OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Mary Mosiman, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
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FOR RELEASE May 4, 2018

Auditor of State Mary Mosiman today released an audit report on the Waste Authority of Jackson County.

The Authority had total revenues of $890,335 for the year ended June 30, 2017, a less than 1% increase from the prior year. Revenues included gate fees of $551,594, county and city assessments of $321,537 and other operating revenues of $9,358.

Expenses totaled $781,724 for the year ended June 30, 2017, a less than 1% increase over the prior year, and included $291,242 for employee salaries and benefits, $207,357 for tipping fees and $62,561 for depreciation.

A copy of the audit report is available for review at the Waste Authority of Jackson County, in the Office of Auditor of State and on the Auditor of State's web site at https://auditor.iowa.gov/reports/1714-2326-B00F.

# # #

WASTE AUTHORITY OF JACKSON COUNTY

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

JUNE 30, 2017

Table of Contents

Waste Authority of Jackson County

Officials

Name	Title	Representing
Richard Rossmann	Chair	District F
Tom Messerli	Vice-Chair	District H
Gary Beedle	Secretary	District B
Jean Casel	Member	District A
Loras Kilburg	Member	District D
Mike Steines	Member	Board of Supervisors
Kent Clasen	Member	District E
Jennifer Machande	Member	District G
Jim Roling	Member	District C
Mark Beck	Director	
Karisa Myatt-Brown	Recording Secretary	

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Mary Mosiman, CPA
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, 2017, 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, 2017, 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 and the Schedule of Authority Contributions on pages 7 through 10 and 29 through 32 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 April 25, 2018 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.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

April 25, 2018

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, 2017. We encourage readers to consider this information in conjunction with the Authority's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- The Authority's operating revenue decreased less than 1%, or $4,709, from fiscal year 2016 to fiscal year 2017.
- The Authority's operating expenses increased 1%, or $8,438 over fiscal year 2016 to fiscal year 2017. Salaries and employee benefits increased and the adjustment to estimated costs for landfill closure and postclosure care decreased during the year.

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.

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 at the end of fiscal year 2017 totaled approximately $1,078,000. This compares to approximately $969,000 at the end of fiscal year 2016. A summary of the Authority's net position is presented below.

Net Position

	June 30, 2017	June 30, 2016
Current assets	$ 396,325	365,700
Restricted investments	186,738	208,338
Capital assets at cost, less accumulated depreciation	848,542	896,203
Total assets	1,431,605	1,470,241
Deferred outflows of resources	48,320	30,181
Current liabilities	37,783	69,126
Noncurrent liabilities	361,977	451,765
Total liabilities	399,760	520,891
Deferred inflows of resources	2,540	10,517
Net position:		
Net investment in capital assets	848,542	832,627
Unrestricted	229,083	136,387
Total net position	$ 1,077,625	969,014

The net investment in capital assets (e.g., buildings and equipment) are resources allocated to capital assets. The remaining net position is unrestricted net position which can be used to meet the Authority's obligations and needs as they come due.

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 County. 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 and interest expense on the Authority's outstanding debt.

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. A summary of revenues, expenses and changes in net position for the years ended June 30, 2017 and 2016 is presented on the following page.

Changes in Net Position			
	Year ended June 30,		
		2017	2016
Operating revenues:			
Gate fees	$	551,594	557,505
County and city assessments		321,537	321,538
Other operating revenues		9,358	8,155
Total operating revenues		882,489	887,198
Operating expenses:			
Salaries		196,663	180,209
Employee benefits		94,579	86,708
Machinery maintenance, labor and parts		4,000	5,925
Site maintenance		10,830	11,704
Site utilities		8,688	6,648
Recycling subsidies		51,667	70,000
Office operations		19,130	28,030
Training and travel		4,042	4,574
Accounting and auditing		9,677	8,955
Insurance		32,907	30,686
Tipping fees		207,357	213,543
Depreciation		62,561	51,709
Transfer station		21,145	25,801
Transportation fees		51,454	43,414
Household hazardous materials disposal		8,326	10,969
Appliance and tire recycling disposal		4,290	3,369
E-waste recycling		9,070	8,019
Miscellaneous		5,518	5,953
Adjustment to estimated costs for landfill closure and postclosure care		(21,600)	(24,350)
Total operating expenses		780,304	771,866
Operating income		102,185	115,332
Non-operating revenues (expenses):			
Interest income		2,846	2,250
Gain on sale of capital assets		5,000	-
Interest expense		(1,420)	(4,048)
Net non-operating revenues (expenses)		6,426	(1,798)
Change in net position		108,611	113,534
Net position beginning of year		969,014	855,480
Net position end of year	$	1,077,625	969,014

In fiscal year 2017, operating revenues decreased $4,709, or less than 1% from the prior year. Operating expenses increased $8,438, or 1%, over the prior year.

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, 2017, the Authority had $1,618,372 invested in capital assets and accumulated depreciation of $769,830. Depreciation expense totaled $62,561 for fiscal year 2017. More detailed information about the Authority's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

During the year ended June 30, 2017, the Authority paid the remaining $142,144 of outstanding loan and note balances. 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 require constant maintenance and upkeep.
- Technology continues to update as current technology becomes outdated, presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The Authority 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, 201 W Platt Street, Maquoketa, Iowa, 52060.

Basic Financial Statements

Waste Authority of Jackson County

Statement of Net Position

June 30, 2017

Assets		
Current assets:		
Cash and cash equivalents	$	179,959
Investments		178,267
Accounts receivable		38,099
Total current assets		396,325
Noncurrent assets:		
Restricted investments		186,738
Capital assets, net of accumulated depreciation		848,542
Total noncurrent assets		1,035,280
Total assets		1,431,605
Deferred Outflows of Resources		
Pension related deferred outflows		48,320
Liabilities		
Current liabilities:		
Salaries and benefits payable		5,634
Assessments received in advance		8,181
Compensated absences		23,968
Total current liabilities		37,783
Non-current liabilities:		
Landfill closure and postclosure care		186,738
Net pension liability		151,372
Net OPEB obligation		23,867
Total non-current liabilities		361,977
Total liabilities		399,760
Deferred Inflows of Resources		
Pension related deferred inflows		2,540
Net Position		
Net investment in capital assets		848,542
Unrestricted		229,083
Total net position	$	1,077,625

See notes to financial statements.

Waste Authority of Jackson County

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2017

Operating revenues:		
Gate fees	$	551,594
County and city assessments		321,537
Other operating revenues		9,358
Total operating revenues		882,489
Operating expenses:		
Salaries		196,663
Employee benefits		94,579
Machinery maintenance, labor and parts		4,000
Site maintenance		10,830
Site utilities		8,688
Recycling subsidies		51,667
Office operations		19,130
Training and travel		4,042
Accounting and auditing		9,677
Insurance		32,907
Tipping fees		207,357
Depreciation		62,561
Transfer station		21,145
Transportation fees		51,454
Household hazardous materials disposal		8,326
Appliance and tire recycling disposal		4,290
E-waste recycling		9,070
Miscellaneous		5,518
Adjustment to estimated costs for landfill closure and postclosure care		(21,600)
Total operating expenses		780,304
Operating income		102,185
Non-operating revenues (expenses):		
Interest income		2,846
Gain on sale of capital asset		5,000
Interest expense		(1,420)
Net non-operating revenues (expenses)		6,426
Change in net position		108,611
Net position beginning of year		969,014
Net position end of year	$	1,077,625

See notes to financial statements.

Waste Authority of Jackson County

Statement of Cash Flows

Year ended June 30, 2017

Cash flows from operating activities:		
Cash received from gate fees	$	547,878
Cash received from assessments		329,718
Cash paid to suppliers for goods and services		(448,101)
Cash paid to employees for services		(282,926)
Cash received from other operating receipts		9,358
Net cash provided by operating activities		155,927
Cash flows from capital and related financing activities:		
Purchase of capital assets		(9,900)
Principal paid on loan and note		(142,144)
Interest paid on loan and note		(1,420)
Net cash used by capital and related financing activities		(153,464)
Cash flows from investing activities:		
Purchase of certificates of deposit		(350,005)
Proceeds from redemption of certificates of deposit		250,000
Interest received		2,846
Net cash used by investing activities		(97,159)
Net decrease in cash and cash equivalents		(94,696)
Cash and cash equivalents beginning of year		274,655
Cash and cash equivalents end of year	$	179,959
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	102,185
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		62,561
Changes in assets and liabilities:		
Increase in accounts receivable		(3,716)
Increase in salaries and benefits payable		241
Increase in compensated absences		1,256
Decrease in liability for landfill closure and postclosure care		(21,600)
Increase in net pension liability		30,376
Increase in deferred outflows of resources		(18,139)
Decrease in deferred inflows of resources		204
Increase in other postemployment benefits		2,559
Total adjustments		53,742
Net cash provided by operating activities	$	155,927

Non cash capital and related financing activities:
A capital asset was traded with a value of $5,000.

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 County. 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 used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

C. Measurement Focus

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

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

Cash, Cash Equivalents and Investments – The 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, 2017 include certificates of deposit of $365,005.

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

Capital Assets – Capital assets are accounted for at historical cost. 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, 2017.

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 expense, contributions from the Authority after the measurement date but before the end of the Authority's reporting period and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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, 2017.

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.

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 expense.

(2) Cash, Cash Equivalents and Investments

The Authority's deposits in banks at June 30, 2017 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, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Buildings and improvements	$ 777,757	-	-	777,757
Equipment	825,715	14,900	-	840,615
Total capital assets	1,603,472	14,900	-	1,618,372
Less accumulated depreciation for:				
Buildings and improvements	116,614	-	-	116,614
Equipment	590,655	62,561	-	653,216
Total accumulated depreciation	707,269	62,561	-	769,830
Total capital assets, net	$ 896,203	(47,661)	-	848,542

(4) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2017 is as follows:

	Compensated Absences	Loan Payable	Note Payable	Net Pension Liability	Net OPEB Obligation	Total
Balance beginning of year	$ 22,712	78,568	63,576	120,996	21,308	307,160
Increases	1,256	-	-	30,376	4,853	36,485
Decreases	-	78,568	63,576	-	2,294	144,438
Balance end of year	23,968	-	-	151,372	23,867	199,207
Due within one year	$ 23,968	-	-	-	-	23,968

Loan Payable

In February 2013, the Authority entered into a loan agreement with ECIA Business Growth, Inc. Jackson County Revolving Loan Fund for $225,000 for the purpose of constructing improvements to the solid waste disposal facility. During the year ended June 30, 2017, the Authority paid the remaining loan principal of $78,568.

Note Payable

In October 2015, the Authority entered into a note payable agreement with Maquoketa State Bank for $89,030 to purchase an end-loader. The agreement is for a period of five years at an interest rate of 2.99% per annum and matures in fiscal year 2020. During the year ended June 30, 2017, the Authority paid the remaining note principal of $63,576.

(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 7401 Register Drive, PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

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

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

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Authority contributed 8.93% of covered payroll for a total rate of 14.88%.

The Authority's contributions to IPERS for the year ended June 30, 2017 totaled $16,392.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the Authority reported a liability of $151,372 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the Authority's proportion was 0.002405%, which was a decrease of 0.000044% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Authority recognized pension expense of $20,729. At June 30, 2017, 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	$ 1,338	1,807
Changes of assumptions	2,309	-
Net difference between projected and actual earnings on IPERS investments	21,566	-
Changes in proportion and differences between Authority contributions and its proportionate share of contributions	6,715	733
Authority contributions subsequent to the measurement date	16,392	-
Total	$ 48,320	2,540

$16,392 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, 2018. 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
2018	$	5,669
2019		5,669
2020		12,002
2021		6,210
2022		(162)
Total	$	29,388

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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, 2016 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
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 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 7.50%, 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 (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Authority's proportionate share of the net pension liability	$ 244,899	151,372	72,433

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, 2017, the Authority reported payables to IPERS of $992 for legally required employer contributions and $496 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)

The Authority participates in the Jackson County postretirement medical plan (OPEB). The OPEB plan recognizes the implicit rate subsidy as required by Governmental Accounting Standards Board Statement No. 45.

The actuarial valuation of liabilities under the OPEB plan is calculated using the unit credit actuarial cost method as of the July 1, 2015 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately $1,109,213 for Jackson County as of June 30, 2017. The Authority's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB plan are available in Jackson County's audit report for the year ended June 30, 2017. The report may be obtained by writing to the Jackson County Auditor's Office, 201 West Platt Street, Maquoketa, Iowa 52060.

The Authority recognized a net OPEB obligation of $23,867 for other postemployment benefits, which represents the Authority's portion of Jackson County's net OPEB obligation. The Authority's portion of the net OPEB obligation was calculated using the ratio of full-time equivalent employees of the Authority compared to full-time equivalent employees of Jackson County.

(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/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection 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 $173,600 and a provision for this liability has been made in the Authority's Statement of Net position as of June 30, 2017.

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, 2017, the total closure care costs for the Authority have been estimated to be $13,138 and a provision for this liability has been made in the Authority's Statement of Net Position as of June 30, 2017.

The Authority has accumulated resources to fund these liabilities and, at June 30, 2017, assets of $186,738 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 753 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, 2017 were $25,429.

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, 2017, no liability has been recorded in the Authority's financial statements. As of June 30, 2017, 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) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, <u>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</u>. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the Authority's other postemployment benefits.

Waste Authority of Jackson County

Required Supplementary Information

Waste Authority of Jackson County

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 Three Years*

Required Supplementary Information

	2017	2016	2015
Authority's proportion of the net pension liability	0.002405%	0.002449%	0.002495%
Authority's proportionate share of the net pension liability	$ 151,372	120,996	98,944
Authority's covered-employee payroll	$ 172,021	167,784	160,672
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	88.00%	72.11%	61.58%
IPERS' net position as a percentage of the total pension liability	81.82%	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.

Waste Authority of Jackson County

Schedule of Authority Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	2017	2016	2015	2014
Statutorily required contribution	$ 16,392	15,361	14,983	14,348
Contributions in relation to the statutorily required contribution	(16,392)	(15,361)	(14,983)	(14,348)
Contribution deficiency (excess)	$ -	-	-	-
Authority's covered-employee payroll	$ 183,566	172,021	167,784	160,672
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
12,168	15,422	12,846	11,989	10,402	9,164
(12,168)	(15,422)	(12,846)	(11,989)	(10,402)	(9,164)
-	-	-	-	-	-
140,346	191,103	184,835	180,286	163,811	151,471
8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for 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 (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.

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.

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Mary Mosiman, CPA
Auditor of State

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of 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, 2017, and the related Notes to Financial Statements, and have issued our report thereon dated April 25, 2018.

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 a material weakness 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) and (B) 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 (C) 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.

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.

Mary Mosiman

MARY MOSIMAN, CPA
Auditor of State

April 25, 2018

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible.

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.

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 representatives.

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 representatives.

(B) Capital Assets

Criteria – An effective internal control system provides for internal controls related to reconciling capital assets to asset records to ensure the accuracy of financial records and maintaining control over capital assets.

Condition – During the audit, we identified capital asset disposals not properly recorded in the financial system. The Authority received a trade-in value for an asset that was not on the listing. This resulted in a $5,000 overstatement to capital assets and gain on sale of capital assets.

Cause – The Authority does not have procedures to review capital assets to ensure the Authority's capital assets are accurate and reliable.

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

Recommendation – The Authority should review its procedures to ensure capital assets are properly recorded in the Authority's financial statements.

Response – We will work with our accounting department to make sure capital assets listings are accurate.

Conclusion – Response accepted.

(C) Computer Systems

Criteria – Properly designed policies and procedures pertaining to control activities over the Authority's computer systems and implementation of the policies and procedures help provide reasonable assurance financial information is safeguarded and reliable, regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operating and compliance with applicable laws and regulations.

Condition – The following weaknesses in the Authority's computer systems were noted:

- The Authority does not have a written policy regarding password privacy and confidentiality.
- A time out and/or log off function to protect a terminal if left unattended is not utilized.

Cause – Management has not required written policies for the above computer based controls.

Effect – Lack of written policies for computer based systems 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 systems.

Response – We will again review a password policy and make changes in areas deemed necessary.

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 expenditures for travel expenses of spouses of Authority officials or employees were noted.

(3) Authority Minutes – No transactions were found that we believe should have been approved in the Authority minutes but were not.

(4) 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.

Staff

This audit was performed by:

Ernest H. Ruben Jr., CPA, Manager
Sidot K. Shipley, Staff Auditor
Alexia M. Blank, Assistant Auditor

Andrew E. Nielsen, CPA
Deputy Auditor of State