



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

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**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_ April 17, 2017

Contact: Andy Nielsen  
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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 \$848,954 during the year ended June 30, 2016, a 13.2% increase over the prior year. The receipts included county and city contributions of \$202,645, gate and tonnage fees of \$625,032, interest on investments of \$8,139 and other receipts of \$13,138.

Disbursements for the year ended June 30, 2016 totaled \$797,334, a 13.4% decrease from the prior year, and included \$279,746 for landfill disposal fees, \$202,062 for salaries and benefits and \$134,919 for solid waste transportation fees. The significant increase in receipts is due primarily to higher tonnage fees. The significant decrease in disbursements is due primarily to a decrease in capital outlay disbursements.

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 <https://auditor.iowa.gov/reports/1614-2339-B00F>.

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**CRAWFORD COUNTY AREA SOLID  
WASTE AGENCY COMMISSION**

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

**JUNE 30, 2016**

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**Crawford County Area Solid Waste Agency Commission**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jay Ford	Chairperson	City of Denison
Ace Ettleman	Vice Chairperson	Cities of Arion, Aspinwall, Buck Grove, Charter Oak, Deloit, Dow City, Kiron, Manilla, Ricketts, Schleswig, Vail and Westside
Eileen Sailer	Member	Crawford County
Kyle Schultz	Member	Crawford County
Corey Curnyn	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, 2016, 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 Crawford County Area Solid Waste Agency Commission as of June 30, 2016, 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 discussed 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, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 7 through 9 and pages 23 through 27, 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 April 10, 2017 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

April 10, 2017

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

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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, 2016. We encourage readers to consider this information in conjunction with the Commission's financial statement, which follows.

### **2016 FINANCIAL HIGHLIGHTS**

- Operating receipts increased 13.1%, or approximately \$97,400, from fiscal year 2015 to fiscal year 2016.
- Operating disbursements decreased 2.4%, or approximately \$19,500, from fiscal year 2015 to fiscal year 2016.
- Cash basis fund balance increased \$51,620 from June 30, 2015 to June 30, 2016.

### **USING THIS ANNUAL REPORT**

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

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

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

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

- Management's Discussion and Analysis introduces the 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.
- Other Information further explains and supports the Commission's proportionate share of the net position liability and related contributions.

## FINANCIAL ANALYSIS OF THE COMMISSION

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

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

Operating receipts are received for tonnage and 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 and capital outlay. A summary of cash receipts, disbursements and changes in cash balances for the years ended June 30, 2016 and June 30, 2015 is presented below.

	Changes in Cash Balance	
	Year ended June 30,	
	2016	2015
Operating receipts:		
County contributions	\$ 49,654	49,654
City contributions	152,991	152,991
Gate and tonnage fees	625,032	523,640
Miscellaneous	12,588	16,535
Total operating receipts	840,265	742,820
Operating disbursements:		
Salaries and benefits	202,062	213,046
Engineering and testing	47,574	50,501
Transportation and solid waste fees	414,665	427,402
Recycling	63,649	54,191
Other	69,384	71,692
Total operating disbursements	797,334	816,832
Deficiency of operating receipts under operating disbursements	42,931	(74,012)
Non-operating receipts (disbursements):		
Interest on investments	8,139	6,387
Vehicle storage fees	550	540
Capital outlay	-	(103,400)
Net non-operating receipts (disbursements)	8,689	(96,473)
Change in cash balance	51,620	(170,485)
Cash balance beginning of year	1,711,880	1,882,365
Cash balance end of year	\$ 1,763,500	1,711,880
<b>Cash Basis Fund Balance</b>		
Restricted for:		
Groundwater protection	\$ 110,281	120,448
Landfill closure and postclosure care	591,157	626,410
Transfer station closure care	30,207	30,072
Total restricted cash basis fund balance	731,645	776,930
Unrestricted	1,031,855	934,950
Total cash basis fund balance	\$ 1,763,500	1,711,880

Operating receipts in fiscal year 2016 increased \$97,445, or 13.1%, over fiscal year 2015. The increase in operating receipts is primarily due to an increase in the per tonnage fee processed by the transfer station. Operating disbursements decreased \$19,498, or 2.4%, from fiscal year 2015. The decrease in operating disbursements is primarily due to a decrease in engineering and testing costs as well as a decrease in transportation and solid waste. While the per tonnage fee increased the tonnage processed by the transfer station remained virtually the same between fiscal years.

A portion of the Commission's cash balance, \$731,645 (41%), 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 cash balance, \$1,031,855 (59%), is unrestricted and can be used to meet the Commission's obligations as they come due. The restricted cash balance decreased \$45,285, or 5.8%, during the year. The decrease was primarily due to lower disbursements for ongoing testing and monitoring of closed landfill cells following Iowa Department of Natural Resources requirements. The unrestricted cash balance increased \$96,905, or 10.4%, during the year, primarily because the landfill did not purchase capital equipment during the year.

### **LONG-TERM DEBT**

At June 30, 2016, 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, 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 Crawford County Area Solid Waste Agency Commission, PO 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, 2016

Operating receipts:	
County contributions	\$ 49,654
City contributions	152,991
Tonnage fees	586,845
Gate fees	38,187
Sales tax	5,992
Sale of materials	6,596
Total operating receipts	<u>840,265</u>
Operating disbursements:	
Salaries and benefits	202,062
Insurance	12,671
Utilities	11,737
Office supplies	6,951
Engineering and testing	47,574
Equipment operations	17,366
Building and grounds	5,191
Solid waste disposal fees	279,746
Solid waste transportation fees	134,919
Recycling	63,649
Miscellaneous	15,468
Total operating disbursements	<u>797,334</u>
Deficiency of operating receipts under operating disbursements	<u>42,931</u>
Non-operating receipts (disbursements):	
Interest on investments	8,139
Vehicle storage fees	550
Net non-operating receipts (disbursements)	<u>8,689</u>
Change in cash balance	51,620
Cash balance beginning of year	<u>1,711,880</u>
Cash balance end of year	<u>\$ 1,763,500</u>
<b>Cash Basis Fund Balance</b>	
Restricted for:	
Groundwater protection	\$ 110,281
Landfill closure and postclosure care	591,157
Transfer station closure care	30,207
Total restricted cash basis fund balance	<u>731,645</u>
Unrestricted	<u>1,031,855</u>
Total cash basis fund balance	<u>\$ 1,763,500</u>
See notes to financial statement.	

**Crawford County Area Solid Waste Agency Commission**

Crawford County Area Solid Waste Agency Commission

Notes to Financial Statement

June 30, 2016

**(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 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 groundwater protection costs and closure and postclosure care are classified as restricted.

**(2) Cash and Investments**

The Commission's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

**(3) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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

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

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Commission contributed 8.93% of covered payroll for a total rate of 14.88%.

The Commission's contributions to IPERS for the year ended June 30, 2016 were \$14,038.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Commission had a liability of \$104,334 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission’s proportion of the net pension liability was based on the Commission’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Commission’s proportion was 0.002112%, which was a decrease of 0.000047% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016 the Commission’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$8,799, \$20,059 and \$24,294, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28	2.04
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Commission’s proportionate share of the net pension liability	\$ 182,671	104,334	38,213

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

**(4) 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, 2016 was \$7,900. This liability has been computed based on rates of pay in effect at June 30, 2016.

**(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 \$700 for single coverage and \$1,500 for family coverage. For the year ended June 30, 2016, the Commission contributed \$16,600 and plan members eligible for benefits did not contribute to the plan.

## **(6) Closure and Postclosure Care**

### Landfill

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

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

These costs for the Commission have been estimated to be \$610,932 for postclosure care as of June 30, 2016. 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, 2016, assets of \$591,157 are restricted for this purpose. The amount is reported as restricted cash 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. The \$626,410 restricted for postclosure care costs at June 30, 2015 was greater than the March 2016 postclosure cost estimate reported to the Iowa Department of Natural Resources. Therefore, no deposits were required to be made to restricted funds during fiscal year 2016. However, during fiscal year 2016 costs were incurred for postclosure activities which decreased the amount restricted for postclosure care costs at June 30, 2016 to \$19,775 less than the March 2016 estimated costs.

## 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, 2016 have been estimated to be \$9,570. The Commission has fully funded the costs and, at June 30, 2016, assets of \$30,207 are restricted for these purposes and are reported as restricted cash 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, 2016, the unspent amount retained by the Commission and restricted for the required specific purposes totaled \$110,281.

### **(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 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The Commission's property and casualty contributions to the Pool are recorded as disbursements from its operating fund at the time of payment to the Pool. The Commission's contributions to the Pool for the year ended June 30, 2016 were \$5,087.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$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 \$23.00 per ton. The agreement is in effect from July 1, 2014 through June 30, 2016. During the year ended June 30, 2016, the Commission paid \$279,746 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, 2014 and was extended through December 31, 2016. During the year ended June 30, 2016, the Commission paid \$134,919 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, 2016, the Commission paid \$5,567 under the contract.

## **Other Information**

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Crawford County Area Solid Waste Agency Commission

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

Iowa Public Employees' Retirement System  
Last Fiscal Year\*

Other Information

	2016	2015
Commission's proportion of the net pension liability	0.002112%	0.002159%
Commission's proportionate share of the net pension liability	\$ 104,334	85,618
Commission's covered-employee payroll	\$ 144,681	141,265
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11%	60.61%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

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

See accompanying independent auditor's report.

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Crawford County Area Solid Waste Agency Commission

Schedule of Commission Contributions

Iowa Public Employees' Retirement System  
Last 10 Fiscal Years

Other Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 14,038	12,920	12,615	12,489
Contributions in relation to the statutorily required contribution	<u>(14,038)</u>	<u>(12,920)</u>	<u>(12,615)</u>	<u>(12,489)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered-employee payroll	\$ 157,200	144,681	141,265	144,048
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

See accompanying independent auditor's report.

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2012	2011	2010	2009	2008	2007
11,762	11,484	10,629	9,958	9,262	8,307
(11,762)	(11,484)	(10,629)	(9,958)	(9,262)	(8,307)
-	-	-	-	-	-
145,750	165,237	159,835	156,819	153,091	144,470
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

**Crawford County Area Solid Waste Agency Commission**

Crawford County Solid Waste Agency Commission

Notes to Other Information – Pension Liability

Year ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25% 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 beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

**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**



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**STATE OF IOWA**

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

To the Members of the 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, 2016, and the related Notes to Financial Statement, and have issued our report thereon dated April 10, 2017. 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 controls 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. However, we noted an immaterial instance of non-compliance or other matters which is 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, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### The Crawford County Area Solid Waste Agency Commission's Responses to the Findings

The Crawford County Area Solid Waste Agency Commission's response to the findings identified in our audit is described in the accompanying Schedule of Findings. The Crawford County Area Solid Waste Agency 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 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

April 10, 2017

Crawford County Area Solid Waste Agency Commission

Schedule of Findings

Year ended June 30, 2016

**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 continue to look for a third party to review the reconciliations.

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, 2016

**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. The amounts restricted for transfer station closure care costs at June 30, 2016 are \$20,637 more than the estimated costs. Therefore, no deposit to the restricted fund was required to be made during fiscal year 2016.

The \$591,157 restricted for postclosure care costs at June 30, 2016 is \$19,775 less than the March 2016 landfill closure and postclosure care cost estimate reported to the Iowa Department of Natural Resources. Therefore, a deposit was required to be made to the restricted fund during fiscal year 2016.

Recommendation – The Commission should work with its engineer to ensure sufficient funds are deposited into the restricted fund to cover the landfill closure and postclosure care cost estimate.

Response – Commission members have agreed to transfer funds from the operating fund into the Closure Fund before June 30, 2017. The amount of funds transferred will be determined by the Financial Assurance Report form due to the Iowa Department of Natural Resources.

Conclusion – Response accepted.

Crawford County Area Solid Waste Agency Commission

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Tyler H. Moran, Staff Auditor  
Alex D. Dau, Assistant Auditor



Andrew E. Nielsen, CPA  
Deputy Auditor of State