CLINTON COUNTY AREA SOLID WASTE AGENCY

Clinton, Iowa

FINANCIAL STATEMENTS

June 30, 2007

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CLINTON COUNTY AREA SOLID WASTE AGENCY
LIST OF OFFICERS AND MEMBERS
June 30, 2007

OFFICERS

Dave Richards	Goose Lake, Iowa	Chairman
Doug Goodall	Delmar, Iowa	Vice-Chairman
Jon Johnson	Andover, Iowa	Secretary-Treasurer

MEMBERS

Jon Johnson	Andover, Iowa	
Lavern Boedeker	Calamus, Iowa	
Ron Wehde	Camanche, Iowa	
Lori Jahn	Charlotte, Iowa	
Michael Kearney	Clinton, Iowa	
Doug Goodall	Delmar, Iowa	
Verlyn Scheckel	DeWitt, Iowa	
Dave Richards	Goose Lake, Iowa	
Ken Mosier	Grand Mound, Iowa	
Jim Schroeder	Lost Nation, Iowa	
Don Byers	Low Moor, Iowa	
Steve Errico	Toronto, Iowa	
Tera McMain	Welton, Iowa	
Century Schnede	Wheatland, Iowa	
Board of Supervisors	Clinton, Iowa	(Clinton County Rep.)

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

To the Officers and Members
Clinton County Area Solid Waste Agency
Clinton, Iowa

We have audited the accompanying basic financial statements of Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2007 which collectively comprise Clinton County Area Solid Waste Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Clinton County Area Solid Waste 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clinton County Area Solid Waste Agency as of June 30, 2007, and its changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2007 on our consideration of Clinton County Area Solid Waste Agency's internal control over financial reporting and on 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.

The management's discussion and analysis on pages 4 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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. However, we did not audit the information and express no opinion on it.

Offices in 16 states and Washington, DC

Member of HLB International

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clinton County Area Solid Waste Agency's basic financial statements. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Clinton, Iowa
November 5, 2007

CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Clinton County Area 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, 2007. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased 4.6%, or $84,693, from fiscal 2006 to fiscal 2007.
- The Agency's operating expenses were 3.7%, or $51,214, less in fiscal 2007 than in fiscal 2006.
- The Agency's net assets increased 15.1%, or $555,140, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

The Clinton County Area 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 Clinton County Area 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, nonoperating 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 2007 totaled $4,236,389. This compares to $3,681,249 for fiscal 2006. A summary of the Agency's net assets is presented below.

Net Assets

	2007	2006
Current assets	$2,532,296	$2,351,482
Restricted investments	446,124	356,477
Capital assets (net of accumulated depreciation)	2,846,681	2,359,608
Total assets	5,825,101	5,067,567
Current liabilities	695,080	460,097
Noncurrent liabilities	893,632	926,221
Total liabilities	1,588,712	1,386,318
Net assets		
Invested in capital assets, net of related debt	2,846,681	2,359,608
Restricted for:		
Closure and postclosure costs	446,124	356,477
Unrestricted:		
Designated for capital improvements and maintenance	1,584,650	1,528,232
Undesignated	(641,066)	(563,068)
Total net assets	$4,236,389	$3,681,249

A portion of the Agency's net assets (10.5%) is the restricted for closure and postclosure care 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. The invested in capital assets (67.2%, e.g., land, buildings, and equipment), less the related debt portion of net asset are resources allocated to capital assets. The remaining net assets (22.3%) are the unrestricted net assets.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are primarily 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 years ended June 30, 2007 and 2006 is presented below.

Changes in Net Assets

	2007	2006
Operating revenues		
Charges for service	$ 827,565	$ 777,345
County and city assessments	501,490	501,490
Commodities sold	144,253	145,641
Other operating revenues	288,061	421,586
Total operating revenues	1,761,369	1,846,062
Operating expenses		
Landfill	915,879	960,860
Recycling	148,735	175,023
RCC	71,227	53,847
Bio-reactor	188,478	185,803
Total operating expenses	1,324,319	1,375,533
Operating gain	437,050	470,529
Nonoperating revenues (expenses)		
Finance charges	8,370	5,678
Interest revenue	97,021	53,857
Rental income	13,948	14,148
Rental depreciation	(1,249)	(1,249)
Net nonoperating revenues (expenses)	118,090	72,434
Change in net assets	555,140	542,963
Net assets, beginning of year	3,681,249	3,138,286
Net assets, end of year	$4,236,389	$3,681,249

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 2007, operating revenues decreased by $84,693, or 4.6%. Operating expenses also decreased by $51,214, or 3.7%.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing, and investing activities. Cash provided by operating activities includes cash received from customers, assessments, and other operating receipts reduced by payments to suppliers and employees. Cash used in capital and related financing activities includes rental income and the purchase of capital assets. Cash provided by investing activities includes finance charges, interest income, and purchases and redemptions of investments.

CAPITAL ASSETS

At June 30, 2007, the Agency had $2,846,681 invested in capital assets, net of accumulated depreciation of $2,682,645. Depreciation charges totaled $251,132 for fiscal 2007. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2007, the Agency had $893,632 in debt outstanding, a decrease of $32,589 from 2006. The table below summarizes outstanding debt by type.

	2007	2006
Closure and postclosure care costs	$ 893,632	$ 926,221

Additional information about the Agency's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Clinton County Area Solid Waste Agency continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Construction of the Phase 0 Subtitle Landfill Cell took place in during the year. The work was completed in early portion of fiscal year 2008 and was on-line before the October 1, 2007 DNR deadline.
- A leachate collection retrofit was installed in Ravine #2 to address small leachate seeps.
- The Agency has faced a loss in tonnage over the past decade due to waste being able to travel over state lines. The agency has taken an active approach to regain some lost tonnage and revenue with commercial haulers and will continue to do so. The tonnage amount has increased in the past few years, but is still not the same or equal to what is leaving the Clinton County area to other facilities.
- Facilities and equipment of Clinton County Area Solid Waste will continue to require routine maintenance and upkeep.
- Technology and trends in the solid waste industry continue to change. The Agency will have to continue to work to update technology and trends at a reasonable cost.
- Some of the solid waste programs that are required for the Agency to handle have been implemented with a user fee to help support them. This will continue to happen to keep the programs alive and to keep them available for residents.

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 Clinton County Area Solid Waste Agency, P.O. Box 996, Clinton, Iowa 52732.

BASIC FINANCIAL STATEMENTS

EXHIBIT A

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF NET ASSETS
June 30, 2007

ASSETS		
Current assets		
Cash and cash equivalents	$ 766,103	
Investments	1,584,650	
Accounts receivable	144,219	
Prepaid insurance	37,324	
Total current assets	2,532,296	
Noncurrent assets		
Restricted investments	446,124	
Capital assets (net of accumulated depreciation)	2,846,681	
Total noncurrent assets	3,292,805	
Total assets		$ 5,825,101
LIABILITIES		
Current liabilities		
Accounts payable - trade	74,547	
Contracts payable	201,729	
Accrued payroll taxes	3,044	
Accrued IPERS	1,806	
Accrued other withholdings	2,367	
Accrued ground water tax	9,520	
Accrued recycling costs	248,303	
Accrued closure costs	153,764	
Total current liabilities	695,080	
Noncurrent liabilities		
Landfill closure and postclosure care costs	893,632	
Total liabilities		1,588,712
NET ASSETS		
Invested in capital assets, net of related debt	2,846,681	
Restricted for:		
Closure and postclosure costs	446,124	
Unrestricted:		
Designated for capital improvements and maintenance	1,584,650	
Undesignated	(641,066)	
Total net assets		$ 4,236,389

The accompanying notes are an integral part of the financial statements.

EXHIBIT B

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2007

OPERATING REVENUES		
Landfill		
Charges for service	$ 707,392	
Tire handling fee	13,600	
Permit fees	4,178	
County and city assessments	501,490	
Contracted waste	43,776	
Salvage	12,034	
Miscellaneous	147,747	
Total landfill	1,430,217	
Recycling		
Commodities sold	144,253	
Regional Collection Center (RCC)		
Member's expense reimbursement	42,157	
CESQG	9,688	
Customer	1,747	
Disposal reimbursement	13,012	
Miscellaneous	122	
Total RCC	66,726	
Bio-reactor		
Charges for service	120,173	
Total operating revenues		$ 1,761,369
OPERATING EXPENSES		1,324,319
OPERATING GAIN		437,050
NONOPERATING REVENUES (EXPENSES)		
Finance charges	8,370	
Interest revenue		
Operations	24,626	
Financial assurance	72,395	
Rental income	13,948	
Rental depreciation	(1,249)	
Total nonoperating revenues (expenses)		118,090
CHANGE IN NET ASSETS		555,140
NET ASSETS, BEGINNING OF YEAR		3,681,249
NET ASSETS, END OF YEAR		$ 4,236,389

The accompanying notes are an integral part of the financial statements.

EXHIBIT C

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 1,093,245	
Cash received from assessments	501,490	
Cash received from other operating receipts	147,747	
Cash paid to suppliers for goods and services	(596,386)	
Cash paid to employees for services	(279,089)	
Net cash provided by operating activities		$ 867,007
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Rental income	13,948	
Purchase of capital assets	(738,205)	
Net cash used in capital and related financing activities		(724,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Finance charges	8,370	
Interest received	97,021	
Investment purchases	(89,647)	
Restricted investment purchases	(707,168)	
Restricted investment redemptions	650,750	
Net cash used in investing activities		(40,674)
NET INCREASE IN CASH AND CASH EQUIVALENTS		102,076
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		664,027
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 766,103

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating gain		$ 437,050
Adjustments to reconcile operating gain to net cash provided by operating activities:		
Depreciation	$ 249,883	
Closure and postclosure care costs	(32,589)	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(18,887)	
(Increase) decrease in prepaid insurance	(3,433)	
Increase (decrease) in accounts payable - trade	9,165	
Increase (decrease) in contracts payable	201,729	
Increase (decrease) in payroll taxes	(278)	
Increase (decrease) in IPERS	(22)	
Increase (decrease) in other withholdings	500	
Increase (decrease) in ground water tax	738	
Increase (decrease) in recycling costs	15,683	
Increase (decrease) in closure costs	7,468	
Total adjustments		429,957
NET CASH PROVIDED BY OPERATING ACTIVITIES		$ 867,007

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Clinton County Area Solid Waste Agency was formed on July 3, 1972 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Clinton County, Iowa for use by all residents of Clinton. Services are also provided for Jackson and Cedar Counties, Iowa.

The Agency is composed of one representative from each of the fourteen member cities and one representative from Clinton County. The member cities are: Andover, Calamus, Camanche, Charlotte, Clinton, Delmar, DeWitt, Goose Lake, Grand Mound, Lost Nation, Low Moor, Toronto, Welton, and Wheatland. Each member shall be entitled to one vote for each 1,500 people or fraction thereof as determined by the most recent general Federal Census.

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

Reporting Entity

For financial reporting purposes, Clinton County Area 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. Clinton County Area Solid Waste Agency has no component units which meet the Governmental Accounting Standards Board criteria.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of Clinton County Area Solid Waste Agency are organized as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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.

In reporting the financial activity of its enterprise fund, 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 nonoperating 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 nonoperating revenues and expenses.

Cash Equivalents

The Agency considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Restricted Investments

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are accounted for at historical cost or estimated historical cost where historical cost is not available. Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Buildings and developmental costs are amortized over ten to thirty years and equipment is depreciated over a five to ten year life.

The cost of repairs 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.

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest 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 acquired during the year ended June 30, 2007.

NOTE 2 - CASH AND INVESTMENTS

The Agency's deposits in banks for the year ended June 30, 2007 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against 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 rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency's investments are categorized to give an indication of the level of risk assumed by the Agency at year end. The Agency's investments are all Category 1 which means that the investments are insured or registered or the securities are held by the Agency or its agent in the Agency's name.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The Agency's investments at June 30, 2007 were as follows:

	Fair Value
Investments	
U.S. Government agency bonds	$ 746,183
Federal agencies	219,894
U.S. Treasury Bills	69,541
Mutual funds - fixed income	181,978
Certificates of deposit	300,000
Money market accounts	67,054
Restricted investments	
Money market accounts	446,124
Total investments	$2,030,774

NOTE 3 - LEASE AGREEMENTS

The Agency leased 8.5 acres of cropland to an unrelated lessee. The lease term is from March 1 to February 28. The land must be used for agricultural crop purposes. Rental fees are $850 per year. The Agency also rented a small parcel of hay cropland to an unrelated party for $500, a parcel of cropland to an unrelated party for $900 per year, a parcel of cropland to an unrelated party for $350 per year, a parcel of pasture land to an unrelated party for $1,200, and 51.4 acres of cropland to an unrelated party for $6,168 per year.

Total rental income was $13,948 for the year ended June 30, 2007.

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land and improvements	$ 801,780	$ -	$ -	$ 801,780
Construction in progress	-	657,073	-	657,073
Total capital assets, not being depreciated	801,780	657,073	-	1,458,853
Capital assets being depreciated:				
Development costs	1,281,071	-	-	1,281,071
Buildings	2,070,708	47,090	-	2,117,798
Equipment and vehicles	637,562	34,042	-	671,604
Total capital assets being depreciated	3,989,341	81,132	-	4,070,473
Less accumulated depreciation for:				
Development costs	618,889	47,160	-	666,049
Buildings	1,296,071	171,233	-	1,467,304
Equipment and vehicles	516,553	32,739	-	549,292
Total accumulated depreciation	2,431,513	251,132	-	2,682,645
Total capital assets being depreciated, net	1,557,828	(170,000)	-	1,387,828
Total capital assets, net	$2,359,608	$ 487,073	$ -	$2,846,681

NOTE 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 Agency (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 minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs 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.

The total costs for Clinton County Area Solid Waste Agency have been estimated at $442,524 for closure and $624,962 for post closure for a total of $1,067,486 as of June 30, 2007, and the portion of the liability that has been recognized is $893,632 at June 30, 2007. This liability represents the cumulative amount reported to date based on the use of approximately 83.71 percent of the estimated capacity of the landfill with a remaining life of 9 years. A provision for the above liability has been made on the Agency's Statement of Net Assets as of June 30, 2007.

Chapter 455B.306(8)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure accounts to accumulate resources for the payment of closure and postclosure care costs. Effective July 1, 2002, Chapter 567-111.8(8) of the Iowa Administrative Code requires annual deposits to these closure and postclosure accounts determined by formula. The Agency has begun accumulating resources to fund these costs. They are reported as restricted investments on the Statement of Net Assets.

NOTE 6 - SOLID WASTE TONNAGE FEES RETAINED

Chapter 455B.310 of the Code of Iowa establishes a tonnage fee of four dollars and twenty-five cents per ton of solid waste. The landfill operator shall retain ninety-five cents of the tonnage fee to be used as described in the following paragraph and can retain an additional thirty-five cents of the tonnage fee as described below if an updated comprehensive plan has been approved for the Agency. The remainder of the tonnage fee is remitted to the Department of Natural Resources on a quarterly basis.

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. As required by the Code of Iowa, fifty cents per ton of the solid waste tonnage fee must be used for the following: (1) development and implementation of an approved comprehensive plan, (2) development of a closure or postclosure care plan, (3) development of a plan for the control and treatment of leachate which may include a facility plan or detailed plans and specifications, and (4) preparation of a financial plan. Forty-five cents per ton of the tonnage fee shall be disbursed to a city, county, or public agency using the sanitary disposal project for the purpose of implementation of waste volume reduction and recycling required by the Agency's approved comprehensive plan. The fees retained may also be used for other environmental protection and environmental compliance activities.

An updated comprehensive plan was approved by the Department of Natural Resources allowing the Agency to retain an additional thirty-five cents per ton of the tonnage fee. The thirty-five cents per ton of the tonnage fee shall be used for waste reduction, recycling, or small business pollution prevention purposes.

As of June 30, 2007, there were not any unspent amounts retained by the Agency and restricted for the required purposes.

NOTE 7 - COMPACTING CONTRACT

The Agency contracts with Brian Gay Construction for compacting in the east landfill site. The current contract with Brian Gay Construction is effective July 1, 2004 through June 30, 2007. It requires monthly payments of $31,000 for basic operations and $1.00 per cubic yard for asbestos processing and $1.00 per ton for petroleum contaminated soil processing.

On April 20, 2007, the Agency entered in to a contract with Progress Contracts for operation and maintenance at the landfill site. The contract with Progress Contracts is effective July 1, 2007 through June 30, 2010 and requires total payments of $900,000 over the life of the contract.

NOTE 8 - RISK MANAGEMENT

Clinton County Area Solid Waste 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.

NOTE 9 - 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 which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Agency is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006, and 2005. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were $14,064, $13,514 and $15,572, respectively, equal to the required contributions for each year.

NOTE 10 - COMMITTED CONSTRUCTION

At June 30, 2007, the Agency had the following construction projects in process:

Project	Total Contract Amount	Portion at June 30, 2007	
		Completed	Committed
New Cell Construction	$1,151,828	$ 657,073	$ 494,755

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF CHARGES FOR SERVICE
Year Ended June 30, 2007

Refuse - $44.00 per ton from July 1, 1994 through June 30, 2007	$ 655,527	
Asbestos - $25.00 per cu. yd. from February 1, 1992 through June 30, 2007	4,825	
ADM fly ash and mixed - $9.00 per ton from January 1, 1995 through June 30, 2007	28,096	
Contaminated soil - $35.00 per load from July 1, 1994 through June 30, 2007	18,944	
TOTAL CHARGES FOR SERVICE		$ 707,392

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2007

OPERATING EXPENSES

Landfill		
Insurance	$ 85,866	
Professional fees	27,485	
Equipment repairs	652	
Agency vehicle	3,256	
Conferences and seminars	260	
Advertising	6,626	
Payroll	132,877	
Employee education	457	
Clothing allowance	250	
Payroll tax	10,165	
Employer IPERS	14,064	
Contracted compacting and covering charges	372,000	
Secretarial services	440	
Tire expense	17,440	
Machine repairs	770	
Utilities	5,291	
Telephone	2,037	
Office expense	12,360	
Postage	2,582	
Annual audit	6,325	
Maintenance	16,253	
Ground water tax	57,373	
Asbestos compacting	181	
Refuse processing	1,401	
System maintenance	10,000	
Closure and postclosure care costs	24,711	
Supplies	1,023	
Office supplies	4,416	
Disposal	324	
Brown goods disposal	9,198	
Dues	2,983	
Travel expense	865	
Bank charges	7,654	
Employee safety	458	
Miscellaneous expense	12,111	
Depreciation	65,725	
Total landfill		$ 915,879

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2007

OPERATING EXPENSES (continued)

Recycling		
Insurance	$ 18,000	
Advertising	308	
Payroll		
Operations	90,394	
Reimbursements	174	
Clothing allowance	522	
Payroll tax	6,917	
Machine repairs	1,263	
Utilities	6,627	
Maintenance	13,028	
Supplies	9,616	
Dues	120	
Depreciation	1,766	
Total recycling		$ 148,735
RCC		
Employee education	150	
RCC expenses	1,195	
Telephone	560	
Maintenance	6,100	
Supplies	4,304	
RCC disposal	21,471	
Travel	134	
Depreciation	37,313	
Total RCC		71,227
Bio-reactor		
Insurance	6,000	
Payroll		
Operations	23,103	
Payroll taxes	1,769	
Machine repairs	4,105	
Utilities	7,197	
Maintenance	1,035	
Supplies	190	
Depreciation	145,079	
Total bio-reactor		188,478
TOTAL OPERATING EXPENSES		$ 1,324,319

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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 Officers and Members
Clinton County Area Solid Waste Agency

We have audited the financial statements of the of Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2007, which collectively comprise Clinton County Area Solid Waste Agency's basic financial statements and have issued our report thereon dated November 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Clinton County Area 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 an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting 07-I-A and 07-I-B.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity'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 that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clinton County Area 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, 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.

Comments involving statutory and other legal matters about the entity's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the entity. 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.

Clinton County Area Solid Waste Agency's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. While we have expressed our conclusions on the entity's responses, we did not audit Clinton County Area Solid Waste Agency's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the members and customers of Clinton County Area Solid Waste Agency and other parties to whom the entity 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 Clinton County Area 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.

Clifton Gunderson LLP

Clinton, Iowa
November 5, 2007

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007

Part I: Findings Related to the Financial Statements:

07-I-A Segregation of Duties - The Agency does not have effective controls to safeguard assets, and prevent or detect misstatements on a timely basis, as a result of a lack of segregation of duties. This condition increases the possibility that errors or irregularities may occur and not be detected on a timely basis. Due to the small number of people employed in administrative functions, the Agency may not be able to fully achieve an ideal segregation of duties. Currently, management's and the Board's close oversight and review of accounting information is the best means of preventing or detecting errors and irregularities. As part of this oversight function, known control deficiencies should be re-evaluated periodically in order to determine if the internal control system can be changed to better segregate duties. We have identified the following control deficiencies related to inadequate segregation of duties.

Control Deficiency - Deposits
The Accounting Clerk opens the mail and prepares the deposit slips listing the checks received by the Agency, takes the deposit to the bank, and records the deposits in the accounting system. Because of the employee's control over the process from start to finish, the employee has the opportunity to divert funds and conceal it by adjusting the accounting records to conceal the missing cash.

Recommendation - Deposits
We recommend that the Agency reassign the responsibility of opening the mail and preparing a deposit slip (in duplicate) listing and totaling all checks received to an employee outside of the accounting department. The checks should be restrictively endorsed before they are given to the Accounting Clerk. The original deposit slips and restrictively endorsed checks could be then given to the Accounting Clerk to take to the bank and record in the accounting system. The Accounting Clerk would give the deposit receipt to the employee responsible for opening the mail to compare and attach to the deposit slip copy. The deposit slip booklet should be provided to management at month-end to review and compare to the bank statement and related reconciliation.

Control Deficiency - Vendor Set-up
Currently, the Accounting Clerk has the ability in the accounting system to set-up new vendors and edit existing vendors. The Accounting Clerk also enters invoices and prepares checks. These are incompatible duties, since it provides the opportunity for the employee to set-up and issue checks to unauthorized vendors.

Recommendation - Vendor Set-up
We recommend that vendor set-up and editing rights be removed from the Accounting Clerk and reassigned to an appropriate person in management. This will allow the Accounting Clerk to only issue checks to vendors that have been set-up using the proper approval process.

Control Deficiency - Bank Reconciliations
Internal control is most effective when the bank reconciliation is prepared by someone not responsible for entries in the receipts and disbursements records.

07-I-A Segregation of Duties - (continued)

Recommendation - Bank Reconciliations
Because of the small number of office employees, we recommend that test reconciliations be made from time to time by management. In addition, management should review, approve, and sign the bank reconciliation each month.

Control Deficiency - Payroll Processing
The Accounting Clerk has the ability to set up new employees, change rates of pay, and process the payroll disbursements.

Recommendation - Payroll Processing
Management should periodically review the payroll master file and compare pay rates to the authorized rates to determine that the current pay rates agree with approved rates.

Response - We agree, and will continue to monitor monthly financial results and obtain explanations of variances from budget and prior year results.

Conclusion - Response accepted.

07-I-B Preparation of Financial Statements - The Agency engages Clifton Gunderson to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Clifton Gunderson cannot be considered part of the Agency's internal control system.

Recommendation - To establish proper internal control over the preparation of its financial statements, including disclosures, the Agency should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the Agency's activities and operations.

Response - Management will perform a comprehensive review of the financial statements to ensure that the financial statements, including disclosures, are complete and accurate.

Conclusion - Response accepted.

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2007

Part II: Other Findings Related to Required Statutory Reporting:

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

07-II-B Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.

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

07-II-D Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted, except as follows:

Interest rates on various investment purchases made during the year were not in accordance with statutory rates established by the State Rate Setting Committee in accordance with Chapter 12C.6 of the Code of Iowa.

Recommendation - The Agency should review procedures followed by their financial institution when making investment purchases to ensure that they meet the statutory rates in the future.

Response - The Agency will review the procedures followed by their financial institution.

07-II-E Solid Waste Retainage Fees - During the year ended June 30, 2007, the Agency used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.