

This guide is provided in accordance with Chapter 11.6(7) of the Code of Iowa. Use of this guide in your practice requires a proper implementation of professional standards. This guide is not a substitute for an understanding of the applicable professional standards. While this guide has been reviewed internally by CPAs within the Auditor of State's Office and is subject to outside peer review every three years, the guide has not undergone an external Quality Control Material Review or Examination.

SAMPLE ACCRUAL COUNTY LANDFILL ASSOCIATION

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2023

==== Office of ====

**AUDITOR
OF STATE**

State Capitol Building • Des Moines, Iowa

=====



Rob Sand
Auditor of State



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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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 an Association providing solid waste services on the basis of an agreement between several municipalities and a county government, as provided for in Chapter 28E of the Code of Iowa.

Audits of landfill associations 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 in conformity with U.S. generally accepted accounting principles and conforms to guidelines provided in Governmental Accounting and Financial Reporting Standards published by the Governmental Accounting Standards Board.

The format shows the basic financial statements, required supplementary information and the Schedule of Findings which are necessary to meet the requirements of this Office. The detail presented in the financial statements is the minimum breakdown that will be acceptable subject, of course, to materiality considerations. If the auditor and the Association 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.

Associations 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 Association'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 <https://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.

Under Rule 15c2-12 of the Securities and Exchange Commission governing ongoing disclosure by municipalities to the bond markets, virtually any municipality which issues more than \$1 million of securities per issue is subject to an ongoing filing responsibility. All continuing disclosure submissions must be provided to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. In addition, submissions must be in an electronic format (text-searchable PDF), i.e., not scanned.

The findings on compliance, items 2023-A through 2023-G, 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. An example of a finding for non-compliance with financial assurance requirements is included in the additional notes section.

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 Association 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 Association 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 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 and cursive.

Rob Sand
Auditor of State

Office of Auditor of State

Report Filing Requirements

Report – The Association 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 Association 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 and 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 (word-searchable PDF).

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

<u>Budgeted Expenditures in Millions of Dollars</u>	<u>Filing Fee Amount</u>
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.

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 Accrual Landfill

Outline of Major Changes

- A. The Association may have a public-private and public-public partnership arrangement which requires reporting under GASB No. 94. The Sample Report was not modified to reflect this statement.

Additional Notes

1. While Governmental Accounting Standards Board Statement (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was not applicable to Sample Accrual Landfill Association, it should be implemented in those landfills to which it applies. See Sample County for example of implementation of GASB (GASBS) No. 96, Subscription-Based Information Technology Arrangements (SBITAs).
2. Implementation of GASB Statement No. 72, Fair Value Measurement and Application, is not reflected in this sample report because the only investments included are certificates of deposit. The requirements of GASB Statement No. 72 should be followed when applicable.
3. If the Association has deposits in credit unions at June 30, 2023, 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 Association or the Association's agent in the Association's name or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa.
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.

Sample Note – Termination Benefits

In September 2022, the Association 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 Association and must have reached the age of fifty-five on or before June 30, 2023. The application for early retirement was subject to approval by the Association.

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, 2023.

At June 30, 2023, the Association has obligations to three participants with a total liability of \$51,284. Actual early retirement expenses for the year ended June 30, 2023 totaled \$25,642.

5. An audit of a landfill includes an examination of the Landfill's compliance with financial assurance for closure, postclosure care as required by Chapter 567-113.14(6) of the Iowa Administrative Code. The auditor is required to include a statutory comment on the financial assurance for closure and postclosure care, regardless of whether there are any instances of noncompliance or not. An example to report compliance is included as item 2023-G in the Schedule of Findings of the Sample Accrual Landfill report. The following is an example statutory comment if instances of noncompliance are noted:
-

Sample Accrual Landfill

Additional Notes (Continued)

Financial Assurance – The Association has not demonstrated financial assurance for closure and postclosure care as required by Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Postclosure Care
Total estimated costs for closure and postclosure care	\$ 346,166	339,770
Less: Balance of funds held in the local dedicated fund at June 30, 2022	<u>(308,000)</u>	<u>(213,059)</u>
	38,166	126,711
Divided by the number of years remaining in the pay-in period	<u>1</u>	<u>1</u>
Required payment into the local dedicated fund for the year ended June 30, 2023	38,166	126,711
Balance of funds held in the local dedicated fund at June 30, 2022	<u>308,000</u>	<u>213,059</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2023	<u>\$ 346,166</u>	<u>339,770</u>
Amount Association has restricted for closure and postclosure care at June 30, 2023	<u>\$ 345,000</u>	<u>335,000</u>

Recommendation – The Association should demonstrate financial assurance by designating amounts sufficient to comply with Iowa Administrative Code requirements.

6. If the Association operates a transfer station, disclosure of the closure care costs should be included in the Notes to Financial Statements. In addition, the Schedule of Findings should include a finding indicating whether the Association has demonstrated financial assurance for closure care costs of the transfer station. This finding should be included regardless of whether there are instances of noncompliance or not. Following is an example footnote for transfer station closure care.

Sample Note – Transfer Station Closure Care

To comply with state regulations, the Association 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 Association 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 Association as of June 30, 2023 have been estimated to be \$9,830. The balance has been restricted and is fully funded at June 30, 2023.

Sample Accrual Landfill

Additional Notes (Continued)

The following is an example statutory comment when instances of compliance are noted:

Financial Assurance – The Association has demonstrated financial assurance for the landfill transfer station closure care by establishing a local government dedicated fund as provided by Chapter 567-113-.14(6) of the Iowa Administrative Code. The amount the Association has restricted for closure care at June 30, 2023 exceeds the total estimated costs at that date and, accordingly, the costs are fully funded.

The following is an example statutory comment when there are compliance instances noted:

Financial Assurance – The Association has demonstrated financial assurance for the landfill transfer station closure care by establishing a local government dedicated fund as provided by Chapter 567-113-.14(6) of the Iowa Administrative Code. The estimated costs for closure care is \$250,000. The balance restricted for landfill transfer station closure care at June 30, 2023 is \$125,000. Therefore, the closure costs are not fully funded by \$125,000.

Recommendation – The Association should restrict sufficient funds to satisfy the estimated closure costs at June 30, 2023.

7. If the Association is a member of the Iowa Communities Assurance Pool, the following disclosure should be included in the Notes to Financial Statements.

Risk Management

The Association 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 800 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, employment practices liability, public officials liability, cyber liability, law enforcement liability and property. 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 Association's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The Association's contributions to the Pool for the year ended June 30, 2023 were \$_____.

Sample Accrual Landfill

Additional Notes (Continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber 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 Association'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 Association'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 Association'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.

The Association does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2023, no liability has been recorded in the Association's financial statements. As of June 30, 2023, 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 Association also carries commercial insurance purchased from other insurers for coverage associated with _____ in the amount of \$_____ and \$_____, respectively. The Association 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.

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Rob Sand
Auditor of State

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

Auditor of State Rob Sand today released an audit report on Sample Accrual County Landfill Association.

FINANCIAL HIGHLIGHTS:

The Association's revenues totaled \$_____ for the year ended June 30, 2023, a(n) ___% increase (decrease). Expenses for the year ended June 30, 2023 totaled \$_____, a(n) ___% increase (decrease). The significant increase (decrease) in revenues and expenses is due primarily to _____.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and expenditure of taxpayer funds. They are found on pages 46 through 50 of this report. The findings address issues such as a lack of segregation of duties, material amounts of receivables, payables and capital asset additions not properly recorded in the Association's financial statements and the lack of reconciliations of customer billings, collections and delinquent accounts. Sand provided the Association with recommendations to address each of the findings.

Six of the six findings discussed above are repeated from the prior year. The Landfill Association 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 website at [Audit Reports – Auditor of State](#).

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SAMPLE ACCRUAL COUNTY LANDFILL ASSOCIATION

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2023

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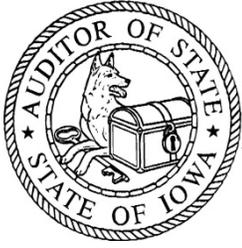
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Sample Accrual County Landfill Association

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dwight Lewis	Chairperson	Sample County
Susan Greene	Vice-Chairperson	City of Big Bluffs
Carroll Jensen	Member	City of Cloudy Springs
Jacob McCoy	Member	City of Northdale
Glen Schmitz	Member	City of Coolville
Leon Collins	Member	City of Park Lake
Jay Bird	Member	City of Harrisburg
Martin Wright	Member	City of River Falls
Eileen Johnson	Member	City of Blakestown
Jennifer Fiddelke	Member	City of Round Lake
Jesse Miller	Member	City of Jackson
David Stewart	Member	City of Green Valley
Richard Carson	Manager	
Judy Clark	Secretary	

Sample Accrual County Landfill Association



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Independent Auditor's Report

To the Members of the Sample Accrual County Landfill Association:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Sample Accrual County Landfill Association, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise the Sample Accrual County Landfill Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sample Accrual County Landfill Association as of June 30, 2023 and the changes in its financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Sample Accrual County Landfill Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sample Accrual County Landfill Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Sample Accrual County Landfill Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sample Accrual County Landfill Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Association's Proportionate Share of the Net Pension Liability, the Schedule of Association Contributions and the Schedule of Changes in the Association's Total OPEB Liability, Related Ratios and Notes on pages 8 through 12 and 34 through 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2023 on our consideration of Sample Accrual County Landfill Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 County'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 Sample Accrual County Landfill Association's internal control over financial reporting and compliance.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

September 17, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Sample Accrual County Landfill Association provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended June 30, 2023. We encourage readers to consider this information in conjunction with the Association's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- The Association's operating revenues increased 20.6%, or \$105,643, during fiscal year 2023. Gate fees and County and City assessments increased, and other revenues decreased.
- The Association's operating expenses increased 7.1%, or \$29,312, during fiscal year 2023.
- The Association's net position increased 35.6%, or \$194,928, during fiscal year 2023.

USING THIS ANNUAL REPORT

The Sample Accrual County Landfill Association is a 28E organization and presents its financial statements using the economic resources measurement focus and the 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 Sample Accrual County Landfill Association'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 Association's financial activities.

The Statement of Net Position presents information on the Association's assets and deferred outflows of resources less the Association's liabilities and deferred inflows of resources, with the difference 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 Association 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 Association's operating revenues and expenses, non-operating revenues and expenses and whether the Association'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 Association's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Association financed its activities and how it met its cash requirements.

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

Required Supplementary Information further explains and supports the financial statements with the Association's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the Association's Total OPEB Liability, Related Ratios and Notes.

FINANCIAL ANALYSIS OF THE ASSOCIATION

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Association's financial position. The Association's net position increased from approximately \$548,000, at June 30, 2022 to approximately \$743,000 at June 30, 2023. A summary of the Association's net position is presented below.

Net Position		
	June 30,	
	2023	2022
Current assets	\$ 683,780	616,393
Restricted investments	690,000	575,000
Capital assets	208,756	185,695
Total assets	1,582,536	1,377,088
Deferred outflows of resources	11,430	9,122
Current liabilities	56,309	167,427
Noncurrent liabilities	759,745	636,492
Total liabilities	816,054	803,919
Deferred inflows of resources	34,969	34,276
Net position:		
Net investment in capital assets	115,916	120,113
Restricted	45,273	66,941
Unrestricted	581,754	360,961
Total net position	\$ 742,943	548,015

The unrestricted portion of the Association's net position (78%) may be used to meet the Association's obligations as they come due. The invested in capital assets (e.g., land, buildings, equipment and intangibles), less the related debt portion of net position (16%) are resources allocated to capital assets. The remaining net position (6%) is restricted for closure and postclosure care and for tonnage fees due to the State of Iowa. State and federal laws and regulations require the Association to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the Cities and the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are for interest income and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022 is presented below.

	Changes in Net Position	
	Year ended June 30,	
	2023	2022
Operating revenues:		
Gate fees	\$ 483,148	394,312
County and city assessments	130,426	101,318
Other operating revenues	4,974	17,275
Total operating revenues	<u>618,548</u>	<u>512,905</u>
Operating expenses:		
Salaries and benefits	137,393	141,109
Machinery maintenance, labor and parts	5,812	3,917
Oil and gas	7,102	7,009
Long range planning and engineering	9,125	8,742
Site maintenance	6,084	6,000
Site utilities	3,952	3,903
Office expenses	4,155	5,022
Training and travel	382	312
Legal and accounting	3,250	3,250
Insurance	11,593	10,975
Closure and postclosure care	185,636	165,750
Planning and recycling	1,600	1,600
Iowa Department of Natural Resources tonnage fees	23,815	20,912
Depreciation	34,715	26,111
Non-capitalized equipment	1,183	932
Sales tax	2,863	2,700
Miscellaneous	2,897	4,001
Total operating expenses	<u>441,557</u>	<u>412,245</u>
Operating income	<u>176,991</u>	<u>100,660</u>
Non-operating revenues (expenses):		
Interest income	24,094	17,300
Interest expense	(6,157)	(6,238)
Net non-operating revenues	<u>17,937</u>	<u>11,062</u>
Change in net position	194,928	111,722
Net position beginning of year	<u>548,015</u>	<u>436,293</u>
Net position end of year	<u>\$ 742,943</u>	<u>548,015</u>

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

In fiscal year 2023, operating revenues increased \$105,643, or 20.6%, primarily a result of gate fees increasing approximately \$89,000 due to an increase in the volume of collections. Operating expenses increased \$29,312, or 7.1%. The increase was primarily a result of estimated closure and postclosure care increasing approximately \$20,000.

Statement of Cash Flows

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

CAPITAL ASSETS

At June 30, 2023, the Association had approximately \$209,000 invested in capital assets, net of accumulated depreciation of approximately \$261,000. Depreciation expense totaled \$34,715 for fiscal year 2023. More detailed information about the Association’s capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

At June 30, 2023, the Association had \$92,000 of long-term debt outstanding, compared to \$132,000 last year, as shown below. Additional information about the Association’s long-term debt is presented in Note 4 to the financial statements.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2023	2022
Equipment purchase agreements	\$ 65	96
Lease agreements	27	36
Total	\$ 92	132

ECONOMIC FACTORS

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

- Facilities and equipment at the Association 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 Association anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Association’s ability to react to unknown issues.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Association's finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sample Accrual County Landfill Association, PO Box 123 Main Street, Anywhere, Iowa 50000.

Basic Financial Statements

Sample Accrual County Landfill Association

Statement of Net Position

June 30, 2023

Assets	
Current assets:	
Cash and cash equivalents	\$ 206,533
Investments	417,758
Receivables:	
Accounts	46,933
Accrued interest	9,639
Prepaid insurance	2,917
Total current assets	<u>683,780</u>
Noncurrent assets:	
Restricted investments	690,000
Capital assets not being depreciated	47,159
Capital assets, net of accumulated depreciation	<u>161,597</u>
Total noncurrent assets	<u>898,756</u>
Total assets	<u>1,582,536</u>
Deferred Outflows of Resources	
Pension related deferred outflows	7,712
OPEB related deferred outflows	<u>3,718</u>
Total deferred outflows of resources	<u>11,430</u>
Liabilities	
Current liabilities:	
Accounts payable	11,180
Salaries and benefits payable	3,067
Equipment purchase agreement payable	31,877
Lease agreements payable	8,763
Compensated absences	822
Total OPEB liability	<u>600</u>
Total current liabilities	<u>56,309</u>
Noncurrent liabilities:	
Equipment purchase agreement payable	33,471
Lease agreements payable	18,726
Landfill closure and postclosure care	649,727
Net pension liability	45,639
Total OPEB liability	<u>12,182</u>
Total noncurrent liabilities	<u>759,745</u>
Total liabilities	<u>816,054</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>34,969</u>
Net Position	
Net investment in capital assets	115,916
Restricted for:	
Tonnage fees retained	5,000
Closure and postclosure care	40,273
Unrestricted	<u>581,754</u>
Total net position	<u>\$ 742,943</u>

See notes to financial statements.

Sample Accrual County Landfill Association

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

Operating revenues:	
Gate fees	\$ 483,148
County and city assessments	130,426
Other operating revenues	<u>4,974</u>
Total operating revenues	<u>618,548</u>
Operating expenses:	
Salaries and benefits	137,393
Machinery maintenance, labor and parts	5,812
Oil and gas	7,102
Long range planning and engineering	9,125
Site maintenance	6,084
Site utilities	3,952
Office expenses	4,155
Training and travel	382
Legal and accounting	3,250
Insurance	11,593
Closure and postclosure care	185,636
Planning and recycling	1,600
Iowa Department of Natural Resources tonnage fees	23,815
Depreciation	34,715
Non-capitalized equipment	1,183
Sales tax	2,863
Miscellaneous	<u>2,897</u>
Total operating expenses	<u>441,557</u>
Operating income	<u>176,991</u>
Non-operating revenues (expenses):	
Interest income	24,094
Interest expense	<u>(6,157)</u>
Net non-operating revenues	<u>17,937</u>
Change in net position	194,928
Net position beginning of year	<u>548,015</u>
Net position end of year	<u>\$ 742,943</u>

See notes to financial statements.

Sample Accrual County Landfill Association

Sample Accrual County Landfill Association

Statement of Cash Flows

Year ended June 30, 2023

Cash flows from operating activities:	
Cash received from gate fees	\$ 475,992
Cash received from assessments	130,426
Cash received from other operating receipts	4,974
Cash paid to suppliers for goods and services	(93,139)
Cash paid to employees for services	<u>(144,455)</u>
Net cash provided by operating activities	<u>373,798</u>
Cash flows from capital and related financing activities:	
Principal paid on equipment purchase and lease agreements	(38,988)
Interest paid on equipment purchase and lease agreements	(6,157)
Purchase of capital assets	<u>(45,145)</u>
Net cash used by capital and related financing activities	<u>(90,290)</u>
Cash flows from investing activities:	
Purchase of certificates of deposit	(597,011)
Interest received	<u>13,082</u>
Net cash used by investing activities	<u>(583,929)</u>
Net decrease in cash and cash equivalents	(300,421)
Cash and cash equivalents beginning of year	<u>506,954</u>
Cash and cash equivalents end of year	<u>\$ 206,533</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 176,991</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	34,715
Closure and postclosure care	185,636
Change in assets and liabilities:	
Accounts receivable	(7,156)
Prepaid insurance	654
Accounts payable	(12,254)
Salaries and benefits payable	(713)
Compensated absences	(73)
Net pension liability	(17,443)
Deferred outflows of resources	2,308
Deferred inflows of resources	6,581
Total OPEB liability	<u>4,552</u>
Total adjustments	<u>196,807</u>
Net cash provided by operating activities	<u>\$ 373,798</u>

See notes to financial statements.

Sample Accrual County Landfill Association

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The Sample Accrual County Landfill Association was formed in 1983 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Association is to operate the sanitary landfill in Sample Accrual County for use by all residents of the County.

The Association is composed of one representative from each of the eleven member cities and one representative from Sample County. The member cities are: Big Bluffs, Cloudy Springs, Northdale, Coolville, Park Lake, Harrisburg, River Falls, Blakestown, Round Lake, Jackson and Green Valley. Each member is entitled to one vote for each 1,500 people or fraction thereof as determined by the most recent general Federal Census.

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

A. Reporting Entity

For financial reporting purposes, the Sample Accrual County Landfill Association has included all funds, organizations, agencies, boards, commissions and authorities. The Association 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 Association are such that exclusion would cause the Association'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 Association 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 Association. The Association has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Association 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.

The Statement of Net Position presents the Sample Accrual County Landfill Association's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

C. Measurement Focus and Basis of Accounting

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

The Association 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 Association's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

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

Cash, Cash Equivalents and Investments – The Association 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, 2023 include non-negotiable certificates of deposit of \$1,107,758.

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

Capital Assets – Capital assets are accounted for at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under "Leases" below). Depreciation/amortization of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Association as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$ 25,000
Equipment and vehicles	5,000
Right-to-use leased assets	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Equipment and vehicles	2 - 20
Right-to-use leased assets	2 - 20

Leases – Association as Lessee: Sample Accrual County Landfill Association is the lessee for a noncancellable lease of equipment. The Association has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Association recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Association initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how Sample Accrual County Landfill Association determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

Sample Accrual County Landfill Association uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Association generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the Association is reasonably certain to exercise.

The Association monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Association as Lessor (Include if Association leases any property – none reported in this sample): Sample Accrual County Landfill Association is a lessor for a noncancellable lease of farmland. The Association recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Association initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Sample Accrual County Landfill Association determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

Sample Accrual County Landfill Association uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Association monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 and OPEB expense and contributions from the Association after the measurement date but before the end of the Association’s reporting period.

Compensated Absences – Association employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Association’s liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2023.

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.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the Sample Accrual County Landfill Association’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

(2) Cash, Cash Equivalents and Investments

The Association’s deposits in banks at June 30, 2023 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 ensure there will be no loss of public funds.

The Association 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 Association; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Association had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2023 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 47,159	-	-	47,159
Capital assets being depreciated:				
Buildings	36,240	-	-	36,240
Equipment and vehicles	341,040	25,291	(15,890)	350,441
Right-to-use leased land	35,875	-	-	35,875
Total capital assets being depreciated	413,155	25,291	(15,890)	422,556
Less accumulated depreciation for:				
Buildings	17,214	906	-	18,120
Equipment and vehicles	212,561	24,840	(12,500)	224,901
Right-to-use leased land	8,969	8,969	-	17,938
Total accumulated depreciation	238,744	34,715	(12,500)	260,959
Total capital assets being depreciated, net	174,411	(9,424)	(3,390)	161,597
Total capital assets, net	\$ 221,570	(9,424)	(3,390)	208,756

Equipment costing \$125,100 was purchased under an equipment purchase agreement. Accumulated depreciation on this equipment totaled \$26,000 at June 30, 2023.

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Equipment Purchase Agreements	Lease Agreements	Compensated Absences	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 95,950	35,875	895	63,082	8,230	204,032
Increases	-	-	11,100	-	5,515	16,615
Decreases	30,602	8,386	11,173	17,443	963	68,567
Balance end of year	\$ 65,348	27,489	822	45,639	12,782	152,080
Due within one year	\$ 31,877	8,763	822	-	600	41,462

Equipment Purchase Agreement

On May 25, 2022, the Association entered into an equipment purchase agreement for a John Deere scraper with an initial cost of \$125,100. The agreement bears interest at 5% per annum and is payable in annual installments over 4 years, with a final payment of \$35,145 due by May 25, 2025.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 31,877	3,268	35,145
2025	33,471	1,674	35,145
Total	\$ 65,348	4,942	70,290

During the year ended June 30, 2023, payments under this agreement included principal of \$30,602 and interest of \$4,543.

Right-To-Use Lease Agreements

On May 25, 2022, the Association entered into a right-to-use lease agreement for land. An initial lease liability was recorded in the amount of \$50,000. The agreement requires annual payments of \$10,000 over 5 years with an initial payment made June 1, 2022 for \$10,000, with an implicit rate of 4.5% and final payment due June 1, 2026.

Year Ending June 30,	Principal	Interest	Total
2024	\$ 8,763	1,237	10,000
2025	9,157	843	10,000
2026	9,569	431	10,000
Total	\$ 27,489	2,511	30,000

During the year ended June 30, 2023, the Association paid principal of \$8,386 and interest of \$1,614.

(5) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Association, except those covered by another retirement system. Employees of the Association 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.

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 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Association contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Association's contributions to IPERS for the year ended June 30, 2023 totaled \$5,765.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the Association reported a liability of \$45,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Association's proportion of the net pension liability was based on the Association's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the Association's proportion was 0.001294%, which was an increase of 0.000370% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Association recognized pension expense of \$3,710. At June 30, 2023, the Association 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	\$ 690	-
Changes of assumptions	1,257	-
Net difference between projected and actual earnings on IPERS investments	-	3,799
Changes in proportion and differences between Association contributions and the Association's proportionate share of contributions	-	31,170
Association contributions subsequent to the measurement date	5,765	-
Total	<u>\$ 7,712</u>	<u>34,969</u>

\$5,765 reported as deferred outflows of resources related to pensions resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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 Ending June 30,	Amount
2024	\$ (8,818)
2025	(8,818)
2026	(8,818)
2027	(4,890)
2028	<u>(1,678)</u>
Total	<u>\$ (33,022)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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 geometric 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>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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 Association 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 Association’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Association’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Association’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%)
Association's proportionate share of the net pension liability	\$ 79,906	45,639	16,716

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.

Payables to IPERS – At June 30, 2023, the Association reported payables to IPERS of \$798 for legally required Association contributions and \$532 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The Association administers 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. 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 Accrual County Landfill Association 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 and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payment	1
Active employees	3
Total	4

Total OPEB Liability – The Association’s total OPEB liability of \$12,782 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2023)	2.60% per annum.
Rates of salary increase (effective June 30, 2023)	3.25% per annum, including inflation.
Discount rate (effective June 30, 2023)	4.09% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2023)	7.50% initial rate decreasing by .5% annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 4.09% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	<u>\$ 8,230</u>
Changes for the year:	
Service cost	861
Interest	393
Differences between expected and actual experiences	4,164
Changes in assumptions	97
Benefit payments	<u>(963)</u>
Net changes	<u>4,552</u>
Total OPEB liability end of year	<u>\$ 12,782</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2022 to 4.09% in fiscal year 2023.

Sensitivity of the Association’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Association, as well as what the Association’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.09%) or 1% higher (5.09%) than the current discount rate.

	<u>1% Decrease (3.09%)</u>	<u>Discount Rate (4.09%)</u>	<u>1% Increase (5.09%)</u>
Total OPEB liability	\$ 13,677	12,782	11,887

Sensitivity of the Association’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Association, as well as what the Association’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rates.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 11,248	12,782	14,316

OPEB Expense and Deferred Outflows of Resources Related to OPEB – For the year ended June 30, 2023, the Association recognized OPEB expense of \$1,797. At June 30, 2023, the Association reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,637
Changes in assumptions	81
Total	<u>\$ 3,718</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	Amount
2024	\$ 543
2025	543
2026	543
2027	544
2028	544
Thereafter	<u>1,001</u>
	<u>\$ 3,718</u>

(7) Closure and Postclosure Care

To comply with federal and state regulations, the Association is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA 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 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 postclosure 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 cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Association have been estimated at \$237,522 and \$190,624 for closure and postclosure care, respectively, for Cell A and \$342,911 and \$316,928 for closure and postclosure care, respectively, for Cell B, for a total of \$1,087,985 as of June 30, 2023, and the portion of the liability that has been recognized is \$649,727. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2023. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of Cell B is 24 years. The capacity used at June 30, 2023 in Cell A is 100% and Cell B is 34%.

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 Association has begun accumulating resources to fund these costs and, at June 30, 2023, assets of \$690,000 are restricted for these purposes, of which \$350,000 is for closure and \$340,000 is for postclosure care. They are reported as restricted investments in the Statement of Net Position.

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Association is required to demonstrate financial assurance for the unfunded costs. The Association has adopted the dedicated fund financial assurance mechanism. Under this mechanism, the Association 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:

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

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 the Association 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 Association is not required to establish closure and postclosure care accounts in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

(8) Solid Waste Tonnage Fees Retained

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

At June 30, 2023, the unspent amounts retained by the Association and restricted for the required purposes totaled \$5,000.

(9) Risk Management

The Association 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 Association assumes liability for any deductibles and claims in excess of coverage.

Sample Accrual County Landfill Association

Required Supplementary Information

Sample Accrual County Landfill Association

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

Iowa Public Employees' Retirement System
For the Last Nine Years*

Required Supplementary Information

	2023	2022	2021	2020
Association's proportion of the net pension liability	0.001294%	0.000924%	0.001559%	0.001410%
Association's proportionate share of the net pension liability	\$ 45,639	41,531	44,267	46,639
Association's covered payroll	\$ 70,275	101,430	98,464	95,593
Association's proportionate share of the net pension liability as a percentage of its covered payroll	64.94%	40.95%	44.96%	48.79%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%

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

See accompanying independent auditor's report.

2019	2018	2017	2016	2015
0.001247%	0.001263%	0.001089%	0.001172%	0.001067%
56,073	56,238	54,342	46,847	40,477
95,252	86,081	71,971	66,865	61,982
58.87%	65.33%	75.51%	70.06%	65.30%
83.62%	82.21%	81.82%	85.19%	87.61%

Sample Accrual County Landfill Association

Schedule of Association Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	2023	2022	2021	2020
Statutorily required contribution	\$ 5,765	6,634	9,575	9,295
Contributions in relation to the statutorily required contribution	(5,938)	(6,634)	(9,575)	(9,295)
Contribution deficiency (excess)	\$ -	-	-	-
Association's covered payroll	\$ 61,070	70,275	101,430	98,464
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
9,024	8,506	7,687	6,427	5,971	5,535
(9,024)	(8,506)	(7,687)	(6,427)	(5,971)	(5,535)
-	-	-	-	-	-
95,593	95,252	86,081	71,971	66,865	61,982
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

Sample Accrual County Landfill Association

Sample Accrual County Landfill Association

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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.

Sample Accrual County Landfill Association

Schedule of Changes in the Association's
Total OPEB Liability, Related Ratios and Notes

For the Last Six Years
Required Supplementary Information

	2023	2022	2021	2020
Service cost	\$ 861	842	795	799
Interest cost	393	380	372	381
Difference between expected and actual experiences	4,164	(665)	(980)	50
Changes in assumptions	97	157	170	104
Benefit payments	(963)	(682)	(547)	(922)
Net change in total OPEB liability	4,552	32	(190)	412
Total OPEB liability beginning of year	8,230	8,198	8,388	7,976
Total OPEB liability end of year	\$ 12,782	8,230	8,198	8,388
Covered-employee payroll	\$ 64,558	63,996	63,128	61,866
Total OPEB liability as a percentage of covered-employee payroll	19.8%	12.9%	13.0%	13.6%

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>
486	554
291	302
(196)	(90)
91	100
<u>(1,028)</u>	<u>(985)</u>
<u>(356)</u>	<u>(119)</u>
<u>8,332</u>	<u>8,451</u>
<u>7,976</u>	<u>8,332</u>
59,126	60,011
13.5%	13.9%

Sample Accrual County Landfill Association

Notes to Required Supplemental Information – OPEB Liability

For the Last Six Years
Required Supplementary Information

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2023 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2023:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2023	4.09%
Year ended June 30, 2022	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.58%
Year ended June 30, 2018	4.50%
Year ended June 30, 2017	4.25%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.



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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 Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Sample Accrual County Landfill Association:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Sample Accrual County Landfill Association, Iowa, as of and for the year ended June 30, 2023, and the related Notes to Financial Statements, which collectively comprise Sample Accrual County Landfill Association's basic financial statements, and have issued our report thereon dated September 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sample Accrual County Landfill Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sample Accrual County Landfill Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Sample Accrual County Landfill Association'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 that a material misstatement of Sample Accrual County Landfill Association's financial statements 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. **(Use for Note 1, Note 2, Note 3)**

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. **(Note 4 only)**

(Use this paragraph rather than preceding paragraph for Note 1) Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(Use this paragraph rather than preceding two paragraphs for Note 2, Note 3) Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. (add bold for Note 2 only)** We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-0XX through 2023-0XX that we consider to be significant deficiencies. **(delete “significant deficiencies” add “material weaknesses.” for Note 3)**

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 that a material misstatement of the Sample Accrual County Landfill Association’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 through 2023-003 to be material weaknesses. **(Use this for Note 4 only)**

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. We consider the deficiencies described in the accompanying Schedule of Findings as item 2023-004 to be a significant deficiency. **(Use this for Note 4 only)**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sample Accrual County Landfill Association’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which 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 Sample Accrual County Landfill Association’s operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Association. 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.

Sample Accrual County Landfill Association’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Sample Accrual County Landfill Association’s responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Sample Accrual County Landfill Association’s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Sample Accrual County Landfill Association'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 Association'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 Sample Accrual County Landfill Association 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.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

September 17, 2023

Note 1: No material weaknesses and no significant deficiencies.

Note 2: No material weaknesses but significant deficiencies exist.

Note 3: Material weaknesses exist but no significant deficiencies.

Note 4: Both material weaknesses and significant deficiencies exist.

Sample Accrual County Landfill Association

Schedule of Findings

Year ended June 30, 2023

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 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 Association’s financial statements.

Condition – Generally, one individual has control over the following areas for the Association:

- (1) Accounting system – record keeping for revenues, expenses and related reporting.
- (2) Receipts – collecting, depositing and recording.
- (3) Payroll – changes to the master list, preparation and distribution.

Cause – The Association 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 Association’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 Association should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff or Association Board members to provide additional control through review of financial transactions, reconciliations and reports. These independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

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

Conclusion – Response accepted.

Sample Accrual County Landfill Association

Schedule of Findings

Year ended June 30, 2023

2023-002 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 Association’s financial statements.

Condition – Material amounts of receivables, payables and capital asset additions were not properly recorded in the Association’s financial statements. Adjustments were subsequently made by the Association to properly include these amounts in the financial statements.

Cause – Association policies do not require and procedures have not been established to require independent review of year end cut-off transactions and capital asset additions to ensure the Association’s financial statements are accurate and reliable.

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

Recommendation – The Association should establish procedures to ensure all receivables, payables and capital asset additions are identified and properly reported in the Association’s financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion – Response accepted.

2023-003 Reconciliation of Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling customer billings, collections and delinquent accounts and comparing customer collections to deposits to ensure proper recording of customer receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – Billings, collections and delinquent accounts were not reconciled throughout the year and a delinquent accounts listing was not prepared. Also, collections were not reconciled to deposits.

Cause – Policies have not been established and procedures have not been implemented to maintain delinquent account listings, reconcile billings, collections and delinquent accounts and to reconcile collections to deposits.

Effect – This condition could result in unrecorded or misstated receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent account balances.

Sample Accrual County Landfill Association

Schedule of Findings

Year ended June 30, 2023

Recommendation – Procedures should be established to reconcile customer billings, collections and delinquent accounts monthly. The Association should review the reconciliations and monitor delinquencies and improve write-offs of uncollectible accounts.

Response – A monthly reconciliation will be prepared and reviewed by the Association. Delinquent accounts will be reviewed, and write-offs of uncollectible accounts will be approved.

Conclusion – Response accepted.

2023-004 Expenses

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity’s governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Certain invoices were not marked “paid” to help prevent duplicate payment of invoices.

Cause – Invoices not properly cancelled when paid is the result of a lack of policies and procedures requiring documents to be canceled upon payment.

Effect – Lack of written policies and procedures requiring documents be properly canceled upon payment could result in duplicate payments, unauthorized transactions and the opportunity for misappropriation.

Recommendation – All paid invoices should be marked or stamped “paid” with the date of payment to aid in preventing possible duplicate payment of invoices.

Response – Invoices will all be marked “paid”.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Sample Accrual County Landfill Association

Schedule of Findings

Year ended June 30, 2023

Other Findings Related to Required Statutory Reporting:

2023-A Questionable Expenses – No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

2023-B Travel Expense – No expenditures of money for travel expenses of spouses of Association officials or employees were noted.

2023-C Restricted Donor Activity – No transactions were noted between the Association, Association officials, Association employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-D Board Minutes – No transactions were found that we believe should have been approved in the Association minutes but were not. However, the minutes did not always indicate the vote of each member present.

Recommendation – The Association should ensure the minutes indicate the vote of each member present as required by Chapter 21 of the Code of Iowa.

Response – This recommendation will be followed at future Board meetings.

Conclusion – Response accepted.

2023-E Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted, except as follows:

The Association has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The Association should adopt a written investment policy to comply with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – On October 15, 2023, the Association adopted a written investment policy as required.

Conclusion – Response accepted.

2023-F Solid Waste Tonnage Fees Retained – 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 Accrual County Landfill Association

Schedule of Findings

Year ended June 30, 2023

2023-G Financial Assurance – The Association has demonstrated 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. The calculation is made as follows:

	Cell A	Cell B	Total
Total estimated costs for closure and postclosure care	\$ 428,146	659,839	1,087,985
Less: Balance of funds held in the local dedicated fund at June 30, 2022	<u>(397,285)</u>	<u>(123,774)</u>	<u>(521,059)</u>
	30,861	536,065	566,926
Divided by the number of years remaining in the pay-in period	<u>1</u>	<u>4</u>	
Required payment into the local dedicated fund for the year ended June 30, 2023	30,861	134,016	164,877
Balance of funds held in the local dedicated fund at June 30, 2022	<u>397,285</u>	<u>123,774</u>	<u>521,059</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2023	<u>\$ 428,146</u>	<u>257,790</u>	<u>685,936</u>
Amount Association has restricted for closure and postclosure care at June 30, 2023	<u>\$ 430,000</u>	<u>260,000</u>	<u>690,000</u>

Sample Accrual County Landfill Association

Staff

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