

CLARKE COUNTY RESERVOIR COMMISSION

FINANCIAL STATEMENTS

June 30, 2009

TED WILLETS

CERTIFIED PUBLIC ACCOUNTANT

904 N. SUMNER - BOX 128

CRESTON, IOWA 50801

641-782-5585

MEMBER OF
IOWA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Clarke County Reservoir Commission
Osceola, Iowa 50213

I have audited the accompanying statement of financial position of Clarke County Reservoir Commission (a nonprofit organization) as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Clarke County Reservoir Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarke County Reservoir Commission as of June 30, 2009 and the results of activities and cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated September 16, 2009, on my consideration of Clarke County Reservoir Commission's internal control over financial reporting and on my 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 my 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 my audit.

Ted Willets CPA
Creston, Iowa
September 16, 2009

CLARKE COUNTY RESERVOIR COMMISSION

STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS

Current Assets	
Cash	\$ 802,350
Accounts receivable	161,966
Prepaid expense	<u>8,867</u>
Total Current Assets	<u>973,183</u>
Total Assets	<u>\$ 973,183</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	<u>\$ 26,550</u>
Total Current Liabilities	<u>26,550</u>
Net Assets	
Unrestricted	1,503
Temporarily restricted	<u>945,130</u>
Total Net Assets	<u>946,633</u>
Total Net Assets and Liabilities	<u>\$ 973,183</u>

The Notes to the Financial Statements are an integral part of this statement.

CLARKE COUNTY RESERVOIR COMMISSION

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Local option sales and service tax	\$ ---	\$1,322,197	\$ 1,322,197
Sponsor fees	39,500	---	39,500
Interest	1,847	---	1,847
Net assets released from restrictions	<u>377,067</u>	<u>(377,067)</u>	<u>---</u>
Total revenue and support	<u>418,414</u>	<u>945,130</u>	<u>1,363,544</u>
Expenses			
Engineering	149,113	---	149,113
Professional fees	162,682	---	162,682
Advertising	3,996	---	3,996
Postage	1,066	---	1,066
Meetings	1,273	---	1,273
Other	<u>3,172</u>	<u>---</u>	<u>3,172</u>
Total expenses	<u>321,302</u>	<u>---</u>	<u>321,302</u>
Change in net assets from operations	97,112	945,130	1,042,242
Net assets beginning of year	<u>(95,609)</u>	<u>---</u>	<u>(95,609)</u>
Net assets end of year	<u>\$ 1,503</u>	<u>\$ 945,130</u>	<u>\$ 946,633</u>

The Notes to the Financial Statements are an integral part of this statement.

CLARKE COUNTY RESERVOIR COMMISSION

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2009

Cash flows from operating activities:	
Change in net assets	\$ 1,042,242
Adjustments to reconcile change in net assets to	
Net cash provided by operating activities:	
(Increase) in accounts receivable	(161,966)
(Increase in prepaid expenses	(8,867)
(Decrease) in accounts payables	(<u>70,577</u>)
Net cash provided by operating activities	<u>800,832</u>
Net increase in cash	800,832
Cash at beginning of year	<u>1,518</u>
Cash at end of year	<u>\$ 802,350</u>

The Notes to the Financial Statements are an integral part of this statement.

CLARKE COUNTY RESERVOIR COMMISSION

NOTES TO FINANCIAL STATEMENTS

Note 1 Nature of Business

Clarke County Reservoir Commission is a public organization established pursuant to the provisions of Chapter 28E, Code of Iowa and amendments thereto. The Commission purposes are to make decisions in the locating, planning, and design of a new reservoir and regional facility in Clarke County, Iowa. The mission of Clarke County Reservoir Commission is the development of a large multi-purpose lake in Clarke County, Iowa which will serve, as its primary purpose, as a regional water supply reservoir as part of the SIRWA emergency grid system.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents

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

Note 3 Temporarily Restricted Net Assets

Temporarily restricted net assets consist of local option sales and services tax funds received for the purposes voted for by public referendums in Clarke County and the cities of Osceola, Woodburn and Murray.

Note 4 Referendums

2008 referendum revenues to be used for design, construct, equip and maintain the Clarke County Water Reservoir and related infrastructure until such time as all debt incurred is fully paid. The balance at June 30, 2009 was \$ 530,185.

2009 referendum revenues to be used to fund, under one or more agreements, the acquisition of land, planning, design, construction, equipping and maintenance while any project debt is outstanding, for the Clarke County Reservoir Project. The balance at June 30, 2009 was \$ 414,945.

SUPPLEMENTAL INFORMATION

TED WILLETS

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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 Board of Directors
Clarke County Reservoir Commission
Osceola, Iowa 50213

I have audited the financial statements of Clarke County Reservoir Commission (a non profit organization) as of and for the year ended June 30, 2009, and have issued my report thereon dated September 16, 2009. I conducted my 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 my audit, I considered Clarke County Reservoir Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Clarke County Reservoir Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2009-A.

A Material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarke County Reservoir Commission financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, non-compliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, and is not intended to be and should not be used by anyone other than these specific parties.

Ted Willett CPA
September 16, 2009

CLARKE COUNTY RESERVOIR COMMISSION
SCHEDULE OF FINDINGS
Year Ended June 30, 2009

2009-A Recording of accounts payables: The recording of accounts payable is essential for financial statements to be in conformity with generally accepted accounting principles. The accounts payables were not recorded at June 30 because the interim financial statements had always been on the cash receipts and disbursement method.

Recommendation: I recognize that that there may be an occasion that not all payable can be estimated at the interim financial statement time and that sometimes boards want to know the cash balance or cash position. However it is my responsibility to bring this control deficiency to your attention. I recommend that the board be aware that the payables should be recorded.

Response: The organization is aware that the payable were not recorded but will record them on all financial statements in the future.

Conclusion: Response acknowledged.