HARRISON COUNTY
LANDFILL COMMISSION
Independent Auditors' Report
June 30, 2015 and 2014

HARRISON COUNTY LANDFILL COMMISSION

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HARRISON COUNTY LANDFILL COMMISSION

OFFICIALS

NAME	TITLE	REPRESENTING
Sherman Struble	Executive Board - Chairman	City of Missouri Valley
Russell Kurth	Executive Board - Vice-Chairman	Rural County
Laura Hagerman	Executive Board -Treasurer-Secretary	City of Pisgah
Charles Carrigan	Executive Board – At Large	City of Dunlap
Kelly Hasner	Executive Board - At Large	City of Woodbine
Rick O'Neil	Executive Board - At Large	City of Logan
Cheryl Tamisiea	Board Member	City of Mondamin
Carl Rorden	Board Member	City of Magnolia
Sara Clark	Board Member	City of Persia
Steven Howerton	Board Member	City of Modale
Priscilla Martinck	Board Member	City of Little Sioux
Daniel Barry	Manager	

WILLIAMS & COMPANY P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of the Harrison
County Landfill Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Harrison County Landfill Commission as of and for the years ended June 30, 2015 and 2014, and the related notes to the 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 opinions 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 that 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 Harrison County Landfill Commission as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Harrison County Landfill Commission adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of the Commission Contributions information on pages 4 through 7 and pages 22 through 25 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, who 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 financials 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 November 5, 2015, on our consideration of Harrison County Landfill Commission's internal control over financial reporting and on 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 Harrison County Landfill Commission's internal control over financial reporting and compliance.

Williams & Company P.C.

Certified Public Accountants

Onawa, Iowa
November 5, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harrison 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 years ended June 30, 2015 and 2014. We encourage readers to consider this information in conjunction with the Harrison County Landfill Commission's financial statements which follow.

FINANCIAL HIGHLIGHTS

- The Commission's operating revenues increased 11%, or $109,796, from fiscal year 2014 to fiscal year 2015. City and County assessments remained the same. Tipping fees increased $97,733.
- The Commission's operating expenses increased 21% or $139,318, from fiscal year 2014 to fiscal year 2015.
- The Commission's net position increased 11% or $132,030, from fiscal year 2014 to fiscal year 2015.

USING THIS ANNUAL REPORT

The Harrison County Landfill Commission is a special purpose government accounted for as a single Business-Type Activity 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 are intended to serve as an introduction to Harrison 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 deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference between 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 the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

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

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

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 2015 totaled $1,233,560. This compares to $1,101,530 at the end of fiscal year 2014. A summary of the Commission's net position is presented below.

Net Position

	June 30, 2015	June 30, 2014 (not restated)
Current Assets	$ 1,365,942	$ 1,027,710
Restricted Investments	1,156,040	1,116,112
Capital Assets at Cost, Less Accumulated Depreciation	1,368,335	1,502,999
Construction in Progress	46,461	-
Total Assets	3,936,778	3,646,821
Deferred Outflows of Resources	27,537	-
Current Liabilities	68,360	44,744
Noncurrent Liabilities	2,619,264	2,500,547
Total Liabilities	2,687,624	2,545,291
Deferred Inflows of Resources	43,131	-
Net Position:		
Net Investment in Capital Assets	1,414,796	1,502,999
Restricted For:		
Tonnage Fees Retained	53,874	55,061
Unrestricted	(235,110)	(456,530)
Total Net Position	$ 1,233,560	$ 1,101,530

The invested in capital assets $1,414,796, (e.g. land, buildings, and equipment) are resources allocated to capital assets. The remaining net position is restricted for closure and post-closure care and for tonnage fees due to the State of Iowa. 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.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position was restated $136,474 to retroactively report the net position liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earning during the year.

Statement of Revenues, Expenses, and Changes in Net Position

Operating revenues are received for tipping 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, 2015 and 2014 is presented below.

Statements of Revenues, Expenses and Changes in Net Position

	2015	2014
OPERATING REVENUES		(not restated)
County and City Assessments	$ 373,275	$ 373,275
Tipping Fees	650,679	552,946
Miscellaneous	15,764	3,701
Total Operating Revenues	1,039,718	929,922
OPERATING EXPENSES		
Payroll Expenses	241,473	254,014
Employee Benefits	54,917	50,484
Machinery Maintenance, Labor and Parts	25,006	24,367
Oil and Gas	44,317	47,564
Long Range Planning and Engineering Services	28,529	25,630
Site Maintenance	21,217	5,733
Site Utilities	10,322	8,579
Supplies	2,671	3,227
Office Expenses	4,597	2,868
Meetings, Travel, Training	903	1,771
Legal and Accounting	6,150	6,200
Insurance	23,313	23,878
Recycling Expenses	4,996	1,578
Tonnage Fee	37,370	31,359
Iowa Department of Natural Resources Tonnage Fees	32,310	27,565
Depreciation	184,271	73,365
Water Test Samples	35,280	28,997
Tire & White Goods Disposal	22,899	22,957
Rent Expense	60	60
Advertising	1,929	933
Dues and Subscriptions	691	616
Miscellaneous	3,167	5,325
Total Operating Expenses	786,388	647,070
Operating Income	253,330	282,852
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	14,922	15,048
Gain on Sale of Fixed Assets	251	-
Total Non-Operating Revenues	$ 15,173	$ 15,048

Change in Net Position	$ 268,503	$ 297,900
Net Position at Beginning of Year, as Restated	965,057	803,630
Net Position at End of Year	$ 1,233,560	$ 1,101,530

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

In fiscal year 2015, operating revenues increased 11%, or $109,796, from fiscal year 2014 to fiscal year 2015. Operating expenses increased 21% or $139,318, from fiscal year 2014. The increase was because of an increase in engineering services, depreciation expense, and water testing.

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 provided by operating activities includes tipping fees and assessments reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes bond and 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, 2015, the Commission had $1,414,796 invested in capital assets, net of accumulated depreciation of $934,882. Depreciation charges totaled $184,271 for fiscal year 2015. More detailed information about the Commission's capital assets are presented in Note 4 to the financial statements.

ECONOMIC FACTORS

Harrison County Landfill Commission continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state of Iowa continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities 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 post-closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- Continued Iowa Department of Natural Resources' regulatory changes in permit compliance.

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 FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 information, contact the Harrison County Landfill Commission, 2812 East Hwy 30, Logan, IA 51546.

BASIC FINANCIAL STATEMENTS

HARRISON COUNTY LANDFILL COMMISSION
Statements of Net Position
June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	$ 750,254	$ 558,538
Investments (Note 2)	501,358	397,734
Receivables:		
Accounts Receivable	76,601	45,966
Accrued Interest	4,196	2,503
Due from Other Governments	14,378	4,737
Prepaid Insurance	19,155	18,232
Total Current Assets	1,365,942	1,027,710
Noncurrent Assets		
Restricted Assets:		
Temporary Cash Investments (Note 2)	1,156,040	1,116,112
Capital Assets (Net of Accumulated Depreciation) (Note 5)	1,414,796	1,502,999
Total Noncurrent Assets	2,570,836	2,619,111
Total Assets	3,936,778	3,646,821
Deferred Outflows of Resources		
Pension Related Deferred Outflows (Note 6)	27,537	-
LIABILITIES		
Current Liabilities		
Accounts Payable	37,787	16,015
Salaries and Benefits Payable	8,893	9,602
Compensated Absences	12,423	10,549
Due To Other Governments	9,257	8,578
Total Current Liabilities	68,360	44,744
Noncurrent Liabilities		
Compensated Absences	37,269	31,648
Net Pension Liability (Note 6)	113,096	-
Accrued Landfill Closure and Post-Closure Costs (Note 3)	2,468,899	2,468,899
Total Noncurrent Liabilities	2,619,264	2,500,547
Total Liabilities	2,687,624	2,545,291
Deferred Inflows of Resources		
Unavailable Revenues:		
Pension Related Deferred Inflows (Note 6)	43,131	-
NET POSITION		
Net Investment in Capital Assets	1,414,796	1,502,999
Restricted For:		
Tonnage Fees Retained	53,874	55,061
Unrestricted	(235,110)	(456,530)
Total Net Position	$ 1,233,560	$ 1,101,530

See Accompanying Notes to Financial Statements

HARRISON COUNTY LANDFILL COMMISSION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUES		
County and City Assessments	$ 373,275	$ 373,275
Tipping Fees	650,679	552,946
Miscellaneous	15,764	3,701
Total Operating Revenues	1,039,718	929,922
OPERATING EXPENSES		
Payroll Expenses	241,473	254,014
Employee Benefits	54,917	50,484
Machinery Maintenance, Labor and Parts	25,006	24,367
Oil and Gas	44,317	47,564
Long Range Planning and Engineering Services	28,529	25,630
Site Maintenance	21,217	5,733
Site Utilities	10,322	8,579
Supplies	2,671	3,227
Office Expenses	4,597	2,868
Meetings, Travel, Training	903	1,771
Legal and Accounting	6,150	6,200
Insurance	23,313	23,878
Recycling Expenses	4,996	1,578
Tonnage Fee	37,370	31,359
Iowa Department of Natural Resources Tonnage Fees	32,310	27,565
Depreciation	184,271	73,365
Water Test Samples	35,280	28,997
Hazardous, Tire, Freon, E-Waste and White Goods Disposal	22,899	22,957
Rent Expense	60	60
Advertising	1,929	933
Dues and Subscriptions	691	616
Miscellaneous	3,167	5,325
Total Operating Expenses	786,388	647,070
Operating Income	253,330	282,852
NON-OPERATING REVENUES		
Interest Income	14,922	15,048
Gain on Sale of Fixed Assets	251	-
Total Non-Operating Revenues	15,173	15,048
Change in Net Position	268,503	297,900
Net Position at Beginning of Year	1,101,530	803,630
Restatement - Note 8	(136,473)	-
Net Position Beginning of Year, as Restated	965,057	803,630
Net Position at End of Year	$ 1,233,560	$ 1,101,530

See Accompanying Notes to Financial Statements

HARRISON COUNTY LANDFILL COMMISSION
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
Cash Received from Tipping Fees	$ 620,044	$ 541,387
Cash Received from Assessments	363,634	376,865
Cash Received from Miscellaneous Income	15,764	3,701
Cash Paid to Suppliers for Goods and Services	(284,199)	(261,975)
Cash Paid to Employees for Services	(297,387)	(296,809)
Net Cash Provided by Operating Activities	417,856	363,169
Cash Flows from Capital and Related Financing Activities:		
Payments for Construction In Progress	(46,461)	-
Purchase of Capital Assets	(49,607)	(207,466)
Sale of Capital Assets	251	-
Net Cash (Used) by Capital and Related Financing Activities	(95,817)	(207,466)
Cash Flows from Investing Activities:		
Interest Received	577	556
Purchase of Investments	(1,058,527)	(879,959)
Proceeds from the Sale of Investments	927,627	668,530
Net Cash (Used) by Investing Activities	(130,323)	(210,873)
Net Increase (Decrease) in Cash and Cash Equivalents	191,716	(55,170)
Cash and Cash Equivalents Beginning of Year	558,538	613,708
Cash and Cash Equivalents End of Year	750,254	558,538
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	253,330	282,852
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	184,271	73,365
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(30,635)	(11,559)
(Increase) Decrease in Due from Other Governments	(9,641)	3,590
(Increase) Decrease in Prepaid Insurance	(923)	71
Increase (Decrease) in Accounts Payable	21,772	6,637
Increase (Decrease) in Salaries and Benefits Payable	(709)	580
Increase (Decrease) in Compensated Absences	7,495	7,109
Increase (Decrease) in Due to Other Governments	679	524
Increase (Decrease) in Net Pension Liability	(23,377)	-
(Increase) Decrease in Deferred Outflows of Resources	(27,537)	-
Increase (Decrease) in Deferred Inflows of Resources	43,131	-
Net Cash Provided by Operating Activities	$ 417,856	$ 363,169

Supplemental Disclosures

Operating and Investing Activities:

Reinvestment of interest on investments for the years ended June 30, 2015 and 2014 was $12,652 and $13,895, respectively.

See Accompanying Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

The Harrison County Landfill Commission is a public commission governed under the joint form of municipal government authorized by Chapter 28E of the Code of Iowa; a political subdivision of the State of Iowa. As such, the commission is exempt from federal and state income taxes. The commission is not required to adopt a legal budget. The purpose of the Commission is to operate the sanitary landfill for Harrison County, Iowa, and the municipalities therein.

The Commission is composed of one representative from each of the ten member cities and one representative from Harrison County. The member cities are: Missouri Valley, Logan, Dunlap, Magnolia, Woodbine, Modale, Little Sioux, Mondamin, Pisgah, and Persia.

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 Harrison 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 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 a special purpose government accounted for as a single business-type activity. Business-type activities 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.

Note 1 - Summary of Significant Accounting Policies – (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position
The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Cash Equivalents and Investments – The 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, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2015 and 2014 included restricted certificates of deposit of $1,156,040 and $1,116,112, and unrestricted certificates of deposit of $501,358 and $397,734, respectively.

Restricted Investments – Funds set aside for payment of closure and post-closure care costs 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:

Asset Class	2015	2014
Landfill	$ 25,000	$ 25,000
Buildings and Improvements	10,000	10,000
Equipment and Vehicles	500	500

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40-50
Buildings Improvements	20-50
Equipment and Vehicles	5-20

The landfill is depreciated based on tonnage capacity calculated by the Commission's engineer.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences – The Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2015 and 2014.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Summary of Significant Accounting Policies – (Continued)

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources the fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Note 2 – Cash, Cash Equivalents and Investments

The Commission's deposits in banks (demand deposits and certificates) at June 30, 2015 and 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 the 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's investments consist only of certificates of deposits which are stated at cost.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the commission's deposits may not be returned to it. The commission has a deposit policy for custodial credit risk, to fully cover the deposits as of June 30, 2015. As of June 30, 2015, $37,037 of the commission's bank balance of $2,420,541 was exposed to custodial credit risk as uninsured and uncollateralized.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure of the Commission's debt type investments to this risk, using the segmented time distribution model is as follows:

		Investment Maturities (in Years)	
Type of Investment	Fair Value	Less Than 1 Year	1 – 5 Years
Certificates of Deposits	$1,657,398	$596,750	$1,060,648

Note 3 – 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 care plan and to provide funding necessary to effect closure and post-closure care, 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.

Note 3 – Closure and Post-Closure Care Costs – (Continued)

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 Harrison County Landfill Commission have been estimated at $1,442,819 for closure and $1,026,080 for post-closure, for a total of $2,468,899 as of June 30, 2015, and $1,442,819 for closure and $1,026,080 for post-closure, for a total of $2,468,899 for June 30, 2014. These amounts are based on what it would cost to perform all closure and post-closure care during the years ended June 30, 2015 and 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 46 years. The percentage of landfill capacity used at June 30, 2015 was 64%.

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, 2015 and 2014, assets of $1,156,040 and $1,116,112, respectively are restricted for these purposes. 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 financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government statue as a reserve fund.
- Payments into the fund are made annually over a pay-in period of ten years or the permitted life of the landfill, whichever is shorter.
- Annual deposits to the fund are determined by the following formula:

$$NP = \frac{CE - CB}{Y}$$

NP = next payment,
CE = total required financial assurance,
CB = current balance of the fund,
Y = number of years remaining in the pay-in period.

Chapter 567-113.14(8) of the IAC allows a government to choose the dedicated fund mechanism 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.

Note 4 – Local Government Guarantee

State and Federal laws and regulations require the Commission to place a final cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The closure and post-closure costs to the Commission have been estimated at $1,450,269 and $1,004,950, respectively, as of March 24, 2015. The Commission has begun to accumulate resources to fund these closure costs and at June 30, 2015 and 2014, $1,156,040 and $1,116,112, respectively, are held for these purposes.

Note 4 – Local Government Guarantee – (Continued)

The Commission participates in an agreement with the Harrison County Board of Supervisors. The County has provided a Local Government Guarantee for the closure and post-closure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The total financial assurance obligation at June 30, 2015 and 2014 equals $2,468,899 and $2,468,899, respectively. The County's portion of the total financial assurance obligation at June 30, 2015 and 2014 equals $1,339,107 and $1,445,532, respectively. The Commission is responsible for financing the remainder of the financial assurance obligation.

Note 5 – Capital Assets

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress		$ 46,461		$ 46,461
Capital Assets Being Depreciated:				
Landfill	$ 970,000			970,000
Buildings	140,303	15,427		155,730
Machinery and Equipment	1,152,938	34,179	$ (9,631)	1,177,486
Total Capital Assets Being Depreciated	2,263,241	49,606	(9,631)	2,303,216
Less Accumulated Depreciation for:				
Landfill	349,305	107,180		456,485
Buildings	39,821	3,765		43,585
Machinery and Equipment	371,116	73,325	(9,631)	434,811
Total Accumulated Depreciation	760,242	184,270	(9,631)	934,881
Total Capital Assets Being Depreciated, Net	1,502,999	(134,664)	-	1,368,335
Total Capital Assets, Net	$ 1,502,999	$ (88,203)	$ -	$ 1,414,796

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital Assets Being Depreciated:				
Landfill	$ 970,000			$ 970,000
Buildings	140,303			140,303
Machinery and Equipment	837,578	$ 710,562	$ (395,202)	1,152,938
Total Capital Assets Being Depreciated	1,947,881	710,562	(395,202)	2,263,241
Less Accumulated Depreciation for:				
Landfill	337,444	11,861		349,305
Buildings	36,160	3,661		39,821
Machinery and Equipment	459,088	57,843	(145,815)	371,116
Total Accumulated Depreciation	832,692	73,365	(145,815)	760,242
Total Capital Assets Being Depreciated, Net	$ 1,115,189	$ 637,197	$ (249,387)	$ 1,502,999

Note 5 – Capital Assets – (Continued)

Reconciliation of Investment in Capital Assets:

	2015	2014
Capital Assets (Net of Accumulated Depreciation)	$ 1,414,796	$ 1,502,999
Plus: Deposit on Equipment	-	-
Net Investment in Capital Assets	$ 1,414,796	$ 1,502,999

Note 6 – Pension Plan

Plan Description. IPERS membership is mandatory for employees of the Commission, except those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of services.
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point.

Note 6 – Pension Plan – (Continued)

IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's total contributions to IPERS for the year ended June 30, 2015 were $17,206.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Commission reported a liability of $113,096 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Commission's collective proportion was 0.0028517 percent which was a decrease of .000185 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Commission recognized pension expense of $9,425. At June 30, 2015 the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,229	$ -
Changes of assumptions	4,991	-
Net difference between projected and actual earnings on pension plan investments	-	43,131
Changes in proportion and differences between County contributions and proportionate share of contributions	4,111	-
City contributions subsequent to the measurement date	17,206	-
Total	$ 27,537	$ 43,131

Note 6 – Pension Plan – (Continued)

$17,206 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	$ (8,369)
2017	(8,369)
2018	(8,369)
2019	(8,369)
2020	676
	$ (32,800)

There were no non-employer contributing entities in IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Note 6 – Pension Plan – (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	-0.69
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the contractually required rate and that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1 % Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Association's proportionate share of the net pension liability:	$ 213,691	$ 113,096	$ 28,183

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

Payables to the Pension Plan – At June 30, 2015, the Commission reported payables to the defined benefit pension plan of $1,310 for legally required employer contributions and $873 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7 – 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. The Commission is a member in 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 with over 663 members from 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.

Note 7 – Risk Management – (Continued)

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 capital. Capital contributions are made during the first six years of membership and are maintained to equal 150 percent 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 expenditures from its fund at the time of payment to the risk pool. The Commission's contribution to the Pool for the year ended June 30, 2015 and 2014 was $14,089 and $13,857, respectively.

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 official's liability risk 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 of casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the members' risk-sharing certificate, or in the event that 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 that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015 and 2014, no liability has been recorded in the Commission's financial statements. As of June 30, 2015 and 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their 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.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of $1,000,000 and $100,000, respectively. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 – Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No.27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Net Position
Net position June 30, 2014, as previously reported	$ 1,101,530
Net pension liability at June 30, 2014	(153,137)
Change outflows of resources related contributions made after the June 30, 2013 measurement date	16,664
Net position July 1, 2014, as restated	$ 965,057

Note 9 – Commitment

The Commission entered into a consulting and design service contract during the year ended June 30, 2015 with ISG Group in the amount of $102,500. As of June 30, 2015, $5,040 of work was completed, leaving $97,460 as a remaining commitment at year end. The consulting and design services are for the planned convenience center and recycling buildings as discussed in Note 10 below.

Note 10 – Subsequent Event

On September 18, 2015, the Commission entered in a construction contract with TIJ Construction LLC for $884,633. Plans to construct two buildings include a 6,000 square foot convenience center building and a 4,980 square foot recycling building. The cost of the entire project is estimated to be around $1,508,943 with financing to be obtained by issuing bonds through Harrison County, Iowa.

REQUIRED SUPPLEMENTARY INFORMATION

HARRISON COUNTY LANDFILL COMMISSION
Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	2015
Commission's proportion of the net pension liability (asset)	0.0028517%
Commission's proportionate share of the net pension liability	$ 113,096
Commission's covered-employee payroll	$ 192,679
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	58.70%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30

See accompanying independent auditors' report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

HARRISON COUNTY LANDFILL COMMISSION
Schedule of Association Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	$ 17,206	$ 16,664	$ 15,166	$ 13,491
Contributions in relation to the statutorily required contribution	(17,206)	(16,664)	(15,166)	(13,491)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 192,679	$ 186,603	$ 174,925	$ 167,175
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditors' report.

2011	2010	2009	2008	2007	2006
$ 11,809	$ 10,371	$ 9,514	$ 8,805	$ 8,118	$ 7,675
(11,809)	(10,371)	(9,514)	(8,805)	(8,118)	(7,675)
$ -	$ -	$ -	$ -	$ -	$ -
$ 169,914	$ 155,955	$ 149,827	$ 145,537	$ 141,182	$ 133,478
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Harrison
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 Harrison County Landfill Commission as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated November 5, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Harrison County Landfill Commission's internal control over financial reporting to determine the auditing procedures that are 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 Harrison County Landfill Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Harrison 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of the 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 Harrison County Landfill Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the Harrison County Landfill Commission's internal control described in the accompanying Schedule of Findings as items II-A-15 and II-B-15 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Harrison 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 that are 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, 2015 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.

Harrison County Landfill Commission's Response to Findings

Harrison County Landfill Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Harrison County Landfill Commission's responses were 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 entity'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 entity'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 Harrison 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.

Williams + Company P.C.
Certified Public Accountants

Onawa, Iowa
November 5, 2015

SCHEDULE OF FINDINGS

Part I: Summary of the Independent Auditor's Results

(a) An unmodified opinion was issued on the financial statements.

(b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-15 Financial Accounting - Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. One person has control over each of the following areas for the Commission:

(1) Accounting System – record keeping for revenues and expenses, and
(2) Receipts – collecting, depositing, journalizing and posting.
(3) Payroll – changes to master list, preparation and distribution.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Board members.

Response – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the Manager or a Board member review receipts, posting, and payroll on a test basis.

Conclusion – Response accepted.

II-B-15 Financial Reporting – During the audit, we identified material amounts of receivables, payables, accruals and capital assets not recorded in the Commission's financial statements. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Recommendation – The Commission should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the Commission's financial statements.

Response – The Commission has evaluated the cost versus benefit of preparing adjusting journal entries, and determined that it is in the best interest of the Commission to outsource this task to the independent auditors, and to carefully review the adjusting journal entries prior to approving them and accepting responsibility.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Other Findings Related to Statutory Reporting:

III-A-15 **Official Depositories** – A resolution naming official depositories has been adopted by the agency. The maximum deposit amounts stated in the resolution were exceeded during the year ended June 30, 2015.

Recommendation – The Commission should update the maximum deposit amounts stated in the resolution.

Response – The Commission updated the maximum deposit amounts in the resolution passed in September 2015.

Conclusion – Response accepted.

III-B-15 **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.

III-C-15 **Travel Expense** – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.

III-D-15 **Board Minutes** – No transactions were found that we believe should have been approved in the Commission minutes but were not.

III-E-15 **Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.

III-F-15 **Solid Waste Fees Retainage** – 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.

Part III: Other Findings Related to Statutory Reporting: - (Continued)

III-G-15 **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	$ 2,415,571
Less: Balance of funds held in the local dedicated fund at June 30, 2014	(1,116,112)
	1,299,459
Divided by the number of years remaining in the pay-in period	÷ 47
Required payment into the local dedicated fund for the year ended June 30, 2014	27,648
Balance of funds held in the local dedicated fund at June 30, 2014	1,116,112
Required balance of funds held in the local dedicated fund at June 30, 2014	1,143,760
Amount Commission has restricted and reserved for closure and post-closure care at June 30, 2015	$ 1,156,040

Harrison County, Iowa has guaranteed closure and post-closure costs up to $1,299,459 as of March 24, 2015.