OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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Des Moines, Iowa 50319-0004

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE June 20, 2008

Auditor of State David A. Vaudt today released an audit report on the Great River Regional Waste Authority for the year ended June 30, 2007.

The Authority had total receipts of $3,962,037 for the year ended June 30, 2007, a 4.9 percent decrease from the prior year. The receipts included solid waste gate fees of $1,854,844 and waste management member fees of $1,214,080.

Disbursements for the year totaled $3,203,887, a 32.6 percent decrease from the prior year. Disbursements included salaries and benefits of $766,685 and hauling and freight of $187,246. The significant decrease in disbursements is primarily due to the discontinuation of the compost division.

A copy of the audit report is available for review in the Great River Regional Waste Authority office, in the Office of Auditor of State and on the Auditor of State's web site at http://auditor.iowa.gov/reports/reports.htm.

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GREAT RIVER REGIONAL WASTE AUTHORITY

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENT AND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2007

Table of Contents

Great River Regional Waste Authority

Officials

Name	Title	Representing
Steve Ireland	Chairperson, (resigned 10-27-06)	City of Fort Madison
Bob Woodruff (Appointed)	Chairperson	Lee County
Susan Dunek	Member	City of Keokuk
Marc Lindeen	Member	Henry County
Brad Randolph	Member	City of Fort Madison
Gary Adam	Member	Van Buren County
Wade Hamm	Operations Manager	
Colleen Lumsden	Business Manager	

Great River Regional Waste Authority

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Independent Auditor's Report

To the Members of the Great River Regional Waste Authority:

We have audited the accompanying financial statement of the Great River Regional Waste Authority as of and for the year ended June 30, 2007. This financial statement is the responsibility of the Authority's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 provide a reasonable basis for our opinion.

As described in Note 1, this financial statement is 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 statement referred to above presents fairly, in all material respects, the cash basis financial position of the Great River Regional Waste Authority as of June 30, 2007, and the changes in its 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 June 4, 2008 on our consideration of the Great River Regional Waste Authority'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 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 and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 11 is not a required part of the financial statement, but is supplementary information required by the Governmental 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.

Our audit was conducted for the purpose of forming an opinion on the Great River Regional Waste Authority's financial statement. Other supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in our audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

DAVID A. VAUDT, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 4, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Great River Regional Waste Authority provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Great River Regional Waste Authority is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the Authority's financial statement, which follows.

2007 FINANCIAL HIGHLIGHTS

- ♦ Operating receipts decreased 9.2%, or approximately $282,000, from fiscal 2006 to fiscal 2007.
- ♦ Operating disbursements decreased 45%, or approximately $1,588,000, from fiscal 2006 to fiscal 2007.
- ♦ Cash basis net assets increased 22%, or approximately $758,000, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

The Authority has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Authority's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Authority's operating receipts and disbursements, non-operating receipts and disbursements and whether the Authority's financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.
- Other Supplementary Information provides information about the Authority's outstanding debt.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

The purpose of the statement is to present the receipts received by the Authority and the disbursements paid by the Authority, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Authority's cash basis financial position by analyzing the increase and decrease in cash basis net assets. Certain prior year amounts have been reclassified to conform to current year classifications.

Operating receipts are received for gate fees from accepting solid waste and assessments from the members of the Authority. Operating disbursements are disbursements paid to operate the landfill. Non-operating receipts and disbursements are for interest on investments, equipment purchases, capital projects and debt payments. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2007 and June 30, 2006 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2007	2006
Operating receipts:		
Solid waste gate fees	$ 1,854,844	1,825,550
Solid waste tax collections	188,527	189,123
Waste management member fees	319,830	340,836
Recycling fees	248,760	45,621
Landscape sales	-	519,982
Other	166,042	148,566
Total operating receipts	2,778,003	3,069,678
Operating disbursements:		
Salaries and benefits	766,685	1,023,331
Hauling and freight	187,246	497,966
Compost processing	-	480,568
Fuel and lubricants	128,689	198,563
Equipment repair	124,782	356,538
Legal, auditing and consulting	198,421	127,518
Insurance	-	87,418
Equipment	-	111,945
Building and grounds	21,279	160,366
Iowa Department of Natural Resources tonnage fee	223,655	189,123
Other	268,530	273,494
Total operating disbursements	1,919,287	3,506,830
Excess (deficiency) of operating receipts over (under) operating disbursements	858,716	(437,152)

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2007	2006
Non-operating receipts (disbursements):		
Interest on investments	65,167	153,284
Waste management fees to service debt	894,250	890,495
Sale of equipment	150,385	-
Other non-operating receipts	74,232	51,663
Gate fee refund per settlement agreement	(25,000)	-
Debt service:		
Solid waste disposal refunding bond	(894,550)	(890,795)
Iowa Department of Natural Resources SWAP loan	(62,238)	(41,492)
Equipment leases	(302,812)	(317,166)
Net non-operating receipts (disbursements)	(100,566)	(154,011)
Net change in cash basis net assets	758,150	(591,163)
Cash basis net assets beginning of year	3,446,400	4,037,563
Cash basis net assets end of year	$ 4,204,550	3,446,400
Cash Basis Net Assets		
Restricted for:		
Closure and postclosure care	$ 2,294,972	2,252,457
Solid waste tax	26,148	136,073
Solid waste tonnage fees	328,341	330,976
Total restricted net assets	2,649,461	2,719,506
Unrestricted	1,555,089	726,894
Total cash basis net assets	$ 4,204,550	3,446,400

In fiscal 2007, operating receipts decreased $281,675, or 9.2%, from fiscal 2006. The decrease was primarily a result of a decrease in landscape sales due to the discontinuance of the compost division. In fiscal 2007, operating disbursements decreased $1,587,543, or 45%, from fiscal 2006. The decrease in disbursements was primarily due to the discontinuance of the compost division which resulted in a decrease in disbursements in several areas, including salaries and benefits of $256,646, hauling and freight of $310,720, compost processing of $480,568 and fuel and lubricants of $69,874. The decrease in salaries and benefits was also due to a release of certain employees not related to the compost division and a decrease in overtime pay. Disbursements for equipment and repair decreased $231,756, or 65%, due to the discontinuance of the compost division. Disbursements for legal, auditing and consulting services increased $70,903 due to consultation services for the initial engineering and planning phase of a new cell expansion project.

A portion of the Authority's net assets, $2,294,972 (55%), is restricted for closure and postclosure care. State and federal laws and regulations require the Authority to place a final cover on the landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. A portion of net assets, $328,341 (8%), is restricted for planning and waste reduction programs. The remaining net assets, $1,555,089 (37%), are unrestricted net assets that can be used to meet the Authority's obligations as they come due. Unrestricted net assets increased $828,195, or 114%, during the year, primarily due to the discontinuance of the compost division.

LONG-TERM DEBT

At June 30, 2007, the Authority had $747,571 in debt outstanding, a decrease of $1,188,491 from 2006. The table below summarizes outstanding debt by type.

	June 30,	
	2007	2006
Solid waste disposal revenue bond	$ -	875,000
Solid waste alternative program (SWAP) loan	45,589	104,650
Capital lease purchase agreements	701,982	956,412
Total	$ 747,571	1,936,062

Additional information about the Authority's long-term debt is presented in Note 6 to the financial statement.

ECONOMIC FACTORS

Some of the projects and realities that will present challenges for the Authority in the coming year are:

- In June 2007, the Commission authorized Steger Construction to begin initial rough excavation of clay and silt pond cleanout for $373,000.

- In August 2007, the Authority approved contracting with Detect Wildlife Management Specialists for $18,439 to conduct a study of bird migration around the landfill, particularly as it relates to the Fort Madison Municipal Airport. This is necessary to comply with Federal Aviation Authority (FAA) requests prior to approval of the proposed landfill expansion project.

- In August 2007, the Authority approved contracting with Clean Air and Water Systems, Inc. for $171,980 to provide labor and liners for the landfill expansion project.

- In August 2007, the Authority approved contracting with Steger Construction for $202,705 for cell construction for the landfill expansion project.

- In August 2007, the Authority approved contracting with Steger Construction for an estimated $250,000 for the closure of approximately 9 acres of Phase 2, Region 1 of the currently active cell.

- In August 2007, the Authority approved an agreement with the FAA specifying the terms and conditions of the landfill expansion as it relates to the Fort Madison Municipal Airport.

- In August 2007, the Authority approved an agreement with the FAA and the City of Fort Madison for the re-location of a grass runway at the Fort Madison Municipal Airport at an estimated cost of $300,000 to comply with distance requirements between the landfill and the active airport area. This cost is to be covered by a portion of the bond proceeds from bonds to be issued by Lee County on behalf of the Authority, representing Lee County's 95% share of landfill operations and use.

- In August 2007, the Authority adopted a budget for fiscal 2008 which included a $1.00 per household Integrated Waste Services charge beginning in January 2008.

- In November 2007, the Authority approved discontinuing charging the waste management fee, effective January 1, 2008.

- In November 2007, the Authority received $3,786,258 of proceeds from Lee County general obligation bonds.

- In November 2007, the Authority authorized Steger Construction to continue rough excavation of up to 200,000 yards at $1.49 per cubic yard plus a temporary fuel surcharge of $.25 to $.30 per yard.

- In December 2007, the Authority approved the purchase of a new articulating dump truck at an estimated cost of $152,470 after the sale or trade of a track loader.

- In February 2008, the Authority authorized Steger Construction to continue rough excavation of clay for the expansion project at a cost of $1.75 per yard for an estimated 180,000 yards.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Authority's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Great River Regional Waste Authority, 2092 303rd Avenue, Fort Madison, Iowa, 52627-9751.

Great River Regional Waste Authority

Financial Statement

Great River Regional Waste Authority

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

Year ended June 30, 2007

Operating receipts:	
Solid waste gate fees	$ 1,854,844
Waste management member fees	319,830
Recycling fees	248,760
Sales tax collections	19,954
Solid waste tax collections	188,527
Planning and retention fees	79,234
Miscellaneous	66,854
Total operating receipts	2,778,003
Operating disbursements:	
Salaries and benefits	766,685
Hauling and freight	187,246
Fuel and lubricants	128,689
Equipment rental	32,775
Equipment repair and maintenance	124,782
Legal, auditing and consulting	198,421
Office equipment and supplies	44,643
Utilities	35,496
Building and grounds	21,279
Hazardous material disposal	36,139
Sales tax remitted	15,710
Iowa Department of Natural Resources tonnage fee	223,655
Miscellaneous	103,767
Total operating disbursements	1,919,287
Excess of receipts over disbursements	858,716

Great River Regional Waste Authority

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets

Year ended June 30, 2007

Non-operating receipts (disbursements):	
Interest on investments	65,167
Iowa Department of Vocational Rehabilitation Services grants	47,632
Waste management fees to service debt	894,250
Sale of equipment	150,385
Sale of land	26,600
Gate fee refund per settlement agreement	(25,000)
Debt service:	
Solid waste disposal refunding bonds:	
Principal	(875,000)
Interest	(19,250)
Other	(300)
Iowa Department of Natural Resources SWAP loan:	
Principal	(59,061)
Interest	(3,177)
Equipment leases:	
Principal	(254,430)
Interest	(48,382)
Net non-operating receipts (disbursements)	(100,566)
Net change in cash basis net assets	758,150
Cash basis net assets beginning of year	3,446,400
Cash basis net assets end of year	$ 4,204,550
Cash basis net assets	
Restricted for:	
Closure and postclosure care	$ 2,294,972
Solid waste tax	26,148
Solid waste tonnage fees	328,341
Total restricted net assets	2,649,461
Unrestricted	1,555,089
Total cash basis net assets	$ 4,204,550

See notes to financial statement.

(1) Summary of Significant Accounting Policies

The Great River Regional Waste Authority was formed in 1988 pursuant to the provisions of Chapter 28E of the Code of Iowa. The purpose of the Authority is to develop, operate and maintain solid waste disposal and resource recovery facilities in Lee and Henry Counties on behalf of the units of government which are members of the Authority.

The governing body of the Authority is composed of one representative from each member. The members of the Authority include Lee County, Henry County, Van Buren County and the cities of Fort Madison and Keokuk. Each member of the Authority has one vote.

A. Reporting Entity

For financial reporting purposes, the Great River Regional Waste Authority has included all funds, organizations, agencies, boards, commissions and authorities. The Authority 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 Authority are such that exclusion would cause the Authority'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 Authority 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 Authority. The Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Fund Accounting

The accounts of the Authority are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation, and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

C. Basis of Accounting

The Great River Regional Waste Authority maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Authority is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items, including the estimated payables for closure and postclosure care. Accordingly, the financial statement does not present the financial position and results of operations of the Authority in accordance with U.S. generally accepted accounting principles.

D. Restricted Cash Basis Net Assets

Funds set aside for payment of closure and postclosure care, solid waste tonnage fees and solid waste tax are classified as restricted.

(2) Cash and Investments

The Authority's deposits in banks at June 30, 2007 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 Authority 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 Authority; 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 Authority had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Pension and Retirement Benefits

The Authority 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 Authority is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Authority's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were $28,861, 39,712 and $41,150, respectively, equal to the required contributions for each year.

(4) Landfill Closure and Postclosure Care Costs

To comply with federal and state regulations, the Authority is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually due to the potential for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Great River Regional Waste Authority have been estimated at $509,719 for closure and $688,592 for postclosure care, for a total of $1,198,311 as of June 30, 2007. The estimated remaining life of the landfill is 1 year, with approximately 93 percent of the landfill's active cell capacity used at June 30, 2007. The Authority has established a Closure and Postclosure account to accumulate resources to fund these costs and the closure costs associated with the transfer station discussed in Note 5. At June 30, 2007, the balance in this account was $2,294,972. At June 30, 2007, the landfill closure and postclosure care costs and the transfer station closure costs are fully funded.

(5) Transfer Station Closure Care

To comply with state regulations, the Authority is required to complete a closure plan detailing how the transfer station will comply with proper disposal of all solid waste and litter at the site, cleaning the transfer station building, including the rinsing of all surfaces that have come in contact with solid waste or washwater, cleaning of all solid waste transport vehicles that will remain on site, including the rinsing of all surfaces that have come in contact with solid waste, and the removal and proper management of all washwater in the washwater management system.

To comply with state regulations, the Authority is required to maintain a closure account as financial assurance for the closure care costs. The effect of the state requirement is to commit landfill owners to perform certain closing functions as a condition for the right to operate the transfer station in the current period.

The total closure care costs for the Authority as of June 30, 2007 have been estimated at $19,410. As indicated in Note 4, these costs are fully funded at June 30, 2007.

(6) Long-Term Debt

Solid Waste Disposal Revenue Bond

During the year ended June 30, 2007, the Authority redeemed the remaining $875,000 of principal and $19,250 of interest of the solid waste disposal revenue bond.

Solid Waste Alternative Program (SWAP) Loan

In February 2002, the Authority entered into a loan agreement with the Iowa Department of Natural Resources (DNR) to provide funds to assist with the cost of expanding the existing composting facility and implementing a program to accept source separated organic waste from business and industrial generators. The agreement awarded up to

$296,250 in the form of a forgivable loan of $20,000, a zero interest loan of $150,000 and a 3% interest loan of $126,250. At June 30, 2007, a total of $272,628 has been drawn on the loans. The SWAP loan program was primarily associated with the Authority's composting programs. With the discontinuance of these programs in 2006, the Authority entered into an agreement with the DNR to make an early payoff of the remaining loan balance and, on March 21, 2008, the remaining balance of $45,589 was retired.

Capital Lease-Purchase Agreements

In September 2002, the Authority entered into a lease-purchase agreement to purchase a CMI grinder. The agreement has an effective interest rate of 5.84% and requires semi-annual payments of $16,497, including interest, with the final payment due on June 15, 2012. During the year ended June 30, 2007, the Authority paid $49,489 on the agreement, including principal of $35,040 and interest of $14,449. The balance on the agreement at June 30, 2007 was $141,285.

In July 2003, the Authority entered into a lease-purchase agreement to purchase a powerscreen shredder. The agreement has an effective interest rate of 4.83% and requires semi-annual payments of $21,461, including interest, with the final payment due on December 15, 2012. During the year ended June 30, 2007, the Authority paid $42,922 on the agreement, including principal of $31,840 and interest of $11,082. The balance on the agreement at June 30, 2007 was $205,119.

In July 2003, the Authority entered into a lease-purchase agreement to purchase a loader. The agreement has an effective interest rate of 3.75% and requires monthly payments of $2,177, including interest, with the final payment due on July 22, 2007. During the year ended June 30, 2007, the Authority paid $28,307 on the agreement, including principal of $27,611 and interest of $696. The balance on the agreement at June 30, 2007 was $2,172.

In September 2003, the Authority entered into a lease-purchase agreement to purchase a lift truck. The agreement has an effective interest rate of 4.50% and requires monthly payments of $642, including interest, with the final payment due on September 8, 2007. During the year ended June 30, 2007, the Authority paid $7,698 on the agreement, including principal of $7,430 and interest of $268. The balance on the agreement at June 30, 2007 was $1,910.

In July 2004, the Authority entered into a lease-purchase agreement to purchase a compactor and CAES system. The agreement has an effective interest rate of 4.75% and requires monthly payments of $12,788, including interest, with the final payment due on December 30, 2009. During the year ended June 30, 2007, the Authority paid $166,250 on the agreement, including principal of $144,625 and interest of $21,625. The balance on the agreement at June 30, 2007 was $350,688.

In September 2004, the Authority entered into a lease-purchase agreement to purchase a skid loader. The agreement has an effective interest rate of 4.25% and requires monthly payments of $627, including interest, with the final payment due on September 11, 2007. During the year ended June 30, 2007, the Authority paid $8,146 on the agreement, including principal of $7,884 and interest of $262. The balance on the agreement at June 30, 2007 was $808.

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments under the above agreements in effect at June 30, 2007:

June 30,	Total
2008	$ 260,088
2009	229,377
2010	152,647
2011	75,915
2012	75,915
2013	21,460
Total minimum lease payments	815,402
Less amount representing interest	(113,420)
Present value of net mimimum lease payments	$ 701,982

(7) Risk Management

The Authority 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 556 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 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

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 contribution.

The Authority'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 Authority's contribution of $40,575 to the Pool for the year ended June 30, 2007 was paid in August 2007.

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 $5,000,000 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 on an individual-member basis.

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 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, 2007, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three years.

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 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 capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Authority also carries commercial insurance purchased from another insurer associated with the employee blanket bond in the amount of $20,000. The Authority 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) Solid Waste Tonnage Fees Retained

The Authority has established an account for restricting and using solid waste tonnage fees retained by the Authority in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2007, the unspent amount retained by the Authority and restricted for the required purpose totaled $328,341.

(9) Compensated Absences

Authority employees accumulate a limited amount of earned but unused vacation leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the Authority until used or paid. The Authority's approximate liability for earned vacation payable to employees at June 30, 2007 was $39,800. This liability has been computed based on rates of pay in effect at June 30, 2007.

(10) Litigation Settlement

The Authority was a defendant in a lawsuit and on June 29, 2007 entered into a Settlement Agreement with the Des Moines County Regional Solid Waste Commission. The agreement requires gate fee refunds of $25,000 on July 1, 2007, July 1, 2008 and July 1, 2009. The Authority paid the first $25,000 installment on June 29, 2007.

(11) Subsequent Events

On August 3, 2007, the Authority approved an agreement with the Federal Aviation Authority (FAA) and the City of Fort Madison for the re-location of a grass runway at the Fort Madison Municipal Airport at an estimated cost of $300,000. The relocation is required to comply with distance requirements between the landfill and the active airport area. This cost is to be covered by a portion of the bond proceeds from bonds to be issued by Lee County on behalf of the Authority, representing Lee County's 95% share of landfill operations and use.

On August 3, 2007, the Authority approved the closure of 9 acres in region 1 at an estimated cost of $250,000. Additionally, the Authority approved an expansion project for $374,685.

On August 29, 2007, the Authority requested Lee County sell $3,895,000 in general obligation solid waste disposal bonds for the County's share of the ensuing construction of works and facilities necessary for an additional 15 years of available permitted and approved site for disposal of Lee County solid waste.

In November 2007, the Authority approved discontinuing the waste management fee, effective January 1, 2008.

In November 2007, the Authority authorized Steger Construction to continue rough excavation of up to 200,000 yards at $1.49 per cubic yard plus a temporary fuel surcharge of $.25 to $.30 per yard.

On December 21, 2007, the Authority approved the purchase of an articulating dump truck for $152,470 after the sale or trade of a truck loader.

In February 2008, the Authority authorized Steger Construction to continue rough excavation of clay for the expansion project at a cost $1.75 per yard for an estimated 180,000 yards.

Other Supplementary Information

Great River Regional Waste Authority

Schedule of Indebtedness

Year ended June 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Revenue bond:			
Solid waste disposal revenue bond	Mar 18, 2003	1.30-2.20%	$ 3,400,000
Notes:			
Iowa Department of Natural Resources -		0.00%	$ 150,000
Solid waste alternatives program (SWAP)	Jan 1, 2002	3.00	122,628
Total			$ 272,628
Capital leases:			
CMI biogrind 400	Sep 23, 2002	5.84%	$ 251,100
Powerscreen shredder	Jul 1, 2003	4.83	345,850
Loader	Jul 22, 2003	3.75	96,918
Lift truck	Sep 16, 2003	4.50	28,133
Compactor and CAES	Jul 30, 2004	4.75	683,688
Skid loader	Sep 11, 2004	4.25	21,146
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
875,000	-	875,000	-	19,250
104,650	-	59,061	45,589	3,177
176,325	-	35,040	141,285	14,449
236,959	-	31,840	205,119	11,083
29,783	-	27,611	2,172	696
9,340	-	7,430	1,910	268
495,313	-	144,625	350,688	21,624
8,692	-	7,884	808	262
$ 956,412	-	254,430	701,982	48,382

Great River Regional Waste Authority

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STATE OF IOWA

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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 a Financial Statement Performed in Accordance with Government Auditing Standards

To the Members of the Great River Regional Waste Authority:

We have audited the accompanying financial statement of the Great River Regional Waste Authority as of and for the year ended June 30, 2007, and have issued our report thereon dated June 4, 2008. Our report expressed an unqualified opinion on the financial statement which was 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 Great River Regional Waste Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the Great River Regional Waste Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Great River Regional Waste Authority's internal control over financial reporting.

Our consideration of 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 described below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

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 the Great River Regional Waste Authority'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 Great River Regional Waste Authority's financial statement that is more than inconsequential will not be prevented or detected by the Great River Regional Waste Authority's internal control. We consider the deficiencies in internal control described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood a material misstatement of the financial statement will not be prevented or detected by the Great River Regional Waste Authority'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 considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (A), (C) and (D) are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Great River Regional Waste Authority's financial statement is 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. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the Authority's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Authority. 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.

The Great River Regional Waste Authority's written responses to the findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the Authority's responses, we did not audit the Great River Regional Waste Authority's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Great River Regional Waste Authority and other parties to whom the Authority 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 Great River Regional Waste Authority 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.

David A. Vaudt

DAVID A. VAUDT, CPA
Auditor of State

Warren Jenkins

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 4, 2008

Findings Related to the Financial Statement:

SIGNIFICANT DEFICIENCIES:

(A) 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. When duties are properly segregated, the activities of one employee act as a check on those of another. We noted the following:

(1) Detailed accounts receivable records are not maintained by someone independent of collecting and recording receipts.

(2) Bank to book monthly reconciliations do not contain the initials and date of an independent reviewer.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Authority should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of various reviews should be indicated by initials of the independent reviewer and the date of the review.

Response – Presently we have an office staff of one. We do use the scale clerk to separate as much of the cash receipts work as possible. We are utilizing the operations manager to do some checking of recording as his time permits. Segregation of duties will be mostly impossible until such a time as we might be able to increase staff.

Conclusion – Response acknowledged. The Authority should continue to utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. This review should be evidenced by the reviewer's initials and the date reviewed.

(B) Information Systems – The following weaknesses in the Authority's computer-based systems were noted:

The Authority does not have written policies for:

(1) Requiring time out/log off or screen saver password to protect computer terminals when not in use.

(2) Requiring passwords be changed at least every 60 to 90 days.

(3) Maintaining password privacy and confidentiality.

(4) Number of letters or characters required for passwords;

(5) Requiring backup tapes be stored off site daily.

Also, the Authority does not have a written disaster recovery plan for computer based financial information.

Recommendation – The Authority should develop written policies addressing the above items in order to improve the Authority's control over computer-based systems. A written disaster recovery plan for computer-based financial information should be developed and should be tested periodically.

Response – With an office staff of one passwords are for the most part a non-issue. We simply have no one who would be attempting to access computer programs of files unauthorized. Also all main financial data is maintained on a server and this requires a second login and password to access. The operations manager must have knowledge of these logins and passwords in order to be able to continue operations during absences of the employee. A written disaster recovery plan will be prepared as soon as we can find someone who can give us direction on this.

Conclusion – Response accepted. The Authority should also ensure backup tapes are stored off site.

(C) Reconciliation of Billings, Collections and Delinquencies – Charge account billings, collections and delinquent accounts were not reconciled. Additionally, the Authority does not have a written policy for the write-off of delinquent accounts.

Recommendation – The Authority should establish a written policy for delinquent account write-offs. Additionally, procedures should be established to reconcile customer billings, collections and delinquencies monthly. An independent individual should review the reconciliations, monitor delinquencies and approve write-offs of uncollectible accounts. The review should be evidenced by the initials of the reviewer and the date of review.

Response – Similarly with other procedures we have no independent reviewer available. For fiscal year 2008 we will have converted to a full cash basis for receivables and receipts and will be cleaning up all receivable files that have been neglected for several years.

Conclusion – Response acknowledged. However, even under a cash basis system, the receivables should be tracked and reconciled to collections and billings. This reconciliation should be reviewed by someone independent of billing and collecting. In addition, the Authority should establish a policy for delinquent account write-offs.

(D) Financial Information Responsibility – A third party vendor provides bank reconciliation, financial statement preparation and payroll processing and payment services for the Authority. The Authority's records do not include evidence the bank reconciliations, financial statements, adjusting journal entries and payroll reports are reviewed by Authority personnel for accuracy and completeness.

Additionally, the Authority's financial accounting system is a combination of cash basis, modified accrual and accrual basis. Accordingly, it is difficult to reconcile month end balances to the bank balances.

Recommendation – The Authority should review the financial and payroll information, including adjusting journal entries, provided by the third party vendor monthly for accuracy and completeness and should evidence this review with initials of the reviewer and the date reviewed.

The Authority should ensure the accounting records are maintained on a cash basis, which will allow monthly financial reporting and reconciliations to be performed and reported to Authority members.

Response – Truly we have no one on staff qualified to review the work of the independent CPA firm who prepares the statements. We are converting fully to the cash basis for the fiscal year 2008.

Conclusion – Response acknowledged.

(E) Bank Statements – Certain bank statements and cancelled checks for the period July 1, 2006 through June 30, 2007 could not be located. Copies of the bank statements and selected cancelled checks (front image only) were provided by the various banks for review during the audit.

Recommendation – The Authority should retain all bank statements and cancelled checks, including an image of both the front and back of the checks if retained in electronic format.

Response – We have now discontinued using an outside accounting service and this should eliminate the misplacement of data and provide much improved in-house records and files.

Conclusion – Response accepted.

(F) Disbursements – We noted the following regarding disbursements:

- Disbursements were coded to financial accounting system line items which were not active or valid.

- Check number sequences were not always accounted for.

Recommendation – All disbursements should be coded to valid disbursement line item(s) in the financial accounting system. The Authority should ensure all check sequences are accounted for.

Response – We were in the process of account number changes and our software (MAS90) is very unforgiving to work with during such a transition. These issues will disappear in 2008. Check number sequences will be controlled since only our employee will now be writing checks on all accounts.

Conclusion – Response accepted.

(G) Transfers – Intrafund and bank account transfers were not always adequately explained or approved by the Authority and documented in the minutes record.

Recommendation – All transfers should be approved by the Authority and this approval should be documented in the minutes record. Procedures should be established to require adequate explanation(s) and documentation for each transfer.

Response – We have at this time eliminated 7 bank accounts. Transfers will become very rare procedure. When we do have them they usually must be done during the month and we will have the Authority members ratify them at the next meeting.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(2) Travel Expense – No disbursements of Authority money for travel expenses of spouses of Authority officials or employees were noted.

(3) Authority Minutes – No transactions were found that we believe that should have been approved in the Authority minutes but were not. However, gross salaries/wages were not published as required.

Recommendation – The Authority's gross wages/salaries should be published as required by Chapter 28E.6 of the Code of Iowa.

Response – Wages and salaries will be published.

Conclusion – Response accepted.

(4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were noted.

(5) Solid Waste Fees Retainage – During the year ended June 30, 2007, the Authority used or retained the solid waste fees in accordance with Chapter 455B.310(2) of the Code of Iowa.

(6) Financial Assurance – The Authority has elected to demonstrate financial assurance for landfill and transfer station closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567–111.6(8) of the Iowa Administrative Code (IAC). The amount the Authority has restricted and reserved for closure and postclosure care at June 30, 2007 exceeds the estimated total costs at that date and, accordingly, the costs are fully funded.

(7) Electronic Check Retention – Chapter 554D.14 of the Code of Iowa allows the Authority to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Authority retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

Recommendation – The Authority should obtain and retain an image of both the front and back of each cancelled check as required.

Response – This is now available.

Conclusion – Response accepted.

Staff

This audit was performed by:

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