OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

Contact: Andy Nielsen
515/281-5834

FOR RELEASE February 12, 2007

Auditor of State David A. Vaudt today released an audit report on the Great River Regional Waste Authority for the years ended June 30, 2006 and 2005.

The Agency had total receipts of $4,165,120 and $4,351,882 during the years ended June 30, 2006 and 2005, respectively. For the year ended June 30, 2006, receipts included solid waste gate fees of $2,014,673 and waste management member fees of $1,231,331. For the year ended June 30, 2005, receipts included solid waste gate fees of $2,181,826 and waste management member fees of $1,236,407.

Disbursements totaled $4,756,283 and $4,646,328 for the years ended June 30, 2006 and 2005, respectively. Disbursements for the year ended June 30, 2006 included salaries and benefits of $1,023,331 and hauling and freight of $497,966. Disbursements for the year ended June 30, 2005 included salaries and benefits of $1,137,087 and hauling and freight of $547,611.

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.

# # #

GREAT RIVER REGIONAL WASTE AUTHORITY

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

JUNE 30, 2006 and 2005

0614-2336-B00F

Table of Contents

		Page
Officials		3
Independent Auditor's Report		5-6
Financial Statement:	Exhibit	
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets	A	8-9
Notes to Financial Statement		10-19
Other Supplementary Information:	Schedule	
Schedule of Indebtedness	1	22-25
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		27-28
Schedule of Findings		29-35
Staff		36

Great River Regional Waste Authority

Officials

Name	Title	Representing
June 30, 2006		
Steve Ireland	Chairperson	City of Fort Madison
Susan Dunek	Member	City of Keokuk
Bob Woodruff	Member	Lee County
Mark Lindeen	Member	Henry County
June 30, 2005		
Steve Ireland	Chairperson	City of Fort Madison
Mark Lindeen	Member	Henry County
Susan Dunek	Member	City of Keokuk
Bob Woodruff	Member	Lee County

Great River Regional Waste Authority

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

David A. Vaudt, CPA
Auditor of State

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 years ended June 30, 2006 and 2005. 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 audits.

We conducted our audits 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 audits 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, 2006 and 2005, and the changes in its cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

The Great River Regional Waste Authority has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2006 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.

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

October 12, 2006

Financial Statement

Great River Regional Waste Authority

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

As of and for the years ended June 30, 2006 and 2005

	2006	2005
Operating receipts:		
Solid waste gate fees	$ 2,014,673	2,181,826
Waste management member fees	1,231,331	1,236,407
Recycling fees	45,621	38,729
Recyclable materials	109,724	133,699
Landscape sales	519,982	450,298
Miscellaneous	38,842	60,577
Total receipts	3,960,173	4,101,536
Operating disbursements:		
Salaries and benefits	1,023,331	1,137,087
Hauling and freight	497,966	547,611
Compost processing	480,568	399,806
Fuel and lubricants	198,563	124,618
Equipment rental	37,008	40,578
Equipment repair and maintenance	356,538	276,106
Contract services	86,494	69,693
Legal, auditing and consulting	127,518	103,147
Office equipment and supplies	37,164	34,900
Travel and training	25,942	18,281
Utilities	37,628	38,495
Insurance	87,418	2,762
Equipment	111,945	197,523
Building and grounds	160,366	153,564
Iowa Department of Natural Resources tonnage fee	189,123	190,974
Miscellaneous	49,258	128,476
Total disbursements	3,506,830	3,463,621
Excess of receipts over disbursements	453,343	637,915

Great River Regional Waste Authority

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

As of and for the years ended June 30, 2006 and 2005

	2006	2005
Non-operating receipts (disbursements):		
Interest on investments	153,284	123,943
Iowa Department of Vocational Rehabilitation Services grants	51,663	65,066
Iowa Department of Natural Resources SWAP loan proceeds	-	61,337
Debt service:		
Equipment leases:		
Principal	(263,043)	(198,438)
Interest	(54,123)	(43,382)
Iowa Department of Natural Resources SWAP loan:		
Principal	(39,461)	(39,461)
Interest	(2,031)	(2,031)
General obligation solid waste disposal refunding bonds:		
Principal	(855,000)	(850,000)
Interest	(35,495)	(49,095)
Other	(300)	(300)
Net non-operating receipts (disbursements)	(1,044,506)	(932,361)
Net change in cash basis net assets	(591,163)	(294,446)
Cash basis net assets beginning of year, as restated	4,037,563	4,332,009
Cash basis net assets end of year	$ 3,446,400	4,037,563
Cash basis net assets		
Restricted for:		
Closure and postclosure	$ 2,252,457	2,163,986
Solid waste tonnage fees	330,976	284,792
Total restricted net assets	2,583,433	2,448,778
Unrestricted	862,967	1,588,785
Total cash basis net assets	$ 3,446,400	4,037,563

See notes to financial statements.

(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 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 Agency 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 statements of the Authority are 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 statements do 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 debt service are classified as restricted.

(2) Cash and Investments

The Authority's deposits in banks at June 30, 2006 and June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The 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.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2006 and June 30, 2005, the Authority had the following investments:

Type	June 30, 2006 Cost	June 30, 2006 Fair Value	June 30, 2005 Cost	June 30, 2005 Fair Value	Maturity
Cash	$ 37	37	-	-	
Money Market	39,348	39,348	30,406	30,406	
Federal Trust Bank	17,000	16,912	-	-	December 2006
Federal Home Loan Mortgage Corporation (FHLMC)	31,000	28,365	-	-	April 2024
	40,000	38,442	-	-	August 2015
	108,000	101,240	108,000	107,191	February 2017
	80,000	74,054	80,000	78,415	March 2019
	100,000	92,544	100,000	98,538	May 2017
	34,000	32,042	34,000	33,648	October 2010
	15,000	14,255	-	-	September 2015
Total Federal Home Loan Mortgage Corporation	408,000	380,942	322,000	317,792	
Federal National Mortgage Association (FNMA)	10,000	9,401	10,000	9,864	April 2012
	39,000	36,100	-	-	March 2024
	25,000	22,672	-	-	March 2024
Total Federal National Mortgage Association	74,000	68,173	10,000	9,864	
Government National Mortgage Association	21,731	21,649	27,754	28,309	April 2026
	13,313	13,263	18,017	18,377	April 2028
	4,281	4,237	5,983	6,162	April 2031
	21,790	21,708	29,562	30,153	December 2028
	26,589	26,489	34,324	35,356	January 2030
	11,089	10,974	15,733	16,206	January 2032
	16,841	16,904	23,526	24,114	July 2028
	18,601	18,408	26,440	27,235	July 2031
	26,959	26,680	35,883	36,962	July 2034
	23,127	23,041	33,069	33,731	June 2028
	11,091	10,976	15,441	15,906	June 2031
	6,189	6,212	8,889	9,111	March 2029
	11,716	11,595	16,246	16,735	March 2031
	8,486	8,454	11,761	11,996	November 2028
	17,102	17,166	24,092	24,694	November 2028
	22,171	22,088	30,319	30,926	October 2028
	18,557	18,365	24,978	25,729	October 2031
	35,802	34,638	43,422	43,965	October 2034
	15,262	15,454	20,747	21,696	September 2032
Total Government National Mortgage Association	330,696	328,301	446,186	457,364	

Type	June 30, 2006 Cost	Fair Value	June 30, 2005 Cost	Fair Value	Maturity
U.S. Treasury Bond Stripped Interest	-	-	10,000	9,960	August 2005
	10,000	8,151	10,000	8,335	August 2010
	10,000	7,349	10,000	7,608	August 2012
	10,000	6,592	10,000	6,934	August 2014
	10,000	9,693	10,000	9,451	February 2007
	10,000	5,664	10,000	6,102	May 2017
	10,000	5,832	10,000	6,251	November 2016
Total U.S. Treasury Bond Stripped Interest	60,000	43,281	70,000	54,640	
U.S. Treasury Bond Stripped Principal	10,000	5,224	10,000	5,689	November 2018
	10,000	5,150	10,000	5,621	February 2019
Total U.S. Treasury Bond Stripped Principal	20,000	10,374	20,000	11,310	
	$ 949,081	887,367	898,592	881,376	

Interest rate risk. The Authority has not adopted an investment policy as required by Chapter 12B.10B of the Code of Iowa.

Credit risk. The Authority's U.S. Treasury Bond Stripped Interest and Principal investments at June 30, 2006 and 2005 are rated AAA by Moody's Investors service. The investments in FHLMC at June 30, 2006 and 2005 are rated AAA/Aaa by Moody's Investors Service. The investments in the money market, FNMA, GNMA and Federal Trust Bank are unrated.

Concentration of credit risk. The Authority places no limit on the amount that may be invested in any one issuer. More than 5% of the Authority's investments at June 30, 2006 are in the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association and the U.S. Treasury Bond Stripped Interest investments. The Authority's investment in the Federal Home Loan Mortgage Corporation is 43 percent, the Federal National Mortgage Association is 8 percent, the Government National Mortgage Association is 35 percent and the U.S. Treasury Bond Stripped Interest investment is 6 percent of the Authority's total investments. More than 5% percent of the Authority's investments at June 30, 2005 are in the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, and the U.S. Treasury Bond Stripped Interest investment. The Authority's investment in the Federal Home Loan Mortgage Corporation is 36 percent, the Government National Mortgage Association is 50 percent and the U.S. Treasury Bond Stripped Interest investment is 8 percent of the Authority's total investments.

(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, 2006, 2005 and 2004 were $39,712, $41,150 and $33,978, 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 plan and to provide funding necessary to effect closure and postclosure, 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 $506,458 for closure and $1,258,007 for postclosure care, for a total of $1,764,465 as of June 30, 2006. The estimated remaining life of the landfill is 3 years, with approximately 86 percent of the landfill's active cell capacity used at June 30, 2006. 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, 2006, the balance in this account was $2,252,457. At June 30, 2006, the landfill closure and postclosure care costs and the transfer station closure costs are fully funded.

These costs for the Great River Regional Waste Authority have been estimated at $585,174 for closure and $1,091,250 for postclosure care, for a total of $1,676,424 as of June 30, 2005. The estimated remaining life of the landfill is 4 years, with approximately 79 percent of the landfill's active cell capacity used as of June 30, 2005. The Agency 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, 2005, the balance in this account was $2,163,986. At June 30, 2005, 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, 2006 and 2005 have been estimated at $19,410 and $19,160, respectively. As indicated in Note 4, these costs are fully funded at June 30, 2006 and 2005.

(6) Long-Term Debt

Solid Waste Disposal Revenue Bond

In May 1996, the Authority entered into a loan agreement with Lee County to obtain assistance in financing the cost of the construction and/or acquisition of certain improvements to the Authority's existing solid waste disposal facilities. Pursuant to the agreement, the County issued general obligation solid waste disposal bonds totaling $7,445,000 and subsequently loaned a portion of the proceeds to the Authority. The Authority agreed to repay the loan, including interest, and issued a solid waste disposal revenue bond in the principal amount of $7,445,000 in evidence of their obligation to repay the loan.

In March 2003, the County issued $3,400,000 of general obligation solid waste disposal refunding bonds to refund the 1996 general obligation solid waste disposal bonds. The Authority subsequently issued a replacement solid waste disposal revenue bond to evidence its obligation under the existing loan agreement to repay the loan to the County, making payments sufficient to repay the County's general obligation refunding bonds as they come due, including interest.

Details of the Authority's solid waste disposal revenue bond at June 30, 2006 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2007	2.20%	$ 875,000	19,250	894,250

During the year ended June 30, 2006, principal of $855,000 was retired on this bond.

Details of the Authority's solid waste disposal revenue bond at June 30, 2005 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	1.90%	$ 855,000	35,495	890,495
2007	2.20	875,000	19,250	894,250
		$ 1,730,000	54,745	1,784,745

During the year ended June 30, 2005, principal of $850,000 was retired on this bond.

Solid Waste Alternative Program (SWAP) Loan

In February 2002, the Authority entered into a loan agreement with the Iowa Department of Natural Resources 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, 2006 and June 30, 2005, a total of $272,628 has been drawn on the loans.

Details of the Authority's SWAP loan at June 30, 2006 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2007	0%/3.00%	39,461	2,027	41,488
2008	0%/3.00	39,461	2,027	41,488
2009	0%/3.00	25,728	1,286	27,014
		$ 104,650	5,340	109,990

During the year ended June 30, 2006, principal of $39,461 was retired on the loan.

Details of the Authority's SWAP loan at June 30, 2005 are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2006	0%/3.00%	$ 39,461	2,027	41,488
2007	0%/3.00	39,461	2,027	41,488
2008	0%/3.00	39,461	2,027	41,488
2009	0%/3.00	25,728	1,286	27,014
		$ 144,111	7,367	151,478

During the year ended June 30, 2005, principal of $39,461 was retired on the loan.

Capital Lease Purchase Agreements

In July 2001, the Authority entered into a lease-purchase agreement to purchase a compost screener. The agreement has an effective interest rate of 7.00% and requires monthly payments of $1,545, including interest, with the final payment due on May 1, 2006. During the year ended June 30, 2006, the Authority paid $13,910 on the agreement, including principal of $13,596 and interest of $314. The agreement had a zero balance at June 30, 2006. During the year ended June 30, 2005, the Authority paid $18,545 on the agreement, including principal of $17,278 and interest of $1,267. The balance on the agreement at June 30, 2005 was $13,596.

In August 2001, the Authority entered into a lease-purchase agreement to purchase a track loader. The agreement has an effective interest rate of 4.80% and requires monthly payments of $2,818, including interest, with the final payment due on July 22, 2006. During the year ended June 30, 2006, the Authority paid $33,816 on the agreement, including principal of $32,914 and interest of $902. The agreement had a zero balance at June 30, 2006. During the year ended June 30, 2005, the Authority paid $33,816 on the agreement, including principal of $31,311 and interest of $2,505. The balance on the agreement at June 30, 2005 was $32,914.

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, 2006, the Authority paid $32,993 on the agreement, including principal of $21,734 and interest of $11,259. The balance on the agreement at June 30, 2006 was $176,325. During the year ended June 30, 2005, the Authority paid $16,496 on the agreement, including principal of $10,406 and interest of $6,090. The balance on the agreement at June 30, 2005 was $198,059.

In July 2003, the Authority entered in to 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, 2006, the Authority paid $42,922 on the agreement, including principal of $30,353 and interest of $12,569. The balance on the agreement at June 30, 2006 was $236,959. During the year ended June 30, 2005, the Authority paid $42,923 on the agreement, including principal of $28,937 and interest of $13,986. The balance on the agreement at June 30, 2005 was $267,312.

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, 2006, the Authority paid $26,130 on the agreement, including principal of $24,512 and interest of $1,618. The balance on the agreement at June 30, 2006 was $29,783. During the year ended June 30, 2005, the Authority paid $26,129 on the agreement, including principal of $23,611 and interest of $2,518. The balance on the agreement at June 30, 2005 was $54,295.

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, 2006, the Authority paid $6,415 on the agreement, including principal of $5,941 and interest of $474. The balance on the agreement at June 30, 2006 was $9,340. During the year ended June 30, 2005, the Authority paid $7,699 on the agreement, including principal of $6,843 and interest of $856. The balance on the agreement at June 30, 2005 was $15,281.

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, 2006, the Authority paid $153,461 on the agreement, including principal of $127,066 and interest of $26,395. The balance on the agreement at June 30, 2006 was $495,313. During the year ended June 30, 2005, the Authority paid $76,730 on the agreement, including principal of $61,309 and interest of $15,421. The balance on the agreement at June 30, 2005 was $622,379.

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, 2006, the Authority paid $7,519 on the agreement, including principal of $6,927 and interest of $592. The balance on the agreement at June 30, 2006 was $8,692. During the year ended June 30, 2005, the Authority paid $6,266 on the agreement, including principal of $5,527 and interest of $739. The balance on the agreement at June 30, 2005 was $15,619.

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments under the above agreements at June 30, 2006:

Year ending June 30,	Total
2007	$ 287,221
2008	237,094
2009	229,377
2010	152,647
2011	75,915
2012	75,915
2013	21,460
Total minimum lease payments	1,079,629
Less amount representing interest	(123,217)
Present value of net mimimum lease payments	$ 956,412

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments under the above agreements at June 30, 2005:

June 30,	Total
2006	$ 317,165
2007	287,221
2008	237,094
2009	229,377
2010	152,647
2011	75,915
2012	75,915
2013	21,460
Total minimum lease payments	1,396,794
Less amount representing interest	(177,339)
Present value of net mimimum lease payments	$ 1,219,455

(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 531 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 contributions to the Pool for the years ended June 30, 2006 and 2005 were $44,374 and $35,687, respectively.

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 $2,000,000 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 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, 2006 and 2005, 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, 2006 and 2005, the unspent amounts retained by the Authority and restricted for the required purpose totaled $330,976 and $284,792, respectively. Although the Authority collects and reports tonnage fees retained at $.95 per ton, the Authority is only transferring $.70 per ton to the Authority's retention fund.

(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 payments at June 30, 2006 and 2005 was $40,600 and $37,300, respectively. This liability has been computed based on rates of pay in effect at June 30, 2006 and 2005.

(10) Pending Litigation

The Authority is a defendant in a lawsuit. The probability and amount of loss, if any, is indeterminable.

(11) Related Party Transactions

During the years ended June 30, 2006 and 2005, the Authority incurred $154,273 and $149,914, respectively, in business transactions between a Board Member and that Board Member's employer for hauling services. The contract for these services was competitively bid.

(12) Restatement

Beginning cash basis net assets at July, 2004 have been restated to include investments held for the closure and postclosure care accounts, as follows:

Cash basis net assets, June 30, 2004, as previously reported	$ 3,491,794
Investments held for the closure and postclosure care accounts	840,215
Cash basis net assets, July 1, 2004, as restated	$ 4,332,009

Great River Regional Waste Authority

Other Supplementary Information

Great River Regional Waste Authority

Schedule of Indebtedness

Year ended June 30, 2006

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:			
Compost screener	Jul 1, 2001	7.00%	$ 78,551
Track loader	Aug 24, 2001	4.80	149,933
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			

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
1,730,000	-	855,000	875,000	35,495
144,111	-	39,461	104,650	2,031
13,596	-	13,596	-	314
32,914	-	32,914	-	902
198,059	-	21,734	176,325	11,259
267,312		30,353	236,959	12,569
54,295	-	24,512	29,783	1,618
15,281	-	5,941	9,340	474
622,379	-	127,066	495,313	26,395
15,619	-	6,927	8,692	592
$ 1,219,455	-	263,043	956,412	54,123

Great River Regional Waste Authority

Schedule of Indebtedness

Year ended June 30, 2005

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 -			
Solid waste alternatives program (SWAP)	Jan 1, 2002	0.00%	$ 150,000
Total		3.00	122,628
			$ 272,628
Capital leases:			
Dump truck	Jun 30, 2000	6.65%	$ 70,475
Compost screener	Jul 1, 2001	7.00	78,551
Track loader	Aug 24, 2001	4.80	149,933
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			

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
2,580,000	-	850,000	1,730,000	49,095
122,235	61,337	39,461	144,111	2,031
13,216	-	13,216	-	-
30,874	-	17,278	13,596	1,267
64,225	-	31,311	32,914	2,505
208,465	-	10,406	198,059	6,090
296,249	-	28,937	267,312	13,986
77,906	-	23,611	54,295	2,518
22,124	-	6,843	15,281	856
-	683,688	61,309	622,379	15,421
-	21,146	5,527	15,619	739
$ 713,059	704,834	198,438	1,219,455	43,382

Great River Regional Waste Authority

OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

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 years ended June 30, 2006 and 2005, and have issued our report thereon dated October 12, 2006. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Great River Regional Waste Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statement. The reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item (A) is a material weakness.

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 years ended June 30, 2006 and 2005, 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.

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, CPA
Auditor of State

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 12, 2006

<u>Findings Related to the Financial Statements</u>:

REPORTABLE CONDITIONS:

(A) <u>Segregation of Duties</u> – 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) Incoming mail is not opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

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

(3) Checks, other than payroll, do not include an independent countersignature since the first signer has custody of and applies the stamped countersignature.

(4) Invoices and supporting documentation are not reviewed by someone independent of check signing and without access to recording disbursements.

<u>Recommendation</u> – 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.

<u>Response</u> – With very limited staffing, segregation of duties will continue to be a challenge. On a very limited basis we have begun to get a second person involved. Effective August 2006 signature stamps are never in the custody of another party. All checks are now independently countersigned.

<u>Conclusion</u> – Response accepted.

(B) <u>Information Systems</u> – 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 to be changed at least every 60 to 90 days.

(3) Maintaining password privacy and confidentiality.

(4) 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 – We recognize this as an area of exposure. Our plan is to consult with our technology service bureau and accounting service to develop on-going better controls and a recovery plan.

Conclusion – Response accepted.

(C) Reconciliation of Billings, Collections and Delinquencies – Charge account billings, collections and delinquent accounts were not reconciled.

Recommendation – Procedures should be established to reconcile customer billings, collections and delinquencies monthly. The Authority should review the reconciliations, monitor delinquencies and approve write-offs of uncollectible accounts.

Response – As of October 2006 a reconciliation routine has been implemented with "gate revenues" or tipping fees on a partial basis and we will continue to expand this to a proper level. Our other revenue source is the waste management fees and we will be determining the best approach for managing these account reconciliations in the near future.

Conclusion – Response accepted.

(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 evidence the bank reconciliations, financial statements, including adjusting journal entries, or payroll reports are reviewed by Authority personnel for accuracy and completeness.

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.

Response – As of November 2006 the chairperson of the Authority now does review the documents provided by our third party vendor.

Conclusion – Response accepted.

(E) Bank Statements – Certain bank statements and cancelled checks for the period July 1, 2004 through June 30, 2006 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 not been able to determine why certain records of the Authority for the period have been displaced. Procedures have been implemented to address the custody and control of all pertinent records.

Conclusion – Response accepted.

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

- Certain disbursements were not included on the list of bills approved by the Authority. Also, as noted in item (3) below, not all approved bill lists could be located and, accordingly, we were unable to trace all disbursements tested to an approved bill listing.
- The Authority does not have a written disbursement approval policy allowing certain items to be paid prior to Authority approval.
- Certain disbursements were not supported by proper documentation, or the invoices or other supporting documentation could not be located for review.
- Certain invoices were not properly marked paid to help prevent possible duplicate payment of invoices.

Recommendation – All disbursements should be approved by the Authority prior to disbursement with the exception of those specifically allowed by a policy. For those disbursements paid prior to Authority approval, a listing should be provided to the Authority at the next meeting for review and approval. All disbursements should be supported by original invoices or other supporting documentation. All paid invoices should be marked or stamped paid with the date of payment to help prevent possible duplicate payment of invoices.

Response – As of August 2006 all paid invoices are stamped. Supporting documentation is now maintained for disbursements. The business manager notes for the Authority any necessary pre-payments before approval is requested for monthly claims. We will commit to writing our pre-payment disbursement approval policy and procedures have been changed to ensure all payments are included in the list that is approved by the Authority.

Conclusion – Response accepted.

(G) Timesheets – Salaried personnel do not prepare and file timesheets.

Recommendation – Timesheets should be prepared by all personnel, salaried as well as hourly, and should be submitted prior to the processing of payroll each pay period. The timesheets should be signed by the employee and should be reviewed and signed by the employee's immediate supervisor. The timesheets should support all hours worked and all hours taken as vacation, sick leave, compensatory time, holiday hours and personal days.

Response – Salaried personnel now prepare complete timesheets and the timesheets are signed by the employees' supervisor.

Conclusion – Response accepted.

(H) Lease Payments – In July 2001, the Authority entered into a lease-purchase agreement for a compost screener. Final payment on the lease was made in March 2006. However, the Authority continued to make payments totaling $4,635 on the lease beyond the final amount due.

Recommendation – The Authority should review payments made on the compost screener and request reimbursement of the amount overpaid, if any. The Authority should establish procedures to ensure lease payments are not made beyond the term of a lease.

Response – This has been done.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Other Findings Related to Required Statutory Reporting:

(1) Questionable Disbursements – Except as noted, 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 – Except as noted, no transactions were found that we believe that should have been approved in the Authority minutes but were not. The official minutes could not be located for certain meetings and not all minutes were properly signed.

Recommendation – The official minutes of the Authority meetings should be retained and signed to authenticate the actions taken.

Response – This is now being done.

Conclusion – Response accepted.

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

The Authority has not adopted a written investment policy as required by Chapter 12B.10B of the Code of Iowa.

Recommendation – The Authority should adopt a written investment policy to comply with the provisions of Chapter 12B.10B of the Code of Iowa.

Response – A written investment policy was adopted by the Authority at our meeting of December 29, 2006.

Conclusion – Response accepted.

(5) Solid Waste Fees Retainage – In accordance with section 455B.310 of the Code of Iowa, the Authority retains a portion of the solid waste tonnage fees collected. According to this statute, the Authority should be retaining $.95 per ton. The Authority collects and reports tonnage fees retained at $.95 per ton in the Quarterly Solid Waste Fee Schedule & Retained Fees Report to the Iowa Department of Natural Resources (IDNR). However, the Authority is only transferring $.70 per ton to the Authority's retention fund.

Recommendation – The Authority should consult with the IDNR regarding its failure to transfer full retainage.

Response – The IDNR has been contacted by the Authority's operations manager. We are now transferring the full amount required. It has not yet been determined if any funding adjustments will be required. It has been noted that our retention fund is more than adequate for its needs. We have overlooked the need to follow up on this question but will now do so in a timely manner.

Conclusion – Response accepted.

(6) Sales Commission – In accordance with the Authority's approval, the Marketing Director receives a 1% sales commission for products sold through Earthly Goods. During the fiscal years ended June 30, 2006 and 2005, this commission was not included in payroll and accordingly, was not reported as taxable wages on the Marketing Director's W-2. An Internal Revenue Service (IRS) Form 1099 was not issued to the Marketing Director for the commissions.

Recommendation – The Authority should contact the IRS to determine the disposition of this matter.

Response – We have requested that our accounting and payroll service provider make contact with the IRS and advise us on how to correct this error.

Conclusion – Response accepted.

(7) 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, 2006 and 2005 exceeds the estimated total costs at those dates and, accordingly, the costs are fully funded.

(8) Hauling Rates – The Authority charges a rate to regular haulers that differs from the rate charged to weekend haulers. There are no written policies establishing these rates charged or the criteria for determining regular haulers versus weekend haulers.

Recommendation – The Authority should develop written policies to establish hauling rates, including criteria for determining regular haulers and weekend haulers.

Response – At our October 2006 Authority meeting a resolution establishing rates for all customers was adopted. The distinction between rates charged certain customers is determined solely on whether the individual is in the business of hauling for hire.

Conclusion – Response accepted.

(9) Demanufacturing Appliances – The Authority provides demanufacturing services at a site/vender other than the landfill site. There is no written agreement with this outside vendor for providing these services at the vendor's site.

Recommendation – The Authority should approve a written agreement with the vendor for the demanufacturing services provided at the vendor's site.

Response – This is a service that is difficult to secure in our area and one that we need. We will attempt to obtain a written understanding with the vendor without risking loss of service.

Conclusion – Response accepted.

(10) Special Report – The Office of Auditor of State issued a special report dated May 19, 2006 on the Great River Regional Waste Authority (Authority) for the period July 1, 2002 through June 30, 2003. The report also covered certain items to determine practices applicable to the years ended June 30, 2004 and 2005. The review was performed as a result of a citizens' petition for reaudit and at the request of the Iowa Attorney General.

The report identified certain questionable and unsupported disbursements. The special report was filed with the Lee County Attorney, the Iowa Attorney General and the Division of Criminal Investigation. Copies of the report are available for review in the Office of Auditor of State and in the Authority's office.

Recommendation – The Authority has begun taking action to correct the items identified in the special report, including adopting policies to address several of the items. The Authority should continue to take corrective action to address the findings reported, including establishing the internal control policies and procedures identified in the separately issued report.

Response – Since July 2006 the Authority utilizing the chairperson has moved toward a more hands on role. As of this date, the Authority has taken steps to address almost all of the findings in the special report. Policies and procedures have been implemented to address the key issues. Some improvement is still needed in the area of financial information that is available from the existing accounting software system so that the Authority can more readily scrutinize regular activities. We have begun to investigate alternatives and this will take some time and eventually a commitment of the Authority and staff to implement the needed changes. This will be work in process more than likely for the balance of this fiscal year.

Conclusion – Response accepted.

Great River Regional Waste Authority

Staff

This audit was performed by:

Marlys K. Gaston, CPA, Manager
Kip M. Druecker, Senior Auditor
Carmon K. Kutcher, Staff Auditor
Bryan Walker, Audit Intern

Andrew E. Nielsen, CPA
Deputy Auditor of State