Metro Waste Authority
Des Moines, Iowa

FINANCIAL REPORT

June 30, 2008

C O N T E N T S

Metro Waste Authority
OFFICIALS

Name	Title	Representing
Stacey Warren	Chair	Altoona
Gary Welch	Vice Chair	Ankeny
Keith Ryan	Member	Bondurant
Paul Leighton	Member	Clive
Chris Coleman	Member	Des Moines
Todd Major	Member	Elkhart
Ron Long	Member	Grimes
Gerd Clabaugh	Member	Johnston
Jon Woods	Member	Mitchellville
James McClarnon	Member	Norwalk
Bill Lack	Member	Pleasant Hill
Mary Burton	Member	Polk City
Tom Hockensmith	Member	Polk County
Tony Strom	Member	Runnells
Ron Pogge	Member	Urbandale
Robert Parks	Member	West Des Moines
Carole Tillotson	Member	Windsor Heights
Thomas B. Hadden III	Secretary	
Planning Area Members		
Jim Peters		Adel
Bill Bodensteiner		Alleman
Ruth Randleman		Carlisle
Caroline McNamara		Hartford
Gary Bartels		Mingo
Lester H. Evans		Prairie City
Paul Walzer		Sheldahl
Thomas B. Hadden III	Executive Director of Authority	
Ron Lacey	Chief Financial Officer	

DENMAN
& Company, LLP
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Metro Waste Authority
Des Moines, Iowa

We have audited the accompanying balance sheets of Metro Waste Authority (a joint public body) as of June 30, 2008 and 2007, and the related statements of revenues, expenses and changes in fund equity and cash flows for the years then ended. These financial statements are the responsibility of Metro Waste Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Waste Authority as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2008 on our consideration of Metro 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.

The management's discussion and analysis on pages 5-8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on management's discussion and analysis.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 17, 2008

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METRO WASTE AUTHORITY

Management's Discussion and Analysis

As management of Metro Waste Authority (MWA), we offer readers of MWA's financial statements this narrative overview and analysis of the financial performance for the fiscal years ending June 30, 2008, 2007 and 2006. We encourage readers to consider this information with Metro Waste Authority's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Metro Waste Authority continues to provide for the environmentally safe disposal of solid waste for the Central Iowa area, and has exceeded its budgeted income in last three years. Here are some of the financial highlights from fiscal years 2008 and 2007:

- Operating revenues increased by 10.0% for 2008 and by 5.3% for 2007. The increase for 2008 was due to increased waste received at the Metro Park East Landfill, and increased income from recycling. The increase for 2007 was due to increased waste received at the Metro Park East Landfill, increased income from recycling, and rents received on the building at 300 East Locust.
- The decrease in investment income for the year 2008 from the year 2007 was due to decreased interest rates, and the use of investments to start closure of Phase I. The large increase in investment income for the year 2007 was due to a $793,300 increase in the market value of MWA's investments in 2007.
- The increase in nonoperating revenue for 2007 was due to the sale of two used compactors.
- The large decrease in fixed assets for 2008 was due to the write off of $11.6 million in fully amortized cell construction costs, and landfill development costs for Phase I, which is being closed. Fixed assets increased by $10.1 million in 2007. The major increase was the construction of a new Subtitle D Cell at the Metro Park East Landfill for $8.5 million.
- Operating expenses increased by $1.2 million in 2008 due to $1.1 million increase in cell cost amortization for the new Subtitle D Cell built in 2007. Operating expenses increased by $6.0 million in 2007 due to a $5.2 million decrease in operating expense in 2006, which was the result of a change in estimate for landfill closure and post closure care costs in 2006. Without the $5.2 million decrease in 2006, operating expenses only increased by $800,000 in 2007. The $5.2 million decrease in 2006 was the result of MWA deciding to use a non-composite (clay) cap system for landfill closure instead of a composite (HDPE plastic) cap system.
- The decrease in nonoperating expenses for 2008 was due to decreased interest expense on loans that were paid off.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management discussion and analysis report, the independent auditor's report, and the basic financial statements of MWA. The financial statements also include notes that explain in more detail some of the information in the financial statements. Additional supplemental information is also in schedule form and begins after the notes to the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements report information about MWA using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about its activities. The Balance Sheet includes all of MWA's assets and liabilities and provides information about types and amounts of investments in resources (assets) and the obligations to MWA's creditors (liabilities). It also provides the basis for evaluating MWA's liquidity, financial flexibility, and overall financial health of the agency.

All of the current year and prior year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Fund Equity. These statements measure the success of MWA's operations over the past two years and can be used to determine whether the organization has covered all its costs through its tipping fees and other charges.

The final required financial statements are the Statements of Cash Flows. These statements report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities. They also provide answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting periods.

ANALYSIS OF MWA FINANCIAL POSITION

Is MWA's financial position as a whole better off or worse off as a result of this year's activities? The Balance Sheets and the Statements of Revenues, Expenses, and Changes in Fund Equity report information about the net assets of Metro Waste Authority and the changes in them. MWA's net assets (the difference between assets and liabilities) are one way to measure the organization's financial health or financial position. Over time, increases or decreases in MWA's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government regulations.

NET ASSETS

To begin our analysis, a summary of MWA's Balance Sheet is presented in Table A-1

Table A-1
Condensed Balance Sheets

	FY 07/08	FY 06/07	Change	% Change	FY 05/06	Change	% Change
Current and Other Assets	$13,566,465	$12,819,716	$746,749	5.8%	$16,476,697	($3,656,981)	-22.2%
Restricted Assets	18,236,612	19,104,008	(867,396)	-4.5%	17,619,356	1,484,652	8.4%
Capital Assets	37,980,314	39,558,990	(1,578,676)	-4.0%	31,573,141	7,985,849	25.3%
Total Assets	69,783,391	71,482,714	(1,699,323)	-2.4%	65,669,194	5,813,520	8.9%
Current Liabilities	5,663,026	8,054,124	(2,391,098)	-29.7%	5,354,972	2,699,152	50.4%
Long-term Debt Outstanding	442,739	3,361,000	(2,918,261)	-86.8%	4,602,327	(1,241,327)	-27.0%
Closure and Post Closure Costs	15,280,291	14,892,611	387,680	2.6%	14,915,854	(23,243)	-0.2%
Total Liabilities	21,386,056	26,307,735	(4,921,679)	-18.7%	24,873,153	1,434,582	5.8%
Net Assets:							
Invested in Capital Assets net of Related Debt	36,412,575	34,026,742	2,385,833	7.0%	24,484,649	9,542,093	39.0%
Restricted by Board	2,058,967	3,370,172	(1,311,205)	-38.9%	1,906,785	1,463,387	76.7%
Unrestricted	9,925,793	7,778,065	2,147,728	27.6%	14,404,607	(6,626,542)	-46.0%
Total Net Assets	$48,397,335	$45,174,979	$3,222,356	7.1%	$40,796,041	$4,378,938	10.7%

As can be seen from the table above, net assets increased $3.2 million in 2008 and $4.4 million in 2007. The increase in net assets for 2008 was primarily due to the $4.9 million decrease in Current Liabilities, and Long-term debt. The increase in net assets for 2007 was primarily due to the $8.0 million increase in capital assets. Restricted Assets are cash and investments that have been designated by MWA's Board of Directors for closure and post closure care costs and for the purchase of capital assets. Federal and State regulations require Metro Waste Authority to complete a closure/post closure plan and to provide funding necessary for full closure and post closure, including the proper monitoring and care of the landfill after closure. Investments totaling $15.3 million in 2008 and $14.9 million in 2007 have been restricted for this purpose. For more detailed information on the restriction of these funds, see note 7 of the financial statements.

Table A-2
Condensed Statements of Revenues, Expenses, and Changes in Net Assets

	FY 07/08	FY 06/07	Change	% Change	FY 05/06	Change	% Change
Operating Revenues	$21,416,712	$19,472,340	$1,944,372	10.0%	$18,497,337	$975,003	5.3%
Investment Income	1,431,260	1,730,338	(299,078)	-17.3%	801,886	928,452	115.8%
Nonoperating Revenues	186,779	302,827	(116,048)	-38.3%	23,610	279,217	1182.6%
Total Revenues	23,034,751	21,505,505	1,529,246	7.1%	19,322,833	2,182,672	11.3%
Operating Expense	14,898,661	13,689,892	1,208,769	8.8%	7,710,374	5,979,518	77.6%
Depreciation	4,787,185	3,116,422	1,670,763	53.6%	2,894,825	221,597	7.7%
Nonoperating Expense	126,549	320,253	(193,704)	-60.5%	127,154	193,099	151.9%
Total Expenses	19,812,395	17,126,567	$2,685,828	15.7%	10,732,353	$6,394,214	59.6%
Change in Net Assets	3,222,356	4,378,938			8,590,480		
Beginning Net Assets	45,174,979	40,796,041			32,205,561		
Ending Net Assets	$48,397,335	$45,174,979			$40,796,041		

While the Balance Sheet shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provide answers as to the nature and source of these changes. Table A-2 shows operating revenues increased by $1.9 million in 2008 and by $1.0 million in 2007. The increase for 2008 was due to increased waste received at the Metro Park East Landfill, and increased income from recycling. The increase for 2007 was due to increased waste received at the Metro Park East Landfill, increased income from recycling, and rents received on the building at 300 East Locust. The decrease in investment income for the year 2008 was due to decreased interest rates, and the use of investments to start closure of Phase I. The large increase in investment income for the year 2007 was due to a $793,300 increase in the market value of MWA's investments in 2007. Operating expenses increased by $1.2 million in 2008 due to a $1.1 million increase in cell cost amortization for the new Subtitle D Cell built in 2007. Operating expenses increased by $6.0 million in 2007 due to a $5.2 million decrease in operating expense in 2006, which was the result of a change in estimate for landfill closure and post closure care costs in 2006. Without the $5.2 million decrease in 2006, operating expenses only increased by $800,000 in 2007. The $5.2 million decrease in 2006 was the result of MWA deciding to use a non-composite (clay) cap system for landfill closure instead of a composite (HDPE plastic) cap system.

CAPITAL ASSETS

Table A-3
Capital Assets

	FY 07/08	FY 06/07	Change	% Change	FY 05/06	Change	% Change
Land & Land Improvements	$12,118,646	$15,404,712	($3,286,066)	-21.3%	$14,682,057	$722,655	4.9%
Buildings & Building Improvements	17,997,475	17,683,699	313,776	1.8%	17,606,252	77,447	0.4%
Landfill Cell Development	7,695,834	15,146,771	(7,450,937)	-49.2%	6,688,317	8,458,454	126.5%
Wetlands Treatment Facility	3,408,975	3,408,975	0	0.0%	3,408,975	0	0.0%
Equipment	13,814,977	12,535,746	1,279,231	10.2%	11,697,078	838,668	7.2%
Sub-total	55,035,907	64,179,903	(9,143,996)	-14.2%	54,082,679	10,097,224	18.7%
Less: Accumulated depreciation	17,055,593	24,620,913	(7,565,320)	-30.7%	22,509,538	2,111,375	9.4%
Net Property and Equipment	$37,980,314	$39,558,990	($1,578,676)	-4.0%	$31,573,141	$7,985,849	25.3%

Capital assets decreased by $9.1 million in 2008. This was due to the write off of $11.6 million in fully amortized cell construction costs, and landfill development costs for Phase I, which is being closed. The major capital asset increase for 2007 was for the construction of a new Subtitle D disposal cell at the Metro Park East Landfill for $8.5 million.

DEBT ADMINISTRATION

On April 1, 2003, Metro Waste Authority issued Solid Waste Revenue Notes for $5 million with interest rates ranging from 1.85% to 3.30%. Interest and principal was due semiannually each year through June 1, 2008. The proceeds from these notes were used to pay off Solid Waste Revenue Notes issued in 1995, which had a rate of 5.0%. These revenue notes have been paid off.

On February 10, 2006, Metro Waste Authority entered in to a Real Estate Contract for $1.4 million to purchase farm land adjacent to the Metro Park East Landfill. Interest at the rate of 5% and principal is due semiannually each year through September 1, 2015. The seller has the right to demand the unpaid balance of the contract at any time after giving a 60 day notice to MWA.

On April 16, 2006, Metro Waste Authority assumed a $3.3 million mortgage loan on the purchase of the commercial office building at 300 East Locust, Des Moines, Iowa. Interest at the rate of 6.75% and principal are due monthly, with a final balloon payment due July 15, 2009. This mortgage loan was paid off in August 2007.

On May 4, 2006, Metro Waste Authority assumed a $750,000 loan on the purchase of the commercial office building at 300 East Locust, Des Moines, Iowa. The loan is non-interest bearing, due in annual installments to the City of Des Moines, through July 1, 2015.

For more information on MWA's long-term debt, see note 5 of the financial statements.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to present users with a general overview of Metro Waste Authority's finances and to demonstrate the agency's accountability for the funds generated. If you have questions about the report or need additional financial information, please contact the Finance Department, Metro Waste Authority, 300 East Locust Street, Suite 100, Des Moines, IA 50309-1864.

Metro Waste Authority
BALANCE SHEETS

ASSETS	June 30 2008	June 30 2007
CURRENT ASSETS		
Cash and cash equivalents	$ 839,138	$ 3,070,871
Investments	10,257,111	7,522,545
Disposal fees receivable, less allowance for uncollectible accounts 2008 $150,000 and 2007 $150,000	1,698,076	1,533,198
Prepaid expenses, accrued interest and other assets	601,023	557,597
Inventories	113,338	83,474
Total current assets	13,508,686	12,767,685
ASSETS WHOSE USE IS LIMITED		
Cash and cash equivalents	1,908,967	3,250,172
Investments	16,327,645	15,853,836
Total assets whose use is limited	18,236,612	19,104,008
PROPERTY AND EQUIPMENT		
Land and building—Metro Park East	27,680,681	38,463,088
Land—Grimes	712,505	714,265
Land and building—Transfer Station	3,613,870	3,613,870
Leasehold improvements—Metro Compost Center	213,824	169,788
Land and building—Regional Collection Center	1,358,931	1,325,842
Land and building—300 East Locust	7,641,119	7,357,304
Automobiles, trucks and other equipment	13,814,977	12,535,746
	55,035,907	64,179,903
Less accumulated depreciation and amortization	17,055,593	24,620,913
Total property and equipment	37,980,314	39,558,990
OTHER ASSET		
Notes receivable	57,779	52,031
Total assets	$69,783,391	$71,482,714

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	June 30 2008	June 30 2007
CURRENT LIABILITIES		
Current portion of notes payable	$ 1,125,000	$ 2,171,248
Construction contracts payable	600,989	2,380,560
Trade accounts payable	1,165,900	1,188,657
Disposal fee rebates payable	1,195,331	924,697
Landfill tax payable	269,058	241,437
Accrued payroll and employee benefits	1,076,339	926,300
Early departure benefits payable	28,567	16,257
Other accrued expenses	201,842	204,968
Total current liabilities	5,663,026	8,054,124
LONG-TERM LIABILITIES		
Notes payable, less current portion	442,739	3,361,000
Accrued landfill closure and postclosure care costs	15,280,291	14,892,611
Total long-term liabilities	15,723,030	18,253,611
Total liabilities	21,386,056	26,307,735
COMMITMENTS AND CONTINGENCIES		
FUND EQUITY		
Invested in capital assets, net of related debt	36,412,575	34,026,742
Unrestricted	11,834,760	11,028,237
Restricted for transfer station closure	150,000	120,000
Total fund equity	48,397,335	45,174,979
Total liabilities and fund equity	$69,783,391	$71,482,714

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

	Year ended June 30	
	2008	**2007**
REVENUES		
Landfill, transfer, compost, RCC, curbside recycling, and rental	$21,416,712	$19,472,340
OPERATING EXPENSES		
Operating expenses (excluding depreciation and amortization)	13,899,799	12,570,040
Provision for landfill closure and postclosure care costs	998,862	1,119,852
Operating income before depreciation and amortization	6,518,051	5,782,448
DEPRECIATION AND AMORTIZATION		
Depreciation	2,891,392	2,391,022
Amortization	1,895,793	725,400
	4,787,185	3,116,422
Operating income	1,730,866	2,666,026
NONOPERATING REVENUES (EXPENSES)		
Farm income, net of related expenses	75,933	92,584
Investment income	1,431,260	1,730,338
Gain on sale of equipment	88,106	184,602
Interest expense	(126,549)	(320,253)
Other	22,740	25,641
Total nonoperating revenues (expenses)	1,491,490	1,712,912
Net income	3,222,356	4,378,938
FUND EQUITY, beginning of year	45,174,979	40,796,041
FUND EQUITY, end of year	$48,397,335	$45,174,979

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS

	Year ended June 30	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$21,210,703	$19,109,693
Cash paid to suppliers for goods and services	(10,008,899)	(8,228,556)
Cash paid to employees for services	(3,252,544)	(3,032,785)
Cash paid for host fees	(349,959)	(330,975)
Grants received	41,131	69,943
Community clean up grants paid	(49,018)	(120,993)
Net cash provided by operating activities	7,591,414	7,466,327
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on notes payable	(3,964,509)	(1,556,244)
Interest paid on notes payable	(141,949)	(325,582)
Proceeds from notes receivable	(29,346)	–
Principal collections on notes receivable	23,598	9,821
Purchase of fixed assets	(4,923,808)	(8,989,520)
Proceeds from sale of equipment	137,980	324,443
Payments for landfill cell closure	(611,181)	(1,143,095)
Net cash (used in) capital and related financing activities	(9,509,215)	(11,680,177)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	35,184,392	27,688,925
Purchases of investments	(37,745,883)	(24,038,170)
Interest received	807,681	1,546,688
Net cash received from farming and other activities	98,673	118,225
Net cash provided by (used in) investing activities	(1,655,137)	5,315,668
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,572,938)	1,101,818
CASH AND CASH EQUIVALENTS		
Beginning	6,321,043	5,219,225
Ending	$ 2,748,105	$ 6,321,043

See Notes to Financial Statements.

Metro Waste Authority
STATEMENTS OF CASH FLOWS (continued)

	Year ended June 30	
	2008	**2007**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$1,730,866	$2,666,026
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	4,787,185	3,116,422
Provision for closure and postclosure costs	998,862	1,119,852
Changes in assets and liabilities		
(Increase) in disposal fees receivable	(164,878)	(292,704)
(Increase) in prepaid expenses and other assets, net of investing activities	(66,731)	(74,093)
(Increase) decrease in inventories	(29,864)	180,717
Increase in payables, net of amounts for fixed assets	173,625	591,915
Increase in accrued payroll and benefits payable	162,349	158,192
Net cash provided by operating activities	$7,591,414	$7,466,327
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE BALANCE SHEET		
Per balance sheet		
Current assets, cash and cash equivalents	$ 839,138	$3,070,871
Assets whose use is limited, cash and cash equivalents	1,908,967	3,250,172
Total per statement of cash flows	$2,748,105	$6,321,043

See Notes to Financial Statements.

Metro Waste Authority
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Metro Waste Authority (the Authority) was formed in 1969 pursuant to the provisions of Chapter 28E of the Code of Iowa by a majority of the local governmental jurisdictions comprising the Des Moines, Iowa metropolitan area. The purpose of the Authority is to provide for the economic disposal, or collection and disposal, of all solid waste produced or generated within the metropolitan area. Currently, this purpose is being met by operating a sanitary landfill, transfer station, regional collection center and compost facility, as well as managing volume reduction and recycling programs. The Authority also provides disposal services to private contractors.

The Authority is comprised of one representative from each of the sixteen member cities and one representative from Polk County. The member cities are: Altoona, Ankeny, Bondurant, Clive, Des Moines, Elkhart, Grimes, Johnston, Mitchellville, Norwalk, Pleasant Hill, Polk City, Runnells, Urbandale, West Des Moines, and Windsor Heights. Each member is entitled to one vote for each 50,000 population or fraction thereof, residing in the governmental jurisdiction, as determined by the most recent general Federal Census.

Reporting Entity

For financial reporting purposes, the Authority has included all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate. 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.

Measurement Focus and Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority has no government or fiduciary funds. The Authority's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in fund equity is appropriate for capital maintenance.

Accounting Standards

The Authority applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Cash and Cash Equivalents

The Authority considers all cash and short-term investments that are highly liquid to be cash equivalents.

Inventories

Inventories, which consist of yard bags and stickers, are stated at cost, based on the first-in, first-out method.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are accounted for at historical cost or estimated historical cost where historical cost is not available. Depreciation and amortization of all exhaustible fixed assets is charged as an expense against operations. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method using these asset lives:

Landfill improvements	5 to 10 years
Wetlands treatment facility	10 to 30 years
Buildings	10 to 40 years
Building improvements	10 years
Automobiles and trucks	3 to 10 years
Equipment	5 to 10 years

Amortization is computed using the straight-line method as follows:

Landfill cell development	Landfill capacity used
Leasehold improvements	Lease term

The cost of repairs and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation and amortization of assets disposed of are deleted, with any gain or loss recorded in current operations.

Disposal Fee Rebates Payable

The Authority has entered into waste delivery contracts with certain haulers which provide that eligible haulers will be rebated specified rates per ton for waste delivered directly to the landfill, after delivering a specified minimum volume in a year. Disposal fee rebates payable represent amounts due to eligible haulers under these contracts.

Compensated Absences

Authority employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. The cost of vacation and sick leave accumulations are recorded as liabilities and expenses. The compensated absences liability, included in accrued payroll and employee benefits, has been computed based on rates of pay in effect at June 30, 2008 and 2007, respectively.

Landfill Closure and Postclosure Care Costs

Costs expected to be incurred in ultimately closing the present landfill site are being systematically provided for through charges to expense over the estimated useful life of the landfill on the basis of capacity used (see Note 7).

Investments and Investment Income

The Authority's investments and the methods used in determining the reported amounts are as follows:

Type	Method
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
Debt securities	
U.S. Treasury securities and U.S. Government Agency securities	
Maturity of one year or less when purchased	Amortized cost
Maturity of more than one year when purchased	Fair value based on quoted market prices
Corporate bonds	Fair value based on quoted market prices

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and Investment Income (continued)

The nonnegotiable certificates of deposit and U.S. Treasury and U.S. Government Agency securities are nonparticipating contracts not significantly affected by impairment of the issuer's credit standing or other factors. The debt securities with a remaining maturity of one year or less when purchased are also not significantly affected by the issuer's credit standing or by other factors.

Investment income from investments is reported as nonoperating revenue. Investment income includes interest income and the net increase (decrease) in the fair value of investments which includes realized and unrealized gains and losses on investments.

Fund Equity

Fund equity is presented in the following three components:

Invested in capital assets, net of related debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balance of the note payable obligations that are attributable to the acquisition, construction, or improvement of those assets.

Restricted fund equity

This component of fund equity consists of constraints placed on fund equity use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Authority currently has reported restricted fund equity related to transfer station closure investments. Amounts related to an escrow agreement and amounts restricted for closure and postclosure care costs are reported net of the liabilities accrued related to these costs.

Unrestricted fund equity

Unrestricted fund equity has no externally imposed restrictions on use.

Accounting Estimates and Assumptions

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The Authority's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or 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 Board of Directors; 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.

NOTE 2 CASH AND INVESTMENTS (continued)

As of June 30, 2008, the Authority's deposits and investments are as follows:

Deposits	
Money market funds	$ 5,720,244
Nonnegotiable certificates of deposit	6,278,285
Investments	
U.S. Treasury securities	1,553,128
U.S. Government agency securities	11,685,976
Corporate bonds	1,347,123
Total	$26,584,756

Credit Risk. The Authority's investment policy does not limit its investment portfolio based upon credit quality of the issuer. At June 30, 2008, all of the Authority's investments subject to credit quality ratings were rated Aaa or P1 by Moody's Investor Service.

Concentration of Credit Risk. The Authority's investment policy limits the amount that may be invested in one issuer (excluding U.S. Government obligations) to $2,000,000, or 25% of the portfolio. At June 30, 2008, more than 5% of the Authority's investments were invested in obligations of the following agencies: Federal Home Loan Mortgage Corporation 24.1%; Federal National Mortgage Association 44.6%; and Federal Farm Credit Bank 6.3%.

Interest Rate Risk. The Authority's investment policy limits the investing of operating funds (defined as funds reasonably expected to be expended within fifteen months) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in instruments with maturities longer than 397 days, provided that the maturities are consistent with the needs and use of the Authority. The Authority's investments in debt securities had the following weighted average maturities at June 30, 2008: U.S. Treasury securities 2.51 years; and U.S. Government agency securities 1.54 years; and corporate securities .08 years.

NOTE 3 ASSETS WHOSE USE IS LIMITED

Assets whose use is limited at June 30, 2008 and 2007 were limited for the following purposes:

	June 30	
	2008	**2007**
Legally restricted assets whose use is limited		
For closure and postclosure care costs	$15,280,301	$14,892,611
For transfer station closure	150,000	120,000
Under escrow agreement	269,058	241,437
Total - legally restricted	15,699,359	15,254,048
Board designated assets whose use is limited		
For capital projects	1,908,967	3,250,172
For environmental contingencies	628,286	599,788
Total - board designated	2,537,253	3,849,960
Total assets whose use is limited	$18,236,612	$19,104,008

Assets designated by the Board of Directors for capital projects and environmental contingencies represent assets set aside for the purpose of funding future fixed asset purchases and any potential environmental liabilities, respectively, of the Authority. The Board retains control of these assets and may, at its discretion, subsequently use the assets for other purposes.

NOTE 4 PROPERTY AND EQUIPMENT

During the year ended June 30, 2008, fixed asset additions and disposals by type were as follows:

	Balance July 1, 2007	Additions	Disposals	Transfers	Balance June 30, 2008
Metro Park East					
Land	$ 8,527,678	$ –	$ (547,073)	$ –	$ 7,980,605
Building	6,171,788	32,346	–	–	6,204,134
Landfill improvements	5,207,876	–	(5,207,876)	2,391,133	2,391,133
Landfill cell development	15,146,771	842,441	(5,902,245)	(2,391,133)	7,695,834
Wetlands treatment facility	3,408,975	–	–	–	3,408,975
	38,463,088	874,787	(11,657,194)	–	27,680,681
Land—Grimes	714,265	–	(1,760)	–	712,505
Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	130,384	–	–	35,474	165,858
Building	3,358,791	–	–	–	3,358,791
Building improvements	35,474	–	–	(35,474)	–
	3,613,870	–	–	–	3,613,870
Metro Compost Center					
Leasehold improvements	169,788	44,036	–	–	213,824
Regional Collection Center					
Land	67,500	–	–	–	67,500
Building	1,258,342	33,089	–	–	1,291,431
	1,325,842	33,089	–	–	1,358,931
300 East Locust					
Land	498,000	–	–	–	498,000
Building	6,859,304	283,815	–	–	7,143,119
	7,357,304	283,815	–	–	7,641,119
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfill	666,621	54,862	(19,550)	–	701,933
Disposal	8,712,480	1,144,472	(58,987)	–	9,797,965
Transfer Station	1,260,968	73,398	(15,833)	–	1,318,533
Regional Collection Center	152,488	122,183	(48,236)	–	226,435
Compost Facility	1,743,189	629,501	(602,579)	–	1,770,111
	12,535,746	2,024,416	(745,185)	–	13,814,977
Totals	64,179,903	3,260,143	(12,404,139)	–	55,035,907
Less accumulated depreciation and amortization	(24,620,913)	(4,787,185)	12,352,505	–	(17,055,593)
Net property and equipment	$39,558,990	$(1,527,042)	$ (51,634)	$ –	$37,980,314

NOTE 4 PROPERTY AND EQUIPMENT (continued)

During the year ended June 30, 2007, fixed asset additions and disposals by type were as follows:

	Balance July 1, 2006	Additions	Disposals	Transfers	Balance June 30, 2007
Metro Park East					
Land	$ 7,805,023	$ 722,655	$ –	$ –	$ 8,527,678
Building	6,157,273	14,515	–	–	6,171,788
Landfill improvements	5,207,876	–	–	–	5,207,876
Landfill cell development	6,688,317	8,458,454	–	–	15,146,771
Wetlands treatment facility	3,408,975	–	–	–	3,408,975
	29,267,464	9,195,624	–	–	38,463,088
Land—Grimes	714,265	–	–	–	714,265
Transfer Station					
Land	89,221	–	–	–	89,221
Land improvements	130,384	–	–	–	130,384
Building	3,358,791	–	–	–	3,358,791
Building improvements	35,474	–	–	–	35,474
	3,613,870	–	–	–	3,613,870
Metro Compost Center					
Leasehold improvements	169,788	–	–	–	169,788
Regional Collection Center					
Land	67,500	–	–	–	67,500
Building	1,258,342	–	–	–	1,258,342
	1,325,842	–	–	–	1,325,842
300 East Locust					
Land	498,000	–	–	–	498,000
Building	6,211,571	62,932	–	584,801	6,859,304
Building improvements	584,801	–	–	(584,801)	–
	7,294,372	62,932	–	–	7,357,304
Automobiles, trucks and other equipment					
Office equipment - Central Office and Landfill	596,798	155,008	(85,185)	–	666,621
Disposal	7,992,498	1,733,572	(1,013,590)	–	8,712,480
Transfer Station	1,184,996	79,155	(3,183)	–	1,260,968
Regional Collection Center	167,041	15,821	(30,374)	–	152,488
Compost Facility	1,755,745	–	(12,556)	–	1,743,189
	11,697,078	1,983,556	(1,144,888)	–	12,535,746
Totals	54,082,679	11,242,112	(1,144,888)	–	64,179,903
Less accumulated depreciation and amortization	(22,509,538)	(3,116,422)	1,005,047	–	(24,620,913)
Net property and equipment	$31,573,141	$ 8,125,690	$ (139,841)	$ –	$39,558,990

Land with a carrying value of approximately $7,885,000 and $8,695,000 was not used in the landfill operations as of June 30, 2008 and 2007, respectively. Of this amount, approximately $6,651,000 and $8,317,000 was leased or farmed as farmland as of June 30, 2008 and 2007, respectively.

At June 30, 2008, contract commitments of approximately $6,967,000 remain on an Authority engineering and construction contract for landfill closure costs.

NOTE 5 NOTES PAYABLE

Notes payable at June 30, 2008 and 2007 are summarized as follows:

	2008	2007
Solid Waste Disposal Revenue Note, Series 2003	$ –	$ 775,000
Mortgage note payable	–	2,974,509
City of Des Moines note	517,739	592,739
Farm installment contract	1,050,000	1,190,000
	1,567,739	5,532,248
Less current portion	1,125,000	2,171,248
Long-term debt	$ 442,739	$3,361,000

Solid Waste Disposal Revenue Notes, Series 2003

The Solid Waste Disposal Revenue Note, Series 2003 was issued to a bank on April 1, 2003, for the purpose of refunding the Series 1995 note payable. The 2003 Note is payable in semiannual principal installments due on June 1 and December 1 each year through June 1, 2008. Interest is also payable semiannually each June 1 and December 1, with interest rates ranging from 3.15% to 3.30%. The Note is secured solely by future net revenues of the Authority. The Note was paid during 2008.

Mortgage note payable

When the Authority purchased the 300 East Locust real estate in March 2006, the Authority assumed the existing first mortgage note on the property. The mortgage note was payable in monthly installments of $27,380 including fixed interest at 6.75% until July 2009, when all remaining unpaid principal and interest were due. The note was collateralized by a mortgage on the 300 East Locust property, and by the assignment of all rents and leases.

The mortgage note contained a number of covenants, and the Authority was in compliance with those covenants.

On August 21, 2007, the Authority paid in full the remaining outstanding principal balance on the mortgage note.

City of Des Moines note

When the Authority purchased the 300 East Locust real estate in March 2006, the Authority assumed the existing note payable to the City of Des Moines. This note, which bears no interest, is payable in annual installments of $75,000 on July 1 of each year until July 1, 2015, when all remaining principal is due. The Authority has also agreed to pay ad valorem property taxes on this property for as long as the Authority has an ownership interest in the property. The note is collateralized by a second mortgage on the 300 East Locust property.

Farm installment contract

The farm installment contract was signed in February 2006, when the Authority agreed to purchase a farm property from an individual adjacent to the landfill. The contract is payable in semiannual principal installments of $70,000 due on March 1 and September 1 each year through September 1, 2015. Interest is also payable semiannually each March 1 and September 1 at 5%. Under the terms of this contract, the seller has the right to demand full payment of any unpaid principal balance at any time by giving the Authority 60 days written notice. Although management of the Authority believes it unlikely that this demand provision will be exercised, the entire note payable balance is classified as maturing in the year ending June 30, 2009, due to the note's 60-day demand provision.

NOTE 5 NOTES PAYABLE (continued)

Principal and interest maturities of the notes payable at June 30, 2008 are summarized as follows:

Year ending June 30	Principal	Interest	Total
2009	$1,125,000	$ 57,750	$1,182,750
2010	75,000	–	75,000
2011	75,000	–	75,000
2012	75,000	–	75,000
2013	75,000	–	75,000
2014-2018	142,739	–	142,739
Totals	$1,567,739	$ 57,750	$1,625,489

A summary of changes in notes payable for the year ended June 30, 2008 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
Solid Waste Disposal Revenue Note	$ 775,000	$ –	$ 775,000	$ –	$ –
Mortgage note payable	2,974,509	–	2,974,509	–	–
City of Des Moines note	592,739	–	75,000	517,739	75,000
Farm installment contract	1,190,000	–	140,000	1,050,000	1,050,000
Totals	$5,532,248	$ –	$3,964,509	$1,567,739	$1,125,000

A summary of changes in notes payable for the year ended June 30, 2007 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
Solid Waste Disposal Revenue Note	$1,820,000	$ –	$1,045,000	$ 775,000	$ 775,000
Mortgage note payable	3,270,753	–	296,244	2,974,509	131,248
City of Des Moines note	667,739	–	75,000	592,739	75,000
Farm installment contract	1,330,000	–	140,000	1,190,000	1,190,000
Totals	$7,088,492	$ –	$1,556,244	$5,532,248	$2,171,248

NOTE 6 OPERATING LEASES

The Authority leases office space in the 300 East Locust building to various tenants under operating leases. At June 30, 2008, approximate future minimum lease payments receivable from noncancelable operating leases are as follows:

Year ending June 30	
2009	$ 359,000
2010	293,000
2011	269,000
2012	201,000
2013	75,000
	$1,197,000

NOTE 6 OPERATING LEASES (continued)

In addition, the Authority has entered into an agreement with the City of Des Moines to lease and operate the City's yard waste processing site. The lease, which extends through March 31, 2010, can be cancelled by either party by giving 60 days notice. Monthly rent payments are $4,167.

NOTE 7 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 postclosure 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 requirements 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 would 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 for changes due to inflation or deflation, technology, or applicable laws or regulations.

The Authority's estimated closure and postclosure care liabilities are as follows as of June 30, 2008 and 2007:

	June 30	
	2008	2007
Postclosure care	$ 5,525,287	$ 5,100,000
Landfill closure	9,755,004	9,792,611
Totals	$15,280,291	$14,892,611

The provision for landfill closure and postclosure care costs recognized for the years ended June 30, 2008 and 2007 is as follows:

	Year ended June 30	
	2008	2007
Provision for postclosure care	$ 267,668	$ 100,000
Provision for landfill closure	731,194	1,019,852
Totals	$ 998,862	$1,119,852

NOTE 7 CLOSURE AND POSTCLOSURE CARE COSTS (continued)

The total closure and postclosure care costs for Metro Waste Authority have been estimated at approximately $30,754,000 as of June 30, 2008, and the portion of the liability that has been recognized is $15,280,291. This liability represents the cumulative amount reported to date based on the use of approximately 50 percent of the capacity of the landfill less payments for cell closure, with a remaining life of 45 years. A provision for the above liability has been made on the Authority's balance sheet as of June 30, 2008 and 2007. The Authority has accumulated resources to fund these costs. They are included in assets whose use is limited on the balance sheet and total $15,280,301 as of June 30, 2008.

NOTE 8 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, 2008 have been estimated at $150,000. The balance has been restricted and is fully funded at June 30, 2008.

NOTE 9 SOLID WASTE TONNAGE FEES RETAINED

The Authority has established an account for restricting and using those portions of solid waste tonnage fees retained by the Authority in accordance with Chapter 455B.310 of the Code of Iowa. As required by the Code of Iowa, fifty cents per ton of the solid waste tonnage fee must be used for the following: (1) development and implementation of an approved comprehensive plan, (2) development of a closure or postclosure care plan, (3) development of a plan for the control and treatment of leachate which may include a facility plan or detailed plans and specifications, and (4) preparation of a financial plan. Ninety-five cents per ton of the retained funds shall be disbursed to a city, county, or public agency using the sanitary disposal project for the purpose of implementation of waste volume reduction and recycling required by the Authority's approved comprehensive plan. The fees retained may also be used for other environmental protection and environmental compliance activities. As of June 30, 2008 and 2007, there were no unspent amounts retained by the Authority.

NOTE 10 DEFINED BENEFIT PENSION PLAN

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 3.90% of their annual covered salary and the Authority is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. The Authority's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were $203,653, $183,848 and $173,404, respectively, equal to the required contributions for each year.

NOTE 11 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Authority assumes liability for any deductibles and claims in excess of coverage limitations.

NOTE 12 CONTINGENCIES

The Authority is subject to constantly changing laws and regulations at both the federal and state levels. These regulations and related enforcement activities reflect a continuing public and governmental concern in providing for environmentally sound solid and chemical waste collection, transportation, storage, treatment and disposal practices. The impact of present and developing laws, regulations and enforcement activities upon the Authority's future capital and operating costs cannot reasonably be estimated, but management believes that such costs may be significant. In addition, there are a number of inherent risks and uncertainties in operating landfill, transfer station, regional collection and composting sites, with related environmental impact challenges possible. However, the future effect, if any, on the Authority cannot be foreseen at the present time.

NOTE 13 CONCENTRATION OF CREDIT RISK

At June 30, 2008, receivables from four customers totaled approximately $1,071,000, or 63% of total net receivables.

DENMAN
& Company, LLP
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

The Board of Directors
Metro Waste Authority
Des Moines, Iowa

Our report on our audits of the basic financial statements of Metro Waste Authority for June 30, 2008 and 2007 and the years then ended appears on page 4. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information for the years ended June 30, 2000 through June 30, 2008, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information for the year ended June 30, 1999 was audited by other auditors whose report, dated August 31, 1999, expressed an unqualified opinion on such information in relation to the basic financial statements taken as a whole.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 17, 2008

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Metro Waste Authority
COMBINING STATEMENT OF REVENUES AND EXPENSES, BY DEPARTMENT
Year ended June 30, 2008

	Combined
REVENUES	
Tipping fees, service fees and rental revenue	$21,416,712
EXPENSES	
Operating expenses (excluding depreciation and amortization)	13,899,799
Provision for landfill closure and postclosure care costs	998,862
Total operating expenses	14,898,661
Operating income (loss) before depreciation and amortization	6,518,051
DEPRECIATION AND AMORTIZATION	
Depreciation	2,891,392
Amortization	1,895,793
	4,787,185
Operating income (loss)	1,730,866
NONOPERATING REVENUES (EXPENSES)	
Farm income, net of related expenses	75,933
Investment income	1,431,260
Gain on sale of equipment	88,106
Interest expense	(126,549)
Other	22,740
Total nonoperating revenues (expenses)	1,491,490
Net income (loss)	$ 3,222,356

*Included in administration is activity of the central office, grant programs, engineering studies, and other miscellaneous Authority activity.

Landfill	Metro Transfer Station	Metro Compost Center	Regional Collection Center	Recycling	Rental-300 East Locust	Administration*
$10,448,580	$5,261,761	$2,052,647	$ 734,549	$2,490,209	$ 419,306	$ 9,660
4,950,283	1,541,955	2,012,527	864,960	2,400,899	364,594	1,764,581
998,862	–	–	–	–	–	–
5,949,145	1,541,955	2,012,527	864,960	2,400,899	364,594	1,764,581
4,499,435	3,719,806	40,120	(130,411)	89,310	54,712	(1,754,921)
2,090,638	338,980	125,758	87,344	–	199,575	49,097
1,895,793	–	–	–	–	–	–
3,986,431	338,980	125,758	87,344	–	199,575	49,097
513,004	3,380,826	(85,638)	(217,755)	89,310	(144,863)	(1,804,018)
75,933	–	–	–	–	–	–
–	–	–	–	–	1,656	1,429,604
–	–	–	–	–	–	88,106
(69,870)	–	–	–	–	(56,679)	–
16,969	–	–	5,201	–	–	570
23,032	–	–	5,201	–	(55,023)	1,518,280
$ 536,036	$3,380,826	$ (85,638)	$ (212,554)	$ 89,310	$ (199,886)	$ (285,738)

Metro Waste Authority
COMBINING SUMMARY OF OPERATING EXPENSES EXCLUDING DEPRECIATION AND AMORTIZATION, BY DEPARTMENT
Year ended June 30, 2008

	Combined
Salaries	$ 3,414,893
Payroll taxes	474,420
Benefits	1,003,252
Site maintenance	511,783
Recycling programs	1,909,699
Vehicle repairs and maintenance	594,148
Vehicle fuel	1,046,049
Computer maintenance	38,881
Minor equipment	144,970
Professional services	421,012
Engineering services	318,781
Graphics design/contract printing	55,250
Contract disposal	358,144
Property taxes and host fees	349,959
Telephone and utilities	209,068
Building and office supplies	250,290
Advertising	357,804
Travel	62,920
Postage	25,136
Miscellaneous	138,057
Insurance	211,593
Leachate processing	375,618
Investment expense	35,290
Machinery and equipment rental	9,147
Office and facilities rent	52,311
Yard waste collection and bags	1,406,453
Community cleanup grants	124,018
Environmental Management System	853
Total operating expenses, excluding depreciation and amortization	$13,899,799

*Included in administration is activity of the central office, grant programs, engineering studies, and all other miscellaneous Authority activity.

Landfill	Metro Transfer Station	Metro Compost Center	Regional Collection Center	Recycling	Rental-300 East Locust	Administration*
$1,455,601	$ 630,754	$ 218,673	$ 284,048	$ 79,612	$ –	$ 746,205
208,274	84,211	27,417	41,587	11,653	–	101,278
449,675	192,775	95,773	78,069	18,332	–	168,628
312,378	53,178	2,176	54,527	–	89,524	–
–	–	–	–	1,909,699	–	–
326,732	224,139	40,586	2,691	–	–	–
723,285	229,971	76,020	15,698	–	–	1,075
17,641	448	457	1,908	–	–	18,427
90,971	3,147	11,129	8,014	5,580	–	26,129
156,087	750	–	1,383	22,609	–	240,183
316,418	–	1,528	835	–	–	–
3,393	–	3,774	1,110	26,223	–	20,750
675	–	–	211,702	141,737	4,030	–
139,506	31,642	4,965	27,005	–	146,841	–
77,508	22,128	10,840	33,377	–	44,156	21,059
108,463	21,571	5,237	25,468	979	51,306	37,266
23,367	1,978	44,536	22,785	180,125	–	85,013
20,888	2,202	150	8,798	4,004	–	26,878
1,323	–	–	233	–	–	23,580
57,079	470	1,472	4,519	346	510	73,661
83,328	35,967	15,058	41,203	–	21,749	14,288
375,618	–	–	–	–	–	–
–	–	–	–	–	–	35,290
2,073	6,624	450	–	–	–	–
–	–	45,833	–	–	6,478	–
–	–	1,406,453	–	–	–	–
–	–	–	–	–	–	124,018
–	–	–	–	–	–	853
$4,950,283	$1,541,955	$2,012,527	$ 864,960	$2,400,899	$ 364,594	$1,764,581

Metro Waste Authority
SUMMARY OF HISTORICAL OPERATING INFORMATION

			Year ended
	2008	**2007**	**2006***
REVENUES	$21,416,712	$19,472,340	$18,497,337
EXPENSES			
Operating expenses (excluding depreciation and amortization)	13,899,799	12,570,040	11,791,128
Provision for landfill closure and postclosure care costs	998,862	1,119,852	(4,080,754)
Operating income before depreciation and amortization	6,518,051	5,782,448	10,786,963
DEPRECIATION AND AMORTIZATION			
Depreciation	2,891,392	2,391,022	2,169,425
Amortization	1,895,793	725,400	725,400
	4,787,185	3,116,422	2,894,825
Operating income	1,730,866	2,666,026	7,892,138
NONOPERATING REVENUES (EXPENSES)			
Farm income (loss), net of related expenses	75,933	92,584	1,895
Investment income	1,431,260	1,730,338	801,886
Gain on sale of land and equipment	88,106	184,602	4,000
Interest expense	(126,549)	(320,253)	(127,154)
Other	22,740	25,641	17,715
Total nonoperating revenues (expenses)	1,491,490	1,712,912	698,342
Net income	$ 3,222,356	$ 4,378,938	$ 8,590,480
Percent increase (decrease) from prior period			
Revenues	9.99%	5.27%	5.70%
Operating expenses excluding depreciation and amortization	10.58%	6.61%	2.33%
Provision for depreciation and amortization	53.61%	7.65%	7.40%
Tonnage delivered to landfill (unaudited)	552,349	495,203	490,599
Compost tonnage (unaudited)	24,990	25,421	20,447

* During 2006, the Authority recognized a change in accounting estimate of $4,875,566 when the Authority determined that non-composite liners would be utilized in the portions of the landfill in which composite liners are not required.

June 30						
2005	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
$17,499,045	$17,969,015	$17,286,179	$15,847,566	$13,911,769	$12,945,110	$12,873,929
11,522,222	11,555,055	10,628,158	9,675,573	8,817,890	7,720,885	8,160,955
1,553,488	1,443,120	1,489,625	1,789,340	1,762,916	1,735,295	1,693,882
4,423,335	4,970,840	5,168,396	4,382,653	3,330,963	3,488,930	3,019,092
2,074,819	2,066,298	2,110,050	1,940,175	1,795,109	1,609,901	1,586,283
620,645	772,952	481,966	444,622	425,825	426,300	458,691
2,695,464	2,839,250	2,592,016	2,384,797	2,220,934	2,036,201	2,044,974
1,727,871	2,131,590	2,576,380	1,997,856	1,110,029	1,452,729	974,118
13,924	38,771	48,789	114,572	(24,118)	33,631	64,930
796,773	237,312	1,021,380	1,167,396	1,469,503	743,656	798,154
18,038	–	9,072	767,784	–	3,944	415
(94,187)	(115,820)	(208,697)	(275,165)	(318,388)	(346,707)	(396,854)
24,185	(1,970)	11,433	18,857	45,220	(434)	(14,557)
758,733	158,293	881,977	1,793,444	1,172,217	434,090	452,088
$ 2,486,604	$ 2,289,883	$ 3,458,357	$ 3,791,300	$ 2,282,246	$ 1,886,819	$ 1,426,206
(2.62)%	3.95%	9.08%	13.91%	7.47%	.55%	26.35%
(.28)%	8.72%	9.85%	9.73%	14.21%	(5.39)%	7.17%
(5.06)%	9.54%	8.69%	7.38%	9.07%	(.43)%	(12.56)%
479,095	513,566	518,392	471,731	425,825	424,582	424,532
20,590	19,209	20,889	17,240	14,917	9,896	13,283

DENMAN
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Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Metro Waste Authority
Des Moines, Iowa

We have audited the financial statements of Metro Waste Authority as of and for the year ended June 30, 2008, and have issued our report thereon dated November 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

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

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro Waste Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Authority's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements 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. Those comments are presented in Part II of the accompanying schedule of findings.

This report, a public record by law, is intended solely for the information and use of the members and constituents of Metro 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.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 17, 2008

Metro Waste Authority
SCHEDULE OF FINDINGS
Year ended June 30, 2008

Part I—Findings Related to the Financial Statements

No matters regarding significant deficiencies, material weaknesses or instances of noncompliance relative to the financial statements were reported.

Metro Waste Authority
SCHEDULE OF FINDINGS
Year ended June 30, 2008

Part II—Findings Related to Required Statutory Reporting

08-II-A QUESTIONABLE EXPENSES

No questionable expenditures of Authority funds were noted.

08-II-B TRAVEL EXPENSE

No expenditures of Authority money for travel expenses of spouses of Authority officials or employees were noted.

08-II-C BOARD MINUTES

No transactions were found that we believe should have been approved in the Authority minutes but were not.

08-II-D DEPOSITS AND INVESTMENTS

No instances on noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Authority's investment policy were noted.

08-II-E SOLID WASTE FEES RETAINAGE

During the year ended June 30, 2008, the Authority used or retained the solid waste fees in accordance with Chapter 455B.310 of the Code of Iowa.

08-II-F FINANCIAL ASSURANCE

The Authority has demonstrated financial assurance for closure and postclosure care costs by establishing a local government dedicated fund as provided in Chapter 111.6(8) of the Iowa Administrative Code. The calculation was made as follows at March 26, 2008:

	Closure	Postclosure
Total estimated costs for closure and postclosure care	$7,714,490	$5,058,600
Less balance of funds held in the local dedicated fund at July 31, 2007	9,311,301	5,058,600
	(1,596,811)	–
Divided by the number of years remaining in the pay-in period	÷ 1	÷ 1
Required payment into the local dedicated fund for the year ended June 30, 2008	–	–
Balance of funds held in the local dedicated fund at July 31, 2007	9,311,901	5,058,600
Required balance of funds held in the local dedicated fund at June 30, 2008	$9,311,901	$5,058,600
Amount Authority has restricted for closure and postclosure care at June 30, 2008	$9,755,004	$5,525,297