

**PLYMOUTH COUNTY AREA  
SOLID WASTE AGENCY**

**Independent Auditors' Report**

**June 30, 2013 and 2012**

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

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PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Loutsch	Board Member and Executive Board	Plymouth County
Rick Bohle	Board Member and Executive Board	City of Kingsley
Dennis Slota	Board Member and Executive Board	City of Remsen
Dick Kirchoff	Board Member and Executive Board	City of Le Mars
Tony Paskert	Board Member and Executive Board	Plymouth County
Keith Towns	Board Member	City of Hinton
Ken Krienert	Board Member	City of Brunsville
Craig Christman	Board Member	City of Oyens
Barry Cornish	Board Member	City of Craig
Bret Udell	Board Member	Plymouth County
Stuart Harris	Board Member	Plymouth County
Bruce Norgaard	Board Member	City of Merrill
Joe Vollmecke	Board Member	City of Struble
Marsha Dewey	Board Member	City of Westfield



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543  
www.williamscpas.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Plymouth County Area Solid Waste Agency

### Report on Financial Statements

We have audited the accompanying financial statements of the Plymouth County Area Solid Waste Agency (the Agency), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America and the standards applicable to the 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 misstatement.

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 entity'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 entity'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 that 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 the Agency, as of June 30, 2013, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 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, 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 supplementary 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the 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 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 the Plymouth County Area Solid Waste Agency's internal control over financial reporting and compliance.

*William & Company P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 16, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Plymouth 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 years ended June 30, 2013 and 2012. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The Agency's operating revenues increased 6%, or \$51,657 from the fiscal year 2012 to fiscal year 2013.
- The Agency's operating expenses increased 11%, or \$93,155 from fiscal year 2012 to fiscal year 2013.
- The Agency's net position increased 2%, or \$23,313 from June 30, 2012 to June 30, 2013.

### USING THIS ANNUAL REPORT

The Plymouth County Area Solid Waste Agency is a special purpose government reported as a single business type activity 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 is intended to serve as an introduction to Plymouth County Area Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

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

The Statement of Net 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 position for fiscal year 2013 totaled \$1,682,673. This compares to \$1,655,360 for fiscal year 2012. A summary of the Agency's net position is presented below.

Net Position		
	June 30,	
	2013	2012
Current assets	\$ 470,070	\$ 615,906
Restricted investments	786,915	771,320
Other long term assets	57,180	-
Capital assets at cost, less accumulated depreciation	1,250,680	1,270,525
Total assets	<u>2,564,845</u>	<u>2,657,751</u>
Current liabilities	84,832	87,041
Long-term liabilities	797,340	915,350
Total liabilities	<u>882,172</u>	<u>1,002,391</u>
Net position:		
Net Investment in capital assets	1,250,680	1,098,661
Restricted for Closure/Post Closure Costs	786,915	771,320
Unrestricted	(354,922)	(214,621)
Total net position	<u>\$ 1,682,673</u>	<u>\$ 1,655,360</u>

47% of the Agency's net assets position is restricted for closure and post closure care. 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 (74%, e.g., land, buildings and equipment), portion of net position are resources allocated to capital assets.

### *Statement of Revenues, Expenses and Changes in Net Position*

Operating revenues are received for hauling charges from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues consist of interest income. 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 and expenses for the years ended June 30, 2013 and June 30, 2012 is presented on the next page:

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Changes in Net Position

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	Year ended June 30,	
	2013	2012
<b>OPERATING REVENUES</b>		
Assessments	\$ 189,175	\$ 189,175
#1 Materials (Transfer Station)	344,267	352,469
Construction & Demolition Materials	118,150	145,743
State Grant	31,550	-
Steel Sales	56,547	83,773
Blue Totes to Towns	64,702	-
Other Operating Revenues	113,057	94,632
Total Operating Revenues	917,449	865,792
<b>OPERATING EXPENSES</b>		
Trucking Expense	6,867	4,706
Recycling Costs	283,964	279,582
Salaries and Wages	181,046	168,399
Employee Benefits	13,585	11,949
Utilities	10,079	9,570
Insurance	77,999	70,735
Board Expense	3,351	5,227
Office Expense	4,507	6,029
Professional Fees	20,573	16,482
Custom Work	4,445	18,529
Repairs and Maintenance	50,592	59,935
Fuel and Oil	52,471	43,699
Hazardous Waste Disposal Costs	-	25,436
Closure/Postclosure Costs	97,299	-
Other Operating Expenses	6,756	11,060
Depreciation	94,728	83,771
Total Operating Expenses	908,264	815,109
Operating Income	9,185	50,683
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest on Investments	23,402	29,737
Interest Expense	(5,274)	(5,278)
Total Non-Operating Revenues (Expenses)	18,128	24,459
Change in Net Position	27,313	75,142
Net Position Beginning of Year	1,655,360	1,580,218
Net Position End of Year	\$ 1,682,673	\$ 1,655,360

In fiscal year 2013, operating revenues increased by \$51,657 or 6%, operating expenses increased by \$93,155 or 11%. The changes in operating, revenues and expenses are presented above.

### *Statement of Cash Flows*

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash provided by investing activities includes proceeds from the redemption of certificates of deposit.

### **CAPITAL ASSETS**

At June 30, 2013, the Agency had \$1,250,680 invested in capital assets, net of accumulated depreciation of \$980,991. Depreciation charges totaled \$94,728 for fiscal year 2013. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

### **LONG-TERM DEBT**

At June 30, 2013, the Agency has a zero-interest note payable for purchasing recycling blue totes. More detailed information about the Agency's long-term debt is presented in Note 7 to the financial statements.

### **ECONOMIC FACTORS**

Plymouth County Area Solid Waste Agency maintained its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Agency anticipates the current fiscal year will be improved compared to the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

### **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 Plymouth County Area Solid Waste Agency, 34898 150<sup>th</sup> St., Le Mars, Iowa 51031.

*FINANCIAL STATEMENTS*

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Net Position**  
**June 30, 2013 and 2012**

	2013	2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents (Note 2)	\$ 192,298	\$ 198,837
Investments (Note 2)	190,552	330,818
Receivables:		
Accounts Receivable	5,726	2,297
Accrued Interest	2,833	3,214
Due from Other Governments	58,402	61,036
Prepaid Insurance	20,259	19,704
Total Current Assets	<u>470,070</u>	<u>615,906</u>
<b>Long Term Assets</b>		
Restricted Assets:		
Temporary Cash Investments (Note 3)	786,915	771,320
Due from Other Governments-Recycle Totes	57,180	-
Land	30,000	30,000
Construction in Progress (Note 4)	10,000	-
Infrastructure, Property, and Equipment (Net of Accum. Depreciation) (Note 4)	1,210,680	1,240,525
Total Long Term Assets	<u>2,094,775</u>	<u>2,041,845</u>
Total Assets	<u>2,564,845</u>	<u>2,657,751</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	44,922	35,725
Accrued Wages and Compensated Absences	9,155	7,387
Other Accrued Liabilities	4,050	548
Current Portion of Long Term Debt	-	26,514
Current Portion of Zero-Interest Loan Repayment	10,940	-
Accrued Interest	-	344
Unearned Revenue	15,765	15,765
Recycling Incentive	-	758
Total Current Liabilities	<u>84,832</u>	<u>87,041</u>
<b>Long Term Liabilities</b>		
Bank Notes Net of Current Portion (Note 7)	-	145,350
Zero-Interest Loan Net of Current Portion (Note 7)	27,340	-
Estimated Liability for Landfill Closure and Post closure Care Costs (Note 3)	770,000	770,000
Total Long Term Liabilities	<u>797,340</u>	<u>915,350</u>
Total Liabilities	<u>882,172</u>	<u>1,002,391</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,250,680	1,098,661
Restricted for Closure/Post Closure Costs	786,915	771,320
Unrestricted	(354,922)	214,621
Total Net Position	<u>\$ 1,682,673</u>	<u>\$ 1,655,360</u>

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2013 and 2012**

	2013	2012
<b>OPERATING REVENUES</b>		
Assessments	\$ 189,175	\$ 189,175
#1 Materials (Transfer Station)	344,267	352,469
Construction & Demolition Materials	118,150	145,743
State Grant	31,550	-
Steel Sales	56,547	83,773
Blue Totes to Towns	64,702	-
Other Operating Revenues	113,057	94,632
Total Operating Revenues	<u>917,449</u>	<u>865,792</u>
<b>OPERATING EXPENSES</b>		
Trucking Expense	6,867	4,706
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Salaries and Wages	181,046	168,399
Employee Benefits	13,585	11,949
Utilities	10,079	9,570
Insurance	77,999	70,735
Board Expense	3,351	5,227
Office Expense	4,507	6,029
Professional Fees	20,573	16,482
Custom Work	4,445	18,529
Repairs and Maintenance	50,592	59,935
Fuel and Oil	52,471	43,699
Hazardous Waste Disposal Costs	-	25,436
Recycling Totes	97,299	-
Other Operating Expenses	6,756	11,060
Depreciation	94,728	83,771
Total Operating Expenses	<u>908,264</u>	<u>815,109</u>
Operating Income	<u>9,185</u>	<u>50,683</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest on Investments	23,402	29,737
Interest Expense	(5,274)	(5,278)
Total Non-Operating Revenues (Expenses)	<u>18,128</u>	<u>24,459</u>
Change in Net Position	27,313	75,142
Net Position Beginning of Year	<u>1,655,360</u>	<u>1,580,218</u>
Net Position End of Year	<u>\$ 1,682,673</u>	<u>\$ 1,655,360</u>

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2013 and 2012**

	2013	2012
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Assessments	\$ 191,810	\$ 203,553
Cash Received from Monthly Hauling Charges	340,838	352,194
Cash Received from Construction and Demolition Materials	118,150	145,743
Cash Received from Other Operating Receipts	208,676	178,405
Cash Paid to Suppliers for Goods and Services	(624,606)	(565,348)
Cash Paid to Employees for Services	(175,776)	(170,302)
Net Cash Provided by Operating Activities	<u>59,091</u>	<u>144,245</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Grant	43,750	-
Principal Payments	(177,334)	(27,014)
Interest Payments	(5,618)	(5,332)
Purchase of Capital Assets	(74,883)	(71,115)
Net Cash (Used) by Capital and Related Financing Activities	<u>(214,085)</u>	<u>(103,461)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(22,621)	(830,716)
Proceeds from the Sale of Investments	147,292	766,437
Interest Received	23,784	31,252
Net Cash Provided (Used) by Investing Activities	<u>148,455</u>	<u>(33,027)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,539)	7,757
Cash and Cash Equivalents Beginning of Year	<u>198,837</u>	<u>191,080</u>
Cash and Cash Equivalents End of Year	<u><u>192,298</u></u>	<u><u>198,837</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income	<u>9,185</u>	<u>50,683</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	94,728	83,771
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable	(3,430)	(275)
Decrease in Due from Other Governments	2,634	14,378
(Increase) in Due from Other Governments-Totes	(57,180)	-
(Increase) Decrease in Prepaid Insurance	(555)	49
Increase (Decrease) in Accounts Payable	9,197	(3,216)
Increase (Decrease) in Accrued Wages and Compensated Absences	1,768	(1,433)
Increase (Decrease) in Other Accrued Liabilities	3,502	(470)
Increase (Decrease) in Recycling Incentive	(758)	758
Total Adjustments	<u>49,906</u>	<u>93,562</u>
Net Cash Provided by Operating Activities	<u><u>\$ 59,091</u></u>	<u><u>\$ 144,245</u></u>

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**Note 1 - Summary of Significant Accounting Policies**

Plymouth County Area Solid Waste Agency was formed in 1973 pursuant to the provisions of Chapter 28F of the Code of Iowa. The purpose of the Plymouth County Area Solid Waste Agency is to operate the sanitary landfill in Plymouth County, Iowa, for use by all the municipalities therein, except Akron.

The Plymouth County Area Solid Waste Agency is composed of one representative of each of the ten member cities and five representatives from Plymouth County. The member cities are: Brunsville, Craig, Hinton, Kingsley, Le Mars, Merrill, Oyens, Remsen, Struble and Westfield.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

The accounts for the Agency are organized as a special purpose government reported as a business type activity. Business type activities 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.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

**D. Assets, Liabilities and Net Investments**

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

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, have an original maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2013 and 2012 include unrestricted certificates of deposit of \$190,552 and \$330,818, and restricted certificates of deposit of \$786,915 and \$771,320, respectively.

Restricted Investments – Funds set aside for payment of closure and post closure care costs 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 \$1,000.

Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

Compensated Absences – The 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, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2013 and 2012.

**Note 2 - Cash and Investments**

The Agency's deposits (demand deposits and certificates) at June 30, 2013 and 2012 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.

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 Board of Directors; 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 consist only of certificates of deposits which are stated at cost.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 2 - Cash and Investments – (Continued)**

of the Agency's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1 – 5 Years
Certificates of Deposits	\$977,467	\$ 83,392	\$ 894,075

**Note 3 - Closure and Post Closure Care Costs**

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post closure plan and to provide funding necessary to effect closure and post closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure 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 post closure 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 post closure 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 post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure 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 Plymouth County Area Solid Waste Agency have been estimated at \$770,000 and \$770,000 as of June 30, 2013 and 2012, and the entire liability has been recognized. This is based on what it would cost to perform all closure and post closure care during the years ended June 30, 2013 and 2012. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of June 30, 2013, the estimated remaining life of the landfill is approximately 101 years. The percentage of landfill capacity used at June 30, 2013 was 33%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2013 and 2012, assets of \$786,915 and \$771,320, respectively, are restricted for these purposes, of which \$158,764 and \$155,651, respectively, is for closure and \$628,151 and \$615,669, respectively, is for post closure care. They are reported as restricted investments and restricted net position on the Statement of Net Position. At June 30, 2013, the Agency has demonstrated financial assurance for closure and post closure care by depositing sufficient amounts in the dedicated fund.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

**Note 4 - Capital Assets**

A summary of capital assets at June 30, 2013 and 2012 as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in Process	-	10,000	-	10,000
	30,000	10,000	-	40,000
Capital Assets being depreciated:				
Buildings and Improvements	969,688	-	-	969,688
Equipment and Vehicles	1,147,100	64,883	-	1,211,983
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,126,788	64,883	-	2,191,671
Less accumulated depreciation for:				
Buildings and Improvements	462,187	27,373	-	489,560
Equipment and Vehicles	420,176	67,255	-	487,431
Infrastructure	3,900	100	-	4,000
Total accumulated depreciation	886,263	94,728	-	980,991
Total capital assets being depreciated, net	1,240,525	(29,845)	-	1,210,680
Total capital assets, net	\$ 1,270,525	\$ (29,845)	\$ -	\$ 1,250,680

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
	\$ 30,000	\$ -	\$ -	\$ 30,000
Capital Assets being depreciated:				
Buildings and Improvements	969,688	-	-	969,688
Equipment and Vehicles	1,075,985	71,115	-	1,147,100
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,055,673	71,115	-	2,126,788
Less accumulated depreciation for:				
Buildings and Improvements	434,814	27,373	-	462,187
Equipment and Vehicles	363,878	56,298	-	420,176
Infrastructure	3,800	100	-	3,900
Total accumulated depreciation	802,492	83,771	-	886,263
Total capital assets being depreciated, net	1,253,181	-	-	1,240,525
Total capital assets, net	\$ 1,283,181	\$ -	\$ -	\$ 1,270,525

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**Note 5 - Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority over the Pool.

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

The Agency's property and casualty contributions to the risk pool are recorded as expenditures from its fund at the time of payment to the risk pool. The Agency's contributions to the Pool for the year ended June 30, 2013 was \$12,405 and for the year ended June 30, 2012 was \$12,089.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**Note 5 - Risk Management (Continued)**

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

The Agency also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$15,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 6 - 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 5.78% of their annual salary and the Agency is required to contribute 8.67% of annual payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$13,585, \$11,949, and \$10,541, respectively, equal to the required contributions for each year.

**Note 7 - Changes in Long-Term Liabilities**

Bank Notes

During the year ended June 30, 2008, the Agency financed the purchase of a compactor with a bank note. The outstanding balance on this note as of June 30, 2013 is \$-0-. In 2013 the Agency cashed out a CD and paid off the note.

During the year ended June 30, 2013, the Agency received a grant to purchase recycling totes which were distributed to the citizens of Plymouth County. The total grant received was \$63,750 of which \$20,000 was received as a forgivable loan. The remaining \$43,750 is a zero-interest loan to be repaid in quarterly installments of \$2,735 for four years. The balance as of June 30, 2013 is \$38,280.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2013 and 2012**

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**Note 7 - Changes in Long-Term Liabilities (Continued)**

A summary of the zero-interest note principal requirements to maturity by year is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>
2014	\$ 10,940
2015	10,940
2016	10,940
2017	5,460
Total	<u>\$ 38,280</u>

**Note 8 - Commitments**

The Agency entered into a construction contract during the year ended June 30, 21013 with Safety Storage in the amount of \$34,491. As of June 30, 2013, \$10,000 of work was completed, leaving \$24,491 as a remaining commitment at year-end.



21 1<sup>st</sup> Avenue NW  
P.O. Box 1010  
Le Mars, IA 51031  
Phone (712) 546-7801  
Fax (712) 546-6543  
www.williamscpas.com

**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**

Board of Directors  
Plymouth County Area Solid Waste Agency

We have audited, in accordance with the 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, the financial statements of Plymouth County Area Solid Waste Agency (the Agency), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 16, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items II-A-13 and II-B-13 in the accompanying Schedule of Findings to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

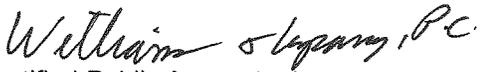
Comments involving statutory and other legal matters about the Agency's operation for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all 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.

## **Plymouth County Area Solid Waste Agency's Response to Findings**

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Certified Public Accountants

Le Mars, Iowa  
December 16, 2013

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Schedule of Findings**  
**For the Year Ended June 30, 2013**

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**Part I: Summary of the Independent Auditor's Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Finding Related to the Financial Statements:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted

**MATERIAL WEAKNESSES:**

**II-A-13 Financial Accounting - Segregation of Duties** – An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas for the Agency:

- (1) Accounting System – record keeping for revenues and expenses, and
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Payroll – changes to master list, preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the manager review receipts, posting, and payroll on a test basis.

Conclusion - Response accepted.

**II-B-13 Financial Reporting** - During the audit, we identified material amounts of receivables, payables, accruals and capital asset additions not recorded in the Agency's financial statements. Adjustments were subsequently made by the Agency to properly include these amounts in the financial statements.

Recommendation - The Agency should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the Agency's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion - Response accepted.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY  
Schedule of Findings  
For the Year Ended June 30, 2013

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**Part III: Other Findings Related to Statutory Reporting**

- III-A-13    **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.
  
- III-B-13    **Travel Expense** – No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
  
- III-C-13    **Board Minutes** – No transactions were found that we believe should have been approved in the Agency minutes but were not.
  
- III-D-13    **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.
  
- III-E-13    **Financial Assurance** – The Agency has demonstrated financial assurance for closure and postclosure care costs as required by Chapter 567-113.14(6) of the Iowa Administrative Code.