IOWA GREAT LAKES SANITARY DISTRICT
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2015

IOWA GREAT LAKES SANITARY DISTRICT

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IOWA GREAT LAKES SANITARY DISTRICT

OFFICIALS

Name	Title	Term Expires
Robert H. Boettcher	President	January 2019
Jim Rohlfsen	Vice President	January 2021
Kae Hoppe	Clerk/Treasurer	January 2019
John Senn	Deputy Clerk/Treasurer	January 2017
Alan Bailey	Trustee	January 2017
Steve Anderson	District Superintendent	Indefinite

WINTHER STAVE & CO | LLP
Certified Public Accountants

1316 West 18th Street
P.O. Box 175
Spencer, Iowa 51301-0175
Phone 712-262-3117
FAX 712-262-3159

www.winther-stave.com

1004 21st Street #4
P.O. Box 187
Milford, Iowa 51351-0187
Phone 712-338-2488
FAX 712-338-2510

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Iowa Great Lakes Sanitary District:

Report on the Financial Statements
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, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Member Private Companies Practice Section,
American Institute of Certified Public Accountants

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of Iowa Great Lakes Sanitary District as of June 30, 2015, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting
As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of a Matter
As disclosed in Note 4 to the financial statements, the District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinions are not modified with respect to this matter.

Other Matters
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Iowa Great Lake Sanitary District's basic financial statements. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, budgetary comparison information, the Schedule of the District's Proportionate Share of Net Pension Liability and the Schedule of the District's Contributions on pages 18 through 24, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015 on our consideration of the Iowa Great Lakes Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Winther, Stave & Co., LLP

September 14, 2015
Milford, Iowa

IOWA GREAT LAKES SANITARY DISTRICT
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

Exhibit A

FUNCTIONS/PROGRAMS:	Disbursements	Program Receipts: Charges for Service	Program Receipts: Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position
Governmental activities:				
Public works	$1,980,162	$1,366,594		$ (613,568)
Debt service	3,968,736			(3,968,736)
Capital projects	590,997		$196,853	(394,144)
TOTAL	$6,539,895	$1,366,594	$196,853	(4,976,448)
GENERAL RECEIPTS:				
Property tax levied for:				
General purposes				963,156
Debt service				3,930,395
Unrestricted interest on investments				18,504
Bond proceeds				6,800,000
Miscellaneous				36,550
Total general receipts				11,748,605
Change in cash basis net position				6,772,157
Cash basis net position beginning of year				3,508,855
Cash basis net position end of year				$10,281,012
CASH BASIS NET POSITION:				
Restricted, expendable:				
Debt service				$ 359,749
Capital projects				7,909,235
Unrestricted				2,012,028
TOTAL CASH BASIS NET POSITION				$10,281,012

See Notes to Financial Statements

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, 2015

	General	Debt Service
RECEIPTS:		
Property tax	$ 963,156	$3,930,395
Charges for service	1,366,594	
Use of money and property	4,850	13,654
Miscellaneous	36,550	
TOTAL RECEIPTS	2,371,150	3,944,049
DISBURSEMENTS:		
Operations	1,980,162	
Debt service		3,923,544
Capital projects	80,951	
TOTAL DISBURSEMENTS	2,061,113	3,923,544
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	310,037	20,505
OTHER FINANCING SOURCES (USES):		
Bond proceeds		
Premium on general obligation notes issued		
Transfers in		6,993,800
Transfers out		
TOTAL OTHER FINANCING SOURCES (USES)		6,993,800
CHANGE IN CASH BALANCES	310,037	7,014,305
CASH BALANCES BEGINNING OF YEAR	1,701,991	339,244
CASH BALANCES END OF YEAR	$2,012,028	$7,353,549
CASH BASIS FUND BALANCES:		
Restricted for debt service		$ 359,749
Restricted for capital projects		6,993,800
Assigned for contingency	$ 100,000	
Unassigned	1,912,028	
TOTAL CASH BASIS FUND BALANCES	$2,012,028	$7,353,549

See Notes to Financial Statements

Exhibit B

Capital Projects	Total
	$ 4,893,551
	1,366,594
$ 3,053	21,557
	36,550
3,053	6,318,252
	1,980,162
45,192	3,968,736
510,046	590,997
555,238	6,539,895
(552,185)	(221,643)
6,800,000	6,800,000
193,800	193,800
	6,993,800
(6,993,800)	(6,993,800)
	6,993,800
(552,185)	6,772,157
1,467,620	3,508,855
$ 915,435	$10,281,012
	$ 359,749
$ 915,435	7,909,235
	100,000
	1,912,028
$ 915,435	$10,281,012

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Iowa Great Lakes Sanitary District is 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.

A. 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.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position 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 Cash Basis Statement of Activities and Net Position presents the District's nonfiduciary net position. Net position is reported in two categories:

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation, if applicable.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 property tax and other receipts to be used 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 capital assets, with the exception of those paid from the General Fund.

C. Measurement Focus and 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 District in accordance with accounting principles generally accepted in the United States of America.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Board intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Budget and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the debt service function.

F. Use of Estimates

The preparation of financial statements in conformity with an other comprehensive basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Management's Review

Management of the District has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS

The District's deposits at June 30, 2015 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.

3. BONDS AND NOTES PAYABLE

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

YEAR ENDING JUNE 30,	Principal	Interest	Total
2016	$ 3,573,578	$ 419,960	$ 3,993,538
2017	3,090,000	296,822	3,386,822
2018	2,375,000	242,350	2,617,350
2019	1,875,000	196,250	2,071,250
2020	1,675,000	151,850	1,826,850
2021 – 2025	4,675,000	300,200	4,975,200
TOTAL	$17,263,578	$1,607,432	$18,871,010

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

4. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first

4. PENSION PLAN - Continued

month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

4. PENSION PLAN - Continued

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were $68,019.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the District's liability for its proportionate share of the collective net pension liability totaled $475,353. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the collective net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.011986 percent, which was an increase of 0.0007077 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015 the District collective pension expense, collective deferred outflows and collective deferred inflows totaled $35,579, $26,144 and $181,286 respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, averge, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 1014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term

4. PENSION PLAN - Continued

expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	$898,166	$475,353	$118,455

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

5. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The District operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees. There are 12 active and no retired members in the plan. Retired participants must be age 55 or older at retirement. Benefits terminate upon attaining Medicare eligibility.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees. The cost of retiree coverage is offset by the retiree contributions.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the District and plan members are $642 for single coverage and $1,604 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2015, the District made no contributions to the retiree benefit plan.

6. 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 disbursements by the District until used or paid. The District's approximate liability for earned vacation and sick leave payable to employees at June 30, 2015 is as follows:

Type of Benefit	Amount
Vacation	$34,876
Sick Leave	43,458
Total	$78,334

This liability has been computed based on rates of pay in effect at June 30, 2015.

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 727 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

7. RISK MANAGEMENT - Continued

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 casualty 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 estimated for the fiscal 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 at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal 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, 2015 were $69,979.

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 through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the District's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the District's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the District's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

7. RISK MANAGEMENT - Continued

The District does not disclose a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been disclosed in the District's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance 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. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

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.

8. INTERFUND TRANSFERS

During the year ended June 30, 2015 there were two interfund transfers to the debt service fund from the capital projects fund totaling $6,993,800. The District will transfer these funds back to the capital projects fund during the year ending June 30, 2016.

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

9. CONSTRUCTION CONTRACT

The District has entered into a construction contract totaling $2,866,562. As of June 30, 2015, no costs have been incurred on the project. The balance will be paid as work on the project progresses. The district intends to pay for this project from the proceeds of general obligation capital loan notes issued in December 2014.

10. LITIGATION

The District is party to routine legal proceedings and litigation arising in the normal course of governmental operations. These legal proceedings are not expected to have a material adverse impact on the District's financial condition.

OTHER 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
OTHER INFORMATION (UNAUDITED)
YEAR ENDED JUNE 30, 2015

	Actual	Original/ Final Budget	Final to Actual Variance
RECEIPTS:			
Property tax	$4,893,551	$4,836,639	$ 56,912
Use of money and property	18,504	8,000	10,504
Charges for services	1,366,594	1,400,000	(33,406)
Miscellaneous	36,550	38,000	(1,450)
TOTAL RECEIPTS	6,315,199	6,282,639	32,560
DISBURSEMENTS:			
General	2,061,113	2,301,811	240,698
Debt service	3,923,544	3,923,295	(249)
TOTAL DISBURSEMENTS	5,984,657	6,225,106	240,449
EXCESS OF RECEIPTS OVER DISBURSEMENTS	330,542	57,533	$273,009
OTHER FINANCING SOURCES (USES), NET	6,993,800		
EXCESS OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	7,324,342	57,533	
BALANCES BEGINNING OF YEAR	2,041,235	1,745,347	
BALANCES END OF YEAR	$9,365,577	$1,802,880	

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING (UNAUDITED)
JUNE 30, 2015

The budgetary comparison is presented 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 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 ended June 30, 2015, disbursements exceeded the amounts budgeted in the debt service function.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
(IN THOUSANDS)
OTHER INFORMATION (UNAUDITED)

	2015
District's proportion of the net pension liability	0.011986%
District's proportionate share of the net pension liability	$475
District's covered-employee payroll	$758
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.66%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
OTHER INFORMATION (UNAUDITED)

	2015	2014	2013	2012
Statutorily required contribution	$68	$68	$64	$58
Contributions in relation to the statutorily required contribution	(68)	(68)	(64)	(58)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$762	$758	$737	$719
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

2011	2010	2009	2008	2007	2006
$50	$46	$40	$36	$31	$26
(50)	(46)	(40)	(36)	(31)	(26)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$722	$697	$624	$588	$537	$445
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

IOWA GREAT LAKES SANITARY DISTRICT
NOTES TO OTHER INFORMATION - PENSION LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF GENERAL OBLIGATION BOND/NOTE INDEBTEDNESS
YEAR ENDED JUNE 30, 2015

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Construction	February 1, 2009	2.25% - 3.50%	$4,000,000
Capital Loan Note	May 1, 2011	1.40% - 3.00%	8,845,000
Refunding	April 4, 2012	2.00%	4,265,000
Construction & Refunding	April 17, 2013	0.30% - 1.65%	4,465,000
Capital Loan Note	January 28, 2014	1.50%	1,000,000
Capital Loan Note	December 29, 2014	1.50% - 2.50%	6,800,000
Total			

Schedule 1

Balance 07/01/14	Issued During Year	Redeemed During Year	Balance 06/30/15	Interest Paid
$ 2,200,000		$ (400,000)	$ 1,800,000	$ 65,800
5,235,000		(1,110,000)	4,125,000	116,550
2,335,000		(790,000)	1,545,000	46,700
3,340,000		(675,000)	2,665,000	25,197
1,000,000		(671,422)	328,578	20,125
	$6,800,000		6,800,000	
$14,110,000	$6,800,000	$(3,646,422)	$17,263,578	$274,372

IOWA GREAT LAKES SANITARY DISTRICT
GENERAL OBLIGATION BOND/NOTE MATURITIES
JUNE 30, 2015

Year Ending June 30,	Construction Issued February 1, 2009 Interest Rates	Construction Issued February 1, 2009 Amount	Capital Loan Note Issued May 1, 2011 Interest Rates	Capital Loan Note Issued May 1, 2011 Amount	Refunding Issued April 4, 2012 Interest Rates	Refunding Issued April 4, 2012 Amount
2016	2.75%	$ 400,000	2.00%	$1,125,000	2.00%	$ 795,000
2017	3.00%	400,000	2.10%	600,000	2.00%	750,000
2018	3.00%	400,000	2.40%	600,000		
2019	3.20%	400,000	2.60%	600,000		
2020	3.50%	200,000	2.80%	600,000		
2021			3.00%	600,000		
2022						
2023						
2024						
2025						
Total		$1,800,000		$4,125,000		$1,545,000

Year Ended June 30,	Total
2016	$ 3,573,578
2017	3,090,000
2018	2,375,000
2019	1,875,000
2020	1,675,000
2021	1,475,000
2022	875,000
2023	875,000
2024	725,000
2025	725,000
Total	$17,263,578

Construction & Refunding Issued April 17, 2013		Capital Loan Note Issued January 28, 2014		Capital Loan Note Issued December 29, 2014	
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
0.50%	$ 650,000	1.50%	$328,578	1.50%	$ 275,000
0.65%	615,000			1.50%	725,000
0.80%	650,000			2.00%	725,000
1.00%	150,000			2.00%	725,000
1.20%	150,000			2.00%	725,000
1.35%	150,000			2.00%	725,000
1.50%	150,000			2.50%	725,000
1.65%	150,000			2.50%	725,000
				2.50%	725,000
				2.50%	725,000
	$2,665,000		$328,578		$6,800,000

WINTHER STAVE & CO | LLP
Certified Public Accountants

1316 West 18th Street
P.O. Box 175
Spencer, Iowa 51301-0175
Phone 712-262-3117
FAX 712-262-3159

www.winther-stave.com

1004 21st Street #4
P.O. Box 187
Milford, Iowa 51351-0187
Phone 712-338-2488
FAX 712-338-2510

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

To the Board of Trustees of
Iowa Great Lakes Sanitary District:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 14, 2015. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iowa Great Lakes Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

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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, 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 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.*

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our 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.

Iowa Great Lakes Sanitary District's Responses to Findings
Iowa Great Lakes Sanitary District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report
This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Winther, Staver & Co., LLP

September 14, 2015
Milford, Iowa

IOWA GREAT LAKES SANITARY DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Findings Related to the Financial Statements

Internal Control Deficiency:

I-A-15 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 Non-compliance:

No matters were noted.