



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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NEWS RELEASE

FOR RELEASE

June 14, 2023

Contact: Ernest Ruben
515/281-5834

Auditor of State Rob Sand today released an audit report on the Jones County Solid Waste Management Commission. The Commission was previously reported in the Jones County audit.

FINANCIAL HIGHLIGHTS:

The Commission's receipts and disbursements for the year ended June 30, 2022 totaled \$942,372 and \$1,059,038, respectively.

AUDIT FINDINGS:

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 26 through 29 of this report. The findings address issues such as a lack of segregation of duties, a violation of the Commission's depository resolution, and gifts from a restricted donor. Sand provided the Commission with recommendations to address each of the findings.

Two of the five findings discussed above are repeated from the prior year and were reported in the Jones County report. The Landfill Commission 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 website at [Audit Reports – Auditor of State](#).

###

JONES COUNTY SOLID WASTE MANAGEMENT COMMISSION

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

JUNE 30, 2022

Jones County Solid Waste Management Commission



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Rob Sand
Auditor of State

May 23, 2023

Officials of the Jones County Solid Waste Commission
Anamosa, Iowa

Dear Board Members:

I am pleased to submit to you the financial and compliance audit report for the Jones County Solid Waste Commission for the year ended June 30, 2022. 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 Jones County Solid Waste Commission 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,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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Jones County Solid Waste Management Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Russ Benke	Chairperson	Onslow
Ned Rohwedder	Vice Chairperson	Jones County
Jeff Swisher	Member	Jones County
Dale Barnes	Member	City of Anamosa
Brooke Gombert	Member	City of Anamosa
Dave Goedken	Member	City of Monticello
Wayne Peach	Member	City of Monticello
David Dircks	Member	City of Olin
Rod Gravel	Member	City of Wyoming
Vacant	Member	City of Oxford Junction
Vacant	Member	City of Martelle
Vacant	Member	City of Morley
Karl Taylor	Director	

Jones County Solid Waste Management Commission



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Independent Auditor's Report

To the Members of the Jones County Solid Waste Management Commission:

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of the Jones County Solid Waste Management Commission as of and for the year ended June 30, 2022 and the related Notes to Financial Statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the Jones County Solid Waste Management Commission as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements and were reported in the Jones County report section of our report. We are required to be independent of Jones County Solid Waste Management Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to the financial statement, Jones County Solid Waste Management adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87 Leases. As discussed in Note 10 to the financial statement, the Commission has elected to change from the accrual basis of accounting to the cash basis of accounting for the fiscal year ended June 30, 2022. Our opinion is not modified with respect to these matters.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jones County Solid Waste Management Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jones County Solid Waste Management Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jones County Solid Waste Management Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of the Commission's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of Commission Contributions on pages 20 through 23 but does not include the basic financial statement and our auditor's report thereon. Our opinion on the basic financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2023 on our consideration of the Jones County Solid Waste Management Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Commission'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 Jones County Solid Waste Management Commission's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 23, 2023

Jones County Solid Waste Management Commission

Basic Financial Statement

Jones County Solid Waste Management Commission

Jones County Solid Waste Management Commission

Statement of Cash Receipts, Disbursements and
Changes in Cash Balance

As of and for the year ended June 30, 2022

Operating receipts:	
Gate fees	\$ 799,238
Member assessments	103,386
Miscellaneous	<u>4,874</u>
Total operating receipts	<u>907,498</u>
Operating disbursements:	
Salaries and benefits	181,183
Solid waste hauling and disposal	590,562
Tire disposal	17,200
Recycling	37,401
Equipment maintenance	172,400
Legal, accounting and auditing	21,165
Office equipment and supplies	3,363
Travel and training	1,564
Utilities	7,095
Fuel	8,162
Insurance	14,699
Miscellaneous	<u>4,244</u>
Total operating disbursements	<u>1,059,038</u>
Excess of operating disbursements over operating receipts	<u>(151,540)</u>
Non-operating receipts:	
Interest on investments	21,486
Rental income	<u>13,388</u>
Total non-operating receipts	<u>34,874</u>
Change in cash balance	(116,666)
Cash balance beginning of year	<u>2,106,498</u>
Cash balance end of year	<u>\$ 1,989,832</u>
Cash Basis Fund Balance	
Restricted for:	
Closure	\$ 20,444
Postclosure care	<u>932,761</u>
Total restricted cash basis fund balance	953,205
Unrestricted	<u>1,036,627</u>
Total cash basis fund balance	<u>\$ 1,989,832</u>

See notes to financial statement.

Jones County Solid Waste Management Commission

Notes to Financial Statement

June 30, 2022

(1) Summary of Significant Accounting Policies

The Jones County Solid Waste Management Commission was formed in 2010 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Commission is to develop, operate and maintain solid waste facilities in Jones County on behalf of the units of government which are members of the Commission.

The governing body of the Commission is composed of one representative from each member except for the members Anamosa, Monticello, and Jones County which each have two representatives. The members of the Commission include Jones County and the cities of Anamosa, Olin, Onslow, Oxford Junction, Martelle, Monticello, Morley, and Wyoming. Each representative of a member of the Commission has one vote. Currently, the Commission contracts for landfill operations.

A. Reporting Entity

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

B. Basis of Presentation

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

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

C. Basis of Accounting

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

D. Cash Basis Fund Balance

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

(2) Cash and Investments

The Commission's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

(3) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2022 totaled \$13,261.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the Commission had a liability of \$2,428 for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The Commission's proportion of the overall plan net pension asset was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the Commission's proportion was 0.000703%, which was an decrease of 0.002411% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Commission's pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled \$(8,441), \$15,979 and \$102,367, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 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, 2021 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 2021 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

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 Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS’ fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS’ investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability (asset) 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%)
Commission's proportionate share of the net pension liability (asset)	\$ 85,933	2,428	(67,554)

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.

(4) Closure and Postclosure Care

Landfill

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

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

These costs for the Commission have been estimated to be \$827,900 for postclosure care as of June 30, 2022. During the year ended June 30, 2008, the Commission stopped accepting waste at the landfill and began transferring waste to a site in Rock Island County, Illinois.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has accumulated resources to fully fund these costs and, at June 30, 2022, assets of \$932,761 are restricted for postclosure care. This amount is reported as restricted cash balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

Transfer Station

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

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

The total closure care costs for the Commission as of June 30, 2022 have been estimated to be \$18,931. The Commission has fully funded the costs and, at June 30, 2022, assets of \$20,444 are restricted for these purposes and are reported as restricted cash balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

(5) Solid Waste Tonnage Fees Retained

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2022, the Commission had no unspent tonnage fees.

(6) Risk Management

The Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Commission until used or paid. The Commission's approximate liability for earned vacation and comp time at June 30, 2022 was \$17,850. This liability has been computed based on rates of pay in effect at June 30, 2022.

(8) Lease Agreements

The Commission owns approximately 48 acres of agricultural land situated in Jones County the Commission rents to an agricultural tenant. Effective March 1, 2022 the Commission entered into a 3-year lease. The Commission is to receive annual payments of \$13,388 with an estimated implicit interest rate of 3.75%. During the year ended June 30, 2022, the County received payments totaling \$13,388.

(9) Change in Accounting Basis/Restatement of Net Assets

During the year ended June 30, 2022, the Commission elected to change its method of accounting from the accrual basis of accounting to the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. The effects of the change in accounting basis are as follows:

Net position balance, June 30, 2021, as previously reported	\$ 1,744,003
Change in cash balance for change in basis of accounting	<u>362,495</u>
Cash basis cash balance, July 1, 2021, as restated	<u>\$ 2,106,498</u>

Other Information

Jones County Solid Waste Management Commission

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

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

Other Information

	2022	2021
Commission's proportion of the net pension liability/asset	(0.000703)% **	0.001708%
Commission's proportionate share of the net pension liability (asset)	\$ 2,428	119,944
Commission's covered payroll	\$ 140,563	135,507
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	1.73%	88.51%
IPERS' net position as a percentage of the total 'pension liability	100.81%	82.90%

* 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.

** Overall plan net pension asset.

See accompanying independent auditor's report.

Jones County Solid Waste Management Commission

Schedule of Commission Contributions

Iowa Public Employees' Retirement System
For the Last Three Years

Other Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 13,261	13,269	12,792
Contributions in relation to the statutorily required contribution	<u>(13,261)</u>	<u>(13,269)</u>	<u>(12,792)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Commission's covered payroll	\$ 140,473	140,563	135,507
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%

Note: Commission contributions and covered payroll information for the years ended June 30, 2013 through June 30, 2019 were not readily available.

See accompanying independent auditor's report.

Jones County Solid Waste Management Commission

Jones County Solid Waste Management Commission

Notes to Other Information – Pension Liability

Year ended June 30, 2022

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.



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Rob Sand
Auditor of State

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

To the Members of the Jones County Solid Waste Management Commission:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statement of Jones County Solid Waste Management Commission, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statement and have issued our report thereon dated May 23, 2023. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Jones County Solid Waste Management Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Jones County Solid Waste Management Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Jones County Solid Waste Management Commission's internal control.

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 that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jones County Solid Waste Management Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

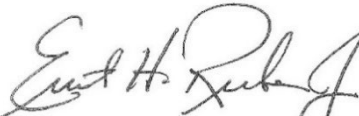
Jones County Solid Waste Management Commission's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Jones County Solid Waste Management Commission's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. Jones County Solid Waste Management Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

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


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

May 23, 2023

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2022

Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

2022-001 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 Commission’s financial statements.

Condition – One individual has control over each of the following areas for the Commission for which there are no compensating controls:

- (1) Receipts – opening mail, collecting, depositing, recording, reconciling, posting and maintaining accounts receivable records.
- (2) Cash – handling and recording
- (3) Accounts receivable – collecting, posting and reconciling.
- (4) Voided receipts – all employees have the ability to void a receipt and there is no independent review over voided receipts.

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

Effect – Inadequate segregation of duties could adversely affect the Commission’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 – The Commission should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff or designate a member of the Commission to provide additional control through review of financial transactions to help ensure accounts receivable charges and payments on account are properly recorded and deposited intact. The independent reviews should be documented by the signature or initials of the reviewer and the date of the review. Receipts should be voided by a limited number of employees and all voided receipts should be independently verified/reviewed and the verification/review should be documented.

Response – Moving forward the Commission will do its best to segregate duties with the limited staff available.

Conclusion – Response acknowledged. The Commission should also ensure voided receipts are completed by a limited number of employees and voided receipts should be independently verified/reviewed and the verification/review should be documented with the signature of initials of the reviewer and the date of review.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2022

2022-002 Accounts Receivable

Criteria – An effective internal control system provides for internal controls related to reconciling billings, collections and delinquent accounts to ensure the accuracy of Solid Waste Commission’s collections and receivables.

Condition – A monthly reconciliation of billings, collections, and delinquent accounts is performed but is not reviewed by an independent person.

Cause – Policies have not been established and procedures have not been implemented by the Solid Waste Commission to review the reconciliation of billings, collections and delinquent accounts.

Effect – This condition could result in unrecorded or misstated Solid Waste Commissions revenues and receivables.

Recommendations – The accounts receivable reconciliation should be reviewed by an independent person. The independent reviewer should sign or initial and date the reconciliation. Any variance or other discrepancies should be investigated and corrected.

Response – The accounts receivables reconciliations will be presented monthly and approved at the Commission’s meetings. The Board will sign the accounts receivable reconciliations as evidence of review.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

2022-B Travel Expense – No disbursements of Commission money for travel expenses of spouses of Commission officials or employees were noted.

2022-C Restricted Donor Activity – Per Chapter 68B of the Code of Iowa, Waste Authority officials are prohibited from receiving and soliciting gifts from a restricted donor. A restricted donor per Chapter 68B.2(24)(a), “Is or is seeking to be a party to any one or any combination of sales, purchases, leases or contracts to, from, or with the agency in which the donee holds office or is employed.” Per Chapter 68B.22(4)(j), public employees may receive, “Nonmonetary items with a value of three dollars or less.” Each of the four Waste Authority employees received a \$25 gift card for Walmart from a business customer of the Waste Authority.

Recommendation – The Waste Authority should consult legal counsel to ensure the Iowa gift law is adequately communicated and understood by all staff. In addition, the Waste Authority should establish policies and procedures regarding proper receipt of these types of items and ensure additional oversight be performed to monitor compliance.

Response – We were unaware of this rule, and we will, in the future, not accept gifts of this type. I will communicate this with our staff, so everyone is aware of it.

Conclusion – Response accepted.

2022-D Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not. However, the minutes, including the schedule of bills allowed and gross salaries, were not published as required by Chapter 28E.6(3) of the Code of Iowa. In addition, meetings of the Commission were not preceded by proper notice in accordance with Chapter 21.4 of the Code of Iowa.

Recommendation – The Commission should ensure the minutes, including the schedule of bills allowed and gross salaries, are published, as required. In addition, the Commission should comply with Chapter 21.4 of the Code of Iowa.

Response – The recommendations have been adopted as of April 4, 2023.

Conclusion – Response accepted.

2022-E Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Commission’s investment policy were noted, except as follows:

One Commission bank account is not listed on the approved depository resolution and the Commission has exceeded the amount for a one authorized bank account.

Jones County Solid Waste Management Commission

Schedule of Findings

Year ended June 30, 2022

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted in accordance with Chapter 12C of the Code of Iowa.

Response – The Commission is in the process of updating and getting board approval for the new depository resolution.

Conclusion – Response accepted.

2022-F Solid Waste Fees Retainage – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

2022-G Financial Assurance – The Commission has elected to demonstrate financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567–113.14(6) of the Iowa Administrative Code (IAC). The calculation is made as follows:

	Transfer Station Closure	Postclosure Care	Total
Total estimated cost for closure and postclosure care	\$ 18,931	874,800	893,731
Less: Balance of funds held in the local dedicated fund at June 30, 2021	(20,262)	(982,091)	(1,002,353)
	(1,331)	(107,291)	(108,622)
Divided by the number of years remaining in the pay-in-period	1	1	
Required payment into the local dedicated fund for the year ended June 30, 2022	(1,331)	(107,291)	(108,622)
Balance of funds held in the local dedicated fund at June 30, 2021	20,262	982,091	1,002,353
Balance of funds required to be held in the local dedicated fund at June 30, 2022	<u>\$ 18,931</u>	<u>874,800</u>	<u>893,731</u>
Amount Commission has restricted and reserved for closure and postclosure care at June 30, 2022	<u>\$ 20,444</u>	<u>932,761</u>	<u>953,205</u>

The amounts restricted for closure and postclosure care at June 30, 2022 exceed the estimated total costs and, accordingly, the costs are fully funded.

Jones County Solid Waste Management Commission

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Gwen D. Fangman, CPA, Manager
William J. Sallen, CPA, Senior Auditor
Zachary T. Shaw, Staff Auditor