

CLINTON COUNTY AREA SOLID WASTE AGENCY
Clinton, Iowa

FINANCIAL STATEMENTS
June 30, 2009

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**CLINTON COUNTY AREA SOLID WASTE AGENCY
LIST OF OFFICERS AND MEMBERS
June 30, 2009**

OFFICERS

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

MEMBERS

Jill Whitehead	Andover, Iowa	
Lavern Boedeker	Calamus, Iowa	
Paul Varner	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	
Vacant	Toronto, Iowa	
Janet Huffman	Welton, Iowa	
Jerry Bopp	Wheatland, Iowa	
Board of Supervisors	Clinton, Iowa	(Clinton County Rep.)

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, 2009. 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, 2009, 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 December 9, 2009 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 8 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.

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.

Walt, Park & Foster, CPA PC

Clinton, Iowa
December 9, 2009

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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, 2009. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues increased 11.5%, or \$242,188, from fiscal 2008 to fiscal 2009.
- The Agency's operating expenses were 6.9%, or \$123,399, less in fiscal 2009 than in fiscal 2008.
- The Agency's net assets increased 15.3%, or \$776,982, from June 30, 2008 to June 30, 2009.

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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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 2009 totaled \$5,861,877. This compares to \$4,663,226 for fiscal 2008. A summary of the Agency's net assets is presented below.

Net Assets	<u>2009</u>	<u>2008</u>
Current assets	\$3,318,832	\$2,856,504
Restricted investments	1,110,386	529,710
Accounts receivable	47,945	-
Capital assets (net of accumulated depreciation)	<u>2,873,914</u>	<u>3,126,070</u>
 Total assets	 <u>7,351,077</u>	 <u>6,512,284</u>
Current liabilities	587,791	534,628
Noncurrent liabilities	<u>901,409</u>	<u>1,314,430</u>
 Total liabilities	 <u>1,489,200</u>	 <u>1,849,058</u>
 Net assets		
Invested in capital assets, net of related debt	2,873,914	3,126,070
Restricted for:		
Closure and postclosure costs	1,110,386	529,710
Unrestricted:		
Designated for capital improvements and maintenance	1,732,938	1,673,879
Undesignated	<u>144,639</u>	<u>(666,433)</u>
 Total net assets	 <u>\$5,861,877</u>	 <u>\$4,663,226</u>

A portion of the Agency's net assets (18.9%) is 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 (49.0%, e.g., land, buildings, and equipment), less the related debt portion of net assets are resources allocated to capital assets. The remaining net assets (32.1%) are the unrestricted net assets.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for gate fees from accepting solid waste as well as 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, 2009 and 2008 is presented below.

Changes in Net Assets

	<u>2009</u>	<u>2008</u>
Operating revenues		
Charges for service	\$ 865,306	\$ 986,925
County and city assessments	501,490	501,490
Commodities sold	122,616	174,119
Other operating revenues	<u>860,957</u>	<u>445,647</u>
Total operating revenues	<u>2,350,369</u>	<u>2,108,181</u>
Operating expenses		
Landfill	1,232,404	1,363,853
Recycling	191,745	195,711
RCC	41,977	41,518
Bio-reactor	<u>203,181</u>	<u>191,624</u>
Total operating expenses	<u>1,669,307</u>	<u>1,792,706</u>
Operating gain	<u>681,062</u>	<u>315,475</u>
Nonoperating revenues (expenses)		
Finance charges	12,221	14,212
Interest revenue	72,650	85,361
Rental income	12,298	13,038
Rental depreciation	<u>(1,249)</u>	<u>(1,249)</u>
Net nonoperating revenues (expenses)	<u>95,920</u>	<u>111,362</u>
Change in net assets	776,982	426,837
Net assets, beginning of year, as restated	<u>5,084,895</u>	<u>4,236,389</u>
Net assets, end of year	<u>\$5,861,877</u>	<u>\$4,663,226</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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 2009, operating revenues increased by \$242,188, or 11.5%. Operating expenses decreased by \$123,399, or 6.9%.

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, 2009, the Agency had \$2,873,914 invested in capital assets, net of accumulated depreciation of \$3,201,101. Depreciation charges totaled \$289,115 for fiscal 2009. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2009, the Agency had \$901,409 in debt outstanding, a decrease of \$413,021 from 2008. The table below summarizes outstanding debt by type.

	<u>2009</u>	<u>2008</u>
Closure and postclosure care costs	<u>\$ 901,409</u>	<u>\$1,314,430</u>

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

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

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 and the nation continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Increases in waste taken in will shorten the previous life expectancy of the Landfill Phase 0 Cell. This could require future landfill cell construction to take place sooner.
- Leachate collection system upgrades and maintenance could lead to costs to implement recommended remedies.
- Work must continue to maintain landfill areas closed this year and in the past.
- 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 a large portion of the 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. These changes could affect each of the services that the Agency has to offer.
- 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

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,426,533
Investments	1,732,938
Accounts receivable	122,778
Prepaid insurance	36,583
Total current assets	<u>3,318,832</u>
Noncurrent assets	
Restricted investments	1,110,386
Accounts receivable	47,945
Capital assets (net of accumulated depreciation)	<u>2,873,914</u>
Total noncurrent assets	<u>4,032,245</u>
Total assets	\$ <u>7,351,077</u>

LIABILITIES

Current liabilities	
Accounts payable - trade	76,217
Accrued payroll taxes	3,546
Accrued IPERS	2,220
Accrued other withholdings	344
Accrued ground water tax	18,668
Accrued recycling costs	305,700
Accrued closure costs	<u>181,096</u>
Total current liabilities	587,791
Noncurrent liabilities	
Landfill closure and postclosure care costs	<u>901,409</u>
Total liabilities	<u>1,489,200</u>

NET ASSETS

Invested in capital assets, net of related debt	2,873,914
Restricted for:	
Closure and postclosure costs	1,110,386
Unrestricted:	
Designated for capital improvements and maintenance	1,732,938
Undesignated	<u>144,639</u>
Total net assets	\$ <u>5,861,877</u>

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Year Ended June 30, 2009

OPERATING REVENUES		
Landfill		
Charges for service	\$ 865,306	
Tire handling fee	22,052	
Permit fees	4,086	
County and city assessments	501,490	
Contracted waste	484,923	
Salvage	2,329	
Miscellaneous	168,750	
Total landfill	<u>2,048,936</u>	
Recycling		
Commodities sold	<u>122,616</u>	
Regional Collection Center (RCC)		
Member's expense reimbursement	19,069	
CESQG	8,204	
Customer	3,132	
Contracted waste	2,009	
Disposal reimbursement	508	
RCC grant revenue	4,114	
Miscellaneous	389	
Total RCC	<u>37,425</u>	
Bio-reactor		
Charges for service	<u>141,392</u>	
Total operating revenues		\$ 2,350,369
OPERATING EXPENSES		<u>1,669,307</u>
OPERATING GAIN		681,062
NONOPERATING REVENUES (EXPENSES)		
Finance charges	12,221	
Interest revenue		
Operations	62,869	
Financial assurance	9,781	
Rental income	12,298	
Rental depreciation	<u>(1,249)</u>	
Total nonoperating revenues (expenses)		<u>95,920</u>
CHANGE IN NET ASSETS		776,982
NET ASSETS, BEGINNING OF YEAR, AS RESTATED		<u>5,084,895</u>
NET ASSETS, END OF YEAR		<u>\$ 5,861,877</u>

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,707,115
Cash received from assessments	501,490
Cash received from other operating receipts	168,750
Cash paid to suppliers for goods and services	(1,064,957)
Cash paid to employees for services	<u>(296,920)</u>

Net cash provided by operating activities \$ 1,015,478

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Rental income	12,298
Purchase of capital assets	<u>(36,960)</u>

Net cash used in capital and related financing activities (24,662)

CASH FLOWS FROM INVESTING ACTIVITIES

Finance charges	12,221
Interest received	72,650
Investment purchases	(795,710)
Investment redemptions	736,652
Restricted investment purchases	<u>(580,676)</u>

Net cash used in investing activities (554,863)

NET INCREASE IN CASH AND CASH EQUIVALENTS 435,953

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 990,580

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,426,533

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

RECONCILIATION OF OPERATING GAIN TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Operating gain		\$	681,062
Adjustments to reconcile operating gain to net cash provided by operating activities:			
Depreciation	\$	287,866	
Closure and postclosure care costs		8,648	
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		9,249	
(Increase) decrease in prepaid insurance		(24,509)	
Increase (decrease) in accounts payable - trade		1,032	
Increase (decrease) in payroll taxes		(204)	
Increase (decrease) in IPERS		(1,712)	
Increase (decrease) in other withholdings		(1,873)	
Increase (decrease) in ground water tax		3,550	
Increase (decrease) in recycling costs		35,476	
Increase (decrease) in closure costs		16,893	
Total adjustments			<u>334,416</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$	<u><u>1,015,478</u></u>

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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.

Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations which generally require payment within 30 days from the invoice date. Accounts receivable are stated at the invoice amount. Account balances with invoices over thirty days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice. It is the Agency's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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, 2009.

Impairment of Long Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

The Agency's deposits in banks for the year ended 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 depositories to insure there will be no loss of public funds.

Investment Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency investment policy limits operating funds portfolio to maturities of less than 397 days.

Investment Credit Risk

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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The Agency's investments at June 30, 2009 were as follows:

	<u>Fair Value</u>
Investments	
U.S. Government agency bonds	\$ 900,919
Federal agencies	250,331
Corporate bonds	100,065
Mutual funds - fixed equity	188,470
Mutual funds - fixed income	109,584
Certificates of deposit	100,000
Money market accounts	<u>83,569</u>
	1,732,938
Restricted investments	
Money market accounts	<u>1,110,386</u>
Total investments	<u>\$2,843,324</u>

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 39.9 acres of cropland to an unrelated party for \$4,788 per year.

Total rental income was \$12,298 for the year ended June 30, 2009.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2009 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Capital assets not being depreciated:				
Land and improvements	\$ 801,780	\$ -	\$ -	\$ 801,780
Capital assets being depreciated:				
Development costs	2,460,869	-	-	2,460,869
Buildings	2,117,798	-	-	2,117,798
Equipment and vehicles	<u>693,854</u>	<u>39,898</u>	<u>39,184</u>	<u>694,568</u>
Total capital assets being depreciated	<u>5,272,521</u>	<u>39,898</u>	<u>39,184</u>	<u>5,273,235</u>
Less accumulated depreciation for:				
Development costs	737,501	80,921	-	818,422
Buildings	1,638,026	168,456	-	1,806,482
Equipment and vehicles	<u>572,704</u>	<u>39,738</u>	<u>36,245</u>	<u>576,197</u>
Total accumulated depreciation	<u>2,948,231</u>	<u>289,115</u>	<u>36,245</u>	<u>3,201,101</u>
Total capital assets being depreciated, net	<u>2,324,290</u>	<u>(249,217)</u>	<u>2,939</u>	<u>2,072,134</u>
Total capital assets, net	<u>\$3,126,070</u>	<u>\$ (249,217)</u>	<u>\$ 2,939</u>	<u>\$2,873,914</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 \$422,803 for closure and \$325,632 for postclosure care for Cell A and \$1,476,554 for closure and \$769,863 for postclosure care for Cell B, for a total of \$2,994,852 as of June 30, 2009, and the portion of the liability that has been recognized is \$901,409 at June 30, 2009. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2009. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated life remaining of Cell B is 9 years. The capacity used at June 30, 2009 in Cell A is 100 percent and Cell B is 6.8 percent.

Chapter 455B.306(9)(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. The Agency has begun accumulating resources to fund these costs and, at June 30, 2009 assets of \$1,110,386 are restricted for these purposes. They are reported as restricted investments on the Statement of Net Assets.

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 - CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by the local government statute as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits in to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number of years remaining in the pay-in period

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

NOTE 6 - SOLID WASTE TONNAGE FEES RETAINED

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

As of June 30, 2009, there were not any unspent amounts retained by the Agency and restricted for the required purposes.

NOTE 7 - COMMITTED CONTRACTS

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.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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 4.10% of their annual covered salary and the Agency is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$16,274, \$14,195 and \$14,064, respectively, equal to the required contributions for each year.

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, 2009**

Refuse - \$44.00 per ton from July 1, 1994 through June 30, 2009	\$ 810,482
Asbestos - \$25.00 per cu. yd. from February 1, 1992 through June 30, 2009	2,450
ADM fly ash and mixed - \$9.00 per ton from January 1, 1995 through June 30, 2009	14,331
Contaminated soil - \$35.00 per load from July 1, 1994 through June 30, 2009	<u>38,043</u>
TOTAL CHARGES FOR SERVICE	<u>\$ 865,306</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2009

OPERATING EXPENSES

Landfill		
Insurance	\$	83,023
Professional fees		109,434
Equipment repairs		91
Building repairs		1,522
Agency vehicle		2,488
Conferences and seminars		540
Advertising		11,816
Education expense		498
Payroll		134,225
Employee education		602
Clothing allowance		350
Payroll tax		10,268
Employer IPERS		16,274
Contracted compacting and covering charges		300,000
Secretarial services		1,680
Tire expense		25,571
Machine repairs		4,221
Utilities		3,764
Telephone		1,797
Office expense		7,343
Postage		972
Annual audit		10,670
Maintenance		42,523
Testing expenses		2,329
Ground water tax		123,477
Refuse processing		181,571
Closure and postclosure care		9,089
Supplies		6,172
Office supplies		5,201
Disposal		481
Brown goods disposal		14,859
Dues		3,155
Travel expense		373
Bank charges		9,719
Employee safety		343
Miscellaneous expense		4,100
Depreciation		<u>101,863</u>
 Total landfill		 \$ 1,232,404

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2009**

OPERATING EXPENSES (continued)

Recycling		
Insurance	\$	15,513
Payroll		
Operations		98,197
Reimbursements		126
Clothing allowance		349
Payroll tax		7,510
Machine repairs		846
Utilities		6,734
Office expense		489
Maintenance		19,101
Supplies		8,578
Dues		291
Depreciation		<u>34,011</u>
Total recycling	\$	191,745
RCC		
Employee education		100
Telephone		419
Supplies		3,924
RCC disposal		30,590
Depreciation		<u>6,944</u>
Total RCC		41,977
Bio-reactor		
Insurance		5,507
Payroll		
Operations		24,763
Payroll taxes		1,894
Machine repairs		11,081
Utilities		9,261
Maintenance		4,966
Supplies		393
Trucking expenses		268
Depreciation		<u>145,048</u>
Total bio-reactor		<u>203,181</u>
TOTAL OPERATING EXPENSES	\$	<u>1,669,307</u>



**Winkel, Parker
& Foster, CPA PC**

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, 2009, which collectively comprise Clinton County Area Solid Waste Agency's basic financial statements and have issued our report thereon dated December 9, 2009. 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.

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, 2009 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

Walt, Park & Foster, CPA PC

Clinton, Iowa
December 9, 2009

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

Part I: Findings Related to the Financial Statements:

09-I-A Segregation of Duties

Criteria - Internal controls should be in place to reduce to a relatively low risk the likelihood a material misstatement to the financial statements could occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition - Currently, one person has the primary responsibility for most of the accounting and financial duties. As a result, all of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing.

Effect - As result of these conditions, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

Cause - The entity has a limited number of personnel performing accounting functions and limited review procedures in place.

Recommendation - The entity should be aware of the lack of segregation of duties and regularly review controls which could be put in place to mitigate the risk that misstatements could occur and not be detected.

Response - The entity recognizes that it would not be cost effective to hire additional personnel to maximize the segregation of accounting duties due to its size. However, the entity is aware of the condition and will continue to monitor and implement compensating controls.

Conclusion - Response accepted.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009**

Part I: Findings Related to the Financial Statements (continued):

09-I-B Financial Statement Preparation

Criteria - The Agency engages Winkel, Parker & Foster to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster cannot be considered part of the Agency's internal control system. 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.

Condition - The Agency has not implemented procedures, to the degree necessary, to perform a review and assume responsibility of the entity's financial statements and related disclosures to provide a high level of assurance that potential omissions or other errors that are less than material, but more than inconsequential, would be identified and corrected.

Effect - Management or employees in the normal course of performing their assigned functions may not prevent or detect financial statement misstatements and disclosure omissions in a timely manner.

Cause - The entity has relied on independent auditor's to some degree to provide assurance that the financial statements, including disclosures, are not materially misstated.

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

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, 2009**

Part I: Findings Related to the Financial Statements (continued):

09-I-C Accounts Payable Reconciliation

Criteria - In order to make financial reports generated by the accounting system as meaningful as possible, the Agency should reconcile the accounts payable general ledger account to the accounts payable listing on a monthly basis.

Condition - Through our review of the accounts payable balance, we noted that the accounts payable listing did not reconcile to the general ledger.

Effect - As a result, there is a higher risk that errors or irregularities could occur and not be detected within a timely period.

Cause - A reconciliation of the accounts payable balance from the general ledger to the accounts payable listing is not being completed on a regular basis.

Recommendation - We recommend that the accounts payable listing is reconciled to the general ledger on a monthly basis to ensure that the general ledger balance and the monthly financial statements reflect the proper accounts payable amount.

Response - The accounts payable listing will be reconciled to the general ledger on a monthly basis.

Conclusion - Response accepted.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2008**

Part II: Other Findings Related to Required Statutory Reporting:

- 09-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.
- 09-II-B Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- 09-II-C Board Minutes - No transactions were found that we believe should have been approved in the Agency minutes but were not.
- 09-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.
- 09-II-E Solid Waste Retainage Fees - No instances of non-compliance with the solid waste fees used or retained in accordance with provisions Chapter 455B.310 of the Code of Iowa were noted.
- 09-II-F Financial Assurance - The Agency has demonstrated 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. The calculation is made as follows:

	Cell A	Cell B
Total estimated costs for closure and postclosure care	\$ 748,435	\$2,246,417
Less: balance of funds held in the local dedicated fund at June 30, 2008	(67,063)	(462,647)
	681,372	1,783,770
Divided by the number of years remaining in the pay-in period		9
Required payment into the local dedicated fund for the year ended June 30, 2009	451,533	198,197
Balance of funds held in the local dedicated fund at June 30, 2008	67,063	462,647
Required balance of funds to be held in the local dedicated fund at June 30, 2009	\$ 518,596	\$ 660,844
Amount restricted for closure and postclosure at June 30, 2009	\$ 514,063	\$ 596,323

On October 9, 2009, the Agency made an additional deposit of \$226,926 to demonstrate financial assurance for closure and postclosure care.