OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE March 3, 2015

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Page County Landfill Association.

The Association had total revenues of $1,197,238 for the year ended June 30, 2014, a 4% increase over the prior year. Revenues included gate fees of $954,110 and recycling fees of $190,285.

Expenses totaled $1,142,255 for the year ended June 30, 2014, a 4% decrease from the prior year, and included $426,463 for depreciation, $252,106 for employee salaries and benefits and $115,094 for machinery maintenance.

A copy of the audit report is available for review at the Page County Landfill Association, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/1414-2310-B00F.pdf.

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PAGE COUNTY LANDFILL ASSOCIATION

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

JUNE 30, 2014

1414-2310-B00F

Table of Contents

Page County Landfill Association

Officials

Name	Title	Representing
Jeff McCall	Chairperson	City of Clarinda
Jon Herzberg	Vice-Chairperson	Page County
Beverly Clinkingbeard	Member	City of Blanchard
Don Gibson	Member	City of Shenandoah
Kim Gotschall	Member	City of Braddyville
James Long	Member	City of Essex
Howard Miles	Member	City of College Springs
Doyle Parmenter	Member	City of Northboro
Ron Peterman	Member	City of Shambaugh
Betty Plucker	Member	City of Coin
Brian Rogers	Member	City of Hepburn
David Stalder	Member	City of Yorktown
Myron Magwitz	Manager	
Betty Martin	Office Secretary	

Page County Landfill Association

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Members of the Page
County Landfill Association:

Report on the Financial Statements

We have audited the accompanying financial statements of the Page County Landfill Association as of and for the year ended June 30, 2014, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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 Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Page County Landfill Association as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 7 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2015 on our consideration of the Page County Landfill Association'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 the Page County Landfill Association's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Page County Landfill Association 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 Association's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Association's operating revenues increased 5%, or $54,106, from fiscal year 2013 to fiscal year 2014. The increase was primarily due to an increase in recycling fees.
- The Association's operating expenses decreased 4%, or $45,329, from fiscal year 2013 to fiscal year 2014. The decrease is primarily due to decreases in closure/postclosure care and employee salaries and benefits offset by an increase in depreciation expense.
- The Association's net position increased 3%, or $54,983, from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

The Page County Landfill Association is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Page County Landfill Association's basic financial statements. The annual report consists of a series of financial statements and other information, as follows.

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

The Statement of Net Position presents information on the Association'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 Association 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 Association's operating revenues and expenses, non-operating revenues and expenses and whether the Association'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 Association's cash and cash equivalents during the year. This information can assist users of the report in determining how the Association financed its activities and how it met its cash requirements.

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

FINANCIAL ANALYSIS OF THE ASSOCIATION

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Association's financial position. The Association's net position at the end of fiscal year 2014 totaled $2,029,360. This compares to $1,974,377 at the end of fiscal year 2013. A summary of the Association's net position is presented below:

Net Position	June 30, 2014	June 30, 2013
Current assets	$ 369,803	566,984
Restricted cash and investments	1,700,180	1,570,784
Capital assets at cost, less accumulated depreciation	1,852,465	1,943,899
Total assets	3,922,448	4,081,667
Current liabilities	174,541	282,859
Noncurrent liabilities	1,718,547	1,824,431
Total liabilities	1,893,088	2,107,290
Net position:		
Net investment in capital assets	1,253,186	1,159,307
Restricted	474,055	345,632
Unrestricted	302,119	469,438
Total net position	$ 2,029,360	1,974,377

Noncurrent liabilities decreased $105,884 from the prior year. Liabilities for outstanding debt decreased $106,857 due to current year principal payments and the landfill closure and postclosure care liability increased $973 due to a reduction in the estimated costs. Current liabilities decreased $108,318, mainly due to a decrease in payables for the current portion of long term debt and compensated absences. Capital assets, net of accumulated depreciation, decreased $91,434, due primarily to depreciation expense exceeding capital asset additions.

The Association's restricted net position represents tonnage fees retained for purposes specified in the Code of Iowa and net position restricted for landfill closure and postclosure care. Net investment in capital assets represents resources allocated to capital assets. The remaining net position is unrestricted and can be used to meet the Association's obligations and needs as they come due. The unrestricted net position decreased $167,319, due primarily to additions to restricted net position.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are from gate fees for accepting solid waste and for recycling. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses include interest income, rent, gain on equipment disposition and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2014 and 2013 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2014	2013
Operating revenues:		
Gate fees	$ 954,110	938,722
Recycling	190,285	152,117
Other operating revenues	2,020	1,470
Total operating revenues	1,146,415	1,092,309
Operating expenses:		
Salaries and benefits	252,106	275,894
Closure and postclosure care	973	160,513
Depreciation	426,463	370,433
Other operating expenses	430,743	348,774
Total operating expenses	1,110,285	1,155,614
Operating income (loss)	36,130	(63,305)
Non-operating revenues (expenses):		
Interest income	12,883	13,369
Rent	32,940	32,940
Gain on disposition of equipment	5,000	11,737
Interest expense	(31,970)	(38,746)
Net non-operating revenues (expenses)	18,853	19,300
Change in net position	54,983	(44,005)
Net position beginning of year	1,974,377	2,018,382
Net position end of year	$ 2,029,360	1,974,377

The Statement of Revenues, Expenses and Changes in Net Position reflects a increase in net position at the end of the fiscal year. In fiscal year 2014, operating revenues increased $54,106, or 5%, as a result of an increase in gate and recycling fees. Operating expenses decreased $45,329, or 4%, due primarily to a decrease in closure/postclosure care offset by an increase in depreciation expense.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing, investing and non-capital activities. Cash flows from operating activities include gate fees reduced by payments to employees and to suppliers. Cash flows from capital and related financing activities include principal and interest payments on debt and the purchase of capital assets. Cash flows from investing activities include interest received and the sale of investments. Cash flows from non-capital activities include rent receipts.

CAPITAL ASSETS

At June 30, 2014, the Association had $4,554,958 invested in capital assets, net of accumulated depreciation of $2,702,493. The $320,028 net addition to capital assets was the result of the completion of a phase of a new cell. Depreciation expense totaled $426,463 for fiscal year 2014. More detailed information about the Association's capital assets is presented in Note 3 to the financial statements.

DEBT ADMINISTRATION

At June 30, 2014, the Association had $599,279 of debt outstanding, a decrease of $185,313 from the prior year. The table below summarizes outstanding debt by type.

	June 30,	
	2014	2013
General obligation capital loan notes	$ 535,000	590,000
SWAP loan	-	50,089
Capital lease purchase agreements	64,279	144,503
Total	$ 599,279	784,592

Additional information about the Association's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The current condition of the economy in the state continues to be a concern for Association officials. Some of the realities that may potentially become challenges for the Association to meet are:

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

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

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Association's finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Page County Landfill Association, 2032 N Avenue, Clarinda, IA 51632-2298.

Basic Financial Statements

Page County Landfill Association

Statement of Net Position

June 30, 2014

Assets	
Current assets:	
Cash	$ 227,859
Receivables:	
Accounts	94,944
Accrued interest	842
Due from other governments	43,694
Prepaid expense	2,464
Total current assets	369,803
Noncurrent assets:	
Restricted cash	5,695
Restricted cash equivalents and investments	1,694,485
Capital assets, net of accumulated depreciation	1,852,465
Total noncurrent assets	3,552,645
Total assets	3,922,448
Liabilities	
Current liabilities:	
Accounts payable	18,163
Accrued interest payable	1,837
Salaries and benefits payable	12,940
Compensated absences	24,318
Due to other governments	10,426
Current portion of:	
General obligation capital loan notes payable	60,000
Capital lease purchase agreements payable	46,857
Total current liabilities	174,541
Noncurrent liabilities:	
Ngeneral obligation capital loan notes payable	475,000
Capital lease purchase agreements payable	17,422
Landfill closure and postclosure care	1,226,125
Total noncurrent liabilities	1,718,547
Total liabilities	1,893,088
Net position	
Net investment in capital assets	1,253,186
Restricted for:	
Tonnage fees retained	5,695
Landfill closure and postclosure care	468,360
Unrestricted	302,119
Total net position	$ 2,029,360

See notes to financial statements.

Page County Landfill Association

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2014

Operating revenues:	
Gate fees	$ 954,110
Recycling	190,285
Other operating revenues	2,020
Total operating revenues	1,146,415
Operating expenses:	
Salaries and benefits	252,106
Machinery maintenance, labor and parts	115,094
Oil and fuel	66,085
Long range planning and engineering	13,796
Site maintenance	11,233
Site utilities	11,738
Office supplies and operations	12,213
Training and travel	1,840
Legal and accounting	21,535
Insurance	33,032
Closure and postclosure care	973
Planning and recycling	90,149
Iowa Department of Natural Resources tonnage fees	27,850
Depreciation	426,463
Leachate treatment, collection and maintenance	10,707
Household hazardous waste	15,471
Total operating expenses	1,110,285
Operating income	36,130
Non-operating revenues (expenses):	
Interest income	12,883
Rent	32,940
Gain on equipment disposition	5,000
Interest expense	(31,970)
Net non-operating revenues	18,853
Change in net position	54,983
Net position beginning of year	1,974,377
Net position end of year	$ 2,029,360

See notes to financial statements.

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2014

Cash flows from operating activities:	
Cash received from gate fees	$ 931,570
Cash received from recycling and other operating receipts	192,305
Cash paid to suppliers for goods and services	(433,304)
Cash paid to employees for services	(277,531)
Net cash provided by operating activities	413,040
Cash flows from capital and related financing activities:	
Purchase of capital assets	(335,029)
Proceeds from the sale of capital assets	5,000
Principal paid on general obligation capital loan notes	(55,000)
Interest and fees paid on general obligation capital loan notes	(24,693)
Principal paid on SWAP loan	(50,089)
Interest paid on SWAP loan	(3,824)
Principal paid on capital lease purchase agreements	(80,224)
Interest paid on capital lease purchase agreements	(3,632)
Net cash used for capital and related financing activities	(547,491)
Cash flows from investing activities:	
Interest received	8,194
Sale of investments	143,816
Net cash provided by investing activities	152,010
Cash flows from non-capital activities:	
Rent	32,940
Net increase in cash and cash equivalents	50,499
Cash and cash equivalents beginning of year	1,389,564
Cash and cash equivalents end of year	$ 1,440,063
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 36,130
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	426,463
Closure and postclosure care	973
Changes in assets and liabilities:	
Increase in receivables	(22,540)
Decrease in prepaid expense	1,697
Decrease in accounts payable	(5,857)
Decrease in salaries and benefits payable	(3,810)
Decrease in compensated absences	(21,616)
Increase in due to other governments	1,600
Total adjustments	376,910
Net cash provided by operating activities	$ 413,040

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2014

Reconciliation of cash and cash equivalents at year end to specific assets included in the Statement of Net Position:

Current assets:	
Cash	$ 227,859
Restricted assets:	
Cash	5,695
Cash equivalents and investments	1,694,485
	1,928,039
Less items not meeting the definition of cash equivalents	(487,976)
Cash and cash equivalents	$ 1,440,063

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The Page County Landfill Association was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Association is to operate the sanitary landfill in Page County for use by all residents of the County.

The Association is composed of one representative from each of the eleven member cities and one representative from Page County. The member cities are: Clarinda, College Springs, Northboro, Coin, Yorktown, Shambaugh, Braddyville, Blanchard, Shenandoah, Essex and Hepburn. The representative of a city is appointed by the political subdivision to be represented. Each member shall be entitled to one vote for each 1,500 people, or fraction thereof, as determined by the most recent Federal Census.

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

A. Reporting Entity

For financial reporting purposes, the Page County Landfill Association has included all funds, organizations, agencies, boards, commissions and authorities. The Association 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 Association are such that exclusion would cause the Association'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 Association 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 Association. The Page County Landfill Association has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Association are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Association distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Association's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position

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

Cash, Cash Equivalents and Investments – The Association considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash equivalents of the Association include money market accounts. Cash investments not meeting the definition of cash equivalents at June 30, 2014 include certificates of deposit of $487,976.

Restricted Cash and Investments – Funds set aside for payment of recycling and closure and postclosure care are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

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

Asset Class	Amount
Buildings and improvements	$ 25,000
Equipment	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	10-20
Equipment	5-10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2014.

Compensated Absences – Association employees accumulate a limited amount of earned but unused vacation, sick leave and compensatory time hours for subsequent use or for payment upon termination, death or retirement. The Association's liability for compensated absences has been computed based on rates of pay in effect at June 30, 2014.

(2) Cash, Cash Equivalents and Investments

The Association's deposits in banks at 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.

The Association 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 Association; 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 Association had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Capital Assets

A summary of capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 307,147	-	-	307,147
Construction in progress	15,468	331,029	346,497	-
Total capital assets not being depreciated	322,615	331,029	346,497	307,147
Capital assets being depreciated:				
Land improvements	961,509	346,497	-	1,308,006
Buildings	676,333	-	-	676,333
Equipment	2,274,472	4,000	15,000	2,263,472
Total capital assets being depreciated	3,912,314	350,497	15,000	4,247,811
Less accumulated depreciation for:				
Land improvements	416,941	216,135	-	633,076
Buildings	258,635	29,312	-	287,947
Equipment	1,615,454	181,016	15,000	1,781,470
Total accumulated depreciation	2,291,030	426,463	15,000	2,702,493
Total capital assets being depreciated, net	1,621,284	(75,966)	-	1,545,318
Total capital assets, net	$ 1,943,899	255,063	346,497	1,852,465

Equipment costing $353,756 was purchased under capital lease purchase agreements. Accumulated depreciation on these assets totals $163,467, including $50,536 of depreciation for the year ended June 30, 2014.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	General Obligation Capital Loan Notes	Solid Waste Alternative Program Loan	Capital Lease Purchase Agreements	Compen-stated Absenses	Total
Balance beginning of year	$ 590,000	50,089	144,503	45,934	830,526
Increases	-	-	-	21,551	21,551
Decreases	55,000	50,089	80,224	43,167	228,480
Balance end of year	$ 535,000	-	64,279	24,318	623,597
Due within one year	$ 60,000	-	46,857	24,318	131,175

General Obligation Capital Loan Notes

In January 2007, Page County entered into a loan agreement for the issuance of $995,000 of general obligation capital loan notes to pay costs of expanding and upgrading the Page County landfill. In a verbal agreement with the County, the Association agreed to repay the County for the notes, including interest, as the payments come due and payable by the County.

Annual debt service requirements to maturity for general obligation capital loan notes are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2015	3.95 %	$ 60,000	22,048	82,048
2016	4.00	60,000	19,678	79,678
2017	4.05	60,000	17,277	77,277
2018	4.10	65,000	14,847	79,847
2019	4.15	70,000	12,182	82,182
2020-2023	4.20-4.25	220,000	18,801	238,801
Total		$ 535,000	104,833	639,833

The Association paid $55,000 of principal, $24,193 of interest and $500 of bond registrar fees on the general obligation capital loan notes during the year ended June 30, 2014.

Capital Lease Purchase Agreements

On October 18, 2010, the Association entered into a capital lease purchase agreement to lease a used scraper and to refinance the capital lease entered into on October 20, 2009. The agreement is for a period of 4 years at an interest rate of 3.45% and expires in fiscal year 2015. As part of the agreement, the Association traded a tractor with an original purchase date of September 17, 2007.

On January 5, 2012, the Association entered into a capital lease purchase agreement to lease a used motor grader. The agreement is for a period of 5 years at an interest rate of 3.30% and expires in fiscal year 2016. As part of the agreement, the Association traded a motor grader with an original purchase date of December 9, 1997.

The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments for the agreements:

Year Ending June 30,	Scraper	Motor Grader	Total
2015	$ 17,888	30,194	48,082
2016	-	17,615	17,615
Total minimum lease payments	17,888	47,809	65,697
Less amount representing interest	(128)	(1,290)	(1,418)
Principal value of net minimum lease payments	$ 17,760	46,519	64,279

Payments under the agreements during the year ended June 30, 2014 totaled $83,856.

(5) Pension and Retirement Benefits

The Association 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 Association is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by state statute. The Association's contributions to IPERS for the years ended June 30, 2014, 2013 and 2012 were $16,470, $16,659 and $15,265, respectively, equal to the required contributions for each year.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Association 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 cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology or applicable laws or regulations.

These costs for the Association have been estimated at $1,237,798 for closure and $1,074,300 for postclosure care, for a total of $2,312,098 as of June 30, 2014, and the portion of the liability that has been recognized is $1,226,125. 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 Landfill has used 39% of its capacity at June 30, 2014.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Association has begun accumulating resources to fund these costs and, at June 30, 2014, assets of $1,694,485 are restricted for these purposes. They are reported as restricted cash equivelents and investments in 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 Association is required to demonstrate financial assurance for the unfunded costs. The Association has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Association must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by 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 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 years remaining in the pay-in period

Chapter 567-113.14(8) of the IAC allows the Association 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 Association 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.

(7) Solid Waste Tonnage Fees Retained

The Association has established an account for restricting and using solid waste tonnage fees retained by the Association in accordance with Chapter 455B.310 of the Code of Iowa.

At June 30, 2014, the unspent amounts retained by the Association and restricted for the required purposes totaled $5,695.

(8) Risk Management

The Association is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 700 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Association's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. Association's contribution to the Pool for the year ended June 30, 2014 was $24,663.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $350,000 per claim. Claims exceeding $350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Association's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $150,000 each occurrence, each location. Property risks exceeding $150,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Association's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of casualty claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Association also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $50,000, respectively. The Association assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Subsequent Events

In September 2014, the Association entered into a capital lease for a track loader for $257,755, plus interest at 2.2% per annum, payable over 60 months.

In September 2014, the Association entered into a contract for the construction of an office building for $183,300.

(10) 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.

Page County Landfill Association

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 <u>Government Auditing Standards</u>

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STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the Page
County Landfill Association:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Page County Landfill Association as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, and have issued our report thereon dated February 3, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Page County Landfill Association's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Page County Landfill Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Page County Landfill Association'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, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Page County Landfill Association's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies identified in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Page County Landfill Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Association'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 Association. 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.

The Page County Landfill Association's Responses to the Findings

The Page County Landfill Association's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Page County Landfill Association'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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Page County Landfill Association 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.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins
WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 3, 2015

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Association's financial statements. Customer billings, collections, depositing and posting to customer accounts are all done by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Association should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing current staff, including Board Members, to provide additional control through reviews of financial transactions, reconciliations and reports. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Manager reviews customer billings, delinquent accounts, deposit slips, account balances, payments received in the mail and all the end of the month reports. The data will be initialed and dated when reviewed.

Conclusion – Response accepted.

(B) Financial Reporting – The Association did not prepare a June 30, 2014 payables listing. Adjustments were subsequently made by the Association to properly include payables in the financial statements.

Recommendation – The Association should implement procedures to identify payables for inclusion in the Association's financial statements.

Response – A review will be done to identify goods and services received prior to June 30 but paid after June 30. We will identify the payables on the Quickbooks transaction list by vendor report.

Conclusion – Response accepted.

(C) Disbursements – Checks were countersigned in advance.

Recommendation – Checks should only be signed and countersigned when the completed check and appropriate supporting documentation are available for review. Prior to signing, the checks and supporting documentation should be reviewed for propriety.

Response – Checks were signed by the Chairman or Vice Chairman prior to payroll, but still require a second signature by the Manager, which occurs after the checks are made out. All bills and checks are brought in front of Board Members at monthly Board meetings for final approval. We will strive to keep prior signed checks to a bare minimum.

Conclusion – Response acknowledged. The checks and supporting documentation should be reviewed for propriety prior to signing.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Questionable Expenses – An expense we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented was noted. The expense is detailed as follows:

Paid to	Purpose	Amount
J's Pizza and Steakhouse	Food for Board meeting/ Christmas party	$ 216

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The Association should determine and document the public purpose served by this expense before authorizing any further payments. If this practice is continued, the Association should establish written policies and procedures, including requirements for proper documentation.

Response – The questionable disbursement will receive prior approval by Board Members at a prior meeting. The Christmas party is also a monthly board meeting which includes approval of current bills.

Conclusion – Response acknowledged. The Associate should document the public purpose of these expenditures before authorizing any further payments.

(2) Travel Expenses – No expenditures of Association money for travel expenses of spouses of Association officials or employees were noted.

(3) Association Minutes – No transactions were found that we believe should have been approved in the Association minutes but were not.

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

(5) Solid Waste Tonnage Fees Retained – No instances of non-compliance with the solid waste tonnage fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

(6) Financial Assurance – The Association is providing 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:

		Total	Phase 1	Phase 2	Phase 3
Total estimated costs for closure and postclosure care		$2,312,098	1,197,681	581,296	533,121
Less: Balance of funds held in the local dedicated fund at June 30, 2013		1,569,802	813,167	394,672	361,963
Funds to be provided		742,296	384,514	186,624	171,158
Divided by the number of years remaining in the pay-in period	÷		7	9	10
Required payment into the local dedicated fund for the year ended June 30, 2014		92,783	54,931	20,736	17,116
Balance of funds held in the local dedicated fund at June 30, 2013		1,569,802			
Required balance of funds to be held in the local dedicated fund at June 30, 2014		$1,662,585			
Amount Association has restricted for closure and postclosure care at June 30, 2014		$1,694,485			

The Association has demonstrated financial assurance for closure and postclosure care by designating sufficient amounts through the above financial assurance mechanism.

Page County Landfill Association

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Trent M. Mussmann, Staff Auditor
Marcus B. Johnson, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State