OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE March 9, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rod Sand today released an audit report on the Waste Authority of Jackson County.

FINANCIAL HIGHLIGHTS:

The Authority had total revenues of $968,926 for the year ended June 30, 2020, a 3.8% increase over the prior year. Disbursements for the year ended June 30, 2020 totaled $838,369, a 6.0% increase over the prior year.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and disbursement of taxpayer funds. They are found on pages 38 through 41 of this report. The findings address a lack of segregation of duties, lack of independent reviews of the bank reconciliations and lack of preparation of reconciliations of receivables, collections and charges. Sand provided the Authority with recommendations to address each of the findings.

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

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

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WASTE AUTHORITY OF JACKSON COUNTY

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

JUNE 30, 2020

Waste Authority of Jackson County

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

March 3, 2021

Officials Waste Authority of Jackson County
Maquoketa, Iowa

Dear Authority Members:

I am pleased to submit to you the financial and compliance audit report for the Waste Authority of Jackson County for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the Waste Authority of Jackson County throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand
Auditor of State

Table of Contents

Waste Authority of Jackson County

Officials

Name	Title	Representing
Richard Rossmann	Chair	District F
Jennifer Machande	Vice-Chair	District G
Tom Messerli	Secretary	District H
Gary Beedle	Member	District B
Jean Casel	Member	District A
Loras Kilburg	Member	District D
Mike Steines	Member	Board of Supervisors
Kent Clasen	Member	District E
Jim Roling	Member	District C
Frank Frieberg	Director	
Dean Engel	Treasurer	

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Rob Sand
Auditor of State

Independent Auditor's Report

To the Members of the Waste Authority of Jackson County:

Report on the Financial Statements

We have audited the accompanying Statement of Net Position, and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows, of the Waste Authority of Jackson County as of and for the year ended June 30, 2020, and the related Notes of Financial Statements which collectively comprise of the Waste Authority of Jackson County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority'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 statements.

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 statements referred to above present fairly, in all material respects, the financial position of the Waste Authority of Jackson County as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, the Schedule of Authority Contributions and the Schedule of Changes in the Authority's Total OPEB Liability, Related Ratios and Notes on pages 6 through 9 and 30 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2021 on our consideration of the Waste Authority of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Waste Authority of Jackson County's internal control over financial reporting and compliance.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

March 3, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Waste Authority of Jackson County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the Authority's financial statements, which follow.

2020 FINANCIAL HIGHLIGHTS

- The Authority's operating revenues increased 4.48%, or $40,834, from fiscal year 2019 to fiscal year 2020.
- The Authority's operating expenses increased 5.19%, or $41,330, from fiscal year 2019 to fiscal year 2020, mainly due to transportation expenses associated with an increase in individuals dumping and construction in the Waste Authority's area.
- The Authority's net position increased $130,557, or 10.10%, over the June 30, 2019 balance.

USING THIS ANNUAL REPORT

The Waste Authority of Jackson County is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Waste Authority of Jackson County's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Authority's financial activities.

The Statement of Net Position presents information on the Authority's assets and deferred outflows of resources less the Authority's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Authority's operating revenues and expenses, non-operating revenues and expenses and whether the Authority's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Authority's cash and cash equivalents during the year. This information can assist readers of the report in determining how the Authority financed its activities and how it met its cash requirements.

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. The Authority's net position increased from approximately $1,292,000 at June 30, 2019 to approximately $1,423,000 at June 30, 2020. A summary of the Authority's net position is presented below.

Net Position		
	June 30,	
	2020	2019
Current assets	$ 840,566	608,668
Restricted investments	129,762	151,850
Capital assets at cost, less accumulated depreciation	787,445	866,982
Total assets	1,757,773	1,627,500
Deferred outflows of resources	77,301	50,441
Current liabilities	23,240	17,775
Noncurrent liabilities	359,725	357,784
Total liabilities	382,965	375,559
Deferred inflows of resources	29,303	10,133
Net position:		
Net investment in capital assets	787,445	866,982
Restricted for closure and postclosure care	129,762	151,850
Unrestricted	505,599	273,417
Total net position	$ 1,422,806	1,292,249

The unrestricted portion of the Authority's net position (36%) may be used to meet the Authority's obligations as they come due. This net position category increased 85% over the prior year due, in part, to a decrease in the total OPEB liability and increased gate activity during the year. The net investment in capital assets (e.g., buildings and equipment) (55%) are resources allocated to capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the Authority. Operating expenses are expenses paid to operate the transfer station and maintain the closed landfill. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. Non-operating revenues and expenses are for interest income earned on the Authority's investments.

Changes in Net Position		
	Year ended June 30,	
	2020	2019
Operating revenues:		
Gate fees	$ 623,228	576,807
County and city assessments	321,538	321,538
Other operating revenues	6,551	12,138
Total operating revenues	951,317	910,483
Operating expenses:		
Salaries	211,532	223,383
Employee benefits	108,770	83,518
Machinery maintenance, labor and parts	5,257	7,231
Site maintenance	15,989	9,380
Site utilities	11,122	11,175
Recycling subsidies	80,000	50,000
Office operations	16,500	21,659
Training and travel	1,318	1,781
Accounting and auditing	11,329	3,190
Insurance	28,230	27,867
Tipping fees	153,206	173,449
Depreciation	92,437	114,229
Transfer station	18,337	13,419
Transportation fees	60,495	48,401
Household hazardous materials disposal	12,878	12,846
Appliance and tire recycling disposal	10,300	4,122
E-waste recycling	10,110	11,045
Miscellaneous	12,647	5,544
Adjustment to estimated costs for landfill closure and postclosure care	(22,088)	(25,200)
Total operating expenses	838,369	797,039
Operating income	112,948	113,444
Non-operating revenues:		
Interest income	17,609	6,537
Gain on sale of capital assets	-	16,000
Net non-operating revenues	17,609	22,537
Change in net position	130,557	135,981
Net position beginning of year	1,292,249	1,156,268
Net position end of year	$ 1,422,806	1,292,249

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

In fiscal year 2020, operating revenues increased 4.48%, or $40,834, from fiscal year 2019 to fiscal year 2020, mainly due to an increase individual dumping and construction in the Waste Authority's area. Operating expenses increased 5.19%, or $41,330 from fiscal year 2019 to fiscal year 2020, mainly due to transportation expenses associated the increase in individual dumping and construction in the Waste Authority's area.

Statement of Cash Flows

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

CAPITAL ASSETS

At June 30, 2020, the Authority had $787,445 invested in capital assets net of accumulated depreciation of $858,626. Depreciation expense totaled $92,437 for fiscal year 2020. More detailed information about the Authority's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

Additional information about the Authority's long-term debt is presented in Note 4 to the financial statements

ECONOMIC FACTORS

Waste Authority of Jackson County's officials considered many factors when setting user fees. The Authority's officials continue to monitor the financial position of the Waste Authority of Jackson County and are in the process of reviewing user fees for the next fiscal year. However, the current condition of the economy in the state continues to be a concern for Authority officials. Some of the realities that may potentially become challenges for the Authority to meet are:

- Fluctuating fuel costs continue to be an unknown in the budget process.
- Facilities and equipment at the Authority require constant maintenance and upkeep.
- Technology continues to expand, and current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Waste Authority of Jackson County, 25146 184th St, Maquoketa, Iowa, 52060.

Waste Authority of Jackson County

Basic Financial Statements

Waste Authority of Jackson County

Statement of Net Position

June 30, 2020

Assets		
Current assets:		
Cash and cash equivalents	$	478,272
Investments		324,567
Accounts receivable		37,727
Total current assets		840,566
Noncurrent assets:		
Restricted investments		129,762
Capital assets, net of accumulated depreciation		787,445
Total noncurrent assets		917,207
Total assets		1,757,773
Deferred Outflows of Resources		
Pension related deferred outflows		51,356
OPEB related deferred outflows		25,945
Total deferred outflows of resources		77,301
Liabilities		
Current liabilities:		
Salaries and benefits payable		5,413
Compensated absences		17,827
Total current liabilities		23,240
Non-current liabilities:		
Landfill closure and postclosure care		129,762
Net pension liability		160,266
Total OPEB obligation		69,697
Total non-current liabilities		359,725
Total liabilities		382,965
Deferred Inflows of Resources		
Pension related deferred inflows		24,536
OPEB related deferred inflows		4,767
Total deferred inflows of resources		29,303
Net Position		
Net investment in capital assets		787,445
Restricted for closure and postclosure care		129,762
Unrestricted		505,599
Total net position	$	1,422,806

See notes to financial statements.

Waste Authority of Jackson County

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2020

Operating revenues:		
Gate fees	$	623,228
County and city assessments		321,538
Other operating revenues		6,551
Total operating revenues		951,317
Operating expenses:		
Salaries		211,532
Employee benefits		108,770
Machinery maintenance, labor and parts		5,257
Site maintenance		15,989
Site utilities		11,122
Recycling subsidies		80,000
Office operations		16,500
Training and travel		1,318
Accounting and auditing		11,329
Insurance		28,230
Tipping fees		153,206
Depreciation		92,437
Transfer station		18,337
Transportation fees		60,495
Household hazardous materials disposal		12,878
Appliance and tire recycling disposal		10,300
E-waste recycling		10,110
Miscellaneous		12,647
Adjustment to estimated costs for landfill closure and postclosure care		(22,088)
Total operating expenses		838,369
Operating income		112,948
Non-operating revenues:		
Interest income		17,609
Net non-operating revenues		17,609
Change in net position		130,557
Net position beginning of year		1,292,249
Net position end of year	$	1,422,806

See notes to financial statements.

Waste Authority of Jackson County

Waste Authority of Jackson County

Statement of Cash Flows

Year ended June 30, 2020

Cash flows from operating activities:		
Cash received from gate fees	$	624,300
Cash received from assessments		321,538
Cash received from other operating receipts		6,551
Cash paid to suppliers for goods and services		(447,718)
Cash paid to employees for services		(298,498)
Net cash provided by operating activities		206,173
Cash flows from capital and related financing activities:		
Purchase of capital assets		(12,900)
Cash flows from investing activities:		
Purchase of certificates of deposit		(454,329)
Proceeds from redemption of certificates of deposit		451,413
Interest received		17,609
Net cash provided by investing activities		14,693
Net decrease in cash and cash equivalents		207,966
Cash and cash equivalents beginning of year		270,306
Cash and cash equivalents end of year	$	478,272
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	112,948
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		92,437
Closure and postclosure care		(22,088)
Changes in assets and liabilities:		
Accounts receivable		1,072
Salaries and benefits payable		(223)
Compensated absences		5,688
Net pension liability		4,329
Deferred outflows of resources		(26,860)
Deferred inflows of resources		19,170
Total OPEB liability		19,700
Total adjustments		93,225
Net cash provided by operating activities	$	206,173
Non cash capital and related financing activities:		

See notes to financial statements.

(1) Summary of Significant Accounting Policies

The Jackson County Sanitary Disposal Agency was formed in 1975 pursuant to the provisions of Chapter 28E of the Code of Iowa. On March 19, 2012, the Agency was renamed the Waste Authority of Jackson County. The purpose of the Authority is to operate the sanitary landfill in Jackson County for use by all residents of the Authority. In January 1994, the Jackson County Landfill was closed, and the Authority began operating a solid waste transfer station.

The Authority is composed of one representative from each of the eight geographic districts and one representative from Jackson County. The representative of a District is appointed jointly by the political subdivisions within the District to be represented or is elected in an at-large election within the District. Each District shall be entitled to one vote for each 2,500 people or fraction thereof as determined by the most recent Federal Census.

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

A. Reporting Entity

For financial reporting purposes, the Waste Authority of Jackson County has included all funds, organizations, agencies, boards, commissions and authorities. The Authority 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 Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority 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 Authority. The Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

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

The Statement of Net Position presents the Waste Authority of Jackson County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets. The Authority had no debt attributable to capital assets at June 30, 2020.

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

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

C. <u>Measurement Focus and Basis of Accounting</u>

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

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. <u>Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position</u>

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

<u>Cash, Cash Equivalents and Investments</u> – The Authority considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2020 include certificates of deposit of $454,329.

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

<u>Capital Assets</u> – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

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

Asset Class		Amount
Buildings and improvements	$	25,000
Equipment		1,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	15 - 39
Equipment	5 - 7

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the year ended June 30, 2020.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Authority after the measurement date but before the end of the Authority's reporting period.

Compensated Absences – Authority employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Authority's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2020.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

(2) Cash, Cash Equivalents and Investments

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

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

(3) Capital Assets

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Buildings and improvements	$ 777,757	12,900	-	790,657
Equipment	855,414	-	-	855,414
Total capital assets	1,633,171	12,900	-	1,646,071
Less accumulated depreciation for:				
Buildings and improvements	116,614	-	-	116,614
Equipment	649,575	92,437	-	742,012
Total accumulated depreciation	766,189	92,437	-	858,626
Total capital assets, net	$ 866,982	(79,537)	-	787,445

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Compensated Absences	Net Pension Liability	Total OPEB Liability	Landfill Closure and Postclosure Care Costs	Total
Balance beginning of year	$ 12,139	155,937	49,997	151,850	369,923
Increases	5,688	4,329	19,700	-	29,717
Decreases	-	-	-	22,088	22,088
Balance end of year	17,827	160,266	69,697	129,762	377,552
Due within one year	$ 17,827	-	-	-	17,827

(5) Lease Agreement

The land used by the Authority for its landfill site was leased from Jackson County for a one-time fee of $1 for a period of twenty-five years. The lease has been extended for a period of thirty years from the date of the issuance of a closure permit to allow monitoring of the site as required by law. The lease will expire on August 24, 2024.

(6) Pension Plan

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

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

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

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

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

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

<u>Disability and Death Benefits</u> – 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.

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

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

The Authority's contributions to IPERS for the year ended June 30, 2020 totaled $19,228.

<u>Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> – At June 30, 2020, the Authority reported a liability of $160,266 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the Authority's proportion was 0.002768%, which was an increase of 0.000304% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of $33,442. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	444	5,762
Changes of assumptions		17,167	-
Net difference between projected and actual earnings on IPERS investments		-	18,060
Changes in proportion and differences between Authority contributions and its proportionate share of contributions		14,517	714
Authority contributions subsequent to the measurement date		19,228	-
Total	$	51,356	24,536

$19,228 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		Amount
2021	$	6,666
2022		(564)
2023		290
2024		55
2025		1,145
Total	$	7,592

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Authority 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 Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	$ 284,581	160,266	55,992

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

Payables to the IPERS – At June 30, 2020, the Authority reported payables to IPERS of $878 for legally required employer contributions and $439 for legally required employee contributions which had been withheld from employee wages but had not yet been remitted to IPERS.

(7) Other Postemployment Benefits (OPEB)

Plan Description – The Authority administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	4
Total	4

Total OPEB Liability – The Authority's total OPEB liability of $69,697 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.60% per annum
Rates of salary increase (effective June 30, 2020)	3.25% per year, including inflation plus merit/productivity increases
Discount rate (effective June 30, 2020)	2.66% compounded annually
Healthcare cost trend rate (effective June 30, 2020)	8.00% initial rate decreasing by .5% annually to an ultimate reate of 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.66% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA Pub-2010 total dataset mortality table fully generational using Scale MP-2019. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year	$ 49,997
Changes for the year:	
Service cost	4,228
Interest	1,710
Differences between expected and actual experiences	25,583
Changes in assumptions	(7,895)
Benefit payments	(3,926)
Net changes	19,700
Total OPEB liability end of year	$ 69,697

Changes of assumptions reflect a change in the discount rate from 3.51% in fiscal year 2019 to 2.66% in fiscal year 2020.

Sensitivity of the Authority's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.66%) or 1% higher (3.66%) than the current discount rate.

	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	$ 73,023	69,697	66,420

Sensitivity of the Authority's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be it were calculated using healthcare cost trend rates that are 1% lower (7.00%) or 1% higher (9.00%) than the current healthcare cost trend rates.

	1% Decrease (7.00%)	Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
Total OPEB liability	$ 64,073	69,697	76,296

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the Authority recognized OPEB expense of $3,322. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	25,308	881
Changes in assumptions		637	3,886
Total	$	25,945	4,767

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

Year Ended June 30,		Amount
2021	$	3,322
2022		3,322
2023		3,322
2024		3,322
2025		2,617
Thereafter		5,273
	$	21,178

(8) Closure and Postclosure Care Costs

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations. Postclosure care costs for the Authority have been estimated to be $112,400 and a provision for this liability has been made in the Authority's Statement of Net position as of June 30, 2020.

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

At June 30, 2020, the total closure care costs for the Authority have been estimated to be $17,362 and a provision for this liability has been made in the Authority's Statement of Net Position as of June 30, 2020.

The Authority has accumulated resources to fund these liabilities and, at June 30, 2020, assets of $129,762 are restricted for these purposes. They are reported as restricted investments in the Statement of Net Position.

(9) Risk Management

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

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

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

The Authority's property and casualty contributions to the Pool are recorded as expenditures from its operating fund at the time of payment to the Pool. The Authority's contributions to the Pool for the year ended June 30, 2020 were $22,769.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Authority'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 Authority'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 Authority's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Authority does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the Authority's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim 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 Authority 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 $25,000, respectively. The Authority 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.

(10) COVID–19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Waste Authority of Jackson County, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Waste Authority of Jackson County. However, the extent of the financial impact of COVID–19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Waste Authority of Jackson County's operations and finances.

Waste Authority of Jackson County

Required Supplementary Information

Waste Authority of Jackson County

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

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

Required Supplementary Information

	2020	2019	2018	2017
Authority's proportion of the net pension liability	0.002768%	0.002464%	0.002459%	0.002405%
Authority's proportionate share of the net pension liability	$ 160,266	155,937	163,813	151,372
Authority's covered payroll	$ 211,830	185,202	183,566	172,021
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	75.66%	84.20%	89.24%	88.00%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.002449%	0.002495%
120,996	98,944
167,784	160,672
72.11%	61.58%
85.19%	87.61%

Waste Authority of Jackson County

Schedule of Authority Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	2020	2019	2018	2017
Statutorily required contribution	$ 19,228	19,996	16,538	16,392
Contributions in relation to the statutorily required contribution	(19,228)	(19,996)	(16,538)	(16,392)
Contribution deficiency (excess)	$ -	-	-	-
Authority's covered payroll	$ 201,765	211,830	185,202	183,566
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
15,361	14,983	14,348	12,168	15,422	12,846
(15,361)	(14,983)	(14,348)	(12,168)	(15,422)	(12,846)
-	-	-	-	-	-
172,021	167,784	160,672	140,346	191,103	184,835
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Waste Authority of Jackson County

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

For the Last Three Years
Required Supplementary Information

	2020	2019	2018
Service cost	$ 4,228	4,239	3,178
Interest cost	1,710	1,926	1,555
Change of benefit terms	-	-	(2,226)
Difference between expected and actual experiences	25,583	(1,265)	5,509
Changes in assumptions	(7,895)	(193)	(193)
Benefit payments	(3,926)	(2,467)	(2,467)
Net change in total OPEB liability	19,700	3,157	5,356
Total OPEB liability beginning of year	49,997	46,840	41,484
Total OPEB liability end of year	$ 69,697	49,997	46,840
Covered-employee payroll	$ 201,765	171,885	171,885
Total OPEB liability as a percentage of covered-employee payroll	34.5%	29.1%	27.3%

See accompanying independent auditor's report.

Notes to Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2020	2.66%
Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

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

To the Members of the Waste Authority of Jackson County:

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 statements of the Waste Authority of Jackson County as of and for the year ended June 30, 2020, and the related Notes to Financial Statements which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Waste Authority of Jackson County'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Waste Authority of Jackson County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waste Authority of Jackson County'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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

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 Waste Authority of Jackson County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in the Waste Authority of Jackson County's internal control described in the accompanying Schedule of Findings as items (A) through (C) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waste Authority of Jackson County's financial statements are 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 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 Authority's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Authority. 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 Waste Authority of Jackson County's Responses to the Findings

The Waste Authority of Jackson County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Waste Authority of Jackson County's responses were not subjected to the auditing procedures applied in the audit of the financial statements 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 Authority'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 Authority'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 Waste Authority of Jackson County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Marlys Gaston

Marlys K. Gaston, CPA
Deputy Auditor of State

March 3, 2021

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

Condition – One person has primary control over opening mail, preparing deposits and recording receipts.

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

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

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

Response – We will discuss and review internal control procedures and make changes if feasible.

Conclusion – Response acknowledged. To obtain the maximum internal control possible under the circumstances, the Authority could utilize currently available staff, including Authority officials.

(B) Bank Reconciliation

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances. Supervisory review of bank reconciliations can help ensure the accuracy of recorded amounts.

Condition – Monthly bank statements are reconciled to the Waste Authority's monthly financial report. However, the monthly bank reconciliations are not reviewed and approved by an independent person.

Cause – The Procedures have not been designed and implemented to ensure bank reconciliations are independently reviewed for completeness and accuracy.

Effect – The lack of independent review of bank reconciliations can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – An independent person should review the reconciliations and document their review by signing or initialing and dating the monthly reconciliations.

Response – The Treasurer of the Waste Authority will review, sign, and date the monthly bank reconciliations.

Conclusion – Responses accepted.

(C) Reconciliation of Accounts Receivable, Accounts Receivable Aging, Gate Fees Charges and Collections

Criteria – An effective internal control system provides for internal controls related to maintaining an accounts receivable aging, and reconciling gate fees charges, collections and receivables and comparing collections to deposits to ensure proper recording of receipts and the propriety of adjustments.

Condition – Although an accounts receivable aging is maintained, it is not reconciled with gate fees charges and collections, and the accounts receivable balance on the monthly financial statements. We noted a $22,603 variance between the accounts receivable balance on the monthly financial statements and the accounts receivable aging used to maintain a record of customer balances.

Cause – Policies have not been established and procedures have not been implemented to reconcile accounts receivable on the financial statements with the accounts receivable aging report, gate fees charges and collections.

Effect – This condition could result in unrecorded or misstated gate receipts, improper or unauthorized adjustments and write-offs and/or misstated account balances. The June 30, 2020 financial statements were understated by $22,603. An adjustment was made by the Authority to properly report accounts receivable in the financial statements.

Recommendation – Procedures should be established to reconcile accounts receivable on the financial statements with the accounts receivable aging, gate fees charges and collections. The Authority or an Authority-designated person independent of the preparation of the accounts receivable reconciliations should review the reconciliations and monitor variances. The independent review of the reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

Response – The Waste Authority is working with their accounting firm to reconcile the accounts receivable aging report, gate fee charges and collections. Will submit these for review, signing and dating by the Waste Authority Treasurer.

Conclusion – Response accepted.

(D) Computer System

Criteria – Properly designed policies and procedures pertaining to control activities over the Authority's computer system and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, and helps ensure the reliability of financial reporting, the effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Condition – The Authority does not have written policies and procedures for requiring timeout or logoff functions to be utilized when terminals are left unattended and multiple users work under the same user ID throughout the workday. Additionally, the Authority does not have written policies requiring password changes.

Cause – Management has not required a written policy for the above computer-based controls.

Effect – Lack of written policies for the computer-based system could result in a loss of data or compromised data, resulting in unreliable financial information.

Recommendation – The Authority should review its control activities and establish policies pertaining to its computer system.

Response – Employees have been assigned separate logins and are required to sign out when the leave the terminal. Employees are now required to changed passwords every 90 days.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

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

(2) Travel Expense – No expenses for travel expenses of spouses of Authority officials or employees were noted.

(3) Restricted Donor Activity – No transactions were noted between the Authority, Authority officials, Authority employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

(4) Authority Minutes – No transactions were found that we believe should have been approved in the Authority minutes but were not. However, the Authority Board minutes were not signed.

Recommendation – The Authority meeting minutes should be signed to authenticate the actions taken.

Response – We are now signing the minutes.

Conclusion – Response accepted.

(5) Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Authority's investment policy were noted.

(6) Salary Publications – Annual salaries paid to employees were not published as required by Chapter 28E.6 of the Code of Iowa.

Recommendation – The Authority should publish annual salaries, as required.

Response – Salaries were published for the current fiscal year and will be published yearly.

Conclusion – Response accepted.

Staff

This audit was performed by:

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Katherine L. Rupp, CPA, Manager
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