

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024**

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
JUNE 30, 2024**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Luis Obispo County
Integrated Waste Management Authority
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the San Luis Obispo County Integrated Waste Management Authority (the IWMA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the IWMA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the IWMA, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the IWMA 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 IWMA'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 opinions. 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 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 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 and *Government Auditing Standards*, 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 IWMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the IWMA'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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2025, on our consideration of the IWMA'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 IWMA'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 IWMA's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
August 1, 2025

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

The Management's Discussion and Analysis provides an overview and analysis of the San Luis Obispo County Integrated Waste Management Authority's (IWMA) financial activities for the fiscal year ended June 30, 2024 (FY 23/24). We encourage readers to consider the information presented here in conjunction with the IWMA's financial statements and the accompanying notes.

Fiscal Highlights

The IWMA's net position, as of June 30, 2024, was \$8,481,056, an increase of \$3,428,253 from the prior year. Total revenues increased by \$1,957,847, and total operating expenses increased by \$201,654.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the IWMA's basic financial statements. The IWMA's basic financial statements are comprised of two components: 1) basic financial statements and 2) notes to the basic financial statements.

The IWMA accounts for its financial activity utilizing enterprise fund accounting to ensure and demonstrate compliance with finance-related legal requirements. An enterprise fund is a proprietary fund type used to report activities for which a fee is charged to external customers for goods or services provided. The focus of an enterprise fund is the determination of operating income, changes in net position (or cost recovery), and cash flows.

All activities are presented in the following three basic financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

Net Position - Changes in net position may indicate whether the financial position of the IWMA is improving or deteriorating. The IWMA's net position, as of June 30, 2024, was \$8,481,056, an increase of \$3,428,253 in comparison with the prior year. Total assets increased by \$3,478,026 compared to the prior fiscal year due to additional cash and accounts receivable. Table 1.0 summarizes the statement of net position.

Table 1.0 FINANCIAL POSITION

Analysis of the IWMA as a Whole – Financial Statements

**Condensed Statements of Net Position
As of June 30,**

	2024	2023 Restated	Variance
Assets			
Current and Other Assets	\$ 8,336,236	\$ 4,818,356	\$ 3,517,880
Capital Assets, Net of Accumulated Depreciation	513,217	552,671	(39,454)
Total Assets	<u>8,849,453</u>	<u>5,371,027</u>	<u>3,478,426</u>
Liabilities			
Current Liabilities	348,596	300,377	48,219
Long-Term Liabilities	19,801	17,847	1,954
Total Liabilities	<u>368,397</u>	<u>318,224</u>	<u>50,173</u>
Net Position			
Net Investment in Capital Assets	513,217	552,671	(39,454)
Unrestricted	7,967,839	4,500,132	3,467,707
Total Net Position	<u>\$ 8,481,056</u>	<u>\$ 5,052,803</u>	<u>\$ 3,428,253</u>

Revenues and Expenses - Total revenues for FY 23/24 were \$6,220,512, an increase of \$1,957,847 compared to the prior year. Operating revenues increased by \$441,853, primarily due to a rate increase for tipping fees and surcharges. Nonoperating revenues increased by \$1,515,994, due to an increase in state grant revenue received for SB 1383 Local Assistance Grant. The IWMA's operating expenses were \$2,792,186, an increase of \$201,581 compared to the prior year, primarily due operating at full staffing. Operating expenses were comprised of contract services, administration, and professional services. Table 1.1 summarizes the changes in net position at the current and prior fiscal year end.

Table 1.1 CHANGES IN NET POSITION

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30,**

	2024	2023 Restated	Variance
Revenues:			
Operating	\$ 4,557,246	\$ 4,115,393	\$ 441,853
Nonoperating	1,663,266	147,272	1,515,994
Total Revenues	6,220,512	4,262,665	1,957,847
Expenses:			
Operating	2,792,186	2,590,605	201,581
Nonoperating	73	-	73
Total Operating Expenses	2,792,259	2,590,605	201,654
Change in Net Position	3,428,253	1,672,060	1,756,193
Net Position - Beginning of Year	5,052,803	3,380,743	1,672,060
Net Position - End of Year	\$ 8,481,056	\$ 5,052,803	\$ 3,428,253

Economic Outlook and Budget Development

The following items were taken into consideration while developing the next fiscal year budget:

- The IWMA is planning for all current programs to continue at the same funding levels as previous years.
- School education programs will continue scheduling in-person classroom presentations and offering virtual programs as an option.
- State Mandated SB 1383 which became enforceable as of January 1, 2024, and AB 341, and AB 1826 ordinances continue to be the prime focus. The IWMA continues to provide education and outreach to residents and businesses in San Luis Obispo County. This is an essential function of our compliance efforts with CalRecycle for our member jurisdictions.
- The Solid Waste Management Fee has been temporarily reduced from 5.4% to 3.0% through resolution 2024-06-01 to stabilize revenue to expenses.
- The IWMA continues to look to operational efficiencies identified in the HF&H Management review to reduce spending and duplication of efforts.
- Increases in fees for franchise solid waste collection will continue to drive revenue through the Solid Waste Management Fee. The fees for franchise solid waste collection have outpaced the Authorities' needs, have been temporarily reduced, and will again be reevaluated in the next fiscal year.
- With the Unincorporated County's return to the IWMA we can anticipate increased revenue and expenses as the IWMA brings the Unincorporated County service areas into compliance with SB 1383 and its related solid waste mandated requirements.
- The IWMA continues to explore grant funding from CalRecycle to assist with infrastructure needs and SB 1383 program gaps.

Request for Information

This financial report is designed to provide a general overview of the IWMA's finances for all those with an interest in the IWMA's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to Peter Cron at pcron@iwma.com.

Peter Cron
Executive Director
870 Osos St San Luis Obispo, CA 93401
Phone: 805-781-5952

BASIC FINANCIAL STATEMENTS

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 7,776,797
Tipping Fees Receivable	508,375
Prepays	<u>51,064</u>
Total Current Assets	<u>8,336,236</u>
NONCURRENT ASSETS	
Capital Assets, net of Accumulated Depreciation/Amortization	<u>513,217</u>
Total Noncurrent Assets	<u>513,217</u>
Total Assets	<u>8,849,453</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	321,127
Current Portion of Compensated Absences Payable	<u>27,469</u>
Total Current Liabilities	<u>348,596</u>
NONCURRENT LIABILITIES	
Compensated Absences Payable, Net of Current Portion	<u>19,801</u>
Total Noncurrent Liabilities	<u>19,801</u>
Total Liabilities	<u>368,397</u>
NET POSITION	
Net Investment in Capital Assets	513,217
Unrestricted	<u>7,967,839</u>
Total Net Position	<u>\$ 8,481,056</u>

The accompanying notes are an integral part of the financial statements.

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

Tipping Fees and Solid Waste Management Fees	\$ 4,441,176
Hazardous Waste and Oil Fees	73,337
Other Income	42,733
	<u>4,557,246</u>

OPERATING EXPENSES

Advertising	510
Copying and Printing	27,974
Depreciation Expense	39,454
Equipment and Supplies	56,091
Hazardous Waste Disposal	549,910
Insurance	36,825
Legal Counsel	60,652
Memberships	15,216
Miscellaneous	92,864
Office Expense	114,689
Postage	2,152
Professional Services	501,934
Public Outreach and Education	287,228
Rent, Utilities, and Office Maintenance	48,542
Salaries, Wages, and Benefits	937,102
Seminars and Training	2,861
Telephone	6,114
Travel and Mileage	12,068
	<u>2,792,186</u>

OPERATING INCOME

1,765,060

NONOPERATING REVENUES

Grants	1,510,997
Interest Income	152,269
Interest Expense	(73)
	<u>(73)</u>

Total Nonoperating Revenues

1,663,193

INCREASE IN NET POSITION

3,428,253

Net Position - Beginning of Year, as Previously Reported

5,159,326

Restatement for Error Corrections

(106,523)

Net Position - Beginning of Year, as Restated

5,052,803

Net Position - End of Year

\$ 8,481,056

The accompanying notes are an integral part of the financial statements.

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 4,469,880
Cash Payments to Employees for Services	(894,995)
Cash Payments to Suppliers for Goods and Services	(1,809,668)
Other Operating Cash Receipts and Disbursements, Net	<u>15,962</u>
Net Cash Provided by Operating Activities	<u>1,781,179</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating Grants Received	<u>1,510,997</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,510,997</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Cash and Cash Equivalents	<u>152,196</u>
Net Cash Provided by Investing Activities	<u>152,196</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,444,372
Cash and Cash Equivalents - Beginning of Year	<u>4,332,425</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 7,776,797</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,765,060
Adjustments to reconcile operating income to net cash provided by operating activities:	
Amortization and Depreciation Expense	39,454
Changes in Assets and Liabilities:	
Accounts Receivable	(87,366)
Prepaid Expenses	15,962
Accounts Payable	47,520
Compensated Absences	2,653
Lease Liability	<u>(2,104)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,781,179</u></u>

The accompanying notes are an integral part of the financial statements.

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – NATURE OF SERVICES

The San Luis Obispo County Integrated Waste Management Authority (IWMA) was formed on May 10th 1994 by a joint exercise of powers agreement between the County of San Luis Obispo and the cities of Arroyo Grande, Atascadero, El Paso de Robles, Grover Beach, Morro Bay, Pismo Beach, and San Luis Obispo to assist the cities and the County with the implementation of programs necessary to satisfy the requirements of the Assembly Bill (AB) 939, the Integrated Waste Management Act of 1989.

The IWMA is governed by a nine-member board of directors, with one member from each of the Cities, one member from the County of San Luis Obispo and one member from the Special Districts with solid waste IWMA.

The IWMA's education, diversion, and planning activities include a regional composting program, household hazardous waste collections, and countywide efforts towards waste reduction and recycling. The IWMA's activities are funded through a \$3.00 per ton Landfill tipping fee surcharge, a 4.4% solid waste management fee on the gross revenue on permitted charges for services, payments for household hazardous waste services, and grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

For financial reporting purposes, the IWMA is considered a special-purpose government engaged only in business- type activities. The principal operating revenues of the IWMA are landfill tipping fees, franchise and permitted hauler solid waste management fees, and other related income. Grant revenues and interest income are considered nonoperating revenues. When both restricted and unrestricted revenues are available for an expense, the IWMA's policy is to use restricted grant revenues first, and then unrestricted fees as they are needed.

Basis of Accounting

The accompanying financial statements of the IWMA are prepared on the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units.

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

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 subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The IWMA considers all cash held in the County Treasury to be cash and cash equivalents for purposes of the statement of cash flows.

Tipping Fees, Solid Waste Management Fees, and Grants Receivable

The IWMA's collects a \$3.00 a ton Landfill Tipping Fee Surcharge collected by the Cold Canyon, Chicago Grade, and Paso Robles landfills. Any waste that is exported outside of the County is assessed the same Landfill Tipping Fee surcharge on the franchise hauler that exports the waste. A Solid Waste Management Fee charge on 4.4% of the gross revenue collected by any waste management companies permitted by Environmental Health to haul solid waste in the County. Grants receivables represent reimbursable grant expenses that have not yet been received by year-end. No allowance for doubtful accounts has been recorded since management believes amounts are fully collectible.

Capital Assets

Property and equipment exceeding a capitalization threshold of \$5,000 are recorded at cost. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets ranging from 5 to 40 years.

Right-to-Use Leased Assets

Right-to-use leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the leased assets into service.

Right-to-use leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the IWMA has determined is reasonably certain of being exercised.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recent Governmental Accounting Standards Board (GASB) Statements

Implemented Accounting Pronouncements – During the year ended June 30, 2024, the IWMA implemented the following standard:

GASB Statement No. 100 – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The IWMA implemented this statement when and where applicable.

Future Accounting Pronouncements – Recently released standards by GASB affecting future fiscal years are as follows:

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The IWMA will implement this statement when and where applicable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Governmental Accounting Standards Board (GASB) Statements (Continued)

GASB Statement No. 102 – *Certain Risk Disclosures*. In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The statement is effective for periods beginning after June 15, 2024. The IWMA has not fully judged the impact of implementation of GASB Statement No. 102 on the financial statements.

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. If a primary government chooses early implementation of this statement, all component units also should implement this statement in the same year, subject to the provisions of paragraph 59 of GASB Statement No. 14. The IWMA has not fully judged the impact of implementation of GASB Statement No. 103 on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The IWMA has not fully judged the impact of implementation of GASB Statement No. 104 on the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

At June 30, 2024, cash and cash equivalents consisted of the following:

Deposits:	
Cash in Bank	\$ 101,845
Investment in External Investment Pool:	
Cash in County Treasury Unreserved	<u>7,674,952</u>
Total	<u>\$ 7,776,797</u>

The IWMA maintains the majority of its operating cash with the County Treasurer’s office in a pooled investment fund. Funds are pooled with other agencies throughout the County. Investments are made in accordance with the California Government Code. The carrying value of pooled funds approximates fair value as required by GASB Statement No. 31. Interest earned is deposited quarterly into participating funds. Investment gains and losses, if any, are proportionately shared by all funds in the pool. The County’s report discloses the required information in accordance with GASB Statements No. 3 and No. 40. External investment pools are not required to provide custodial credit risk disclosures.

Custodial Credit Risk – Deposits

The IWMA maintains a portion of its operating cash with a bank to facilitate payroll processing and credit card payments. Custodial credit risk is the risk that, in the event of a bank failure, the IWMA’s deposits may not be returned to it. The IWMA does not have a formal deposit policy for custodial credit risk in addition to the California Government Code collateral requirements. Cash balances held in the bank are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2024, all deposits held by financial institutions are fully insured or collateralized with securities, held by the pledging financial institutions’ trust departments in the IWMA’s name.

Interest Rate Risk

The IWMA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Cash in the County Treasury is available upon demand.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The IWMA has no investment policy that would further limit its investment choices. The County Treasury pooled investment fund is unrated.

Concentration of Credit Risk

The IWMA places no limit on the amount the IWMA may invest in any one issuer. All of the IWMA's investments are in the County Treasury.

NOTE 4 – CAPITAL ASSETS

At June 30, 2024, capital assets comprised the following:

	Balance July 1, 2023	Additions	Retirements	Adjustments	Balance June 30, 2024
Structures and Improvements	\$ 953,457	\$ -	\$ -	\$ (4,051)	\$ 949,406
Equipment	264,939	-	-	1,455	266,394
Right-to-Use Leased Assets	10,341	-	-	(10,341)	-
Total	1,228,737	-	-	(12,937)	1,215,800
Less Accumulated Depreciation	(591,635)	(39,454)	-	(71,494)	(702,583)
Less Accumulated Amortization	(8,446)	-	-	8,446	-
Property and Equipment, Net	<u>\$ 628,656</u>	<u>\$ (39,454)</u>	<u>\$ -</u>	<u>\$ (75,985)</u>	<u>\$ 513,217</u>

Depreciation and amortization expense at June 30, 2024, was \$39,454.

NOTE 5 – LONG-TERM LIABILITIES – COMPENSATED ABSENCES

At June 30, 2024, long-term liabilities comprised the following:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Compensated Absences	<u>\$ 44,617</u>	<u>\$ 46,803</u>	<u>\$ (44,150)</u>	<u>\$ 47,270</u>	<u>\$ 27,469</u>

NOTE 6 – LEASES

For the year ended June 30, 2024, the financial statements reflect a restatement of prior lease accounting treatment following the implementation of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. Under GASB 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

Upon further evaluation, management determined that the IWMA's copier lease agreement does not meet the definition of a lease under GASB 87, as the arrangement is cancelable and operates on a month-to-month basis. Because there is no noncancelable term, the agreement does not establish a lease liability or right-to-use asset as defined by GASB 87.

NOTE 6 – LEASES (Continued)

Previously, the IWMA had recorded a lease liability in the amount of \$11,797.20 for the Ricoh C 4500 copier lease agreement entered into on May 20, 2019. As of June 30, 2024, this treatment has been reversed. The copier lease has been reclassified as a service contract, and the associated lease liability and right-to-use asset have been removed from the financial statements. Any prior period financial statement impacts have been adjusted accordingly.

The IWMA makes monthly payments of \$196.62 under this agreement, which will now be recognized as a period expense. The interest rate and amortization previously calculated under the lease accounting model are no longer applicable.

NOTE 7 – LANDFILL TIPPING AND SOLID WASTE MANAGEMENT FEE REVENUE

The operations of the IWMA are primarily funded through five sources:

- Conditionally Exempt Small Quantity Generated (CESQG) hazardous waste from businesses
- Billings to Outside Agencies, (County of San Luis Obispo) Agreement terminated February 1, 2024.
- Solid Waste Management Fee
- Landfill Tipping Fee Surcharge
- Retail Take Back

CESQG payments are from businesses that generate small volumes of hazardous waste as defined by California Dept of Toxic Substance Control. The IWMA offers this service to the businesses located in San Luis Obispo County. The Billings to Outside Agencies is primarily billing for services to the County of San Luis Obispo for services as defined in the Memorandum of Understanding between the County and the IWMA. These services include Household Hazardous waste collection and processing, curbside used motor oil collection and the collection and processing of electronic waste from residential customers. This agreement was terminated on February 1, 2024, with the unincorporated County rejoining the IWMA. The Solid Waste Management Fee is defined as 4.4% of gross revenue collected by permitted and franchise haulers in San Luis Obispo County. The landfill tipping fee surcharge is collected is \$3 per ton of buried waste collected at the Cold Canyon, Chicago Grade, and Paso Robles landfills located within the County and any waste that is generated from the County and buried at disposal sites outside of the County.

Landfill Tipping Fee Surcharges earned by location and type during the year were as follows:

Cold Canyon Landfill	\$	492,958
Chicago Grade Landfill		170,177
Paso Robles Landfill		190,206
Solid Waste Management Fees		<u>3,587,835</u>
Total	\$	<u>4,441,176</u>

NOTE 8 – EMPLOYEE RETIREMENT PLANS

The IWMA contributes to the San Luis Obispo County IWMA Defined Contribution Plan, a defined contribution pension plan in accordance with Internal Revenue Code Section 401(a), for its current full-time employees. The IWMA has no further pension obligation after an employee has left service. The pension plan is administered by Nationwide Retirement Solutions, a Public Employees Benefit Services Corporation. Benefit terms, including contribution requirements, for the pension plan are established and may be amended by the IWMA's Board of Directors. For each employee in the pension plan, the IWMA is required to contribute 19.53% of base salary, exclusive of overtime pay, to an individual employee account. The IWMA also contributes into Social Security at 6%. Commencing with date of hire, employees are immediately vested in Authority contributions and earnings on Authority contributions. The IWMA's contributions are made each pay period.

NOTE 8 – EMPLOYEE RETIREMENT PLANS (Continued)

The IWMA sponsors a 457(b)-retirement plan for its employees that allows the employees to contribute a portion of their salary to their retirement. The IWMA contributes a matching contribution up to the maximum established by the Internal Revenue Service (IRS).

The IWMA also contributes to a post-employment health plan for its employees. For each employee in the plan, the IWMA is committed to contributing 2% of the base salary.

For the year ended June 30, 2024, the IWMA's retirement expense was \$174,774.

NOTE 9 – RISK MANAGEMENT

Insurance Coverage

The IWMA purchases commercial insurance for property and liability. Property insurance is provided under a public entity property insurance program, special property insurance program. Coverage limits are \$1,000,000 per occurrence with additional per occurrence or aggregate sublimits for specific perils. The policy carries a basic deductible of \$1,000 per occurrence with additional deductibles for specific perils. Liability insurance is provided under a general liability insurance program with \$5,000,000 coverage limits per occurrence and annual aggregate with no self-insured retention with additional sublimits and deductibles for specific coverage. Pollution liability insurance coverage limits are \$2,000,000 for each condition and in aggregate with \$10,000 self-insured retention.

The IWMA is a member of the Special District Risk Management Authority's (SDRMA) Workers' Compensation Program. SDRMA is a Joint Powers Insurance IWMA created to provide pooled joint protection programs among the members and to provide for the purchase of excess or reinsurance. The IWMA pays an annual contribution for participation in the SDRMA workers' compensation pool with a \$0 deductible for claims. SDRMA has the right to charge assessments to the participating members; however, the IWMA cannot estimate the possible range of additional assessments, if any. The SDRMA pool provides \$750,000 self-insured retention. Losses from \$750,000 to \$1,500,000 per occurrence are covered by Brit Insurance. Losses from \$1,500,000 to statutory limits are pooled with California State Association of Counties (CSAC) Excess Insurance IWMA. Losses from \$5,000,000 to \$50,000,000 per occurrence are covered with reinsurance. Losses over \$50,000,000 per occurrence are also covered with reinsurance up to statutory liability under California Workers' Compensation law.

None of the above programs had settlements that exceeded pooled or insurance coverage during the past three fiscal years. There have been no significant reductions in pooled or insurance coverage from the prior year.

Litigation

From time to time, in the normal course of operations, the IWMA may become involved in litigation for which the IWMA may, or may not have, additional insurance coverage, depending upon the individual circumstances of the claim.

NOTE 10 – ERROR CORRECTION

During the fiscal year ended June 30, 2024, the IWMA discovered an error in various accounts in the prior year. The correction of this error resulted in the following restatement:

Net Position Beginning of the Year, as Previously Reported	\$ 5,159,326
Error Corrections:	
Depreciation Correction	(71,494)
Lease Correction	209
Expense Correction	<u>(35,238)</u>
Net Position Beginning of the Year, Adjusted	<u>\$ 5,052,803</u>

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 1, 2025, which is the date the financial statements were issued. There were no subsequent events to disclose.

OTHER REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
San Luis Obispo County
Integrated Waste Management Authority
San Luis Obispo, California

We have audited, in accordance with the 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 statements of the San Luis Obispo County Integrated Waste Management Authority (the IWMA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the IWMA's basic financial statements and have issued our report thereon dated August 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the IWMA'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 statements, but not for the purpose of expressing an opinion on the effectiveness of the IWMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the IWMA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2024-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the IWMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The IWMA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the IWMA's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The IWMA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the IWMA'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 IWMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
August 1, 2025

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024**

2024-001 – Lack of Year-End Accruals for Vendor Invoices

CONDITION

Audit procedures identified three vendor invoices related to services rendered in fiscal year 2023-24 that were not accrued as of year-end. The total amount of these invoices is material to the financial statements, resulting in an understatement of both accounts payable and expenses.

CRITERIA

Accounting Principles Generally Accepted in the United States of America (GAAP) require that expenses be recognized in the fiscal year during which the related liabilities are incurred, regardless of when payment is made.

CAUSE OF CONDITION

Existing internal controls did not include an adequate process to ensure that all vendor invoices for services provided before year-end were properly identified and accrued.

POTENTIAL EFFECT OF CONDITION

Failure to accrue these expenses resulted in a material misstatement of the IWMA's financial statements prior to audit adjustments, specifically an understatement of accounts payable and fiscal year 2023–24 expenses.

RECOMMENDATION

We recommend that IWMA strengthen its year-end closing procedures to ensure that all liabilities incurred are appropriately accrued. This may include implementing a comprehensive year-end closing checklist, establishing cut-off procedures, and reconciling vendor invoices to service delivery dates to identify expenses applicable to the reporting period.

MANAGEMENT'S RESPONSE

The challenge in addressing this issue has been the timely billing from the Household Hazardous Waste Contractor. Since these items must be manifested from “cradle to grave” before they can be billed, there are times when this has gone well beyond the end of year closing date for the County Auditor Controllers Office. This coupled with the fluctuation of Household Hazardous Waste disposal costs make these invoices difficult to estimate. Management has been collaborating with the contractor to improve the timeliness of the invoice to eliminate this issue in the future.

2024-002 – Inadequate Internal Controls over Payroll During Employee Leave

CONDITION

Audit procedures revealed that, during a leave period in 2023, one employee was paid both full regular wages and state disability insurance (SDI) benefits. This resulted in an overpayment that required subsequent repayment, indicating a gap in payroll controls for leave-related compensation.

CRITERIA

Government Auditing Standards require governmental entities to maintain effective internal controls that ensure payroll disbursements are (1) accurate, (2) properly authorized, and (3) compliant with applicable organizational policies, state labor laws, and federal regulations governing leave and wage replacement benefits.

CAUSE OF CONDITION

The payroll workflow lacked documented procedures, supervisory review, and effective segregation of duties to ensure that wage supplementation (e.g., partial wage continuation) was correctly calculated and coordinated with SDI benefits.

POTENTIAL EFFECT OF CONDITION

Without robust controls, inaccurate or unauthorized payroll disbursements may occur and remain undetected, exposing the organization to financial loss, potential non-compliance with state labor statutes, and reputational risk.

RECOMMENDATION

We recommend the IWMA:

- **Formalize written payroll policies** that clearly define:
 - The method for coordinating organizational wage supplementation with SDI or other wage-replacement programs.
 - Repayment procedures if overpayments occur.
 - Documentation requirements for all leave-related payroll adjustments.
- **Implement system-based controls and approvals** that automatically flag concurrent wage and benefit payments exceeding approved supplementation limits.
- **Provide periodic training** to payroll and human-resources personnel on leave coordination requirements, relevant labor regulations, and policy updates.
- **Conduct periodic internal reviews** of payroll transactions involving employee leave to verify compliance and detect anomalies promptly.

MANAGEMENT'S RESPONSE

Management has addressed this issue through revising its complete payroll system that includes replacing the previous payroll processing vendor with one that is familiar with the California Family and Medical Leave Act (FMLA) and SDI rules and regulations. In addition, management has added additional safeguards by adding an outside accountancy review and is in the process of onboarding a third-party Human Resource firm that will take on the processing of payroll to ensure that this issue will not occur again.

**SAN LUIS OBISPO COUNTY
INTEGRATED WASTE MANAGEMENT AUTHORITY
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

None.

**AGREED UPON CONDITIONS REPORT DESIGNED TO IMPROVE
EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING**

To the Board of Directors and Peter Cron, Executive Director
San Luis Obispo County
Integrated Waste Management Authority (IWMA)
San Luis Obispo, California

In planning and performing our audit of the financial statements of the San Luis Obispo Integrated Waste Management Authority (IWMA) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the IWMA's system of 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the IWMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the IWMA'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 IWMA's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The recommendations listed in this report summarize our comments and suggestions regarding these matters.

Restrictions on Use

This communication is intended solely for the information and use of management, and the Board of Directors, others within the IWMA, and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
August 1, 2025

Current Year Agreed Upon Conditions and Recommendations

Condition 2024-001 – Yearend payroll accruals not recorded

Condition

Payroll for the final work-week of FY 2024 was paid in early July 2024 (FY 2025) but was not accrued as of June 30 2024.

Criteria

Under full-accrual accounting, expenses must be recognized in the period in which the related liability is incurred, regardless of when cash is disbursed.

Cause

IWMA lacks a formal year-end cut-off procedure for estimating and recording payroll liabilities, and does not compare the recorded accrual against the first payroll of the new fiscal year to validate accuracy.

Effect

Expenses and accrued liabilities for FY 2024 are understated, impairing the comparability and accuracy of financial results.

Recommendation

- Establish a documented year-end accrual checklist that:
 - Identifies all final workdays and payroll components (salaries, taxes, benefits).
 - Requires supervisory review and sign-off prior to journal entry.
- Segregate duties so that one individual prepares the accrual, another reviews it, and a third posts the entry (or implement compensating review controls).
- Perform a “look-back” analysis after the first payroll of FY 2025 to compare actual payroll costs to the prior accrual, and adjust the accrual methodology or estimates as necessary. This feedback loop will refine future estimates and ensure consistency.

Management’s Response

Management will create and adopt a formal policy for year-end procedures to more clearly define the roles and responsibilities of staff. This policy will also establish a review process to ensure a complete lookback is completed prior to the close of the fiscal year.

Condition 2024-002 – Revenue recorded in wrong fiscal year

Condition

One transaction for services performed in FY 2023 (June 2023) was recorded as revenue in FY 2024.

Criteria

Governmental Accounting Standards Board (GASB) requires that exchange revenues be recognized when earned and measurable, and governmental funds recognize revenues when they are both measurable and available.

Cause

The IWMA has no documented cut-off procedure to estimate and record year-end payroll liabilities; nor is there a retrospective comparison of the accrual to the first payroll of the new fiscal year.

Effect

FY 2024 operating revenues are overstated, overstating trends and ratios, although ending net position is not affected in total because the misstatement reverses in FY 2025.

Recommendation

- Adopt a written revenue-recognition and accrual policy aligned to GASB requirements.
- Train finance staff to verify service dates, contract terms, and “earned” status before recording revenue.
- Incorporate a month-13 (post-closing) review to scan subsequent-period receipts and adjust revenues to the proper fiscal year.

Management’s Response

By adopting the formal policy for year-end procedures utilizing both staff and outside contract accountancy staff this type of condition will be addressed.

Condition 2024-003: Journal not reviewed

Condition

The bookkeeping service posts all non-routine journal entries directly into the general ledger without evidence of review or approval by IWMA management.

Criteria

Government Auditing Standards require that significant accounting entries be subject to supervisory review to ensure accuracy, authorization, and compliance with policy. Effective internal control calls for management to independently review and approve journal entries, particularly those prepared by third parties.

Cause

IWMA has not established a formal process or documentation requirement for reviewing and signing off on journal entries submitted by its external bookkeeper. There is no designated staff member tasked with validating third-party entries prior to posting.

Effect

Without independent review, there is increased risk that errors, omissions, or unauthorized transactions could be recorded in the financial statements undetected, potentially leading to material misstatements and undermining financial statement reliability.

Recommendation

1. Designate a journal-entry reviewer: Assign a qualified employee to review and approve all journal entries prepared by the bookkeeper before they are posted.
2. Implement a review log: Require the reviewer to initial or electronically sign off on a journal-entry summary sheet, noting date and scope of review.
3. Segregate duties: Ensure entry preparation, entry review, and entry posting are performed by separate individuals or paired with compensating detective controls.
4. Establish documentation standards: Develop a template for journal-entry submissions that includes description, supporting schedules, and evidence of management approval, and retain these records in the accounting files.

Management's Response

Management will adopt a formal policy for the review of journal entries where management will formally sign off on all journal entries prior to them being entered. While the County Auditor's office does process journal entries, management will be tasked with written prior approval for journal entries being made.

To the Board of Directors
San Luis Obispo County
Integrated Waste Management Authority (IWMA)
San Luis Obispo, California

We have audited the financial statements of the San Luis Obispo County Integrated Waste Management IWMA (IWMA) as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the IWMA are described in Note 2 to the financial statements. As described in Note 2 to the financial statements, the IWMA implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, in the year ended June 30, 2024. This GASB Statement does not impact the financial statements or disclosures of the IWMA as the IWMA does not have the types of transactions covered by this standard. We noted no transactions entered into by the IWMA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the IWMA's financial statements were:

Management's estimate of the useful lives of capital assets for the purpose of calculating annual depreciation expense. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were related to the estimated useful lives of capital assets and the discount rate.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment 1 presents material misstatements that were identified through our audit procedures and subsequently corrected by management. Attachment 2 presents uncorrected misstatements that, while not material individually or in the aggregate to the financial statements, have not been adjusted by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 1, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the IWMA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the IWMA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the IWMA and is not intended to be, and should not be, used by anyone other than these specified parties.

Bakersfield, California
August 1, 2025

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

ATTACHMENT 1
CORRECTED MISSTATEMENTS

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To record prior year audit entry that was not made for a missed accrual.			
3350000	Net Position	40,534	
5050145	Hazardous Waste Disposal		40,534
Total		<u>\$ 40,534</u>	<u>\$ 40,534</u>
Adjusting Journal Entries JE # 2			
To record prepaid balances per client provided schedule/entry.			
1750005	Prepaid Other	51,046	
5001557	Workers Compensation Insurance		5,251
5001561	Employee Insurance Benefit		10,079
5050070	Computer Software		23,768
5050255	Memberships		1,722
5050340	Contracted Services		4,601
5050370	Trainings and Seminar Registration		1,550
5050380	Rent and Lease Expense		4,093
Total		<u>\$ 51,046</u>	<u>\$ 51,064</u>
Adjusting Journal Entries JE # 3			
To record Clean Earth Invoice that was improperly not accrued.			
5050145	Hazardous Waste Disposal	35,143	
5050145	Hazardous Waste Disposal	31,487	
5050145	Hazardous Waste Disposal	115,498	
5050340	Contracted Services	32,491	
5050340	Contracted Services	34,934	
5050340	Contracted Services	30,474	
2000014	Accounts Payable		280,027
Total		<u>\$ 280,027</u>	<u>\$ 280,027</u>

ATTACHMENT 2

UNCORRECTED MISSTATEMENTS

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 3			
To accrue revenue earned in FY 2023 to FY 2023.			
4350825	Operation Revenue:Landfill Tipping Fee Surcharge	41,274.00	
3350000	Net Position		41,274.00
Total		\$ 41,274	\$ 41,274
Adjusting Journal Entries JE # 4			
Payroll Accrual for payroll earned in FY2024.			
5001210	Annual Wages	23,576.00	
5001507	Taxes	2,092.00	
5001561	Employee Insurance Benefit	1,358.00	
5001700	Cell Phone Stipends	275.00	
5050340	Contracted Services	368.00	
1102010	US Bank Payroll Account		25,607.00
5001522	Retirement Benefits		2,062.00
Total		\$ 27,669	\$ 27,669