

**WASTE COMMISSION OF
SCOTT COUNTY**

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

June 30, 2015

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WASTE COMMISSION OF SCOTT COUNTY

OFFICIALS

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

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

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Waste Commission of Scott County as of and for the year ended June 30, 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, Waste Commission of Scott County 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 opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

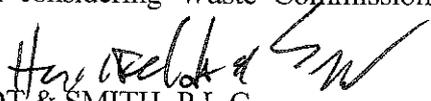
U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission's Contributions information be presented to supplement the basic financial statements. Such information,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

Supplemental Schedules

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2015, on our consideration of Waste Commission of Scott County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Waste Commission of Scott County's internal control over financial reporting and compliance.


HUCKFELDT & SMITH, P.L.C.

September 17, 2015

**WASTE COMMISSION OF
SCOTT COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

STATEMENT OF PURPOSE

Waste Commission of Scott County (Commission) is an inter-governmental agency whose members include 17 communities and Scott County that share a mission of providing environmentally sound and economically feasible integrated waste management services. The Commission is comprised of six elected officials representing the communities in Scott County. Serving nearly 312,000 citizens and businesses in Iowa and Illinois, intergovernmental cooperation and communication is critical to providing excellent customer service, which assures the highest quality, most cost-effective collection, recycling and disposal services.

The Commission has planned, sited, built and operates a subtitle D landfill, methane gas recovery system, recycling center, household hazardous material facility and electronic demanufacturing facility. Critical to the success of all programs is the Commission's public education program and the environmental outreach program: iLivehere: myhome ourcommunity@™, a Keep America Beautiful affiliate.

All Commission facilities and programs are funded by user fees charged for materials delivered and by the sale of recyclable materials.

Through its environmental health and safety management system (EMS), the Commission is committed to operating and providing the highest level of service in a safe, responsible manner that respects the environment and the health and safety of our employees, our customers, and our community. In all we do, we adhere to the waste hierarchy (reuse, recover, dispose), and focus on proper management of focus materials, as well as data security. We will not compromise environmental, health or safety values for production or economic gain.

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

FINANCIAL HIGHLIGHTS

The Commission's operating revenues increased 13%, or \$780,243 from fiscal 2014 to fiscal 2015. The Commission's landfill revenue increased by 15%, or \$614,685 and the household hazardous material program fees increased by 7%, or \$13,459. Its revenues from the Material Recycling Facility have decreased by 6%, or \$52,847 and the Electronic Demanufacturing Facility fees decreased by 32%, or \$204,766. The decreases are due to declined recycling markets.

The Commission's expenses were 6%, or \$373,598, more in fiscal 2015 than in fiscal 2014.

The Commission's net position increased 1%, or \$164,008 from June 30, 2014 as restated to June 30, 2015.

Fiscal year 2015 has been a year of growth for the Commission. Every facility experienced increases in customers served. A new reuse program began at the Electronic Demanufacturing Facility, additional seeding and truck

WASTE COMMISSION OF SCOTT COUNTY

Management's Discussion and Analysis

June 30, 2015

washout services were added at the landfill, and the HHM program experienced tremendous growth in serving additional businesses and residents. With the expertise of our communications and administrative staff, all of the programs excelled.

The Commission's last bond payment was made on June 1, 2015. In 1995, Scott County issued general obligation bonds for the construction of the Scott Area Landfill and Scott Area Recycling Center. The bond payments were paid by the Commission from recycling revenue and fees paid at their facilities.

Two very important strategic initiatives dominated the focus in fiscal year 2015 and will continue in fiscal year 2016. These include: Master planning at the landfill and single stream recycling implementation. The master planning project yielded design changes that added 20 years of landfill capacity, extending life through 2075. Single stream implementation will provide an increase in recyclables processed and customers served, and reduce the waste being landfilled.

In fiscal year 2016, Scott County will be issuing bonds on the Commission's behalf in the principal amount of \$8,215,000 payable through 2035 to finance the single stream recycling project. The Commission will also be entering into a ten year, zero-interest Loan Agreement between the Waste Commission of Scott County (as borrower) and Closed Loop Fund, LP (as lender) for purchase of recycling carts. This agreement between Closed Loop and the Commission is only valid with the approved Bettendorf and Davenport municipality agreements which guarantee full payment of the carts.

USING THIS ANNUAL REPORT

The Waste Commission of Scott County is a 28E Organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Waste Commission of Scott County's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

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

The Statement of Net Position presents information on the Commission's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the 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

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2015

of the data provided in the basic financial statements.

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

FINANCIAL ANALYSIS OF THE COMMISSION

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position for fiscal 2015 totaled \$11,962,005. This compares to \$12,984,258 for fiscal 2014. A summary of the Commission's net position is presented below.

	Net Position	
	2015	June 30 2014 Not Restated
Current Assets	\$ 1,562,623	\$ 801,551
Restricted Assets	3,469,521	3,745,487
Non Current Prepaid Expenses	1,873,292	2,080,907
Capital Assets at Cost, Less Accumulated Depreciation	10,292,594	10,584,814
	<u>17,198,030</u>	<u>17,212,759</u>
Deferred Outflows of Resources	344,844	0
Current Liabilities	510,333	771,767
Noncurrent Liabilities	4,565,332	3,456,734
Total Liabilities	<u>5,075,665</u>	<u>4,228,501</u>
Deferred Inflows of Resources	505,204	0
Net Position:		
Invested in Capital Assets, Net of Related Debt	10,280,326	10,294,820
Restricted	0	290,640
Unrestricted	1,681,679	2,398,798
Total Net Position	<u>\$ 11,962,005</u>	<u>\$ 12,984,258</u>

In fiscal 2015 a portion of the Commission's net position was restricted for closure and post-closure care and for security for the bond. State and Federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The net position invested in capital assets e.g., land, buildings and equipment, less the related debt portion of net position are resources allocated to capital assets, is 86% of net position. The remaining net position (14%) is the unrestricted net position that can be used to meet the Commission's obligations as they come due.

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 \$1,186,261 to retroactively report the net pension 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

WASTE COMMISSION OF SCOTT COUNTY

Management's Discussion and Analysis

June 30, 2015

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 earned during the year. Operating revenues are received for gate fees from accepting solid waste, fees charged for the acceptance of recycling materials at the recycling center and e-waste facility, sales of sorted recycled materials to material processors, and fee collections for acceptance and disposal of household hazardous waste. Operating expenses are expenses paid to operate the various entities of the Commission. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, significant expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

Changes in Net Position

	Year Ended June 30,	
	2015	2014 Not Restated
Operating Revenue:		
Landfill	\$ 4,822,635	\$ 4,207,770
Recycling	752,353	805,200
Household Hazardous Waste	202,995	189,536
E-Waste Facility	844,326	639,560
Total Operating Revenue	<u>6,622,309</u>	<u>5,842,066</u>
Operating Expenses:		
Salaries	2,044,007	1,912,298
Employee Benefits and Payroll Taxes	681,564	725,052
Site Costs	580,598	672,345
Engineering and Professional Fees	73,499	71,160
General Insurance	200,906	204,774
Iowa Department of Natural Resources Tonnage Fees	298,304	252,253
Depreciation	968,803	894,834
Public Information and Education	112,561	222,692
Other	1,610,923	1,242,159
Total Operating Expenses	<u>6,571,165</u>	<u>6,197,567</u>
Operating Profit (Loss)	<u>51,144</u>	<u>(355,501)</u>
Non-operating Revenues (Expenses):		
Interest Income	24,794	23,320
Interest Expense	(10,388)	(31,270)
Closure and Postclosure Care Costs	(42,818)	(41,908)
Other	141,276	223,698
Net Non-operating Revenue (Expense)	<u>112,864</u>	<u>173,840</u>
Change in Net Position	<u>\$ 164,008</u>	<u>\$ (181,661)</u>

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2015

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

CAPITAL ASSETS

At June 30, 2015, the Commission had \$22,355,810 invested in capital assets, with accumulated depreciation of \$12,063,216. Depreciation charges totaled \$968,803 for fiscal 2015. More detailed information about the Commission's capital assets is presented in Note 11 to the financial statements.

LONG TERM DEBT

At June 30, 2015 the Commission had \$42,982 in debt outstanding, a decrease of \$247,012 from 2014. The table below summarizes outstanding debt by type:

	June 30	
	2015	2014
Loans Payable - See Note 11	\$ 42,982	\$ 9,994
Bonds Payable	0	280,000
Total	\$ 42,982	\$ 289,994

OTHER NON-CURRENT LIABILITY

As described in Note 7 to the financial statements, the Commission has estimated the total landfill closure and post-closure care costs of closing the landfill. These costs are recognized over the operating life of the landfill. The recognition of these annual costs increases the liability. The liability is decreased by any current expenditures, such as costs to close operating cells at the landfill, for closure costs. The balance of this liability increased by \$92,058 during fiscal 2015.

	June 30	
	2015	2014
Estimated Liability for Landfill Closure and Post-Closure Care	\$ 3,548,792	\$ 3,456,734

WASTE COMMISSION OF SCOTT COUNTY
Management's Discussion and Analysis
June 30, 2015

ECONOMIC FACTORS

Waste Commission of Scott County's financial position during the current fiscal year remained consistent with prior years. The current condition of the economy should continue to be monitored. Some of the realities that may potentially become challenges for the Commission to meet are:

- ❑ Facilities require constant maintenance and upkeep.
- ❑ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ❑ Annual deposits required to be made to closure and post-closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- ❑ Recycling markets can fluctuate significantly and need to be monitored continuously.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S MANAGEMENT

This financial report is designed to provide our constituents with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact:

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

Or by E-Mail
mail@wastecom.com

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

WASTE COMMISSION OF SCOTT COUNTY
Statement of Net Position
June 30, 2015

ASSETS**CURRENT ASSETS:**

Cash and Cash Equivalents	\$ 733,227
Accounts Receivable (Net of Allowance for Bad Debts of \$15,000)	729,418
Interest Receivable	2,030
Grants Receivable	2,500
Prepaid Insurance	95,448
Total Current Assets	1,562,623

NONCURRENT ASSETS:

Restricted Cash	61,350
Restricted Investments	3,408,171
Prepaid Expenses to be Recovered in One Year or More	1,873,292
Capital Assets, Net of Accumulated Depreciation	10,292,594
Total Noncurrent Assets	15,635,407

TOTAL ASSETS

17,198,030

DEFERRED OUTFLOWS OF RESOURCES:

Pension Related Deferred Outflows	204,054
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LIABILITIES**CURRENT LIABILITIES:**

Accounts Payable	161,008
Accrued Expenses	252,515
Accrued Solid Waste Fee	80,535
Current Portion of Bonds and Long-Term Debt Due	16,275
Total Current Liabilities	510,333

NON-CURRENT LIABILITIES:

Long-Term Debt Due	26,707
Net Pension Liability	955,535
Net Other Post Employment Benefits Due	34,298
Estimated Liability for Closure and Post-Closure Care	3,548,792
Total Non-Current Liabilities	4,565,332

TOTAL LIABILITIES

5,075,665

DEFERRED INFLOWS OF RESOURCES:

Pension Related Deferred Inflows	364,414
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NET POSITION

Invested in Capital Assets - Net of Related Debt	10,280,326
Restricted for:	
Closure and Post-Closure Care	0
Unrestricted	1,681,679
	1,681,679

TOTAL NET POSITION

\$ 11,962,005

EXHIBIT B

WASTE COMMISSION OF SCOTT COUNTY
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

OPERATING REVENUES - NET OF ALLOWANCES:

User Fees	\$ 5,240,999
Recycling Income	1,381,310
Total Operating Revenues	<u>6,622,309</u>

COST OF OPERATIONS:

Wages and Salaries	1,474,320
Payroll Taxes	96,454
Employee's Insurance	239,481
IPERS	48,378
Deferred Compensation Contribution	31,125
General Insurance	200,906
Fuel, Oil and Antifreeze	203,033
Equipment Maintenance	210,988
Grounds Maintenance	59,033
Building Maintenance	56,804
Shop Supplies	33,803
Small Tools	5,747
Engineering	27,267
Health and Safety	57,864
Land Rent	146,862
Depreciation	968,803
Miscellaneous Site Costs	580,598
Recycling Expenses	633,602
Solid Waste Fee	298,304
Total Cost of Operations	<u>5,373,372</u>

GROSS PROFIT **1,248,937**

ADMINISTRATIVE EXPENSES:

Director Salary	117,510
Administrative Salaries	452,177
Payroll Taxes	44,205
IPERS	24,980
Deferred Compensation Contribution	16,578
Employees' Insurance	180,363
Utilities	76,094
Professional Services	46,232
Office Supplies	22,415
Office Equipment Maintenance	34,742
Public Information and Education	112,561
Bad Debts (Net of Recoveries)	153
Travel and Training	36,881
Dues and Subscriptions	16,953
Bank Charges	11,237
Miscellaneous	4,712
Total Administrative Expenses	<u>1,197,793</u>

OPERATING INCOME **51,144**

EXHIBIT B (continued)

WASTE COMMISSION OF SCOTT COUNTY
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

NON-OPERATING REVENUES (EXPENSES):

Interest Income	24,794
Grant Income	45,624
Grant Expense	(21,708)
Gas System Income	27,293
Interest Expense	(10,388)
Host Community Benefit	(73,148)
Closure Rent	(42,818)
State Reimbursements	62,114
Gain on Asset Sale	70,001
Miscellaneous Income	31,100
Net Non-Operating Revenues	<u>112,864</u>
CHANGE IN NET POSITION	164,008
NET POSITION BEGINNING OF YEAR - AS RESTATED	<u>11,797,997</u>
NET POSITION END OF YEAR	<u>\$ 11,962,005</u>

WASTE COMMISSION OF SCOTT COUNTY
Statement of Cash Flows
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 6,698,731
Cash Paid for Goods and Services	(3,167,862)
Cash Paid to/for Employees	(2,616,314)
Cash from State Reimbursements	62,114
Net Cash Provided by Operating Activities	<u>976,669</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest Paid	(11,156)
(Acquisition) of Capital Assets-Net of Disposals	(429,181)
Principal Proceeds Net of (Payments) on Long Term Debt	32,944
Principal Payments on Bonds	(280,000)
Net Cash Used by Capital and Related Financing Activities	<u>(687,393)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Cash and Certificates of Deposit	25,976
Increase in Restricted Cash	292,257
Redemption (Purchase) of Certificates of Deposit	16,291
Net Cash Provided by Investing Activities	<u>334,524</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	623,800
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>109,427</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 733,227</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 51,144
Adjustments to Reconcile Operating Profit to Net Cash Used by Operating Activities:	
Depreciation	968,803
Amortization of Prepaid Site Costs	207,142
Host Community Payment	(73,148)
State Reimbursements	62,114
Closure Rent	(42,818)
Gas System Income	27,293
Grant Income	45,624
Grant Expense	(21,708)
Miscellaneous Income	31,100
Gain on Asset Sale	70,001
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(137,985)
Decrease in Prepaid Expenses	(5,359)
Decrease in Accounts Payable	46,451
Decrease in Accrued Expenses	(251,985)
NET CASH PROVIDED BY OPERATIONS	<u>\$ 976,669</u>

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

a. Reporting Entity:

All significant activities and organizations on which the Commission exercises oversight responsibility have been included in the Commission's general purpose financial statements, for the year ended June 30, 2015. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Waste Commission of Scott County has one component unit, which meets the Governmental Accounting Standards Board criteria.

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

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

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

b. Basis of Presentation:

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

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2015

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

c. Measurement Focus:

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

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

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

d. Cash, Cash Equivalents and Investments:

The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2015 include certificates of deposit of \$3,408,171 and restricted cash of \$61,350.

e. Capital Assets:

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

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

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

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

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

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

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

f. Accounts Receivable:

Waste Commission of Scott County uses the percent of sales method for recording bad debts. The bad debts allowance at June 30, 2015 and 2014 was \$15,000.

g. Income Taxes:

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

h. Statement of Cash Flows:

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

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

The total cash disbursed for interest in years ended June 30, 2015 and 2014 respectively was \$11,156 and \$31,453

i. Budgets and Budgetary Accounting:

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

j. Restricted Cash and Investments:

Funds set aside for payment of certain obligations are reserved. Funds currently reserved are to pay closure and post-closure costs, for solid waste purposes as outlined in Note 5.

k. Compensated Absences:

Commission employees accumulate earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Employees are not allowed to carry over more than 400 hours of vacation from one year to the next.

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

The Commission's liability for accumulated vacation and sick pay has been computed based on rates of pay in effect at June 30, 2015.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2015

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

l. 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.

m. 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.

n. 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 2 - CASH AND INVESTMENTS:

Cash and investments are stated at cost.

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

The Commission's deposits in credit unions at June 30, 2015 are collateralized with securities held in the Commission's name in accordance with Chapter 12C of the Code of Iowa.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2015

NOTE 2 - CASH AND INVESTMENTS (CONTINUED):

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

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

NOTE 3 - SITE COSTS:

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

NOTE 4 - LAND RENTAL:

The Commission conducts its operations from facilities located on a 585 acre site that is leased from Linwood Mining and Minerals Corp. The lease covers active landfilling and monitors closure of the landfill premises. It is expected that active landfilling will continue for 60 years, and post-closure monitoring will be done for the current Federal mandate of 30 years. Rent shall be paid annually in arrears, in one installment due 30 days following the anniversary date of when the Commission began actively filling the site.

Rent is calculated at \$1.18 per ton of solid waste deposited in the new landfill. On the anniversary date of this agreement and on each anniversary date thereafter, the rate per ton collected shall increase by the same percentage that tipping fees, exclusive of any solid waste fees, charged to customers of the Commission increase.

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

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 4 - LAND RENTAL (CONTINUED):

The Commission has also entered into a Landfill Closure lease for their old site with an annual rent of \$30,000, adjusted annually to the Consumer Price Index. The current rent is \$42,818 annually. This closure lease has the option of extension if required by the Department of Natural Resources. The Commission is currently managing the facility under the closure lease.

Estimated Future Rent Expense

FYE 6/30/16	\$176,000
FYE 6/30/17	\$176,000
FYE 6/30/18	\$176,000
FYE 6/30/19	\$176,000
FYE 6/30/20	\$176,000

NOTE 5 - SOLID WASTE FEE:

The Commission pays a fee to the State of Iowa quarterly based on solid waste deposited at the landfill. The solid waste fee is \$3.65 per ton. The Commission retains \$1.55 of this fee and the balance is remitted to the Department of Natural Resources on a quarterly basis. As of June 30, 2015 the account balances were:

Payable to the State	\$	80,535
Expense for the Year	\$	298,304

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

NOTE 6 - PENSION AND RETIREMENT BENEFITS:

a. Plan Description:

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 membership is mandatory for employees of the Commission, except those covered by another retirement system. 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.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

b. Pension Benefits:

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

- A multiplier (based on years of service).
- The member's highest five-year average salary. (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.

c. 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.

d. 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. 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

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

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 \$143,725.

e. 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 \$955,535 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 0.0240937 percent which was a decrease of 0.000981 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Commission recognized pension expense of \$73,359. 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	\$ 10,385	\$ 0
Changes of Assumptions	42,170	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	364,414
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	7,774	0
Commission Contributions Subsequent to the Measurement Date	<u>143,725</u>	<u>0</u>
Total	<u>\$ 204,054</u>	<u>\$ 364,414</u>

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2015

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

\$143,725 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	\$	57,592
2017		57,592
2018		57,592
2019		57,592
2020		57,592
	\$	287,960

There were no non-employer contributing entities at IPERS.

f. 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.

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100 %</u>	

g. 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 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.

h. Sensitivity of the Commission'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.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Commission's Proportionate Share of the Net Pension Liability:	\$ 1,805,457	\$ 955,535	\$ 238,113

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED):

i. 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.

j. Payables to the Pension Plan:

At June 30, 2015, the Commission did not have any payables to the defined benefit pension plan. All contributions have been remitted to IPERS.

k. Section 457 Deferred Compensation Plan:

The Commission has also established a Section 457 deferred compensation plan for employees. The Commission contributes 1% of full-time employees' gross pay and matches an additional 2%. The amounts in the plan are immediately vested. The Commission's contribution to the deferred compensation plan for the years ended June 30, 2015 and 2014 was \$47,703 and \$46,297, respectively.

NOTE 7 - CLOSURE AND POST-CLOSURE CARE COSTS:

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

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

WASTE COMMISSION OF SCOTT COUNTY
Notes to Financial Statements
June 30, 2015

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

These costs for the Commission have been estimated at \$336,881 for post-closure costs for the Scott County Landfill and \$2,833,730 and \$1,194,856 for closure and post-closure care, respectively, for Cells 1-7 at the Scott Area Landfill as of June 30, 2015, and the portion of the liability that has been recognized is \$3,548,792. This liability represents the cumulative amount reported to date based on the post-closure care costs for the Scott County Landfill and the use of approximately 80% of the capacity of Cells 1-7 at the Scott Area Landfill. Actual costs may be higher due to future inflation, changes in technology, or changes in regulations. A provision for the above liability has been made on the Commission's balance sheet as of June 30, 2015.

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 assets of \$3,469,521 are restricted for these purposes, of which \$1,937,784 is for closure and \$1,531,737 is for post-closure care. They are reported as restricted investments on the Statement of Net Position.

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

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

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

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

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

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

The related assets and liability are:

Restricted Cash	\$ 61,350
Certificates of Deposit	3,408,171
Total Restricted Assets	<u>3,469,521</u>
Estimated Future Liability	3,548,792
Net	<u><u>\$ (79,271)</u></u>

NOTE 8 - 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 9 - NON CASH ACTIVITY:

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

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

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 10 - CAPITAL ASSETS:

A summary of capital assets at June 30, 2015 is as follows:

	Balance Beginning of Year	Increase	Decrease	End of Year
Capital Assets Not Being Depreciated	\$ 1,269,167	334,826	\$ 0	\$ 1,603,993
Vehicles and Equipment	14,532,816	342,157	(288,410)	14,586,563
Buildings	6,165,254	0	0	6,165,254
Total Capital Assets	<u>21,967,237</u>	<u>676,983</u>	<u>(288,410)</u>	<u>22,355,810</u>
Less Accumulated Depreciation	<u>(11,382,423)</u>	<u>(969,203)</u>	288,410	<u>(12,063,216)</u>
Total Capital Assets, Net	<u>\$ 10,584,814</u>	<u>\$ (292,220)</u>	<u>\$ 0</u>	<u>\$ 10,292,594</u>

NOTE 11 - NOTES PAYABLE:

Notes Payable as of June 30, 2015, consists of the following:

In Fiscal 2014 the Commission entered into contract number 13-G550-13 with the Iowa Department of Natural Resources through their Solid Waste Alternatives Program (SWAP). Part of this contract was a \$16,200 loan at 0% interest. The Commission makes quarterly payments of \$1,250. The Commission has imputed interest on this loan at .95%. The balance of this loan as of June 30, 2015 was \$6,105

In Fiscal 2015 the Commission entered into contract number 14-G550-136 with the Iowa Department of Natural Resources through their Solid Waste Alternatives Program (SWAP). Part of this contract was a \$37,500 loan at 0% interest. The Commission makes quarterly payments of \$3,125. The Commission has imputed interest on this loan at .95%. The balance of this loan as of June 30, 2015 was \$36,876.

Future Payments:

Fiscal Year Ended 6-31-16	\$ 16,275
Fiscal Year Ended 6-30-17	14,347
Fiscal Year Ended 6-30-18	12,359

NOTE 12 – CONCENTRATION OF CREDIT RISK:

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

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (OPEB):

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

NOTE 14 - 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	\$ 12,984,258
Net Pension Liability at June 30, 2014	(1,327,051)
Change Outflows of Resources Related Contributions Made After the June 30, 2013 Measurement Date	140,790
Net Position July 1, 2014, as Restated	\$ 11,797,997

WASTE COMMISSION OF SCOTT COUNTY

Notes to Financial Statements

June 30, 2015

NOTE 15 – SUBSEQUENT EVENT:

In fiscal year 2016, Scott County will be issuing bonds on the Commission's behalf in the principal amount of \$8,215,000 payable through 2035 to finance the single stream recycling project. The Commission will also be entering into a ten year, zero-interest Loan Agreement between the Waste Commission of Scott County (as borrower) and Closed Loop Fund, LP (as lender) for purchase of recycling carts. This agreement between Closed Loop and the Commission is only valid with the approved Bettendorf and Davenport municipality agreements which guarantee full payment of the carts.

**WASTE COMMISSION
OF SCOTT COUNTY**

REQUIRED SUPPLEMENTARY INFORMATION

WASTE COMMISSION OF SCOTT COUNTY
 Schedule of the Commission's Proportionate Share of the Net Pension Liability
 June 30, 2015

Iowa Public Employees' Retirement System
 Last Fiscal Year*

Required Supplementary Information

		2015
Commission's Proportion of the Net Pension Liability (Asset)		0.0240937 %
Commission's Proportionate Share of the Net Pension Liability	\$	955,535
Commission's Covered-Employee Payroll	\$	1,843,139
Commission's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll		51.84 %
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.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table

See accompanying independent auditor's report.

WASTE COMMISSION OF SCOTT COUNTY
Schedule of Commission Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Statorily Required Contributions	\$ 143,725	\$ 140,791	\$ 131,427	\$ 115,127	\$ 94,575	\$ 83,402	\$ 74,220	\$ 72,955	\$ 66,485	\$ 56,756
Contributions in Relation to the Statorily Required Contribution	(143,725)	(140,791)	(131,427)	(115,127)	(94,575)	(83,402)	(74,220)	(72,955)	(66,485)	(56,756)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commissioner's Covered-Employee Payroll	\$ 1,843,139	\$ 1,712,298	\$ 1,640,996	\$ 1,509,615	\$ 1,441,242	\$ 1,375,651	\$ 1,247,152	\$ 1,261,880	1,216,896	\$ 1,056,082
Contributions as a Percentage of Covered-Employee Payroll	7.80 %	8.22 %	8.01 %	7.63 %	6.56 %	6.06 %	5.95 %	5.78 %	5.46 %	5.37 %

WASTE COMMISSION OF SCOTT COUNTY
Notes to Required Supplementary Information – Pension Liability
June 30, 2015

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.

WASTE COMMISSION OF SCOTT COUNTY
Notes to Required Supplementary Information – Pension Liability
June 30, 2015

Changes of Assumptions (Continued):

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.

**WASTE COMMISSION
OF SCOTT COUNTY**

SUPPLEMENTARY INFORMATION

WASTE COMMISSION OF SCOTT COUNTY
Statement of Indebtedness
For the Year Ended June 30, 2015

GENERAL OBLIGATION BONDS

Date of Issuance	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
2/17/2007	3.6% to 3.8%	\$ 4,065,000	\$ 280,000	\$ 0	\$ 280,000	\$ 0	\$ 11,113	\$ 0

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Net Position, By Department
 June 30, 2015

	Landfill	Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
ASSETS						
CURRENT ASSETS:						
Cash and Cash Equivalents	\$ 666,881	\$ 40,000	\$ 0	\$ 12,318	\$ 14,028	\$ 733,227
Accounts Receivable (Net of Allowance for Bad Debts of \$15,000)	509,013	58,028	27,914	134,463	0	729,418
Interest Receivable	2,030	0	0	0	0	2,030
Grants Receivable	2,500	0	0	0	0	2,500
Prepaid Insurance	95,448	0	0	0	0	95,448
Total Current Assets	1,275,872	98,028	27,914	146,781	14,028	1,562,623
NONCURRENT ASSETS						
Restricted Cash	61,350	0	0	0	0	61,350
Restricted Investments	3,408,171	0	0	0	0	3,408,171
Prepaid Expenses to be Recovered in One Year or More	1,873,292	0	0	0	0	1,873,292
Capital Assets, Net of Accumulated Depreciation	6,868,321	1,782,811	201,420	1,440,042	0	10,292,594
Total Noncurrent Assets	12,211,134	1,782,811	201,420	1,440,042	0	15,635,407
TOTAL ASSETS	\$ 13,487,006	\$ 1,880,839	\$ 229,334	\$ 1,586,823	\$ 14,028	\$ 17,198,030
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related Deferred Outflows	\$ 204,054	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,054
LIABILITIES						
CURRENT LIABILITIES:						
Accounts Payable	\$ 141,846	\$ 8,953	\$ 669	\$ 9,540	\$ 0	\$ 161,008
Accrued Expenses	181,948	22,978	7,246	40,343	0	252,515
Accrued Solid Waste Fee	80,535	0	0	0	0	80,535
Current Portion of Bonds and Long-Term Debt Due	4,007	0	0	12,268	0	16,275
Total Current Liabilities	408,336	31,931	7,915	62,151	0	510,333
NON-CURRENT LIABILITIES:						
Long-Term Debt Due	2,099	0	0	24,608	0	26,707
Net Pension Liability	955,535	0	0	0	0	955,535
Net Other Post-Employment Benefits Due	34,298	0	0	0	0	34,298
Estimated Liability for Closure and Post-Closure Care	3,548,792	0	0	0	0	3,548,792
Total Non-Current Liabilities	4,540,724	0	0	24,608	0	4,565,332
TOTAL LIABILITIES	4,949,060	31,931	7,915	86,759	0	5,075,665
DEFERRED INFLOWS OF RESOURCES						
Pension Related Deferred Inflows	\$ 364,414	\$ 0	\$ 0	\$ 0	\$ 0	\$ 364,414
NET POSITION:						
Invested in Capital Assets - Net of Related Debt	6,868,321	1,782,811	201,420	1,427,774	0	10,280,326
Restricted for Closure and Post-Closure Care	0	0	0	0	0	0
Unrestricted	1,509,265	66,097	19,999	72,290	14,028	1,681,679
TOTAL NET POSITION	\$ 8,377,586	\$ 1,848,908	\$ 221,419	\$ 1,500,064	\$ 14,028	\$ 11,962,005

See Notes to Financial Statements.

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Revenue, Expenses and Changes in Net Position, By Department
 For the Year Ended June 30, 2015

	Landfill	Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
OPERATING REVENUES - NET OF ALLOWANCES:						
User Fees	\$ 4,595,747	\$ 76,356	\$ 178,857	\$ 390,039	\$ 0	\$ 5,240,999
Recycling Income	226,888	675,997	24,138	454,287	0	1,381,310
Total Revenues	4,822,635	752,353	202,995	844,326	0	6,622,309
COST OF OPERATIONS:						
Wages and Salaries	557,325	345,657	118,631	452,707	0	1,474,320
Payroll Taxes	42,025	10,454	8,862	35,113	0	96,454
Employee's Insurance	136,658	26,590	26,574	49,659	0	239,481
IPERS	22,643	5,187	4,867	15,681	0	48,378
Deferred Compensation Contribution	16,400	4,316	3,393	7,016	0	31,125
General Insurance	200,906	0	0	0	0	200,906
Fuel, Oil and Antifreeze	190,262	9,287	0	3,484	0	203,033
Equipment Maintenance	162,875	45,350	707	2,056	0	210,988
Grounds Maintenance	53,523	3,584	159	1,767	0	59,033
Building Maintenance	19,621	24,103	5,295	7,785	0	56,804
Shop Supplies	7,770	5,368	11,861	8,804	0	33,803
Small Tools	2,953	1,568	75	1,151	0	5,747
Engineering	19,719	0	0	7,548	0	27,267
Health and Safety	13,441	25,994	4,318	14,111	0	57,864
Land Rent	146,862	0	0	0	0	146,862
Depreciation	744,268	160,128	10,597	53,810	0	968,803
Miscellaneous Site Costs	580,598	0	0	0	0	580,598
Recycling Expenses	262,390	4,600	116,735	227,873	22,004	633,602
Solid Waste Fee	298,304	0	0	0	0	298,304
Total Cost of Operations	3,478,543	672,186	312,074	888,565	22,004	5,373,372
GROSS PROFIT (LOSS)	\$ 1,344,092	\$ 80,167	\$ (109,079)	\$ (44,239)	\$ (22,004)	\$ 1,248,937

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Revenue, Expenses and Changes in Net Position, By Department
 For the Year Ended June 30, 2015

	Landfill	Recycling Facility	Hazardous Waste	E-Waste	Keep Scott County Beautiful	Total
GROSS PROFIT (LOSS)	\$ 1,344,092	\$ 80,167	\$ (109,079)	\$ (44,239)	\$ (22,004)	\$ 1,248,937
ADMINISTRATIVE EXPENSES:						
Director Salary	88,129	17,626	5,880	5,875	0	117,510
Administrative Salaries	372,888	29,547	0	49,742	0	452,177
Payroll Taxes	35,564	4,109	446	4,086	0	44,205
IPERS	20,348	1,987	260	2,385	0	24,980
Deferred Compensation Contribution	13,464	1,337	175	1,602	0	16,578
Employees' Insurance	140,483	14,446	2,233	23,201	0	180,363
Utilities	32,210	30,366	0	13,518	0	76,094
Professional Services	46,232	0	0	0	0	46,232
Office Supplies	10,422	2,492	0	5,001	4,500	22,415
Office Equipment Maintenance	34,742	0	0	0	0	34,742
Public Information and Education	112,561	0	0	0	0	112,561
Bad Debts (Recoveries)	153	0	0	0	0	153
Travel and Training	36,881	0	0	0	0	36,881
Dues and Subscriptions	16,953	0	0	0	0	16,953
Bank Charges	10,998	0	0	239	0	11,237
Miscellaneous	4,525	0	0	187	0	4,712
Total Administrative Expenses	976,553	101,910	8,994	105,836	4,500	1,197,793
OPERATING INCOME (LOSS)	367,539	(21,743)	(118,073)	(150,075)	(26,504)	51,144
NON OPERATING REVENUE (EXPENSES):						
Interest Income	24,790	0	0	0	4	24,794
Grant Income	25,000	0	0	20,624	0	45,624
Grant Expense	(21,708)	0	0	0	0	(21,708)
Gas System Income	27,293	0	0	0	0	27,293
Interest Expense	(7,617)	(2,771)	0	0	0	(10,388)
Host Community Benefit	(73,148)	0	0	0	0	(73,148)
Closure Rent	(42,818)	0	0	0	0	(42,818)
State Reimbursements	0	0	62,114	0	0	62,114
Gain on Asset Sale	70,001	0	0	0	0	70,001
Miscellaneous Income	0	0	0	0	31,100	31,100
Net Other Income (Expenses)	1,793	(2,771)	62,114	20,624	31,104	112,864
NET INCOME (LOSS)	369,332	(24,514)	(55,959)	(129,451)	4,600	164,008
NET TRANSFERS IN (OUT)	(369,598)	52,504	49,974	267,120	0	0
NET ADJUSTMENTS TO NET POSITION	(266)	27,990	(5,985)	137,669	4,600	164,008
NET POSITION - Beginning, as Restated	8,377,852	1,820,918	227,404	1,362,395	9,428	11,797,997
NET POSITION - Ending	\$ 8,377,586	\$ 1,848,908	\$ 221,419	\$ 1,500,064	\$ 14,028	\$ 11,962,005

WASTE COMMISSION OF SCOTT COUNTY
 Combining Statement of Cash Flows, By Department
 For the Year Ended June 30, 2015

	Landfill	Recycling Facility	Hazardous Waste	E-Waste	Keep County Beautiful	Total
\$	4,867,957	752,353	202,994	844,327	31,100	6,698,731
	(2,456,874)	(180,812)	(138,778)	(364,894)	(26,504)	(3,167,862)
	(1,376,337)	(451,045)	(176,304)	(612,628)	0	(2,616,314)
	0	0	62,114	0	0	62,114
	1,034,746	120,496	(49,974)	(133,195)	4,596	976,669
	(369,598)	52,504	49,974	267,120	0	0
	(11,156)	0	0	0	0	(11,156)
	(270,448)	0	0	(158,733)	0	(429,181)
	(3,932)	0	0	36,876	0	32,944
	(147,000)	(133,000)	0	0	0	(280,000)
	(432,536)	(133,000)	0	(121,857)	0	(687,393)
	25,972	0	0	0	4	25,976
	292,257	0	0	0	0	292,257
	16,291	0	0	0	0	16,291
	334,520	0	0	0	4	334,524
	567,132	40,000	0	12,068	4,600	623,800
	99,749	0	0	250	9,428	109,427
\$	666,881	40,000	0	12,318	14,028	733,227

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

Operating Income (Loss)	\$	367,539	\$	(21,743)	\$	(118,073)	\$	(150,075)	\$	(26,504)	\$	51,144
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Consumed) by Operating Activities:												
Depreciation	744,268	160,128	10,597	53,810	0	968,803						
Amortization of Prepaid Site Costs	207,142	0	0	0	0	207,142						
Host Community Payment	(73,148)	0	0	0	0	(73,148)						
Closure Rent	(42,818)	0	0	0	0	(42,818)						
Gas System Income	27,293	0	0	0	0	27,293						
Grant Income	25,000	0	0	20,624	0	45,624						
Grant Expense	(21,708)	0	0	0	0	(21,708)						
State Reimbursements	0	0	62,114	0	0	62,114						
Miscellaneous Income	0	0	0	0	0	0						
Gain on Asset Sale	70,001	0	0	0	31,100	101,101						
Change in Cash due to Changes in Current Assets and Current Liabilities:												
(Increase) Decrease in Accounts Receivable	(66,455)	1,301	1,244	(74,075)	0	(137,985)						
(Increase) Decrease in Prepaid Expenses	(5,359)	0	0	0	0	(5,359)						
Increase (Decrease) in Accounts Payable	54,715	(12,162)	(1,385)	5,283	0	46,451						
Increase (Decrease) in Accrued Expenses	(251,724)	(7,028)	(4,471)	11,238	0	(251,985)						
NET CASH PROVIDED (CONSUMED) BY OPERATIONS	\$	1,034,746	\$	120,496	\$	(49,974)	\$	(133,195)	\$	4,596	\$	976,669

See Notes to Financial Statements.

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

HUCKFELDT & SMITH

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL LIABILITY COMPANY

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

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

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Waste Commission of Scott County as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Waste Commission of Scott County's financial statements will not be prevented or detected and corrected on a timely basis. We did not discover any deficiencies in internal control over financial reporting.

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

Compliance and Other Matters

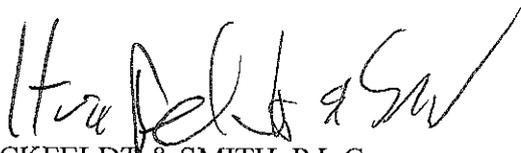
As part of obtaining reasonable assurance about whether the Waste Commission of Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, non-compliance with which could have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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Waste Commission of Scott County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



HUCKFELDT & SMITH, P.L.C.

January 14, 2015

**WASTE COMMISSION
OF SCOTT COUNTY
SCHEDULE OF FINDINGS**

WASTE COMMISSION OF SCOTT COUNTY
Schedule of Findings
June 30, 2015

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

None noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Statutory Reporting:

1. Questionable Expenses – No expenses that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
2. Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
3. Board Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
4. Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C or the Code of Iowa were noted.
5. Solid Waste Tonnage Fees Retained – During the year ended June 30, 2015, the Commission used or retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

WASTE COMMISSION OF SCOTT COUNTY
 Schedule of Findings
 June 30, 2015

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

Total Estimated Costs for Closure and Post-Closure Care	\$ 4,365,467
Less Amounts restricted and reserved	<u>3,469,521</u>
Remaining Cost assured through the local government financial Test	<u>\$ 895,946</u>

Two Prong Test (Must meet both Tests):

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

$$463,034/6,380,107 = .07$$

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

$$586,560/6,380,107 = .09$$

Maximum amount eligible to be assured by the local government:

Total Revenue for prior Year times 43%

$$6,198,446 \times .43 = 2,665,332$$