

**WASTE COMMISSION OF
SCOTT COUNTY**

Independent Auditor's Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2014

WASTE COMMISSION OF SCOTT COUNTY

Table of Contents

June 30, 2014

OFFICIALS

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS:

	<u>EXHIBIT</u>
Statement of Net Position - June 30, 2014	A
Statement of Revenue, Expenses and Changes in Net Position - For the Year Ended June 30, 2014	B
Statement of Cash Flows for the Year Ended June 30, 2014	C

NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION:

	<u>SCHEDULE</u>
Statement of Indebtedness – For the Year Ended June 30, 2014	1
Combining Statement of Net Position, By Department – June 30, 2014	2
Combining Statement of Revenue, Expenses and Changes In Net Position, By Department – For the Year Ended June 30, 2014	3
Combining Statement of Cash Flows, By Department – For the Year Ended June 30, 2014	4

**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**

SCHEDULE OF FINDINGS

WASTE COMMISSION OF SCOTT COUNTY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Barney Barnhill	Chairperson	Davenport
Bob Gallagher	Member	Bettendorf
Bill Gluba	Member	Davenport
Marty O'Boyle	Member	Eldridge
Olin Meador	Member	Buffalo
Tom Sunderbruch	Vice-Chairperson	Scott County
Kathy Morris	Director	
Brian Seals	Operations Manager	
Keith Krambeck	Special Waste Manager	

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

Randy L. Linn, CPA
David A. Schebler, CPA
Randall B. Sovey, CPA

INDEPENDENT AUDITOR'S REPORT

To the Officers and Members
Waste Commission of Scott County
Buffalo, Iowa

Report on Financial Statements

We have audited the accompanying financial statements of The Waste Commission of Scott County as of and for the year ended June 30, 2014, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall basic financial statements presentation.

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

Opinion

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

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Waste Commission of Scott County's basic financial statements. Schedules 1 through 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2015, on our consideration of Waste Commission of Scott County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and 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 Waste Commission of Scott County's internal control over financial reporting and compliance.



**WASTE COMMISSION OF
SCOTT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Waste Commission of Scott County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

This Discussion and Analysis is intended to serve as an introduction to the basic financial statements.

STATEMENT OF PURPOSE

The Waste Commission of Scott County was formed with the intent of providing environmentally sound and economically feasible solid waste management options for the citizens of Scott County.

The Commission operates:

- Scott Area Landfill
- Scott Area Recycling Center
- Scott Area Household Hazardous Material Processing Center
- Electronic Demanufacturing Facility

All of these Facilities are supported by fees charged the users for materials brought to the Facilities and by sales of recyclable materials.

The goals of the Commission include:

- to operate a cost-effective solid waste facility;
- to operate cost-effective recycling facilities;
- to operate an environmentally sound solid waste facility;
- to comply with federal and state solid waste management regulations for operating a solid waste management facility including compliance with the waste management hierarchy
 - source reduction
 - volume reduction
 - recycling
 - energy recovery
 - state-of-the-art landfilling
- to educate users of the Commission's facilities about proper solid waste management

Additional information can be obtained at our website www.wastecom.com.

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2014

FINANCIAL HIGHLIGHTS

- The Commission's operating revenues decreased 4.7%, or \$292,469 from fiscal 2013 to fiscal 2014. The Commission's landfill revenue decreased by 5.9%, or \$263,043. Its revenues from the Material Recycling Facility have decreased by 4.6%, or \$39,316, and the fees from the Household Hazardous Material Program have increased by 22.7%, or \$35,095. Fees from the Electronic Demanufacturing Facility have decreased by 3.8%, or \$25,205.

The decrease for 2014 was due to a decline in the volume of beneficial use and solidification material received at the landfill. The recycling and e-waste facility saw a decline in market revenues, which have been depressed industry wide. The increase at the HHM facility was due to increased business customers using the facility.

- The Commission's expenses were .4%, or \$26,983, less in fiscal 2014 than in fiscal 2013.

Expenses for site improvements increased significantly due to investment in two significant projects – planning for single stream recycling and master plan development at the landfill. This investment and will result in a 20 year increase in landfill capacity. Depreciation also increased due to equipment purchases.

- The Commission's net position decreased 1.4%, or \$181,661 from June 30, 2013 to June 30, 2014.

Net position decreased due to the changes noted above however, with a debt to equity ratio of 3.07 the Commission's financial position is very sound.

USING THIS ANNUAL REPORT

The Waste Commission of Scott County is a 28E Organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Waste Commission of Scott County'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 deferred outflows of resources less liabilities and deferred inflows of resources, 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

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2014

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 the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

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

FINANCIAL ANALYSIS OF THE COMMISSION

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position for fiscal 2014 totaled \$12,984,258. This compares to \$13,165,919 for fiscal 2013. A summary of the Commission's net position is presented below.

	Net Position	
	June 30	
	2014	2013
Current Assets	\$ 801,551	\$ 1,513,176
Restricted Assets	3,745,487	4,055,056
Non Current Prepaid Expenses	2,080,907	2,324,022
Capital Assets at Cost, Less Accumulated Depreciation	10,584,814	10,013,242
	<u>17,212,759</u>	<u>17,905,496</u>
Current Liabilities	771,767	1,219,294
Noncurrent Liabilities	3,456,734	3,520,283
Total Liabilities	<u>4,228,501</u>	<u>4,739,577</u>
Net Position:		
Invested in Capital Assets, Net of Related Debt	10,294,820	9,147,610
Restricted	290,640	818,877
Unrestricted	2,398,798	3,199,432
Total Net Position	<u>\$ 12,984,258</u>	<u>\$ 13,165,919</u>

A portion of the Commission's net position (2.2%) is restricted for closure and post-closure care and for security for the bond issue. State and Federal laws and regulations require the Commission 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. The net position invested in capital assets e.g., land, buildings and equipment, less the related debt portion of net position are resources allocated to capital assets, is 79.3% of net position. This represents an increase in net capital assets of \$1,147,000. This increase occurred without incurring additional debt. The remaining net position (18.5%) is the unrestricted net position that can be used to meet the Commission's obligations as they come due.

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2014

Operating revenues are received for gate fees from accepting solid waste, fees charged for the acceptance of recycling materials at the recycling center, sales of sorted recycled materials to material processors, and fee collections from the disposal of household hazardous waste. Operating expenses are expenses paid to operate the various entities of the Commission. 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. As noted earlier the Commissions revenues decreased \$292,000 for fiscal year 2013. Despite this decline in revenue, the Commissions change in net position only decreased \$181,000 due to their ability to control operating expenses. Expenses for site costs (increased \$134,000) were primarily due to the single stream recycling project and the master plan development projected. Depreciation (increase of \$98,000) were due to equipment purchases. These projects extended the useful life of the landfill by an estimate of 20 years. A summary of revenues, significant expenses and changes in net position for the years ended June 30, 2014 and 2013 is presented below:

Changes in Net Position

	Year Ended June 30,	
	2014	2013
Operating Revenue:		
Landfill Gate Fees	\$ 4,149,641	\$ 4,274,141
Recycling Fees	1,288,368	1,430,585
Household Hazardous Waste Fees	152,877	125,248
E-Waste Facility Fees	251,180	304,561
Total Operating Revenue	<u>5,842,066</u>	<u>6,134,535</u>
Operating Expenses:		
Salaries	1,912,298	1,849,996
Employee Benefits and Payroll Taxes	725,052	684,005
Site Costs	672,345	538,175
Engineering and Professional Fees	71,160	324,075
General Insurance	204,774	194,656
Iowa Department of Natural Resources Tonnage Fees	252,253	270,819
Depreciation	894,834	796,582
Public Information and Education	222,692	231,897
Other	1,242,159	1,334,345
Total Operating Expenses	<u>6,197,567</u>	<u>6,224,550</u>
Operating Loss	<u>(355,501)</u>	<u>(90,015)</u>
Non-operating Revenues (Expenses):		
Interest Income	23,320	33,430
Interest Expense	(31,270)	(52,253)
Closure and Postclosure Care Costs	(41,908)	(41,535)
Other	223,698	109,321
Net Non-operating Revenue (Expense)	<u>173,840</u>	<u>48,963</u>
Change in Net Position	<u>\$ (181,661)</u>	<u>\$ (41,052)</u>

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2014

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

CAPITAL ASSETS

At June 30, 2014, the Commission had \$21,967,237 invested in capital assets, with accumulated depreciation of \$11,382,423. Depreciation charges totaled \$894,834 for fiscal 2014. More detailed information about the Commission's capital assets is presented in Note 11 to the financial statements.

LONG TERM DEBT

At June 30, 2014 the Commission had \$289,984 in debt outstanding, a decrease of \$553,160 from 2013. The table below summarizes outstanding debt by type:

	June 30,	
	2014	2013
Loans Payable - See Note 12	\$ 9,994	\$ 8,154
Bonds Payable - See Note 8	280,000	835,000
Total	\$ 289,994	\$ 843,154

OTHER NON-CURRENT LIABILITY

As described in Note 7 to the financial statements, the Commission has estimated the total landfill closure and post-closure care costs of closing the landfill. These costs are recognized over the operating life of the landfill. The recognition of these annual costs increases the liability. The liability is decreased by any current expenditures, such as costs to close operating cells at the landfill, for closure costs. The balance of this liability increased by \$220,555 during fiscal 2014.

	June 30	
	2014	2013
Estimated Liability for Landfill Closure and Post-Closure Care	\$ 3,456,734	\$ 3,236,179

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2014

ECONOMIC FACTORS

The Waste Commission of Scott County's financial position during the current fiscal year remained consistent with prior years. However, the current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- ❑ Facilities require constant maintenance and upkeep.
- ❑ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ❑ Annual deposits required to be made to closure and post-closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- ❑ New rules may require additional monitoring.

The Commission anticipates 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 MANAGEMENT

This financial report is designed to provide our constituents 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 information, contact:

Waste Commission of Scott County
11555 110th Avenue
Davenport, Iowa 52804

Or by E-Mail
mail@wastecom.com

**WASTE COMMISSION
OF SCOTT COUNTY
BASIC FINANCIAL STATEMENTS**

WASTE COMMISSION OF SCOTT COUNTY
Statement of Net Position
June 30, 2014

ASSETS**CURRENT ASSETS:**

Cash and Cash Equivalents	\$ 109,427
Accounts Receivable (Net of Allowance for Bad Debts of \$15,000)	591,945
Interest Receivable	3,212
Grants Receivable	6,878
Prepaid Insurance	90,089
Total Current Assets	801,551

NONCURRENT ASSETS:

Restricted Cash	353,607
Restricted Investments	3,391,880
Prepaid Expenses to be Recovered in One Year or More	2,080,907
Capital Assets, Net of Accumulated Depreciation	10,584,814
Total Noncurrent Assets	16,411,208

TOTAL ASSETS

17,212,759

LIABILITIES**CURRENT LIABILITIES:**

Accounts Payable	114,557
Accrued Expenses	301,272
Accrued Solid Waste Fee	65,944
Current Portion of Bonds and Long-Term Debt Due	289,994
Total Current Liabilities	771,767

NONCURRENT LIABILITIES:

Estimated Liability for Closure and Postclosure Care	3,456,734
------------------------------------------------------	-----------

TOTAL LIABILITIES

4,228,501

NET POSITION

Invested in Capital Assets - Net of Related Debt	10,294,820
Restricted for:	
Retirement of Debt	290,640
Closure and Post-Closure Care	0
Unrestricted	2,398,798
Total Net Position	12,984,258

\$ 12,984,258

EXHIBIT B

WASTE COMMISSION OF SCOTT COUNTY
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014

OPERATING REVENUES - NET OF ALLOWANCES:

User Fees	\$ 4,696,188
Recycling Income	1,145,878
Total Operating Revenues	<u>5,842,066</u>

COST OF OPERATIONS:

Wages and Salaries	1,336,068
Payroll Taxes	84,305
Employee's Insurance	249,314
IPERS	90,804
Deferred Compensation Contribution	29,504
General Insurance	204,774
Fuel, Oil and Antifreeze	200,989
Equipment Maintenance	196,279
Grounds Maintenance	48,246
Building Maintenance	52,781
Shop Supplies	58,407
Small Tools	2,979
Engineering	23,560
Health and Safety	17,185
Land Rent	126,782
Depreciation	894,834
Miscellaneous Site Costs	672,345
Recycling Expenses	277,974
Solid Waste Fee	252,253
Total Cost of Operations	<u>4,819,383</u>

GROSS PROFIT

1,022,683

ADMINISTRATIVE EXPENSES:

Director Salary	114,288
Administrative Salaries	461,942
Payroll Taxes	40,731
IPERS	49,987
Deferred Compensation Contribution	16,793
Employees' Insurance	163,614
Utilities	108,629
Professional Services	47,492
Office Supplies	22,014
Office Equipment Maintenance	43,574
Public Information and Education	222,692
Bad Debts (Net of Recoveries)	(79)
Travel and Training	40,182
Dues and Subscriptions	8,511
Bank Charges	9,979
Miscellaneous	27,835
Total Administrative Expenses	<u>1,378,184</u>

OPERATING LOSS

(355,501)

See Notes to Financial Statements.

EXHIBIT B (continued)

WASTE COMMISSION OF SCOTT COUNTY
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014

NON-OPERATING REVENUES (EXPENSES):

Interest Income	22,320
Grant Income	90,486
Grant Expense	(36,214)
Gas System Income	32,110
Interest Expense	(31,270)
Host Community Benefit	(73,148)
Closure Rent	(41,908)
State Reimbursements	67,812
Gain on Asset Sale	120,227
Miscellaneous Income	23,425
Net Non-Operating Revenues	<u>173,840</u>

CHANGE IN NET POSITION (181,661)

NET POSITION BEGINNING OF YEAR 13,165,919

NET POSITION END OF YEAR \$ 12,984,258

WASTE COMMISSION OF SCOTT COUNTY
Statement of Cash Flows
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 5,763,252
Cash Paid for Goods and Services	(2,596,648)
Cash Paid to/for Employees	(2,463,519)
Cash from State Reimbursements	67,817
Net Cash Provided by Operating Activities	<u>770,902</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(31,453)
(Acquisition) of Capital Assets-Net of Disposals	(991,170)
Principal Proceeds (Payments) on Long Term Debt	(1,840)
Principal Payments on Bonds	(555,000)
Net Cash Used by Capital and Related Financing Activities	<u>(1,579,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Cash and Certificates of Deposit	31,360
Increase in Restricted Cash	(353,607)
Redemption (Purchase) of Certificates of Deposit	857,000
Net Cash Provided by Investing Activities	<u>534,753</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(273,808)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>383,235</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 109,427</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (355,501)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	894,834
Amortization of Prepaid Site Costs	118,718
Host Community Payment	(73,148)
State Reimbursements	67,812
Closure Rent	(41,908)
Gas System Income	32,110
Grant Income	90,486
Grant Expense	(36,214)
Miscellaneous Income	23,425
Gain on Asset Sale	120,227
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(130,675)
Decrease in Prepaid Expenses	238,497
Decrease in Accounts Payable	(169,833)
Decrease in Accrued Expenses	(7,928)
NET CASH PROVIDED BY OPERATIONS	<u>\$ 770,902</u>

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Waste Commission of Scott County provides waste disposal for all communities and rural areas of Scott County. The Commission was formed as the Scott County Sanitary Landfill Commission in 1971 under a 28E agreement, which was amended and renamed in 1990 and 2000. The Commission consists of the Chairman of the Scott County Board of Supervisors, the Mayor of Davenport, the Mayor of Bettendorf, one Alderman from the City of Davenport, and one or two mayors from smaller communities selected by a caucus of representatives of these communities.

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:

All significant activities and organizations on which the Commission exercises oversight responsibility have been included in the Commission's general purpose financial statements, for the year ended June 30, 2014. 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 Waste Commission of Scott County has one component unit, which meets the Governmental Accounting Standards Board criteria.

The Commission is designed to manage the waste disposal stream of Scott County, Iowa. These management activities include, but are not limited to the operation of a local landfill, operation of recycling facilities, operation of a household hazardous waste facility, planning, and educating the County's residents in waste management.

The Commission receives no City or County subsidy, but operates strictly from gate fee and recycling revenues.

Keep Scott County Beautiful, the Commission's only component unit was established to educate the citizens of Scott County about proper waste management and to promote recycling in the area. The entity's activities, for the fiscal year is included in the non-major funds.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

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

b. Basis of Accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Commission accounts for its financial position and results of operations in accordance with generally accepted accounting principles established by the Government Accounting Standards Board. The Commission's funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable and expenses are recognized or recorded when they are incurred, if measurable.

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

c. Measurement Focus:

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.

In reporting the financial activity of its enterprise fund, the Commission applied all applicable pronouncements of the Governmental Accounting Standards Board.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2014

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

d. 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. Cash investments not meeting the definition of cash equivalents at June 30, 2014 include certificates of deposit of \$3,391,880 and restricted cash of \$353,607.

e. Capital Assets:

Property and equipment are stated at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land Improvements	10-25	Years
Buildings	15-40	Years
Furniture and Fixtures	05-07	Years
Equipment	05-15	Years

Depreciation of all exhaustible fixed assets is charged as an expense against operations.

The cost of assets sold, retired, or otherwise disposed of and the related allowance for depreciation is eliminated from the accounts, and any resulting gain or loss is included in operations.

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

f. Accounts Receivable:

Waste Commission of Scott County uses the percent of sales method for recording bad debts. The bad debts allowance at June 30, 2014 and 2013 was \$15,000.

g. Income Taxes:

The Commission is a division of local government; therefore, it is exempt from all income taxes.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

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

h. Statement of Cash Flows:

For purposes of reporting cash flows all Certificate of Deposits are considered to be investments. None of them are treated as cash equivalents regardless of maturity date.

The net increase in cash is derived from the change in Cash on Hand and Cash in Bank.

The total cash disbursed for interest in years ended June 30, 2014 and 2013 respectively was \$31,453 and \$51,557

i. Budgets and Budgetary Accounting:

The Commission annually adopts a budget for all funds. The annual budget may be amended during the year by obtaining approval from the Commission as a whole.

j. Restricted Assets:

Funds set aside for payment of certain obligations are reserved. Funds currently reserved are to pay closure and post-closure costs, for solid waste purposes as outlined in note 5, and as security for the bond issue as required by the agreement.

k. Compensated Absences:

Commission employees accumulate earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission changed the policy for accumulated vacation hours as of July 1, 2007. Employees will not be allowed to carry over more than 400 hours of vacation from one year to the next.

Commission employees also accumulate a limited amount of earned but unused sick hours for subsequent use or for payment upon retirement or death. The amount of accumulated sick hours that will be paid to any employee upon retirement or death is based on a formula and is limited to a maximum of 480 hours.

The Commission's liability for accumulated vacation and sick pay has been computed based on rates of pay in effect at June 30, 2014.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

NOTE 2 - CASH AND INVESTMENTS:

Cash and investments are stated at cost.

The Commission's deposits in banks at June 30, 2014 were entirely covered by Federal Depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission's deposits in credit unions at June 30, 2014 are collateralized with securities held in the Commission's name in accordance with Chapter 12C of the Code of Iowa.

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-ended 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.

NOTE 3 - SITE COSTS:

Site costs represent the cost of preparing the landfill for use, and include all applicable costs in moving the dirt. The estimate of value is based upon available landfill space at its excavation cost and upon management observations and computations. As the landfill is filled and the available cubic yards decrease, these costs will be charged against operations.

NOTE 4 - LAND RENTAL:

The Commission conducts its operations from facilities located on a 585 acre site that is leased from Linwood Mining and Minerals Corp. The lease covers active landfilling and monitors closure of the landfill premises. It is expected that active landfilling will continue for 44 years, and closure monitoring will be done for the current Federal mandate of 30 years. Rent shall be paid annually in arrears, in one installment due 30 days following the anniversary date of when the Commission began actively filling the site.

Rent is calculated at \$1.16 per ton of solid waste deposited in the new landfill. On the second anniversary date of this agreement and on each anniversary date thereafter, the rate per ton collected shall increase by the same percentage that tipping fees, exclusive of any solid waste fees, charged to customers of the Commission increase.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

NOTE 4 - LAND RENTAL (CONTINUED):

Rent during closure will be \$30,000 per year, increased by a percentage based on the increase in rates during operations.

The Commission has also entered into a Landfill Closure lease for their old site with an annual rent of \$30,000, adjusted annually to the Consumer Price Index. This closure lease has the option of extension if required by the Department of Natural Resources. The Commission is currently managing the facility under the closure lease.

Estimated Future Rent Expense

FYE 6/30/15	\$176,000
FYE 6/30/16	\$176,000
FYE 6/30/17	\$176,000
FYE 6/30/18	\$176,000
FYE 6/30/19	\$176,000

NOTE 5 - SOLID WASTE FEE:

The Commission pays a fee to the State of Iowa quarterly based on solid waste deposited at the landfill. The solid waste fee is \$3.65 per ton. The Commission retains \$1.55 of this fee and the balance is remitted to the Department of Natural Resources on a quarterly basis. As of June 30, 2014 the account balances were:

Payable to the State	\$ 65,944
Expense for the Year	\$ 252,253

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

NOTE 6 - 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, which are 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 required contributions were 5.95%, 5.78%, and 5.38% of their annual covered salary and the Commission's required contributions were 8.93%, 8.67%, and 8.07%, for the years ended June 30, 2014, 2013, and 2012 respectively, of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$140,791, \$131,427 and \$115,127, respectively, equal to the

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

required contributions for each year.

The Commission has also established a Section 457 deferred compensation plan for employees. The Commission contributes 1% of full-time employees' gross pay and matches an additional 2%. The amounts in the plan are immediately vested. The Commission's contribution to the deferred compensation plan for the years ended June 30, 2014 and 2013 was \$46,297 and \$45,050, respectively.

NOTE 7 - CLOSURE AND POST-CLOSURE CARE COSTS:

To comply with Federal and State regulations, the Commission is required to complete a monitoring system plan and a closure/post-closure plan and to provide funding necessary to effect closure and post-closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post-closure 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 post-closure 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 post-closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs would consist of four components: (1) the cost of equipment and facilities used in post-closure monitoring and care; (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post-closure 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 Commission have been estimated at \$363,441 for post-closure costs for the Scott County Landfill and \$2,744,414 and \$1,175,056 for closure and post-closure care, respectively, for Cells 1-7 at the Scott Area Landfill as of June 30, 2014, and the portion of the liability that has been recognized is \$3,456,734. This liability represents the cumulative amount reported to date based on the post-closure care costs for the Scott County Landfill and the use of approximately 79% of the capacity of Cells 1-7 at the Scott Area Landfill. Actual costs may be higher due to future inflation, changes in technology, or changes in regulations. A provision for the above liability has been made on the Commission's balance sheet as of June 30, 2014.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

Note 7 - CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED):

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post-closure care accounts to accumulate resources for the payment of closure and post - closure care costs. The Commission has begun accumulating resources to fund these costs, and, at June 30, 2014 assets of \$3,454,847 are restricted for these purposes, of which \$1,446,348 is for closure and \$2,008,499 is for post-closure care. They are reported as restricted investments on the Statement of Net Position.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and post-closure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund mechanism and the local government financial test mechanism to assure those costs not covered by the dedicated fund mechanism.

Chapter 567-113.14(8) of the IAC allows the Commission to choose these mechanisms to demonstrate financial assurance and use the accounts established to satisfy the closure and post-closure care account requirements. Accordingly, the Commission is not required to establish closure and post-closure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

The related assets and liability are:

Restricted Cash	\$ 353,607
Certificates of Deposit	3,101,240
Total Restricted Assets	<u>3,454,847</u>
Estimated Future Liability	(3,456,734)
Net	<u><u>\$ (1,887)</u></u>

NOTE 8 - BONDS PAYABLE:

Revenue bonds were issued by the Commission to finance the creation of a new landfill site and recycling facility. The bonds are payable solely from the income of the operation of the landfill and recycling facility.

The Commission and Scott County have entered into an agreement which provides that the County will issue its General Obligation Solid Waste Disposal Bonds to pay the cost of acquiring, constructing, and equipping works and facilities useful for the collection, treatment, and disposal of solid waste, that the Commission will make annual payments to the County in amounts sufficient to pay the debt service on the County Bonds and the Commission will issue its Solid Waste Disposal Revenue Bond in an amount not exceeding the amount of the County Bonds to evidence its obligation under the agreement.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 8 - BONDS PAYABLE (CONTINUED):

During the fiscal year ended June 30, 2007 the County initiated a refinancing of these bonds to affect a substantial interest savings. The new bonds will be paid on the following schedule.

Annual debt service requirements to maturity for the bonds are as follows:

<u>Year Ending June 30</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3.800	<u>\$ 280,000</u>	<u>\$ 10,640</u>	<u>\$ 290,640</u>

NOTE 9 - RISK MANAGEMENT:

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

NOTE 10 - NON CASH ACTIVITY:

The Commission entered into a joint venture with the City of Davenport to construct and operate a composting facility for the disposal and recycling of yard wastes. Since the facility is operated on City property, owned by the City and run in conjunction with City facilities, all assets have been turned over to the City.

The Agreement with the City calls for them to continue to take yard waste from the County for deposit into the composting site. The Commission also has retained the authority to review, evaluate, and approve all rates charged to county members. But the Commission retains no effective control over the facility; consequently its operating results are not included in these statements.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2014

NOTE 11 – CAPITAL ASSETS:

A summary of capital assets at June 30, 2014 is as follows:

	Balance Beginning of Year	Increase	Decrease	End of Year
Capital Assets Not Being Depreciated \$	793,942	\$ 475,225	\$	\$ 1,269,167
Vehicles and Equipment	13,551,271	991,170	(9,625)	14,532,816
Buildings	6,165,254			6,165,254
Total Capital Assets	<u>20,510,467</u>	<u>1,466,395</u>	<u>(9,625)</u>	<u>21,967,237</u>
Less Accumulated Depreciation	<u>(10,497,214)</u>	<u>(894,834)</u>	<u>9,625</u>	<u>(11,382,423)</u>
Total Capital Assets, Net	<u>\$ 10,013,253</u>	<u>\$ 571,561</u>	<u>\$ 0</u>	<u>\$ 10,584,814</u>

NOTE 12 – NOTES PAYABLE:

Notes Payable as of June 30, 2014, consists of the following:

In Fiscal 2014 the Commission entered into contract number 13-G550-13 with the Iowa Department of Natural Resources through their Solid Waste Alternatives Program (SWAP). Part of this contract was a \$16,200 loan at 0% interest. As of June 30, 2014 the Commission had been advanced \$16,200 on the loan. The Commission makes quarterly payments of \$1,250. The Commission has imputed interest on this loan at .95%. The balance of this loan as of June 30, 2014 was \$9,994.

NOTE 13 – CONCENTRATION OF CREDIT RISK:

The Waste Commission of Scott County collects waste and recyclable materials. Most of these collections are done in Scott County, Iowa. Their receivables are from customers located in the Quad Cities and from home offices located outside the area.

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Commission operates a Single-Employer Benefit Plan which provides medical benefits for employees and their spouses. The benefits are provided through a fully insured plan. Retirees and other separated employees are allowed to stay on the plan for the remainder of the month after separation from service. After this time employees can remain on the plan by paying 100% of their premium for the time allowed by COBRA. Benefits are currently funded on a pay as you go basis.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2014

NOTE 15 – PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, The Statement of Net Position is expected to include a significant liability for the Commission's proportionate share of the employee pension plan.

**WASTE COMMISSION
OF SCOTT COUNTY**

SUPPLEMENTARY INFORMATION

WASTE COMMISSION OF SCOTT COUNTY
Statement of Indebtedness
For the Year Ended June 30, 2014

GENERAL OBLIGATION BONDS

<u>Date of Issuance</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
02/17/07	3.6% to 3.8%	\$ 4,065,000	\$ 835,000	\$ 0	\$ 555,000	\$ 280,000	\$ 52,211	\$ 2,621

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Net Position, By Department
 June 30, 2014

	Landfill	Material Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 99,749	\$ 0	\$ 0	\$ 250	\$ 9,428	\$ 109,427
Accounts Receivable (Net of Allowance for Bad Debts of \$15,000)	442,558	59,329	29,670	60,388	0	591,945
Interest Receivable	3,212	0	0	0	0	3,212
Grants Receivable	6,878	0	0	0	0	6,878
Prepaid Insurance	90,089	0	0	0	0	90,089
Total Current Assets	642,486	59,329	29,670	60,638	9,428	801,551
NONCURRENT ASSETS						
Restricted Cash	353,607	0	0	0	0	353,607
Restricted Investments	3,391,880	0	0	0	0	3,391,880
Prepaid Expenses to be Recovered in One Year or More	2,080,907	0	0	0	0	2,080,907
Capital Assets, Net of Accumulated Depreciation	7,094,339	1,943,339	212,017	1,335,119	0	10,584,814
Total Noncurrent Assets	12,920,733	1,943,339	212,017	1,335,119	0	16,411,208
TOTAL ASSETS	\$ 13,563,219	\$ 2,002,668	\$ 241,687	\$ 1,395,757	\$ 9,428	\$ 17,212,759
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable	\$ 87,131	\$ 21,115	\$ 2,054	\$ 4,257	\$ 0	\$ 114,557
Accrued Expenses	232,303	27,635	12,229	29,105	0	301,272
Accrued Solid Waste Fee	65,944	0	0	0	0	65,944
Current Portion of Bonds and Long-Term Debt Due	156,994	133,000	0	0	0	289,994
Total Current Liabilities	542,372	181,750	14,283	33,362	0	771,767
NON-CURRENT LIABILITIES:						
Estimated Liability for Closure and Postclosure Care	3,456,734	0	0	0	0	3,456,734
Total Non-Current Liabilities	3,456,734	0	0	0	0	3,456,734
TOTAL LIABILITIES	3,999,106	181,750	14,283	33,362	0	4,228,501
NET POSITION:						
Invested in Capital Assets - Net of Related Debt	6,937,345	1,810,339	212,017	1,335,119	0	10,294,820
Restricted for the Retirement of Debt	290,640	0	0	0	0	290,640
Restricted for Closure and Post-Closure Care	0	0	0	0	0	0
Unrestricted	2,336,128	10,579	15,387	27,276	9,428	2,398,798
TOTAL NET POSITION	\$ 9,564,113	\$ 1,820,918	\$ 227,404	\$ 1,362,395	\$ 9,428	\$ 12,984,258

See Notes to Financial Statements.

WASTE COMMISSION OF SCOTT COUNTY
Combining Statement of Revenue, Expenses and Changes in Net Position, By Department
For the Year Ended June 30, 2014

	Landfill	Material Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
OPERATING REVENUES - NET OF ALLOWANCES:						
User Fees	\$ 4,149,641	\$ 142,490	\$ 152,877	\$ 251,180	\$ 0	\$ 4,696,188
Recycling Income	58,129	662,710	36,659	388,380	0	1,145,878
Total Revenues	4,207,770	805,200	189,536	639,560	0	5,842,066
COST OF OPERATIONS:						
Wages and Salaries	564,517	380,003	122,120	269,428	0	1,336,068
Payroll Taxes	41,345	13,675	8,989	20,296	0	84,305
Employee's Insurance	137,526	43,829	29,994	37,965	0	249,314
IPERS	47,554	14,772	10,478	18,000	0	90,804
Deferred Compensation Contribution	15,976	5,487	3,520	4,521	0	29,504
General Insurance	204,774	0	0	0	0	204,774
Fuel, Oil and Antifreeze	186,632	11,986	0	2,371	0	200,989
Equipment Maintenance	126,542	62,617	215	6,905	0	196,279
Grounds Maintenance	44,080	2,984	0	1,182	0	48,246
Building Maintenance	17,088	23,402	4,106	8,185	0	52,781
Shop Supplies	8,335	26,001	12,823	11,248	0	58,407
Small Tools	1,191	441	0	1,347	0	2,979
Engineering	23,560	0	0	0	0	23,560
Health and Safety	14,226	982	185	1,792	0	17,185
Land Rent	126,782	0	0	0	0	126,782
Depreciation	660,207	176,557	10,486	47,584	0	894,834
Miscellaneous Site Costs	672,345	0	0	0	0	672,345
Recycling Expenses	65,767	3,930	102,625	105,652	0	277,974
Solid Waste Fee	252,253	0	0	0	0	252,253
Total Cost of Operations	3,210,700	766,666	305,541	536,476	0	4,819,383
GROSS PROFIT (LOSS)	\$ 997,070	\$ 38,534	\$ (116,005)	\$ 103,084	\$ 0	\$ 1,022,683

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Revenue, Expenses and Changes in Net Position, By Department
 For the Year Ended June 30, 2014

	Landfill	Material Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
GROSS PROFIT (LOSS)	\$ 997,070	\$ 38,534	\$ (116,005)	\$ 103,084	\$ 0	\$ 1,022,683
ADMINISTRATIVE EXPENSES:						
Director Salary	85,717	17,143	5,714	5,714	0	114,288
Administrative Salaries	370,997	46,921	382	43,642	0	461,942
Payroll Taxes	32,080	4,589	421	3,641	0	40,731
IPERS	39,690	5,473	510	4,314	0	49,987
Deferred Compensation Contribution	13,333	1,839	171	1,450	0	16,793
Employees' Insurance	128,274	11,514	2,006	21,820	0	163,614
Utilities	55,978	37,976	0	14,675	0	108,629
Professional Services	47,492	0	0	0	0	47,492
Office Supplies	14,110	2,069	0	1,335	4,500	22,014
Office Equipment Maintenance	43,574	0	0	0	0	43,574
Public Information and Education	222,692	0	0	0	0	222,692
Bad Debts (Recoveries)	(79)	0	0	0	0	(79)
Travel and Training	40,182	0	0	0	0	40,182
Dues and Subscriptions	8,240	271	0	0	0	8,511
Bank Charges	9,690	0	0	289	0	9,979
Miscellaneous	1,298	922	0	0	0	2,220
Total Administrative Expenses	1,113,268	128,717	9,204	96,880	25,615	27,835
	(116,198)	(90,183)	(125,209)	6,204	(30,115)	(355,501)
OPERATING INCOME (LOSS)						
NON OPERATING REVENUE (EXPENSES):						
Interest Income	22,306	0	0	0	14	22,320
Grant Income	90,486	0	0	0	0	90,486
Grant Expense	(36,214)	0	0	0	0	(36,214)
Gas System Income	32,110	0	0	0	0	32,110
Interest Expense	(16,168)	(15,102)	0	0	0	(31,270)
Host Community Benefit	(73,148)	0	0	0	0	(73,148)
Closure Rent	(41,908)	0	0	0	0	(41,908)
State Reimbursements	0	0	67,812	0	0	67,812
Gain on Asset Sale	120,227	0	0	0	0	120,227
Miscellaneous Income	0	0	0	0	0	0
Net Other Income (Expenses)	97,691	(15,102)	67,812	0	23,425	23,425
	(18,507)	(105,285)	(57,397)	6,204	(6,676)	(181,661)
NET INCOME (LOSS)	(56,425)	1,680	65,616	(10,871)	0	0
NET TRANSFERS IN (OUT)						
	(74,932)	(103,605)	8,219	(4,667)	(6,676)	(181,661)
NET ADJUSTMENTS TO NET POSITION						
	9,639,045	1,924,523	219,185	1,367,062	16,104	13,165,919
NET POSITION - Beginning						
	9,564,113	1,820,918	227,404	1,362,395	9,428	12,984,258
NET POSITION - Ending						

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Cash Flows, By Department
 For the Year Ended June 30, 2014

	Landfill	Material Recycling Facility	Hazardous Waste	E-Waste	Keep County Beautiful	Total
\$	4,106,236	804,504	189,537	639,550	23,425	5,763,252
	(2,135,515)	(196,862)	(112,657)	(121,499)	(30,115)	(2,596,648)
	(1,348,735)	(527,205)	(178,608)	(408,971)	0	(2,463,519)
	0	0	67,817	0	0	67,817
	621,986	80,437	(33,911)	109,080	(6,690)	770,902
	(56,425)	1,680	65,616	(10,871)	0	0
	(22,017)	(9,436)	0	0	0	(31,453)
	(824,361)	(29,813)	(31,705)	(105,291)	0	(991,170)
	(1,840)	0	0	0	0	(1,840)
	(388,500)	(166,500)	0	0	0	(555,000)
	(1,236,718)	(205,749)	(31,705)	(105,291)	0	(1,579,463)
	31,346	0	0	0	14	31,360
	(353,607)	0	0	0	0	(353,607)
	857,000	0	0	0	0	857,000
	534,739	0	0	0	14	534,753
	(136,418)	(123,632)	0	(7,082)	(6,676)	(273,808)
	236,167	123,632	0	7,332	16,104	383,235
\$	99,749	0	0	250	9,428	109,427

CASH FLOWS FROM OPERATING ACTIVITIES:

- Cash Received from Customers
- Cash Paid for Goods and Services
- Cash Paid to/for Employees
- Cash from State Reimbursements

NET CASH PROVIDED (CONSUMED) BY OPERATIONS

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

- Transfers (to) from Other Funds

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

- Interest Paid
- Acquisition of Capital Assets-Net of Disposals
- Principal Proceeds on Long Term Debt
- Principal Payments on Bonds

NET CASH CONSUMED BY CAPITAL AND RELATED FINANCING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES:

- Interest on Cash and Certificates of Deposit
- Increase in Restricted Cash
- Sale (Purchase) of Certificates of Deposit

CASH PROVIDED BY INVESTING ACTIVITIES

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS AT END OF YEAR

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (CONSUMED) BY OPERATING ACTIVITIES:

Operating Income (Loss)	\$	(116,198)	\$	(90,183)	\$	(125,209)	\$	6,204	\$	(30,115)	\$	(355,501)
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Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Consumed) by Operating Activities:

Depreciation	660,207	176,557	10,486	47,584	0	894,834
Amortization of Prepaid Site Costs	118,718	0	0	0	0	118,718
Host Community Payment	(73,148)	0	0	0	0	(73,148)
Closure Rent	(41,908)	0	0	0	0	(41,908)
Gas System Income	32,110	0	0	0	0	32,110
Grant Expense	90,486	0	0	0	0	90,486
State Reimbursements	(36,214)	0	0	0	0	(36,214)
Miscellaneous Income	0	0	67,812	0	0	67,812
Gain on Asset Sale	120,227	0	0	0	23,425	23,425
	(203,184)	4,425	10,102	57,982	0	(130,675)
	238,497	0	0	0	0	238,497
	(168,512)	2,165	1,600	(5,086)	0	(169,833)
	905	(12,527)	1,298	2,396	0	(7,928)
	621,986	80,437	(33,911)	109,080	(6,690)	770,902

Change in Cash due to Changes in Current Assets and Current Liabilities:

- (Increase) Decrease in Accounts Receivable
- (Increase) Decrease in Prepaid Expenses
- Increase (Decrease) in Accounts Payable
- Increase (Decrease) in Accrued Expenses

NET CASH PROVIDED (CONSUMED) BY OPERATIONS

See Notes to Financial Statements.

**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**

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

Randy L. Linn, CPA
David A. Schebler, CPA
Randall B. Sovey, CPA

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

To the Officers and Members of the
Waste Commission of Scott County

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Waste Commission of Scott County as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, and have issued our report thereon dated January 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Waste Commission of Scott County's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Waste Commission of Scott County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Waste Commission of Scott County's internal control over financial reporting.

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.

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 Waste Commission of Scott County's financial statements will not be prevented or detected and corrected on a timely basis. We did not discover any deficiencies in internal control over financial reporting.

A significant deficiency is a deficiency or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not discover any significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

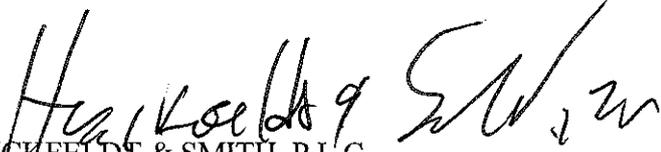
As part of obtaining reasonable assurance about whether the Waste Commission of Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, non-compliance with which could have 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 Commission's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the 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.

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 result 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 Waste Commission of Scott County 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.


HUCKFELDT & SMITH, P.L.C.
January 14, 2015

**WASTE COMMISSION
OF SCOTT COUNTY**

SCHEDULE OF FINDINGS

WASTE COMMISSION OF SCOTT COUNTY
Schedule of Findings
Year Ended June 30, 2014

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

None noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Statutory Reporting:

1. Questionable Expenses – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
2. Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
3. Board 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 Chapter 12B and Chapter 12C or the Code of Iowa were noted.
5. Solid Waste Tonnage Fees Retained – During the year ended June 30, 2014, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

WASTE COMMISSION OF SCOTT COUNTY
Schedule of Findings
Year Ended June 30, 2014

6. Financial Assurance - The Commission has demonstrated financial assurance for closure and post-closure care costs 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 Estimated Costs for Closure and Post-Closure Care	\$ 4,229,861
Less Amounts restricted and reserved	<u>3,440,056</u>
Remaining Cost assured through the local government financial Test	<u>\$ 789,805</u>

Two Prong Test (Must meet both Tests):

1. Cash + Marketable Securities divided by Total Expenditures
Must be Greater than or equal to .05

$$483,776/6,420,255 = .08$$

2. Annual Debt Service to Total Expenditures
Must be less than or equal to .20

$$651,077/6,420,255 = .10$$

Maximum amount eligible to be assured by the local government:

Total Revenue for prior Year times 43%

$$6,071,535 \times .43 = 2,610,760$$