

MIDAS REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2004

T. P. ANDERSON & COMPANY, P.C.
Certified Public Accountants

Table of Contents

		<u>Page</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-7
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	8
Statement of Activities	B	9
Governmental Fund Financial Statements:		
Balance Sheet and reconciliation of Governmental Funds To Statement of Net Assets	C	10
Statement of Revenues, Expenditures and Change in Fund Balance	D	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance Of Governmental Funds to the Statement of Activities	E	12
Proprietary Fund Financial Statements:		
Statement of Net Assets	F	13
Statement of Revenues, Expenditures and Change in Fund Net Assets	G	14
Statement of Cash Flows	H	15-16
Notes to Financial Statements		17-26
Required Supplementary Information:		
Notes to Required Supplementary Information		27
Other Supplementary Information	<u>Schedule</u>	
Vehicle Inventory	1	28-29
Supplementary Balance Sheet – Dodger Area Report Transit	2	30
Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting		31-32
Schedule of Findings		33-34

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Independent Auditor's Report

To the Board of Directors of
MIDAS Regional Planning Commission:

We have audited the accompanying financial statements, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2004, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Commission officials. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions 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 audit provides 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 the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of MIDAS Regional Planning Commission at June 30, 2004, and the respective changes in financial position and cash flows, where applicable thereof for the year ended in conformity with U.S. generally accepted accounting principals.

As described in Note 12 to the financial statements, during the year ended June 30, 2004, MIDAS Regional Planning Commission adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosure*; Statement 41, *Budgetary Comparison Schedule – Perspective Differences*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2004, on our consideration of the MIDAS Regional Planning Commission's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and required supplementary information on pages 3 through 7 and on page 27 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principals. We applied limited procedures, which consisted principally of inquires 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 it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise MIDAS Regional Planning Commission's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2003 (none of which is presented herein) and expressed an unqualified opinion on those financial statements. The supplemental information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

T.P. Anderson & Company, P.C.

August 19, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDAS Regional Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

Because MIDAS Regional Planning Commission is implementing new reporting standards for this fiscal year, with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the Commission's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's governmental activities increased 8.2%, or approximately \$25,000, from fiscal 2003 to fiscal 2004. Operating grants and contributions increased approximately \$16,000.
- Program expenses increased 12.0%, or approximately \$34,000, in fiscal year 2004 over fiscal year 2003. ISTEAs expense increased \$8,000, EDA expense increased by \$11,000, and EDA/RLF expenses increased by approximately \$7,000.
- The Commission's net assets decreased 1.3%, or approximately \$27,000, from June 30, 2003 to June 30, 2004.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. These provide information about the activities of MIDAS Regional Planning Commission as a whole and present an overall view of the Commission's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the MIDAS Regional Planning Commission's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

MIDAS Regional Planning Commission is not required to present required supplementary information. The presentation is not required because the Commission is not required by the Code of Iowa to adopt a legally binding budget.

Other Supplementary Information provides detailed information about the Commission's vehicles and a supplemental Balance Sheet for the DART bus operation, managed for the City of Fort Dodge.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents the Commission's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Commission's net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Commission's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include regional planning assistance, grant writing and revolving loan administration along with other assistance provided on an as needed basis. State and federal grants finance most of these activities.

Fund Financial Statements

The Commission has two kinds of funds:

1) The Commission's governmental fund accounts for the Commission's basic service. It focuses on how money flows into and out of this fund, and the balances left at year-end that are available for spending. The governmental fund is the General Fund. This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) The Commission's proprietary fund accounts for its transit operations.

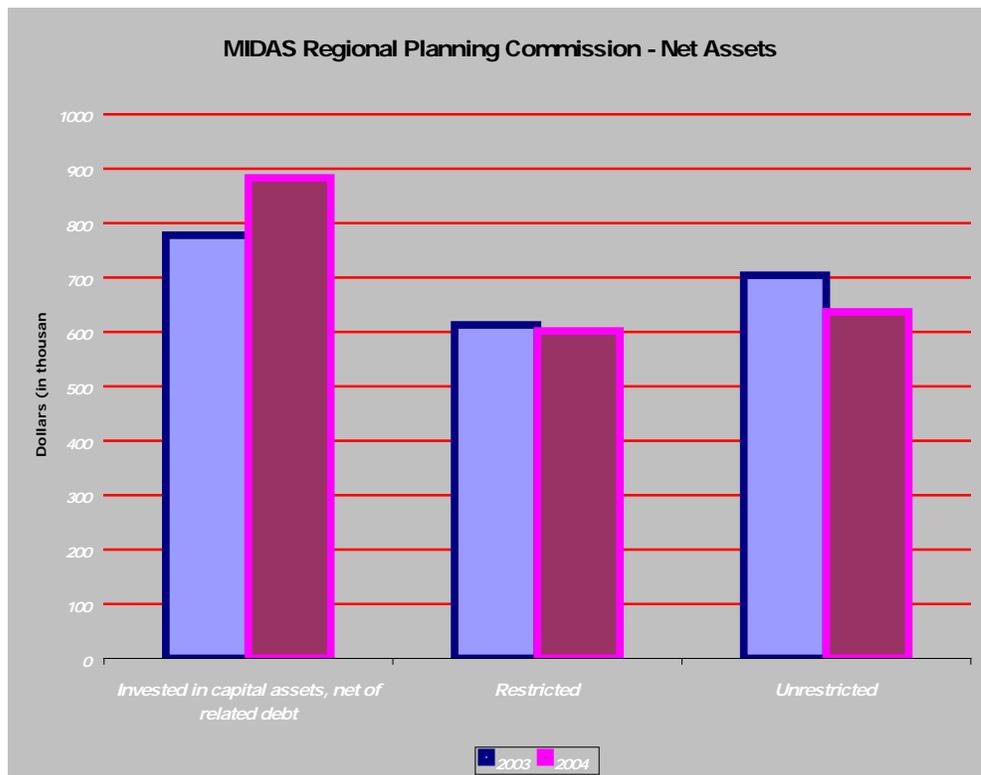
The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. MIDAS Regional Planning Commission's combined net assets from a year ago, decreased from \$2.122 million to \$2.095 million.

Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Current and other assets	\$ 1,453	1,390
Capital assets	963	1,090
Total assets	2,416	2,480
Long-term debt outstanding	185	207
Other liabilities	136	151
Total liabilities	321	358
Net assets:		
Invested in capital assets, net of related debt	778	883
Restricted	613	602
Unrestricted	704	637
Total net assets	\$ 2,095	2,122



The Commission's net assets decreased by 1.3% (\$2.122 million to \$2.095 million). Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$637,000 at June 30, 2003 to approximately \$704,000 at the end of this year, an increase of 10.5 percent.

Changes in Net Assets of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Revenues:		
Program revenues:		
Charges for service	748	747
Operating grants, contributions and restricted interest	975	940
Capital grants, contributions and restricted interest	128	189
General revenues:		
Dues	394	395
Unrestricted investment earnings	14	23
Other general revenues	48	30
Total revenues	2,307	2,324
Program expenses:		
Administrative	319	285
Transit operations	2,015	2,085
Total expenses	2,334	2,370
Increase (decrease) in net assets	(27)	(46)
Net assets beginning of year	2,122	2,168
Net assets end of year	\$ 2,095	2,122

MIDAS Regional Planning Commission's net assets decreased by approximately \$27,000 during the year. Revenues decreased by approximately \$17,000 compared to the prior year, with operating and capital grant revenue down from the prior year by \$26,000.

The cost of all activities this year was \$2,334,000 compared to \$2,370,000 last year. However, as shown in the Statement of Activities on page 9, the amount commission members ultimately financed for these activities was \$483,000 because some of the cost was paid by those who directly benefited from the programs (\$1,851,000). Overall, the Commission's revenues, including intergovernmental aid and fees for services decreased in 2004 from approximately \$2,324,000 to \$2,307,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.289 million, an increase of more than \$6,000 above last year's total of \$1.283 million. The increase fund balance is primarily attributable to increased grant funding received during the year.

The Commission's proprietary fund reported net assets at the end of the year of \$717,000, a decrease from 2003 of 38,000. This decrease is due in large part to the purchase of buses for the DART operation managed for the City of Fort Dodge. The Commission was also affected by increased competition for the transit operation coming from some former customers purchasing their own buses and providing for their own transportation.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2004, the MIDAS Regional Planning Commission had approximately \$2.54 million invested in a broad range of capital assets, including buildings, buses and equipment. This is a net increase (including additions and deletions) of approximately \$11,000 or less than one percent.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Land and buildings	\$ 818	818
Equipment	171	171
Vehicles	1,553	1,542
Total	\$ 2,542	2,531
This year's major additions included (in thousands):		
Two buses		<u>\$ 51,803</u>

The Commission had depreciated expense of \$178,685 in FY04 and total accumulated depreciation of \$1,579,472 at June 30,2004.

Long-Term Debt

At June 30,2004, MIDAS Regional Planning Commission had approximately \$185,376 in bank loans outstanding compared to approximately \$207,356 at June 30, 2003, as shown below.

Outstanding Debt of Governmental and Business Type Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2004	2003
Bank loans	\$ 185	207

Debt decreased as a result of paying debt obligations as originally scheduled.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MIDAS Council of Government's Executive Committee (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2005 budget and fees that will be charged for agency activities. MIDAS general fund operations are expected to remain consistent with the previous year, but could vary according to contract generation during the program year. The transit operations expect to receive significantly more federal funds to assist in the purchase of up to twelve new busses and to complete the Intelligent Transportation Software and Data Reader Program.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the MIDAS Regional Planning Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information contact the MIDAS Regional Planning Commission, 602 1st Avenue South, Fort Dodge, Iowa 50501.

Basic Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

June 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 590,639	\$ 60,500	\$ 651,139
Accounts Receivable			
IDOT	22,605	-	22,605
EDA/RLF	92,987	-	92,987
Transit	-	86,848	86,848
Accrued interest	4,061	-	4,061
Prepaid expenses	18,490	700	19,190
Notes receivable	576,358	-	576,358
Capital Assets			
Depreciable, net	<u>235,996</u>	<u>726,684</u>	<u>962,680</u>
 Total assets	 <u><u>1,541,136</u></u>	 <u><u>874,732</u></u>	 <u><u>2,415,868</u></u>
Liabilities:			
Accounts payable	-	35,216	35,216
Accrued payroll and payroll tax	8,809	39,778	48,587
Accrued vacation	6,783	45,286	52,069
Non-current liabilities			
Due within one year:			
Loans payable	13,494	3,374	16,868
Due in more than one year:			
Loans payable	<u>134,807</u>	<u>33,701</u>	<u>168,508</u>
	<u>163,893</u>	<u>157,355</u>	<u>321,248</u>
Net Assets			
Invested in capital assets, net of related debt	87,695	689,609	777,304
Restricted for:			
EDA-RLF program	286,988	-	286,988
MIDAS Housing-RLF	326,100	-	326,100
Designated for MIDAS-Housing-RLF	497,746	-	497,746
Unrestricted (deficit)	<u>178,714</u>	<u>27,768</u>	<u>206,482</u>
 Total net assets	 <u><u>\$ 1,377,243</u></u>	 <u><u>\$ 717,377</u></u>	 <u><u>\$ 2,094,620</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

	Program Revenues			Governmental Activites	Business type Activities	Total
	Expenses	Charges for Service	Operating Grants			
Functional/Program Activities						
Governmental Activities						
Administration	\$ 318,813	\$ -	\$ 222,550	\$ -	\$ (96,263)	\$ (96,263)
Total governmental activities	<u>318,813</u>	<u>-</u>	<u>222,550</u>	<u>-</u>	<u>(96,263)</u>	<u>(96,263)</u>
Business-type activities						
Transit system	<u>2,014,984</u>	<u>747,834</u>	<u>752,216</u>	<u>-</u>	<u>(387,039)</u>	<u>(387,039)</u>
Total government	<u>2,333,797</u>	<u>747,834</u>	<u>974,766</u>	<u>(96,263)</u>	<u>(387,039)</u>	<u>(483,302)</u>
General Revenues						
Local tax support or dues				64,098	329,722	393,820
Interest income				13,936	251	14,187
Miscellaneous				29,050	6,988	36,038
Gain on sale of assets				-	11,865	11,865
Total General revenue and transfers				<u>107,084</u>	<u>348,826</u>	<u>455,910</u>
Change in Net Assets				10,821	(38,213)	(27,392)
Net assets beginning				<u>1,366,422</u>	<u>755,590</u>	<u>2,122,012</u>
Net assets ending				<u>\$ 1,377,243</u>	<u>\$ 717,377</u>	<u>\$ 2,094,620</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2004

Assets	
Cash	\$ 590,639
Accounts Receivable	115,592
Accrued interest	4,061
Prepaid expenses	18,490
Notes receivable	<u>576,358</u>
Total Assets	<u><u>1,305,140</u></u>
Liabilities and Fund Balances	
Accrued payroll and payroll taxes	8,809
Accrued vacation	<u>6,783</u>
	15,592
Fund balances	
Reserved for	
EDA-RLF program	286,988
MIDAS Housing-RLF	326,100
Unreserved	<u>676,460</u>
	<u>1,289,548</u>
Total liabilities and fund balances	<u><u>\$ 1,305,140</u></u>

Reconciliation of Governmental Funds to Statement of Net Assets

Total governmental fund balances (see above)	\$ 1,289,548
Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	235,996
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(148,301)</u>
Net assets of governmental activities	<u><u>\$ 1,377,243</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND

Year Ended June 30, 2004

Revenue	
State and Federal grants, other agencies	\$ 105,905
State and Federal grants, IDOT	50,209
Local Participation	64,098
Interest income	13,936
Miscellaneous	29,050
CDBG administration	<u>66,436</u>
Total revenue	<u>329,634</u>
Expenditures:	
Administration:	
ISTEA planning	61,990
CDBG	58,686
HAZMAT/LEPC	18,242
EDA	80,798
EDA/RLF	14,655
Task Force	3,750
IDED log assistance	11,030
MISA	9,150
Local	23,303
IFA housing	21,858
Bad Debts	<u>10,078</u>
Total expenditures	<u>313,540</u>
Excess of revenue over expenditures	16,094
Other Financing Sources (Uses)	
Payment on note payable	<u>(10,068)</u>
Total other financing sources (uses)	<u>(10,068)</u>
Excess of revenue and other financing sources over expenditures and other financing (uses)	6,026
Fund Balance, beginning	<u>1,283,522</u>
Fund Balance, ending	<u>\$ 1,289,548</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION
 RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
 to the STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Net change in fund balance - total governmental funds	\$ 6,026
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(5,273)
Repayment of note principal in an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal paid down during the year.	<u>10,068</u>
Change in net assets of governmental fund	<u><u>\$ 10,821</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2004

Assets	
Current assets	
Cash	\$ 60,500
Accounts receivable	86,848
Prepaid rent	700
Total current assets	<u>148,048</u>
Non-current assets	
Capital assets	
RTA Building, transportation and other equipment	2,244,735
Less: Accumulated depreciation	<u>(1,518,051)</u>
Total non-current assets	<u>726,684</u>
Total Assets	<u><u>874,732</u></u>
Liabilities and Net Assets;	
Current liabilities	
Accounts Payable	35,216
Accrued payroll and payroll taxes	39,778
Accrued vacation	45,286
Total current liabilities	<u>120,280</u>
Non-current liabilities	
Notes payable	<u>37,075</u>
Total liabilities	<u>157,355</u>
Net Assets	
Invested in capital assets, net of related debt	689,609
Deficit	<u>27,768</u>
Total net assets	<u>717,377</u>
Total liabilities and net assets	<u>\$ 874,732</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND NET ASSETS - PROPRIETARY FUND TYPE
Year Ended June 30, 2004

Operating Revenues:	
Fare Income	\$ 747,834
State and federal grants, IDOT	846,613
State and federal grants, other agencies	33,498
Local participation	329,722
Miscellaneous income	<u>6,988</u>
Total operating revenues	1,964,655
Operating Expenses:	
Payroll expenses	1,142,166
Transit assistance to providers	50,717
Facility operations	39,720
Vehicle expenses	239,909
Insurance expenses	165,936
Administrative expenses	72,034
Memberships	1,768
Travel	12,738
Employee recruitment training	12,882
Depreciation	173,412
Miscellaneous	<u>103,702</u>
Total operating expenses	2,014,984
Operating loss	(50,329)
Nonoperating Revenues (Expenses):	
Interest income	251
Gain from sale of fixed assets	<u>11,865</u>
Total non-operating expenses	12,116
Net (loss)	(38,213)
Retained Earnings beginning	<u>755,590</u>
Retained Earnings, ending	<u><u>\$ 717,377</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2004

Cash flows from Operating Activities:	
Receipts from Customers	\$ 1,064,977
Operating grants	880,111
Payments to suppliers	(699,406)
Payments to employees	<u>(1,135,506)</u>
Net cash flow from operating activities	<u>110,176</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(51,553)
Proceeds from sale of equipment	11,865
Repayments on long-term borrowings	<u>(11,912)</u>
Net cash used by capital and related financing activities	<u>(51,600)</u>
Cash flows from investing activities	
Interest	<u>251</u>
Net increase in cash	58,827
Cash, beginning of year	<u>1,673</u>
Cash, end of year	<u>\$ 60,500</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2004

Reconciliation of Operating Income(Loss) to Net Cash
 Provided by Operating Activities:

Operating loss	\$ (50,329)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	173,412
Change in Accounts Receivable	(18,802)
Change in Accounts Payable	(1,129)
Change in Accrued Expenses	7,789
Change in Deferred Revenue	<u>(765)</u>
Net cash flow from operating activities	<u>\$ 110,176</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(1) Nature of Organization

Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission is the regional planning and intergovernmental coordination agency in the MIDAS region organized under Chapter 473A and Chapter 28E, Iowa Code, 1971. It does not have stockholders or equity holders and it is not subject to income taxes. MIDAS is the regional planning and coordination agency for: Calhoun, Hamilton, Humboldt, Pocahontas, Webster and Wright Counties of Iowa.

(2) Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, MIDAS Regional Planning Commission has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Commission 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 Commission are such that exclusion would cause the Commission's general purpose 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 Commission 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 Commission. MIDAS Regional Planning Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and other nonexchange transactions.

The Statement Net Assets presents the Commission's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(2) **Significant Accounting Policies - continued**

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

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

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

MIDAS Regional Planning Commission reports the following major governmental fund:

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

The Commission reports the following major proprietary funds:

The Dart and RTA transit fund is the proprietary fund of the Commission. All bus fares, operating grants, capital grants and miscellaneous revenues generated by and for the transit operations are accounted for in this fund. From the fund are paid all expenses necessary to operate the transit authority.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(2) **Significant Accounting Policies - continued**

Revenues are considered to available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund of the Commission 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 Principals Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are transit fares and the principal operating expenses include payroll, vehicle insurance and other transit expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most Commission funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(2) **Significant Accounting Policies - continued**

Capital Assets – Capital assets, which include property, equipment and vehicles, are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend lives are not capitalized.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements. The compensated absences liability have been computed based on rates of pay in effect at June 30, 2004.

Long-term liabilities – In the government-wide and proprietary fund financial statements, long-term debt other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, as expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, GASB 34 does not require this disclosure.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(3) **Cash and Investments**

The Commission's deposits at June 30, 2004 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 Commission 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; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

There were no investments at June 30, 2004.

(4) **Property and Equipment**

A summary of changes in property and equipment comprising general fixed asset account group and proprietary fund fixed assets for the year ended June 30, 2004 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General fixed asset account groups:				
Furniture and fixtures	\$ 43,298	-	-	43,298
Land and building	254,119	-	-	254,119
	<u>297,417</u>	<u>-</u>	<u>-</u>	<u>297,417</u>
Accumulated depreciation	<u>\$ 56,148</u>	<u>5,273</u>	<u>-</u>	<u>61,421</u>
Proprietary fund:				
Building	\$ 564,359	-	-	564,359
Vehicles	1,542,491	51,803	41,585	1,552,709
Equipment	127,667	-	-	127,667
	<u>2,234,517</u>	<u>51,803</u>	<u>41,585</u>	<u>2,244,735</u>
Accumulated depreciation	<u>\$ 1,385,974</u>	<u>173,412</u>	<u>41,335</u>	<u>1,518,051</u>

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

5) Restricted Net Assets - Notes Receivable

The MIDAS Council of Governments administers a revolving loan fund, known as the EDARLF, that makes loans to businesses. Loans are subject to guidelines provided by the federal granting agency and must stimulate the local economy and to encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. The fund has grown to a portfolio of loans totaling \$223,380 and a cash balance of \$63,608 at June 30, 2004. The total loans and cash balances maintained by these funds are restricted to make additional loans in the future.

The MIDAS Council of Governments also administers the MIDAS Housing Revolving Loan Fund (MIDAS HRLF). This program was originally funded with State LHAP and Federal HIRE grant funds and has a portfolio of loans totaling \$368,663 and a cash balance of \$455,183 at June 30, 2004. \$326,100 of these assets are restricted for the purpose of providing assistance to low to middle income housing projects. The remaining \$497,746 has been designated by the MIDAS board of directors for the same purpose as of June 30, 2004.

Interest received on loans advanced under the EDA Revolving Loan Fund program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent. The interest rates applied to the MIDAS HRLF varies as deemed appropriate to facilitate a project. The current proforma target is 4%, but may vary if desired by the loan review committee to better meet the needs of the proposed project.

(6) Operating Lease

MIDAS Regional Planning Commission has entered into an agreement to lease equipment from the City of Fort Dodge. MIDAS Regional Planning Commission is to assume all operating expenses and insurance requirements for the equipment. The term of this lease shall be for a period to include the useful life of the equipment as estimated by the Federal Transit Administration and the Iowa Department of Transportation. At the end of the equipment's useful life, the title and ownership may be transferred to MIDAS Regional Planning Commission for disposition in accordance with IDOT equipment disposition regulations. Payments are \$1 per year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Humboldt, Iowa. The lease term began on July 1, 2003 and ends June 1, 2006. Rent paid for the year ended June 30, 2004 was \$6,000.

MIDAS Regional Planning Commission has entered into operating leases to rent occupied premises in Webster City, Iowa. This lease term began on February 1, 2000 and ended on June 30, 2004. The amount paid for the year ended June 30, 2004 was \$1,200.

MIDAS Regional Planning Commission has entered into an operating lease to rent office space at the Hinde Community Center in Pocahontas, Iowa. The lease term began on July 1, 2003 and ends June 30, 2006. The amount paid for the year ended June 30, 2004 was \$1,200.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(6) **Operating Lease - continued**

Future minimum lease payments due on the above operating leases are as follows:

Years Ending June 30,	
2005	7,201
2006	<u>7,201</u>
	<u>\$ 14,402</u>

Rent expense for the year ended June 30, 2004 totaled \$8,400.

(7) **Revolving Note Payable and Long Term Debt**

The Commission has a revolving note payable to First American Bank, with a balance of \$0 at June 30, 2003. The note's maximum borrowing limit is \$50,000. The note bears interest at the bank's prime rate and matures September 1, 2005.

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
5.690% note payable to U.S. Bank due in monthly installments of \$2,068, including Interest, through January 15, 2004. A final payment of the unpaid principal balance plus accrued interest is due and payable on February 15, 2004. The note payable is collateralized by Fort Dodge land and building.	\$ 197,960	-	197,960	-
Non-interest bearing note payable to Iowa Department of Transportation due in annual installments of \$9,396, through December 31, 2004. Note payable is collateralized by future state and federal transit assistance payments administered by the Iowa Department of Transportation	9,396	-	9,396	-

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(7) Revolving Note Payable and Long Term Debt - continued

2.95% note payable to a local bank is due in 59 monthly installments of \$1,843 with any unpaid principal due on February 18, 2009. The note is collateralized by land and building with a depreciated cost of \$632,813.

	-	190,890	5,514	185,376
\$	207,356	190,890	212,870	185,376

Aggregate maturities required on long-term debt as of June 30, 2003 are due in future years as follows:

Years Ending June 30,	Principal	Interest
2005	\$ 16,868	5,242
2006	17,372	4,737
2007	17,882	4,218
2008	18,427	3,683
2009	114,817	2,150
	<u>\$ 185,376</u>	<u>20,030</u>

(8) Pension and Retirement Benefits

The Commission 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, PO Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Commission is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$63,884, \$54,734, and \$60,110, respectively, equal to the required contributions for each year.

(9) Risk Management

MIDAS Regional Planning Commission 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. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(10) Economy Dependency

The Agency received 25% of its funds from grants from the Department of Transportation for the year ended June 30, 2004.

(11) Dodger Area Rapid Transit (DART) Program

In connection with the Commission's operation of the DART program, expenditures made by the Commission on behalf of DART totaled \$860,362 for the year ended June 30, 2004. During the year ended June 30, 2004, the Commission received Iowa Department of Transportation (IDOT) funding from the City of Fort Dodge, which totaled \$385,356.

(12) Accounting Change

Governmental Accounting Standard Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Managements' Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, Certain Financial Statements Note Disclosures; and Statement No. 41, *Budgetary Comparison Schedule – Perspective Differences* were implemented during fiscal year 2004. The statements create new basic financial statements for reporting the Commission's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than fund type.

The government-wide financial statements report the Commission's governmental activities. Beginning net assets for governmental activities has been restated to include capital assets and the changes in assets and liabilities at July 1, 2003 resulting from the conversion to the accrual basis of accounting.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

(12) Accounting Change - continued

	Total
Net assets, June 30, 2002, as previously reported	\$ 2,039,112
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$56,148	241,269
Change in long-term liabilities	<u>(158,369)</u>
Net assets, July 1, 2003, as restated	<u>\$ 2,122,012</u>

Required Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION

REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2004

Notes to Required Supplemental Information:

As an entity established under Iowa Code Section 28E, MIDAS Regional Planning Commission is not required to adopt and publish a budget. As there is no requirement to adopt a budget, GASB 34 does not require a budgetary comparison schedule and therefore no such schedule is presented.

Other Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION

VEHICLE INVENTORY

JUNE 30, 2004

FLEET						DATE	RECOGNIZED
TRSY	ID#	LICENSE	PROPERTY DESCRIPTION	PROPERTY ID NUMBER	PROJECT #	ACQUIRED	COST
5	C5	LD0153	1993 Ford Supreme	1FDKE30M4NHB64628	03-0066-050-93	10/29/98	\$ 15,479
5	CC9	LD0983	1995 Dodge Minivan	1FDNJ64N8FVA04154	RPT-18-0011-050-92	9/18/92	20,976
5	CC11	LD1054		1FDKE37M7MHA45623	RPT-18-0010-050-91	04/04/91	47,960
5	CC14	LD0150	1993 Ford Supreme	1FDKE30M4NHB54925	18-0012-060-93	03/24/93	40,694
5	CC15	LD0536	1993 Ford Supreme	1FDKE30M2NHB54924	03-0066-050-93	03/23/93	40,694
5	CC18	LD0842	1995 Ford Supreme	1FDKE30MXXRHC18603	03-0071-050-94	02/17/95	42,477
5	EG5	LD0926	1989 Ford Eldorado	1FDKE37G5KHB57392	RPT-18-0008-050-89	02/17/89	133,367
5	H5	LD0715	1986 Dodge	2B4KB31W6GK566581	RPT-18-0011-050-92	04/06/92	6,582
5	H10	LD1001	1990 Ford Supreme	1FDKE37GXLHA84926	16-0021-050-96	4/1/97	13,770
5	H12	LD0904	1993 Ford Supreme	1FDKE30M3NHB64636	18-0012-050-93	03/30/93	41,127
5	H13	LD0896	1995 Dodge Minivan	1B4GH44R6SX548955	03-0071-050-94	12/28/94	29,703
5	H14	LD1140	1995 Ford Supreme	1FDJE30G5SHB40100	03-0075-050-95	11/28/95	36,154
5	HC6	LD0999	1990 Ford Supreme	1FDKE37G1LHA84927	03-0075-050-95	5/30/96	15,262
5	HC7	LD0897	1993 Ford Supreme	1FDKE30M6NHB64629	03-0066-050-93	03/27/93	41,127
5	HC9	LD0822	1995 Ford Supreme	1FDKE30G6RHC15501	03-0071-050-94	02/17/95	40,785
5	HC10	LD0716	1995 Minivan	1B4GH44R4SX548954	03-0071-050-94	12/28/94	29,703
5	P3	LD0998	1990 Ford Supreme	1FDKE37G1LHB00138	RPT-18-0009-050-90	06/04/90	34,670
5	P4	LD0898	1993 Ford Supreme	1FDKE30M1NHB64635	03-0066-050-93	03/30/93	41,127
5	P5	LD0028	1995 Dodge Ram Minivan	1B4GH44R4SX628299	03-0075-050-95	8/24/95	29,928
5	84-1	LD1327	1984 Ford Champion	1FDKE30L6EHA51724	None	9/5/97	4,500
5	84-2	LD1326	1984 Ford Eldorado	1FDKE30L0EHA90728	LOCAL	9/5/97	3,000
5	85-1	LD0906	1985 Ford Eldorado	1FDKE3012FHB39332	None	7/09/97	750
5	88-1	LD1325	1988 Ford Van	1FBJS31H5JHC15448	LOCAL	9/5/97	1,000
5	96-1	LD1123	Ford Eldorado	1FDKE3015HHB85790	None	12/16/96	500
5	97-1	LD0026	1997 Ford Collins	1FDLE40F5VHB13991	03-0075-050-95	7/1/97	43,532
5	97-3	LD0024	1997 Ford Collins	1FDLE40F5VHB13992	03-0077-050-96	8/6/97	42,628
5	97-4	LD1000	1997 Ford ELF	1FDJE30FXVHB90793	16-0021-050-96	8/27/97	88,366
5	98-1	LD0862	1998 Ford	1FDXE40F9WHC07293	03-0079-050-97	8/20/98	47,515
5	98-2	LD0022	1998 Ford	1FDXE40F0WHC07294	03-0079-050-97	8/20/98	47,515
5	998-3	LD0025	1998 Ford	1FDXE40F2WHC07295	03-0079-050-97	8/20/98	46,903
5	98-4	LD1402	1998 Ford	1FDXE40F4WHC07296	03-0079-050-97	8/20/98	46,903
5	00-1	LD0920	2000 Eldorado	1FDXE45FOYHB64894	18-0019-050-98	9/13/00	50,734
5	00-2	LD1055	2000 Eldorado	1FDXE45F9YHB64893	18-0019-050-98	9/13/00	50,734

See independent auditor's report

MIDAS REGIONAL PLANNING COMMISSION

VEHICLE INVENTORY

JUNE 30, 2004

FLEET						DATE	RECOGNIZED
TRSY	ID#	LICENSE	PROPERTY DESCRIPTION	PROPERTY ID NUMBER	PROJECT #	ACQUIRED	COST
5	00-3	LD0031	2000 Eldorado	1FDXE45F7YHB64892	03-0083-050-98	9/20/00	50,734
5	00-4	LD0755	2000 Chevy Venture	1GNDX03E97D347360	18-0020-050-99	10/11/2000	35,289
5	01-99	1(love)kids	Toby	010112001	18-4019-050-00 (04098)	1/26/01	10,153
5	01-1	LD1367	2001 International/Supreme	1HVBEABM31H386040	03-0083-050-98	2/23/01	78,493
5	01-2	LD0945	2000 Eldorado	1GNDX03EX2D149944	18-0022-050-01	12/10/01	50,294
5	01-3	LD1366	2002 Chevrolet	1GNDX03E62D151481	03-0085-050-00	12/17/01	36,803
5	02-1	LD0029	2002 Chevrolet	1FDXE45F62HB01788	18-0022-050-01	5/31/2002	36,806
5	02-2	-	-	1FDXE45F12HB64913	18-0022-050-01	10/9/2002	52,660
5	02-3	-	-	1HVBEABM12H541900	IA03-0095-050-02	10/9/2002	78,703
5	03-1	-	-	1FDXE45F73HB32856	IA03-0095-050-02	10/29/2003	46,803
5	04-1	-	-	-	-	5/28/2004	5,000

See independent auditor's report

MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)
Year Ended June 30, 2004**ASSETS**

Cash	\$ 100
Accounts receivable	38,826
Property, Plant and Equipment	
Other Equipment	<u>7,302</u>
 Total Assets	 <u><u>46,228</u></u>

LIABILITIES AND EQUITY (DEFICIT)

Liabilities:

Accounts Payable	35,216
Accrued Payroll and Payroll taxes	25,121
Accrued Vacation	<u>25,289</u>
 Total Liabilities	 <u>85,626</u>

Equity:

Retained (deficit)	<u>(39,398)</u>
 Total (deficit)	 <u>(39,398)</u>
 Total liabilities and equity (deficit)	 <u><u>\$ 46,228</u></u>

See independent auditor's report

T.P. ANDERSON & COMPANY P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

701 SUMNER, SUITE 200

HUMBOLDT, IOWA 50548

515-332-3466

Independent Auditor's Report on Compliance And on Internal Control over Financial Reporting

To the board of Directors of
MIDAS Regional Planning Commission:

We have audited the financial statements of MIDAS Regional Planning Commission as of and for the year ended June 30, 2004, and have issued our report thereon dated August 19, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As described in Note 12 to the financial statements, during the year ended June 30, 2004, MIDAS Regional Planning Commission adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; Statement No. 41, *Budgetary Comparison Schedule – Perspective Differences*; and interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Compliance

As part of obtaining reasonable assurance about whether MIDAS Regional Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. 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. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered MIDAS Regional Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control that we consider to be material weakness as defined above.

This report, is intended solely for the information and use of the officials, employees and constituents of MIDAS Regional Planning Commission and other parties to whom MIDAS Regional Planning Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

T.P. Anderson & Company, P.C.

August 19, 2004

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the general purpose financial statements.
- (b) No reportable conditions in internal control over financial reporting were disclosed.
- (c) The audit did not disclose any noncompliance which is material to the general purpose financial statements.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Reportable Conditions:

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-04 Official Depositories: A resolution naming official depositories has been approved by the Commission. The maximum deposit amount stated in the resolution was exceeded for one bank during the year ended June 30, 2004.

Recommendation: We recommend that you review your depository resolution periodically and increase the limits when necessary in order to comply with the Iowa Code section 12.

Response: We will review our resolution more closely in the future and make the appropriate adjustments.

Conclusion: Response accepted.

III-B-04 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-04 Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.

III -D-04 Business Transactions: No business transactions between the Agency and Agency officials or employees were noted.

III-E-04 Bond Coverage: Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

MIDAS Regional Planning Commission

Schedule of Findings and Questioned Costs
Year Ended June 30, 2004

Part III: Other Findings Related to Required Statutory Reporting:

III-F-04 Board Minutes: No transactions requiring Board approval were noted which had not been approved.

III-G-04 Deposits and Investments: The Agency had no investments not authorized under the Code of Iowa or its written investment policy.

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

August 19, 2004