

IOWA GREAT LAKES SANITARY DISTRICT

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
AND FINDINGS

JUNE 30, 2004

David A. Maske
Certified Public Accountant
Spencer, Iowa

Table of Contents

		<u>PAGE</u>
Officials.....		1
Independent Auditor's Report.....		2
Management Discussion and Analysis.....		3-4
Basic Financial Statements:	<u>Exhibit</u>	
Combined Statement of Receipts, Disbursements, and Changes in Cash Balances	A	5
Notes to the Financial Statements.....		6-8
Required Supplemental Information		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Actual to Budget (Cash Basis).....		9
Notes to Required Supplemental Information - Budgetary Reporting		10
Other Supplemental Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements, and Changes in Cash Balance - Enterprise Operating Fund.....	1	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Balance - Enterprise Contingency Fund.....	2	12
Statement of Cash, Receipts, Disbursements and Changes in Cash Balance - Debt Service Fund.....	3	13
Statement of Cash Receipts, Disbursements and Changes in Cash Balance - Capital Projects Fund.....	4	14
Schedule of Indebtedness	5	15
Bond Maturities.....	6	16
Schedule of Receipts by Source and Disbursement by Function..	7	17
Schedule of Certificate of Deposit Transaction by Fund.....	8	18-19
Schedule of Vehicles	9	20
Composition of Fund Balances - All Funds.....	10	21
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting.....		22
Schedule of Findings.....		23-24

IOWA GREAT LAKES SANITARY DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dr. Alfred L. Klein	President	January 2005
Robert H. Boettcher	Vice President	January 2007
Jerry Roskammer	Treasurer/Secretary	January 2005
Jim Rohlfen	Deputy Secretary	January 2008
Doug Noble	Trustee	January 2007

DAVID A. MASKE
Certified Public Accountant

110 West 4th Street Suite # 205
P.O. Box 1297
Spencer, IA 51301

712/262-6087
(fax) 712/262-6089

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Iowa Great Lakes Sanitary District
Milford, Iowa 51351

I have audited the accompanying basic financial statements, listed as exhibits in the Table of Contents of this report, of the Iowa Great Lakes Sanitary District as of and for the year ended June 30, 2004. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the District's activities, and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 9, during the year ended June 30, 2004, the District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences.

In accordance with Government Auditing Standards, I have also issued my report dated July 21, 2004 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 4 and page 9 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (which are not presented herein) and expressed an unqualified opinion on those financial statements. The other supplemental information included in Schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audits of the aforementioned financial statements and, in my opinion, is fairly stated in all material respects in relation to the aforementioned statements taken as a whole.

DAVID A. MASKE CPA
DAVID A. MASKE
Certified Public Accountant

July 21, 2004

IOWA GREAT LAKES SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004

Iowa Great Lakes Sanitary District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2004 FINANCIAL HIGHLIGHTS

- Receipts of the District-wide activities decreased 1.48%, or approximately \$53,550 from fiscal 2003 to fiscal 2004. In addition, the District issued \$1,700,000 in new bonds.
- Disbursements decreased 7.0%, or approximately \$281,480 in fiscal 2004 from fiscal 2003.
- The District's total cash basis net assets increased 44.3%, or approximately \$1,545,000 from June 30, 2003 to June 30, 2004. This was due primarily to the unspent proceeds of the \$1,700,000 bond issue.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The District Financial Statement consists of a Statement of Receipts, Disbursements and Cash Balances. This statement provides information about the activities of the District as a whole and presents an overall view of the District's finances.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the District's funds.

Basis of Accounting

The District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Receipts, Disbursements and Changes in Cash Balances reports information which helps answer this question.

The Statement of Receipts, Disbursements and Changes in Cash Balances presents the District's net assets. Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Fund Financial Statements

The Proprietary funds account for the District's Enterprise Fund. Enterprise Funds are used to report business type activities.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balance.

DISTRICT WIDE FINANCIAL ANALYSIS

A summary of the changes in cash balances follows:

	<u>Year ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Receipts:		
Property Tax	\$ 2,362,694	\$ 2,349,394
Tax Increment Financing Collections	117,805	112,586
Charges for Services	1,005,492	1,021,626
Use of Money and Property	59,446	97,764
Other General Receipts	11,474	29,092
Bond Proceeds	<u>1,700,000</u>	<u>-0-</u>
Total Receipts	<u>\$ 5,256,911</u>	<u>\$ 3,610,462</u>
Disbursements:		
Operations	\$ 1,103,910	\$ 1,054,002
Debt Service	2,338,149	1,980,030
Capital Outlay	<u>269,939</u>	<u>959,443</u>
Total Disbursements	<u>\$ 3,711,998</u>	<u>\$ 3,993,475</u>
Net Change in Cash Balance	\$ 1,544,913	\$ (383,013)
Cash Balance - Beginning of Year	<u>3,487,074</u>	<u>3,870,087</u>
Cash Balance - End of Year	<u>\$ 5,031,987</u>	<u>\$ 3,487,074</u>

The cash balance increased by \$1,544,913 from the prior year, primarily because most of the bond proceeds received will not be spent until next fiscal year for the approved construction project.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget once. The approved amendment resulted in an increase in Debt Service disbursements of \$400,000 related to the early calling of outstanding bonds. The District had sufficient cash balances to absorb these additional disbursements.

DEBT ADMINISTRATION

At June 30, 2004, the District has \$6,815,000 in bonds outstanding, compared to \$7,150,000 last year.

While the District issued \$1,700,000 in new bonds during the year, it redeemed \$2,035,000 in debt, including an early payoff of the 1998 issue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives.

BASIC FINANCIAL STATEMENTS

IOWA GREAT LAKES SANITARY DISTRICT
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>PROPRIETARY FUND</u>				Total (Memorandum Only)
	<u>Operating</u>	<u>Contingency</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
RECEIPTS:					
Property Tax.....	\$ 453,245	\$ -0-	\$ 1,909,449	\$ -0-	\$ 2,362,694
Tax Increment Financing Collections	-0-		-0-	117,805	117,805
Use of Money and Property	13,048	-0-	15,783	30,615	59,446
Charges for Services	988,692	-0-	-0-	16,800	1,005,492
Refunds and Reimbursements.....	10,372	-0-	-0-	-0-	10,372
Miscellaneous	<u>1,102</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,102</u>
TOTAL RECEIPTS	<u>\$ 1,466,459</u>	<u>\$ -0-</u>	<u>\$ 1,925,232</u>	<u>\$ 165,220</u>	<u>\$ 3,556,911</u>
DISBURSEMENTS:					
Operations.....	\$ 1,071,481	\$ -0-	\$ 25,586	\$ -0-	\$ 1,097,067
Debt Service.....	-0-	-0-	2,312,563	-0-	2,312,563
Capital Outlay.....	<u>32,429</u>	<u>-0-</u>	<u>-0-</u>	<u>269,939</u>	<u>302,368</u>
TOTAL DISBURSEMENTS	<u>\$ 1,103,910</u>	<u>\$ -0-</u>	<u>\$ 2,338,149</u>	<u>\$ 269,939</u>	<u>\$ 3,711,998</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ 362,549	\$ -0-	\$ (412,917)	\$ (104,719)	\$ (155,087)
OTHER FINANCING SOURCES (USES):					
Transfers In (Out).....	\$ (250,000)	\$ -0-	\$ 400,000	\$ (150,000)	\$ -0-
Bond Proceeds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,700,000</u>	<u>1,700,000</u>
NET CHANGE IN CASH BALANCES	\$ 112,549	\$ -0-	\$ (12,917)	\$ 1,445,281	\$ 1,544,913
CASH BALANCE – BEGINNING OF YEAR	<u>652,329</u>	<u>100,000</u>	<u>447,125</u>	<u>2,287,620</u>	<u>3,487,074</u>
CASH BALANCE – END OF YEAR	<u>\$ 764,878</u>	<u>\$ 100,000</u>	<u>\$ 434,208</u>	<u>\$ 3,732,901</u>	<u>\$ 5,031,987</u>

See notes to the Financial Statements.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Great Lakes Sanitary District is a body corporate and politic formed under Iowa Code Section 358 in Dickinson County, Iowa. The function of this entity is to assess and collect revenues for the purpose of constructing and maintaining the interceptor sewer line and lift stations and to provide for the treatment of wastewater, for the Iowa Great Lakes area.

The District operates under the Manager-Trustee form of government in which five trustees are elected on a nonpartisan basis.

A. REPORTING ENTITY

For financial reporting purposes, the District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District.

These financial statements present the Iowa Great Lakes Sanitary District, which has no component units.

B. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, receipts, and disbursements. The various funds are classified as follows in the financial statements:

Proprietary Fund - Enterprise - The Proprietary Fund is the general operating fund of the District. This fund is utilized to finance and account for the acquisition, operation, and maintenance of district facilities and services that are supported by user charges. The contingency fund which is included in the proprietary fund represents specific financial resources to be used in case of an emergency.

Debt Service Fund - The Debt Service Fund is utilized to account for the payment of interest and principle on the District's general obligation longterm debt.

Capital Projects Fund - The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities and other fixed assets, with the exception of those that are financed through the proprietary fund.

C. BASIS OF ACCOUNTING

The District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with generally accepted accounting principles.

D. BUDGET AND BUDGETARY ACCOUNTING

In accordance with the Code of Iowa, the Board of Trustees adopts a budget on the cash basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary comparison and related disclosures are reported as required supplemental information.

E. TOTAL COLUMN

The total columns on the combined statement of cash transactions are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 2 - CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2004 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The District had no investments at June 30, 2004.

At June 30, 2004, the District had certificates of deposit totaling \$3,525,000.

NOTE 3 - BONDS PAYABLE

Annual debt service requirements to maturity for District bonds are as follows:

<u>YEAR ENDING JUNE 30,</u>	<u>GENERAL OBLIGATION BONDS</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,785,000	\$ 236,794
2006	1,320,000	187,885
2007	1,195,000	142,915
2008	585,000	100,005
2009	585,000	77,055
2010	585,000	53,892
2011	585,000	30,017
2012	85,000	5,430
2013	<u>90,000</u>	<u>2,880</u>
TOTAL	<u>\$ 6,815,000</u>	<u>\$ 836,873</u>

NOTE 4 - PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a costsharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$24,713, \$24,799, and \$24,395, respectively, equal to the required contributions for each year.

NOTE 5 - COMPENSATED ABSENCES

District employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the District until used or paid. The District's approximate liability for unrecognized accrued employee benefits at June 30, 2004 primarily relating to the Proprietary Fund Enterprise is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 9,348
Sick Leave	14,945
Total	<u>\$ 24,293</u>

This liability has been computed based on rates of pay as of June 30, 2004.

Sick leave hours are accumulated for subsequent use. A percentage of the accumulated hours are available for pay-out upon termination, retirement or death, depending on the employee's years of service with the District.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 6 - RISK MANAGEMENT

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

NOTE 7 - INTERFUND TRANSFERS

The Interfund transfers for the year ended June 30, 2004 were:

Operating Fund to Capital Projects Fund	\$ 250,000
Capital Projects Fund to Debt Service Fund	<u>400,000</u>
	<u>\$ 650,000</u>

All transfers were properly approved by the Board of Trustees and made a part of the Board minutes.

NOTE 8 - DISTRICT OBLIGATIONS

At its June, 2004 board meetings, the Board of Trustees awarded construction contracts totaling \$2,289,950. These contracts are obligated against existing District cash balances.

NOTE 9 - DISTRICT OBLIGATIONS

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, Statement No. 38, Certain Financial Statement Note Disclosures, and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for the year ended June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities.

REQUIRED SUPPLEMENTAL INFORMATION

IOWA GREAT LAKES SANITARY DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN BALANCES -
 ACTUAL TO BUDGET (CASH BASIS)
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2004

	<u>ENTERPRISE FUND</u>			<u>DEBT SERVICE</u>		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS:						
Property Tax.....	\$ 453,245	\$ 449,781	\$ 3,464	\$ 1,909,449	\$ 1,930,733	\$ (21,284)
Use of Money and Property.....	13,048	13,404	(356)	15,783	20,000	(4,217)
Operations.....	<u>1,000,166</u>	<u>965,815</u>	<u>34,351</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL RECEIPTS	<u>\$ 1,466,459</u>	<u>\$ 1,429,000</u>	<u>\$ 37,459</u>	<u>\$ 1,925,232</u>	<u>\$ 1,950,733</u>	<u>\$ (25,501)</u>
DISBURSEMENTS:						
Operations.....	\$ 1,103,910	\$ 1,179,000	\$ (75,090)	\$ 25,586	\$ 35,000	\$ 9,414
Debt Service.....	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,312,563</u>	<u>2,329,333</u>	<u>16,770</u>
TOTAL DISBURSEMENTS	<u>\$ 1,103,910</u>	<u>\$ 1,179,000</u>	<u>\$ (75,090)</u>	<u>\$ 2,338,149</u>	<u>\$ 2,364,333</u>	<u>\$ 26,184</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 362,549</u>	<u>\$ 250,000</u>	<u>\$ 112,549</u>	<u>\$ (412,917)</u>	<u>\$ (413,600)</u>	<u>\$ 683</u>
TRANSFERS FROM (TO) OTHER FUNDS	<u>(250,000)</u>	<u>(250,000)</u>		<u>400,000</u>	<u>-0-</u>	
NET	\$ 112,549	\$ -0-		\$ (12,917)	\$ (413,600)	
BALANCE, BEGINNING OF YEAR	<u>652,329</u>	<u>-0-</u>		<u>447,125</u>	<u>428,051</u>	
BALANCE, END OF YEAR	<u>\$ 764,878</u>	<u>\$ -0-</u>		<u>\$ 434,208</u>	<u>\$ 14,451</u>	

See Notes to the Financial Statements.

IOWA GREAT LAKES SANITARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2004

In accordance with the Code of Iowa, the District annually adopts a budget on the cash basis following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

OTHER SUPPLEMENTAL INFORMATION

IOWA GREAT LAKES SANITARY DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
ENTERPRISE FUND - OPERATING
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:	
Property Tax	\$ 453,245
Use of Money and Property.....	13,048
Charges for Service:	
Sewer Rental.....	988,692
Refunds and Reimbursements.....	10,372
Miscellaneous	<u>1,102</u>
 TOTAL RECEIPTS	 \$ 1,466,459
DISBURSEMENTS:	
Salaries	\$ 433,418
Continuing Education.....	4,225
Trustees Fees.....	5,164
Utilities.....	7,734
Office Expense	30,487
General Insurance	52,347
Payroll Taxes	57,747
Truck Expense.....	15,528
Line Maintenance	6,942
Lift Maintenance.....	29,533
Plant Maintenance.....	30,896
Sales Tax	15,218
Audit Expense.....	1,895
Legal Expense.....	3,901
Laboratory Expense.....	11,314
Plant Fuel.....	18,990
Plant Supplies	11,567
Power	207,319
Publications.....	599
Health Insurance.....	107,698
Equipment Repairs.....	8,029
Uniform Expense	2,278
Safety Coordinator.....	6,755
New Equipment	32,429
Miscellaneous	<u>1,897</u>
 TOTAL DISBURSEMENTS	 \$ 1,103,910
 EXCESS OF RECEIPTS OVER DISBURSEMENTS	 \$ 362,549
OTHER FINANCING SOURCES (USES):	
Transfers to Capital Projects Fund.....	<u>(250,000)</u>
 NET CHANGE IN CASH BALANCE	 \$ 112,549
 CASH BALANCE – BEGINNING OF YEAR	 <u>652,329</u>
 CASH BALANCE – END OF YEAR	 <u>\$ 764,878</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 ENTERPRISE FUND - CONTINGENCY
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:		
None	\$	-0-
DISBURSEMENTS:		
None	<u> </u>	<u>-0-</u>
NET CHANGE IN CASH BALANCE	\$	-0-
CASH BALANCE – BEGINNING OF YEAR	<u> </u>	<u>100,000</u>
CASH BALANCE – END OF YEAR	<u>\$</u>	<u>100,000</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
DEBT SERVICE FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:	
Property Tax	\$ 1,909,449
Use of Money and Property.....	<u>15,783</u>
TOTAL RECEIPTS	<u>\$ 1,925,232</u>
DISBURSEMENTS:	
Trust Fees and Bond Issue Expense	\$ 25,586
Interest Expense	277,563
Bonds Redeemed	<u>2,035,000</u>
TOTAL DISBURSEMENTS	<u>\$ 2,338,149</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (412,917)
OTHER FINANCING SOURCES (USES):	
Transfer from Capital Projects Fund.....	<u>400,000</u>
NET CHANGE IN CASH BALANCE	\$ (12,917)
CASH BALANCE – BEGINNING OF YEAR	<u>447,125</u>
CASH BALANCE – END OF YEAR	<u><u>\$ 434,208</u></u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
CAPITAL PROJECTS FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2004

RECEIPTS:	
Property Taxes - T.I.F.	\$ 117,805
Use of Money and Property.....	30,615
Hook-up Charges	<u>16,800</u>
TOTAL RECEIPTS	<u>\$ 165,220</u>
DISBURSEMENTS:	
New Construction	\$ 258,459
Legal and Miscellaneous.....	<u>11,480</u>
TOTAL DISBURSEMENTS	<u>\$ 269,939</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (104,719)
OTHER FINANCING SOURCES (USES):	
Transfers from General Fund	\$ 250,000
Transfers to Debt Service Fund.....	(400,000)
Bond Proceeds.....	<u>1,700,000</u>
	<u>\$ 1,550,000</u>
NET CHANGE IN CASH BALANCE	\$ 1,445,281
CASH BALANCE – BEGINNING OF YEAR	<u>2,287,620</u>
CASH BALANCE – END OF YEAR	<u>\$ 3,732,901</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Unpaid Interest</u>	<u>Interest Paid</u>
General Obligation Bonds:									
Construction	April 1, 1998	4.40% - 5.05%	\$ 1,000,000	\$ 525,000	\$ -0-	\$ 525,000	\$ -0-	\$ -0-	\$ 22,700
Construction	May 8, 2002	4.20% - 4.45%	5,000,000	4,000,000	-0-	500,000	3,500,000	-0-	171,250
Refunding	March 1, 2003	2.60% - 3.60%	4,650,000	2,625,000	-0-	885,000	1,740,000	-0-	78,025
Construction & Refunding	April 27, 2004	1.50% - 3.50%	<u>1,700,000</u>	<u>-0-</u>	<u>1,700,000</u>	<u>125,000</u>	<u>1,575,000</u>	<u>-0-</u>	<u>5,563</u>
			<u>\$ 12,350,000</u>	<u>\$ 7,150,000</u>	<u>\$ 1,700,000</u>	<u>\$ 2,035,000</u>	<u>\$ 6,815,000</u>	<u>\$ -0-</u>	<u>\$ 277,538</u>

IOWA GREAT LAKES SANITARY DISTRICT
BOND MATURITIES
JUNE 30, 2004

-----**GENERAL OBLIGATION BONDS**-----

<u>Year June 30,</u>	<u>Construction Issued May 8, 2001</u>		<u>Refunding Issued March 01, 2003</u>		<u>Construction and Refunding Issued April 27, 2004</u>		<u>Total Bonds to be Redeemed Annually</u>	<u>Total Annual Interest on Bonds</u>	<u>Total Annual Debt Service Obligation</u>
	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>			
2005	4.25%	\$ 500,000	2.80%	\$ 645,000	1.50%	\$ 640,000	\$ 1,785,000	\$ 236,794	\$ 2,021,794
2006	4.25%	500,000	3.20%	610,000	2.00%	210,000	1,320,000	187,885	1,507,885
2007	4.25%	500,000	3.60%	485,000	2.00%	210,000	1,195,000	142,915	1,337,915
2008	4.25%	500,000	--	-0-	2.00%	85,000	585,000	100,005	685,005
2009	4.25%	500,000	--	-0-	2.25%	85,000	585,000	77,055	662,055
2010	4.35%	500,000	--	-0-	2.50%	85,000	585,000	53,892	638,892
2011	4.45%	500,000	--	-0-	2.75%	85,000	585,000	30,017	615,017
2012	--	-0-	--	-0-	3.00%	85,000	85,000	5,430	90,430
2013	--	<u>-0-</u>	--	<u>-0-</u>	3.20%	<u>90,000</u>	<u>90,000</u>	<u>2,880</u>	<u>92,880</u>
		<u>\$3,500,000</u>		<u>\$1,740,000</u>		<u>\$1,575,000</u>	<u>\$ 6,815,000</u>	<u>\$ 836,873</u>	<u>\$ 7,651,873</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
FOR THE YEARS ENDED JUNE 30,

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
RECEIPTS:				
Property Taxes.....	\$ 2,362,694	\$ 2,349,394	\$ 2,427,114	\$ 1,611,901
Tax Increment Financing Collections..	117,805	112,586	47,574	38,226
Use of Money and Property.....	59,446	97,764	173,435	220,304
Charges for Services.....	1,005,492	1,021,626	981,888	995,000
Refunds and Reimbursements	10,372	21,928	-0-	-0-
Miscellaneous	<u>1,102</u>	<u>7,164</u>	<u>733</u>	<u>1,431</u>
TOTAL	<u>\$ 3,556,911</u>	<u>\$ 3,610,462</u>	<u>\$ 3,630,744</u>	<u>\$ 2,866,862</u>
DISBURSEMENTS:				
Operations	\$ 1,103,910	\$ 1,054,002	\$ 1,042,223	\$ 1,040,596
Debt Service	2,338,149	1,980,030	2,091,904	1,286,193
Capital Outlay.....	<u>269,939</u>	<u>959,443</u>	<u>4,013,509</u>	<u>1,596,327</u>
TOTAL	<u>\$ 3,711,998</u>	<u>\$ 3,993,475</u>	<u>\$ 7,147,636</u>	<u>\$ 3,923,116</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF CERTIFICATE OF DEPOSIT
TRANSACTIONS BY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Identifying Number</u>	<u>Interest Rate</u>	<u>Balance July 1, 2003</u>	<u>Purchased During Period</u>	<u>Redeemed During Period</u>	<u>Balance June 30, 2004</u>	<u>Interest Received</u>	<u>Maturity Date</u>
Debt Service Fund:								
Certificate of Deposit	17981P	1.30%	\$ -0-	\$ 400,000	\$ 400,000	\$ -0-	\$ 4,616	May 28, 2004
Certificate of Deposit	10181	1.21%	-0-	200,000	200,000	-0-	243	November 28, 2003
Certificate of Deposit	501875	1.46%	-0-	325,000	325,000	-0-	2,834	May 27, 2004
Certificate of Deposit	501875	1.46%	-0-	325,000	325,000	-0-	2,834	May 27, 2004
Certificate of Deposit	18089P	1.50%	-0-	250,000	250,000	-0-	1,685	May 28, 2004
Certificate of Deposit	105439	1.19%	-0-	550,000	550,000	-0-	735	May 27, 2004
Certificate of Deposit	1802052	1.70%	-0-	150,000	-0-	150,000	-0-	November 24, 2004
Certificate of Deposit	1802071	1.91%	-0-	275,000	-0-	275,000	-0-	November 29, 2004
			<u>\$ -0-</u>	<u>\$ 2,475,000</u>	<u>\$ 2,050,000</u>	<u>\$ 425,000</u>	<u>\$ 12,947</u>	
Proprietary Fund - Operating:								
Certificate of Deposit	17832	1.71%	\$ 120,000	\$ -0-	\$ 120,000	\$ -0-	\$ 771	July 7, 2003
Certificate of Deposit	1801842	1.45%	200,000	-0-	200,000	-0-	971	August 11, 2003
Certificate of Deposit	17934	1.51%	100,000	-0-	100,000	-0-	748	November 10, 2003
Certificate of Deposit	17734	1.71%	150,000	-0-	150,000	-0-	2,561	June 18, 2004
Certificate of Deposit	10927	1.10%	-0-	150,000	150,000	-0-	380	November 12, 2003
Certificate of Deposit	10928	1.20%	-0-	150,000	150,000	-0-	552	December 10, 2003
Certificate of Deposit	18071	1.50%	-0-	150,000	150,000	-0-	1,424	June 30, 2004
Certificate of Deposit	209083	1.54%	-0-	200,000	200,000	-0-	759	March 10, 2004
Certificate of Deposit	1802036	1.52%	-0-	200,000	200,000	-0-	860	June 8, 2004
Certificate of Deposit	1802052	1.60%	-0-	150,000	-0-	150,000	-0-	October 6, 2004
Certificate of Deposit	1802069	2.02%	-0-	200,000	-0-	200,000	-0-	December 13, 2004
Certificate of Deposit	18070	1.50%	-0-	100,000	100,000	-0-	958	June 30, 2004
Certificate of Deposit	18171	1.28%	-0-	200,000	-0-	200,000	-0-	August 10, 2004
Savings	NWF	1.13%	-0-	200,000	200,000	-0-	447	May 10, 2004
			<u>\$ 570,000</u>	<u>\$ 1,700,000</u>	<u>\$ 1,720,000</u>	<u>\$ 550,000</u>	<u>\$ 10,431</u>	
Proprietary Fund - Contingency:								
Certificate of Deposit	1802070	2.52%	\$ -0-	\$ 100,000	\$ -0-	\$ 100,000	\$ -0-	June 27, 2005
Certificate of Deposit	17952	1.71%	100,000	-0-	100,000	-0-	1,677	June 11, 2004
			<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,677</u>	

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF CERTIFICATE OF DEPOSIT
TRANSACTIONS BY FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Identifying Number</u>	<u>Interest Rate</u>	<u>Balance July 1, 2003</u>	<u>Purchased During Period</u>	<u>Redeemed During Period</u>	<u>Balance June 30, 2004</u>	<u>Interest Received</u>	<u>Maturity Date</u>
Capital Projects Fund:								
Certificate of Deposit	17493	3.15%	\$ 250,000	\$ -0-	\$ 250,000	\$ -0-	\$ 7,937	July 1, 2003
Certificate of Deposit	1801812	1.76%	500,000	-0-	500,000	-0-	2,685	July 1, 2003
Certificate of Deposit	17930	1.51%	250,000	-0-	250,000	-0-	1,870	November 6, 2003
Certificate of Deposit	17973	1.31%	250,000	-0-	250,000	-0-	970	June 27, 2004
Certificate of Deposit	670618	1.50%	-0-	500,000	500,000	-0-	925	May 28, 2004
Certificate of Deposit	18165	1.76%	-0-	350,000	-0-	350,000	-0-	December 14, 2004
Certificate of Deposit	18164	1.69%	-0-	450,000	-0-	450,000	-0-	November 8, 2004
Certificate of Deposit	18163	1.69%	-0-	450,000	-0-	450,000	-0-	November 8, 2004
Certificate of Deposit	18162	1.62%	-0-	450,000	-0-	450,000	-0-	October 12, 2004
Certificate of Deposit	1063421	2.42%	-0-	250,000	-0-	250,000	-0-	June 30, 2005
Certificate of Deposit	17976	1.25%	-0-	500,000	500,000	-0-	1,798	October 14, 2003
Certificate of Deposit	180198	1.80%	-0-	500,000	-0-	500,000	-0-	August 10, 2003
Certificate of Deposit	18068	1.50%	-0-	250,000	250,000	-0-	1,633	April 13, 2004
Certificate of Deposit	17975	1.25%	-0-	250,000	250,000	-0-	899	October 14, 2003
Certificate of Deposit	1801978	1.51%	-0-	250,000	250,000	-0-	1,870	April 13, 2004
Certificate of Deposit	1801979	1.65%	-0-	250,000	250,000	-0-	2,690	June 8, 2004
			<u>\$ 1,250,000</u>	<u>\$ 4,450,000</u>	<u>\$ 3,250,000</u>	<u>\$ 2,450,000</u>	<u>\$ 23,277</u>	

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF VEHICLES
JUNE 30, 2004

<u>Vehicle Year</u>	<u>Identification</u>	<u>Type or Make</u>	<u>License No.</u>	<u>Net Acquisition Cost After Trade-in (If Applicable)</u>
<u>Licensed Vehicles</u>				
1998	Pickup	Chevrolet	92529	\$ 13,424
2000	Pickup	Ford	92528	13,005
2002	Pickup	Ford	92531	11,989
2003	Pickup	Chevrolet	93579	21,332
2003	Pickup	Chevrolet	94401	17,427
2004	Truck	International	92534	37,700
2004	Pickup	Chevrolet	93969	11,149
2004	Trail Blazer	Chevrolet	3010	16,998
<u>Towed Vehicles</u>				
1980	Generator	Katolight	92092	78,600
1969	Rodding Machine	Champion	92725	N/A
1976	Steam Cleaner	Sioux	92527	1,515
1975	Trailer & Generator		92726	3,404
1988	Snowmobile Trailer		93200	150
1989	Snowmobile Trailer		93139	300
1990	Sludge Wagon	Calumet		8,779
1994	Jet Machine	Hydroklean	92533	26,669
1996	Mower Trailer	Al-La-Kart	19219	800

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
COMPOSITION OF FUND BALANCES - ALL FUNDS
JUNE 30, 2004

COMPOSITION OF FUNDS:	<u>PROPRIETARY FUND</u>				Total (Memorandum Only)
	<u>Operating</u>	<u>Contingency</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Depository:					
First Bank & Trust:					
General	\$ 164,346	\$ -0-	\$ -0-	\$ -0-	\$ 164,346
United Community Bank:					
G.O. Bonds	\$ -0-	\$ -0-	\$ 9,208	\$ -0-	\$ 9,208
New Construction - Hi-Fi	-0-	-0-	-0-	1,260,075	1,260,075
Certificates of Deposit	350,000	100,000	425,000	500,000	1,375,000
TOTAL	<u>\$ 350,000</u>	<u>\$ 100,000</u>	<u>\$ 434,208</u>	<u>\$ 1,760,075</u>	<u>\$ 2,644,283</u>
Liberty Bank:					
Sewer Rental - Hi-Fi	\$ 50,457	\$ -0-	\$ -0-	\$ -0-	\$ 50,457
New Construction - HiFi	-0-	-0-	-0-	22,826	22,826
Certificates of Deposit	200,000	-0-	-0-	1,700,000	1,900,000
TOTAL	<u>\$ 250,457</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,722,826</u>	<u>\$ 1,973,283</u>
Northwest Federal:					
Certificates of Deposit	\$ -0-	\$ -0-	\$ -0-	\$ 250,000	\$ 250,000
Cash on Hand	\$ 75	\$ -0-	\$ -0-	\$ -0-	\$ 75
TOTAL ALL FUNDS	<u>\$ 764,878</u>	<u>\$ 100,000</u>	<u>\$ 434,208</u>	<u>\$ 3,732,901</u>	<u>\$ 5,031,987</u>

DAVID A. MASKE

Certified Public Accountant

110 West 4th Street Suite # 205
P.O. Box 1297
Spencer, IA 51301

712/262-6087
(fax) 712/262-6089

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Trustees
Iowa Great Lakes Sanitary District
Milford, Iowa 51351

I have audited the financial statements of the Iowa Great Lakes Sanitary District as of and for the year ended June 30, 2004, and have issued my report thereon dated July 21, 2004. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. I conducted my audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

COMPLIANCE

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

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item 04-II-J.

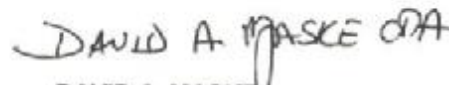
INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item 04-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 04-I-A.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Dickinson County and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.


DAVID A. MASKE
Certified Public Accountant

July 21, 2004

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

PART I - FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

04-I-A Segregation of Duties - An important aspect of internal control is segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. I noted that the bookkeeping, and accounting functions are the primary responsibility of one person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult; further I recognize the active participation by management in the review of the financial transactions and data. I recommend that the District continue this active review, and consider other opportunities to maximize internal control when they arise.

Response - We will consider this.

Conclusion - Response accepted.

PART II - OTHER FINDINGS RELATED TO STATUTORY REPORTING:

04-II-A Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

04-II-B Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.

04-II-C Questionable Disbursements - I noted no disbursements that did not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979.

04-II-D Travel Expense - No disbursements of the District's money for travel expenses of spouses of District's officials or employees were noted.

04-II-E Business Transactions - No business transactions between the District and trustee officials or employees were noted.

04-II-F Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

04-II-G Trustee's Minutes - No transactions were found that should have been approved in the Trustee's minutes, but were not.

04-II-H Revenue Bonds - The District has no revenue bonds outstanding at June 30, 2004.

04-II-I Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

PART II - OTHER FINDINGS RELATED TO STATUTORY REPORTING - CONTINUED:

04-II-J Fixed Assets Records - A complete record of fixed assets is not maintained.

Recommendation - To facilitate the proper insurance, maintenance and safeguarding of these assets, such a record should be established and kept. An inventory of all property and equipment should be taken at least once each year and compared against the fixed assets records.

Response - The District will maintain a fixed assets record when required.

Conclusion - The District should consider maintaining a fixed assets record.