

BENTON COUNTY SOLID WASTE
DISPOSAL COMMISSION

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

YEAR ENDED JUNE 30, 2024

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Benton County Solid Waste Disposal Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Loras Schulte	Chair	City of Norway
Doug Kearns	Vice Chair	City of Garrison
Jennifer Zahradnik	Treasurer	At Large
Brian McNulty	Secretary	City of Blairstown
Bruce Visser	Commissioner	City of Atkins
Lyle Morrow	Commissioner	City of Belle Plaine
David Monson	Commissioner	City of Keystone
Patricia Rausch	Commissioner	City of Mt. Auburn
Bruce Cross	Commissioner	City of Newhall
Scott Hepker	Commissioner	City of Shellsburg
Gary Benson	Commissioner	City of Urbana
Jared Vogeler	Commissioner	City of Van Horne
Bill Voss	Commissioner	City of Walford
Nancy Jensen	Commissioner	Township
Tracy Seeman	Commissioner	County Supervisor
Terry Hertle	Commissioner	At Large
Amy Boddiker	Commissioner	At Large
Jon Kaestner	Commissioner	Township
Mike Seeck	Commissioner	Township
Eric Werner	Manager	

Benton County Solid Waste Disposal Commission



ROOF, GERDES, ERLBACHER, PLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
and Executive Board
Benton County Solid Waste Disposal Commission:

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of the Benton County Solid Waste Disposal Commission (Commission) as of and for the year ended June 30, 2024 and the related Notes to Financial Statement which collectively comprise the Commission's basic financial statement as listed in the table of contents.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the respective cash basis financial position of the Commission as of June 30, 2024, 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 (GAAS) 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 Statement section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is 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 the financial statement in accordance with cash basis accounting described in Note 1, and for determining 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 a financial statement that is 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 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 GAAS 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 GAAS 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 statement, 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 statement.
- 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 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 statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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. The other information comprises the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 18 through 20 but does not include the financial statement and auditor's report thereon. Our opinion on the 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 January 25, 2025 on our consideration of the Commission's internal control over financial reporting and on 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 Commission's internal control over financial reporting and compliance.

Roof, Gerdes, Erlbacher, PLC

Roof, Gerdes, Erlbacher, PLC

January 25, 2025

Basic Financial Statement

Benton County Solid Waste Disposal Commission

Exhibit A

Statement of Cash Receipts, Disbursements and Changes in Cash Balances

As of and for the year ended June 30, 2024

Operating receipts:	
Per capita receipts	\$ 689,923
Gate fees	3,210,382
Recycling	23,809
Other operating receipts	13,635
Total operating receipts	<u>3,937,749</u>
Operating disbursements:	
Salaries and benefits	330,911
Iowa Department of Natural Resources tonnage fees	32,542
Machinery maintenance, labor and parts	70,872
Machinery rental	15,800
Oil and gas	34,260
Vehicle	1,703
Planning and engineering	101,428
Site maintenance	110,074
Site utilities	5,502
Shop supplies	2,528
Office expenses	9,761
Training and travel	3,133
Legal and accounting	71,044
Insurance	20,973
Leachate	34,528
Recycling	33,476
Safety	1,078
Miscellaneous	2,024
Total operating disbursements	<u>881,637</u>
Excess of operating receipts over operating disbursements	<u>3,056,112</u>
Non-operating receipts (disbursements):	
Interest on investments	290,453
Rental income	10,000
Equipment purchases	(466,300)
Capital projects	(1,069,420)
Net non-operating receipts (disbursements)	<u>(1,235,267)</u>
Change in cash balance	1,820,845
Cash balance beginning of year	<u>8,565,889</u>
Cash balance end of year	<u>\$ 10,386,734</u>
Cash Basis Fund Balance	
Restricted for:	
Closure	\$ 1,571,920
Postclosure care	1,586,452
Tonnage fees retained	22,374
Total restricted cash basis fund balance	<u>3,180,746</u>
Unrestricted	<u>7,205,988</u>
Total cash basis fund balance	<u>\$ 10,386,734</u>

Benton County Solid Waste Disposal Commission

Notes to Financial Statement

June 30, 2024

(1) Summary of Significant Accounting Policies

The Benton County Solid Waste Disposal Commission (Commission) was created under Iowa Code Chapter 28E (Agreement). The Commission is a voluntary joint undertaking of public entities in or near Benton County, Iowa and is an ongoing legal entity. The purpose of the Commission is to continuously study and implement methods and means to efficiently, economically and lawfully manage solid waste generated by the parties. Benton County is party to the agreement. A Memorandum of Understanding was entered into between Benton County, Iowa and the Commission wherein Benton County agreed to transfer to the Commission the ownership of real estate, equipment and machinery, including vehicles, and funds that were being held by the County relative to the current and future operation of the solid waste facility. The transfer was made effective July 1, 2014.

The Commission is composed of one possible representative from each of the fourteen-member cities and seven possible representatives designated by the Benton County Board of Supervisors. The member cities are: Atkins, Belle Plaine, Blairstown, Garrison, Keystone, Luzerne, Mount Auburn, Newhall, Norway, Shellsburg, Urbana, Van Horne, Vinton and Walford.

A. Reporting Entity

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

B. Basis of Presentation

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

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

C. Basis of Accounting

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

D. Cash Basis Fund Balance

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

(2) **Cash, Cash Equivalents and Investments**

The Commission's deposits in banks at June 30, 2024 and at other times during the fiscal year were not 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 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 investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$2,176,382. There were no limitations or restrictions on withdrawals for the IPAIT investments. The Commission's investment in IPAIT is unrated.

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

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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. 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 that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that 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 2023, 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, 2024 totaled \$24,201.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the Commission reported a liability of \$116,200 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the Commission's proportion was 0.002574%, which was an decrease of 0.000062% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Commission's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$9,874, \$90,966 and \$70,854, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2022 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0 %	4.56 %
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that 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 of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 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	\$ 247,067	116,200	6,531

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) Other Postemployment Benefits (OPEB)

Plan Description – The Commission operates a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Commission currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2024, the Commission contributed \$21,640 and plan member eligible for benefits contributed \$5,410 to the plan. At June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement. At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	2
	2
Total	2

(5) Closure and Postclosure Care

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

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that 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.

These costs for the Commission have been estimated to be \$1,571,920 for closure and \$1,839,000 for postclosure care, for a total of \$3,410,920 as of June 30, 2024. The estimated remaining life of the landfill is 9 years, with approximately 89% of the landfill’s capacity used at June 30, 2024.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2024, assets of \$3,158,372 are restricted for these purposes, of which \$1,571,920 is for closure and \$1,586,452 is for postclosure care. They are reported as restricted cash balance in the Statement of Cash Receipts, Disbursements and Changes in Cash Balance.

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

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

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

Y

NP = next payment

CE = total required financial assurance

CB = current balance of the fund

Y = number years remaining in the pay-in period

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

(6) 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, 2024, the Commission had \$22,374 of unspent tonnage fees.

(7) Risk Management

Benton County is a member in the Heartland Risk Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Commission is considered part of Benton County by Heartland Risk Pool. The Heartland Risk Pool (Pool) is a local government risk-sharing pool whose members include ten counties throughout the State of Iowa. The Pool was formed July 1, 1987 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, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member is responsible for the payment of member contributions to the risk pool on an annual basis. Member contributions to the risk pool are recorded as disbursements from the operating funds at the time of payment to the risk pool. In the event of payment of any loss by the risk pool, the risk pool is subrogated to the extent of such payment to all the rights of the member against any person or other entity legally responsible for damages for said loss, and in such event, the member is responsible for rendering all reasonable assistance, other than pecuniary assistance, to affect recovery. The risk pool is responsible for paying the reinsurance premiums on the insurance policies when due, to pay claims in accordance with the various coverages and to make other payments as required by applicable law, to establish and accumulate a reserve or reserves in amounts which are deemed advisable or required by law to carry out the purposes of the risk pool, and to pay all reasonable and necessary expenses for administering the risk pool and fund.

Initial risk of loss for the self-insured coverage is retained by the risk pool. The risk pool obtained a reinsurance policy for the year ended June 30, 2024, which covers exposures of specific losses in excess of \$750,000, with a \$250,000 corridor deductible, per occurrence up to the statutory limits for workers compensation, and in excess of \$400,000 per occurrence, up to a maximum of \$8,000,000 per occurrence, including the retention of the pool, for general liability, police professional, errors and omissions and automobile liability. The risk pool records a liability for unpaid claims based on estimates of reported and incurred but not reported claims and related loss adjustment expenses. At June 30, 2024 the risk pool reported a surplus of assets over liabilities.

The Commission does not disclose 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 reasonable estimated. As of June 30, 2024, settled claims have not exceeded the risk pool reinsurance coverage since the pool's inception.

The Commission's property and casualty contributions to the risk pool are recorded as disbursements from its operating fund at the time of payment to the risk pool. The Commission's contributions to the Pool for the year ended June 30, 2024 were \$20,973.

Initial membership into the Pool is for a mandatory three-year period. Subsequent to the initial term, a member may withdraw at the end of any given fiscal year. The membership is subject to renewal every three years. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation 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 at June 30, 2024 was \$25,099. This liability has been computed based on rates of pay in effect at June 30, 2024.

(9) Subsequent Events

The Commission has evaluated all subsequent events through January 25, 2025, the date the financial statement was available to be issued.

Other Information

Benton County Solid Waste Disposal Commission

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

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

Required Supplementary Information

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	0.002574%	0.002637%	0.002700%	0.002700%	0.002200%	0.002600%	0.002500%	0.002700%	0.002700%	0.002100%
Commission's proportionate share of the net pension liability	\$ 116,200	99,612	3,717	188,144	154,875	163,892	167,395	171,219	117,838	83,616
Commission's covered payroll	\$ 226,084	212,346	212,346	215,182	212,556	194,650	187,578	196,501	163,404	137,962
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	51.40%	46.91%	1.75%	87.26%	72.86%	84.20%	89.24%	87.13%	72.11%	60.61%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	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 preceeding fiscal year.

See accompanying independent auditor's report.

Benton County Solid Waste Disposal Commission

Schedule of Agency Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 24,201	21,342	20,045	20,310	20,065	19,215	17,382	16,751	17,548	14,592
Contributions in relation to the statutorily required contribution	(24,201)	(21,342)	(20,045)	(20,310)	(20,065)	(19,215)	(17,382)	(16,751)	(17,548)	(14,592)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Agency's covered payroll	\$ 256,370	226,084	212,346	215,182	212,556	203,546	194,650	187,578	196,501	163,404
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

Benton County Solid Waste Disposal Commission

Notes to Other Information – Pension Liability

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.



ROOF, GERDES, ERLBACHER, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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
Benton County Solid Waste Disposal 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 the Benton County Solid Waste Disposal Commission (Commission) as of and for the year ended June 30, 2024, and the related Notes to Financial Statement, and have issued our report thereon dated January 25, 2025. Our report expressed unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 statement 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 Part I of the accompanying Schedule of Findings as items 2024-001 through 2024-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Commission's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Commission's responses were not subjected to the other auditing procedures applied in the audit of the financial statement 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 result of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the 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.

Roof, Gerdes, Erlbacher, PLLC

Roof, Gerdes, Erlbacher, PLC

January 25, 2025

Benton County Solid Waste Disposal Commission

Schedule of Findings

Year Ended June 30, 2024

Part I: Findings Related to the Financial Statement:

INTERNAL CONTROL DEFICIENCIES:

2024-001 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 Benton County Solid Waste Disposal Commission (Commission) financial statement.

Condition – Generally, one individual has control over each of the following areas for which minimal or no compensating controls exist:

- (1) Disbursements – making certain purchases, receiving certain goods and services, presenting proposed disbursements to the Board for approval, maintaining supporting documentation, preparing, signing, and distributing checks, and posting to the accounting records.
- (2) Payroll – calculating payroll amounts, preparing, signing, and distributing checks, and posting payments to the accounting records.

Cause – The Commission has a limited number of individuals 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.

Response – The Commission will review its control procedures to obtain the maximum internal control possible with the limited staff it has.

Conclusion – Response acknowledged.

2024-002 Preparation of Financial Statement

Criteria - A properly designed system of internal control over financial reporting includes the preparation of an entity's financial statement and accompanying notes to the financial statement by internal personnel of the entity.

Condition - As auditors, we were requested to draft the financial statement and accompanying notes to the financial statement. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause - We recognize that with a limited number of office employees, preparation of the financial statement and accompanying notes to the financial statement is difficult.

Benton County Solid Waste Disposal Commission

Schedule of Findings

Year Ended June 30, 2024

Effect - The effect of this condition is that the year-end financial reporting is prepared by a party outside of the Commission. The outside party does not have the constant contact with ongoing financial transactions.

Recommendation - We recommend that Commission officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances to enable staff to draft the financial statement and accompanying notes to the financial statement internally.

Response – These are very technical issues that the average citizen would not understand. This issue relates to auditor independence issues, and we accept the risk associated with not being able to prepare these documents and apply accounting principles in accordance with generally accepted accounting principles.

Conclusion – Response acknowledged.

2024-003 Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to performing a reconciliation between the Commission’s bank balance to book balance on a monthly basis.

Condition – Bank reconciliations were not completed for several months on several bank accounts.

Cause – Policies have not been established and procedures have not been implemented to ensure accurate and timely reconciliation of bank accounts.

Effect – This condition 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 – All bank accounts should be reconciled timely on a monthly basis.

Response – These procedures have been implemented as recommended.

Conclusion – Response acknowledged.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Benton County Solid Waste Disposal Commission

Schedule of Findings

Year Ended June 30, 2024

Part II: Other Findings Related to Required Statutory Reporting:

2024-A Questionable Expenses – 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.

2024-B Travel Expense – No disbursements of Benton County Solid Waste Disposal Commission (Commission) money for travel expenses of spouses of Commission officials or employees were noted.

2024-C Restricted Donor Activity – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2024-D Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not. However, the following concern was noted in relation to the Commission minutes.

- The Commission minutes were not submitted to the newspaper for publication within twenty days following the adjournment of the meeting, as required by Chapter 28E.6 of the Code of Iowa.

Recommendation – The Commission should implement procedures to ensure the Commission minutes and procedures are in compliance with Chapters 21 and 28E of the Code of Iowa.

Response – We will implement the above recommendations.

Conclusion – Response acknowledged.

2024-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 that the deposit amount at June 30, 2024 and at other times during the year at one bank, exceeded the Commission's depository resolution amount.

Chapter 12C.2 of the Code of Iowa requires the public body (Commission) to specify the maximum which may be kept for deposit in each depository. At one bank, the deposit amount exceeded the deposit resolution amount by about \$82,000 at June 30, 2024.

Recommendation — The Commission should implement procedures to ensure compliance with Chapter 12C.2 of the Code of Iowa.

Response — We will implement this recommendation.

Conclusion — Response acknowledged.

2024-F Tonnage Reports – Procedures do not appear to be adequate to ensure the tonnage reports submitted to the State of Iowa are accurate. We noted instances in which the spreadsheets used to track tonnage were improperly calculating the tonnage amounts reported to the State of Iowa. As a result, it appears the State was underpaid as the tonnage amounts submitted to the State of Iowa were under reported.

Recommendation – The Commission should implement procedure to ensure the tonnage reports submitted to the State of Iowa are accurate.

Benton County Solid Waste Disposal Commission

Schedule of Findings

Year Ended June 30, 2024

Response – Once this was brought to our attention, we fixed our spreadsheet which figured tonnage. We have also been in communication with the State on this issue,

Conclusion – Response acknowledged.

2024-G Check Retention - The backs of cancelled checks were not retained by the Commission, as required by Chapter 554D.114 of the Code of Iowa.

Recommendation – The Commission should retain the fronts and backs of the cancelled checks, as required by Chapter 554D.114 of the Code of Iowa.

Response – We will implement this recommendation.

Conclusion - Response acknowledged.

2024-H Solid Waste Tonnage Fees Retained – 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.

2024-I Financial Assurance – The Commission has demonstrated 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. The calculation is made as follows:

Total estimated costs for closure and postclosure care	\$ 3,410,920
Less: Balance of funds held in the local dedicated fund at June 30, 2023	<u>(3,028,546)</u> 382,374
Divided by number of years remaining in the pay-in period	<u>9</u>
Required payment into the local dedicated fund for the year ended June 30, 2024	42,486
Balance of funds held in the local dedicated fund at June 30, 2023	<u>3,028,546</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2024	<u>\$ 3,071,032</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2024	<u>\$ 3,158,372</u>