OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE March 24, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Fremont County Landfill Commission.

The Commission had total revenues of $688,110 for the year ended June 30, 2013, a 7% decrease from the prior year. The revenues included gate fees of $548,416 and county and city assessments of $127,030.

Expenses totaled $582,116 for the year ended June 30, 2013, an 8% increase over the prior year, and included $137,340 for employee salaries and benefits, $158,372 for depreciation and amortization and $42,400 for equipment repair and supplies.

The decrease in revenue is primarily due to a decrease in gate fees. The increase in expenses is primarily due to an increase in equipment repair and supplies and closure and postclosure care.

A copy of the audit report is available for review at the Fremont County Landfill Commission, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/1314-2353-B00F.pdf.

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FREMONT COUNTY LANDFILL COMMISSION

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

JUNE 30, 2013

1314-2353-B00F

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Fremont County Landfill Commission

Officials

Name	Title	Representing
Tom Shull	Chairperson	City of Farragut
Randy Hickey	Vice-Chairperson	Fremont County
Mary Kesterson	Member	City of Thurman
Earl Hendrickson	Member	City of Hamburg
Rick Barton	Member	City of Riverton
Tyler Travis	Member	City of Sidney
Vance Trively	Member	City of Randolph
Ross Silcock	Member	City of Tabor
Terri Poe	Member	City of Imogene
Michael Fox	Manager	
Bonnie Ward	Scale Operator	

Fremont County Landfill Commission

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report

To the Members of the Fremont
County Landfill Commission:

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Fremont County Landfill Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission'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 Commission'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 Fremont County Landfill Commission as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2014 on our consideration of the Fremont County Landfill Commission'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 Fremont County Landfill Commission's internal control over financial reporting and compliance.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Fremont County Landfill Commission 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, 2013. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- ♦ The Commission's operating revenues decreased 6%, or $44,040, from fiscal year 2012 to fiscal year 2013. Gate fees decreased $46,593, or 8%, while county and city assessments increased $2,553.
- ♦ The Commission's operating expenses were 13%, or $62,489, more in fiscal year 2013 than in fiscal year 2012.
- ♦ The Commission's net position increased 15%, or $105,994, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

The Fremont County Landfill Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Fremont County Landfill Commission'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 Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission 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 Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission'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 Commission's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Commission 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 basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position at the end of fiscal year 2013 totaled $832,155. This compares to $726,161 at the end of fiscal year 2012. A summary of the Commission's net position is presented below.

Net Position		
	June 30,	
	2013	2012
Current assets	$ 501,797	380,245
Restricted investments	490,339	487,657
Bond issue costs, net of accumulated amortization	19,385	21,481
Capital assets, net of accumulated depreciation	1,486,669	1,501,552
Total assets	2,498,190	2,390,935
Current liabilities	245,634	193,217
Noncurrent liabilities	1,420,401	1,471,557
Total liabilities	1,666,035	1,664,774
Net position		
Net investment in capital assets	737,013	620,146
Unrestricted	95,142	106,015
Total net assets	$ 832,155	726,161

The largest portion of the Commission's net position is net investment in capital assets (e.g., land, buildings and equipment). The unrestricted portion of the Commission's net position may be used to meet the Commission's obligations as they come due.

The Commission demonstrates financial assurance for closure and postclosure care costs by a combination of the local government guarantee and the local government dedicated fund mechanisms. See Note 6 for additional information.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are for interest income 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, 2013 and 2012 is presented below:

Changes in Net Position		
	Year ended June 30,	
	2013	2012
Operating revenues:		
Gate fees	$ 548,416	595,009
County and city assessments	127,030	124,477
Total operating revenues	675,446	719,486
Operating expenses:		
Salaries and benefits	137,340	136,486
Closure and postclosure care	51,334	(21,072)
Depreciation and amortization	158,372	148,454
Iowa Department of Natural Resources tonnage fees	6,217	19,699
Other operating expenses	193,156	200,363
Total operating expenses	546,419	483,930
Operating income	129,027	235,556
Non-operating revenues (expenses), net	(23,033)	(35,990)
Change in net position	105,994	199,566
Net position beginning of year	726,161	526,595
Net position end of year	$ 832,155	726,161

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

In fiscal year 2013, operating revenues decreased $44,040, or 6%, primarily due to a decrease in gate fees. Operating expenses increased $62,489, or 13%, primarily due to additional equipment repair and supplies and closure and postclosure care costs.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash flows from operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash flows from capital and related financing activities includes loan payments and the purchase of capital assets. Cash flows from investing activities includes the purchase of certificates of deposit and interest income.

CAPITAL ASSETS

At June 30, 2013, the Commission had $2,412,329 invested in capital assets, net of accumulated depreciation of $925,660. Depreciation charges totaled $156,276 for fiscal year 2013. More detailed information about the Commission's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

On August 9, 2007, Fremont County issued $1,265,000 of general obligation solid waste disposal bonds and loaned the proceeds to the Commission. The Commission used the loan proceeds for the purpose of constructing improvements to the solid waste disposal facilities. The Commission entered into a written loan agreement with the County to reimburse the County for $1,265,000 plus interest. At June 30, 2013, the outstanding balance was $655,000.

In April 2010, the Commission entered into a capital lease purchase agreement of $157,782 for the acquisition of a scraper and tractor. At June 30, 2013, the outstanding balance was $94,656.

Additional information on the Commission's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The Fremont County Landfill Commission's financial position increased during the current fiscal year, primarily due to a reduction in the loan and leases payable as payments are made each year. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- Facilities and equipment at the Commission 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 Commission anticipates landfill operations in the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Fremont County Landfill Commission, 2879 250th Street, Sidney, Iowa 51652-0335.

Basic Financial Statements

Fremont County Landfill Commission

Statement of Net Position

June 30, 2013

Assets	
Current assets:	
Cash and cash equivalents	$ 406,336
Accounts receivable	76,988
Due from other governments	11,362
Prepaid insurance	7,111
Total current assets	501,797
Noncurrent assets:	
Restricted investments	490,339
Capital assets, net of accumulated depreciation	1,486,669
Bond issue costs, net of accumulated amortization	19,385
Total noncurrent assets	1,996,393
Total assets	2,498,190
Liabilities	
Current liabilities:	
Accounts payable:	
Trade	17,731
Construction	93,000
Sales tax payable	4,008
Accrued interest payable	2,696
Salaries and benefits payable	6,480
Due to other governments	3,908
Compensated absences	15,321
Current portion of long-term obligations:	
Loan payable	80,000
Lease payable	22,490
Total current liabilities	245,634
Non-current liabilities:	
Non-current portion of long-term obligations:	
Loan payable	575,000
Lease payable	72,166
Landfill closure and postclosure care	773,235
Total noncurrent liabilities	1,420,401
Total liabilities	1,666,035
Net Position	
Net investment in capital assets	737,013
Unrestricted	95,142
Total net position	$ 832,155

See notes to financial statements.

Fremont County Landfill Commission

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2013

Operating revenues:	
Gate fees	$ 548,416
County and city assessments	127,030
Total operating revenues	675,446
Operating expenses:	
Salaries and benefits	137,340
Equipment repair and supplies	42,400
Fuel and oil	31,867
Insurance	14,552
Outside services	28,091
Accounting and legal fees	18,952
Iowa Department of Natural Resources tonnage fees	6,217
Utilities	8,582
Closure and postclosure care	51,334
Depreciation and amortization	158,372
Sales tax	10,740
Ground and leachate maintenance	12,915
Equipment rent	16,043
Miscellaneous	9,014
Total operating expenses	546,419
Operating income	129,027
Non-operating revenues (expenses):	
Interest income	10,791
Miscellaneous	1,873
Interest expense	(35,697)
Net non-operating revenues (expenses)	(23,033)
Change in net position	105,994
Net position beginning of year	726,161
Net position end of year	$ 832,155

See notes to financial statements.

Fremont County Landfill Commission

Statement of Cash Flows

Year ended June 30, 2013

Cash flows from operating activities:	
Cash received from gate fees	$ 563,265
Cash received from assessments	129,333
Cash paid to suppliers for goods and services	(203,389)
Cash paid to employees for services	(138,242)
Net cash provided by operating activities	350,967
Cash flows from capital and related financing activities:	
Purchase of capital assets	(48,393)
Principal paid on loan from Fremont County	(110,000)
Principal paid on capital lease	(21,750)
Interest paid on loan from Fremont County	(32,348)
Interest paid on capital lease	(3,999)
Miscellaneous	1,873
Net cash used by capital and related financing activities	(214,617)
Cash flows from investing activities:	
Purchase of certificates of deposit	(21,126)
Interest received	29,235
Net cash provided by investing activities	8,109
Increase in cash and cash equivalents	144,459
Cash and cash equivalents beginning of year	261,877
Cash and cash equivalents end of year	$ 406,336
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 129,027
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	156,276
Amortization	2,096
Closure and postclosure care	51,334
Changes in assets and liabilities:	
Decrease in receivables	14,849
Decrease in due from other governments	2,303
Decrease in prepaid insurance	5,755
Decrease in accounts payable	(7,320)
Decrease in sales tax payable	(1,485)
Decrease in salaries and benefits payable	(1,242)
Decrease in due to other governments	(1,655)
Increase in compensated absenses	1,029
Total adjustments	221,940
Net cash provided by operating activities	$ 350,967

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The Fremont County Landfill Commission was formed in 1996 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to provide for the control, collection and disposal of all solid waste produced or generated within each unit of government which is a member of the Commission.

The Commission is composed of one representative from each of the seven member cities and one representative from Fremont County. The member cities are Thurman, Tabor, Hamburg, Riverton, Sidney, Randolph and Imogene. The representative of a City is appointed by the City to be represented.

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

B. Basis of Presentation

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

C. Measurement Focus and Basis of Accounting

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

The Commission 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 Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position

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

Cash, Cash Equivalents and Investments – The Commission 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. Investments not meeting the definition of cash equivalents at June 30, 2013 include certificates of deposit of $490,339.

Restricted Investments – Funds set aside for recycling and future payments for 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 Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of five years.

Asset Class	Amount
Buildings	$ 1,500
Equipment and vehicles	250 - 1,500
Infrastructure	1,500
Land improvements	1,500

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

Asset Class	Estimated Useful lives (In Years)
Buildings	20-40
Equipment and vehicles	5-10
Infrastructure	20
Land improvements	15

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, 2013.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The Commission's liability for accumulated vacation and sick leave has been computed based on rates of pay in effect at June 30, 2013.

(2) Cash, Cash Equivalents and Investments

The Commission's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

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

(3) Pension and Retirement Benefits

The Commission contributes to the Iowa Public Employees' Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.78% of their annual covered salary and the Commission is required to contribute 8.67% of covered salary. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were $9,081, $7,375 and $6,777, respectively, equal to the required contributions for each year.

(4) Capital Assets

A summary of capital assets activity for the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	$ 67,071	-	-	67,071
Construction in progress	-	126,424	-	126,424
Total capital assets not being depreciated	67,071	126,424	-	193,495
Capital assets being depreciated:				
Buildings	246,514	-	-	246,514
Equipment and vehicles	724,128	14,969	-	739,097
Land improvements	1,195,390	-	-	1,195,390
Infrastructure	37,833	-	-	37,833
Total capital assets being depreciated	2,203,865	14,969	-	2,218,834
Less accumulated depreciation for:				
Buildings	62,245	8,263	-	70,508
Equipment and vehicles	364,238	66,429	-	430,667
Land improvements	328,241	79,692	-	407,933
Infrastructure	14,660	1,892	-	16,552
Total accumulated depreciation	769,384	156,276	-	925,660
Total capital assets being depreciated, net	1,434,481	(141,307)	-	1,293,174
Total capital assets, net	$1,501,552	(14,883)	-	1,486,669

Equipment costing $207,782 was purchased under a capital lease purchase agreement during the fiscal year ended June 30, 2010. Accumulated depreciation and depreciation expense for the year ended June 30, 2013 on this equipment totals $67,529 and $20,778, respectively.

(5) Long-Term Debt

A summary of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Loan Payable	Capital Lease Purchase Agreement	Compen-sated Absences	Total
Balance beginning of year	$ 765,000	116,406	14,292	895,698
Increases	-	-	9,309	9,309
Decreases	110,000	21,750	8,280	140,030
Balance end of year	$ 655,000	94,656	15,321	764,977
Due within one year	$ 80,000	22,490	15,321	117,811

Loan Payable

In August 2007, the Commission entered into a loan agreement for the issuance of $1,265,000 of general obligation bonds by Fremont County for the purpose of constructing improvements to the solid waste disposal facilities. In a written loan agreement with the County, the Commission agreed to repay the County for the bonds, including interest, as the payments become due and payable by the County.

Annual debt service requirements to maturity under the loan agreement are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2014	4.13%	$ 80,000	27,949	107,949
2015	4.13	80,000	24,647	104,647
2016	4.25	65,000	21,348	86,348
2017	4.25	65,000	18,585	83,585
2018	4.25	65,000	15,823	80,823
2019-2022	4.30-4.40	300,000	33,890	333,890
Total		$ 655,000	142,242	797,242

Capital Lease Purchase Agreement

In April 2010, the Commission entered into a capital lease purchase agreement for a John Deere scraper and tractor. The agreement is for a period of seven years at an interest rate of 3.35% per annum and expires in fiscal year 2017. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments.

Year Ending June 30,	Present Value of Net Minimum Lease Payments	Amount Representing Interest	Total Minimum Lease Payments
2014	$ 22,490	3,220	25,710
2015	23,255	2,455	25,710
2016	24,046	1,664	25,710
2017	24,865	846	25,711
Total	$ 94,656	8,185	102,841

Payments under this agreement for the year ended June 30, 2013 totaled $25,710.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission 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 Fremont County Landfill Commission have been estimated at $737,002 for closure and $616,187 for postclosure care, for a total of $1,353,189 as of June 30, 2013, and the portion of the liability that has been recognized is $773,235. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2013. Actual costs may be higher due to inflation, changes in technology or changes in regulations. On October 1, 2007, the Vertical cell stopped accepting refuse and the Subtitle D cell was opened. The completion of Phase I and II added an anticipated life of 9 years and the anticipated addition of Phases III through V will provide an additional 14 years of life. During 2011, the Landfill completed work on Abutment A, which added an anticipated life of an additional 4 years. The estimated remaining life of Phase I and II with the addition of Abutment A is 9 years.

Chapter 455B.306(8)(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 Commission has begun accumulating resources to fund these costs and, at June 30, 2013, assets of $490,339 are restricted for these purposes. They are included in restricted cash and investments on the Statement of Net Position.

Also, pursuant to Chapter 567-113.14(6) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission uses a combination of the local government guarantee and the local government dedicated fund financial assurance mechanisms.

Chapter 567-113.14(8) of the IAC allows the Commission 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 Commission 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 Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2013, there are no unspent amounts retained by the Commission.

(8) Risk Management

The Commission 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 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Commission's property and casualty contributions to the risk pool are recorded as expenses from its operating funds at the time of payment to the risk pool. The Commission's contributions to the pool for the year ended June 30, 2013 were $7,383.

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 in an amount not to exceed $2,650,000 per claim. For members requiring specific coverage from $3,000,000 to $12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to $150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Commission 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, 2013, no liability has been recorded in the Commission's financial statements. As of June 30, 2013, 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 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. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Fremont County Landfill

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

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STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

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

To the Members of the Fremont
County Landfill Commission:

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 Fremont County Landfill Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statements, and have issued our report thereon dated February 26, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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 Fremont County Landfill Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in the Fremont County Landfill Commission's internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. 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.

Fremont County Landfill Commission's Responses to the Findings

The Fremont County Landfill Commission's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The Fremont County Landfill Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Commission'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 Commission'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 Fremont County Landfill Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 26, 2014

Fremont County Landfill Commission

Schedule of Findings

Year ended June 30, 2013

Finding Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) Financial Reporting – During the audit, we identified material amounts of receivables, liabilities and capital assets not recorded in the Commission's financial statements. In addition, we identified sales tax revenue and expenses were not properly recorded in the financial statements. Adjustments were subsequently made by the Commission to properly record the amounts in the financial statements.

Recommendation – The Commission should review procedures for recording receivables, liabilities, capital assets, sales tax revenue and expenses in its financial statements.

Response – Annually, the manager will go over the financial statements with the financial accountant to make sure all receivables, liabilities, capital assets and sales tax revenue and expenses are correct.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Fremont County Landfill Commission

Schedule of Findings

Year ended June 30, 2013

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 Expense – No expenditures for travel expenses of spouses of Commission officials or employees were noted.

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

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

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

(6) Financial Assurance – The Commission has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund and through the local government guarantee mechanism, both as provided in Chapter 567-113.14(6) of the Iowa Administration Code (IAC). The local government guarantee mechanism is in place to assure those costs not covered by the dedicated fund mechanism. Financial assurance is demonstrated as follows:

	Closure / Postclosure Care
Total estimated costs for closure and postclosure care	$ 1,353,189
Less: Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2013 (dedicated fund mechanism)	490,339
Remaining costs to be assured through the local government guarantee	$ 862,850
Financial assurance through the local government guarantee	$ 865,532

Fremont County Landfill Commission

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Manager
Elissa R. Olson, Staff Auditor
April D. Harbst, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State