OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

Contact: Marlys Gaston
515/281-5834

FOR RELEASE March 29, 2021

Auditor of State Rob Sand today released an audit report on the Page County Landfill Association.

FINANCIAL HIGHLIGHTS:

The Association had total revenues of $1,443,182 for the year ended June 30, 2020, an 8.9% increase over the prior year. Expenses for the year ended June 30, 2020 totaled $1,192,082, a 5.7% increase over the prior year. The increase in revenues is primarily due to an increase in gate fees. The increase in expenses is primarily due to an increase in expansion expenses.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and disbursement of taxpayer funds. They are found on pages 40 through 42 of this report. The findings address as a lack of segregation of duties and the signing of checks in advance of review of supporting evidence. Sand provided the Association with recommendations to address each of the findings.

Two of the two findings discussed above are repeated from the prior year. The Landfill Association Board has a fiduciary responsibility to provide oversight of the Landfill's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at https://auditor.iowa.gov/reports/audit-reports/.

# # #

PAGE COUNTY LANDFILL ASSOCIATION

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

JUNE 30, 2020

Page County Landfill

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

March 11, 2021

Officials of the Page County Landfill Association
Clarinda, Iowa

Dear Association Board Members:

I am pleased to submit to you the financial and compliance audit report for the Page County Landfill Association for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Page County Landfill Association throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

Page County Landfill Association

Officials

Name	Title	Representing
Jon Herzberg	Chairperson	Page County
Ron Peterman	Vice-Chairperson	City of Shambaugh
Jeff Brownfield	Member	City of Blanchard
Dick Hunt	Member	City of Shenandoah
Kim Gotschall	Member	City of Braddyville
Patty Gay	Member	City of Essex
Amanda Owens	Member	City of College Springs
Doyle Parmenter	Member	City of Northboro
Matt Ridge	Member	City of Clarinda
Marie Miller	Member	City of Coin
Brian Rogers	Member	City of Hepburn
Michael Conte	Member	City of Yorktown
Brian Ward	Manager	
Betty Martin	Office Secretary	

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Rob Sand
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 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, 2020, and the related Notes to Financial Statements which collectively comprise 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, 2020, and the changes in its financial position and its cash flow 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 6 through 10 and 32 through 37 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 March 11, 2021 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 solely 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 effectiveness of the Association's 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.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

March 11, 2021

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, 2020. 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 11%, or $135,254, from fiscal year 2019 to fiscal year 2020. The increase was due to an increase in gate fees.

- The Association's operating expenses increased 6.2%, or $69,082, from fiscal year 2019 to fiscal year 2020. The increase is primarily due to an increase in expansion & solid waste assessment expenses.

- The Association's net position increased 11.3%, or $251,100, over the June 30, 2019 balance of $2,214,597.

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, as well as presenting the Schedule of Changes in the Association's Total OPEB Liability, Related Ratios and Notes.

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 increased from approximately $2,215,000 at June 30, 2019, to approximately $2,466,000 at June 30, 2020. A summary of the Association's net position is presented below:

Net Position			
		June 30,	
		2020	2019
Current assets	$	1,262,202	1,024,502
Restricted cash and investments		2,356,863	2,252,583
Capital assets at cost, less accumulated depreciation		1,591,292	1,784,349
Total assets		5,210,357	5,061,434
Deferred outflows of resources		55,935	62,833
Current liabilities		246,370	318,597
Noncurrent liabilities		2,491,887	2,561,994
Total liabilities		2,738,257	2,880,591
Deferred inflows of resources		40,369	29,079
Net position:			
Net investment in capital assets		993,652	911,121
Restricted		495,527	549,487
Unrestricted		976,518	753,989
Total net position	$	2,465,697	2,214,597

The unrestricted portion of the Association's net position (40%) may be used to meet the Association's obligations as they come due. The invested in capital assets portion of net position (40%) (e.g., land, buildings and equipment), less the related debt are resources allocated to capital assets. The remaining net position (20%) 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 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, 2020 and 2019 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2020	2019
Operating revenues:		
Gate fees	$ 1,265,745	1,107,675
Recycling	96,337	125,577
Other operating revenues	7,811	1,387
Total operating revenues	1,369,893	1,234,639
Operating expenses:		
Salaries and benefits	349,727	349,270
Closure and postclosure care	158,240	131,649
Depreciation	256,009	250,012
Other operating expenses	323,620	378,039
Total operating expenses	1,087,596	1,108,970
Operating income (loss)	282,297	125,669
Non-operating revenues (expenses):		
Interest income	57,089	59,696
Rent	16,200	16,200
Other income	-	15,000
Capital outlay	(90,456)	-
Interest expense	(14,030)	(19,170)
Net non-operating revenues (expenses)	(31,197)	71,726
Change in net position	251,100	197,395
Net position beginning of year	2,214,597	2,017,202
Net position end of year	$ 2,465,697	2,214,597

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position at the end of the fiscal year.

In fiscal year 2020, operating revenues increased $135,254, or 11%, as a result of increases in gate fees, offset by a decrease in recycling fees. Gate receipts increased approximately $158,000 due to an increase in solid waste disposal due to flooding in fiscal year 2020. Recycling fees decreased approximately $29,000, due, in part, to a decrease in the rate for cardboard. Operating expenses increased approximately $69,000, or 6.2%, due primarily to an increase in expansion and solid waste assessment 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, 2020, the Association had $1,591,292 invested in capital assets, net of accumulated depreciation of $4,607,575. The $62,952 addition to capital assets was due to the purchase of a mower and recycling containers. Depreciation expense totaled $256,009 for fiscal year 2020. More detailed information about the Association's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

At June 30, 2020, the Association had $597,640 of debt outstanding, a decrease of $275,588 from the prior year. During the year ended June 30, 2020, the Association paid off the bank loan of $49,994. The table below summarizes outstanding debt by type.

	June 30,	
	2020	2019
General obligation bonds	$ 560,000	710,000
Capital lease purchase agreement	41,774	113,234
Bank loan	-	49,994
Total	$ 601,774	873,228

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

ECONOMIC FACTORS

The Page County Landfill Association continued to improve its financial position during the current fiscal year. However, 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, 2020

Assets	
Current assets:	
Cash	$ 1,124,316
Receivables:	
Accounts	109,017
Accrued interest	574
Due from other governments	26,472
Prepaid expense	1,823
Total current assets	1,262,202
Noncurrent assets:	
Restricted cash	3,687
Restricted cash equivalents and investments	2,353,176
Capital assets, net of accumulated depreciation	1,591,292
Total noncurrent assets	3,948,155
Total assets	5,210,357
Deferred Outflows of Resources	
Pension related deferred outflows	55,935
Liabilities	
Current liabilities:	
Accounts payable	18,917
Accrued interest payable	414
Salaries and benefits payable	7,728
Due to other governments	26,671
Current portion of:	
General obligation capital loan notes payable	155,000
Capital lease purchase agreements payable	37,640
Compensated absences	21,969
Total current liabilities	246,370
Noncurrent liabilities:	
General obligation capital loan notes payable	405,000
Net pension liability	172,645
Total OPEB liability	52,906
Landfill closure and postclosure	1,861,336
Total noncurrent liabilities	2,491,887
Total liabilities	2,738,257
Deferred Inflows of Resources	
Pension related deferred inflows	40,369
Net position	
Net investment in capital assets	993,652
Restricted for:	
Tonnage fees retained	3,687
Closure and postclosure care	491,840
Unrestricted	976,518
Total net position	$ 2,465,697

See notes to financial statements.

Page County Landfill Association

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2020

Operating revenues:		
Gate fees	$	1,265,745
Recycling		96,337
Other		7,811
Total operating revenues		1,369,893
Operating expenses:		
Salaries and benefits		349,727
Machinery maintenance, labor and parts		61,507
Oil and fuel		47,005
Site maintenance		15,807
Site utilities		9,345
Office supplies and operations		8,815
Legal and accounting		24,283
Insurance		30,222
Closure and postclosure care		158,240
Planning and recycling		32,524
Iowa Department of Natural Resources tonnage fees		64,180
Depreciation		256,009
Leachate treatment, collection and maintenance		29,776
Household hazardous waste		156
Total operating expenses		1,087,596
Operating income		282,297
Non-operating revenues (expenses):		
Interest income		57,089
Rent		16,200
Capital outlay		(90,456)
Interest expense		(14,030)
Net non-operating revenues		(31,197)
Change in net position		251,100
Net position beginning of year		2,214,597
Net position end of year	$	2,465,697

See notes to financial statements.

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2020

Cash flows from operating activities:	
Cash received from gate fees	$ 1,246,350
Cash received from recycling and other operating receipts	104,148
Cash paid to suppliers for goods and services	(405,317)
Cash paid to employees for services	(342,216)
Net cash provided by operating activities	602,965
Cash flows from capital and related financing activities:	
Purchase of capital assets	(62,952)
Principal paid on general obligation bonds	(150,000)
Interest and fees paid on general obligation bonds	(12,848)
Principal paid on capital lease purchase agreements	(75,594)
Interest paid on capital lease purchase agreements	(2,100)
Principal paid on bank loan	(49,994)
Interet paid on bank loan	(522)
Net cash used by capital and related financing activities	(354,010)
Cash flows from investing activities:	
Purchase of certificates of deposit	(50,000)
Interest received	17,190
Net cash used by investing activities	(32,810)
Cash flows from non-capital activities:	
Rent	16,200
Net increase in cash and cash equivalents	232,345
Cash and cash equivalents beginning of year	1,892,056
Cash and cash equivalents end of year	$ 2,124,401
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 282,297
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	256,009
Closure and postclosure care	158,240
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables	(19,395)
Prepaid expense	(340)
Accounts payable	(1,926)
Salaries and benefits payable	3,715
Net pension liability	(6,582)
Pension related deferred outflows	6,898
Pension related deferred inflows	11,290
Total OPEB liability	(8,099)
Compensated absences	1,795
Due to other governments	9,519
Total adjustments	411,124
Net cash provided by operating activities	$ 693,421

Page County Landfill Association

Statement of Cash Flows

Year ended June 30, 2020

Reconciliation of cash and cash equivalents at year end to specific assets included in the Statement of Net Position:		
Current assets:		
Cash	$	1,124,316
Restricted assets:		
Cash		3,687
Cash equivalents and investments		2,353,176
		3,481,179
Less items not meeting the definition of cash equivalents		(1,356,778)
Cash and cash equivalents	$	2,124,401

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.

The Statement of Net Position presents the Page County Landfill Association's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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 investments not meeting the definition of cash equivalents at June 30, 2020 include non-negotiable certificates of deposit of $1,356,778.

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		5,000

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, 2020.

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, 2020.

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.

Total OPEB Liability – For purposes of measuring the total OEPB liability and OPEB expense, information has been determined based on Page County's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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 unrecognized items not yet charged to the pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

(2) Cash, Cash Equivalents and Investments

The Association's deposits in banks at June 30, 2020 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, 2020 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 307,147	-	-	307,147
Capital assets being depreciated:				
Land improvements	1,986,610	-	-	1,986,610
Buildings	843,180	-	-	843,180
Equipment	2,998,978	62,952	-	3,061,930
Total capital assets being depreciated	5,828,768	62,952	-	5,891,720
Less accumulated depreciation for:				
Land improvements	1,431,007	71,585	-	1,502,592
Buildings	453,837	38,532	-	492,369
Equipment	2,466,722	145,892	-	2,612,614
Total accumulated depreciation	4,351,566	256,009	-	4,607,575
Total capital assets being depreciated, net	1,477,202	(193,057)	-	1,284,145
Total capital assets, net	$ 1,784,349	(193,057)	-	1,591,292

Equipment costing $309,755 and $252,114 were purchased under capital lease purchase agreements. Accumulated depreciation on these assets totals $307,019, including $80,267 of depreciation for the year ended June 30, 2020.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	General Obligation Bonds	Capital Lease Purchase Agreements	Direct Borrowing Bank Loan	Compensated Absenses	Net Pension Liability	Total OPEB Liability	Closure/ Postclosure	Total
Balance beginning of year	$ 710,000	113,234	49,994	20,174	179,227	61,005	1,703,095	2,836,729
Increases	-	-	-	7,888	-	-	158,241	166,129
Decreases	150,000	71,460	49,994	6,093	6,582	8,099	-	292,228
Balance end of year	$ 560,000	41,774	-	21,969	172,645	52,906	1,861,336	2,710,630
Due within one year	$ 155,000	41,774	-	21,969	-	-	-	218,743

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. 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 solid waste management and refunding bonds are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2021	1.50%	$ 155,000	10,008	165,008
2022	1.75	155,000	7,683	162,683
2023	1.75	80,000	4,970	84,970
2024	2.10	85,000	3,570	88,570
2025	2.10	85,000	1,785	86,785
Total		$ 560,000	28,016	588,016

The Association paid $150,000 of principal, $11,958 of interest and $350 of bond registrar fees on the general obligation bonds during the year ended June 30, 2020.

Capital Lease Purchase Agreement

On November 9, 2018, the Association entered into a capital lease purchase agreement to lease a John Deere crawler dozer. The agreement is for a period of 3 years at an interest rate of 2.75% per annum and expires in fiscal year 2021.

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

Year ending June 30,	Dozer
2021	$ 42,302
Less amount representing interest	(528)
Principal value of net minimum lease payments	$ 41,774

During the year ended June 30, 2020, the Association paid principal of $75,594 and interest of $2,099 on the agreement.

Bank Loan – Direct Borrowing

On October 5, 2017 the Association entered into a promissory note with Bank Iowa to borrow $98,000 for the purchase of a 2012 Freightliner truck. The note is payable in 6 semi-annual installments of $17,125, beginning on April 5, 2018, with the final payment due on October 5, 2020. During the year ended June 30, 2020 the Association made final payment on the loan, paying principal of $49,994 and interest of $1,379.

(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 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Association contributed 9.44% of covered payroll for a total rate of 15.73%.

The Association's contributions to IPERS for the year ended June 30, 2020 totaled $21,056.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Association reported a liability of $172,645 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the Association's proportion was 0.002981%, which was an increase of 0.000149% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Association recognized pension expense of $33,071. At June 30, 2020, 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	$ 479	6,207
Changes of assumptions	18,493	-
Net difference between projected and actual earnings on pension plan investments	-	19,455
Changes in proportion and differences between the Association's contributions and its proportionate share of contributions	15,907	14,708
Association contributions subsequent to the measurement date	21,056	-
Total	$ 55,935	40,370

$21,056 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, 2021. 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
2021	$ 5,496
2022	(3,379)
2023	(4,953)
2024	(2,971)
	316
Total	$ (5,491)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	$ 306,562	172,645	60,317

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, 2020, the Association reported payables to IPERS of $1,640 for legally required Association contributions and $1,092 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The Association participates in a single-employer benefit plan provided by Page County which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the Page County Landfill Association are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Active employees	5

Total OPEB Liability – The Association's total OPEB liability of $52,906 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019, rolled forward from the July 1, 2019 valuation date to the June 30, 2020 measurement date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective July 1, 2019)	2.60% per annum.
Rates of salary increase (effective July 1, 2019)	3.25% per annum, including inflation.
Discount rate (effective July 1, 2019)	2.66% compounded annually, including inflation.
Healthcare cost trend rate (effective July 1, 2019)	8.00% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 Weighted Mortality Table fully generational using Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 61,005
Changes for the year:	
Service cost	4,550
Interest	2,320
Differences between expected and actual experiences	(15,792)
Changes in assumptions	2,798
Benefit payments	(1,975)
Net changes	(8,099)
Total OPEB liability end of year	$ 52,906

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the Association's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Association, as well as what the Association's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

		1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	$	56,643	52,906	49,396

Sensitivity of the Association's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Association, as well as what the Association's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

		1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	$	47,887	52,906	58,727

OPEB Expense – For the year ended June 30, 2020, the Association recognized OPEB expense of $8,100. Under the alternative measurement method, all deferred outflows/ inflows of resources related to OPEB are fully recognized immediately.

(7) 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 $1,774,700 for closure and $1,117,800 for postclosure care, for a total of $2,892,500 as of June 30, 2020, and the portion of the liability that has been recognized is $1,861,336. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2020. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The Landfill has used 81% of its capacity at June 30, 2020.

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, 2020, assets of $2,353,176 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.

(8) 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, 2020, the unspent amounts retained by the Association and restricted for the required purposes totaled $3,687.

(9) 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 779 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, 2020 was $24,241.

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 $500,000 per claim. Claims exceeding $500,000 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, 2020, no liability has been recorded in the Association's financial statements. As of June 30, 2020, 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.

(10) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Page County Landfill Association, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Page County Landfill Association. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact of the Page County Landfill Association's operations and finances.

Required Supplementary Information

Page County Landfill Association

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

Iowa Public Employees’ Retirement System
For the Last Six Years*

Required Supplementary Information

		2020	2019	2018	2017
Association's proportion of the net pension liability		0.002981%	0.002832%	0.003229%	0.002894%
Association's proportionate share of the net pension liability	$	172,645	179,227	215,113	182,140
Association's covered payroll	$	226,715	213,964	241,090	209,338
Association's proportionate share of the net pension liability as a percentage of its covered payroll		76.15%	83.77%	89.23%	87.01%
IPERS' net position as a percentage of the total pension liability		85.45%	83.62%	82.21%	81.82%

* 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.

2016	2015
0.002767%	0.002856%
136,694	113,256
189,551	186,865
72.11%	60.61%
85.19%	87.61%

Page County Landfill Association

Schedule of Association Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information
(In Thousands)

	2020	2019	2018	2017
Statutorily required contribution	$ 21	21	19	22
Contributions in relation to the statutorily required contribution	(21)	(21)	(19)	(22)
Contribution deficiency (excess)	$ -	-	-	-
Association's covered payroll	$ 227	227	214	241
Contributions as a percentage of covered payroll *	9.44%	9.44%	8.93.%	8.93%

* Amounts reported do not agree with the calculated amounts due to rounding required contributions and covered payroll to the nearest thousandth.

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
19	17	17	17	15	13
(19)	(17)	(17)	(17)	(15)	(13)
-	-	-	-	-	-
209	190	187	192	189	192
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Page County Landfill Association

Schedule of Changes in the Association's
Total OPEB Liability Related Ratios and Notes

For the Last Three Years
Required Supplementary Information

		2020	2019	2018
Service cost	$	4,550	4,390	4,469
Interest cost		2,320	2,439	1,837
Difference between expected and actual experiences		(15,792)	(4,673)	8,116
Changes in assumptions		2,798	1,552	(1,330)
Benefit payments		(1,975)	(2,630)	-
Net change in total OPEB liability		(8,099)	1,078	13,092
Total OPEB liability beginning of year		61,005	59,927	46,835
Total OPEB liability end of year	$	52,906	61,005	59,927
Covered-employee payroll	$	227,244	226,715	213,964
Total OPEB liability as a percentage of covered-employee payroll		23.3%	26.9%	28.0%

See accompanying independent auditor's report.

Notes to Schedule of Changes in the Association's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

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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, 2020, and the related Notes to Financial Statements, and have issued our report thereon dated March 11, 2021.

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 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 have not been identified. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) 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, 2020 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.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

March 11, 2021

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 – 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 expense.

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. Checks should not be signed in advance of payment. The checks and supporting documentation should be reviewed for propriety prior to signing checks.

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 expenses of Association money for travel expenses of spouses of Association officials or employees were noted.

(3) Restricted Donor Activity – No transactions were noted between the Association, Association officials, Association employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.

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

(5) 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.

(6) 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.

(7) Financial Assurance – The Association has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Total
Total estimated costs for closure and postclosure care	$ 2,892,500
Less: Balance of funds held in the local dedicated fund at June 30, 2019	2,248,777
Funds to be provided	$ 643,723
Divided by the number of years remaining in the pay-in period	÷ 7
Required payment into the local dedicated fund for the year ended June 30, 2020	$ 91,960
Balance of funds held in the local dedicated fund at June 30, 2019	2,248,777
Required balance of funds to be held in the local dedicated fund at June 30, 2020	$ 2,340,737
Amount Association has restricted for closure and postclosure care at June 30, 2020	$ 2,353,176

Page County Landfill Association

Staff

This audit was performed by:

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Micaela A. Tintjer, CPA, Senior Auditor
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