



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE March 20, 2014

Contact: Andy Nielsen
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the Wayne-Ringgold-Decatur County Solid Waste Management Commission.

The Commission had total receipts of \$781,551 during the year ended June 30, 2013, a 1.2% increase over the prior year. The receipts included member assessments of \$191,950, landfill gate receipts of \$559,550 and interest on investments of \$22,140.

Disbursements for the year ended June 30, 2013 totaled \$593,355, a 16.5% increase over the prior year, and included \$188,460 for salaries and benefits, \$120,000 of distributions to member counties and \$58,240 for loan repayments.

The increase in disbursements is primarily due to the distribution of \$120,000 to member counties to be used for recycling.

A copy of the audit report is available for review at the Wayne-Ringgold-Decatur County Solid Waste Management Commission, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1314-2328-B00F.pdf>.

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**WAYNE-RINGGOLD-DECATUR COUNTY
SOLID WASTE MANAGEMENT COMMISSION**

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

JUNE 30, 2013

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**Wayne-Ringgold-Decatur County
Solid Waste Management Commission**

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
	<u>Executive Board</u>	
Gary Boswell	Chair	Decatur County
Dave Inloes	Member	Ringgold County
Clint Carpenter	Member	City of Corydon
Mary Joyce Hewlett	Member	City of Grand River
Keith Hinds	Member	City of Leon
Jake Reed	Member	City of Allerton
Larry Jarred	Member	City of Tingley
Delores Stutzman	Member	City of Mount Ayr
Mary Manuel	Member	City of Lamoni
Don Richard	Member	City of Humeston
Billy J. Alley	Member	Wayne County
Sue Ruble	Secretary/Treasurer	
Karen Denney	Office Manager	

**Wayne-Ringgold-Decatur County
Solid Waste Management Commission**



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Independent Auditor's Report

To the Members of the Wayne-Ringgold-Decatur County
Solid Waste Management Commission:

Report on the Financial Statement

We have audited the accompanying financial statement of the Wayne-Ringgold-Decatur County Solid Waste Management 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 statement in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Wayne-Ringgold-Decatur County Solid Waste Management 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 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 March 6, 2014 on our consideration of the Wayne-Ringgold-Decatur County Solid Waste Management 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 Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 6, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wayne-Ringgold-Decatur County Solid Waste Management Commission provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Wayne-Ringgold-Decatur County Solid Waste Management 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 increased 1.5%, or \$11,330, from fiscal year 2012 to fiscal year 2013.
- ◆ Operating disbursements increased 3.0%, or \$11,058, from fiscal year 2012 to fiscal year 2013.
- ◆ Cash basis net assets increased 7.6%, or \$187,996, 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 only when they result from cash transactions.

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

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

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

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Commission's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Balance presents information on the Commission's operating receipts and disbursements, non-operating receipts and disbursements and whether the Commission's cash basis financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the 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 from gate fees for accepting solid waste and assessments from the members of the Commission. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, capital projects, related engineering services, debt payments and distributions to member counties. A summary of cash receipts, disbursements and changes in cash balance for the years ended June 30, 2013 and June 30, 2012 is as follows:

Changes in Cash Balance		
	Year ended June 30,	
	2013	2012
Operating receipts:		
County and city assessments	\$ 191,950	191,745
Landfill gate receipts	559,550	538,107
Miscellaneous	2,011	12,329
Total operating receipts	<u>753,511</u>	<u>742,181</u>
Operating disbursements:		
Salaries and benefits	188,460	186,944
Other	185,827	176,285
Total operating disbursements	<u>374,287</u>	<u>363,229</u>
Excess of operating receipts over operating disbursements	<u>379,224</u>	<u>378,952</u>
Non-operating receipts (disbursements):		
Interest on investments	22,140	23,998
Rent	5,900	5,900
Engineering services	(19,228)	(44,476)
Equipment	(21,800)	(42,625)
Distributions to other governments	(120,000)	-
Loan payments	(58,240)	(58,977)
Net non-operating disbursements	<u>(191,228)</u>	<u>(116,180)</u>
Change in cash balance	187,996	262,772
Cash balance beginning of year	<u>2,461,416</u>	<u>2,198,644</u>
Cash balance end of year	<u>\$ 2,649,412</u>	<u>2,461,416</u>
Cash Basis Fund Balance		
Restricted for:		
Closure and postclosure care	\$ 1,598,803	\$ 1,363,744
Solid waste tonnage fees retained	7,874	125,563
Total restricted cash basis fund balance	<u>1,606,677</u>	<u>1,489,307</u>
Unrestricted	<u>1,042,735</u>	<u>972,109</u>
Total cash basis fund balance	<u>\$ 2,649,412</u>	<u>2,461,416</u>

In fiscal year 2013, operating receipts increased \$11,330, or 1.5%, over fiscal year 2012. In fiscal year 2013, operating disbursements increased \$11,058, or 3.0%, over fiscal year 2012.

A portion of the Commission's cash balance (60.6%) is restricted for closure and postclosure care and solid waste tonnage fees retained. 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 (30) years after closure. The remaining cash balance (39.4%) is unrestricted and can be used to meet the Commission's obligations as they come due. The restricted cash balance increased \$117,370, or 7.9%, during the year. The unrestricted cash balance increased \$70,626, or 7.3%.

LONG TERM DEBT

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

ECONOMIC FACTORS

The Commission's cash balance increased during the current fiscal year. The current financial condition of the counties and cities budgeting and availability to pay their assessments continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- Facilities and equipment require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated, presenting an on going challenge to maintain up to date technology at a reasonable cost.
- The on going concerns of household toxic and hazardous materials coming into the landfill.

The Wayne-Ringgold-Decatur County Solid Waste Management Commission, staff and employees are committed to continued operation and service to the residents of the cities and counties which use the facility. The Commission is working with Professional Services, the Iowa Department of Natural Resources, local contractors and employees for the construction of cells and lagoons to support the continued operation of the Commission.

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

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wayne-Ringgold-Decatur County Solid Waste Management Commission, 21377 125th Avenue, Grand River, Iowa 50108, or call 641-773-5229.

Financial Statement

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

Year ended June 30, 2013

Operating receipts:	
Member assessments	\$ 191,950
Landfill gate receipts	559,550
Miscellaneous	2,011
Total operating receipts	<u>753,511</u>
Operating disbursements:	
Salaries and benefits	188,460
Iowa Department of Natural Resources tonnage fee	31,914
Insurance	18,654
Fuel	29,167
Equipment repair, maintenance and supplies	27,915
Disposal/recycling/hauling service	13,890
Meetings and travel	1,986
Road rock and sand	12,252
Administration	5,202
Utilities	4,704
Office operation	5,248
Professional services	27,849
Miscellaneous	7,046
Total operating disbursements	<u>374,287</u>
Excess of operating receipts over operating disbursements	<u>379,224</u>
Non-operating receipts (disbursements):	
Interest on investments	22,140
Rent	5,900
Engineering services	(19,228)
Equipment	(21,800)
Distributions to member counties	(120,000)
Loan repayments:	
Principal	(56,911)
Interest	(1,329)
Net non-operating disbursements	<u>(191,228)</u>
Change in cash basis net assets	187,996
Cash basis net assets beginning of year	<u>2,461,416</u>
Cash basis net assets end of year	<u>\$ 2,649,412</u>
Cash Basis Fund Balance	
Restricted for:	
Closure and postclosure care	\$ 1,598,803
Solid waste tonnage fees retained	7,874
Total restricted cash basis fund balance	<u>1,606,677</u>
Unrestricted	<u>1,042,735</u>
Total cash basis fund balance	<u>\$ 2,649,412</u>

See notes to financial statement.

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Notes to Financial Statement

June 30, 2013

(1) Summary of Significant Accounting Policies

The Wayne-Ringgold-Decatur County Solid Waste Management Commission was formed in 1988 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 for Wayne, Ringgold and Decatur Counties on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each of the member units of government. The member counties are Wayne, Ringgold and Decatur Counties and the member cities are the cities of Lamoni, Leon, Davis City, Garden Grove, Van Wert, Grand River, Decatur, Weldon, Pleasanton, Le Roy, Mount Ayr, Diagonal, Kellerton, Tingley, Redding, Ellston, Delphos, Maloy, Beaconsfield, Benton, Humeston, Lineville, Clio, Corydon and Allerton. The commissioners are appointed by the participating political subdivisions and each has one vote for each one thousand population, or fraction thereof, which the member represents.

A. Reporting Entity

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

B. Basis of Presentation

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

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

C. Basis of Accounting

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

D. Cash Basis Fund Balance

Funds set aside for payment of closure and postclosure care and solid waste tonnage fees retained 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.

At June 30, 2013, the Commission had the following investments:

Type	Carrying Amount	Fair Value	Investment Maturities (in Years)	
			Less Than 1	1-5
U.S. Treasury notes	\$1,036,413	1,050,889	130,034	920,855

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

(3) Pension 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 salary. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$11,960, \$11,001 and \$9,383, respectively, equal to the required contributions for each year.

(4) 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 3 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 United Health Care. 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 \$764 for single coverage and \$1,683 for family coverage. For the year ended June 30, 2013, the Commission contributed \$27,764 and plan members eligible for benefits were not required to contribute to the plan.

(5) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours are lost upon resignation, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation leave at June 30, 2013 was approximately \$6,200. This liability has been computed based on rates of pay in effect at June 30, 2013.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure 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 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 year. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total costs 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 at \$662,723 for closure and \$1,022,019 for postclosure care, for a total of \$1,674,742. The estimated remaining life of the landfill is 57 years, with approximately 9.6% of the landfill's capacity used at June 30, 2013.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2013, assets of \$1,598,803 are restricted for these purposes. They are reported as restricted cash basis fund balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

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

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

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

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

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

(7) Solid Waste Tonnage Fees Retained

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2013, the unspent amounts retained by the Commission and restricted for the required specific purposes totaled \$7,874.

(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 funds at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2013 were \$11,889.

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

(9) Distribution to Member Counties

During the year ended June 30, 2013, the Commission distributed \$120,000 of retained tonnage fees to its member counties to be used for waste reduction, recycling or small business pollution prevention purposes.

**Wayne-Ringgold-Decatur County
Solid Waste Management 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 Wayne-Ringgold-Decatur County
Solid Waste Management Commission:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of the Wayne-Ringgold-Decatur County Solid Waste Management 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 March 6, 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 Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wayne-Ringgold-Decatur County Solid Waste Management Commission's internal control.

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

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 Wayne-Ringgold-Decatur County Solid Waste Management Commission's financial statement 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 (A) and (B) to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 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.

Wayne-Ringgold-Decatur County Solid Waste Management Commission's Responses to the Findings

The Wayne-Ringgold-Decatur County Solid Waste Management Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Wayne-Ringgold-Decatur County Solid Waste Management Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

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

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



MARY MOSIMAN, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

March 6, 2014

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2013

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

- (A) Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the Commission's financial statement. Generally, one individual has control over the bank reconciliations, disbursements and investments. Another individual has control over receipts, deposits and accounts receivable.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances, utilizing current personnel, including Commission members, to perform independent reviews and verifications.

Response – We will have a member of the Commission or an employee in the Wayne County Auditor's Office sign off on reports.

Conclusion – Response accepted.

- (B) Financial Reporting – Receipt, deposit and accounts receivable records are maintained by the office manager. Disbursements are recorded by the Secretary/Treasurer. The Commission does not maintain a complete general ledger showing the beginning book balance, receipts, disbursements and the ending book balance. Since a book balance is not maintained, a reconciliation of book to bank balances is not performed. At June 30, 2013, the calculated book balance was \$6,169 higher than the bank balance. This was resolved for audit purposes.

Recommendation – The Commission should maintain a complete general ledger, including beginning book balance, receipts, disbursements and ending book balance. The bank balance should be reconciled to the book balance monthly. The bank reconciliations should be reviewed by an independent person, such as a Commission member, and the independent review should be evidenced by the signature or initials of the reviewer and the date of the review. Also, reconciling items, such as outstanding check listings, should be maintained so an independent person could reperform the bank reconciliation.

Response – We will maintain a ledger documenting the balance of all accounts and investments which will be reconciled to the bank balance. We will have a member of the Commission review and sign off on the bank reconciliations.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Wayne-Ringgold-Decatur County Solid Waste Management 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 Tonnage Fees Retained – The Commission accounts for the solid waste tonnage fees retained in a separate bank account. As of June 30, 2013, the bank account balance was \$31,261 more than the amount the Commission has documented as the restricted balance. The difference was caused by not accurately transferring funds to and from the bank account as solid waste tonnage fees were retained or spent.

In addition, during the year ended June 30, 2013, the Commission disbursed \$120,000 of retained tonnage fees to the three member counties to be used for recycling purposes. However, the Commission did not establish procedures to ensure the tonnage fees are spent for allowable purposes.

Recommendation – The Commission should reconcile the bank account to its records and make the necessary transfer at the end of each quarter. In addition, the Commission should establish procedures to monitor the funds remitted to the member counties to ensure their use for allowable purposes.

Response – The transfer has been made. We will ask the counties to provide information about how the funds have been spent.

Conclusion – Response accepted.

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2013

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

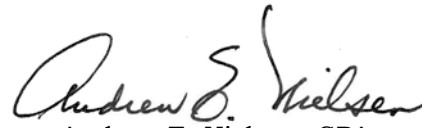
	Closure /		Total
	Closure	Postclosure Care	
Total estimated costs for closure and postclosure care at June 30, 2013	\$ 652,723	1,022,019	1,674,742
Less: Balance of funds held in the local dedicated fund at June 30, 2012	545,498	818,246	1,363,744
	107,225	203,773	310,998
Divided by the number of years remaining in the pay-in period	5	5	5
Required payment into the local dedicated fund for the year ended June 30, 2013	21,445	40,755	62,200
Balance of funds held in the local dedicated fund at June 30, 2012	545,498	818,246	1,363,744
Balance of funds required to be held in the local dedicated fund at June 30, 2013	\$ 566,943	859,001	1,425,944
Amount Commission has restricted for closure and postclosure care at June 30, 2013			<u>\$ 1,598,803</u>

Wayne-Ringgold-Decatur County Solid Waste Management Commission

Staff

This audit was performed by:

Donna F. Kruger, CPA, Manager
Philip A. Rethwisch, Staff Auditor
James P. Moriarty, 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