OFFICE OF AUDITOR OF STATE

STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

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NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE March 14, 2017

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

The Association had total revenues of $1,159,326 for the year ended June 30, 2016, a 14% decrease from the prior year. Revenues included gate fees of $964,357 and recycling fees of $157,050.

Expenses totaled $1,277,692 for the year ended June 30, 2016, a 27% increase over the prior year, and included $408,532 for depreciation, $288,949 for employee salaries and benefits and $91,373 for recycling fees.

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 https://auditor.iowa.gov/reports/1614-2310-B00F.

# # #

PAGE COUNTY LANDFILL ASSOCIATION

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

JUNE 30, 2016

1614-2310-B00F

Table of Contents

Page County Landfill Association

Officials

Name	Title	Representing
Jeff McCall	Chairperson	City of Clarinda
Jon Herzberg	Vice-Chairperson	Page County
Tinelle Engstrand	Member	City of Blanchard
Toni Graham	Member	City of Shenandoah
Kim Gotschall	Member	City of Braddyville
James Long	Member	City of Essex
Amanda Owens	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
Michael Conte	Member	City of Yorktown
Myron Magwitz	Manager	
Betty Martin	Office Secretary	

Page County Landfill Association

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Independent Auditor's Report

To the Members of the Page County Landfill Association:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the Page County Landfill Association as of and for the year ended June 30, 2016, and the related Notes to Financial Statements which collectively comprise of the Page County Landfill Association's basic financial statements 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 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, 2016, 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, the Schedule of the Association's Proportionate Share of the Net Pension Liability and the Schedule of Association Contributions on pages 7 through 10 and 29 through 32 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 27, 2017 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

February 27, 2017

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, 2016. We encourage readers to consider this information in conjunction with the Association's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Association's operating revenues decreased 14%, or $187,827, from fiscal year 2015 to fiscal year 2016. The decrease was primarily due to a decrease in gate receipts.
- The Association's operating expenses increased 28%, or $276,853, from fiscal year 2015 to fiscal year 2016. The increase is primarily due to an increase in closure and postclosure care costs and other operating expenses.
- The Association's net position decreased 5%, or $118,366, from the June 30, 2015 balance.

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 is 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 deferred outflows of resources less the Association'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 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.

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

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 2016 totaled $2,106,706. This compares to $2,225,072 at the end of fiscal year 2015. A summary of the Association's net position is presented below:

Net Position		
	June 30,	
	2016	2015
Current assets	$ 1,328,863	529,252
Restricted cash and investments	1,888,565	1,793,121
Capital assets at cost, less accumulated depreciation	1,781,265	1,949,231
Total assets	4,998,693	4,271,604
Deferred outflows of resources	24,523	23,156
Current liabilities	430,647	193,817
Noncurrent liabilities	2,466,958	1,825,532
Total liabilities	2,897,605	2,019,349
Deferred inflows of resources	18,905	50,339
Net position:		
Net investment in capital assets	1,172,511	1,227,686
Restricted	691,421	675,023
Unrestricted	242,774	322,363
Total net position	$ 2,106,706	2,225,072

The unrestricted portion of the Association's net position (12%) may be used to meet the Association's obligations as they come due. The invested in capital assets portion of net position (56%) (e.g., land, buildings and equipment), less the related debt are resources allocated to capital assets. The remaining net position is restricted for closure and postclosure care and for tonnage fees due to the State of Iowa. State and federal laws and regulations require the Association to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are 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 (loss) on disposition of equipment 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, 2016 and 2015 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2016	2015
Operating revenues:		
Gate fees	$ 964,357	1,136,965
Recycling	157,050	170,346
Other operating revenues	1,354	3,277
Total operating revenues	1,122,761	1,310,588
Operating expenses:		
Salaries and benefits	288,949	254,963
Closure and postclosure care	79,045	(108,026)
Depreciation	408,532	429,014
Other operating expenses	472,312	396,034
Total operating expenses	1,248,838	971,985
Operating income (loss)	(126,077)	338,603
Non-operating revenues (expenses):		
Interest income	18,475	13,005
Bond Issuance Cost	(5,820)	-
Rent	18,090	26,595
Gain (loss) on disposition of equipment	-	(5,204)
Interest expense	(23,034)	(26,727)
Net non-operating revenues (expenses)	7,711	7,669
Change in net position	(118,366)	346,272
Net position beginning of year	2,225,072	1,878,800
Net position end of year	$ 2,106,706	2,225,072

The Statement of Revenues, Expenses and Changes in Net Position reflects a decrease in net position at the end of the fiscal year. In fiscal year 2016, operating revenues decreased $187,827, or 14%, as a result of a decrease in gate and recycling fees. Gate receipts decreased approximately $111,000 due to the disposal of debris from storm damage in fiscal year 2015 which did not occur during fiscal year 2016. Operating expenses increased $276,853, or 28%, due primarily to an increase in closure and postclosure care costs and other operating expenses.

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. Cash flows from non-capital activities include rent receipts.

CAPITAL ASSETS

At June 30, 2016, the Association had $5,237,032 invested in capital assets, net of accumulated depreciation of $3,445,767. The $240,567 addition to capital assets was the result of the construction started on the Phases IV and V. Depreciation expense totaled $408,533 for fiscal year 2016. More detailed information about the Association's capital assets is presented in Note 3 to the financial statements.

DEBT ADMINISTRATION

At June 30, 2016, the Association had $1,324,176 of debt outstanding, an increase of $602,631 over the prior year. The table below summarizes outstanding debt by type.

	June 30,	
	2016	2015
General obligation capital loan notes	$ -	475,000
General obligation bonds	1,145,000	-
Capital lease purchase agreements	179,176	246,545
Total	$ 1,324,176	721,545

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, Iowa 51632-2298.

Basic Financial Statements

Page County Landfill Association

Statement of Net Position

June 30, 2016

Assets	
Current assets:	
Cash	$ 489,134
Receivables:	
Accounts	69,029
Accrued interest	1,417
Due from other governments	25,416
Prepaid expense	28,445
Total current assets	613,441
Noncurrent assets:	
Restricted cash	2,219
Restricted cash equivalents and investments	2,601,768
Capital assets, net of accumulated depreciation	1,781,265
Total noncurrent assets	4,385,252
Total assets	4,998,693
Deferred Outflows of Resources	
Pension related deferred outflows	24,523
Liabilities	
Current liabilities:	
Accounts payable	203,616
Accrued interest payable	1,330
Salaries and benefits payable	2,465
Compensated absences	18,252
Due to other governments	13,928
Current portion of:	
General obligation capital loan notes payable	140,000
Capital lease purchase agreements payable	51,056
Total current liabilities	430,647
Noncurrent liabilities:	
General obligation capital loan notes payable	1,005,000
Capital lease purchase agreements payable	128,120
Net pension liability	136,694
Landfill closure and postclosure care	1,197,144
Total noncurrent liabilities	2,466,958
Total liabilities	2,897,605
Deferred Inflows of Resources	
Pension related deferred inflows	18,905
Net position	
Net investment in capital assets	1,172,511
Restricted for:	
Tonnage fees retained	2,219
Closure and postclosure care	689,202
Unrestricted	242,774
Total net position	$ 2,106,706

See notes to financial statements.

Page County Landfill Association

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2016

Operating revenues:	
Gate fees	$ 964,357
Recycling	157,050
Other	1,354
Total operating revenues	1,122,761
Operating expenses:	
Salaries and benefits	288,949
Machinery maintenance, labor and parts	65,766
Oil and fuel	34,890
Long range planning and engineering	37,137
Site maintenance	46,420
Site utilities	9,430
Office supplies and operations	17,529
Training and travel	2,684
Legal and accounting	44,024
Insurance	32,790
Closure and postclosure care	79,045
Planning and recycling	91,373
Iowa Department of Natural Resources tonnage fees	41,604
Depreciation	408,532
Leachate treatment, collection and maintenance	32,819
Household hazardous waste	15,846
Total operating expenses	1,248,838
Operating loss	(126,077)
Non-operating revenues (expenses):	
Interest income	18,475
Bond issuance cost	(5,820)
Rent	18,090
Interest expense	(23,034)
Net non-operating revenues	7,711
Change in net position	(118,366)
Net position beginning of year	2,225,072
Net position end of year	$ 2,106,706

See notes to financial statements.

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2016

Cash flows from operating activities:	
Cash received from gate fees	$ 986,296
Cash received from recycling and other operating receipts	158,404
Cash paid to suppliers for goods and services	(288,884)
Cash paid to employees for services	(309,612)
Net cash provided by operating activities	546,204
Cash flows from capital and related financing activities:	
Purchase of capital assets	(240,567)
Proceeds of general obligation bonds	1,205,000
Bond issuance costs	(5,820)
Principal paid on general obligation capital loan notes	(535,000)
Interest and fees paid on general obligation capital loan notes	(18,614)
Principal paid on capital lease purchase agreements	(67,369)
Interest paid on capital lease purchase agreements	(4,730)
Net cash provided by capital and related financing activities	332,900
Cash flows from investing activities:	
Interest received	16,234
Cash flows from non-capital activities:	
Rent	18,090
Net increase in cash and cash equivalents	913,428
Cash and cash equivalents beginning of year	1,688,338
Cash and cash equivalents end of year	$2,601,766
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (126,077)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	408,532
Closure and postclosure care	79,045
Changes in assets and liabilities:	
Decrease in receivables	21,940
Increase in prepaid expense	(1,325)
Increase in accounts payable	183,149
Decrease in salaries and benefits payable	(12,272)
Increase in net pension liability	23,438
Increase in pension related deferred outflows	(1,367)
Decrease in pension related deferred inflows	(31,434)
Increase in compensated absences	971
Increase in due to other governments	1,604
Total adjustments	672,281
Net cash provided by operating activities	$ 546,204

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2016

Reconciliation of cash and cash equivalents at year end to specific assets included in the Statement of Net Position:	
Current assets:	
Cash	$ 489,134
Restricted assets:	
Cash	2,219
Cash equivalents and investments	2,601,768
	3,093,121
Less items not meeting the definition of cash equivalents	(491,355)
Cash and cash equivalents	$ 2,601,766

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 utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish 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 an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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, 2016 include non-negotiable certificates of deposit of $491,355.

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, 2016.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 Association after the measurement date but before the end of the Association's reporting period.

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, 2016.

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.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

(2) Cash, Cash Equivalents and Investments

The Association's deposits in banks at June 30, 2016 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 ensure 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. 72.

(3) Capital Assets

A summary of capital assets activity for the year ended June 30, 2016 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	246,000	199,067	278,707	166,360
Total capital assets not being depreciated	553,147	199,067	278,707	473,507
Capital assets being depreciated:				
Land improvements	1,308,006	-	-	1,308,006
Buildings	676,333	184,397	17,550	843,180
Equipment	2,483,404	135,810	6,875	2,612,339
Total capital assets being depreciated	4,467,743	320,207	24,425	4,763,525
Less accumulated depreciation for:				
Land improvements	849,211	199,482	-	1,048,693
Buildings	317,259	38,532	17,550	338,241
Equipment	1,905,189	170,519	6,875	2,068,833
Total accumulated depreciation	3,071,659	408,533	24,425	3,455,767
Total capital assets being depreciated, net	1,396,084	(88,326)	-	1,307,758
Total capital assets, net	$ 1,949,231	110,741	278,707	1,781,265

Equipment costing $309,755 was purchased under capital lease purchase agreements. Accumulated depreciation on these assets totals $69,989, including $44,251 of depreciation for the year ended June 30, 2016.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Notes/Bonds	Capital Lease Purchase Agreement	Compen-stated Absenses	Net Pension Liability	Total
Balance beginning of year	$ 475,000	246,545	17,281	113,256	852,082
Increases	1,205,000	-	9,446	23,438	1,237,884
Decreases	535,000	67,369	8,475	-	610,844
Balance end of year	$ 1,145,000	179,176	18,252	136,694	1,479,122
Due within one year	$ 140,000	51,056	18,252	-	209,308

General Obligation Solid Waste Management and Refunding Bonds

In November 2015, Page County entered into a loan agreement for the issuance of $1,205,000 of general obligation solid waste management and refunding bonds to pay costs of expanding and upgrading the Page County landfill and to refund the notes entered into in January 2007. The Association reduced its total debt service payments for the refunded portion of the debt by $38,798 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $36,823. In a verbal agreement with the County, the Association agreed to repay the County for the bonds, 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
2017	0.75 %	$ 140,000	15,962	155,962
2018	0.90	145,000	14,912	159,912
2019	1.10	150,000	13,608	163,608
2020	1.30	150,000	11,958	161,958
2021	1.50	155,000	10,008	165,008
2022-2025	1.75-2.10	405,000	18,006	423,006
Total		$ 1,145,000	84,454	1,229,454

The Association paid $535,000 of principal, $8,525 of interest and $500 of note registrar fees on the general obligation capital loan notes during the year ended June 30, 2016. The Association had unspent bond proceeds of $715,422 at June 30, 2016 which will be expended for expanding and upgrading the Page County Landill.

Capital Lease Purchase Agreements

On November 31, 2014, the Association entered into a capital lease purchase agreement to lease a track loader. The agreement is for a period of 5 years at an interest rate of 2.20% per annum and expires in fiscal year 2020. As part of the agreement the Association traded a crawler loader with an original purchase date of October 7, 2011.

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,	Track Loader
2017	54,485
2018	54,485
2019	54,485
2020	22,703
Total minimum lease payments	186,158
Less amount representing interest	(6,982)
Principal value of net minimum lease payments	$ 179,176

During the year ended June 30, 2016, the Association paid principal of $67,369 and interest of $4,730 on the agreements..

(5) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Association, except for 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 the 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, PO Box 9117, Des Moines, Iowa 50306-9117 or at 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, any time 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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.

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 – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Association contributed 8.93% of covered payroll for a total rate of 14.88%.

The Association's contributions to IPERS for the year ended June 30, 2016 were $18,694.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Association's liability for its proportionate share of the net pension liability totaled $136,694 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Association's proportion of the net pension liability was based on the Association's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Association's proportion was 0.002767%, which was a decrease of 0.000089% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Association recognized pension expense of $9,331. At June 30, 2016, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,065	-
Changes of assumptions	3,764	-
Net difference between projected and actual earnings on pension plan investments		11,376
Changes in proportion and differences between the Association's contributions and its proportionate share of contributions	-	7,529
Association contributions subsequent to the measurement date	18,694	-
Total	$ 24,523	18,905

$18,694 reported as deferred outflows of resources related to pensions resulting from the Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	$ (5,952)
2018	(5,952)
2019	(5,952)
2020	4,832
2021	(52)
Total	$ (13,076)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 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% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 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 IPERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Association will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Association's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Association's proportionate share of the net pension liability	$ 239,326	136,694	50,065

IPERS' Fiduciary Net Position – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2016, the Association reported payables to IPERS of $2,288 for legally required Association contributions and $1,525 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(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 $1,251,483 for closure and $1,104,150 for postclosure care, for a total of $2,355,633 as of June 30, 2016, and the portion of the liability that has been recognized is $1,197,144. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Landfill has used 72% of its capacity at June 30, 2016.

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, 2016, assets of $1,886,346 are restricted for these purposes. They are reported as restricted cash equivalents 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, 2016, the unspent amounts retained by the Association and restricted for the required purposes totaled $2,219.

(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 746 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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

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, losses and loss expenses for property risks estimated for the fiscal 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 Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Association's contribution to the Pool for the year ended June 30, 2016 was $24,903.

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 $250,000 each occurrence, each location. Property risks exceeding $250,000 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 claims or losses exhausts the Pool's funds 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.

The Association does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Association's financial statements. As of June 30, 2016, 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.

Required Supplementary Information

Page County Landfill Association

Page County Landfill Association

Schedule of the Association's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Two Years*

Required Supplementary Information

	2016	2015
Association's proportion of the net pension liability	0.002767%	0.002856%
Association's proportionate share of the net pension liability	$ 136,694	113,256
Association's covered-employee payroll	$ 189,551	186,865
Association's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

Page County Landfill Association

Schedule of Association Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

		2016	2015	2014	2013
Statutorily required contribution	$	18,694	16,927	16,687	16,659
Contributions in relation to the statutorily required contribution		(18,694)	(16,927)	(16,687)	(16,659)
Contribution deficiency (excess)	$	-	-	-	-
Association's covered-employee payroll	$	209,338	189,551	186,865	192,145
Contributions as a percentage of covered-employee payroll		8.93%	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
15,265	13,362	12,175	11,514	10,450	8,348
(15,265)	(13,362)	(12,175)	(11,514)	(10,450)	(8,348)
-	-	-	-	-	-
189,157	192,259	183,083	181,323	172,727	145,183
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 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.

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% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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.

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 the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

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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, 2016, and the related Notes to Financial Statements, and have issued our report thereon dated February 27, 2017.

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 opinion 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items (A) and (B), we consider 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.

Comments involving statutory and other legal matters about the Association's operations for the year ended June 30, 2016 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

February 27, 2017

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties –

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Association's financial statements.

Condition – Customer billings, collections, depositing and posting to customer accounts are all done by the same person.

Cause – The Association has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Association's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

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 – Being a small facility with limited personnel it is difficult to segregate some duties. The Manager will go over all financial transactions and initial them.

Conclusion – Response acknowledged. To the extent possible, the Association should include Board Members in the review of financial transactions.

(B) Disbursements –

Criteria – Two people are required to sign all checks upon receipt and review of supporting evidence.

Condition – Checks are countersigned in advance

Cause – The Association does not prohibit the signing of checks in advance of the receipt and review of supporting documentation.

Effect – The person signing the checks in advance of the receipt and review of supporting documentation is unable to attest to the propriety of the expenditure.

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 – All checks require two signatures and the Association's Board approves all bills.

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

(2) Travel 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	$2,355,633	1,221,194	591,743	542,696
Less: Balance of funds held in the local dedicated fund at June 30, 2015	1,790,783	928,342	449,845	412,596
Funds to be provided	$ 564,850	292,852	141,898	130,100
Divided by the number of years remaining in the pay-in period	÷	5	7	8
Required payment into the local dedicated fund for the year ended June 30, 2016	$ 95,104	58,570	20,271	16,263
Balance of funds held in the local dedicated fund at June 30, 2015	1,790,783			
Required balance of funds to be held in the local dedicated fund at June 30, 2016	$1,885,887			
Amount Association has restricted for closure and postclosure care at June 30, 2016	$1,886,346			

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:

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Trent M. Mussmann, Staff Auditor
Jason J. Miller, Assistant Auditor

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