

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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### **East Central Solid Waste Commission Mora, Minnesota**

Year Ended December 31, 2021

## Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** – conducts financial and legal compliance audits of local governments;

**Government Information** – collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

**Tax Increment Financing** – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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# **East Central Solid Waste Commission Mora, Minnesota**

Year Ended December 31, 2021



**Office of the State Auditor**

**Audit Practice Division  
Office of the State Auditor  
State of Minnesota**

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
<b>Introductory Section</b>		
Organization		1
<b>Financial Section</b>		
Independent Auditor's Report		2
Management's Discussions and Analysis		5
Basic Financial Statements		
Statement of Net Position	1	10
Statement of Revenues, Expenses, and Changes in Net Position	2	12
Statement of Cash Flows	3	13
Notes to the Financial Statements		15
Required Supplementary Information		
PERA General Employees Retirement Plan		
Schedule of Proportionate Share of Net Pension Liability	A-1	38
Schedule of Contributions	A-2	39
Notes to the Required Supplementary Information		40
<b>Management and Compliance Section</b>		
Communication of Significant Deficiencies and/or Material Weaknesses in Internal Control Over Financial Reporting and Other Matters		44
Independent Auditor's Report on Minnesota Legal Compliance		46
Schedule of Findings and Recommendations		47

## **INTRODUCTORY SECTION**

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

ORGANIZATION  
2021

	<u>Position</u>	<u>County</u>	<u>Term Expires</u>
Board of Commissioners			
Richard Greene	Chair	Chisago	December 31, 2021
Phil Peterson	Vice Chair	Mille Lacs	December 31, 2021
Stephen Hallan	Treasurer	Pine	December 31, 2021
Dennis McNally	Member	Kanabec	December 31, 2021
Dave Oslund	Member	Isanti	December 31, 2021
Executive Director			
Janelle Troupe			

**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
East Central Solid Waste Commission  
Mora, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the East Central Solid Waste Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the East Central Solid Waste Commission as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 statements, 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 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 auditing standards generally accepted in the United States of America 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment 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 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; and
- conclude whether, in our judgment, 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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, PERA retirement plan schedules, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial

statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

December 20, 2022

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

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2021  
(Unaudited)**

**FINANCIAL HIGHLIGHTS**

There are several items included in the financial highlights for 2021

- Municipal solid waste (MSW) and industrial/demolition waste delivered to the landfill and transfer stations totaled 115,569 tons. The demolition landfill took in 7,578 cubic yards of demolition waste.
- There was a fire at the Cambridge Transfer Station that did extensive damage to the tipping building. Fire was caused by something in a load, such as a battery, and fueled by a load of pallets that was on the floor. BJ Baas Builders were hired to complete the repairs to the existing building, and costs were paid through insurance proceeds.

**OVERVIEW OF ANNUAL FINANCIAL REPORT**

The Management's Discussion and Analysis (MD&A) serves as an introduction to the financial statements. The MD&A represents management's examination and analysis of the East Central Solid Waste Commission's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Commission's operating budget, and other management tools were used for this analysis.

The financial statements report information about the Commission using full accrual accounting methods.

The financial statements include: a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, which is further broken down into investment in capital assets, restricted, and unrestricted net position. The statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and also includes depreciation of capital assets. The statement of cash flows presents the cash flows from operating activities, financing activities, capital and related financing activities, investing activities, and the net cash provided by (used in) operating activities. The statement of cash flows presents cash receipts and cash disbursement information without consideration of the earnings event, when an obligation arises, or depreciation of capital assets. The notes to the financial

statements provide required disclosures and other information essential to a full understanding of material data provided in the statements. The notes present information about the Commission's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any. The financial statements were prepared by the Commission's staff from the detailed books and records of the Commission. The financial statements were audited and adjusted, if material, during the independent external audit process.

## SUMMARY OF ORGANIZATION AND BUSINESS

The East Central Solid Waste Commission was formed through a joint powers agreement in 1988 between the Minnesota counties of Chisago, Isanti, Kanabec, Mille Lacs, and Pine. The Commission owns and operates an integrated solid waste management disposal system consisting of a municipal solid waste landfill (located in Arthur Township in Kanabec County); two transfer stations (one located near the City of Cambridge in Isanti Township, Isanti County, and the other located near the City of Hinckley in Mission Creek Township, Pine County); and an inactive compost facility (located adjacent to the municipal solid waste landfill).

## FINANCIAL ANALYSIS

The following comparative condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring, and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in each section by the name of the statement or account.

As can be seen from the table below, total assets increased by \$1,672,693, from \$20,385,207 in 2020 to \$22,057,900 in 2021, and total liabilities increased by \$1,294,384 in 2021.

	<b>Condensed Statement of Net Position</b>		Change	
	2021	2020	Dollar	Percent (%)
<b>Assets</b>				
Current assets	\$ 10,510,162	\$ 7,865,639	\$ 2,644,523	33.6
Capital assets – net	5,577,735	6,609,995	(1,032,260)	(15.6)
Other assets	<u>5,970,003</u>	<u>5,909,573</u>	<u>60,430</u>	1.0
<b>Total Assets</b>	<u>\$ 22,057,900</u>	<u>\$ 20,385,207</u>	<u>\$ 1,672,693</u>	8.2
<b>Deferred Outflows of Resources</b>				
Deferred pension outflows	<u>\$ 579,360</u>	<u>\$ 173,978</u>	<u>\$ 405,382</u>	233.0
<b>Liabilities</b>				
Current liabilities	\$ 402,134	\$ 360,772	\$ 41,362	11.5
Noncurrent liabilities	<u>8,303,382</u>	<u>7,050,360</u>	<u>1,253,022</u>	17.8
<b>Total Liabilities</b>	<u>\$ 8,705,516</u>	<u>\$ 7,411,132</u>	<u>\$ 1,294,384</u>	17.5
<b>Deferred Inflows of Resources</b>				
Deferred pension inflows	<u>\$ 543,533</u>	<u>\$ 24,637</u>	<u>\$ 518,896</u>	2,106.2

	2021	2020	Change	
			Dollar	Percent (%)
Net Position				
Investment in capital assets	\$ 5,577,735	\$ 6,609,995	\$ (1,032,260)	(15.6)
Restricted	1,555,679	-	1,555,679	100.0
Unrestricted	6,254,797	6,513,421	(258,624)	(4.0)
Total Net Position	\$ 13,388,211	\$ 13,123,416	\$ 264,795	2.0

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2021 Actual	2021 Budget	2020 Actual	Variance 2021 Actual to Budget (%)	Changes in Actual 2020 to 2021	
					Dollar	Percent (%)
Revenues						
Operating revenues	\$ 7,854,448	\$ 6,670,700	\$ 7,673,413	17.8	\$ 181,035	2.4
Nonoperating revenues	202,839	105,000	329,674	93.2	(126,835)	(38.5)
Total Revenues	\$ 8,057,287	\$ 6,775,700	\$ 8,003,087	18.9	\$ 54,200	0.7
Expenses						
Operating expenses	\$ 7,804,840	\$ 6,183,615	\$ 7,519,504	26.2	\$ 285,336	3.8
Nonoperating expenses	(12,348)	75,000	1,075,269	(116.5)	(1,087,617)	(101.2)
Total Expenses	\$ 7,792,492	\$ 6,258,615	\$ 8,594,773	24.5	\$ (802,281)	(9.3)
Change in Net Position	\$ 264,795	\$ 517,085	\$ (591,686)	(48.8)	\$ 856,481	(144.8)
Net Position – January 1	13,123,416	13,123,416	13,715,102	-	(591,686)	(4.3)
Net Position – December 31	\$ 13,388,211	\$ 13,640,501	\$ 13,123,416	(1.8)	\$ 264,795	2.0

### Revenues

The Commission's operating revenues are derived from various sources: mixed municipal solid waste tipping fees, appliance disposal fees, electronics recycling fees, tire disposal fees, mattress disposal fees, and other miscellaneous tipping fees. Nonoperating income includes investment income and money that is reimbursed to the counties. Other income is partly comprised of rebates received from the Minnesota Counties Intergovernmental Trust.

Operating revenues were \$7,854,448, a 2.4 percent increase over 2020. Total revenues were up 0.68 percent from 2020.

Total revenues were \$1,281,587 more than budgeted, as 5,569 tons in additional municipal solid waste were delivered over the budgeted amount of 110,000. When tonnage increases, typically so does recyclables as we saw with tires, appliances, and mattresses.

## **Expenses**

Operating expenses were down 9.3 percent, \$802,281 less than 2020, but still 24.5 percent more than budgeted.

## **Budgetary Highlights**

The Commission creates an annual operating budget, which includes proposed expenses and capital expenditures. Staff prepare the draft budget using historical information to determine operating expenses. This proposed draft budget is presented to the Commission Board for review. Necessary changes are made to the draft budget before the Board approves the final budget. The Commission's operating budget remains in effect the entire year, but individual items in that budget may be revised. The Board is presented with detailed monthly financial statements; however, they are not reported on, nor shown in the financial statement section of this report.

## **Capital Assets**

At the end of fiscal year 2021, the Commission had invested an additional \$142,123 in capital assets. Major capital purchases for 2021 included an additional International semi-tractor for hauling garbage, a diagnostic tool, and an AWS Driver License Module for scanning driver's licenses of customers instead of needing to type in that information.

Capital assets totaled \$32,596,851 at December 31, 2021, versus \$32,454,727 at December 31, 2020. These assets, after being decreased by accumulated depreciation, provided a net book value of \$5,577,735 at December 31, 2021, and \$6,909,995 at December 31, 2020.

## **Long-Term Liabilities**

Long-term liabilities consist of an estimated liability for landfill closure/postclosure of \$7,525,682, a net pension liability of \$589,322, and compensated absences payable of \$222,211. The balance at year-end in the restricted asset for financial assurance was \$5,970,003. Deposits are made into the financial assurance fund, and interest earned on that fund remains in the restricted asset.

## **Municipal Solid Waste Changes in Tonnage**

Municipal solid waste (MSW) tonnage increased by 1,675 tons from 2020.

## **ECONOMIC AND OTHER FACTORS**

The Commission considered many factors when setting the fiscal year 2021 budget.

Many of the budget items are based on the tonnage of waste that is delivered to the facilities. For 2021, the budget was based on 110,000 tons of MSW being delivered; actual numbers were 115,569 tons.

## **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our five member counties, citizens of the five counties, commercial customers, and creditors with a general overview of the Commission's accountability of the revenue and expenses. If you have questions about this report or need additional financial information, contact Janelle Troupe, Executive Director/Fiscal Officer, East Central Solid Waste Commission, 1756 - 180th Avenue, PO Box 29, Mora, Minnesota 55051, or at [JanelleTroupe@gmail.com](mailto:JanelleTroupe@gmail.com).



## **BASIC FINANCIAL STATEMENTS**

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**EXHIBIT 1**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

**Assets**

**Current assets**

Cash and cash equivalents	\$ 10,059,667
Due from other governments	4,433
Accounts receivable	446,062

**Total current assets** **\$ 10,510,162**

**Noncurrent assets**

Assets restricted for financial assurance escrow account	
Cash and investments	\$ 5,970,003
Capital assets	
Nondepreciable	922,385
Depreciable – net	4,655,350

**Total noncurrent assets** **\$ 11,547,738**

**Total Assets** **\$ 22,057,900**

**Deferred Outflows of Resources**

Deferred pension outflows	\$ 579,360
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**Liabilities**

**Current liabilities**

Accounts payable	\$ 180,623
Salaries payable	10,527
Hauler rebate payable	118,190
Compensated absences	33,833
Due to other governments	58,961

**Total current liabilities** **\$ 402,134**

**Noncurrent liabilities**

Compensated absences	\$ 188,378
Estimated liability for landfill closure/postclosure care	7,525,682
Net pension liability	589,322

**Total noncurrent liabilities** **\$ 8,303,382**

**Total Liabilities** **\$ 8,705,516**

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

***EXHIBIT 1  
(Continued)***

**STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

**Deferred Inflows of Resources**

Deferred pension inflows	\$ <u>543,533</u>
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**Net Position**

Investment in capital assets	\$ 5,577,735
Restricted for financial assurance	1,555,679
Unrestricted	<u>6,254,797</u>
<b>Total Net Position</b>	<b>\$ <u><u>13,388,211</u></u></b>

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

*EXHIBIT 2*

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>Operating Revenues</b>	
Charges for services	\$ 7,854,448
Miscellaneous	202,839
	<b>\$ 8,057,287</b>
<b>Operating Expenses</b>	
Salaries and benefits	\$ 1,398,948
Administration and overhead	9,971
Professional services	154,013
Contracted services	99,924
Repair and maintenance	576,990
Landfill operations	479,128
Recycling	141,500
Host fees	722,366
Hauler rebate expense	1,491,708
Utilities	96,621
Insurance	97,475
Miscellaneous	12,716
Landfill closure and postclosure care costs	1,349,096
Depreciation	1,174,384
	<b>\$ 7,804,840</b>
<b>Operating Income (Loss)</b>	<b>\$ 252,447</b>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental revenue	\$ 87,211
Investment income (loss)	(1,353)
Sale of landfill gas	12,251
Household hazardous waste	(85,761)
	<b>\$ 12,348</b>
<b>Change in Net Position</b>	<b>\$ 264,795</b>
<b>Net Position – January 1</b>	<b>13,123,416</b>
<b>Net Position – December 31</b>	<b>\$ 13,388,211</b>

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**EXHIBIT 3**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 8,186,849
Payments to suppliers	(3,800,174)
Payments to employees	(1,422,384)
	<hr/>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,964,291</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Intergovernmental revenue	\$ 87,211
Household hazardous waste payments to counties	(85,761)
Payments to financial assurance account	(100,000)
Proceeds from the sale of landfill gas	12,251
	<hr/>
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>\$ (86,299)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	\$ (142,124)
	<hr/>
<b>Cash Flows from Investing Activities</b>	
Investment earnings received	\$ 38,217
	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 2,774,085</b>
<b>Cash and Cash Equivalents at January 1</b>	<b>7,285,582</b>
	<hr/>
<b>Cash and Cash Equivalents at December 31</b>	<b>\$ 10,059,667</b>
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**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**EXHIBIT 3  
(Continued)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
Increase (Decrease) in Cash and Cash Equivalents**

<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating income (loss)	<u>\$ 252,447</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</b>	
Depreciation expense	\$ 1,174,384
(Increase) decrease in accounts receivable	130,889
(Increase) decrease in due from other governments	(1,327)
(Increase) decrease in deferred pension outflows	(405,382)
Increase (decrease) in accounts payable	111,186
Increase (decrease) in salaries payable	(41,602)
Increase (decrease) in hauler rebate payable	(21,407)
Increase (decrease) in due to other governments	(7,541)
Increase (decrease) in compensated absences payable	(7,183)
Increase (decrease) in estimated liability for landfill closure/postclosure care	1,349,096
Increase (decrease) in net pension liability	(88,165)
Increase (decrease) in deferred pension inflows	<u>518,896</u>
<b>Total adjustments</b>	<u>\$ 2,711,844</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u><u>\$ 2,964,291</u></u>

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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1. Summary of Significant Accounting Policies

The financial reporting policies of the East Central Solid Waste Commission conform with accounting principles generally accepted in the United States of America.

A. Financial Reporting Entity

The East Central Solid Waste Commission is a joint powers authority between Chisago, Isanti, Kanabec, Mille Lacs, and Pine Counties, formed under an agreement in 1988, which was entered into pursuant to Minn. Stat. § 471.59, the Joint Powers Act.

The Commission was formed to fulfill the counties' obligation pursuant to Minn. Stat. chs. 400 and 115A to provide for the management and disposal of solid waste in each respective county. It is the intention of the counties to cooperate in a joint venture to provide the greatest public benefit possible for the entire contiguous five-county area in planning, management, and implementation of programs that deal with solid waste issues.

The Commission is governed by a Board of Commissioners composed of five members, one voting member from each county. At its annual meeting, the Board of County Commissioners of each county chooses a member and an alternate, both County Commissioners, as representatives of the county. In the absence of the voting member, the alternate votes.

The Commission is a separate entity independent of the counties that formed it. In accordance with generally accepted accounting principles, the Commission's financial statements are not included in any member county's financial statements. No single member county retains control over the operations or is financially accountable for the Commission.

B. Basis of Presentation

The Commission's accounts are organized as an enterprise fund. The operations are accounted for with a set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equities, revenues, and

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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1. Summary of Significant Accounting Policies

B. Basis of Presentation (Continued)

expenses. Enterprise funds are used to account for operations that provide a service to citizens financed primarily by charges to users of that service, and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

Accounting records are maintained on the full accrual basis of accounting under which revenues are recorded when they are earned, and expenses are recorded when the corresponding liabilities are incurred.

D. Budgetary Data

The Commission adopts an annual budget prepared on the accrual basis of accounting.

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

1. Assets

Cash and Cash Equivalents

The Commission's cash consists of cash on hand, petty cash, checking accounts, savings accounts, money market mutual funds, and U.S. government agency securities. Investments are reported at their fair value at December 31, 2021, based on market value prices.

For the purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. These are reported as current assets. The cash balance restricted for the financial assurance escrow account is not considered to be a cash equivalent.

Accounts Receivable

No allowance was made for uncollectible accounts. The Commission uses the direct write-off method of recording uncollectible accounts receivable.



**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

1. Assets (Continued)

Restricted Assets

The Commission is required by bond agreements to maintain certain resources on deposit with its fiscal agent for future bond and interest payments and financial assurance requirements.

Capital Assets

It is the policy of the Commission to use the half-year convention for calculating the amount of depreciation to claim in the year an asset is purchased or first placed into service. Pursuant to this policy, all assets have one-half year of depreciation applied to them in the year the asset is purchased or first placed into service, regardless of the date when the asset is purchased or first placed into service. Capital assets are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years for office furniture and equipment, three to 20 years for the landfill, seven to 20 years for plant and equipment, and five to 20 years for transfer stations.

In accordance with the vote of the Board of the East Central Solid Waste Commission on November 30, 1999, and pursuant to Resolution No. 1-99, it is the policy of the Commission to capitalize tangible capital assets greater than or equal to \$1,000. Assets below this threshold are expensed in the year acquired.

The Commission has tagged all tangible capital assets valued at \$300 or more utilizing a numeric inventory control numbering system. On an annual basis, during the first quarter of the year, the Commission conducts a physical inventory of assets.

2. Liabilities

Long-term liabilities consist of compensated absences and closure and postclosure care costs for the landfill.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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1. Summary of Significant Accounting Policies

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

2. Liabilities (Continued)

The compensated absences liability represents amounts for earned but unpaid vacation, unpaid compensatory time, and severance pay. Employees' unused sick leave that has reached 800 hours is included as a liability; individual employee's sick leave under 800 hours is not included as a liability as it does not vest. There are six employees that have reached 800 hours. Those hours have been included in compensated absences. The current portion of compensated absences is determined using the average amount used over the previous three years.

3. Pension Plan

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, except that PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The Commission reports deferred outflows of resources associated with the defined benefit pension plan.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows of resources associated with the defined benefit pension plan.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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1. Summary of Significant Accounting Policies (Continued)

F. Classification of Net Position

Equity is classified as net position and displayed in three components:

1. Investment in capital assets – consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings (net of unspent related debt proceeds, if any) attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – consists of net position with constraints placed on its use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other assets that do not meet the definition of “restricted” or “investment in capital assets.” The Commission first utilizes restricted resources to finance qualifying activities.

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first and then unrestricted resources as needed.

G. Revenues and Expenses

1. Revenues

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as miscellaneous sales and investment earnings, result from nonexchange transactions or incidental activities.

Charges for Services

Charges for services consist of tipping fees (fees charged to local refuse haulers) and are recognized as revenue when earned.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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1. Summary of Significant Accounting Policies

G. Revenues and Expenses

1. Revenues (Continued)

Other Revenues

Other revenues, such as material sales of recyclables and landfill gas, along with miscellaneous revenues, are recognized when received in cash because they generally are not measurable until then. Investment income is recognized when earned.

2. Expenses

Enterprise funds recognize expenses when they are incurred.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Detailed Notes

A. Assets

1. Deposits and Investments

a. Deposits

The Commission's total cash and investments are reported as follows:

Current assets	
Cash and cash equivalents	\$ 10,059,667
Restricted assets	
Financial assurance escrow account	<u>5,970,003</u>
Total Cash and Investments	<u>\$ 16,029,670</u>

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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2. Detailed Notes

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

The Commission is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The Commission is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit.

Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk other than complying with the requirements of Minnesota statutes. As of December 31, 2021, the Commission's deposits were not exposed to custodial credit risk.

b. Investments

The Commission may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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2. Detailed Notes

A. Assets

1. Deposits and Investments

b. Investments (Continued)

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

2. Detailed Notes

A. Assets

1. Deposits and Investments

b. Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of December 31, 2021, the Commission's investments totaling \$5,970,003 were exposed to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Commission's investment in a single issuer.

The Commission does not have a policy addressing any of the above-listed risks.

The following table presents the Commission's deposit and investment balances at December 31, 2021, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Percent of Portfolio	Rate Risk Maturity Date	
Municipal Securities					
Claiborne County, Tennessee Bonds	A+	S&P		04/01/2023	\$ 317,646
Fort Bend County, Texas Bonds	Aa1	Moody's		04/01/2022	251,695
Holmen, Wisconsin School District Bonds	Aa2	Moody's		04/01/2024	220,436
New Mexico State Capital Projects Bonds	Aa2	Moody's		03/01/2024	384,895
River Falls, Wisconsin Bonds	Aa2	Moody's		03/01/2023	182,436
State of Maryland – Build America Bonds	Aa2	Moody's		03/10/2023	26,114
West Fargo, North Dakota	AAA	Moody's		05/01/2027	181,946
Total Municipal Securities			25.8%		\$ 1,565,168

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

2. Detailed Notes

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk Percent of Portfolio	Interest Rate Risk Maturity Date	Carrying (Fair) Value
	Credit Rating	Rating Agency			
U.S. Government Agency Securities					
Federal Home Loan Bank Bonds	AAA	Moody's		12/13/2024	\$ 215,000
Federal Home Loan Bank Bonds	AAA	Moody's		12/23/2026	469,614
Federal Home Loan Bank Bonds	AAA	Moody's		12/29/2025	49,825
Federal Home Loan Bank Bonds	AAA	Moody's		03/30/2026	93,954
Total Federal Home Loan Bank Bonds			13.6%		\$ 828,393
Federal Home Loan Mortgage Corporation	AAA	Moody's		01/13/2022	\$ 300,195
Federal Home Loan Mortgage Corporation	AAA	Moody's		09/30/2025	464,469
Federal Home Loan Mortgage Corporation	AAA	Moody's		11/25/2026	243,960
Total Federal Home Loan Mortgage Corporation			16.6%		\$ 1,008,624
Federal Farm Credit Bank	AAA	Moody's		11/13/2023	\$ 99,386
Federal Farm Credit Bank	AAA	Moody's		01/24/2023	250,128
Federal Farm Credit Bank	AAA	Moody's		06/19/2024	129,548
Federal Farm Credit Bank	AAA	Moody's		09/28/2026	295,095
Federal Farm Credit Bank	AAA	Moody's		04/22/2025	104,522
Federal Farm Credit Bank	AAA	Moody's		09/30/2024	105,118
Federal Farm Credit Bank	AAA	Moody's		02/28/2029	250,970
Federal Farm Credit Bank	AAA	Moody's		04/07/2025	146,743
Total Federal Farm Credit Bank			22.8%		\$ 1,381,510
Federal National Mortgage Association	AAA	Moody's		08/25/2023	\$ 373,943
Federal National Mortgage Association	AAA	Moody's		08/14/2025	245,582
Total Federal National Mortgage Association			10.2%		\$ 619,525
Government National Mortgage Association	NR	N/A		08/16/2039	\$ 5,111
Government National Mortgage Association	NR	N/A		05/16/2040	4,205
Government National Mortgage Association	NR	N/A		08/20/2040	3,217
Total Government National Mortgage Association			0.2%		\$ 12,533
Freddie Mac Gold Pool	AAA	Moody's		10/01/2040	\$ 3,232
Freddie Mac Gold Pool	AAA	Moody's		07/01/2040	3,054
Freddie Mac Gold Pool	AAA	Moody's		02/01/2024	1,275
Freddie Mac Remics	AAA	Moody's		03/15/2027	5,614
Total Freddie Mac			0.2%		\$ 13,175



**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

2. Detailed Notes

A. Assets

1. Deposits and Investments (Continued)

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Percent of Portfolio	Maturity Date	
U.S. Government Agency Securities (Continued)					
Fannie Mae Pool	AAA	Moody's		03/01/2030	\$ 685
Fannie Mae Pool	AAA	Moody's		11/01/2040	8,911
Fannie Mae Pool	AAA	Moody's		12/01/2026	5,964
Fannie Mae Pool	AAA	Moody's		01/01/2032	5,760
Fannie Mae Remics	AAA	Moody's		09/25/2041	2,133
Total Fannie Mae			0.4%		\$ 23,453
Ginnie Mae II Pool	AAA	Moody's		07/20/2038	\$ 2,010
Ginnie Mae II Pool	AAA	Moody's		11/20/2039	1,487
Ginnie Mae I Pool	AAA	Moody's		09/15/2024	2,291
Total Ginnie Mae Pool			0.1%		\$ 5,788
Total U.S. Government Agency Securities					\$ 3,893,001
U.S. Treasury Notes					
U.S. Treasury Note	AAA	Moody's		11/15/2022	\$ 68,323
U.S. Treasury Note	AAA	Moody's		08/15/2023	308,976
Total U.S. Treasury Notes			6.2%		\$ 377,299
Investment pools/mutual funds					
Federated Government Obligations Tax-Managed Fund	NR	N/A	2.2%	N/A	\$ 134,535
MAGIC Portfolio	N/A	N/A	1.7%	N/A	101,345
Total investment pools/mutual funds					\$ 235,880
Total Investments					\$ 6,071,348
Deposits					9,957,222
Petty cash					1,100
Total Cash and Investments					\$ 16,029,670

N/R – Not rated  
N/A – Not applicable

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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2. Detailed Notes

A. Assets

1. Deposits and Investments (Continued)

Carrying values of the Commission's cash and investments at December 31, 2021, are:

Current assets	
Cash and cash equivalents	
Cash on hand	\$ 1,100
Deposits	3,847,126
MAGIC Portfolio	101,345
Certificates of deposit	<u>6,110,096</u>
 Total cash and cash equivalents	 \$ 10,059,667
 Restricted assets	
Financial assurance escrow account	
Bremer Wealth – ECSWC Trust	<u>5,970,003</u>
 Total Cash and Investments	 <u>\$ 16,029,670</u>

Fair Value Measurement

The Commission measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles.

These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and
- *Level 3:* Unobservable inputs.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

2. Detailed Notes

A. Assets

1. Deposits and Investments

Fair Value Measurement (Continued)

At December 31, 2021, the Commission had the following recurring fair value measurements.

	December 31, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury notes	\$ 377,299	\$ -	\$ 377,299	\$ -
U.S. government agencies	3,893,001	-	3,893,001	-
Municipal bonds	1,565,168	-	1,565,168	-
Total Investments Included in the Fair Value Hierarchy	<u>\$ 5,835,468</u>	<u>\$ -</u>	<u>\$ 5,835,468</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Money market mutual fund	\$ 134,535			
MAGIC Portfolio	101,345			
Total investments measured at the NAV	<u>\$ 235,880</u>			
Total Investments	<u>\$ 6,071,348</u>			

Debt and equity securities classified in Level 2 are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active.

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The Commission invests in this pool for the purpose of the joint investment of the Commission's money with those of other local governments to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the Commission has a sufficient number of shares to meet the

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

2. Detailed Notes

A. Assets

1. Deposits and Investments

Fair Value Measurement (Continued)

redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its NAV not reasonably practical.

The money market mutual fund value is published at NAV per share. The Commission invests in this money market account for short-term holdings. Shares are available to be redeemed upon proper notice without restriction or limitation.

2. Capital Assets

A summary of capital assets at December 31, 2021, follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land	\$ 774,457	\$ -	\$ -	\$ 774,457
Intangible assets	147,928	-	-	147,928
Total capital assets not depreciated	\$ 922,385	\$ -	\$ -	\$ 922,385
Capital assets depreciated				
Buildings	\$ 11,870,512	\$ -	\$ -	\$ 11,870,512
Equipment	4,190,962	6,430	-	4,197,392
Furniture and fixtures	39,855	-	-	39,855
Improvements other than buildings	13,842,411	-	-	13,842,411
Vehicles	1,588,602	135,694	-	1,724,296
Total capital assets depreciated	\$ 31,532,342	\$ 142,124	\$ -	\$ 31,674,466
Less: accumulated depreciation for				
Buildings	\$ 10,907,858	\$ 194,543	\$ -	\$ 11,102,401
Equipment	2,155,202	399,550	-	2,554,752
Furniture and fixtures	39,855	-	-	39,855
Improvements other than buildings	12,089,924	389,060	-	12,478,984
Vehicles	651,893	191,231	-	843,124
Total accumulated depreciation	\$ 25,844,732	\$ 1,174,384	\$ -	\$ 27,019,116
Total capital assets depreciated, net	\$ 5,687,610	\$ (1,032,260)	\$ -	\$ 4,655,350
Net Capital Assets	\$ 6,609,995	\$ (1,032,260)	\$ -	\$ 5,577,735

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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2. Detailed Notes (Continued)

B. Liabilities

1. Long-Term Liabilities

Changes in long-term liabilities are summarized below:

	Compensated Absences	Estimated Liability for Closure and Postclosure Care
Payable – January 1, 2021	\$ 229,394	\$ 6,176,586
Additions to compensated absences	35,640	-
Deductions from compensated absences	(42,823)	-
Change in accrual for closure and postclosure care	-	1,349,096
Payable - December 31, 2021	\$ 222,211	\$ 7,525,682
Due within one year	\$ 33,833	\$ -

2. Compensated Absences

Under the Commission’s personnel policies and union contracts, employees are granted vacation and sick leave in varying amounts based on their length of service.

Unused accumulated vacation is paid to employees upon termination. Unvested sick leave, valued at \$50,523 at December 31, 2021, is available to employees in the event of illness-related absences and is not paid to them at termination unless the employee has accrued 800 hours. Five employees have vested sick leave in the amount of \$129,152.

3. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the Commission to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 20 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Commission reports a portion of these closure and postclosure

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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2. Detailed Notes

B. Liabilities

3. Landfill Closure and Postclosure Care Costs (Continued)

care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date, in accordance with Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

The \$7,525,682 reported as the accrued closure and postclosure care liability at December 31, 2021, represents the cumulative amount reported to date based on the use of 91 percent of the estimated capacity of the currently permitted landfill. The Commission will recognize the remaining estimated cost of closure and postclosure care of \$711,138 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. The Commission's current permit expires July 3, 2025.

The Commission is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. An escrow balance of \$5,970,003 is held for these purposes. The financial assurance escrow account is reported as a restricted asset on the balance sheet. The Commission expects future inflation costs to be covered from future unobligated cash held by the Commission. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

3. Defined Benefit Pension Plan

A. Plan Description

All full-time and certain part-time employees of the East Central Solid Waste Commission are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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3. Defined Benefit Pension Plan

A. Plan Description (Continued)

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No East Central Solid Waste Commission employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

B. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase.

Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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3. Defined Benefit Pension Plan

B. Benefits Provided (Continued)

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

C. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2021.

In 2021, the Commission was required to contribute 7.50 percent of annual covered salary. The employee and employer rates did not change from the previous year.

The Commission's contributions for the General Employees Plan for the year ended December 31, 2021, were \$75,962. The contributions are equal to the statutorily required contributions as set by state statute.



**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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3. Defined Benefit Pension Plan (Continued)

D. Pension Costs

At December 31, 2021, the Commission reported a liability of \$589,322 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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 contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Commission's proportion was 0.0138 percent. It was 0.0113 percent measured as of June 30, 2020. The Commission recognized pension expense of \$102,761 for its proportionate share of the General Employees Plan's pension expense.

The Commission also recognized \$1,450 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The Commission's proportionate share of the net pension liability	\$ 589,322
State of Minnesota's proportionate share of the net pension liability associated with the East Central Solid Waste Commission	<u>17,970</u>
Total	<u>\$ 607,292</u>

The Commission reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

3. Defined Benefit Pension Plan

D. Pension Costs (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,466	\$ 17,656
Changes in actuarial assumptions	359,828	10,104
Difference between projected and actual investment earnings	-	515,773
Changes in proportion	178,808	-
Contributions paid to PERA subsequent to the measurement date	38,258	-
Total	\$ 579,360	\$ 543,533

The \$38,258 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ 55,650
2023	51,866
2024	29,260
2025	(139,207)

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.25 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	6.50 percent

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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3. Defined Benefit Pension Plan

E. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent.

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated June 24, 2021, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	33.50%	5.10%
International equities	16.50	5.30
Fixed income	25.00	0.75
Private markets	25.00	5.90

F. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which is a decrease of one percent from 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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3. Defined Benefit Pension Plan (Continued)

G. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2021:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

H. Pension Liability Sensitivity

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 1,201,916
Current	6.50	589,322
1% Increase	7.50	86,651

I. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org).

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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4. Summary of Significant Contingencies and Other Items

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. To manage these risks, the Commission has entered into a joint powers agreement with Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The Commission purchases commercial insurance for other risks of loss. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020 and 2021. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the Commission in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the Commission pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the Commission in a method and amount to be determined by MCIT.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

*EXHIBIT A-1*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2021**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability/ Asset</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>State's Proportionate Share of the Net Pension Liability Associated with the East Central Solid Waste Commission (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2021	0.0138 %	\$ 589,322	\$ 17,970	\$ 607,292	\$ 991,964	59.41 %	87.00 %
2020	0.0113	677,487	20,804	698,291	808,437	83.80	79.06
2019	0.0094	519,705	16,166	535,871	667,670	77.84	80.23
2018	0.0084	465,998	15,329	481,327	564,224	82.59	79.53
2017	0.0084	536,250	6,774	543,024	541,667	99.00	75.90
2016	0.0081	657,680	8,583	666,263	515,375	127.61	68.91
2015	0.0081	421,155	N/A	421,155	477,876	88.13	78.19

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The measurement date for each year is June 30.

N/A – Not Applicable

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

*EXHIBIT A-2*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT PLAN  
DECEMBER 31, 2021**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b - a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2021	\$ 75,962	\$ 75,962	\$ -	\$ 1,013,333	7.50 %
2020	68,662	68,662	-	915,483	7.50
2019	53,982	53,982	-	719,763	7.50
2018	46,016	46,016	-	613,599	7.50
2017	41,845	41,850	5	557,937	7.50
2016	38,504	38,504	-	513,390	7.50
2015	36,961	36,961	-	492,818	7.50

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The Commission's year-end is December 31.



**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

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Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2020 (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100 percent Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

- The mortality projection scale was changed from Scale MP-2017 to Scale MP 2018.

2018

- The mortality projection scale was changed from Scale MP-2015 to Scale MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter, to 1.25 percent per year.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2018 (Continued)

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

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Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

General Employees Retirement Plan

2017 (Continued)

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions change the employer supplemental contribution to \$21 million in calendar years 2017 and 2018 and returns to \$31 million through calendar year 2031. The state's required contribution is \$16 million in PERA's fiscal years 2018 and 2019 and returns to \$6 million annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**MANAGEMENT AND COMPLIANCE SECTION**



**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND/OR MATERIAL WEAKNESSES IN INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND OTHER MATTERS**

Board of Commissioners  
East Central Solid Waste Commission  
Mora, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the East Central Solid Waste Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 20, 2022.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and,

therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Recommendations as item 2021-001, that we consider to be a significant deficiency.

### **Other Matters**

The East Central Solid Waste Commission's response to the internal control finding identified in our audit is included in the Schedule of Findings and Recommendations with item 2021-001. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of those charged with governance, management, and others within the Commission, and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

December 20, 2022



**INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE**

Board of Commissioners  
East Central Solid Waste Commission  
Mora, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the East Central Solid Waste Commission as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 20, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the East Central Solid Waste Commission failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Commissioners and management of the East Central Solid Waste Commission and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Julie Blaha*

*/s/Dianne Syverson*

JULIE BLAHA  
STATE AUDITOR

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

December 20, 2022



**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2021-001      Segregation of Duties**

**Prior Year Finding Number:** 2020-001

**Repeat Finding Since:** 2005

**Type of Finding:** Internal Control Over Financial Reporting

**Severity of Deficiency:** Significant Deficiency

**Criteria:** Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect the assets of the East Central Solid Waste Commission, proper segregation of the record-keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

**Condition:** The East Central Solid Waste Commission lacks proper segregation of duties. The Commission has two staff people who are responsible for billing, collecting, recording, and depositing receipts. These two staff are able to perform each other's duties.

**Context:** Due to the limited number of office personnel within the Commission, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of the East Central Solid Waste Commission; however, the Commission's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

**Effect:** Inadequate segregation of duties could adversely affect the Commission's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The Commission informed us that it does not have the economic resources needed to hire additional qualified staff in order to adequately segregate duties.

**Recommendation:** We recommend the Commission's management be aware of the lack of segregation of the accounting functions and continue oversight procedures to ensure that the Commission's internal control policies and procedures are followed by staff.

**EAST CENTRAL SOLID WASTE COMMISSION  
MORA, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Client's Response:

*The ECSWC Board is aware of the lack of segregation of duties. The Commission has taken many steps to separate duties. The weighmasters are assisting with the reconciliation of the bank statement. They check to see that all deposits are made and also check off the cleared checks on the statement. Checks are posted in the register by a weighmaster. The fiscal officer reconciles the petty cash. Deposits from the scale house continue to be taken to the bank in locked bags; the Executive Director does not have access to the keys nor the combination for the scale house safes. The Fiscal Officer enters both accounts payable and accounts receivable items into the accounting program. The Fiscal Officer writes the deposit for accounts receivable and the Executive Director takes the deposit to the bank. This is the normal practice unless either the Fiscal Officer or Executive Director is absent and duties are carried on by one or the other.*