

IOWA GREAT LAKES SANITARY DISTRICT

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

JUNE 30, 2005

David A. Maske
Certified Public Accountant
Spencer, Iowa

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IOWA GREAT LAKES SANITARY DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert H. Boettcher	President	January 2007
Jim Rohlfen	Vice-President	January 2009
Jerry Roskammer	Treasurer/Secretary	January 2011
Brian Craig	Deputy Secretary	January, 2011
Doug Noble (Resigned)		
Kae Hoppe (Appointed)	Trustee	January, 2007

DAVID A. MASKE

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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, 2005. 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, 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.

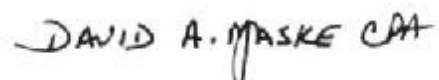
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2005, 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.

In accordance with Government Auditing Standards, I have also issued my report dated July 20, 2005 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. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting and compliance. 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 conducted 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, 2004 (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
Certified Public Accountant

July 20, 2005

IOWA GREAT LAKES SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

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, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- Receipts of the District-wide activities increased 5.92%, or approximately \$210,800 from fiscal 2004 to fiscal 2005.
- Disbursements increased 33.11%, or approximately \$1,229,100 in fiscal 2005 from fiscal 2004, due primarily to expenditures for a capital project.
- The District's total cash basis net assets decreased 23.32%, or approximately \$1,173,400 from June 30, 2004 to June 30, 2005. This was due primarily to expenditures for a capital project.

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>2005</u>	<u>2004</u>
RECEIPTS:		
Property Tax.....	\$ 2,512,843	\$ 2,362,694
Tax Increment Financing Collections	119,469	117,805
Charges for Services	1,025,365	1,005,492
Use of Money and Property	109,282	59,446
Other General Receipts	751	11,474
Bond Proceeds.....	<u>-0-</u>	<u>1,700,000</u>
TOTAL RECEIPTS	<u>\$ 3,767,710</u>	<u>\$ 5,256,911</u>
DISBURSEMENTS:		
Operations.....	\$ 1,259,814	\$ 1,103,910
Debt Service.....	2,023,077	2,338,149
Capital Outlay.....	<u>1,658,221</u>	<u>269,939</u>
TOTAL DISBURSEMENTS	<u>\$ 4,941,112</u>	<u>\$ 3,711,998</u>
NET CHANGE IN CASH BALANCE	\$ (1,173,402)	\$ 1,544,913
CASH BALANCE - Beginning of Year	<u>5,031,987</u>	<u>3,487,074</u>
CASH BALANCE - End of Year	<u>\$ 3,858,585</u>	<u>\$ 5,031,987</u>

The cash balance decreased by \$1,173,402 from the prior year, primarily because of construction project expenditures.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District amended its budget once. The approved amendment resulted in an increase in Operating disbursements of \$200,000 related to construction projects. The District had sufficient cash balances to absorb these additional disbursements.

DEBT ADMINISTRATION

At June 30, 2005, the District has \$5,030,000 in bonds outstanding, compared to \$6,815,000 last year.

The District redeemed \$1,785,000 in debt during the year.

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, 2005

	<u>PROPRIETARY FUND</u>				<u>Total</u>
	<u>ENTERPRISE</u>				<u>(Memorandum</u>
	<u>Operating</u>	<u>Contingency</u>	<u>Debt</u>	<u>Capital</u>	<u>Only)</u>
			<u>Service</u>	<u>Projects</u>	
RECEIPTS:					
Property Tax	\$ 477,626	\$ -0-	\$ 2,035,217	\$ -0-	\$ 2,512,843
Tax Increment Financing Collections	-0-	-0-	-0-	119,469	119,469
Use of Money and Property	19,886	-0-	25,650	63,746	109,282
Charges for Services	1,006,965	-0-	-0-	18,400	1,025,365
Miscellaneous	<u>751</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>751</u>
TOTAL RECEIPTS	\$ 1,505,228	\$ -0-	\$ 2,060,867	\$ 201,615	\$ 3,767,710
DISBURSEMENTS:					
Operations	\$ 1,259,814	\$ -0-	\$ -0-	\$ -0-	\$ 1,259,814
Debt Service	-0-	-0-	2,023,077	-0-	2,023,077
Capital Outlay	<u>15,015</u>	<u>-0-</u>	<u>-0-</u>	<u>1,643,206</u>	<u>1,658,221</u>
TOTAL DISBURSEMENTS	\$ 1,274,829	\$ -0-	\$ 2,023,077	\$ 1,643,206	\$ 4,941,112
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ 230,399	\$ -0-	\$ 37,790	\$ (1,441,591)	\$ (1,173,402)
OTHER FINANCING SOURCES (USES):					
Transfers In (Out)	<u>(250,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>250,000</u>	<u>-0-</u>
NET CHANGE IN CASH BALANCES	\$ (19,601)	\$ -0-	\$ 37,790	\$ (1,191,591)	\$ (1,173,402)
CASH BALANCE – BEGINNING OF YEAR	<u>764,878</u>	<u>100,000</u>	<u>434,208</u>	<u>3,732,901</u>	<u>5,031,987</u>
CASH BALANCE – END OF YEAR	<u>\$ 745,277</u>	<u>\$ 100,000</u>	<u>\$ 471,998</u>	<u>\$ 2,541,310</u>	<u>\$ 3,858,585</u>

See Notes to the Financial Statements.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2005

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 principal on the District's general obligation long-term 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, 2005

NOTE 2 - CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2005 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, 2005.

At June 30, 2005, the District had certificates of deposit totaling \$1,975,000.

NOTE 3 - BONDS PAYABLE

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

<u>YEAR</u> <u>ENDING</u> <u>JUNE 30,</u>	<u>GENERAL OBLIGATION</u>	
	<u>BONDS</u>	
	<u>Principal</u>	<u>Interest</u>
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>\$ 5,030,000</u>	<u>\$ 600,079</u>

NOTE 4 - PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing 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, 2005, 2004, and 2003 were \$24,887, \$24,713, and \$24,799, 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, 2005 primarily relating to the Proprietary Fund- Enterprise is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 9,482
Sick Leave	<u>19,543</u>
TOTAL	<u>\$ 29,025</u>

This liability has been computed based on rates of pay as of June 30, 2005.

Sick leave hours are accumulated for subsequent use. A percentage of the accumulated hours are available for payment 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, 2005

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, 2005 were:

Operating Fund to Capital Projects Fund	\$ <u>250,000</u>
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All transfers were properly approved by the Board of Trustees and made a part of the Board minutes.

NOTE 8 - DISTRICT OBLIGATIONS

As of June 30, 2005 the District had construction contracts in progress totaling \$826,042. These contracts are obligated against existing District cash balances.

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, 2005

	<u>ENTERPRISE FUND</u>			<u>DEBT SERVICE</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS:						
Property Tax.....	\$ 477,626	\$ 479,800	\$ (2,174)	\$ 2,035,217	\$ 2,030,876	\$ 4,341
Use of Money and Property.....	19,886	13,000	6,886	25,650	21,442	4,208
Operations.....	<u>1,007,716</u>	<u>990,000</u>	<u>17,716</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL RECEIPTS	<u>\$ 1,505,228</u>	<u>\$ 1,482,800</u>	<u>\$ 22,428</u>	<u>\$ 2,060,867</u>	<u>\$ 2,052,318</u>	<u>\$ 8,549</u>
DISBURSEMENTS:						
Operations.....	\$ 1,274,829	\$ 1,396,200	\$ 121,371	\$ -0-	\$ -0-	\$ -0-
Debt Service.....	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,023,077</u>	<u>2,054,676</u>	<u>31,599</u>
TOTAL DISBURSEMENTS	<u>\$ 1,274,829</u>	<u>\$ 1,396,200</u>	<u>\$ 121,371</u>	<u>\$ 2,023,077</u>	<u>\$ 2,054,676</u>	<u>\$ 31,599</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>\$ 230,399</u>	<u>\$ 86,600</u>	<u>\$ 143,799</u>	<u>\$ 37,790</u>	<u>\$ (2,358)</u>	<u>\$ 40,148</u>
TRANSFERS FROM (TO) OTHER FUNDS	<u>(250,000)</u>	<u>(250,000)</u>		<u>-0-</u>	<u>-0-</u>	
NET	\$ (19,601)	\$ (163,400)		\$ 37,790	\$ (2,358)	
BALANCE, BEGINNING OF YEAR	<u>764,878</u>	<u>739,583</u>		<u>434,208</u>	<u>434,208</u>	
BALANCE, END OF YEAR	<u>\$ 745,277</u>	<u>\$ 576,183</u>		<u>\$ 471,998</u>	<u>\$ 431,850</u>	

See Notes to the Financial Statements.

IOWA GREAT LAKES SANITARY DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments.

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. During the year a budget amendment increased the Operating disbursements by \$200,000. The budget amendment is reflected in the final budgeted amounts.

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, 2005

RECEIPTS:	
Property Tax	\$ 477,626
Use of Money and Property.....	19,886
Charges for Service:	
Sewer Rental.....	1,006,965
Miscellaneous.....	<u>751</u>
TOTAL RECEIPTS	\$ <u>1,505,228</u>
DISBURSEMENTS:	
Salaries	\$ 443,972
Continuing Education.....	3,801
Trustees Fees.....	4,878
Utilities.....	6,379
Office Expense	38,822
General Insurance.....	58,095
Payroll Taxes	58,308
Truck Expense.....	19,788
Line Maintenance	72,908
Lift Maintenance.....	39,853
Plant Maintenance.....	54,309
Sales Tax	16,286
Legal Expense	1,060
Laboratory Expense.....	2,067
Plant Fuel.....	24,863
Plant Supplies.....	15,817
Power.....	248,111
Publications.....	783
Health Insurance.....	119,574
Equipment Repairs.....	17,503
Uniform Expense.....	2,757
Safety Coordinator.....	7,499
New Equipment	15,015
Miscellaneous	<u>2,381</u>
TOTAL DISBURSEMENTS	\$ <u>1,274,829</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 230,399
OTHER FINANCING SOURCES (USES):	
Transfers to Capital Projects Fund.....	<u>(250,000)</u>
NET CHANGE IN CASH BALANCE	\$ (19,601)
CASH BALANCE – BEGINNING OF YEAR	<u>764,878</u>
CASH BALANCE – END OF YEAR	\$ <u>745,277</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, 2005

RECEIPTS:		
None	\$	-0-
DISBURSEMENTS:		
None	<u> </u>	<u>-0-</u>
NET CHANGE IN CASH BALANCE	\$	-0-
CASH BALANCE – BEGINNING OF YEAR		<u>100,000</u>
CASH BALANCE – END OF YEAR	\$	<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, 2005

RECEIPTS:	
Property Tax	\$ 2,035,217
Use of Money and Property.....	<u>25,650</u>
TOTAL RECEIPTS	<u>\$ 2,060,867</u>
DISBURSEMENTS:	
Trust Fees and Bond Issue Expense	\$ 1,282
Interest Expense	236,795
Bonds Redeemed	<u>1,785,000</u>
TOTAL DISBURSEMENTS	<u>\$ 2,023,077</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	\$ 37,790
CASH BALANCE – BEGINNING OF YEAR	<u>434,208</u>
CASH BALANCE – END OF YEAR	<u>\$ 471,998</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, 2005

RECEIPTS:	
Property Taxes - T.I.F.	\$ 119,469
Use of Money and Property.....	63,746
Hook-up Charges	<u>18,400</u>
TOTAL RECEIPTS	<u>\$ 201,615</u>
DISBURSEMENTS:	
New Construction	\$ 1,642,257
Legal and Miscellaneous.....	<u>949</u>
TOTAL DISBURSEMENTS	<u>\$ 1,643,206</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	\$ (1,441,591)
OTHER FINANCING SOURCES (USES):	
Transfers from General Fund	<u>250,000</u>
NET CHANGE IN CASH BALANCE	\$ (1,191,591)
CASH BALANCE – BEGINNING OF YEAR	<u>3,732,901</u>
CASH BALANCE – END OF YEAR	<u>\$ 2,541,310</u>

See Accompanying Independent Auditor's Report.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2005

<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	May 8, 2002	4.20% - 4.45%	\$ 5,000,000	\$ 3,500,000	\$ -0-	\$ 500,000	\$ 3,000,000	\$ -0-	\$ 150,250
Refunding	March 1, 2004	2.60% - 3.60%	4,650,000	1,740,000	-0-	645,000	1,095,000	-0-	55,040
Construction & Refunding	April 27, 2005	1.50% - 3.50%	<u>1,700,000</u>	<u>1,575,000</u>	<u>-0-</u>	<u>640,000</u>	<u>935,000</u>	<u>-0-</u>	<u>31,505</u>
			<u>\$ 11,350,000</u>	<u>\$ 6,815,000</u>	<u>\$ -0-</u>	<u>\$ 1,785,000</u>	<u>\$ 5,030,000</u>	<u>\$ -0-</u>	<u>\$ 236,795</u>

See Notes to the Financial Statements.

IOWA GREAT LAKES SANITARY DISTRICT
BOND MATURITIES
JUNE 30, 2005

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

<u>Year</u> <u>June 30,</u>	<u>Construction</u> <u>Issued May 8, 2001</u>		<u>Refunding</u> <u>Issued March 01, 2004</u>		<u>Construction and</u> <u>Refunding</u> <u>Issued April 27, 2005</u>		<u>Total</u> <u>Bonds to be</u> <u>Redeemed</u> <u>Annually</u>	<u>Total</u> <u>Annual</u> <u>Interest on</u> <u>Bonds</u>	<u>Total</u> <u>Annual</u> <u>Debt Service</u> <u>Obligation</u>
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u>	<u>Interest</u> <u>Rates</u>	<u>Amount</u>			
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	--	-0-	--	-0-	3.20%	90,000	90,000	2,880	92,880
		<u>\$3,000,000</u>		<u>\$1,095,000</u>		<u>\$ 935,000</u>	<u>\$ 5,030,000</u>	<u>\$ 600,079</u>	<u>\$ 5,630,079</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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
RECEIPTS:				
Property Taxes.....	\$ 2,512,843	\$ 2,362,694	\$ 2,349,394	\$ 2,427,114
Tax Increment Financing Collections..	119,469	117,805	112,586	47,574
Use of Money and Property.....	109,282	59,446	97,764	173,435
Charges for Services.....	1,025,365	1,005,492	1,021,626	981,888
Refunds and Reimbursements	-0-	10,372	21,928	-0-
Miscellaneous	751	1,102	7,164	733
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 3,767,710</u>	<u>\$ 3,556,911</u>	<u>\$ 3,610,462</u>	<u>\$ 3,630,744</u>
DISBURSEMENTS:				
Operations	\$ 1,259,814	\$ 1,103,910	\$ 1,054,002	\$ 1,042,223
Debt Service	2,023,077	2,338,149	1,980,030	2,091,904
Capital Outlay.....	1,658,221	269,939	959,443	4,013,509
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 4,941,112</u>	<u>\$ 3,711,998</u>	<u>\$ 3,993,475</u>	<u>\$ 7,147,636</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, 2005

	<u>Identifying</u> <u>Number</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>July 1, 2004</u>	<u>Purchased</u> <u>During</u> <u>Period</u>	<u>Redeemed</u> <u>During</u> <u>Period</u>	<u>Balance</u> <u>June 30, 2005</u>	<u>Interest</u> <u>Received</u>	<u>Maturity</u> <u>Date</u>
Debt Service Fund:								
Certificate of Deposit	1802053	1.70%	\$ 150,000	\$ -0-	\$ 150,000	\$ -0-	\$ 1,614	November 24, 2004
Certificate of Deposit	1802071	1.91%	275,000	-0-	275,000	-0-	2,259	November 29, 2004
Certificate of Deposit	18331	2.37%	-0-	930,000	930,000	-0-	13,285	May 27, 2005
Certificate of Deposit	1881356	2.77%	-0-	150,000	150,000	-0-	2,079	May 27, 2005
Certificate of Deposit	1881357	2.77%	-0-	275,000	275,000	-0-	3,709	May 27, 2005
Certificate of Deposit	6000257	3.04%	-0-	700,000	700,000	-0-	2,129	May 27, 2005
			<u>\$ 425,000</u>	<u>\$ 2,055,000</u>	<u>\$ 2,480,000</u>	<u>\$ -0-</u>	<u>\$ 25,075</u>	
Proprietary Fund - Operating:								
Certificate of Deposit	1802052	1.60%	\$ 150,000	\$ -0-	\$ 150,000	\$ -0-	\$ 1,197	October 6, 2004
Certificate of Deposit	1802069	2.02%	200,000	-0-	200,000	-0-	1,893	December 13, 2004
Certificate of Deposit	18171	1.28%	200,000	-0-	200,000	-0-	589	August 10, 2004
Certificate of Deposit	18289	2.25%	-0-	400,000	400,000	-0-	4,216	March 7, 2005
Certificate of Deposit	18330	2.24%	-0-	125,000	125,000	-0-	851	February 7, 2005
Certificate of Deposit	11157	2.5%	-0-	125,000	125,000	-0-	2,175	June 30, 2005
Certificate of Deposit	11212	3.17%	-0-	125,000	125,000	-0-	1,552	April 30, 2005
Certificate of Deposit	18452	2.82%	-0-	125,000	125,000	-0-	531	April 12, 2005
Certificate of Deposit	18453	2.92%	-0-	125,000	125,000	-0-	830	May 10, 2005
Certificate of Deposit	18467	3.11%	-0-	125,000	125,000	-0-	1,022	June 14, 2005
Certificate of Deposit	18468	3.19%	-0-	125,000	-0-	125,000	-0-	
Certificate of Deposit	18469	3.28%	-0-	125,000	-0-	125,000	-0-	
Certificate of Deposit	1802225	3.38%	-0-	200,000	-0-	200,000	-0-	
Certificate of Deposit	502325	3.42%	-0-	125,000	-0-	125,000	-0-	
			<u>\$ 550,000</u>	<u>\$ 1,725,000</u>	<u>\$ 1,700,000</u>	<u>\$ 575,000</u>	<u>\$ 14,856</u>	
Proprietary Fund - Contingency:								
Certificate of Deposit	1802070	2.52%	\$ 100,000	\$ -0-	\$ 100,000	\$ -0-	\$ 1,267	June 27, 2005
Certificate of Deposit	1802248	3.92%	-0-	100,000	-0-	100,000	1,291	June 27, 2006
			<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 2,558</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, 2005

	<u>Identifying Number</u>	<u>Interest Rate</u>	<u>Balance July 1, 2004</u>	<u>Purchased During Period</u>	<u>Redeemed During Period</u>	<u>Balance June 30, 2005</u>	<u>Interest Received</u>	<u>Maturity Date</u>
Capital Projects Fund:								
Certificate of Deposit	18165	1.76%	\$ 350,000	\$ -0-	\$ 350,000	\$ -0-	\$ 3,865	December 14, 2004
Certificate of Deposit	18164	1.69%	450,000	-0-	450,000	-0-	4,021	November 8, 2004
Certificate of Deposit	18163	1.69%	450,000	-0-	450,000	-0-	4,021	November 8, 2004
Certificate of Deposit	18162	1.62%	450,000	-0-	450,000	-0-	3,315	October 12, 2004
Certificate of Deposit	1063421	2.42%	250,000	-0-	250,000	-0-	6,050	June 30, 2005
Certificate of Deposit	180198	1.80%	500,000	-0-	500,000	-0-	7,422	August 10, 2004
Certificate of Deposit	1068261	2.10%	-0-	500,000	500,000	-0-	5,236	February 8, 2005
Certificate of Deposit	209083	2.35%	-0-	450,000	450,000	-0-	5,273	April 12, 2005
Certificate of Deposit	18369	2.58%	-0-	450,000	450,000	-0-	5,789	May 9, 2005
Certificate of Deposit	18370	2.58%	-0-	450,000	450,000	-0-	5,789	May 9, 2005
Certificate of Deposit	18403	2.85%	-0-	350,000	-0-	350,000	-0-	
Certificate of Deposit	18022	3.22%	-0-	500,000	-0-	500,000	-0-	
Savings	1077279	3.20%	-0-	450,000	-0-	450,000	-0-	
			<u>\$ 2,450,000</u>	<u>\$ 3,150,000</u>	<u>\$ 4,300,000</u>	<u>\$ 1,300,000</u>	<u>\$ 50,781</u>	

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF VEHICLES
JUNE 30, 2005

<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 #6	Chevrolet	92529	\$ 13,424
2000	Pickup #2	Ford	92528	13,005
2001	Pickup #3	Ford	94409	11,989
2002	Pickup #5	Chevrolet	93579	21,332
2002	Pickup #7	Chevrolet	94401	17,427
2004	Truck	International	92534	37,700
2003	Pickup #4	Chevrolet	93969	11,149
2004	Trail Blazer #1	Chevrolet	94837	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	93353	8,779
1994	Jet Machine	Hydroklean	93858	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, 2005

COMPOSITION OF FUNDS:	<u>PROPRIETARY FUND</u>				<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Operating</u>	<u>Contingency</u>	<u>Debt</u> <u>Service</u>	<u>Capital</u> <u>Projects</u>	
Depository:					
First Bank & Trust:					
General	\$ 27,726	\$ -0-	\$ -0-	\$ -0-	\$ 27,726
United Community Bank:					
G.O. Bonds DDA	\$ -0-	\$ -0-	\$ 471,998	\$ -0-	\$ 471,998
New Construction - Hi-Fi	-0-	-0-	-0-	694,469	694,469
Certificates of Deposit	200,000	100,000	-0-	500,000	800,000
TOTAL	<u>\$ 200,000</u>	<u>\$ 100,000</u>	<u>\$ 471,998</u>	<u>\$ 1,194,469</u>	<u>\$ 1,966,467</u>
Liberty Bank:					
Sewer Rental - Hi-Fi	\$ 142,476	\$ -0-	\$ -0-	\$ -0-	\$ 142,476
New Construction - HiFi.....	-0-	-0-	-0-	546,841	546,841
Certificates of Deposit	250,000	-0-	-0-	350,000	600,000
TOTAL	<u>\$ 392,476</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 896,841</u>	<u>\$ 1,289,317</u>
Northwest Federal:					
Certificates of Deposit	\$ -0-	\$ -0-	\$ -0-	\$ 450,000	\$ 450,000
Bank Midwest:					
Certificates of Deposit	\$ 125,000	\$ -0-	\$ -0-	\$ -0-	\$ 125,000
Cash on Hand	\$ 75	\$ -0-	\$ -0-	\$ -0-	\$ 75
TOTAL ALL FUNDS	<u>\$ 745,277</u>	<u>\$ 100,000</u>	<u>\$ 471,998</u>	<u>\$ 2,541,310</u>	<u>\$ 3,858,585</u>

DAVID A. MASKE

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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

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, 2005, and have issued my report thereon dated July 20, 2005. 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, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

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 05-I-A is a material weakness. Prior year reportable conditions have been resolved except for item 6-I-A.

COMPLIANCE AND OTHER MATTERS

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, 2005 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.

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 20, 2005

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005

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

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

05-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:

05-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, 2005.

05-II-B Certified Budget - Disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.

05-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.

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

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

05-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.

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

05-II-H Revenue Bonds - The District has no revenue bonds outstanding at June 30, 2005.

05-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.