South Central Iowa Solid Waste Agency

Independent Auditor's Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2013

ROLAND & DIELEMAN
CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

	Exhibit	Page
Officials		1
Independent Auditor's Report		2-3
Management's Discussion and Analysis		4-7
Basic Financial Statements:		
Statement of Net Position	A	8
Statement of Revenues, Expenses and Changes in Net Position	B	9
Statement of Cash Flows	C	10
Notes to Financial Statements		11 -16
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		17-18
Schedule of Findings		19-20
Staff		21

South Central Iowa Solid Waste Agency

Officials

Name	Title	Representing
Mike Beary	Chairperson	Monroe County
Craig Agan	Vice-Chairperson	Marion County
Trevor White	Member	Poweshiek County
Larry Davis	Member	Lucas County
Leslie Sedlock	Office Manager	

ROLAND & DIELEMAN
CERTIFIED PUBLIC ACCOUNTANTS
808 4th Avenue • P.O. Box 107
Grinnell, IA 50112

Roger D. Roland
Edwin L. Dieleman
Royal R. Roland

Telephone:
Grinnell - 641-236-6558
Tama - 641-484-2970
Sully - 641-594-4286
FAX - 641-236-7237
randdcpa@iowatelecom.net

Independent Auditor's Report

To the Members of
South Central Iowa Solid Waste Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2013 and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Iowa Solid Waste Agency as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 supplementary information in accordance with U.S. generally accepted auditing standards, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2013 on our consideration of the South Central Iowa Solid Waste 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 in considering South Central Iowa Solid Waste Agency's internal control over financial reporting and compliance.

ROLAND & DIELEMAN

Roland & Dieleman

Certified Public Accountants

October 29, 2013

Management's Discussion and Analysis

South Central Iowa 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, 2013. 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 0.7% , or $25,369, from fiscal 2012 to fiscal 2013.
- The Agency's operating expenses were 8%, or $258,772, less in fiscal 2013 than in fiscal 2012.
- The Agency's net assets increased 6%, or $495,046, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

The South Central Iowa Solid Waste Agency is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to South Central Iowa Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net assets for fiscal 2013 totaled $9,036,134. This compares to $8,541,088 for fiscal 2012. A summary of the Agency's net position is presented below.

Net Position

	June 30,	
	2013	2012
Current assets	$ 4,859,213	$ 4,842,140
Restricted investments	2,519,628	2,252,899
Capital assets at cost, less accumulated depreciation	5,083,278	5,078,322
Co-op stock	254	254
Total assets	12,462,373	12,173,615
Current liabilities	308,693	484,884
Noncurrent liabilities	3,117,546	3,147,643
Total liabilities	3,426,239	3,632,527
Net assets:		
Invested in capital assets, net of related debt	3,938,279	4,043,322
Restricted	2,519,627	2,252,899
Unrestricted	2,578,228	2,244,867
Total net position	$ 9,036,134	$ 8,541,088

The unrestricted portion of the Agency's net position (29%) may be used to meet the Agency's obligations as they come due. The amount invested in capital assets (44%, e.g., land, buildings, and equipment), less the related debt portion of net position are resources allocated to capital assets. The remaining net assets are restricted for closure and postclosure care, tonnage fees due to the State of Iowa and revenue bond payments. 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.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received as gate fees from accepting solid waste and charges for recyclable items. Operating expenses are expenses paid to operate the landfill and transfer station and for off-site recycling services. Non-operating revenues and expenses are 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 position for the year ended June 30, 2013 and 2012 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2013	2012
Operating revenue:		
Gate fees	$ 3,540,306	$ 3,546,447
Other operating revenues	50,133	69,361
Total operating revenues	3,590,439	3,615,808
Operating expenses:		
Salaries	498,784	629,428
Employee benefits	141,934	174,055
Machinery maintenance, labor and parts	74,669	55,635
Oil and gas	192,395	174,631
Long range planning and engineering	115,529	102,546
Site maintenance	20,413	24,517
Site utilities	28,306	28,044
Office expenses	28,966	29,844
Training and travel	3,131	7,250
Legal and accounting	11,719	32,308
Insurance	81,196	68,830
Closure and postclosure care costs	69,903	340,898
Iowa Department of Natural Resources tonnage fees	122,437	143,417
Depreciation	587,693	474,600
Disposal Fees	777,530	735,938
Monitoring and sampling	43,914	35,095
Education and grants	76,586	76,841
Total operating expenses	2,875,105	3,133,877
Operating income	715,334	481,931
Non-operating revenues (expenses):		
Interest income	148,843	149,055
Interest (expense)	(33,204)	(18,786)
Increase or (Decrease) in value of investments	(335,927)	39,977
Net non-operating revenue	(220,288)	170,246
Change in net position	495,046	652,177
Net position beginning of year	8,541,088	7,888,911
Net position end of year	$ 9,036,134	$ 8,541,088

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in the net position at the end of the fiscal year.

In fiscal 2013, the Agency continued to operate both a Landfill and the Poweshiek Transfer Station.

SCISWA maintains two reserve funds - the Closure/Post Closure (Financial Assurance) Fund and the General Obligation (Capital Reserve) Fund. Both funds are held in conservative management investments.

The Closure/Post Closure (Financial Assurance) Fund is required by state code to contain a balance adequate to place the entire operation into immediate closure and to care for the site, including maintaining all environmental protections for at least 30 years thereafter. SCISWA's consulting engineer updates that cost estimate annually using a state-provided formula and in March 2013 calculated it at $2,509,581. SCISWA ended FYE 2013 with a fund balance of $2,946,096, which was $110,078 less than the balance on June 30, 2012. SCISWA suspended all but minimal contributions to the fund in spring 2010.

SCISWA uses the General Obligation (Capital Reserve) Fund as its "savings account" to fund major capital expenditures that don't occur every year. As of June 30, 2013, the General Obligation (Capital Reserve) Fund held $3,635,820, up $396,629 from the balance at the end of the previous fiscal year.

Equipment purchases in FYE 13 totaled $345,678 and included a semi-tractor and major overhauls to two pieces of equipment.

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 South Central Iowa Solid Waste Agency, 1736 Hwy T 17, Tracy, Iowa 50256 or call 641-828-8545. Minutes of Agency Board meetings are posted on its website @ www.sciswa.org.

Exhibit A

South Central Iowa Solid Waste Agency
Statement of Net Position
June 30, 2013

Assets	
Current assets:	
Cash and cash equivalents	$ 410,499
Investments	4,091,228
Receivables:	
Accounts	297,271
Prepaid insurance	60,215
Total current assets	4,859,213
Noncurrent assets:	
Restricted investments	2,519,628
Capital assets (net of accumulated depreciation)	5,083,278
Co-op stock	254
Total noncurrent assets	7,603,160
Total assets	$ 12,462,373
Liabilities	
Current liabilities:	
Accrued expenses	$ 40,112
Salaries and benefits payable	58,581
Revenue note - current portion	210,000
Total current liabilities	308,693
Noncurrent liabilities:	
Revenue note- less current portion shown above	935,000
Landfill closure and postclosure care costs	2,182,546
Total noncurrent liabilities	3,117,546
Total liabilities	$ 3,426,239
Net position	
Invested in capital assets, net of related debt	$ 3,938,279
Restricted for:	
Closure and postclosure care	2,509,581
Revenue note	10,046
Unrestricted	2,578,228
Total net position	$ 9,036,134

See notes to financial statements.

Exhibit B

South Central Iowa Solid Waste Agency
Statement of Revenues, Expenses and
Changes in Net Position
Year ended June 30, 2013

Operating revenues:	
Gate fees	$ 3,540,306
Other operating revenues	50,133
Total operating revenues	3,590,439
Operating expenses:	
Salaries	498,784
Employee benefits	141,934
Machinery maintenance, labor and parts	74,669
Oil and gas	192,395
Long range planning and engineering	115,529
Site maintenance	20,413
Site utilities	28,306
Office expenses	28,966
Training and travel	3,131
Legal and accounting	11,719
Insurance	81,196
Closure and postclosure care costs	69,903
Iowa Department of Natural Resources tonnage fees	122,437
Depreciation	587,693
Disposal fees	777,530
Monitoring and sampling	43,914
Education and grants	76,586
Total operating expenses	2,875,105
Operating income	715,334
Non-operating revenues (expenses):	
Interest income	148,843
Interest (expense)	(33,204)
(Loss) on investments	(335,927)
Net non-operating revenues or (expenses)	(220,288)
Change in net position	495,046
Net position beginning of year	8,541,088
Net position end of year	$ 9,036,134

See notes to financial statements.

South Central Iowa Solid Waste Agency
Statement of Cash Flows
Year ended June 30, 2013

Exhibit C

Cash flows from operating activities:	
Cash received from gate fees	$ 3,549,759
Cash received from other operating receipts	50,133
Cash paid to suppliers for goods and services	(1,724,007)
Cash paid to employees for services	(560,554)
Net cash provided by operating activities	1,315,331
Cash flows from capital and related financing activities:	
Purchase of capital assets	(592,650)
Net cash used by capital and related financing activities	(592,650)
Cash flows from investing activities:	
Purchase of investments	(286,511)
Payment on debt	(205,000)
Interest received	148,843
Interest paid	(33,204)
(Loss) on investments	(335,927)
Net cash used for investing activities	(711,799)
Net Increase in cash and cash equivalents	10,882
Cash and cash equivalents beginning of year	399,617
Cash and cash equivalents end of year	$ 410,499
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 715,334
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	587,693
Closure and postclosure costs	69,903
Changes in assets and liabilities:	
Decrease in accounts receivable	9,453
Decrease in prepaid insurance	4,139
Decrease in accrued expenses	(9,421)
Decrease in salary and benefits payable	(61,770)
Total adjustments	599,997
Net cash provided by operating activities	$1,315,331

See notes to financial statements.

(1) Summary of Significant Accounting Policies

South Central Iowa Solid Waste Agency was formed in 1994 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Agency is to operate the sanitary landfill in Marion County for use by all residents of Marion, Poweshiek, Lucas, and Monroe counties.

The Agency is composed of one representative from each of the four member counties.

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, South Central Iowa 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. South Central Iowa Solid Waste Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of South Central Iowa Solid Waste 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 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 periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 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 Position

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

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.

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

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair 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.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Buildings and improvements	$ 25,000
Equipment and vehicles	5,000

Capital assets of the Agency are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	20-40
Equipment and vehicles	5-10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. 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 were no qualifying assets acquired during the year ended June 30, 2013.

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 Agency's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2013.

(2) Cash and Investments

The Agency's deposits in banks at June 30, 2013 were not 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 the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Agency; prime eligible bankers acceptances; certain high rates 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 and cash are categorized to give an indication of the level of risk assumed by the Agency at year end. The three categories of risk are described below.

Category 1 Investments that are insured, registered or held by the entity or by its agent in the Agency's name.

Category 2 Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the Agency's name.

Category 3 Uninsured and unregistered investments held by the counterparty, its trust or its agent, but not in the Agency's name.

The Agency's investments and cash equivalents at June 30, 2013 are as follows:

	June 30, 2013		
	Carrying Amount	Market Value	Risk Category
Wells Fargo Cash Investment M.M.	$ 216,519	$ 216,519	1
Bond Fund	1,480,542	1,480,542	2
Wells Fargo Gov't Obligation	4,913,796	4,913,796	2
Wells Fargo Checking	410,499	410,499	1

(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 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 5.78% of their annual covered salary and the Agency is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The Agency's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were $47,363, $50,444 and $41,081, respectively, equal to the required contributions for each year.

(4) Capital Assets

A summary of capital assets at June 30, 2013 is as follows:

	Balance Beginning Of Year	Increases	Decrease	Balance End of Year
Capital assets not being depreciated:				
Land and improvements	$ 196,728			196,728
Capital assets being depreciated:				
Buildings and roads	856,319			856,319
Equipment and vehicles	6,642,559	696,201	(109,002)	7,229,758
Total capital assets being depreciated	7,498,878	696,201	(109,002)	8,086,077
Less accumulated depreciation for:				
Buildings and roads	339,009	33,833		372,842
Equipment and vehicles	2,278,275	553,860	(5,450)	2,826,685
Total accumulated depreciation	2,617,284	587,693	(5,450)	3,199,527
Total capital assets being depreciated, net	4,881,594	108,508	(103,552)	4,886,550
Total capital assets, net	$ 5,078,322	108,508	(103,552)	5,083,278

(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 care, 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 Iowa DNR interpretation of the EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of compacted clay and twenty-four inches of rooting material 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. The Agency is closing portions of the landfill as they are fully filled and

as a result incurring closure costs each year. However, the thirty-year postclosure period will not begin until all landfilling ends on the site.

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 cost consists 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.

These costs for the South Central Iowa Solid Waste Agency have been estimated at $1,097,794 for closure and $1,411,787 for postclosure, for a total of $2,509,581 as of June 30, 2013, and the portion of the liability that has been recognized is $2,182,546. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfills constructed operating cells is 3-5 years and the capacity used at June 30, 2013 is 90 percent.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Agency has accumulated resources to fund these costs and, at June 30, 2013, assets of $ 2,509,581 are restricted for these purposes. They are reported as restricted investments in the Statement of Net Position.

Financial Assurance - The Agency has demonstrated financial assurance for closure and postclosure care costs as provided in Chapter 567-113 of the Iowa Administrative Code.

Total estimated costs for closure and postclosure care	$ 2,509,581
Financial assurance instruments	
Local Dedicated Fund	$ 2,975,035
Amount agency has restricted and reserved for closure and post closure care at June 30, 2013	$ 2,975,035

Chapter 567-113.14(8) of the IAC 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.

(6) Transfer Station Closure Care

To comply with state regulations, the Agency is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with sold waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Agency is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station.

The total closure care costs for the Agency as of June 30, 2013 have been estimated at $29,600. The balance has been restricted and is fully funded at June 30, 2013.

(7) 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.

(8) Risk Management

The 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.

(9) Long-Term Debt

The agency has issued revenue notes for the construction of new cells. The original notes are for $1,060,000 and $1,125,000 with yearly payments as follows.

2014	$ 210,000
2015	$ 225,000
2016	$ 230,000
2017	$ 235,000
2018	$ 245,000

The interest rates are 3.2% and 2.19% paid semi-annually. One hundred percent of future net revenues have been pledged as collateral.

The agency reserved net assets of $10,046 as required by revenue note provisions.

ROLAND & DIELEMAN
CERTIFIED PUBLIC ACCOUNTANTS
808 4th Avenue • P.O. Box 107
Grinnell, IA 50112

Roger D. Roland
Edwin L. Dieleman
Royal R. Roland

Telephone:
Grinnell - 641-236-6558
Tama - 641-484-2970
Sully - 641-594-4286
FAX - 641-236-7237
randdcpa@iowatelecom.net

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 South Central Iowa
Solid Waste Agency:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the South Central Iowa Solid Waste Agency as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Central Iowa Solid Waste Agency's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Central Iowa Solid Waste Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Central Iowa Solid Waste Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the South Cental Iowa Solid Waste Agency's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Central Iowa 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, 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 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, 2013 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of South Central Iowa 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.

ROLAND & DIELEMAN

Roland & Dieleman

Certified Public Accountants

October 29, 2013

South Central Iowa Solid Waste Agency
Schedule of Findings
Year ended June 30, 2013

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

None

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

South Central Iowa Solid Waste Agency
Schedule of Findings
Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

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

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

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

4- Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.

5- Solid Waste Fees Retainage - No instances of non-compliance with the solid waste fees used or retained in accordance with Provisions of Chapter 455B.310 of the Code of Iowa were noted.

6- 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:

	Closure and Postclosure
Total estimated costs for closure and postclosure care	$ 2,509,581
Less: Balance of funds held in the local dedicated fund as of June 30, 2012	3,085,153
	(575,572)
Required payment into the local dedicated fund for the year ended June 30, 2013	0
Balance of funds held in the local dedicated fund as of June 30, 2012	3,085,153
Required balance of funds to be held in the local dedicated fund at June 30, 2013	2,509,581
Amount Agency has restricted for closure and postclosure care at June 30, 2013	2,509,581

7- Transfer Station - The Agency has demonstrated financial assurance for closure care costs of the transfer station.

ROLAND & DIELEMAN
CERTIFIED PUBLIC ACCOUNTANTS

South Central Iowa Solid Waste Agency

Staff

This audit was performed by:

Roger Roland, CPA
Royal Roland, CPA
Edwin Dieleman, CPA