

**SAMPLE CASH LANDFILL COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENT  
AND OTHER INFORMATION  
SCHEDULE OF FINDINGS**

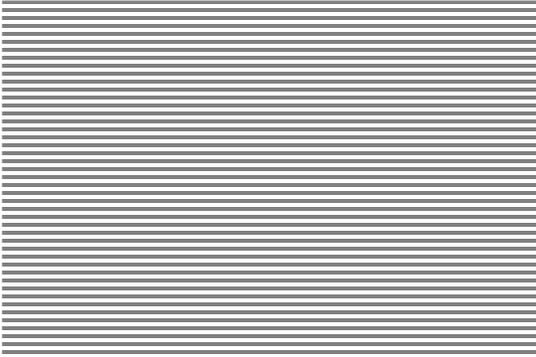
**JUNE 30, 2020**

Office of  
**AUDITOR  
OF STATE**

State Capitol Building • Des Moines, Iowa



**Rob Sand  
Auditor of State**







**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Rob Sand  
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Practitioners:

This sample report is presented by the Office of Auditor of State as required by Chapter 11.6 of the Code of Iowa. In developing this report, we have made every effort to ensure the highest professional standards have been followed while attempting to provide meaningful and useful information to the citizens, our ultimate client. This sample is prepared based on a Commission providing solid waste services on the basis of an agreement between several municipalities and a county government, as provided in Chapter 28E of the Code of Iowa.

Audits of solid waste commissions should be performed in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and, if applicable, Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

This sample report has been prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.

The format shows the basic financial statement, other information (except for the Management's Discussion and Analysis, see Additional Notes 1) and the Schedule of Findings which are necessary to meet the requirements of this Office. The detail presented in the sample report is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the Commission feel more detail is necessary to provide a fair presentation, this, of course, will be welcome. A sample such as this cannot present all situations which you may encounter, so the auditor's professional judgment must be used in determining the additional information to be shown, as well as the footnotes to be presented.

Commissions with \$750,000 or more of federal expenditures are required to receive a Single Audit in accordance with the Uniform Guidance. Any questions concerning Single Audit requirements should be directed to the Commission's cognizant or oversight agency.

In accordance with the Uniform Guidance, the reporting package and the Data Collection Form shall be submitted to the central clearinghouse the earlier of 30 days after issuance of the audit report or 9 months after the reporting period. The Office of Management and Budget has designated the United States Department of Commerce, Bureau of the Census as the Single Audit Clearinghouse. The Data Collection Form and reporting package must be submitted using the Clearinghouse's Internet Data Entry System at <http://harvester.census.gov/facweb/>. The system requires the reporting package be uploaded in a single PDF file. Both the auditee and auditor contacts receive automated e-mails from the Federal Audit Clearinghouse as verification of the submission.

The findings on compliance, items (1) through (7), detail those items which are to be included regardless of whether there are instances of non-compliance or not. Any instances of non-compliance in other areas should also be reported.

We have also included a page for listing the staff actually performing the audit. Although we have found this page to be helpful, you are not required to use it.

As required by Chapter 11.14 of the Code of Iowa, the news media are to be notified of the issuance of the audit report by the CPA firm, unless the firm has made other arrangements with the Commission for the notification. We have developed a standard news release to be used for this purpose. The news release (paper copy or electronic format) should be completed by the CPA firm or the Commission and submitted to this Office with a **text-searchable** electronic copy of the audit report sent by the CPA firm. Report filing requirements are detailed on the attached listing. We will make the audit report and news release available to the news media in this Office.

In accordance with Chapter 11.6(7) of the Code of Iowa, this Office is to be notified immediately regarding any suspected embezzlement, theft or other significant financial irregularities.

Finally, I would like to express my appreciation to all CPA firms who are providing audit or other services to local governments and related entities. Together, we are able to provide a significant benefit to all taxpayers in the state.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and "S".

Rob Sand  
Auditor of State

**Office of Auditor of State**

**Report Filing Requirements**

**Report** – The Commission or CPA firm is required to submit an electronic, **text-searchable**, PDF copy of the audit report, including the management letter(s) if issued separately, with this Office upon release to the Commission within nine months following the end of the fiscal year subject to audit. Text-searchable files are required for the following reasons:

- The files created are much smaller in size than scanned-image files. Accordingly, text-searchable files require less storage space.
- Text-searchable files are required by the Census bureau when submitting Data Collection Forms and Single Audit reporting packages (i.e. consistent with Federal requirements).
- Text-searchable files provide transparency to the public.

**Per Diem Audit Billing & News Release** – A copy of the CPA firm's per diem audit billing, including total cost and hours, and a copy of the news release or media notification should also be submitted. These items can be submitted as either paper copies or electronic copies.

**Filing Fee** – The filing fee should be submitted based on the following designated budget strata:

Budgeted Expenditures in Millions of Dollars	Filing Fee Amount
Under 1	\$ 100
At least 1 but less than 3	175
At least 3 but less than 5	250
At least 5 but less than 10	425
At least 10 but less than 25	625
25 and over	850

**Submission** – Electronic submission (text-searchable PDF) of the audit report, per diem audit billing and news release should be e-mailed to [SubmitReports@aos.iowa.gov](mailto:SubmitReports@aos.iowa.gov).

If you are unable to e-mail the PDF files, you may mail a CD containing the files to this Office. You may direct any questions about submitting electronic files to the above e-mail address.

Paper copies (if not submitted electronically) of the per diem audit billing and news release, as well as the filing fee, should be sent to the following address:

Office of Auditor of State  
State Capitol Building  
Room 111  
1007 East Grand Avenue  
Des Moines, IA 50319-0001

## **Sample Cash Landfill**

### **Outline of Major Changes**

- A. Revised the news release to include information on the prior year findings repeated in the current audit.
- B. Added a required compliance finding (3) pertaining to Chapter 68B of the Code of Iowa, the Iowa Gift Law.
- C. Added a note disclosure regarding a prospective accounting change for GASB Statement No. 87, Leases. (Note 10) (NOTE: include this prospective change note only if the Commission intends to implement GASB Statement No. 87 in FY2021.)

### **Additional Notes**

1. Management's Discussion and Analysis (MD&A), which is part of Other Information, is not a required part of the financial statements for entities reporting on a cash basis and it is, therefore, not required by this Office. If the Landfill elects to include an MD&A with the financial statements, it should be based on the applicable standards that apply to GAAP reporting and be reported as Other Information.
2. If the Commission has deposits in credit unions at June 30, 2020, Note 2 should be modified to indicate whether the deposits were covered by federal depository insurance, collateralized with securities or letters of credit held by the Commission or the Commission's agent in the Commission's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
3. If the Commission operates a transfer station, disclosure of the closure care costs should be included in the Notes to Financial Statement. In addition, the Schedule of Findings should include a finding indicating whether the Commission has demonstrated financial assurance for closure care costs of the transfer station. Following is an example footnote for transfer station closure care.

#### **Sample Note – 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 costs. 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.

The total closure care costs for the Commission as of June 30, 2020 have been estimated to be \$9,830. The balance has been restricted and is fully funded at June 30, 2020.

4. Following is an example footnote for an early retirement or other benefit plan or policy which meets the definition of a "termination benefit" as defined by GASB Statement No. 47.
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## **Additional Notes (Continued)**

### **Sample Note – Termination Benefits**

In September 2019, the Commission approved a voluntary early retirement plan for employees. The plan was only offered to employees for one year. Eligible employees must have completed at least fifteen years of full-time service to the Commission and must have reached the age of fifty-five on or before June 30, 2020. The application for early retirement was subject to approval by the Commission.

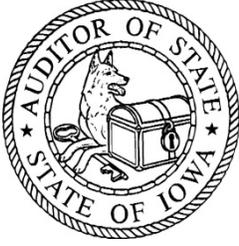
Early retirement benefits equal 60% of the employee's salary in effect during the employee's last year of employment, with a maximum retirement benefit of \$30,000.

The policy requires early retirement benefits be paid in three equal annual installments beginning July 1, 2020.

At June 30, 2020, the Commission has obligations to three participants with a total liability of \$51,284. Actual early retirement expenditures for the year ended June 30, 2020 totaled \$25,642.

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**Sample Cash Landfill Commission**



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**NEWS RELEASE**

Contact:

FOR RELEASE \_\_\_\_\_

Auditor of State Rob Sand today released an audit report on the Sample Cash Landfill Commission.

**FINANCIAL HIGHLIGHTS:**

The Commission had total receipts of \$\_\_\_\_\_ for the year ended June 30, 2020, a(n) \_\_\_% increase (decrease) from the prior year. Disbursements for the year ended June 30, 2020 totaled \$\_\_\_\_\_, a(n) \_\_\_% increase (decrease) from the prior year. The significant increase (decrease) in receipts and disbursements is due primarily to \_\_\_\_\_.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 31 through 34 of this report. The findings address issues such as a lack of segregation of duties, the misposting of a material amount of member assessments and the lack of publication of Commission meeting minutes. Sand provided the Commission with recommendations to address each of the findings.

Four of the five findings discussed above are repeated from the prior year. The Landfill Commission has a fiduciary responsibility to provide oversight of the Landfill's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

**(NOTE to CPAs: Include significant findings, including material weaknesses, significant non-compliance and all Federal findings. Auditor judgement should be used to determine which significant deficiencies reported under Government Auditing Standards, if any, should be included.)**

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/audit-reports>.

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**SAMPLE CASH LANDFILL COMMISSION**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENT  
AND OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2020**

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## Sample Cash Landfill Commission

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dwight Lewis	Chairperson	Anywhere County
Carroll Jensen	Vice Chairperson	City of One
Glen Schmitz	Member	City of Two
Leon Collins	Member	City of Three
Eileen Johnson	Member	City of Four
Melvin Green	Member	City of Five
Sarah Fiddelke	Member	City of Six
Jay Bird	Member	City of Seven
Tom Wright	Member	City of Eight
Leslie Carson	Director	



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Independent Auditor's Report

To the Members of the Sample Cash Landfill Commission:

Report on the Financial Statement

We have audited the accompanying financial statement of the Sample Cash Landfill Commission as of and for the year ended June 30, 2020, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the cash basis financial position of the Sample Cash Landfill Commission as of June 30, 2020, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

## Other Matters

### *Other Information*

The other information, Management's Discussion and Analysis (**delete reference to the MD&A if excluded from reporting**), the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 6 through 8 and 23 through 28, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2020 on our consideration of the Sample Cash Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Sample Cash Landfill Commission's internal control over financial reporting and compliance.

Marlys K. Gaston, CPA  
Deputy Auditor of State

September 17, 2020

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Sample Cash Landfill Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Sample Cash Landfill Commission is for the year ended June 30, 2020. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2020 FINANCIAL HIGHLIGHTS**

- Operating receipts increased 15.1%, or approximately \$80,000, from fiscal year 2019 to fiscal year 2020.
- Operating disbursements increased 10.4%, or approximately \$54,000, from fiscal year 2019 to fiscal year 2020.
- The Commission's cash balance decreased 23.0%, or approximately \$223,000, from June 30, 2019 to June 30, 2020.

### **USING THIS ANNUAL REPORT**

The Commission has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's cash basis financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the basic financial statement.

Other Information further explains and supports the Commission's proportionate share of the net pension liability and related contributions.

## FINANCIAL ANALYSIS OF THE COMMISSION

### *Statement of Cash Receipts, Disbursements and Changes in Cash Balance*

The purpose of the statement is to present the receipts received by the Commission and the disbursements paid by the Commission, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Commission's cash basis financial position by analyzing the increase or decrease in the Commission's cash balance.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, grant receipts, equipment purchases and capital projects. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2020 and June 30, 2019 is as follows:

Changes in Cash Balance		
	Year ended June 30,	
	2020	2019
Operating receipts:		
Solid waste fees	\$ 565,639	494,143
Member assessments	25,356	18,856
Recycling sales	13,464	15,075
Miscellaneous	5,193	1,563
Total operating receipts	<u>609,652</u>	<u>529,637</u>
Operating disbursements:		
Solid waste contractor	272,880	286,574
Closure	89,017	-
Other	214,091	235,201
Total operating disbursements	<u>575,988</u>	<u>521,775</u>
Excess of operating receipts over operating disbursements	<u>33,664</u>	<u>7,862</u>
Non-operating receipts (disbursements):		
Interest on investments	17,824	9,198
Recycling grants	59,740	5,811
Recycling collection center equipment	(35,962)	-
Building and grounds	(298,744)	-
Net non-operating receipts (disbursements)	<u>(257,142)</u>	<u>15,009</u>
Change in cash balance	(223,478)	22,871
Cash balance beginning of year	973,296	950,425
Cash balance end of year	<u>\$ 749,818</u>	<u>973,296</u>
<b>Cash Basis Fund Balance</b>		
Restricted for:		
Closure	\$ 112,393	125,000
Postclosure care	211,727	120,000
Total restricted cash basis fund balance	<u>324,120</u>	<u>245,000</u>
Unrestricted	<u>425,698</u>	<u>728,296</u>
Total cash basis fund balance	<u>\$ 749,818</u>	<u>973,296</u>

In fiscal year 2020, operating receipts increased \$80,015, or 15.1%, over fiscal year 2019. The increase was primarily a result of solid waste fees increasing \$71,496 due to an increase in tipping fees and member contributions increasing \$6,500. In fiscal year 2020, operating disbursements increased \$54,213, or 10.4%, over fiscal year 2019. The increase in disbursements was primarily due to closure costs of 5 acres of the landfill.

A portion of the Commission's cash balance, \$324,120 (43%), is restricted for closure and postclosure care. State and federal laws and regulations require the Commission to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining cash balance, \$425,698 (57%), is unrestricted and can be used to meet the Commission's obligations as they come due. The restricted cash balance increased \$79,120, or 32.3%, during the year. The increase was due to additional funds set aside for closure and postclosure care. The unrestricted cash balance decreased \$302,598, or 41.5%, during the year due to construction projects.

### **LONG-TERM DEBT**

At June 30, 2020, the Commission had no long-term debt outstanding.

### **ECONOMIC FACTORS**

The financial position of the Commission did not improve in the current fiscal year as construction projects decreased its cash balance. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- Facilities and equipment 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 postclosure care accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Commission anticipates the current fiscal year will be one of transition as it makes important decisions regarding the future of solid waste in this planning area.

### **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Sample Cash Landfill Commission, PO Box 000, Anywhere, Iowa 50000.

**Basic Financial Statement**

**Sample Cash Landfill Commission**

Sample Cash Landfill Commission

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balance

As of and for the year ended June 30, 2020

Operating receipts:	
Solid waste fees	\$ 565,639
Member assessments	25,356
Recycling sales	13,464
Miscellaneous	<u>5,193</u>
Total operating receipts	<u>609,652</u>
Operating disbursements:	
Salaries and benefits	41,962
Solid waste contractor	272,880
Iowa Department of Natural Resources tonnage fee	28,805
Regulatory assistance/engineering	13,325
Tire disposal	1,384
Recycling	53,008
Equipment maintenance	9,172
Ground water monitoring/inspecting	20,739
Road gravel	9,417
Legal, accounting and auditing	5,568
Office equipment and supplies	5,810
Utilities	3,991
Closure	89,017
Insurance	7,633
Miscellaneous	<u>13,277</u>
Total operating disbursements	<u>575,988</u>
Excess of operating receipts over operating disbursements	<u>33,664</u>
Non-operating receipts (disbursements):	
Interest on investments	17,824
Recycling grants	59,740
Recycling collection center equipment	(35,962)
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Restricted for:	
Closure	\$ 112,393
Postclosure care	<u>211,727</u>
Total restricted cash basis fund balance	324,120
Unrestricted	<u>425,698</u>
Total cash basis fund balance	<u>\$ 749,818</u>

See notes to financial statements.

Sample Cash Landfill Commission

Notes to Financial Statement

June 30, 2020

**(1) Summary of Significant Accounting Policies**

The Sample Cash Landfill Commission was formed in 1973 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste facilities in Anywhere County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each member. The members of the Commission include Anywhere County and the cities of One, Two, Three, Four, Five, Six, Seven and Eight. Each member of the Commission has one vote, except for Anywhere County and the City of Three, which each have six votes. Currently, the Commission contracts for landfill operations.

A. Reporting Entity

For financial reporting purposes, the Sample Cash Landfill Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Commission is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Commission in accordance with U. S. generally accepted accounting principles.

D. Cash Basis Fund Balance

Funds set aside for payment of closure and postclosure care are classified as restricted.

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

At June 30, 2020, the Commission had the following investments:

<u>Investment</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Note	<u>\$ 200,000</u>	<u>199,000</u>	October 2019

The Commission uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Treasury Note of \$199,000 was determined using the last reported sales price at current exchange rates. (Level 1 inputs)

In addition, the Commission had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$149,818. There were no limitations or restrictions on withdrawals for the IPAIT investments. The Commission's investment in IPAIT is unrated.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Commission.

### **(3) Pension Plan**

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

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

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, 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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the “entry age normal” actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission’s contributions to IPERS for the year ended June 30, 2020 totaled \$5,455.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the Commission had a liability of \$43,190 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the Commission’s proportion was 0.000874%, which was an increase of 0.000184% over its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Commission’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$3,642, \$8,304 and \$10,057, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 75,619	43,190	15,819

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**(4) Other Postemployment Benefits (OPEB)**

Plan Description – The Commission operates a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Commission currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the Commission contributed \$4,800 and plan member eligible for benefits contributed \$9,600 to the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by Sample Cash Landfill Commission and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>2</u>
Total	<u><u>3</u></u>

**(5) Closure and Postclosure Care**

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that year. Estimated total costs consist 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 due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Commission have been estimated to be \$164,599 for closure and \$263,921 for postclosure care, for a total of \$428,520 as of June 30, 2020. The estimated remaining life of the landfill is 7.3 years, with approximately 82.9% of the landfill's capacity used at June 30, 2020.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2020, assets of \$324,120 are restricted for these purposes, of which \$112,393 is for closure and \$211,727 is for postclosure care. They are reported as restricted cash balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

Also, pursuant to Chapter 567-113.14 of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Commission must certify the following to the Iowa Department of Natural Resources:

- The fund is dedicated by local government 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:

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

Y

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

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

#### **(6) Solid Waste Tonnage Fees Retained**

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2020, the Commission had no unspent tonnage fees.

#### **(7) Risk Management**

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The Commission's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the year ended June 30, 2020 were \$7,133.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$20,000, respectively. The Commission assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(8) Landfill Operator Contract**

The Commission has entered into a contract with Anywhere County Management Services, Inc. for operation of the landfill. Under the contract, the contractor is to operate the landfill site in compliance with all applicable laws, rules and regulations. The contractor is to furnish all labor, tools and equipment necessary for operation, except for recycling responsibilities. For these services, the operator was paid \$272,880 during the year ended June 30, 2020.

**(9) Compensated Absences**

Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation at June 30, 2020 was \$2,100. This liability has been computed based on rates of pay in effect at June 30, 2020.

**(10) Prospective Accounting Change**

(NOTE: include this prospective change note only if the Association intends to implement GASB Statement No. 87 in FY2021.)

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

## **Other Information**

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Sample Cash Landfill Commission

Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Six Years\*

Other Information

	2020	2019	2018	2017
Commission's proportion of the net pension liability	0.000874%	0.000690%	0.000808%	0.000773%
Commission's proportionate share of the net pension liability	\$ 43,190	34,100	32,052	29,887
Commission's covered payroll	\$ 56,653	47,156	44,445	40,168
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	76.24%	72.31%	72.12%	74.40%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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<u>2016</u>	<u>2015</u>
0.000770%	0.000764%
28,874	24,594
36,226	31,638
79.71%	77.74%
85.19%	87.61%

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Sample Cash Landfill Commission  
Schedule of Commission Contributions  
Iowa Public Employees' Retirement System  
For the Last Ten Years

Other Information

		2020	2019	2018	2017
Statutorily required contribution	\$	5,455	5,348	4,211	3,969
Contributions in relation to the statutorily required contribution		(5,455)	(5,348)	(4,211)	(3,969)
Contribution deficiency (excess)	\$	-	-	-	-
Commission's covered payroll	\$	57,786	56,653	47,156	44,445
Contributions as a percentage of covered payroll		9.44%	9.44%	8.93%	8.93%

See accompanying independent auditor's report.

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2016	2015	2014	2013	2012	2011
3,587	3,235	2,743	2,583	2,389	2,205
(3,587)	(3,235)	(2,743)	(2,583)	(2,389)	(2,205)
-	-	-	-	-	-
40,168	36,226	31,638	32,007	34,374	33,158
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

**Sample Cash Landfill Commission**

Sample Cash Landfill Commission

Notes to Other Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



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

To the Members of the Sample Cash Landfill Commission:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Sample Cash Landfill Commission as of and for the year ended June 30, 2020, and the related Notes to Financial Statement, and have issued our report thereon dated September 17, 2020. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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 Sample Cash Landfill Commission's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 have not been identified. We consider the deficiencies described in the accompanying Schedule of Findings as items (A) and (B) to be material weaknesses.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement 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.

### The Sample Cash Landfill Commission's Responses to the Findings

The Sample Cash Landfill Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Sample Cash Landfill Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement 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 results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Marlys K. Gaston, CPA  
Deputy Auditor of State

September 17, 2020

Sample Cash Landfill Commission

Schedule of Findings

Year ended June 30, 2020

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Commission's financial statements.

Condition – Generally, one individual in the Commission has control over charge accounts, including billing, deposit preparation, posting transactions to accounting records and reconciling payments to accounts receivable records.

Cause – The Commission has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The Commission should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff or designate a member of the Commission to provide additional control through review of financial transactions to help ensure accounts receivable charges and payments on account are properly recorded and deposited intact.

Response – The Commission has developed a procedure where the Director will review totals from the receipt ledger against the manual totals figured by Scale Office personnel. Discrepancies will be reviewed and reconciled.

The Director will also review the Accounts Receivable Aging Report each month to make sure payments are being properly recorded to charge accounts. Letters will be sent to accounts that are past due over sixty days.

Conclusion – Response accepted.

Sample Cash Landfill Commission

Schedule of Findings

Year ended June 30, 2020

(B) Financial Reporting

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the Commission’s financial statements.

Condition – A material amount of member assessments were misposted as solid waste fees rather than member assessments. Adjustments were subsequently made by the Commission to properly report the amounts in the Commission’s financial statements.

Cause – Commission policies do not require and procedures have not been established to require member assessments received to be compared to the accounting records by an independent person.

Effect – Lack of policies and procedures resulted in Commission employees not detecting the errors in the normal course of performing their assigned functions and material adjustments to the Commission’s financial statements were necessary.

Recommendation – The Commission should implement procedures to ensure receipts are properly recorded in the Commission’s financial statements.

Response – We will double check this in the future to avoid posting errors.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

Sample Cash Landfill Commission

Schedule of Findings

Year ended June 30, 2020

**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Restricted Donor Activity – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- (4) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not. However, the minutes, including the schedule of bills allowed and gross salaries, were not published as required by Chapter 28E.6(3) of the Code of Iowa.

Recommendation – The Commission should ensure the minutes, including the schedule of bills allowed and gross salaries, are published, as required.

Response – This recommendation will be followed for future publications.

Conclusion – Response accepted.

- (5) 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 and the Commission’s investment policy were noted, except as follows:

A resolution naming official depositories has not been adopted by the Commission.

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted in accordance with Chapter 12C of the Code of Iowa.

Response – A resolution naming official depositories with sufficient amounts was adopted by the Commission on September 5, 2020 and will be reviewed by the Commission annually.

Conclusion – Response accepted.

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

Sample Cash Landfill Commission

Schedule of Findings

Year ended June 30, 2020

- (7) Financial Assurance – The Commission has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567–113.14(6) of the Iowa Administrative Code (IAC). The calculation is made as follows:

	Postclosure		Total
	Closure	Care	
Total estimated cost for closure and postclosure care	\$ 164,599	263,921	\$ 428,520
Less: Balance of funds held in the local dedicated fund at June 30, 2018	125,000	120,000	245,000
	39,599	143,921	183,520
Divided by the number of years remaining in the pay-in-period	1	1	
Required payment into the local dedicated fund for the year ended June 30, 2019	39,599	143,921	183,520
Balance of funds held in the local dedicated fund at June 30, 2018	125,000	120,000	245,000
Balance of funds required to be held in the local dedicated fund at June 30, 2019	<u>\$ 164,599</u>	<u>263,921</u>	<u>428,520</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2019	<u>\$ 112,393</u>	<u>211,727</u>	<u>324,120</u>

Iowa Department of Natural Resources rules and regulations require deposits into the closure and postclosure care accounts be made at least annually within 30 days of the close of each fiscal year. The required deposit was not made on timely. It was made on September 3, 2020.

Recommendation – The Commission should demonstrate financial assurance by designating amounts sufficient to comply with Iowa Administrative Code requirements. In addition, the Commission should ensure deposits are made within 30 days of the close of the fiscal year to comply with Iowa Department of Natural Resources rules and regulations.

Response – The Sample Cash Landfill Commission has our engineering consultants do the estimates for financial assurance. The engineers have been using figures as if the deposit had already had been made for the prior year, when in fact the deposit had not been made by June 30. In the future, the Commission will hold the vote in May in order to get funds moved prior to June 30.

Conclusion – Response accepted.

Sample Cash Landfill Commission

Staff

This audit was performed by:

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