



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE

March 4, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Crawford County Area Solid Waste Agency Commission.

The Commission had total receipts of \$710,875 during the year ended June 30, 2013, an 18% decrease from the prior year. The receipts included county and city contributions of \$202,625, gate and tonnage fees of \$477,773, interest on investments of \$13,394 and other receipts of \$17,083. The significant decrease in receipts is primarily due to FEMA funds received in the prior year.

Disbursements for the year ended June 30, 2013 totaled \$727,516, a 16% decrease from the prior year, and included \$187,869 for salaries and benefits, \$232,226 for landfill disposal fees, \$153,159 for transportation fees, \$55,244 of recycling fees, \$25,789 of engineering and testing fees and other disbursements of \$73,229. The significant decrease in disbursements is primarily due to construction and repair of the landfill transfer station building in the prior year.

A copy of the audit report is available for review at the Crawford County Area Solid Waste Agency Commission, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1314-2339-B00F.pdf>.

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**CRAWFORD COUNTY AREA SOLID
WASTE AGENCY COMMISSION**

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

JUNE 30, 2013

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Crawford County Area Solid Waste Agency Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
John P. Lawler	Chairperson	Crawford County
Jay Ford	Vice Chairperson	City of Denison
Ace Ettleman	Member	Cities of Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail and Westside
Jerry Buller	Member	Crawford County
Dan Ahart	Member	City of Denison
Charles E. Ettleman	Financial Secretary	

Crawford County Area Solid Waste Agency Commission



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Independent Auditor's Report

To the Members of the Crawford County Area
Solid Waste Agency Commission:

Report on the Financial Statement

We have audited the accompanying financial statement of the Crawford County Area Solid Waste Agency Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Crawford County Area Solid Waste Agency Commission as of June 30, 2013, and the changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

The other information, Management's Discussion and Analysis on pages 7 through 9, has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2014 on our consideration of the Crawford County Area Solid Waste Agency Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Crawford County Area Solid Waste Agency Commission's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Crawford County Area Solid Waste Agency Commission (Commission) provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Commission is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

2013 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts decreased 4%, or approximately \$30,000, from fiscal year 2012 to fiscal year 2013.
- ◆ Operating disbursements decreased 7%, or approximately \$51,000, from fiscal year 2012 to fiscal year 2013.
- ◆ Cash basis fund balance decreased \$16,641 from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

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

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

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

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

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Cash Receipts, Disbursements and Changes in Cash Balance

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

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the transfer station and recycling program. Non-operating receipts and disbursements include interest on investments, vehicle storage fees, sale of equipment and costs of engineering and construction related to erosion repair. A summary of cash receipts, disbursements and changes in cash balances for the years ended June 30, 2013 and June 30, 2012 is presented below.

	Changes in Cash Balance	
	Year ended June 30,	
	2013	2012
Operating receipts:		
County contributions	\$ 49,654	56,881
City contributions	152,971	142,706
Gate and tonnage fees	477,773	511,101
Miscellaneous	16,653	16,382
Total operating receipts	697,051	727,070
Operating disbursements:		
Salaries and benefits	187,869	190,192
Engineering and testing	25,789	24,774
Transportation and solid waste fees	385,385	413,318
Recycling	55,244	61,145
Other	73,229	89,116
Total operating disbursements	727,516	778,545
Deficiency of operating receipts under operating disbursements	(30,465)	(51,475)
Non-operating receipts (disbursements):		
Interest on investments	13,394	19,770
FEMA reimbursement	-	122,709
Vehicle storage fees	430	738
Engineering and construction of transfer station building	-	(91,701)
Net non-operating receipts (disbursements)	13,824	51,516
Change in cash balance	(16,641)	41
Cash balance beginning of year	2,004,485	2,004,444
Cash balance end of year	\$ 1,987,844	2,004,485
Cash Basis Fund Balance		
Restricted for:		
Groundwater protection	\$ 147,355	155,620
Landfill closure and postclosure care	692,378	718,249
Transfer station closure care	29,745	29,524
Total restricted cash basis fund balance	869,478	903,393
Unrestricted	1,118,366	1,101,092
Total cash basis fund balance	\$ 1,987,844	2,004,485

In fiscal year 2013, operating receipts decreased \$30,019, or 4%, from fiscal year 2012. Operating disbursements decreased \$51,029, or 7%, from fiscal year 2012.

A portion of the Commission's cash balance, \$869,478 (44%), is restricted for groundwater protection and for closure and postclosure care. State and federal laws and regulations require the Commission to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. The remaining net assets, \$1,118,366 (56%), is unrestricted and can be used to meet the Commission's obligations as they come due. The restricted cash balance decreased \$33,915, or 3.8%, during the year. The decrease was primarily due to disbursements for ongoing testing and monitoring of closed landfill cells following IDNR requirements. The unrestricted cash balance increased \$17,274, or 1.6%, during the year, primarily due to less disbursements for equipment operating costs and payroll related items.

LONG-TERM DEBT

At June 30, 2013, the Commission had no long-term debt outstanding.

ECONOMIC FACTORS

The current condition of the economy in the state continues to be a concern for Commission members. Some of the realities that may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment require constant maintenance and upkeep for safety and other regulatory compliance issues.
- ◆ Transportation of waste to the Carroll County Solid Waste Management Commission site.
- ◆ Solid waste fees to be paid to the Carroll County Solid Waste Management Commission.
- ◆ Recycling costs.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and customers with a general overview of the Commission's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Crawford County Area Solid Waste Agency Commission, P.O. Box 458, Denison, Iowa 51442-0668.

Financial Statement

Crawford County Area Solid Waste Agency Commission

Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

Year ended June 30, 2013

Operating receipts:	
County contributions	\$ 49,654
City contributions	152,971
Tonnage fees	448,975
Gate fees	28,798
Sales tax	6,207
Sale of materials	10,446
Total operating receipts	<u>697,051</u>
Operating disbursements:	
Salaries and benefits	187,869
Insurance	9,605
Utilities	8,465
Office supplies	10,746
Engineering and testing	25,789
Equipment operations	25,308
Building and grounds	10,465
Solid waste disposal fees	232,226
Solid waste transportation fees	153,159
Recycling	55,244
Miscellaneous	8,640
Total operating disbursements	<u>727,516</u>
Deficiency of operating receipts under operating disbursements	<u>(30,465)</u>
Non-operating receipts:	
Interest on investments	13,394
Vehicle storage fees	430
Net non-operating receipts	<u>13,824</u>
Change in cash balance	(16,641)
Cash balance beginning of year	<u>2,004,485</u>
Cash balance end of year	<u>\$ 1,987,844</u>
Cash Basis Fund Balance	
Restricted for:	
Groundwater protection	\$ 147,355
Landfill closure and postclosure care	692,378
Transfer station closure care	29,745
Total restricted cash basis fund balance	<u>869,478</u>
Unrestricted	1,118,366
Total cash basis fund balance	<u>\$ 1,987,844</u>

See notes to financial statement.

Crawford County Area Solid Waste Agency Commission

Notes to Financial Statement

June 30, 2013

(1) Summary of Significant Accounting Policies

The Crawford County Area Solid Waste Agency Commission was formed in 1989 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste and recycling facilities in Crawford County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of five members. Each member of the Commission has one vote and is appointed as follows: three members shall be appointed by the Crawford County Board of Supervisors, consisting of one from the City of Denison, one a resident of Crawford County but not a resident of the City of Denison and one a member of the Board of Supervisors, one member shall be appointed by the City of Denison and shall be an elected official and one member shall be appointed by the other cities in Crawford County and shall be an elected official. The member cities are Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Denison, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail and Westside.

A. Reporting Entity

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

B. Basis of Presentation

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

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

C. Basis of Accounting

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

D. Cash Basis Fund Balance

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

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

(3) Pension and Retirement Benefits

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

Plan members are required to contribute 5.78% of their annual salary and the Commission is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$12,489, \$11,762, and \$11,484, respectively, equal to the required contribution for each year.

(4) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation leave for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability to employees for earned vacation leave at June 30, 2013 was \$14,000. This liability has been computed based on rates of pay in effect at June 30, 2013.

(5) Other Postemployment Benefits (OPEB)

Plan Description - The Commission operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 2 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Commission and plan members are \$600 for single coverage and \$1,100 for family coverage. For the year ended June 30, 2013, the Commission contributed \$18,000 and plan members eligible for benefits contributed \$1,200 to the plan.

(6) Closure and Postclosure Care Costs

Landfill

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan 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 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 costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Commission have been estimated to be \$696,639 for postclosure care as of June 30, 2013. During the year ended June 30, 2008, the Commission stopped accepting waste at the landfill and began transferring waste to a site in Carroll County.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has accumulated resources to fund these costs and, at June 30, 2013, assets of \$692,378 are restricted for this purpose. The amount is reported as restricted cash basis fund balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

Chapter 567-113.14 of the Iowa Administrative Code requires entities to demonstrate financial assurance for unfunded postclosure care costs. While the amount restricted for postclosure care costs at June 30, 2013 is \$4,261 less than the estimated costs, the estimate for postclosure care was made as of March 19, 2013. The March 2013 Iowa Department of Natural Resources Municipal Waste Sanitary Landfill Financial Assurance Annual Report demonstrates the Commission is in compliance with financial assurance requirements, as of the date of that report, and requires no deposit to restricted funds during fiscal year 2013.

Transfer Station

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

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

The total closure care costs for the Commission as of June 30, 2013 have been estimated to be \$26,966. The Commission has fully funded the costs and, at June 30, 2013, assets of \$29,745 are restricted for these purposes and are reported as restricted cash basis fund balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

(7) Solid Waste Tonnage Fees Retained

The Commission has established a groundwater protection account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2013, the unspent amount retained by the Commission and restricted for the required specific purposes totaled \$147,355.

(8) Risk Management

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating fund at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2013 were \$3,421.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2013, 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 claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$60,000, respectively. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Lease Agreement

The land used by the Commission for its landfill site was leased from Crawford County for a one-time fee of \$1.00. The lease is self-renewing for twelve month periods unless written notice is given by either party within sixty days of the end of a fiscal year.

(10) Contracts

Solid Waste Disposal Agreement

The Commission entered into an agreement with the Carroll County Solid Waste Management Commission for acceptance of solid waste from the Commission for \$22.00 per ton. The agreement is in effect from January 1, 2013 through June 30, 2014. During the year ended June 30, 2013, the Commission paid \$232,226 under the contract.

Transportation Agreement

The Commission entered into an agreement with Erlbacher Brothers, Inc. for transportation from the transfer station to Carroll County for \$10.75 per ton plus adjustments for changes in fuel prices. The agreement is in effect from January 1, 2013 through December 31, 2014. During the year ended June 30, 2013, the Commission paid \$153,159 under the contract.

Recyclable Materials Processing Agreement

The Commission entered into a recycling agreement with the Carroll County Solid Waste Management Commission. The Commission has built a Recyclable Material transfer station capable of receiving commingled recyclable materials from private haulers and transferring those materials to an off-site processing facility in Carroll County. The Commission pays the Carroll County Solid Waste Management Commission for marketing the processed recyclable materials and for educating the public on recycling issues. The Commission pays a monthly fee for the recyclable materials. The agreement commenced on July 1, 1995 and is renewable on an annual basis. During the year ended June 30, 2013, the Commission paid \$8,367 under the contract.

Crawford County Area Solid Waste Agency Commission



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

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

To the Members of the Crawford County Area
Solid Waste Agency Commission:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Crawford County Area Solid Waste Agency Commission as of and for the year ended June 30, 2013, and the related Notes to Financial Statement, and have issued our report thereon dated February 7, 2014. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Crawford County Area Solid Waste Agency Commission's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item (A) to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Crawford County Area Solid Waste Agency Commission's Responses to the Finding

The Crawford County Area Solid Waste Agency Commission's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The Crawford County Area Solid Waste Agency Commission's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

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

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


MARY MOSIMAN, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 7, 2014

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2013

Finding Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCY:

(A) Segregation of Duties – An important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person in the office has control over each of the following areas for the Commission:

- (1) Receipts – opening mail and listing mail receipts, depositing, posting and maintaining accounts receivable records. While a monthly accounts receivable reconciliation is performed, the reconciliation is not reviewed and approved by an independent person.
- (2) Investments – investing, recording and custody. An independent person does not inspect the investments, confirm investments held with issuers, reconcile documents to the investment records, verify recorded investment earnings for accuracy or reconcile earnings with those recorded in the accounting records.
- (3) Bank reconciliations – preparing, reconciling and reviewing.

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

Response – We realize segregation of duties is important. We will be looking for a third party to reconcile items 1-3 shown above.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2013

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission's investment policy were noted.
- (5) Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with the provisions of Chapter 455B.310 of the Code of Iowa were noted.
- (6) Financial Assurance – The Commission has elected to demonstrate financial assurance for landfill closure and postclosure care and transfer station closure care by establishing local government dedicated funds as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. While the amount restricted for postclosure care costs at June 30, 2013 is \$4,261 less than the estimated costs, the estimate for postclosure care was made as of March 19, 2013. According to the March 2013 Iowa Department of Natural Resources Municipal Waste Sanitary Landfill Financial Assurance Annual Report, the Commission is in compliance with financial assurance requirements, as of the date of that report and no deposit to restricted funds during fiscal year 2013 was required.

Crawford County Area Solid Waste Agency Commission
Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Jesse J. Probasco, Staff Auditor
Miranda A. Shipman, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA
Deputy Auditor of State