

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
Clinton, Iowa

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

June 30, 2015

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**CLINTON COUNTY AREA SOLID WASTE AGENCY  
LIST OF OFFICERS AND MEMBERS  
June 30, 2015**

**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, 2015, 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, 2015, 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.

## **Emphasis of Matter**

As discussed in Note 12 to the financial statements, Clinton County Area Solid Waste Agency adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions on pages 5 through 9 and pages 30 through 31 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 opinions on the financial statements that collectively comprise 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 10, 2015 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 10, 2015

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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, 2015. 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 19.41%, or \$455,406, from fiscal year 2014 to fiscal year 2015. Contracted waste and charges for service increased significantly, other commodities sold and operating receipts decreased, and county and city assessments were relatively unchanged.
- The Agency's operating expenses were 13.50%, or \$215,705, more in fiscal year 2015 than in fiscal year 2014.
- The Agency's net position increased 8.53%, or \$862,053, from June 30, 2014 to June 30, 2015.

**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 deferred outflows of resources less the Agency's liabilities and deferred inflows of resources, with the difference 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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about revenues and expenses.

**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 2015 totaled \$10,971,405. This compares to \$10,109,352 for fiscal year 2014. A summary of the Agency's net position is presented below.

**Net Position**

	<u>2015</u>	<u>2014</u> (not restated)
Current assets	\$ 5,798,932	\$ 5,035,578
Restricted investments	2,340,391	1,962,433
Capital assets (net of accumulated depreciation)	<u>3,987,359</u>	<u>3,976,836</u>
Total assets	<u>12,126,682</u>	<u>10,974,847</u>
Deferred outflows of resources	<u>32,957</u>	<u>-</u>
Current liabilities	159,149	116,727
Noncurrent liabilities	<u>970,959</u>	<u>748,768</u>
Total liabilities	<u>1,130,108</u>	<u>865,495</u>
Deferred inflows of resources	<u>58,126</u>	<u>-</u>
Net position		
Net investment in capital assets	3,987,359	3,976,836
Restricted for:		
Tonnage fees retained	754,482	637,250
Closure and postclosure costs	1,561,673	1,253,889
Unrestricted	<u>4,667,891</u>	<u>4,241,377</u>
<b>Total net position</b>	<u>\$ 10,971,405</u>	<u>\$10,109,352</u>

The unrestricted portion of the Agency's net position (43%) may be used to meet the Agency's obligations as they become due. The invested in capital assets (36%, e.g., land, buildings, and equipment), less the related debt portion of net position are resources allocated to capital assets. The remaining net position (21%) 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, 2015**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 2015. The beginning net position was restated \$186,173 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**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, 2015 and 2014 is presented below.

**Changes in Net Position**

	<u>2015</u>	<u>2014</u> (not restated)
Operating revenues		
Charges for service	\$ 1,525,215	\$ 1,072,516
County and city assessments	491,160	491,160
Contracted waste	480,501	350,416
Commodities sold	101,642	110,249
Other operating revenues	<u>203,645</u>	<u>322,416</u>
Total operating revenues	<u>2,802,163</u>	<u>2,346,757</u>
Operating expenses		
Landfill	1,542,233	1,286,732
Recycling	221,256	211,495
RCC	37,510	46,361
Bio-reactor	<u>12,949</u>	<u>53,655</u>
Total operating expenses	<u>1,813,948</u>	<u>1,598,243</u>
Operating income	<u>988,215</u>	<u>748,514</u>
Nonoperating revenues (expenses)		

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

Finance charges	\$ 3,055	\$ 2,193
Interest revenue	46,376	46,195
Rental income	11,673	11,577
Rental depreciation	<u>(1,093)</u>	<u>(1,249)</u>
Net nonoperating revenues (expenses)	<u>60,011</u>	<u>58,716</u>
Change in net position	1,048,226	807,230
Net position, beginning of year, as restated	<u>9,923,179</u>	<u>9,302,122</u>
<b>Net position, end of year</b>	<b><u>\$ 10,971,405</u></b>	<b><u>\$10,109,352</u></b>

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 2015, operating revenues increased by \$455,406 or 19.41%, primarily a result of increased customers participating in contracted waste disposal and additional sludge accepted from local companies. Operating expenses increased by \$215,705, or 13.50%.

**Statement of Cash Flows**

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes cash received from customers, assessments, and other operating receipts reduced by payments to suppliers and employees. Cash used in capital and related financing activities includes rental income and the purchase of capital assets. Cash used in investing activities includes finance charges, interest income, and purchases and redemptions of investments.

**CAPITAL ASSETS**

At June 30, 2015, the Agency had \$3,987,359 invested in capital assets, net of accumulated depreciation of \$3,771,910. Depreciation charges totaled \$194,168 for fiscal year 2015. More detailed information about the Agency's capital assets is presented in Note 3 to the financial statements.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**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:

- The life cycle of the Phase 0 and Phase 1A Cells has been shortened. Waste intake increases are creating this potential issue. The agency plans to construct a new cell in the 2016 calendar year.
- Work must continue to maintain landfill areas closed in the past. This includes addressing any issues found in assessment of corrective measures plans.
- The Agency has faced a loss in tonnage over the past decade due to waste being able to travel over state lines. The Agency continues to take an active approach to regain a large portion of the tonnage and revenue with commercial haulers and will continue to do so. The tonnage intake has increased, but the Agency is still not getting all of the material from Clinton County it should.
- Facilities and equipment of Clinton County Area Solid Waste will continue to require routine maintenance and upkeep.
- Technology and trends in the solid waste industry continue to change. The Agency will have to continue to work to update technology and trends at a reasonable cost. These changes could affect each of the services that the Agency has to offer.
- Some of the solid waste programs that are required for the Agency to handle have been implemented with a user fee to help support them. This will continue to happen to keep the programs alive and to keep them available for residents.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Clinton County Area Solid Waste Agency, P.O. Box 996, Clinton, Iowa 52732.

## **BASIC FINANCIAL STATEMENTS**

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 2,401,458
Restricted cash and cash equivalents	754,482
Investments	2,440,840
Accounts receivable	188,534
Prepaid insurance	<u>13,618</u>
Total current assets	<u>5,798,932</u>
 Noncurrent assets	
Restricted investments	2,340,391
Capital assets (net of accumulated depreciation)	<u>3,987,359</u>
Total noncurrent assets	<u>6,327,750</u>
 <b>Total assets</b>	 <b><u>12,126,682</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related deferred outflows of resources	<u>32,957</u>
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**LIABILITIES**

Current liabilities	
Accounts payable - trade	129,780
Accrued other	324
Accrued ground water tax	<u>29,045</u>
Total current liabilities	<u>159,149</u>
 Noncurrent liabilities	
Landfill closure and postclosure care costs	778,718
Net OPEB liability	45,715
Net pension liability	<u>146,526</u>
Total noncurrent liabilities	<u>970,959</u>
 <b>Total liabilities</b>	 <b><u>1,130,108</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Pension related deferred inflows of resources	<u>58,126</u>
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**NET POSITION**

Net investment in capital assets	3,987,359
Restricted for:	
Tonnage fees retained	754,482
Closure and postclosure costs	1,561,673
Unrestricted	<u>4,667,891</u>
 <b>Total net position</b>	 <b><u>\$ 10,971,405</u></b>

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, 2015**

<b>OPERATING REVENUES</b>	
Landfill	
Charges for service	\$ 1,525,215
Tire handling fee	28,816
Permit fees	5,179
County and city assessments	491,160
Contracted waste	480,501
Salvage	6,774
Miscellaneous	106,997
Total landfill	<u>2,644,642</u>
Recycling	
Commodities sold	<u>101,642</u>
Regional Collection Center (RCC)	
Member's expense reimbursement	13,866
CESQG	6,399
Customer	17,606
Disposal reimbursement	16,609
Miscellaneous	1,399
Total RCC	<u>55,879</u>
Total operating revenues	2,802,163
<b>OPERATING EXPENSES</b>	<u>1,813,948</u>
<b>OPERATING INCOME</b>	<u>988,215</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Finance charges	3,055
Interest revenue	
Operations	26,854
Financial assurance	19,522
Rental income	11,673
Rental depreciation	<u>(1,093)</u>
Net nonoperating revenues (expenses)	<u>60,011</u>
<b>CHANGE IN NET POSITION</b>	1,048,226
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>9,923,179</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 10,971,405</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, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 2,258,977
Cash received from assessments	491,160
Cash received from other operating receipts	106,997
Cash paid to suppliers for goods and services	(1,168,241)
Cash paid to employees for services	<u>(336,074)</u>
Net cash provided by operating activities	<u>1,352,819</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Rental income	11,673
Purchase of capital assets	<u>(217,640)</u>
Net cash used in capital and related financing activities	<u>(205,967)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Finance charges	3,055
Interest received	46,376
Investment purchases	(1,231,035)
Investment redemptions	720,995
Restricted investment purchases	<u>(377,958)</u>
Net cash used in investing activities	<u>(838,567)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 308,285

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 2,847,655

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 3,155,940

CLINTON COUNTY AREA SOLID WASTE AGENCY  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2015

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ <u>988,215</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	193,075
Loss on disposal of capital assets	12,949
Closure and postclosure care costs	70,174
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	54,971
(Increase) decrease in deferred outflows of resources	(11,368)
Increase (decrease) in accounts payable - trade	51,927
Increase (decrease) in accrued payroll taxes	(5,967)
Increase (decrease) in accrued other withholdings	(416)
Increase (decrease) in accrued other	129
Increase (decrease) in accrued ground water tax	(3,251)
Increase (decrease) in net OPEB liability	5,491
Increase (decrease) in net pension liability	(61,236)
Increase (decrease) in deferred inflows of resources	<u>58,126</u>
Total adjustments	<u>364,604</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ <u>1,352,819</u></b>

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

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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, 2015**

**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 for payment of closure and postclosure care 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, 2015**

**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, 2015.

**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.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

**Subsequent Events**

Management has evaluated subsequent events through November 10, 2015, 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, 2015 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's investment policy limits the operating funds portfolio to maturities of less than 397 days.

**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, 2015 were as follows:

	<u>Fair Value</u>
Investments	
U.S. Government agency bonds	\$ 103,130
Market Certificates of deposit	653,893
Mutual funds-fixed income	1,170,798
Certificates of deposit	454,598
Money market accounts	<u>58,421</u>
	2,440,840
Restricted investments	
Money market accounts	<u>2,340,391</u>
<b>Total investments</b>	<b><u>\$4,781,231</u></b>

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 3 - CAPITAL ASSETS**

A summary of capital assets at June 30, 2015 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
Total capital assets not being depreciated	<u>808,097</u>	<u>-</u>	<u>-</u>	<u>808,097</u>
Capital assets being depreciated:				
Intangibles	27,640	-	-	27,640
Development costs	4,314,027	92,018	26,863	4,379,182
Buildings	1,866,373	34,120	35,181	1,865,312
Equipment and vehicles	<u>664,050</u>	<u>91,502</u>	<u>76,514</u>	<u>679,038</u>
Total capital assets being depreciated	<u>6,872,090</u>	<u>217,640</u>	<u>138,558</u>	<u>6,951,172</u>
Less accumulated depreciation for:				
Intangibles	27,640	-	-	27,640
Development costs	1,353,253	136,678	20,890	1,469,041
Buildings	1,759,800	30,810	28,205	1,762,405
Equipment and vehicles	<u>562,658</u>	<u>26,680</u>	<u>76,514</u>	<u>512,824</u>
Total accumulated depreciation	<u>3,703,351</u>	<u>194,168</u>	<u>125,609</u>	<u>3,771,910</u>
Total capital assets being depreciated, net	<u>3,168,739</u>	<u>23,472</u>	<u>12,949</u>	<u>3,179,262</u>
<b>Total capital assets, net</b>	<u><b>\$3,976,836</b></u>	<u><b>\$ 23,472</b></u>	<u><b>\$ 12,949</b></u>	<u><b>\$3,987,359</b></u>

**NOTE 4 - LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	Landfill Closure and Postclosure Care Costs	Net OPEB Liability	Net Pension Liability	Total
Balance beginning of year, as restated	\$ 708,544	\$ 40,224	\$ 207,762	\$ 956,530
Increases	70,174	5,491	-	75,665
Decreases	-	-	61,236	61,236
Balance end of year	<u>\$ 778,718</u>	<u>\$ 45,715</u>	<u>\$ 146,526</u>	<u>\$ 970,959</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 - LANDFILL 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 \$299,652 for postclosure care for Cell A and \$1,961,516 for closure and \$1,226,797 for postclosure care for Cell B, for a total of \$3,188,313 as of June 30, 2015, and the portion of the liability that has been recognized is \$778,718. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2015. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated life remaining of Cell B is 43 years. The capacity used at June 30, 2015 in Cell A is 100% and Cell B is 15%.

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, 2015 assets of \$2,340,391 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, 2015**

**NOTE 5 - LANDFILL 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 - 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 \$895,637 for Clinton County as of June 30, 2015. 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, 2015. 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 \$45,715 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.

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 7 - PENSION PLAN**

Plan Description - IPERS membership is mandatory for employees of the Association, except those covered by another retirement system. Employees of the Association are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 7 - PENSION PLAN (CONTINUED)**

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Agency contributed 8.93 percent for a total rate of 14.88 percent.

The Association's total contributions to IPERS for the year ended June 30, 2015 were \$24,898.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Agency reported a liability of \$146,526 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Agency's collective proportion was 0.003695 percent which was a decrease of 0.000076 percent from its proportion measured as of June 30, 2013.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - PENSION PLAN (CONTINUED)**

For the year ended June 30, 2015, the Agency recognized pension expense of \$10,420. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,592	\$ -
Changes of assumptions	6,467	-
Net difference between projected and actual earnings on pension plan investments	-	55,881
Changes in proportion and differences between Agency contributions and proportionate share of contributions	-	2,245
Agency contributions subsequent to the measurement date	<u>24,898</u>	<u>-</u>
<b>Total</b>	<u>\$ 32,957</u>	<u>\$ 58,126</u>

\$24,898 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (12,612)
2017	(12,612)
2018	(12,612)
2019	(12,612)
2020	<u>381</u>
	<u>\$ (50,067)</u>

There were no non-employer contributing entities at IPERS.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - PENSION PLAN (CONTINUED)**

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rate of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	-0.69
Total	<u>100%</u>	

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 7 - PENSION PLAN (CONTINUED)**

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<b>1% Decrease (6.5%)</b>	<b>Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Agency's proportionate share of the net pension liability:	\$ 276,857	\$ 146,526	\$ 36,513

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the Agency reported no payables to the defined benefit pension plan as legally required employee contributions which had been withheld from employee wages were remitted to IPERS.

**NOTE 8 - 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, 2015, \$754,482 has been retained by the Agency and restricted for the required purposes.

**NOTE 9 - 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 \$11,673 for the year ended June 30, 2015.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 10 - COMMITTED CONTRACTS**

As of June 30, 2015, the Agency had the following committed contracts:

<u>Project</u>	<u>Total Contract</u>	<u>Committed</u>
Landfill operations and maintenance	\$ 2,648,000	\$ 993,000
2016-2018 Environmental services	152,425	152,425
2016-2018 Regulatory assistance	<u>78,000</u>	<u>78,000</u>
	<u>2,878,425</u>	<u>1,223,425</u>

**NOTE 11 - RISK MANAGEMENT**

Clinton County Area Solid Waste Agency is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Agency assumes liability for any deductibles and claims in excess of coverage limitations.

**NOTE 12 - ACCOUNTING CHANGE/RESTATEMENT**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27* was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Net Position</u>
Net position June 30, 2014, as previously reported	\$ 10,109,352
Net pension liability at June 30, 2014	(207,762)
Change in outflows of resources related to contributions made after June 30, 2013 measurement date	<u>21,589</u>
	<u>\$ 9,923,179</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 13 - SUBSEQUENT EVENTS**

Subsequent to June 30, 2015 Agency accepted proposals for following:

Landfill Phasing Development (East Site)	\$191,380
Delineation and Installation Activities (West Site)	29,945

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Iowa Public Employees' Retirement System  
Last Fiscal Year\***

**Required Supplementary Information**

	2015
Agency's proportion of the net pension liability	0.003695%
Agency's proportionate share of the net pension liability	\$ 146,526
Agency's covered-employee payroll	\$ 278,813
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	52.55%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
SCHEDULE OF AGENCY CONTRIBUTIONS**

**Iowa Public Employees' Retirement System  
Last 10 Fiscal Years**

**Required Supplementary Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Statutorily required contribution	\$ 24,898	\$ 21,589	\$ 20,528	\$ 21,207	\$ 19,285	\$ 17,963	\$ 14,866	\$ 15,081	\$ 14,055	\$ 13,530
Contributions in relation to the statutorily required contribution	<u>(24,898)</u>	<u>(21,589)</u>	<u>(20,528)</u>	<u>(21,207)</u>	<u>(19,285)</u>	<u>(17,963)</u>	<u>(14,866)</u>	<u>(15,081)</u>	<u>(14,055)</u>	<u>(13,530)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Agency's covered-employee payroll	\$ 278,813	\$ 241,758	\$ 236,770	\$ 262,788	\$ 277,482	\$ 270,120	\$ 234,110	\$ 249,273	\$ 244,435	\$ 235,304
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditor's report.

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**Year Ended June 30, 2015**

*Changes of benefit terms:*

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**Year Ended June 30, 2015**

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**SUPPLEMENTARY INFORMATION**

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
SCHEDULE OF CHARGES FOR SERVICE  
Year Ended June 30, 2015**

Refuse - \$44.00 per ton from July 1, 1994 through June 30, 2015	\$ 1,496,421
Asbestos - \$25.00 per cu. yd. from February 1, 1992 through June 30, 2015	15,200
ADM fly ash and mixed - \$9.00 per ton from January 1, 1995 through June 30, 2015	148
Contaminated soil - \$35.00 per load from July 1, 1994 through June 30, 2015	<u>13,446</u>
<b>TOTAL CHARGES FOR SERVICE</b>	<b><u>\$ 1,525,215</u></b>

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**SCHEDULE OF OPERATING EXPENSES**  
**Year Ended June 30, 2015**

**OPERATING EXPENSES**

Landfill		
Insurance	\$	89,505
Professional fees		126,226
Equipment repairs		20,393
Building repairs		1,451
Agency vehicle		4,736
Conferences and seminars		1,864
Advertising		7,117
Education expense		5,188
Payroll		175,677
Employee education		725
Clothing allowance		943
Payroll tax		13,184
Pension expense		10,420
Contracted compacting and covering charges		324,000
Secretarial services		554
Tire expense		28,247
Utilities		9,485
Telephone		2,006
Office expense		14,294
Postage		1,420
Maintenance		48,111
Testing expenses		813
Ground water tax		122,793
Refuse processing		201,549
System maintenance		46,779
Closure and postclosure care		70,174
Supplies		5,178
Office supplies		7,269
Disposal		6,452
Brown goods disposal		16,798
Dues		1,996
Travel expense		1,760
Bank charges		9,657
Employee safety		2,059
Miscellaneous expense		1,856
Depreciation		<u>161,554</u>
Total landfill		<u>1,542,233</u>

**CLINTON COUNTY AREA SOLID WASTE AGENCY  
SCHEDULE OF OPERATING EXPENSES  
Year Ended June 30, 2015**

**OPERATING EXPENSES (CONTINUED)**

Recycling	
Insurance	\$ 23,517
Payroll	113,067
Equipment repairs	3,426
Building repairs	1,165
Reimbursements	212
Clothing allowance	1,050
Payroll tax	8,485
Machine repairs	7,270
Utilities	6,478
Mileage	35
Maintenance	21,099
Supplies	7,776
Depreciation	<u>27,676</u>
Total recycling	<u>221,256</u>
RCC	
Building repairs	262
Employee education	270
Telephone	389
Mileage	120
Maintenance	71
Supplies	543
Office supplies	47
RCC disposal	31,801
Travel	162
Depreciation	<u>3,845</u>
Total RCC	<u>37,510</u>
Bio-reactor	
Loss on disposal of capital assets	<u>12,949</u>
Total bio-reactor	<u>12,949</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 1,813,948</u></b>

**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, 2015, 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 10, 2015.

**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 2015-001, 2015-002 and 2015-004 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 2015-003 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 2015-005.

- Comments involving statutory and other legal matters about the entity's operations for the year ended June 30, 2015 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 10, 2015

**CLINTON COUNTY AREA SOLID WASTE AGENCY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2015**

**Part I: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2015-001 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, 2015**

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

2015-002 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, 2015**

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

2015-003 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 was not completed at year end.

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, 2015**

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

2015-004 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 was not completed at year end.

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, 2015**

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

**INSTANCES OF NON-COMPLIANCE:**

2015-005 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, 2015**

**Part II: Other Findings Related to Required Statutory Reporting:**

2015-006 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.

2015-007 Travel Expense - No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.

2015-008 Board Minutes - No transactions were found that we believe should have been approved in the Agency minutes but were not.

2015-009 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 2015-005

2015-010 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, 2015**

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

2015-011 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	\$ 299,652	\$3,188,313
Less: Balance of funds held in the local dedicated fund at June 30, 2014	(212,204)	(1,750,229)
Less: July 2014 dedicated fund interest earnings	-	(282)
Less: Fiscal year 2014 required payment made in fiscal year 2015	<u>(29,730)</u>	<u>(344,736)</u>
	57,718	1,093,066
Divided by the number of years remaining in the pay-in period	<u>3</u>	<u>3</u>
Required payment into the local dedicated fund for the year ended June 30, 2015	19,239	364,355
Balance of funds held in the local dedicated fund at June 30, 2014	212,204	1,750,229
July 2014 dedicated fund interest earnings	-	282
Fiscal year 2014 required payment made in fiscal year 2015	<u>29,730</u>	<u>344,736</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2015	<u>\$ 261,173</u>	<u>\$2,459,602</u>
Amount restricted for closure and postclosure at June 30, 2015	<u>\$ 241,934</u>	<u>\$2,098,457</u>

In July 2015, the Agency made the required deposit to demonstrate financial assurance for closure and postclosure care.