

CLINTON COUNTY AREA SOLID WASTE AGENCY
Clinton, Iowa

FINANCIAL STATEMENTS
June 30, 2011

TABLE OF CONTENTS

	PAGE
LIST OF OFFICERS AND MEMBERS	1
INDEPENDENT AUDITOR'S REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	9
	Exhibit
Statement of Net Assets.....	A..... 10
Statement of Revenues, Expenses and Changes in Net Assets.....	B..... 11
Statement of Cash Flows	C..... 12
Notes to Financial Statements.....	14
SUPPLEMENTAL INFORMATION	23
Schedule of Charges for Service.....	24
Schedule of Operating Expenses.....	25
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 and Responses	29

**CLINTON COUNTY AREA SOLID WASTE AGENCY
LIST OF OFFICERS AND MEMBERS
June 30, 2011**

OFFICERS

Dave Richards
Doug Goodall
Lori Jahn

Goose Lake, Iowa
Delmar, Iowa
Charlotte, Iowa

Chairman
Vice-Chairman
Secretary-Treasurer

MEMBERS

Jason Johnson
Lavern Boedeker
Paul Varner
Lori Jahn
Jennifer Graf
Doug Goodall
Verlyn Scheckel
Dave Richards
Ken Mosier
Sharon Steiner
Mark Roode
Vacant
Janet Huffman
David Patterson
Brian Schmidt

Andover, Iowa
Calamus, Iowa
Camanche, Iowa
Charlotte, Iowa
Clinton, Iowa
Delmar, Iowa
DeWitt, Iowa
Goose Lake, Iowa
Grand Mound, Iowa
Lost Nation, Iowa
Low Moor, Iowa
Toronto, Iowa
Welton, Iowa
Wheatland, Iowa
Clinton, Iowa

(Clinton County Rep.)



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

Certified Public Accountants & Consultants

Independent Auditor's Report

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

We have audited the accompanying financial statements of Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2011. 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, 2011, 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 7, 2011 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 is not a required part of the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Clinton County Area Solid Waste Agency's financial statements. The Schedule of Charges for Service and Schedule of Operating Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Charges for Service and Schedule of Operating Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Clinton, Iowa
December 7, 2011

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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, 2011. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased 1.3%, or \$31,318, from fiscal year 2010 to fiscal year 2011.
- The Agency's operating expenses were 8.5%, or \$142,273, less in fiscal year 2011 than in fiscal year 2010.
- The Agency's net assets increased 13.1%, or \$870,138, from June 30, 2010 to June 30, 2011.

USING THIS ANNUAL REPORT

The Clinton County Area Solid Waste Agency is a 28E organization 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:

The 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, 2011**

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 year 2011 totaled \$7,498,117. This compares to \$6,627,979 for fiscal year 2010. A summary of the Agency's net assets is presented below.

Net Assets	<u>2011</u>	<u>2010</u>
Current assets	\$4,198,353	\$4,118,045
Restricted investments	1,256,411	921,193
Capital assets (net of accumulated depreciation)	<u>3,547,964</u>	<u>2,779,340</u>
Total assets	<u>9,002,728</u>	<u>7,818,578</u>
Current liabilities	846,926	632,081
Noncurrent liabilities	<u>657,685</u>	<u>558,518</u>
Total liabilities	<u>1,504,611</u>	<u>1,190,599</u>
Net assets		
Invested in capital assets, net of related debt	3,547,964	2,779,340
Restricted for:		
Closure and postclosure costs	1,256,411	921,193
Unrestricted	<u>2,693,742</u>	<u>2,927,446</u>
Total net assets	<u>\$7,498,117</u>	<u>\$6,627,979</u>

A portion of the Agency's net assets (16.8%) 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 (47.3%, e.g., land, buildings, and equipment), less the related debt portion of net assets are resources allocated to capital assets. The remaining net assets (35.9%) are the unrestricted net assets.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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, 2011 and 2010 is presented below.

Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Operating revenues		
Charges for service	\$1,085,444	\$ 942,825
County and city assessments	501,490	501,490
Contracted waste	351,658	518,114
Commodities sold	198,683	149,434
Other operating revenues	<u>191,812</u>	<u>248,542</u>
Total operating revenues	<u>2,329,087</u>	<u>2,360,405</u>
Operating expenses		
Landfill	1,184,552	1,362,530
Recycling	214,201	212,774
RCC	46,708	41,558
Bio-reactor	<u>90,340</u>	<u>61,212</u>
Total operating expenses	<u>1,535,801</u>	<u>1,678,074</u>
Operating income	<u>793,286</u>	<u>682,331</u>
Nonoperating revenues (expenses)		
Finance charges	8,454	6,091
Interest revenue	60,472	70,841
Rental income	9,175	8,088
Rental depreciation	<u>(1,249)</u>	<u>(1,249)</u>
Net nonoperating revenues (expenses)	<u>76,852</u>	<u>83,771</u>
Change in net assets	870,138	766,102
Net assets, beginning of year	<u>6,627,979</u>	<u>5,861,877</u>
Net assets, end of year	<u>\$7,498,117</u>	<u>\$6,627,979</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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 year 2011, operating revenues decreased by \$31,318, or 1.3%. Operating expenses decreased by \$142,273, or 8.5%.

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, 2011, the Agency had \$3,547,964 invested in capital assets, net of accumulated depreciation of \$3,436,644. Depreciation charges totaled \$131,435 for fiscal year 2011. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2011, the Agency had \$630,784 in landfill closure and postclosure care costs, an increase of \$91,498 from fiscal year 2010. The table below summarizes outstanding debt by type.

	<u>2011</u>	<u>2010</u>
Closure and postclosure care costs	<u>\$ 630,784</u>	<u>\$ 539,286</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, 2011**

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:

- Landfill Cell Phase 1A was built in 2011. This was required of shortened life expectancy of the Phase 0 Cell. Waste intake increases created this need.
- Work must continue to maintain landfill areas closed 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, 2011

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,150,610
Investments	1,840,490
Accounts receivable	167,005
Prepaid insurance	40,248
Total current assets	<u>4,198,353</u>
Noncurrent assets	
Restricted investments	1,256,411
Capital assets (net of accumulated depreciation)	<u>3,547,964</u>
Total noncurrent assets	<u>4,804,375</u>
Total assets	\$ <u>9,002,728</u>

LIABILITIES

Current liabilities	
Accounts payable - trade	230,636
Accrued payroll taxes	3,555
Accrued IPERS	2,747
Accrued other withholdings	1,416
Accrued ground water tax	15,575
Accrued recycling costs	377,643
Accrued closure costs	<u>215,354</u>
Total current liabilities	<u>846,926</u>
Noncurrent liabilities	
Landfill closure and postclosure care costs	630,784
Net OPEB liability	<u>26,901</u>
Total noncurrent liabilities	<u>657,685</u>
Total liabilities	<u>1,504,611</u>

NET ASSETS

Invested in capital assets, net of related debt	3,547,964
Restricted for:	
Closure and postclosure costs	1,256,411
Unrestricted	<u>2,693,742</u>
Total net assets	\$ <u>7,498,117</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, 2011

OPERATING REVENUES		
Landfill		
Charges for service	\$ 956,866	
Tire handling fee	19,435	
Permit fees	5,028	
County and city assessments	501,490	
Contracted waste	351,658	
Salvage	5,449	
Miscellaneous	89,774	
Total landfill	<u>1,929,700</u>	
Recycling		
Commodities sold	<u>198,683</u>	
Regional Collection Center (RCC)		
Member's expense reimbursement	13,538	
CESQG	5,145	
Customer	12,313	
Disposal reimbursement	40,873	
Miscellaneous	257	
Total RCC	<u>72,126</u>	
Bio-reactor		
Charges for service	<u>128,578</u>	
Total operating revenues		\$ 2,329,087
OPERATING EXPENSES		<u>1,535,801</u>
OPERATING INCOME		793,286
NONOPERATING REVENUES (EXPENSES)		
Finance charges	8,454	
Interest revenue		
Operations	47,815	
Financial assurance	12,657	
Rental income	9,175	
Rental depreciation	<u>(1,249)</u>	
Total nonoperating revenues (expenses)		<u>76,852</u>
CHANGE IN NET ASSETS		870,138
NET ASSETS, BEGINNING OF YEAR		<u>6,627,979</u>
NET ASSETS, END OF YEAR		<u>\$ 7,498,117</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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,987,819
Cash received from assessments	501,490
Cash received from other operating receipts	89,774
Cash paid to suppliers for goods and services	(972,671)
Cash paid to employees for services	<u>(317,504)</u>

Net cash provided by operating activities \$ 1,288,908

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Rental income	9,175
Purchase of capital assets	<u>(900,059)</u>

Net cash used in capital and related financing activities (890,884)

CASH FLOWS FROM INVESTING ACTIVITIES

Finance charges	8,454
Interest received	60,472
Investment purchases	(1,254,388)
Investment redemptions	1,211,338
Restricted investment purchases	<u>(335,218)</u>

Net cash used in investing activities (309,342)

NET INCREASE IN CASH AND CASH EQUIVALENTS 88,682

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 2,061,928

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 2,150,610

**CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2011**

**RECONCILIATION OF OPERATING GAIN TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income		\$ 793,286
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 130,186	
Closure and postclosure care costs	91,498	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	51,424	
Increase (decrease) in accounts payable - trade	165,024	
Increase (decrease) in payroll taxes	(2,807)	
Increase (decrease) in IPERS	302	
Increase (decrease) in other withholdings	262	
Increase (decrease) in ground water tax	(1,746)	
Increase (decrease) in recycling costs	36,452	
Increase (decrease) in closure costs	17,358	
Increase (decrease) in other postemployment benefits	<u>7,669</u>	
Total adjustments		<u>495,622</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ 1,288,908</u>

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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, 2011

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 30 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, 2011

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, 2011.

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.

Subsequent Events

Management has evaluated subsequent events through December 7, 2011, the date the financial statements were available to be issued.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

The Agency's deposits in banks for the year ended June 30, 2011 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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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.

The Agency's investments at June 30, 2011 were as follows:

	<u>Fair Value</u>
Investments	
U.S. Government agency bonds	\$ 484,870
Federal agencies	137,175
Mutual funds-fixed income	316,836
Mutual funds-equity	210,208
Certificates of deposit	650,531
Money market accounts	<u>40,870</u>
	1,840,490
Restricted investments	
Money market accounts	<u>1,256,411</u>
Total investments	<u>\$3,096,901</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 \$9,175 for the year ended June 30, 2011.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2011 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
Construction in progress	<u>-</u>	<u>899,064</u>	<u>-</u>	<u>899,064</u>
Total capital assets not being depreciated	<u>801,780</u>	<u>899,064</u>	<u>-</u>	<u>1,700,844</u>
Capital assets being depreciated:				
Intangibles	27,640	-	-	27,640
Development costs	2,460,869	-	-	2,460,869
Buildings	2,117,798	-	-	2,117,798
Equipment and vehicles	<u>676,462</u>	<u>995</u>	<u>-</u>	<u>677,457</u>
Total capital assets being depreciated	<u>5,282,769</u>	<u>995</u>	<u>-</u>	<u>5,283,764</u>
Less accumulated depreciation for:				
Intangibles	27,640	-	-	27,640
Development costs	896,535	75,373	-	971,908
Buildings	1,842,047	32,152	-	1,874,199
Equipment and vehicles	<u>538,987</u>	<u>23,910</u>	<u>-</u>	<u>562,897</u>
Total accumulated depreciation	<u>3,305,209</u>	<u>131,435</u>	<u>-</u>	<u>3,436,644</u>
Total capital assets being depreciated, net	<u>1,977,560</u>	<u>(130,440)</u>	<u>-</u>	<u>1,847,120</u>
Total capital assets, net	<u>\$2,779,340</u>	<u>\$ 768,624</u>	<u>\$ -</u>	<u>\$3,547,964</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 \$328,725 for postclosure care for Cell A and \$1,156,750 for closure and \$805,852 for postclosure care for Cell B, for a total of \$2,291,327 as of June 30, 2011, and the portion of the liability that has been recognized is \$630,784 at June 30, 2011. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2011. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated life remaining of Cell B is 7 years. The capacity used at June 30, 2011 in Cell A is 100% and Cell B is 15.39%.

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, 2011 assets of \$1,256,411 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 financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 5 - CLOSURE AND POSTCLOSURE CARE COSTS (CONTINUED)

- 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, 2011, there were not any unspent amounts retained by the Agency and restricted for the required purposes.

NOTE 7 - COMMITTED CONTRACTS

As of June 30, 2011, the Agency had the following committed contracts:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Committed June 30, 2011</u>
Landfill operations and maintenance	\$ 1,655,000	\$ 1,324,000
Engineering for phase IA construction	1,433,663	660,256
Phase IA construction	<u>159,550</u>	<u>96,263</u>
	<u>\$ 3,248,213</u>	<u>\$ 2,080,519</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 4.50% of their annual covered salary and the Agency is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The Agency's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$19,211, \$17,807 and \$16,274, respectively, equal to the required contributions for each year.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Agency implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions during the year ended June 30, 2010.

The Agency participates in the Clinton County postretirement medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the frozen entry age actuarial cost method as of the July 1, 2009 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$972,949 for Clinton County as of June 30, 2011. The Agency's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB plan are available in Clinton County's audit report for the year ended June 30, 2011. The report may be obtained by writing to the Clinton County Auditor's Office, 1900 North 3rd Street, Clinton, Iowa 52733-2957.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The Agency recognized a net OPEB liability of \$26,901 for other postemployment benefits, which represents the Agency's portion of Clinton County's net OPEB obligation. The Agency's portion of the net OPEB obligation was calculated using the ratio of full-time equivalent employees of the Agency compared to full-time equivalent employees of Clinton County.

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, 2011**

Refuse - \$44.00 per ton from July 1, 1994 through June 30, 2011	\$ 943,644
Asbestos - \$25.00 per cu. yd. from February 1, 1992 through June 30, 2011	3,533
ADM fly ash and mixed - \$9.00 per ton from January 1, 1995 through June 30, 2011	4,684
Contaminated soil - \$35.00 per load from July 1, 1994 through June 30, 2011	<u>5,005</u>
TOTAL CHARGES FOR SERVICE	<u>\$ 956,866</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2011

OPERATING EXPENSES

Landfill		
Insurance	\$	77,990
Professional fees		133,182
Equipment repairs		3,630
Building repairs		200
Agency vehicle		6,133
Conferences and seminars		1,177
Advertising		6,252
Education expense		1,535
Payroll		147,220
Employee education		415
Reimbursements		22
Clothing allowance		250
Payroll tax		9,588
Employer IPERS		19,211
Contracted compacting and covering charges		324,000
Secretarial services		410
Tire expense		19,790
Machine repairs		1,672
Utilities		5,638
Telephone		1,431
Office expense		16,709
Postage		1,110
Maintenance		19,580
Testing expenses		2,249
Ground water tax		104,283
Asbestos processing		42
Contaminated soil processing		1,599
Refuse processing		51,875
Wax processing		1,760
Closure and postclosure care		107,074
Supplies		4,147
Office supplies		3,724
Disposal		1,704
Brown goods disposal		11,488
Dues		2,615
Travel expense		950
Bank charges		8,750
Computer repairs		1,320
Depreciation		<u>83,827</u>
 Total landfill		 \$ 1,184,552

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2011

OPERATING EXPENSES (CONTINUED)

Recycling		
Insurance	\$	15,228
Payroll		
Operations		110,408
Equipment repairs		1,303
Building repairs		289
Clothing allowance		843
Payroll tax		7,184
Agency vehicle		1,215
Machine repairs		5,656
Utilities		7,572
Maintenance		3,617
Supplies		25,251
Dues		603
Depreciation		<u>35,032</u>
Total recycling	\$	214,201
RCC		
Equipment repairs		270
Employee education		300
Telephone		343
Machine repairs		249
Supplies		2,700
RCC disposal		36,011
Travel		178
Depreciation		<u>6,657</u>
Total RCC		46,708
Bio-reactor		
Insurance		5,585
Payroll		
Operations		27,528
Equipment repairs		1,099
Building repairs		6,800
Education expenses		25
Employee education		25
Clothing allowance		250
Payroll taxes		1,791
Machine repairs		6,301
Utilities		11,849
Office expense		141
Maintenance		20,938
Supplies		3,338
Depreciation		<u>4,670</u>
Total bio-reactor		<u>90,340</u>
TOTAL OPERATING EXPENSES	\$	<u>1,535,801</u>

**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 accompanying financial statements of the Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2011, and have issued our report thereon dated December 7, 2011. 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Clinton County Area Solid Waste Agency's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the Clinton County Area Solid Waste Agency's internal control described in the accompanying Schedule of Findings and Responses as items 11-1-A and 11-1-E to be material weaknesses.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 11-1-B, 11-1-C, and 11-1-D to be significant deficiencies.

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*. However, we noted certain immaterial instances of noncompliance or other matters which are described in the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the entity's operations for the year ended June 30, 2011 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 responses 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 responses and, accordingly, we express no opinion on them.

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

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



Clinton, Iowa
December 7, 2011

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

11-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 and corrected 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 and corrected 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 and corrected.

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, 2011

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

11-I-B Financial Statement Preparation

Criteria - The Agency engages Winkel, Parker & Foster, CPA PC to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, Winkel, Parker & Foster, CPA PC 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 Agency'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 and correct 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, 2011**

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

11-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 and corrected 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, 2011**

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

11-I-D Accounts Receivable Reconciliation

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

Condition - Through our review of the accounts receivable balance, we noted that the accounts receivable 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 and corrected within a timely period.

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

Recommendation - We recommend that the accounts receivable 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 receivable amount.

Response - The accounts receivable 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, 2011**

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

11-I-E Audit Adjustments

Criteria - Auditing standards indicate that an important aspect of internal control is the adjustment and reconciliation of general ledger account balances to supporting information. During the course of our audit, we noted accounts in which material adjusting entries were required.

Condition - When this situation exists it is important to note that the recording of journal entries remains management's responsibility and therefore the officers of the Agency. Further, there is no formal review process.

Effect - As a result of these conditions, there is a higher risk that account balances could be materially misstated.

Cause - The accounting personnel of Clinton County Area Solid Waste Agency do not have the accounting experience that is required to identify all necessary adjustments.

Recommendation - We recommend that the Agency perform a comprehensive review of financial information subsequent to the audit adjustments to ensure that financial records agree to the audited financial statements. We also recommend that the Agency have a member of management or the officers of the Agency review journal entries and supporting documentation on a monthly basis. The reviewer should then sign and date the entries as an indication of approval.

Response - A comprehensive review of financial information subsequent to audit adjustments will be performed. A person that does not make journal entries will review journal entries on a monthly basis.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Part II: Other Findings Related to Required Statutory Reporting:

11-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.

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

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

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

The Agency has adopted by written resolution, approved financial institutions as depositories of public funds. However, the maximum amounts that may be kept on deposit in each depository are not sufficient based on current deposits held.

Recommendation - The Agency should review and update their resolution naming depositories.

Response - The Agency will review and update their resolution naming depositories.

Conclusion - Response accepted.

11-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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

Part II: Other Findings Related to Required Statutory Reporting (continued):

11-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	\$ 328,725	\$1,962,602
Less: balance of funds held in the local dedicated fund at June 30, 2010	(109,100)	(812,093)
	219,625	1,150,509
Divided by the number of years remaining in the pay-in period		7
Required payment into the local dedicated fund for the year ended June 30, 2011	31,376	164,358
Balance of funds held in the local dedicated fund at June 30, 2010	109,100	812,093
Required balance of funds to be held in the local dedicated fund at June 30, 2011	\$ 140,476	\$ 976,451
Amount restricted for closure and postclosure at June 30, 2011	\$ 140,476	\$1,115,935