal 2009, operating disbursements decreased by $21,000, from fiscal 2008. The decrease results primarily from salaries and benefits.

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

The largest portion of the Commission's net assets (85%) 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. Regulations also require the Commission to set aside funds for the estimated cost of closing the transfer station, if and when that occurs. The remaining net assets (15%) are the unrestricted net assets that can be used to meet the Commission's obligations as they come due. Restricted net assets decreased $227,000 during the year. The decrease was due to payment of closure and postclosure care costs. Unrestricted net assets decreased $7,000, during the year.

ECONOMIC FACTORS

Audubon County Solid Waste Management Commission's financial position declined during the current fiscal year. The Commission completed closure requirements during fiscal 2009. In conjunction with this action, the Commission is operating a transfer station, which will temporarily hold waste until its delivery to a liner compliant landfill. During fiscal year ended June 30, 2009, about 2,000 tons of waste was delivered from the transfer station.

Some of the challenges for the Commission to meet are:

- Budgeting, anticipating increases in cost such as fuel and fluctuating revenues due to items such as markets for recyclable materials.
- Facilities require constant maintenance and upkeep.
- Annual deposits required to be made to the postclosure account are based on constantly changing cost estimates.

The Commission anticipates the current fiscal year will show an improvement in the financial condition overall. The Commission will maintain a close watch over resources to maintain our ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Audubon County Solid Waste Management Commission, 1881 215th St., Audubon, Iowa.

FINANCIAL STATEMENT

Exhibit A

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets
For the Year Ended June 30, 2009

Operating Receipts:		
Tipping Fees and Gate Charges	115,111	
Member Assessments	159,334	
Recycling Revenue	8,928	
Miscellaneous	7,575	
Total Operating Receipts		290,948
Operating Disbursements:		
Salaries and Benefits	151,229	
Landfill Disposal Fees	38,139	
Regulatory Assistance/Engineering	17,256	
White Goods and Tire Disposal	1,325	
Recycling	13,781	
Equipment Rental	13,533	
Insurance	10,498	
Building and Equipment Maintenance	18,390	
Fuel	10,037	
Meeting Expenses	3,415	
Legal, Accounting and Auditing	27,871	
Travel, Education, and Training	951	
Utilities	4,528	
Office Equipment and Supplies	2,329	
Miscellaneous	1,328	
Groundwater Monitoring	14,812	
Total Operating Disbursements		329,422
Excess of Operating Disbursements Over Operating Receipts		(38,474)
Non-operating Receipts (Disbursements)		
Interest on Investments	19,389	
Fire Insurance Proceeds	228,386	
Building Remodel	(115,345)	
Transfer Station Equipment	(75,145)	
Closure Costs	(252,333)	
Net Non-operating Receipts (Disbursements)		(195,048)
Change in Cash Basis Net Assets		(233,522)
Cash Basis - Net Assets Beginning of Year		990,736
Cash Basis - Net Assets End of Year		757,214
Cash Basis Net Assets		
Restricted for:		
Closure		30,672
Post Closure		611,035
Total Restricted Net Assets		641,707
Unrestricted		115,507
Total Cash Basis Net Assets		757,214

The accompanying notes are an integral part of this financial statement.

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to Financial Statement
June 30, 2009

Note 1 – Summary of Significant Accounting Policies

Organization

The Audubon County Solid Waste Management Commission was formed in 1991 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities in Audubon County on behalf of the units of government which are members of the Commission. During 2008, the operation transitioned from an operating landfill to a transfer station, and commenced closure activities on the existing landfill.

The governing body of the Commission is composed of five commissioners. The commissioners are appointed by the participating political subdivisions as follows: one commissioner shall be a resident of the City of Audubon who has five votes; one commissioner shall be a resident of the City of Gray who has one vote; one commissioner shall be a resident of the City of Kimballton who has one vote; and two commissioners for the unincorporated area of Audubon County, one of whom shall be a member of the Audubon County Board of Supervisors who resides within the rural area and has three votes with the non-Board commissioner having four votes.

Reporting Entity

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

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Audubon County Solid Waste Management Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U.S. generally accepted accounting principles.

Net Assets

The following accounting policies are followed in preparing the Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets.

Restricted Cash Basis Net Assets – Funds set aside for payment of closure and postclosure care costs are classified as restricted.

Note 2 – Cash and Investments

The Commission's deposits at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

Investments are stated at fair value. The Commission's investments at June 30, 2009 are as follows:

Iowa Public Agency Trust	$ 10,466
Certificates of Deposit held by Audubon County Solid Waste Management Commission	619,859
	$ 630,325

Interest rate risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year) in instruments that generally mature within 365 days. Funds not identified as operating funds may be invested in investments with maturities longer than 1 year but the maturities shall be consistent with the needs and use of the Commission.

Concentration of credit risk. The Commission's deposits are held entirely by local financial institutions. The Commission places limits on the amount that may be invested with any one issuer.

Note 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 statement and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10 percent of their annual salary and the Commission is required to contribute 6.35 percent of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were $6,261, $4,314, and $3,227, respectively, equal to the required contributions for each year.

Note 4 – Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. 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, 2009 was $8,890. This liability has been computed based on rates of pay in effect at June 30, 2009.

Note 5 – Closure and Post-closure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/post-closure plan to provide funding necessary to effect closure and post-closure, 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 post-closure 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 post-closure 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 would consist of four components: 1) the cost of equipment and facilities used in post-closure monitoring care, 2) the cost of final cover (material and labor), 3) the cost of monitoring the landfill during the post-closure 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.

Note 5 – Closure and Post-closure Care Costs (Continued)

These costs for the Audubon County Solid Waste Management Commission as of June 30, 2009 have been estimated at $-0- for closure and $578,025 for postclosure, for a total of $578,025.

As described in Management's Discussion and Analysis, the Commission voted to stop accepting waste in 2008 and has substantially completed its closure plan.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2009, assets of $626,437 are restricted for these purposes, of which $15,402 is for closure and $611,035 is for postclosure care. They are reported as restricted net assets on the Statement of Receipts, Disbursements and Changes in Cash Basis Net Assets.

The Commission has demonstrated financial assurance by fully funding the estimated postclosure care costs.

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the Commission is not required to establish closure and postclosure accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

Note 6 – Solid Waste Tonnage Fees Retained

The Commission has established two accounts for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2009, the Commission had $6,236 on deposit for those fees, all of which will be expended for allowable purposes.

Note 7 – Risk Management

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

Note 7 – Risk Management (Continued)

Each members' 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, were $5,994.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event 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 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.

Note 7 – Risk Management (Continued)

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation, employee blanket bond and additional commercial property and inland marine. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 – 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 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 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 care costs for the Commission have been estimated at $15,105. As of the report date, the financial assurance account has been funded with deposits in the amount of $15,270 which are shown as restricted net assets.

OLSEN, MUHLBAUER & CO., L.L.P.

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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 the Audubon County
Solid Waste Management Commission

We have audited the accompanying financial statement of the Audubon County Solid Waste Management Commission as of and for the year ended June 30, 2009, and have issued our report thereon dated January 18, 2010. Our report expressed an unqualified opinion on the financial statement, which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Audubon County Solid Waste Management Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to for the purpose of expressing our opinion on the effectiveness of the Audubon County Solid Waste Management Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Audubon County Solid Waste Management Commission's internal control over financial reporting.

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

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

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

Olsen, Muhlbauer & Co., LLP

OLSEN, MUHLBAUER & CO., L.L.P.
Certified Public Accountants

January 18, 2010

AUDUBON COUNTY SOLID WASTE MANAGEMENT COMMISSION

Schedule of Findings
Year ended June 30, 2009

Findings Related to the Financial statement:

SIGNIFICANT DEFICIENCIES:

(A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has the potential to be involved in billing, deposit preparation, signing checks, posting transactions to accounting records and reconciling bank accounts.

Recommendation – The Commission should review its procedures to provide the maximum control possible through review of financial transactions including activity in customer accounts, approval of new bank accounts and review of supporting documentation for disbursements.

Response – The Commission will review current procedures and strengthen oversight where practical.

Conclusion – Response accepted.

(B) Financial Reporting – We believe that a material weakness in internal control over financial reporting exists in the Commission's financial statement close process for preparing its year-end financial statements including the lack of expertise to prevent, detect and correct potential material misstatements to the financial statements on a timely basis.

Recommendation – The Commission should implement procedures to more timely review its receipts and disbursements for the year to provide accurate financial statement data.

Response – We will use all available resources to ensure accurate information is available for financial statement preparation.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

Other Findings Related to Required Statutory Reporting:

1) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.

2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

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

Other Findings Related to Required Statutory Reporting: (Continued)

4) Deposits and Investments – No instance of noncompliance 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.

5) Solid Waste Tonnage Fees Retainage – During the year ended June 30, 2009, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

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

	Landfill		Transfer Station
	Closure	Postclosure	Closure
Total estimated costs for closure and postclosure care	0	578,025	15,105
Less: Balance of funds held in the local dedicated fund at June 30, 2008	252,389	601,698	14,598
	(252,389)	(23,673)	507
Divided by the number of years remaining in the pay-in period	÷ 0	÷ 3	÷ 3
Required payment into the local dedicated fund for the year ended June 30, 2009	0	0	169
Balance of funds held in the local dedicated fund at June 30, 2008	252,389	601,698	14,598
Balance of funds required to be held in the local dedicated fund at June 30, 2009	0	578,025	14,767
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2009	15,402	611,035	15,270