

**IOWA GREAT LAKES SANITARY DISTRICT
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2009**

IOWA GREAT LAKES SANITARY DISTRICT

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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 2013
Jim Rohlfen	Vice President	January 2015
Jerry Roskammer	Clerk/Treasurer	January 2011
Brian Craig	Deputy Clerk	January 2011
Kae Hoppe	Trustee	January 2013

WINTHER, STAVE & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Great Lakes Sanitary District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our 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. Those standards require that we 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. We believe our audit provides a reasonable basis for our 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 U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the governmental activities and each major fund of Iowa Great Lakes Sanitary District as of June 30, 2009 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*, we have also issued our report dated August 28, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Budgetary comparison information on pages 13 and 14 is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The District has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insight on that information that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The financial statements for the year ended June 30, 2006 (which are not presented herein) were previously audited, in accordance with the standards referred to in the second paragraph of this report, by other auditors who expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 3 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Winther, Steve H.C. LHP". The signature is written in black ink and is positioned in the lower right quadrant of the page.

August 28, 2009

IOWA GREAT LAKES SANITARY DISTRICT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

Exhibit A

		Program Receipts		
	Disbursements	Charges for Service	Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public works	\$ 1,642,122	\$1,352,974		\$ (289,148)
Debt service	3,141,627			(3,141,627)
Capital projects	7,570,850	5,050	\$141,208	(7,424,592)
TOTAL	\$12,354,599	\$1,358,024	\$141,208	(10,855,367)
GENERAL RECEIPTS:				
Property tax levied for:				
General purposes				731,278
Tax increment financing				84,845
Debt service				3,138,821
Unrestricted interest on investments				43,208
Bond proceeds				4,000,000
Miscellaneous				36,383
Total general receipts				8,034,535
Change in cash basis net assets				(2,820,832)
Cash basis net assets beginning of year				8,777,532
Cash basis net assets end of year				\$ 5,956,700
CASH BASIS NET ASSETS:				
Restricted:				
Debt service				\$ 213,196
Capital projects				4,706,939
Unrestricted				1,036,565
TOTAL CASH BASIS NET ASSETS				\$5,956,700

IOWA GREAT LAKES SANITARY DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Debt Service</u>
RECEIPTS:		
Property tax	\$ 731,278	\$3,138,821
Tax increment financing		
Charges for service	1,352,974	
Use of money and property	12,433	30,775
Miscellaneous	36,383	
TOTAL RECEIPTS	<u>2,133,068</u>	<u>3,169,596</u>
DISBURSEMENTS:		
Operations	1,642,122	
Debt service		3,141,627
Capital outlay	16,784	
TOTAL DISBURSEMENTS	<u>1,658,906</u>	<u>3,141,627</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>474,162</u>	<u>27,969</u>
OTHER FINANCING SOURCES (USES):		
Bond proceeds		
Operating transfers in		2,757
Operating transfers out		
TOTAL OTHER FINANCING SOURCES		<u>2,757</u>
NET CHANGE IN CASH BALANCES	474,162	30,726
CASH BALANCES BEGINNING OF YEAR	<u>562,403</u>	<u>182,470</u>
CASH BALANCES END OF YEAR	<u>\$1,036,565</u>	<u>\$ 213,196</u>
CASH BASIS FUND BALANCES:		
Reserved for debt service		\$ 213,196
Unreserved, undesignated:		
General fund	\$ 936,565	
Capital projects fund		
Unreserved, designated for contingency	<u>100,000</u>	
TOTAL CASH BASIS FUND BALANCES	<u>\$1,036,565</u>	<u>\$ 213,196</u>

Exhibit B

<u>Capital Projects</u>	<u>Total</u>
	\$ 3,870,099
\$ 84,845	84,845
5,050	1,358,024
141,208	184,416
	<u>36,383</u>
<u>231,103</u>	<u>5,533,767</u>
	1,642,122
	3,141,627
<u>7,554,066</u>	<u>7,570,850</u>
<u>7,554,066</u>	<u>12,354,599</u>
<u>(7,322,963)</u>	<u>(6,820,832)</u>
4,000,000	4,000,000
	2,757
<u>(2,757)</u>	<u>(2,757)</u>
<u>3,997,243</u>	<u>4,000,000</u>
(3,325,720)	(2,820,832)
<u>8,032,659</u>	<u>8,777,532</u>
<u>\$4,706,939</u>	<u>\$ 5,956,700</u>
	\$ 213,196
	936,565
\$4,706,939	4,706,939
	<u>100,000</u>
<u>\$4,706,939</u>	<u>\$ 5,956,700</u>

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 constructing and maintaining the interceptor sewer line and lift stations and providing for the treatment of wastewater for the Iowa Great Lakes area.

The governing body of the District consists of five trustees elected on a non-partisan basis.

Reporting Entity

For financial reporting purposes, the District has included all funds, organizations, 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. The District has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from this statement. The Statement of Activities and Net Assets presents the District's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

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

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 paid from the General Fund.

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 the financial position and results of operations of the District in accordance with U.S. generally accepted accounting principles.

Budget and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplemental information.

2. **CASH AND INVESTMENTS**

The District's deposits at June 30, 2009 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 Board of Trustees.

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

IOWA GREAT LAKES SANITARY DISTRICT
 NOTES TO FINANCIAL STATEMENTS - Continued
 JUNE 30, 2009

3. BONDS PAYABLE

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

YEAR ENDING JUNE 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,600,000	\$ 734,975	\$ 3,334,975
2011	2,800,000	610,698	3,410,698
2012	2,300,000	518,210	2,818,210
2013	2,305,000	440,333	2,745,333
2014	2,215,000	363,010	2,578,010
2015 – 2019	7,945,000	716,820	8,661,820
2020	<u>200,000</u>	<u>7,000</u>	<u>207,000</u>
TOTAL	<u>\$20,365,000</u>	<u>\$3,391,046</u>	<u>\$23,756,046</u>

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

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 4.10% of their annual covered salary and the District is required to contribute 6.35% of covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$40,157, \$36,388, and \$31,443 respectively, equal to the required contributions for each year.

5. COMPENSATED ABSENCES

District employees accumulate a limited amount of earned but unused vacation and sick leave 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.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

5. COMPENSATED ABSENCES - Continued

The District's approximate liability for earned vacation and sick leave payable to employees at June 30, 2009 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$21,672
Sick Leave	<u>39,989</u>
Total	<u>\$61,661</u>

This liability has been computed based on rates of pay in effect at June 30, 2009.

6. INTERFUND TRANSFERS

During the year ended June 30, 2009 there was one interfund transfer to the debt service fund from the capital projects fund totaling \$2,757.

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

7. RISK MANAGEMENT

The District is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

7. RISK MANAGEMENT - Continued

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The District's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The District's contributions to the Pool for the year ended June 30, 2009 were \$56,817.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The District also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2009

8. PURCHASE AGREEMENT

The District has entered into an agreement to purchase approximately 173 acres of land for a total cost of \$1,730,200. As of June 30, 2009, principal of \$1,153,467 has been paid on this contract. The remaining balance of \$576,733 plus interest at the rate of 4.5% will be paid in April 2010.

9. CONSTRUCTION CONTRACTS

The District has entered into construction contracts totaling \$16,371,023. As of June 30, 2009, costs of \$13,242,693 have been incurred on the projects. The remaining \$3,128,330 will be paid as work on the projects progresses. The District intends to pay for these projects from the proceeds of general obligation bonds.

REQUIRED SUPPLEMENTARY INFORMATION

IOWA GREAT LAKES SANITARY DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL (CASH BASIS) - GENERAL AND DEBT SERVICE FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2009

	<u>Actual</u>	<u>Budgeted Amounts</u>		Final to Total Variance
		<u>Original</u>	<u>Final</u>	
RECEIPTS:				
Property tax	\$3,870,099	\$3,898,195	\$3,898,195	\$ (28,096)
Use of money and property	43,208	80,000	80,000	(36,792)
Charges for services and miscellaneous ..	<u>1,389,357</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>39,357</u>
TOTAL RECEIPTS.....	<u>5,302,664</u>	<u>5,328,195</u>	<u>5,328,195</u>	<u>(25,531)</u>
DISBURSEMENTS:				
General	1,658,906	2,058,000	2,058,000	399,094
Debt service	<u>3,141,627</u>	<u>3,185,195</u>	<u>3,200,195</u>	<u>58,568</u>
TOTAL DISBURSEMENTS.....	<u>4,800,533</u>	<u>5,243,195</u>	<u>5,258,195</u>	<u>457,662</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS.....	502,131	85,000	70,000	<u>\$432,131</u>
OTHER FINANCING SOURCES, NET	<u>2,757</u>	<u> </u>	<u>15,000</u>	
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	504,888	85,000	85,000	
BALANCES BEGINNING OF YEAR	<u>744,873</u>	<u>571,579</u>	<u>571,579</u>	
BALANCES END OF YEAR	<u>\$1,249,761</u>	<u>\$ 656,579</u>	<u>\$ 656,579</u>	

See Accompanying Independent Auditors' Report

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Reserve Fund.

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

Formal and legal budgetary control is based upon the class of disbursements known as functions, not by fund. 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 budgeted disbursements by \$15,000. The budget amendment is reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

IOWA GREAT LAKES SANITARY DISTRICT
 SCHEDULE OF INDEBTEDNESS
 YEAR ENDED JUNE 30, 2009

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Construction & Refunding	April 1, 2004	1.50% - 3.20%	\$1,700,000
Construction	December 1, 2005	3.25% - 3.75%	5,000,000
Construction	November 1, 2006	3.60% - 3.85%	4,000,000
Construction	June 1, 2007	3.75% - 5.50%	5,000,000
Construction & Refunding	May 1, 2008	3.25% - 3.70%	6,500,000
Construction	February 1, 2009	2.25% - 3.50%	4,000,000

Balance 07/01/08	Issued During Year	Redeemed During Year	Balance 06/30/09	Interest Paid
\$ 430,000		\$ (85,000)	\$ 345,000	\$ 11,805
4,260,000		(530,000)	3,730,000	152,330
2,925,000		(325,000)	2,600,000	107,900
4,670,000		(530,000)	4,140,000	186,493
6,500,000		(950,000)	5,550,000	235,869
_____	<u>\$4,000,000</u>	_____	<u>4,000,000</u>	_____
<u>\$18,785,000</u>	<u>\$4,000,000</u>	<u>\$(2,420,000)</u>	<u>\$20,365,000</u>	<u>\$694,397</u>

IOWA GREAT LAKES SANITARY DISTRICT
GENERAL OBLIGATION BOND MATURITIES
JUNE 30, 2009

Year Ending June 30,	<u>Construction & Refunding</u> <u>Issued April 1, 2004</u>		<u>Construction</u> <u>Issued December 1, 2005</u>		<u>Construction</u> <u>Issued November 1, 2006</u>	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	2.50%	\$ 85,000	3.45%	\$ 530,000	3.60%	\$ 325,000
2011	2.75%	85,000	3.50%	530,000	3.60%	325,000
2012	3.00%	85,000	3.55%	530,000	3.65%	325,000
2013	3.20%	90,000	3.60%	530,000	3.65%	325,000
2014			3.65%	530,000	3.70%	325,000
2015			3.70%	530,000	3.75%	325,000
2016			3.75%	550,000	3.80%	325,000
2017					3.85%	325,000
2018						
2019						
2020						
Total		<u>\$345,000</u>		<u>\$3,730,000</u>		<u>\$2,600,000</u>

See Accompanying Independent Auditors' Report

<u>Construction</u> <u>Issued June 1, 2007</u>		<u>Construction & Refunding</u> <u>Issued May 1, 2008</u>		<u>Construction</u> <u>Issued February 1, 2009</u>		<u>Total</u>
<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Interest Rates</u>	<u>Amount</u>	
4.000%	\$ 460,000	3.25%	\$1,000,000	2.25%	\$ 200,000	\$ 2,600,000
4.000%	460,000	3.25%	1,000,000	2.25%	400,000	2,800,000
4.000%	460,000	3.25%	500,000	2.50%	400,000	2,300,000
3.750%	460,000	3.25%	500,000	2.50%	400,000	2,305,000
3.750%	460,000	3.30%	500,000	2.75%	400,000	2,215,000
3.800%	460,000	3.40%	500,000	2.75%	400,000	2,215,000
3.850%	460,000	3.50%	500,000	2.75%	400,000	2,235,000
3.875%	460,000	3.60%	500,000	3.00%	400,000	1,685,000
3.900%	460,000	3.70%	550,000	3.00%	400,000	1,410,000
				3.20%	400,000	400,000
				3.50%	200,000	200,000
	<u>\$4,140,000</u>		<u>\$5,550,000</u>		<u>\$4,000,000</u>	<u>\$20,365,000</u>

IOWA GREAT LAKES SANITARY DISTRICT
 SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
 FOR THE LAST FOUR YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
RECEIPTS:				
Property tax	\$3,870,099	\$ 3,197,804	\$3,125,830	\$2,591,875
Tax increment financing	84,845	146,033	188,082	80,386
Use of money and property	184,416	570,621	456,003	182,014
Charges for services	1,358,024	1,056,887	1,032,239	1,083,264
Miscellaneous	<u>36,383</u>	<u>2,494</u>	<u>13,185</u>	<u>547</u>
 Total	 <u>\$5,533,767</u>	 <u>\$ 4,973,839</u>	 <u>\$4,815,339</u>	 <u>\$3,938,086</u>
 DISBURSEMENTS:				
Operations	\$ 1,642,122	\$ 1,600,327	\$1,515,031	\$1,462,598
Debt service	3,141,627	4,189,329	2,856,794	2,125,236
Capital outlay	<u>7,570,850</u>	<u>9,604,070</u>	<u>4,988,557</u>	<u>1,941,275</u>
 Total	 <u>\$12,354,599</u>	 <u>\$15,393,726</u>	 <u>\$9,360,382</u>	 <u>\$5,529,109</u>

See Accompanying Independent Auditors' Report

WINTHER, STAVE & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' 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, IA 51351

We have audited the accompanying financial statements of the governmental activities and each major fund of Iowa Great Lakes Sanitary District, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated August 28, 2009. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our 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 our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Great Lakes Sanitary District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Iowa Great Lakes Sanitary District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider

the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of Iowa Great Lakes Sanitary District are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Iowa Great Lakes Sanitary District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's response, we did not audit Iowa Great Lakes Sanitary District's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of District officials, the 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.

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



August 28, 2009

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements

Significant Deficiency:

I-A-09 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the bookkeeping and accounting functions are the primary responsibility of one person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult; further we recognize the active participation by management in the review of the financial transactions and data. We 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.

Instances of Noncompliance:

No matters were noted.