

CLINTON COUNTY AREA SOLID WASTE AGENCY
Clinton, Iowa

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

June 30, 2014

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**CLINTON COUNTY AREA SOLID WASTE AGENCY
LIST OF OFFICERS AND MEMBERS
June 30, 2014**

OFFICERS

Doug Goodall	Delmar, Iowa	Chairman
Verlyn Scheckel	DeWitt, Iowa	Vice-Chairman
John Staszewski	Clinton, Iowa(Clinton County Rep.)	Secretary-Treasurer

MEMBERS

Roger Wilke	Andover, Iowa	
Rod Smith	Calamus, Iowa	
Trevor Willis	Camanche, Iowa	
Peggy Sellnau	Charlotte, Iowa	
Grant Wilke	Clinton, Iowa	
Doug Goodall	Delmar, Iowa	
Verlyn Scheckel	DeWitt, Iowa	
Patsy Farrell	Goose Lake, Iowa	
Ken Mosier	Grand Mound, Iowa	
Jim Schroeder	Lost Nation, Iowa	
Brandi Pray	Low Moor, Iowa	
Vacant	Toronto, Iowa	
Ed Novak	Welton, Iowa	
Jim Roman	Wheatland, Iowa	
John Staszewski	Clinton, Iowa	(Clinton County Rep.)

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the entity'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 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 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 Clinton County Area Solid Waste Agency as of June 30, 2014, and the changes in its financial position and its cash flows 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 4 through 8 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.

Supplementary Information

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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 Schedule of Charges for Service and Schedule of Operating Expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2014 on our consideration of Clinton County Area 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 Clinton County Area Solid Waste Agency's internal control over financial reporting and compliance.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
November 9, 2014

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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, 2014. 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 18.5%, or \$366,759, from fiscal year 2013 to fiscal year 2014. Contracted waste and other operating receipts increased significantly, charges for service decreased slightly, and county and city assessments along with commodities sold were relatively unchanged.
- The Agency's operating expenses were 3.7%, or \$62,046, less in fiscal year 2014 than in fiscal year 2013.
- The Agency's net position increased 8.7%, or \$807,230, from June 30, 2013 to June 30, 2014.

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 is 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 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, 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.

Supplementary Information provides detailed information about revenues and expenses.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 2014 totaled \$10,109,352. This compares to \$8,244,505 for fiscal year 2013. A summary of the Agency's net position is presented below.

Net Position

	<u>2014</u>	<u>2013</u>
Current assets	\$ 5,035,578	\$ 4,392,773
Restricted investments	1,962,433	1,577,190
Capital assets (net of accumulated depreciation)	<u>3,976,836</u>	<u>4,149,805</u>
Total assets	<u>10,974,847</u>	<u>10,119,768</u>
Current liabilities	116,727	783,932
Noncurrent liabilities	<u>748,768</u>	<u>1,091,331</u>
Total liabilities	<u>865,495</u>	<u>1,875,263</u>
Net position		
Net investment in capital assets	3,976,836	4,149,805
Restricted for:		
Tonnage fees retained	637,250	-
Closure and postclosure costs	1,253,889	1,577,190
Unrestricted	<u>4,241,377</u>	<u>2,517,510</u>
Total net position	<u>\$ 10,109,352</u>	<u>\$ 8,244,505</u>

The unrestricted portion of the Agency's net position (42%) may be used to meet the Agency's obligations as they become due. The invested in capital assets (39%, e.g., land, buildings, and equipment), less the related debt portion of net position are resources allocated to capital assets. The remaining net position (19%) is restricted for closure and postclosure care and for tonnage fees retained. 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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Nonoperating revenues and expenses are for finance charges, interest revenue, rental income and rental depreciation. 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 years ended June 30, 2014 and 2013 is presented below.

Changes in Net Position

	<u>2014</u>	<u>2013</u>
Operating revenues		
Charges for service	\$ 1,072,516	\$ 1,147,703
County and city assessments	491,160	491,160
Contracted waste	350,416	92,049
Commodities sold	110,249	113,455
Other operating revenues	<u>322,416</u>	<u>135,631</u>
Total operating revenues	<u>2,346,757</u>	<u>1,979,998</u>
Operating expenses		
Landfill	1,286,732	1,387,346
Recycling	211,495	213,413
RCC	46,361	46,364
Bio-reactor	<u>53,655</u>	<u>13,166</u>
Total operating expenses	<u>1,598,243</u>	<u>1,660,289</u>
Operating income	<u>748,514</u>	<u>319,709</u>
Nonoperating revenues (expenses)		
Finance charges	2,193	3,413
Interest revenue	46,195	50,443
Rental income	11,577	11,425
Rental depreciation	<u>(1,249)</u>	<u>(1,249)</u>
Net nonoperating revenues (expenses)	<u>58,716</u>	<u>64,032</u>
Change in net position	807,230	383,741
Net position, beginning of year as restated	<u>9,302,122</u>	<u>7,860,764</u>
Net position, end of year	<u>\$ 10,109,352</u>	<u>\$ 8,244,505</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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 year 2014, operating revenues increased by \$366,759 or 18.5%, primarily a result of increased customers participating in contracted waste disposal and additional sludge accepted from local companies. Operating expenses decreased slightly by \$62,046, or 3.7%.

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, proceeds from capital asset disposals and the purchase of capital assets. Cash used in investing activities includes finance charges, interest income, and purchases and redemptions of investments.

CAPITAL ASSETS

At June 30, 2014, the Agency had \$3,976,836 invested in capital assets, net of accumulated depreciation of \$3,703,351. Depreciation charges totaled \$193,790 for fiscal year 2014. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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:

- There is potential of shortened life expectancy of the Phase 0 and Phase 1A Cells. Waste intake increases are creating this potential issue. This will possibly create a need to construct a new cell sooner than originally planned.
- Work must continue to maintain landfill areas closed in the past. This includes complying with any groundwater regulations.
- 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 Agency 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 POSITION
June 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 2,210,405
Restricted cash and cash equivalents	637,250
Investments	1,930,800
Accounts receivable	243,505
Prepaid insurance	13,618
Total current assets	<u>5,035,578</u>

Noncurrent assets

Restricted investments	1,962,433
Capital assets (net of accumulated depreciation)	3,976,836
Total noncurrent assets	<u>5,939,269</u>

Total assets \$ 10,974,847

LIABILITIES

Current liabilities

Accounts payable - trade	77,853
Accrued payroll taxes	5,967
Accrued other withholdings	416
Accrued other	195
Accrued ground water tax	32,296
Total current liabilities	<u>116,727</u>

Noncurrent liabilities

Landfill closure and postclosure care costs	708,544
Net OPEB liability	40,224
Total noncurrent liabilities	<u>748,768</u>

Total liabilities 865,495

NET POSITION

Net investment in capital assets	3,976,836
Restricted for:	
Tonnage fees retained	637,250
Closure and postclosure costs	1,253,889
Unrestricted	4,241,377

Total net position \$ 10,109,352

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 POSITION
Year Ended June 30, 2014

OPERATING REVENUES		
Landfill		
Charges for service	\$ 1,072,396	
Tire handling fee	31,910	
Permit fees	4,613	
County and city assessments	491,160	
Contracted waste	350,416	
Salvage	4,234	
Miscellaneous	248,101	
Total landfill	<u>2,202,830</u>	
Recycling		
Commodities sold	<u>110,249</u>	
Regional Collection Center (RCC)		
Member's expense reimbursement	7,274	
CESQG	5,788	
Customer	10,029	
Disposal reimbursement	10,252	
Miscellaneous	215	
Total RCC	<u>33,558</u>	
Bio-reactor		
Charges for service	<u>120</u>	
Total operating revenues		\$ 2,346,757
OPERATING EXPENSES		<u>1,598,243</u>
OPERATING INCOME		748,514
NONOPERATING REVENUES (EXPENSES)		
Finance charges	2,193	
Interest revenue		
Operations	30,770	
Financial assurance	15,425	
Rental income	11,577	
Rental depreciation	<u>(1,249)</u>	
Net nonoperating revenues (expenses)		<u>58,716</u>
CHANGE IN NET POSITION		807,230
NET POSITION, BEGINNING OF YEAR AS RESTATED		<u>9,302,122</u>
NET POSITION, END OF YEAR		<u>\$ 10,109,352</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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 1,566,409	
Cash received from assessments	491,160	
Cash received from other operating receipts	248,101	
Cash paid to suppliers for goods and services	(1,093,748)	
Cash paid to employees for services	<u>(281,817)</u>	
Net cash provided by operating activities		\$ 930,105

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Rental income	11,577	
Proceeds from capital asset disposals	5,646	
Purchase of capital assets	<u>(75,561)</u>	
Net cash used in capital and related financing activities		(58,338)

CASH FLOWS FROM INVESTING ACTIVITIES

Finance charges	2,193	
Interest received	46,195	
Investment purchases	(297,624)	
Investment redemptions	262,947	
Restricted investment purchases	<u>(385,243)</u>	
Net cash used in investing activities		<u>(371,532)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS		500,235
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>2,347,420</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		<u>\$ 2,847,655</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

Operating income		\$	748,514
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	\$	192,541	
Loss on disposal of capital assets		49,094	
Closure and postclosure care costs		33,403	
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		(107,893)	
Increase (decrease) in accounts payable - trade		340	
Increase (decrease) in accrued payroll taxes		3,098	
Increase (decrease) in accrued other withholdings		(3,036)	
Increase (decrease) in accrued other		15	
Increase (decrease) in accrued ground water tax		11,132	
Increase (decrease) in net OPEB liability		2,897	
Total adjustments			<u>181,591</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			<u>\$ 930,105</u>

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

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, 2014

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.

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 Cash and Cash Equivalents

Tonnage fees retained have been set aside and are classified as restricted.

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, 2014**

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, 2014.

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 November 9, 2014, 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, 2014 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, 2014**

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, 2014 were as follows:

	<u>Fair Value</u>
Investments	
U.S. Government agency bonds	\$ 258,657
Market Certificates of deposit	684,057
Mutual funds-fixed income	304,800
Certificates of deposit	553,868
Money market accounts	<u>129,418</u>
	1,930,800
Restricted investments	
Money market accounts	<u>1,962,433</u>
Total investments	<u>\$3,893,233</u>

NOTE 3 - LEASE AGREEMENTS

The Agency leases cropland to unrelated lessees. The lease terms are from March 1 to February 28. The land must be used for agricultural crop purposes. Rental fees are \$7,292 per year. The Agency also rented a parcel of pasture land to an unrelated party. The lease term is from March 1 to February 28. The land must be used for feeding livestock. Rental fees are \$1,200 per year.

Total rental income was \$11,577 for the year ended June 30, 2014.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2014 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	\$ 808,097	\$ -	\$ -	\$ 808,097
Construction in progress	<u>11,430</u>	<u>-</u>	<u>11,430</u>	<u>-</u>
Total capital assets not being depreciated	<u>819,527</u>	<u>-</u>	<u>11,430</u>	<u>808,097</u>
Capital assets being depreciated:				
Intangibles	27,640	-	-	27,640
Development costs	4,240,438	73,589	-	4,314,027
Buildings	2,112,141	-	245,768	1,866,373
Equipment and vehicles	<u>670,837</u>	<u>13,402</u>	<u>20,189</u>	<u>664,050</u>
Total capital assets being depreciated	<u>7,051,056</u>	<u>86,991</u>	<u>265,957</u>	<u>6,872,090</u>
Less accumulated depreciation for:				
Intangibles	27,640	-	-	27,640
Development costs	1,217,427	135,826	-	1,353,253
Buildings	1,922,861	32,708	195,769	1,759,800
Equipment and vehicles	<u>552,850</u>	<u>25,256</u>	<u>15,448</u>	<u>562,658</u>
Total accumulated depreciation	<u>3,720,778</u>	<u>193,790</u>	<u>211,217</u>	<u>3,703,351</u>
Total capital assets being depreciated, net	<u>3,330,278</u>	<u>(106,799)</u>	<u>54,740</u>	<u>3,168,739</u>
Total capital assets, net	<u>\$4,149,805</u>	<u>\$ (106,799)</u>	<u>\$ 66,170</u>	<u>\$3,976,836</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 care 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 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.

These costs for the Agency have been estimated at \$331,125 for postclosure care for Cell A and \$1,939,886 for closure and \$1,186,594 for postclosure care for Cell B, for a total of \$3,126,480 as of June 30, 2014, and the portion of the liability that has been recognized is \$708,544. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated life remaining of Cell B is 49 years. The capacity used at June 30, 2014 in Cell A is 100% and Cell B is 12.1%.

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, 2014 assets of \$1,962,433 are restricted for these purposes. They are reported as restricted investments on the Statement of Net Position.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Agency is required to demonstrate financial assurance for the unfunded costs. The Agency has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Agency must certify the following to the Iowa Department of Natural Resources:

**CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

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 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.

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, 2014, \$637,250 has been retained by the Agency and restricted for the required purposes.

NOTE 7 - COMMITTED CONTRACTS

As of June 30, 2014, the Agency had the following committed contract:

<u>Project</u>	<u>Total Contract</u>	<u>Committed</u>
Landfill operations and maintenance	\$ 2,648,000	\$ 1,324,000

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.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 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 5.95% of their annual covered salary and the Agency is required to contribute 8.93% of covered salary. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$21,629, \$20,695 and \$21,207, respectively, equal to the required contributions for each year.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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, 2013 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$910,948 for Clinton County as of June 30, 2014. 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, 2014. The report may be obtained by writing to the Clinton County Auditor's Office, 1900 North 3rd Street, Clinton, Iowa 52733-2957.

The Agency recognized a net OPEB liability of \$40,224 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.

NOTE 11 - RESTATEMENT OF BEGINNING NET POSITION

The Agency restated the following net position previously reported:

Net position, June 30, 2013, as previously reported	\$ 8,244,505
Adjustment to landfill closure and postclosure care costs	378,863
Adjustment to tonnage fees retained	<u>678,754</u>
Net position, July 1, 2013, as restated	<u>\$ 9,302,122</u>

The restatement was to adjust landfill closure and postclosure care costs based upon the estimated capacity used and previously recognized and to classify tonnage fees retained as restricted net position.

CLINTON COUNTY AREA SOLID WASTE AGENCY
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 12 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the Agency's proportionate share of the employee pension plan.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to June 30, 2014 Agency accepted proposals for following:

Survey Control Plan	\$12,625
SCADA and Field System Maintenance and Support	40,800
Groundwater Assessment Plan and Well Installation	29,792
Purchase of equipment (net of trade)	97,500
Parking lot	19,100

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF CHARGES FOR SERVICE
Year Ended June 30, 2014**

Refuse - \$44.00 per ton from July 1, 1994 through June 30, 2014	\$ 1,056,415
Asbestos - \$25.00 per cu. yd. from February 1, 1992 through June 30, 2014	7,300
ADM fly ash and mixed - \$9.00 per ton from January 1, 1995 through June 30, 2014	3,240
Contaminated soil - \$35.00 per load from July 1, 1994 through June 30, 2014	<u>5,441</u>
TOTAL CHARGES FOR SERVICE	<u>\$ 1,072,396</u>

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2014

OPERATING EXPENSES

Landfill		
Insurance	\$	92,781
Professional fees		102,735
Equipment repairs		5,719
Agency vehicle		3,865
Conferences and seminars		1,448
Advertising		4,705
Education expense		2,270
Payroll		143,322
Reimbursements		25
Clothing allowance		261
Payroll tax		10,946
Employer IPERS		21,629
Contracted compacting and covering charges		325,186
Secretarial services		492
Tire expense		25,651
Utilities		9,938
Telephone		2,560
Office expense		12,149
Postage		1,976
Mileage		40
Maintenance		45,383
Testing expenses		3,926
Ground water tax		96,848
Refuse processing		122,976
System maintenance		15,001
Closure and postclosure care		33,403
Supplies		5,464
Office supplies		5,450
Disposal		3,281
Brown goods disposal		16,587
Dues		2,345
Travel expense		1,129
Bank charges		9,413
Employee safety		1,754
Miscellaneous expense		5,289
Depreciation		<u>150,785</u>
Total landfill	\$	1,286,732

CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF OPERATING EXPENSES
Year Ended June 30, 2014

OPERATING EXPENSES (CONTINUED)

Recycling		
Insurance	\$	18,212
Payroll		101,241
Equipment repairs		3,888
Building repairs		4,095
Clothing allowance		780
Payroll tax		7,653
Machine repairs		1,308
Utilities		6,171
Maintenance		26,392
Supplies		9,666
Depreciation		<u>32,089</u>
Total recycling	\$	211,495
RCC		
Equipment repairs		104
Agency vehicle		614
Conferences and seminars		25
Employee education		135
Telephone		444
Mileage		118
Machine repairs		725
Supplies		4,381
Office supplies		88
RCC disposal		33,810
Travel		107
Depreciation		<u>5,810</u>
Total RCC		46,361
Bio-reactor		
Utilities		66
Maintenance		638
Loss on disposal of capital assets		49,094
Depreciation		<u>3,857</u>
Total bio-reactor		<u>53,655</u>
TOTAL OPERATING EXPENSES	\$	<u>1,598,243</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, 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, the financial statements of Clinton County Area Solid Waste Agency as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Clinton County Area Solid Waste Agency's basic financial statements and have issued our report thereon dated November 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clinton County Area Solid Waste 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 Clinton County Area Solid Waste Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinton County Area 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. 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 another we consider to be a significant deficiency.

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 in the accompanying Schedule of Findings and Responses as items 14-I-A, 14-I-B, 14-I-C and 14-I-E to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 14-I-D to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 14-I-F.

Comments involving statutory and other legal matters about the entity's operations for the year ended June 30, 2014 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 Findings

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. Clinton County Area Solid Waste Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

We would like to acknowledge the many courtesies and assistance extended to us by the 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.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
November 9, 2014

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

14-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 a 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, 2014**

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

14-I-B Financial Reporting

Criteria - The Agency and management share the ultimate responsibility for the Agency's financial statements, including disclosures. Clinton County Area Solid Waste Agency is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Clinton County Area Solid Waste Agency's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skill, and experience to prepare and/or thoroughly review GAAP based financial statements to ensure they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition - The Agency does not have sufficient internal controls over the GAAP financial reporting process. While the Agency maintains controls over the processing of day to day accounting transactions, material audit adjustments were proposed in order to ensure the financial statements were presented in accordance with GAAP.

Effect - As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected and corrected in a timely manner.

Cause - Management did not effectively identify all adjustments required in order to present the financial statements in accordance with GAAP.

Recommendation - We recommend that the Agency continue to perform a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate. These procedures should be performed by properly trained personnel possessing a thorough understanding of applicable accounting principles, GASB pronouncements, and knowledge of the Agency's activities and operations.

Response - Management will continue 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, 2014**

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

14-I-C Cash Reconciliation

Criteria - Adequate internal controls over cash require that all cash in the custody of the Agency be recorded in the general ledger and that each month's bank statements are reconciled to the related general ledger account balances.

Condition - The Agency's general ledger cash balances at June 30, 2014 were not properly reconciled to the relating bank statements. Audit adjustments were proposed to correct the general ledger cash account balances.

Effect - As a result of this condition, there is a higher risk that financial statement omissions or other errors could occur and not be detected and corrected in a timely manner.

Cause - The Agency did not effectively identify all adjustments required in order to ensure the general ledger cash balances were reconciled with the bank statements.

Recommendation - We recommend that Agency management review and approve bank reconciliations monthly. This includes tracing the reconciled balances to the general ledger account balances monthly. Agency management should ensure reconciliations are completed in a timely manner and that all reconciling items are reviewed with the appropriate follow up. Management should document their review and approval by signing or initialing each bank reconciliation.

Response - Management will ensure monthly bank reconciliations are performed timely. Management will document their review and approval by signing or initialing each bank reconciliation.

Conclusion - Response accepted.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

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

14-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, 2014**

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

14-I-E 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, 2014**

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

INSTANCES OF NON-COMPLIANCE:

14-I-F Deposits and Investments

Criteria - The Agency is required to maintain compliance with deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa.

Condition - 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.

Effect - The Agency is not in compliance with deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa.

Cause - Current deposits held exceed the maximum amounts listed on their written resolution.

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

Response - The Agency will update their resolution naming depositories.

Conclusion - Response accepted.

**CLINTON COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014**

Part II: Other Findings Related to Required Statutory Reporting:

- 14-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.
- 14-II-B Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- 14-II-C Board Minutes - No transactions were found that we believe should have been approved in the Agency minutes but were not.
- 14-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:

See item 14-I-F
- 14-II-E Solid Waste Tonnage 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, 2014**

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

14-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:

	<u>Cell A</u>	<u>Cell B</u>
Total estimated costs for closure and postclosure care	\$ 331,125	\$3,126,480
Less: Balance of funds held in the local dedicated fund at June 30, 2013	(172,412)	(1,404,778)
Less: July 2013 dedicated fund interest earnings	-	(232)
Less: Fiscal year 2013 required payment made in fiscal year 2014	<u>(39,792)</u>	<u>(342,527)</u>
	118,921	1,378,943
Divided by the number of years remaining in the pay-in period	<u>4</u>	<u>4</u>
Required payment into the local dedicated fund for the year ended June 30, 2014	29,730	344,736
Balance of funds held in the local dedicated fund at June 30, 2013	172,412	1,404,778
July 2013 dedicated fund interest earnings	-	232
Fiscal year 2013 required payment made in fiscal year 2014	<u>39,792</u>	<u>342,527</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2014	<u>\$ 241,934</u>	<u>\$2,092,273</u>
Amount restricted for closure and postclosure at June 30, 2014	<u>\$ 212,204</u>	<u>\$1,750,229</u>

In July 2014, the Agency made the required deposit to demonstrate financial assurance for closure and postclosure care.