

CASS COUNTY ENVIRONMENTAL CONTROL AGENCY
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009 AND 2008

Cass County Environmental Control Agency

Table of Contents

		<u>Page</u>
Officials		1
Independent Auditor's Report		2
Financial Statements	<u>Exhibit</u>	
Statements of Net Assets	A	4
Statements of Revenues, Expenses and Changes in Net Assets	B	5
Statements of Cash Flows	C	6
Notes to Financial Statements		8
Supplemental Information	<u>Schedule</u>	
Combining Statements of Net Assets	1	21
Combining Statements of Revenues, Expenses and Changes in Net Assets	2	23
Combining Statements of Cash Flows	3	25
Comments and Recommendations		
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		27
Schedule of Findings		29

Cass County Environmental Control Agency

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Raymond Zellmer	Chairperson	City of Wiota
Bill Brenton	Vice Chairperson	City of Anita
Dave Meyer	Member	City of Cumberland
Dave Wheatley	Member	City of Atlantic
Randy Fischer	Member	City of Marne
John Rueb	Member	City of Atlantic
Jerry Hudson	Member	City of Lewis
Duane McFadden	Member	Cass County
Frank Waters	Member	Cass County
Brad Foster	Member	City of Massena
Gary Weideman	Member	City of Griswold
Wendy Wittrock	Manager, Secretary-Treasurer	

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Cass County
Environmental Control Agency

We have audited the accompanying financial statements of Cass County Environmental Control Agency as of and for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 and provisions 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 audits provide 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 Cass County Environmental Control Agency at June 30, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Organization has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2009 on our consideration of Cass County Environmental Control Agency's internal control over financial reporting and 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.

To the Members of the Cass County
Environmental Control Agency

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

G. M. Wald, Bell, Kuhn & Co. P.C.

Atlantic, Iowa
December 7, 2009

Cass County Environmental Control Agency

Statements of Net Assets

June 30,

	<u>2009</u>	<u>2008</u>
Assets		
Current assets:		
Cash	\$ 209,371	\$ 189,862
Cash held in escrow by Cass County	21,352	18,121
Investments	--	153,914
Accounts receivable	93,878	100,634
Grant receivable	--	22,349
Prepaid insurance	17,152	16,120
Total current assets	<u>341,753</u>	<u>501,000</u>
Noncurrent assets:		
Restricted assets:		
Cash and investments	94,919	64,673
Capital assets:		
Non-depreciable capital assets	680,000	680,000
Depreciable capital assets, net	<u>1,521,633</u>	<u>1,225,741</u>
	2,201,633	1,905,741
Equipment deposit	30,000	--
Intangible assets, net	<u>204,744</u>	<u>181,517</u>
Total assets	<u>\$ 2,873,049</u>	<u>\$ 2,652,931</u>

See notes to financial statements.

	<u>2009</u>	<u>2008</u>
Liabilities and Net Assets		
Current liabilities:		
Current maturities of capital leases	\$ 31,840	\$ --
Current maturities of notes payable	123,672	121,493
Current portion of estimated liability for landfill closure and postclosure care costs	93,628	124,299
Accounts payable, trade	8,185	6,596
Accounts payable, plant	233,814	2,451
Salaries and benefits payable	2,146	2,318
Due to other governments	3,884	3,884
Accrued interest payable	3,028	1,726
Compensated absences	8,220	6,857
Total current liabilities	<u>508,417</u>	<u>269,624</u>
Non-current liabilities:		
Capital leases, less current maturities	67,029	--
Notes payable, less current maturities	537,979	662,902
Estimated liability for landfill closure and postclosure care costs	725,010	498,783
Total non-current liabilities	<u>1,330,018</u>	<u>1,161,685</u>
Total liabilities	1,838,435	1,431,309
Net assets:		
Invested in capital assets, net of related debt	1,442,043	1,121,346
Restricted for:		
Tonnage fees retained	23,789	20,879
Closure and postclosure care	94,919	64,673
Unrestricted	(526,137)	14,724
Total net assets	<u>1,034,614</u>	<u>1,221,622</u>
Total liabilities and net assets	<u>\$ 2,873,049</u>	<u>\$ 2,652,931</u>

Cass County Environmental Control Agency
Statements of Revenues, Expenses and Changes in Net Assets

Year ended June 30,

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Solid waste fees	\$ 697,127	\$ 789,331
Recyclables	70,496	102,727
Reimbursements	<u>1,823</u>	<u>6,377</u>
Total operating revenues	769,446	898,435
Operating expenses:		
Administration	56,969	56,258
Engineering	37,580	38,224
Recycling expenses	138,485	97,428
Cover, compacting and scale expenses	149,117	143,969
Equipment	77,700	102,638
Mandated changes	15,223	2,077
Buildings and grounds	256,124	228,415
Closure and postclosure care costs	229,748	160,475
Tonnage fees to Iowa Department of Natural Resources	22,973	23,736
Employee benefits	<u>23,009</u>	<u>28,030</u>
Total operating expenses	<u>1,006,928</u>	<u>881,250</u>
Operating income (loss)	(237,482)	17,185
Non-operating revenues (expenses):		
Grant revenue	84,721	22,849
Interest income	5,607	5,622
Interest expense	<u>(39,854)</u>	<u>(44,829)</u>
Non-operating revenues (expenses), net	<u>50,474</u>	<u>(16,358)</u>
Change in net assets	(187,008)	827
Net assets beginning of year	<u>1,221,622</u>	<u>1,220,795</u>
Net assets end of year	<u>\$ 1,034,614</u>	<u>\$ 1,221,622</u>

See notes to financial statements.

Cass County Environmental Control Agency

Statements of Cash Flows

Year ended June 30,

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from solid waste fees	\$ 703,883	\$ 803,298
Cash received from recyclables	70,496	102,727
Cash received from reimbursements	1,823	6,377
Cash payments to suppliers for goods and services	(426,100)	(362,179)
Cash payments to employees for services	(159,172)	(156,551)
Net cash provided by operating activities	<u>190,930</u>	<u>393,672</u>
Cash flows from capital and related financing activities:		
Cash received from grantor agency	107,070	500
Purchase of capital assets	(178,110)	(299,614)
Purchase of intangible assets	(27,700)	(37,500)
Equipment deposit	(30,000)	--
Principal payments on capital leases	(7,429)	(15,294)
Principal payments on notes payable	(122,744)	(117,763)
Interest payment on notes payable	(36,552)	(43,664)
Fee paid on line of credit	(2,000)	(2,000)
Net cash used in capital and related financing activities	<u>(297,465)</u>	<u>(515,335)</u>
Cash flows from investing activities:		
Interest received	5,607	5,622
Purchase of investments	--	(153,914)
Redemption of investments	<u>153,914</u>	<u>--</u>
Net cash provided by (used in) investing activities	<u>159,521</u>	<u>(148,292)</u>
Net increase (decrease) in cash and cash equivalents	52,986	(269,955)
Cash and cash equivalents at beginning of year	<u>272,656</u>	<u>542,611</u>
Cash and cash equivalents at end of year	<u>\$ 325,642</u>	<u>\$ 272,656</u>
Reconciliation of cash and cash equivalents to the statement of net assets:		
Cash in current assets	\$ 209,371	\$ 189,862
Cash held in escrow in current assets	21,352	18,121
Cash and cash equivalents in restricted assets	<u>94,919</u>	<u>64,673</u>
Total cash and cash equivalents	<u>\$ 325,642</u>	<u>\$ 272,656</u>

(continued next page)

Cass County Environmental Control Agency

Statements of Cash Flows - Continued

Year ended June 30,

	<u>2009</u>	<u>2008</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$(237,482)	\$ 17,185
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	224,352	199,016
Closure and postclosure care costs	195,556	160,475
Changes in assets and liabilities:		
Decrease in accounts receivable	6,756	13,967
Increase in prepaid insurance	(1,032)	(468)
Increase in accounts payable, trade	1,589	2,314
Increase (decrease) in salaries and benefits payable	(172)	418
Increase in compensated absences	1,363	765
Total adjustments	<u>428,412</u>	<u>376,487</u>
Net cash provided by operating activities	<u>\$ 190,930</u>	<u>\$ 393,672</u>

Non-Cash Transactions:

The Agency also recorded the following non-cash transactions in addition to the transactions reflected in the reconciliation of operating income (loss) to net cash provided by operating activities.

	<u>2009</u>	<u>2008</u>
Book value of traded equipment	<u>\$ 24,750</u>	<u>\$ 33,043</u>
Purchase of equipment with capital lease	<u>\$ 106,298</u>	<u>\$ --</u>

See notes to financial statements.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cass County Environmental Control Agency was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Cass County for use by all residents of the County.

The Agency is composed of one representative from each of the eight member cities, except that the City of Atlantic appoints one additional representative and two representatives from Cass County. The member cities are: Anita, Atlantic, Cumberland, Griswold, Lewis, Massena, Marne and Wiota. The representative of a city is appointed by the political subdivision to be represented. Each member shall be entitled to one vote for each 1,500 people or fraction thereof as determined by the most recent 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.

A. Reporting Entity

For financial reporting purposes, the Cass County Environmental Control 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. The Cass County Environmental Control Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Cass County Environmental Control Agency are organized as an enterprise fund. Enterprise funds are used to account for operations (a) 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.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. 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.

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 non-operating 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 non-operating revenues and expenses.

D. Assets, Liabilities, and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets:

Cash, Investments, and Cash Equivalents - The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months. There were no cash investments meeting the definition of cash equivalents at June 30, 2009.

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

Accounts Receivable - Accounts receivable represent amounts that are due and payable from customers but have not been collected at June 30. Management of the Agency believes the receivables will be realized without material collection losses; therefore, no allowance for uncollectible accounts exists.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Capital assets are accounted for at historical cost. Capital assets with lives in excess of three years and cost in excess of \$500 are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Equipment and vehicles	3-20

Interest is capitalized on qualified assets. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the years ended June 30, 2009 and 2008.

Compensated Absences - Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009.

NOTE 2 - CASH AND INVESTMENTS

The Agency's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to ensure 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.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 2 - CASH AND INVESTMENTS - Continued

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement 40.

NOTE 3 - 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% (4.30% effective July 1, 2009) of their annual salary and the Agency is required to contribute 6.35% (6.65% effective July 1, 2009) of annual payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$10,717, \$10,024, and \$8,956, respectively, equal to the required contributions for each year.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

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	\$ 680,000	\$ --	\$ --	\$ 680,000
Total capital assets not being depreciated	<u>680,000</u>	<u>--</u>	<u>--</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	372,298	268,594	--	640,892
Buildings	564,637	59,406	--	624,043
Equipment and vehicles	<u>940,893</u>	<u>157,616</u>	<u>42,428</u>	<u>1,056,081</u>
Total capital assets being depreciated	<u>1,877,828</u>	<u>485,616</u>	<u>42,428</u>	<u>2,321,016</u>
Less accumulated depreciation for:				
Land improvements	37,651	50,203	--	87,854
Buildings	117,564	23,410	--	140,974
Equipment and vehicles	<u>496,872</u>	<u>91,361</u>	<u>17,678</u>	<u>570,555</u>
Total accumulated depreciation	<u>652,087</u>	<u>164,974</u>	<u>17,678</u>	<u>799,383</u>
Total capital assets being depreciated, net	<u>1,225,741</u>	<u>320,642</u>	<u>24,750</u>	<u>1,521,633</u>
Total capital assets, net	<u>\$ 1,905,741</u>	<u>\$ 320,642</u>	<u>\$ 24,750</u>	<u>\$ 2,201,633</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 4 - CAPITAL ASSETS - Continued

A summary of capital assets at June 30, 2008 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	\$ 680,000	\$ --	\$ --	\$ 680,000
Construction in progress	<u>369,617</u>	<u>--</u>	<u>369,617</u>	<u>--</u>
Total capital assets not being depreciated	<u>1,049,617</u>	<u>--</u>	<u>369,617</u>	<u>680,000</u>
Capital assets being depreciated:				
Land improvements	--	372,298	--	372,298
Buildings	564,637	--	--	564,637
Equipment and vehicles	<u>884,743</u>	<u>120,887</u>	<u>64,737</u>	<u>940,893</u>
Total capital assets being depreciated	<u>1,449,380</u>	<u>493,185</u>	<u>64,737</u>	<u>1,877,828</u>
Less accumulated depreciation for:				
Land improvements	--	37,651	--	37,651
Buildings	97,093	20,471	--	117,564
Equipment and vehicles	<u>444,324</u>	<u>84,242</u>	<u>31,694</u>	<u>496,872</u>
Total accumulated depreciation	<u>541,417</u>	<u>142,364</u>	<u>31,694</u>	<u>652,087</u>
Total capital assets being depreciated, net	<u>907,963</u>	<u>350,821</u>	<u>33,043</u>	<u>1,225,741</u>
Total capital assets, net	<u>\$ 1,957,580</u>	<u>\$ 350,821</u>	<u>\$ 402,660</u>	<u>\$ 1,905,741</u>

Equipment costing \$141,047 has been purchased under a capital lease agreement. Accumulated depreciation on this equipment totals \$12,883, including \$12,883 of depreciation for the year ended June 30, 2009.

NOTE 5 - INTANGIBLE ASSETS

The Agency incurred \$82,605 for landfill design and groundwater assessment projects during the year ended June 30, 2009. The total cost of the projects was \$379,496 and is being amortized over a period of five years.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 5 - INTANGIBLE ASSETS - Continued

A summary of the intangible 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>
Intangible assets	\$ 296,891	\$ 82,605	\$ --	\$ 379,496
Accumulated amortization	<u>115,374</u>	<u>59,378</u>	<u>--</u>	<u>174,752</u>
Intangible assets, net	<u>\$ 181,517</u>	<u>\$ 23,227</u>	<u>\$ --</u>	<u>\$ 204,744</u>

A summary of the intangible assets at June 30, 2008 is as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Intangible assets	\$ 283,260	\$ 13,631	\$ --	\$ 296,891
Accumulated amortization	<u>58,722</u>	<u>56,652</u>	<u>--</u>	<u>115,374</u>
Intangible assets, net	<u>\$ 224,538</u>	<u>\$ (43,021)</u>	<u>\$ --</u>	<u>\$ 181,517</u>

NOTE 6 - NON-CURRENT LIABILITIES

A schedule of changes in the Agency's non-current liabilities for the year ended June 30, 2009 and 2008 follows:

	<u>Balance 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2009</u>	<u>Current Portion</u>
Note Payable, 2003	\$ 327,005	\$ --	\$ 80,341	\$ 246,664	\$ 79,432
Note Payable, 2007	<u>457,390</u>	<u>--</u>	<u>42,403</u>	<u>414,987</u>	<u>44,240</u>
	784,395	--	122,744	661,651	123,672
Capital Lease Obligations:					
Cornhusker International	--	81,448	--	81,448	18,816
CNH Capital	<u>--</u>	<u>24,850</u>	<u>7,429</u>	<u>17,421</u>	<u>13,024</u>
	--	106,298	7,429	98,869	31,840
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>623,082</u>	<u>229,748</u>	<u>34,192</u>	<u>818,638</u>	<u>93,628</u>
Total Non-Current Liabilities	<u>\$1,407,477</u>	<u>\$ 336,046</u>	<u>\$ 164,365</u>	<u>\$1,579,158</u>	<u>\$ 249,140</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 6 - NON-CURRENT LIABILITIES - Continued

	<u>Balance 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2008</u>	<u>Current Portion</u>
Note Payable, 2003	\$ 402,158	\$ --	\$ 75,153	\$ 327,005	\$ 79,432
Note Payable, 2007	<u>500,000</u>	<u>--</u>	<u>42,610</u>	<u>457,390</u>	<u>42,061</u>
	902,158	--	117,763	784,395	121,493
Capital Lease Obligations:					
John Deere	15,294	--	15,294	--	--
Estimated Liability for Landfill Closure and Postclosure Care Costs	<u>462,607</u>	<u>160,475</u>	<u>--</u>	<u>623,082</u>	<u>124,299</u>
Total Non-Current Liabilities	<u>\$1,380,059</u>	<u>\$ 160,475</u>	<u>\$ 133,057</u>	<u>\$1,407,477</u>	<u>\$ 245,792</u>

NOTE 7 - CAPITAL LEASES

The Agency entered into a capital lease agreement with CNH Capital on October 14, 2008 for a skid loader. The agreement was for a period of 23 months at an approximate interest rate of 1.93%.

The Agency entered into a capital lease agreement with Cornhusker International on October 17, 2008 for a high pressure hooklift. The agreement requires annual payments of \$23,124 made on the 17th of October for four years, including interest at 5.29%.

The following is a schedule by year of future minimum lease payments and present value of net minimum lease payments:

<u>Year Ending June 30,</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Total Minimum Lease Payments</u>
2010	\$ 31,840	\$ 4,527	\$ 36,367
2011	24,208	3,330	27,538
2012	20,859	2,265	23,124
2013	<u>21,962</u>	<u>1,162</u>	<u>23,124</u>
Totals	<u>\$ 98,869</u>	<u>\$ 11,284</u>	<u>\$ 110,153</u>

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 8 - NOTES PAYABLE

The Cass County Environmental Control Agency entered into a mortgage note payable with a local bank to finance a balefill project completed during the year ended June 30, 2003. The note requires monthly payments of \$8,000, including interest at 5.0%, and matures with a balloon payment due on January 4, 2012.

The Agency entered into a mortgage note payable for \$500,000 on May 22, 2007 with a local bank to finance expansion and compliance with DNR regulations. The note requires monthly payments of \$5,250, including interest at 4.75% maturing on June 1, 2017.

Scheduled principal and interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 123,672	\$ 35,328	\$ 159,000
2011	136,331	22,669	159,000
2012	125,909	16,248	142,157
2013	51,018	11,982	63,000
2014	53,477	9,523	63,000
2015-2017	<u>171,244</u>	<u>12,723</u>	<u>183,967</u>
	<u>\$ 661,651</u>	<u>\$ 108,473</u>	<u>\$ 770,124</u>

NOTE 9 - 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.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 9 - CLOSURE AND POSTCLOSURE CARE COSTS - Continued

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.

During the fiscal year ended June 30, 2007 it was determined that the Agency could use additional horizontal expansion to increase the capacity and life of the currently used portion of the landfill. With the construction of future cells, the estimated life of the landfill is sixty years.

The liability for the Agency has been estimated at \$343,269 for closure and \$651,321 for postclosure, for a total of \$994,590 as of June 30, 2009, and the portion of the liability that has been recognized is \$818,638. 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 Subtitle D Cell began accepting waste October 1, 2007 and has an estimated remaining life of 1.25 years.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2009, assets of \$94,919 are restricted for these purposes, of which \$26,776 is for closure and \$68,143 is for postclosure care. They are reported as restricted assets and restricted net assets on the Statement of Net Assets.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), 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 financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by 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 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

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 9 - CLOSURE AND POSTCLOSURE CARE COSTS - Continued

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and postclosure care account requirements. Accordingly, the landfill 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 10 - 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, the unspent amounts retained by the Agency and restricted for the required purposes totaled \$23,789 (\$20,879 as of June 30, 2008).

NOTE 11 - RISK MANAGEMENT

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

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

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

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 11 - RISK MANAGEMENT - Continued

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its operating funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool were \$18,694 and \$17,321 for the years ended June 30, 2009 and 2008, respectively.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the Agency's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. After the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with Workers' Compensation, Liability and Crime in the amount of \$500,000 and \$1,000,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Cass County Environmental Control Agency

Notes to Financial Statements

June 30, 2009 and 2008

NOTE 12 - CONTINGENCIES

Line of Credit

The Agency entered into a line of credit agreement in the amount of \$1,000,000 bearing an interest rate of 5%, due January 1, 2010. The primary purpose of the line of credit is to show the Agency can demonstrate financial assurance for closure and postclosure care costs. As of June 30, 2009, the outstanding balance on the line of credit was \$ - 0 - .

Subsequent Events

The Agency has evaluated all subsequent events through December 7, 2009, the date the financial statements were available to be issued.

Subsequent to year end, a maintenance building was destroyed by fire. The building will be replaced with insurance proceeds.

Other Post Employment Benefits (OPEB)

The Agency implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions during the year ended June 30, 2009.

Plan Description: As required by state law, the Agency offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Agency employees, and the retiree must pay a health insurance premium equal to that charged for current employees.

Potential for Liability: A review of the Agency's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

* * *

SUPPLEMENTAL INFORMATION

Cass County Environmental Control Agency

Combining Statements of Net Assets

June 30, 2009

Assets	<u>Operations</u>	<u>Planning</u>
Current assets:		
Cash	\$ 209,371	\$ --
Cash held in escrow by Cass County	--	12,700
Accounts receivable	93,878	--
Due from other funds	--	1,597
Prepaid insurance	<u>17,152</u>	<u>--</u>
Total current assets	320,401	14,297
Noncurrent assets:		
Restricted assets:		
Cash and investments	--	--
Capital assets:		
Non-depreciable capital assets	680,000	--
Depreciable capital assets, net	<u>1,521,633</u>	<u>--</u>
	2,201,633	--
Equipment deposit	30,000	--
Intangible assets, net	<u>204,744</u>	<u>--</u>
Total assets	<u>\$ 2,756,778</u>	<u>\$ 14,297</u>

Liabilities and Net Assets

Current liabilities:		
Current maturities of capital leases	\$ 31,840	\$ --
Current maturities of notes payable	123,672	--
Current portion of estimated liability for landfill closure and postclosure care costs	93,628	--
Accounts payable, trade	8,185	--
Accounts payable, plant	233,814	--
Salaries and benefits payable	2,146	--
Due to other funds	2,437	--
Due to other governments	3,884	--
Accrued interest payable	3,028	--
Compensated absences	<u>8,220</u>	<u>--</u>
Total current liabilities	510,854	--

(continued next page)

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Eliminations</u>	<u>Total</u>
\$ --	\$ --	\$ --	\$ 209,371
8,652	--	--	21,352
--	--	--	93,878
840	--	(2,437)	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>17,152</u>
9,492	--	(2,437)	341,753
--	94,919	--	94,919
--	--	--	680,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>1,521,633</u>
--	--	--	2,201,633
--	--	--	30,000
<u>--</u>	<u>--</u>	<u>--</u>	<u>204,744</u>
<u>\$ 9,492</u>	<u>\$ 94,919</u>	<u>\$(2,437)</u>	<u>\$ 2,873,049</u>
\$ --	\$ --	\$ --	\$ 31,840
--	--	--	123,672
--	--	--	93,628
--	--	--	8,185
--	--	--	233,814
--	--	--	2,146
--	--	(2,437)	--
--	--	--	3,884
--	--	--	3,028
<u>--</u>	<u>--</u>	<u>--</u>	<u>8,220</u>
--	--	(2,437)	508,417

Cass County Environmental Control Agency
Combining Statements of Net Assets - Continued

June 30, 2009

	Operations	Planning
Non-current liabilities:		
Notes payable, less current maturities	\$ 537,979	\$ --
Capital leases, less current maturities	67,029	--
Estimated liability for landfill closure and postclosure care costs	725,010	--
Total non-current liabilities	1,330,018	--
Total liabilities	1,840,872	--
Net assets:		
Invested in capital assets, net of related debt	1,442,043	--
Restricted for:		
Tonnage fees retained	--	14,297
Closure and postclosure care costs	--	--
Unrestricted	(526,137)	--
Total net assets	915,906	14,297
Total liabilities and net assets	\$ 2,756,778	\$ 14,297

See accompanying independent auditor's report.

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Eliminations</u>	<u>Total</u>
\$ --	\$ --	\$ --	\$ 537,979
--	--	--	67,029
--	--	--	725,010
--	--	--	1,330,018
--	--	(2,437)	1,838,435
--	--	--	1,442,043
9,492	--	--	23,789
--	94,919	--	94,919
--	--	--	(526,137)
<u>9,492</u>	<u>94,919</u>	<u>--</u>	<u>1,034,614</u>
<u>\$ 9,492</u>	<u>\$ 94,919</u>	<u>\$(2,437)</u>	<u>\$ 2,873,049</u>

Cass County Environmental Control Agency

Combining Statements of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2009

	<u>Operations</u>	<u>Planning</u>
Operating revenues:		
Solid waste fees	\$ 697,127	\$ --
Recyclables	70,496	--
Reimbursements	<u>1,823</u>	<u>--</u>
Total operating revenues	769,446	--
Operating expenses:		
Administration	51,469	5,500
Engineering	37,580	--
Recycling expenses	137,085	--
Cover, compacting and scale expenses	149,117	--
Equipment	77,700	--
Mandated changes	15,223	--
Buildings and grounds	256,124	--
Closure and postclosure care costs	229,748	--
Tonnage fees to Iowa Department of Natural Resources	22,973	--
Employee benefits	<u>23,009</u>	<u>--</u>
Total operating expenses	<u>1,000,028</u>	<u>5,500</u>
Operating loss	(230,582)	(5,500)
Non-operating revenues (expenses):		
Grant revenue	84,721	--
Interest income	5,361	--
Interest expense	<u>(39,854)</u>	<u>--</u>
Non-operating revenues (expenses), net	<u>50,228</u>	<u>--</u>
Net income (loss) before operating transfers	(180,354)	(5,500)

(continued next page)

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Total</u>
\$ --	\$ --	\$ 697,127
--	--	70,496
--	--	1,823
<u>--</u>	<u>--</u>	<u>769,446</u>
--	--	56,969
--	--	37,580
1,400	--	138,485
--	--	149,117
--	--	77,700
--	--	15,223
--	--	256,124
--	--	229,748
--	--	22,973
--	--	23,009
<u>1,400</u>	<u>--</u>	<u>1,006,928</u>
(1,400)	--	(237,482)
--	--	84,721
--	246	5,607
--	--	(39,854)
<u>--</u>	<u>246</u>	<u>50,474</u>
(1,400)	246	(187,008)

Cass County Environmental Control Agency

Combining Statements of Revenues, Expenses and Changes in Net Assets - Continued

Year ended June 30, 2009

	<u>Operations</u>	<u>Planning</u>
Operating transfers in (out):		
Operations Fund	\$ --	\$ 3,283
Planning Fund	(3,283)	--
Recycling Fund	(6,527)	--
Closure and Postclosure Fund	(30,000)	--
Operating transfers in (out), net	<u>(39,810)</u>	<u> 3,283</u>
Change in net assets	(220,164)	(2,217)
Net assets beginning of year	<u> 1,136,070</u>	<u> 16,514</u>
Net assets end of year	<u>\$ 915,906</u>	<u>\$ 14,297</u>

See accompanying independent auditor's report.

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Total</u>
\$ 6,527	\$ 30,000	\$ 39,810
--	--	(3,283)
--	--	(6,527)
--	--	(30,000)
<u>6,527</u>	<u>30,000</u>	<u>--</u>
5,127	30,246	(187,008)
<u>4,365</u>	<u>64,673</u>	<u>1,221,622</u>
<u>\$ 9,492</u>	<u>\$ 94,919</u>	<u>\$ 1,034,614</u>

Cass County Environmental Control Agency

Combining Statements of Cash Flows

Year ended June 30, 2009

	<u>Operations</u>	<u>Planning</u>
Cash flows from operating activities:		
Cash received from solid waste fees	\$ 703,883	\$ --
Cash received from recyclables	70,496	--
Cash received from reimbursements	1,823	--
Cash payments to suppliers for goods and services	(419,200)	(5,500)
Cash payments to employees for services	(159,172)	--
Net cash provided by (used in) operating activities	197,830	(5,500)
Cash flows from non-capital financing activities:		
Transfers from other funds	--	3,493
Transfers to other funds	(40,131)	--
Net cash provided by (used in) non-capital financing activities	(40,131)	3,493
Cash flows from capital and related financing activities:		
Cash received from grantor agency	107,070	--
Purchase of capital assets	(178,110)	--
Purchase of intangible assets	(27,700)	--
Equipment deposit	(30,000)	--
Principal payments on capital leases	(7,429)	--
Principal payments on notes payable	(122,744)	--
Interest payment on notes payable	(36,552)	--
Fee paid on line of credit	(2,000)	--
Net cash used in capital and related financing activities	(297,465)	--
Cash flows from investing activities:		
Interest received	5,361	--
Redemption of investments	153,914	--
Net cash provided by investing activities	159,275	--
Net increase (decrease) in cash and cash equivalents	19,509	(2,007)
Cash and cash equivalents at beginning of year	189,862	14,707
Cash and cash equivalents at end of year	<u>\$ 209,371</u>	<u>\$ 12,700</u>

(continued next page)

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Total</u>
\$ --	\$ --	\$ 703,883
--	--	70,496
--	--	1,823
(1,400)	--	(426,100)
--	--	(159,172)
(1,400)	--	190,930
6,638	30,000	40,131
--	--	(40,131)
6,638	30,000	--
--	--	107,070
--	--	(178,110)
--	--	(27,700)
--	--	(30,000)
--	--	(7,429)
--	--	(122,744)
--	--	(36,552)
--	--	(2,000)
--	--	(297,465)
--	246	5,607
--	--	153,914
--	246	159,521
5,238	30,246	52,986
3,414	64,673	272,656
\$ 8,652	\$ 94,919	\$ 325,642

Cass County Environmental Control Agency
Combining Statements of Cash Flows - Continued
Year ended June 30, 2009

	Operations	Planning
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$(230,582)	\$(5,500)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	224,352	--
Closure and postclosure care costs	195,556	--
Changes in assets and liabilities:		
Decrease in accounts receivable	6,756	--
Increase in prepaid insurance	(1,032)	--
Increase in accounts payable, trade	1,589	--
Increase in salaries and benefits payable	(172)	--
Increase in compensated absences	1,363	--
Total adjustments	428,412	--
Net cash provided by (used in) operating activities	\$ 197,830	\$(5,500)

See accompanying independent auditor's report.

<u>Recycling</u>	<u>Closure and Postclosure</u>	<u>Total</u>
\$(1,400)	\$ --	\$(237,482)
--	--	224,352
--	--	195,556
--	--	6,756
--	--	(1,032)
--	--	1,589
--	--	(172)
<u>--</u>	<u>--</u>	<u>1,363</u>
<u>--</u>	<u>--</u>	<u>428,412</u>
<u>\$(1,400)</u>	<u>\$ --</u>	<u>\$ 190,930</u>

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Cass County
Environmental Control Agency
Atlantic, Iowa

We have audited the accompanying financial statements of Cass County Environmental Control Agency as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 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 Cass County Environmental Control 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 our opinion on the effectiveness of Cass County Environmental Control Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cass County Environmental Control Agency'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 the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Cass County Environmental Control Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Cass County Environmental Control Agency's financial statements, that is more than inconsequential, will not be prevented or detected by Cass County Environmental Control Agency's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

To the Members of the Cass County
Environmental Control Agency

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Cass County Environmental Control Agency'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County Environmental Control 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency'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 Agency. 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.

Cass County Environmental Control Agency's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Agency's responses, we did not audit Cass County Environmental Control Agency's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Cass County Environmental Control Agency and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

GAMMOLD, BEN, KYHON & W. P. C.

Atlantic, Iowa
December 7, 2009

Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2009

PART I - SIGNIFICANT DEFICIENCIES

09-I-A Segregation of Duties: A limited number of people have the primary responsibility for many of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Agency. This is a common deficiency among small Organizations.

Recommendation: We recognize that it may not be economically feasible for the Agency to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Agency to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

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PART II - INSTANCES OF NON-COMPLIANCE

No matters were reported.

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PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

09-III-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-III-B Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

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

09-III-D Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2009

PART III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -
Continued

09-III-E Solid Waste Fees Retained: During the year ended June 30, 2009, the Agency used or retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

09-III-F Financial Assurance: The Agency has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation is made as follows:

	<u>Closure</u>	<u>Postclosure</u>
Total estimated costs for closure and postclosure care	\$ 343,269	\$ 651,321
Less: Balance of funds held in the local dedicated fund at June 30, 2008	<u>18,320</u>	<u>46,353</u>
	324,949	604,968
Divided by the number of years remaining in the pay-in period	<u>÷ 1.25</u>	<u>÷ 1.25</u>
Required payment into the local dedicated fund for the year ended June 30, 2009	259,959	483,974
Balance of funds held in the local dedicated fund at June 30, 2008	<u>18,320</u>	<u>46,353</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2009	<u>\$ 278,279</u>	<u>\$ 530,327</u>
Amount Agency has restricted for closure and postclosure care	<u>\$ 26,776</u>	<u>\$ 68,143</u>

The Agency uses the availability of a \$1,000,000 line of credit to demonstrate the ability to meet the financial assurance requirements.

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Cass County Environmental Control Agency

Schedule of Findings

Year ended June 30, 2009

PART IV - OTHER COMMENT

09-IV-A Non-budgeted Expenditures: It was noted during the audit that certain non-budgeted expenditures are not being recorded on the monthly expense report. It was noted in the Board minutes these expenditures were approved by the Board.

Recommendation: We recommend all expenditures be recorded on the monthly expense report to properly report all expenditures incurred each month. This will provide a better reporting of all expenditures.

Response: All expenditures are reviewed and approved by the Board.

Conclusion: Response accepted.

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