

**FAYETTE COUNTY SOLID WASTE
MANAGEMENT COMMISSION**

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

June 30, 2015

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSON

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FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

OFFICIALS
June 30, 2015

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Kelly Beacom	Chairperson	City of Maynard
Dave Klimesh	Vice-Chairperson	City of Waucoma
Donald Handel	Member	City of Arlington
Bill Ashby	Member	City of Clermont
Rod Marlatt	Member	City of Elgin
Kerry Opel	Member	City of Fayette
Darrel Dolf	Member	Fayette County
Jeanine Tellin	Member	Fayette County
Vicki Rowland	Member	Fayette County
Gary Holthaus	Member	Fayette County
Mike Schutte	Member	Fayette County
Terry Buenzow	Member	City of Hawkeye
Ted Malget	Member	City of Oelwein
Geraldine Winkie	Member	City of Randalia
Kurt Huinker	Member	City of St. Lucas
Eric Boehm	Member	City of Wadena
Don Bushaw	Member	City of Westgate
Kennon Gumm	Member	City of West Union

Supervisory Personnel

<u>Name</u>	<u>Position</u>
Joan Swenka.....	Executive Secretary
Ruth Ann Kearney.....	Financial Director

Dennis P. Donovan

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Independent Auditors' Report

To the Members of the Fayette County Solid
Waste Management Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Fayette County Solid Waste Management Commission as of and for the year ended June 30, 2015, 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fayette County Solid Waste Management Commission as of June 30, 2015, and the changes in its financial position and its cash flows for the year the ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2015 on our consideration of the Fayette County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts 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 Fayette County Solid Waste Management Commission's internal control over financial reporting and compliance.



Dennis P. Donovan, P.C.

October 7, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fayette County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with Fayette County Solid Waste Management Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- * The Commission's operating revenues decreased .02%, or \$25,510, from fiscal 2014 to 2015 as gate fees were decreased significantly.
- * The Commission's operating expenses increased .09%, or \$102,839, from fiscal 2014 to fiscal 2015. Postclosure Care Cost and Insurance had the largest increases.
- * The Commission's net assets increased .004%, or \$12,614 from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

The Fayette County Solid Waste Management Commission 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 are intended to serve as an introduction to the Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets and deferred outflows of resources less the Commission's 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 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

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 2015 totaled approximately \$3,214,727. This compares to approximately \$3,202,113 at the end of fiscal 2014. A summary of the Commission's net position is presented below.

	June 30,	
	2015	2014
Current Assets	\$ 925,749	\$ 877,274
Restricted Investments	1,946,162	1,928,056
Capital Assets at Cost, Less Accumulated Depreciation	2,069,481	2,070,684
Total Assets	4,941,392	4,876,014
Current Liabilities	409	-
Noncurrent Liabilities	1,726,256	1,673,901
Total Liabilities	1,726,665	1,673,901
Net Position:		
Net Investment in Capital Assets	2,069,481	2,070,684
Restricted	1,946,162	1,928,056
Unrestricted	(800,916)	(796,627)
Total Net Position	\$3,214,727	\$3,202,113

The unrestricted portion of the Commission's net position may be used to meet the Commission's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) are resources allocated to capital assets. The remaining net position is restricted for closure and postclosure care. 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.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the transfer station and recycling center. 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 as follows:

Changes in Net Position

	Year Ended June 30,	
	2015	2014
Operating Revenues		
Gate fees	\$ 249,043	\$ 275,381
County and City Assessments	931,184	931,184
Other Operational Revenues	9,743	8,915
Total Operating Revenue	<u>1,189,970</u>	<u>1,215,480</u>
Operating Expenses		
Wages and Benefits	304,292	299,259
Repairs and Maintenance	34,799	28,616
Hauler Contract & Fees	144,899	143,812
Trucking	109,584	109,478
Education and Training	5,000	5,000
Legal and Accounting	8,910	7,461
Depreciation	74,427	72,596
Landscaping	1,430	-
Tire Recycling	3,382	1,085
Electronic Recycling	4,705	34,449
Cardboard Expense	1,620	255
Postclosure Care Costs	100,485	-
Leachate Operations	-	27,056
Special Waste Handling	6,074	5,740
Permits	459	454
Insurance	47,868	37,310
Supplies	16,390	12,456
Site Utilities	15,189	16,442
Office Expense	4,478	3,645
Fuel	3,828	7,715
Well Monitoring	390	-
Miscellaneous	2,648	-
Rent Expense	420	-
Tipping Fees	313,753	320,362
Total Operating Expenses	<u>1,205,030</u>	<u>1,102,191</u>
Operating (Loss) Income	<u>(15,060)</u>	<u>113,289</u>
Non-Operating Revenues		
Rental Income	3,025	3,025
Interest Income	24,649	18,184
Net Non-Operating Revenue	<u>27,674</u>	<u>21,209</u>
Change in Net Position	12,614	134,498
Net Position beginning of year	<u>3,202,113</u>	<u>3,067,615</u>
Net Position end of year	<u>\$3,214,727</u>	<u>\$3,202,113</u>

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

In fiscal 2015, operating revenues decreased by \$25,510, .02% and operating expenses increased by \$102,839 or .09%, primarily a result of decreased gate fees and increased postclosure care costs and insurance.

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 gate fees and assessments reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes the purchase of capital assets. Cash used by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2015, the Commission had approximately \$3,636,757 invested in capital assets, net of accumulated depreciation of approximately \$1,567,276. Depreciation expenses totaled \$74,427 for fiscal 2015. More detailed information about the Commission's capital assets is presented in Note 5 to the financial statements.

LONG-TERM LIABILITIES

At June 30, 2015, the Commission had \$1,726,256 in long term liabilities, an increase of \$52,355 from 2014. The table below summarizes outstanding debt.

	June 30,	
	2015	2014
Closure and postclosure care cost	<u>\$1,726,256</u>	<u>\$1,673,901</u>

Additional information about the Commission's long term liabilities is presented in Notes 6 and 7 to the financial statements.

ECONOMIC FACTORS

Transfer station operations shall remain the same for the next fiscal year. Rates at Black Hawk Landfill will increase by \$2.00 a ton (\$36.25). Recycling operations will remain basically the same. No significant changes are anticipated at either site.

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 financial information, contact the Fayette County Solid Waste Management Commission, P.O. Box 267, West Union, Iowa 52175.

BASIC FINANCIAL STATEMENTS

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

STATEMENT OF NET POSITION

June 30, 2015

ASSETS

Current Assets:

Cash \$ 897,786

Accounts Receivable 27,963

Total Current Assets 925,749

Noncurrent Assets:

Restricted Investments 1,946,162

Capital Assets (Net of Accumulated Depreciation) 2,069,481

Total Noncurrent Assets 4,015,643

Total Assets \$ 4,941,392

LIABILITIES

Current Liabilities:

Accounts Payable \$ 409

Noncurrent Liabilities:

Landfill Closure and Postclosure Care Cost 1,726,256

Total Liabilities 1,726,665

Net Position

Net Investment in Capital Assets 2,069,481

Restricted for:

Closure & Postclosure Care Cost 1,946,162

Unrestricted (800,916)

Total Net Position \$ 3,214,727

See Notes to Financial Statements.

Exhibit B**FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION****STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended June 30, 2015**

OPERATING REVENUES:	
County and City Assessments	\$ 931,184
Material Sales and Fees	249,043
Other Operating Revenues	9,743
Total Operating Revenues	1,189,970
OPERATING EXPENSES:	
Wages and Benefits	304,292
Repairs and Maintenance	34,799
Hauler Contract & Fees	144,899
Trucking	109,584
Education and Training	5,000
Legal and Accounting	8,910
Depreciation	74,427
Tire Recycling	3,382
Electronic Recycling	4,705
Cardboard Expense	1,620
Postclosure Care Costs	100,485
Special Waste Handling	6,074
Permits	459
Insurance	47,868
Supplies	16,390
Site Utilities	15,189
Office Expense	4,478
Fuel	3,828
Well Monitoring	390
Miscellaneous	2,648
Rent Expense	420
Landscaping/ Moving	1,430
Tipping Fees	313,753
Total Operating Expense	1,205,030
Operating Loss	(15,060)
Non-Operating Revenues :	
Rental Income	3,025
Interest Income	24,649
Net Non-Operating Revenues	27,674
Change in Net Position	12,614
Net Position Beginning of Year	3,202,113
Net Position End of Year	\$ 3,214,727

See Notes to Financial Statements.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Assessments	\$ 931,184
Cash Received from Gate Fees	149,900
Cash Received from Other Operating Receipts	100,237
Cash Paid to Suppliers for Goods and Services	(767,511)
Cash Paid to Employees for Services	(304,291)
Net Cash Provided by Operating Activities	109,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Capital Assets	(73,223)
Rents Received	3,025
Net Cash Used In Capital and Related Financing Activities	(70,198)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received	19,578
Net Cash Provided by Investing Activities	19,578
Net Increase in Cash	58,899
Cash- Beginning of the Year	838,887
Cash- End of the Year	\$ 897,786
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (15,060)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	74,427
Closure/ Postclosure Care Cost	39,319
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	1,341
Decrease in Prepaid Items	9,083
Increase in Accounts Payable	409
Total Adjustments	124,579
Net Cash Provided by Operating Activities	\$ 109,519

See Notes to Financial Statements.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Fayette County Solid Waste Management Commission was formed in 1996 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to operate the transfer station and recycling center in Fayette County for use by all residents of the County.

The Commission is composed of one representative from each of the thirteen member cities and five representatives from Fayette County. The member cities are: Arlington, Clermont, Elgin, Fayette, Hawkeye, Maynard, Oelwein, Randalia, St. Lucas, Wadena, Waucoma, Westgate and West Union. Each member shall be entitled to one vote for each 1000 people or fraction thereof as determined by the most recent general Federal Census.

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 Fayette County Solid Waste Management 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. Fayette County Solid Waste Management Commission has no component units which meet Governmental Accounting Standards Board criteria.

B. BASIS OF PRESENTATION

The accounts of Fayette County Solid Waste Management Commission are organized as Enterprise Funds. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on 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.

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements are reported using the economic resources measurements 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 distinguished operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. ASSETS, LIABILITIES AND NET POSITION

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

Cash, Investments and Cash Equivalents – 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

Restricted Investments – Funds set aside for payment of closure and postclosure care cost 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 Commissions as assets with initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Building and Improvements	\$25,000
Equipment and Vehicles	5,000

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

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building Improvements	20-50
Equipment and Vehicles	2-20

Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

D. ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2015.

Payroll and Related Cost – The Commission leases the service of employees from Fayette County for landfill administration and operations of the recycling center. The Commission reimburses the County for the direct labor costs and cost of benefits provided to these employees on a monthly basis.

Note 2: Cash and Investments

The Commission's deposits in the bank at June 30, 2015 were entirely covered by federal depository insurance or by State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of drainage district.

The Commission had no investment meeting the disclosure requirements of Governmental Auditing Standards Board Statements Number 3, as amended by Statement No. 40.

Note 3: Pension and Retirement Benefits

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

Plan members are required to contribute 5.95% of their annual covered salary and the Commission is required to contribute 8.93% of covered salary. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2015, 2014 and 2013 are recorded on Fayette County's expenditures as the County pays the contribution and is reimbursed by the Commission.

Notes to Financial Statements (Continued)

Note 4: Other Postemployment Benefits (OPEB)

The Commission participates in the Fayette County postretirement medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB Plan is calculated using the Frozen Age Entry actuarial cost method as of July 1, 2011 actuarial valuation. This method requires the calculation of an unfunded actuarial liability, which was approximately \$915,735 for Fayette County as of June 30, 2014. The Commission's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB Plan are available in Fayette County's audit report for the year ended June 30, 2015. The report may be obtained by writing to the Fayette County's Auditor's Office, 114 North Vine, West Union, Iowa 52175.

The Commission did not recognize a net OPEB liability for other postemployment benefits, which would represent the Commission's portion of Fayette County's net OPEB obligation, the amount could not be determined and appears to be immaterial.

Note 5: Capital Assets

A summary of property and equipment at June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 939,126	\$ 0	\$ 0	\$ 939,126
Capital Assets Being Depreciated:				
Buildings	1,475,128	73,223	0	1,548,351
Equipment and Vehicles	402,518	0	0	402,518
Cell Development	746,762	0	0	746,762
Total Capital Assets Being Depreciated	2,624,408	73,223	0	2,697,631
Less Accumulated Depreciation For:				
Buildings	424,033	48,085	0	472,118
Equipment and Vehicles	322,054	26,342	0	348,396
Cell Development	746,762	0	0	746,762
Total Accumulated Depreciation	1,492,849	74,427	0	1,567,276
Total Capital Assets Being Depreciated, Net	1,131,559	(1,204)	0	1,130,355
Total Capital Assets, Net	\$ 2,070,685	\$ (1,204)	\$ 0	\$ 2,069,481

Notes to Financial Statements (Continued)

Note 6: Closure and Postclosure Care Costs

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure plan to provide funding necessary to effect closure and postclosure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirements is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care cost and recognize a portion of these cost each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for Fayette County Solid Waste Management Commission have been estimated at \$1,800,356 for postclosure, as of June 30, 2015, and the portion of the liability that has been recognized is \$1,800,356. These amounts are based on what it would actually cost to perform all postclosure care during the year ended June 30, 2015. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The landfill reached full capacity in December of 2009 and was closed. The closure cost liability had been eliminated to reflect the cost of closure activities performed in fiscal 2011.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun accumulating resources to fund these cost and, at June 30, 2015, assets of \$1,901,268 are restricted for this purpose. They are reported as restricted investments and restricted net assets on the Statement of Net Position.

Notes to Financial Statements (Continued)

Note 7: Transfer Station Closure Care

To comply with state regulations, the Commission is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces which have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles which will remain on site, including the rinsing of all surfaces which have come in contact with solid waste and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Commission is required to maintain a closure account as financial assurance for the closure care cost. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total closure cost for the Commission as of June 30, 2015 has been estimated at \$41,900. The balance that has been restricted is over funded (\$44,894) at June 30, 2015.

Note 8: Solid Waste Tonnage Fees Retained

The landfill was closed in December of 2009, and solid waste tonnage fees are no longer being retained.

At June 30, 2015, there were no unspent amounts retained by the Commission and restricted for the required purposes.

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: Subsequent Events

Management evaluated subsequent events through October 7, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Schedule 1

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

COMBINING STATEMENT OF NET POSITION

June 30, 2015

ASSETS	Landfill/Transfer Station	Recycling	Total
Current Assets:			
Cash	\$ 880,246	\$ 17,540	\$ 897,786
Accounts Receivable	18,824	9,139	27,963
Total Current Assets	899,070	26,679	925,749
Noncurrent Assets:			
Restricted Investments	1,946,162	-	1,946,162
Capital Assets (Net of Accumulated Depreciation)	2,038,077	31,404	2,069,481
Total Noncurrent Assets	3,984,239	31,404	4,015,643
Total Assets	4,883,309	\$ 58,083	\$ 4,941,392
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ -	\$ 409	\$ 409
Noncurrent Liabilities:			
Landfill Closure and Postclosure Care Cost	1,726,256	-	1,726,256
Total Liabilities	1,726,256	409	1,726,665
Net Position			
Net Investment in Capital Assets	2,038,077	31,404	2,069,481
Restricted for:			
Closure & Postclosure Care Cost	1,946,162	-	1,946,162
Unrestricted	(827,186)	26,270	(800,916)
Total Net Position	\$ 3,157,053	\$ 57,674	\$ 3,214,727

See Accompanying Independent Auditors' Report.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 Year Ended June 30, 2015

	Landfill/Transfer Station	Recycling	Total
OPERATING REVENUES:			
County and City Assessments	\$680,688	\$ 250,496	\$ 931,184
Material Sales and Fees	156,374	92,669	249,043
Other Operating Revenues	8,697	1,046	9,743
Total Operating Revenues	845,759	344,211	1,189,970
OPERATING EXPENSES:			
Wages and Benefits	139,436	164,856	304,292
Repairs and Maintenance	3,276	31,523	34,799
Hauler Contract & Fees	144,899	-	144,899
Trucking	-	109,584	109,584
Education and Training	-	5,000	5,000
Legal and Accounting	8,035	875	8,910
Depreciation	60,915	13,512	74,427
Tire Recycling	3,382	-	3,382
Electronic Recycling	4,705	-	4,705
Cardboard Expense	-	1,620	1,620
Postclosure Care Costs	100,485	-	100,485
Special Waste Handling	3,037	3,037	6,074
Permits	459	-	459
Insurance	29,762	18,106	47,868
Supplies	5,585	10,805	16,390
Site Utilities	6,099	9,090	15,189
Office Expense	3,354	1,124	4,478
Fuel	2,371	1,457	3,828
Well Monitoring	390	-	390
Miscellaneous	2,648	-	2,648
Rent Expense	420	-	420
Landscaping/ Mowing	1,430	-	1,430
Tipping Fees	313,753	-	313,753
Total Operating Expense	834,441	370,589	1,205,030
Operating Income (Loss)	11,318	(26,378)	(15,060)
Non-Operating Revenues and Transfers:			
Rental Income	3,025	-	3,025
Interest Income	24,599	50	24,649
Total Non-Operating Revenues & Transfers	27,624	50	27,674
Change in Net Position	38,942	(26,328)	12,614
Net Position Beginning of Year	3,118,111	84,002	3,202,113
Net Position End of Year	\$ 3,157,053	\$ 57,674	\$ 3,214,727

See Accompanying Independent Auditors' Report.

Schedule 3

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

	Landfill/Transfer Station	Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Assessments	\$ 680,688	\$ 250,496	\$ 931,184
Cash Received from Gate Fees	149,900	-	149,900
Cash Received from Other Operating Receipts	8,697	91,540	100,237
Cash Paid to Suppliers for Goods and Services	(578,850)	(188,661)	(767,511)
Cash Paid to Employees for Services	(139,436)	(164,855)	(304,291)
Net Cash Provided by (Used in) Operating Activities	120,999	(11,480)	109,519
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of Capital Assets	(73,223)	-	(73,223)
Rents Received	3,025	-	3,025
Net Cash (Used in) Capital and Related Financing Activities	(70,198)	-	(70,198)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received	19,528	50	19,578
Net Cash Provided by Investing Activities	19,528	50	19,578
Net Increase (Decrease) in Cash	70,329	(11,430)	58,899
Cash- Beginning of the Year	809,917	28,970	838,887
Cash- End of the Year	\$ 880,246	\$ 17,540	\$ 897,786
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 11,318	\$ (26,378)	\$ (15,060)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used in) Operating Activities:			
Depreciation	60,915	13,512	74,427
Changes in Assets and Liabilities:			
Closure/Postclosure Care Costs	39,319	-	39,319
Increase in Accounts Receivable	3,923	(2,582)	1,341
Decrease in Prepaid Items	5,524	3,559	9,083
Increase in Account Payable	-	409	409
Total Adjustments	109,681	14,898	124,579
Net Cash Provided by (Used in) Operating Activities	\$ 120,999	\$ (11,480)	\$ 109,519

See Accompanying Independent Auditors' Report.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION

INDEPENDENT AUDITORS' 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 Auditors' 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 Member of the Fayette County Solid Waste
Management Commission:

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 the Fayette County Solid Waste Management Commission as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, and have issued our report thereon dated October 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fayette County Solid Waste Management Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fayette County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fayette County Solid Waste Management 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 deficiencies in internal control we consider to be a material weakness and a significant deficiency.

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

A significant deficiency is a deficiency, or a 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 consider the deficiency described in the accompanying Schedule of Findings as item (B) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fayette County Solid Waste Management Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 test disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commissions 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 Commissions. 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.

Fayette County Solid Waste Management Commission's Responses to Findings

The Fayette County Solid Waste Management Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Fayette County Solid Waste Management 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 them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 the Fayette County Solid Waste Management 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.



Dennis P. Donovan, P.C.

October 7, 2015

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION
West Union, Iowa

SCHEDULE OF FINDINGS
Year Ended June 30, 2015

Findings Related to the Financial Statements:

Internal Control Deficiencies:

- (A) Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which 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 related reporting.
- (2) Bank Reconciliation – preparation and maintenance of accounting records.

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 – The Executive Secretary will review receipts and expenditures on a weekly basis, bank reconciliations monthly, and a physical inspection of certificates of deposit will be made bi-monthly. Ruth Ann Kearney, Financial Director and Joan Swenka, Executive Secretary are on bank accounts as inquiry only.

Conclusion – Response accepted.

- (B) Preparation of Full Disclosure Financial Statements - During the audit, we noted that the internal control system does not include a process for preparing annual financial statements and the related disclosures in accordance with GAAP.

Recommendation – We recognize that with a limited number of office employees, gaining sufficient knowledge and expertise to properly select and apply accounting principles in preparing full-disclosure financial statements for external reporting purposes is difficult. However, we recommend that Commission officials continue to review operating procedures and obtain the internal expertise needed to handle all aspects of external financial reporting, rather than rely on external assistance.

Response - We recognize our limitations, however, it is not fiscally responsible to add additional staff for this purpose.

Conclusion – Response accepted.

Instances of Non-Compliance:

No matters were noted.

FAYETTE COUNTY SOLID WASTE MANAGEMENT COMMISSION
West Union, Iowa

SCHEDULE OF FINDINGS (Continued)
Year Ended June 30, 2015

Internal Control Deficiencies: (Continued)

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 15, 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 of the Code of Iowa were noted.
- (5) Solid Waste Tonnage Fees Retained – No instances of non-compliance with the Solid Waste fees used in accordance with Chapter 455B.310 of the Code of Iowa were noted.
- (6) Financial Assurance – The Commission has demonstrated financial assurance for closure and postclosure 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:

	Postclosure	Transfer Station
Total Estimated Cost for Closure and Postclosure Care	\$1,800,356	\$41,900
Less: Balance of Funds Held In the Local Dedicated Fund At June 30, 2014	1,883,521	44,535
Required Payment/Over Funded Amount in the Local Dedicated Fund for the Year Ended June 30, 2015	\$83,165	\$2,635
Balance of Funds Held in the Local Dedicated Fund at June 30, 2014	\$1,883,521	\$44,535
Required Balance of Funds To be Held in the Local Dedicated Balance Fund at June 30, 2015	\$1,800,356	\$41,900
Amount Commission has Restricted For Closure and Postclosure Care at June 30, 2015	\$1,901,268	\$44,894