

IOWA NORTHLAND REGIONAL
COUNCIL OF GOVERNMENTS

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2007

- Prepared By -

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Northland Regional Council of Governments
Waterloo, IA 50703

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Iowa Northland Regional Council of Governments (INRCOG) as of and for the year ended June 30, 2007. These financial statements are the responsibility of INRCOG's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INRCOG as of June 30, 2007, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 29, 2007 on my consideration of INRCOG's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting 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 my audit.

Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. Other supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by U. S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Larry Pump".

November 29, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Northland Regional Council of Governments 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, 2007. I encourage readers to consider this information in conjunction with INRCOG's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- INRCOG's support and revenues increased 24%, or \$774,066, from fiscal 2006 to fiscal 2007. Contract revenue decreased, while Federal grants increased.
- INRCOG's operation expenses were 28%, or \$865,708 more in fiscal 2007 than in fiscal 2006 due mainly to increased transit transportation costs.
- INRCOG's net assets increased 2%, or \$63,014, from June 30, 2006 to June 30, 2007.

USING THIS ANNUAL REPORT

The Iowa Northland Regional Council of Governments is a single Enterprise Fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to INRCOG's basic financial statements. 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 INRCOG's financial activities.

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

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on operating revenues and expenses, non-operating revenues and expenses and whether INRCOG's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in INRCOG's cash and cash equivalents during the year. This information can assist the use of the report in determining how INRCOG financed its activities and how it met its cash requirements.

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

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of INRCOG's financial position. INRCOG's net assets for fiscal 2007 totaled \$3,290,284. This compares to \$3,227,270 for fiscal 2006. A summary of INRCOG's net assets is presented below.

Net Assets		June 30,	
		<u>2007</u>	<u>2006</u>
Current assets		\$1,555,563	\$2,243,021
Non-current assets		1,917	87,261
Capital assets at cost, less accumulated depreciation		<u>2,038,353</u>	<u>1,362,738</u>
Total assets		<u>\$3,595,833</u>	<u>\$3,693,020</u>
Current liabilities		\$ 305,549	\$ 465,750
Total liabilities		<u>\$ 305,549</u>	<u>\$ 465,750</u>
Net assets:			
Reserved		\$ 545,379	\$ 567,954
Unreserved		<u>2,744,905</u>	<u>2,659,316</u>
Total net assets		<u>\$3,290,284</u>	<u>\$3,227,270</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Support and revenues are received from federal grants, state grants, and other local sources. Expenses are to operate the transit systems and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2007 and 2006 are presented below:

Changes in Net Assets		June 30,	
		<u>2007</u>	<u>2006</u>
Support and Revenue			
Grants		\$1,596,411	\$ 949,559
Program reimbursements and other local sources		<u>2,465,152</u>	<u>2,337,938</u>
Total support and revenue		<u>\$4,061,563</u>	<u>\$3,287,497</u>
Expenses		<u>3,998,949</u>	<u>3,133,241</u>
Net transactions before other financing sources:		\$ 62,614	\$ 154,256
Other financing sources		<u>400</u>	<u>2,272</u>
Change in net assets		\$ 63,014	\$ 156,528
Net assets beginning of year		<u>3,227,270</u>	<u>3,070,742</u>
Net assets end of year		<u>\$3,290,284</u>	<u>\$3,227,270</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the fiscal year.

- Net assets for the year increased \$63,014. This increase was due to the increase in federal grant revenue.
- INRCOG's operating expenses (without depreciation) were \$3,867,856 and revenues were \$4,061,563. With depreciation, the total expenses were \$3,998,949 and revenues remained at \$4,061,563.
- State Transit Assistance and Federal Transit Operating Assistance for the year totaled \$1,596,411. These same funding sources for the previous fiscal year totaled \$949,559. These same funding sources are projected to decrease from fiscal year 2007 to fiscal year 2008.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing activities. Cash provided by the operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used from financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2007, INRCOG had approximately \$2,038,353 invested in capital assets, net of accumulated depreciation of approximately \$1,381,882. Depreciation charges totaled \$131,093 for fiscal year 2007. More detailed information about INRCOG's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The Iowa Northland Regional Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2008 budget and fees that will be charged for agency activities. INRCOG general fund operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

CONTACTING INRCOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of INRCOG's finances and to show INRCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa Northland Regional Council of Governments, 229 E Park Avenue, Waterloo, IA 50703.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 192,104	\$ 763,826	\$ 955,930
Investments (at cost)	210,701	-	210,701
Accounts receivable	72,707	209,053	281,760
Notes receivable	-	107,172	107,172
Total current assets	<u>\$ 475,512</u>	<u>\$1,080,051</u>	<u>\$1,555,563</u>
Non-current assets:			
Notes receivable	<u>\$ -</u>	<u>\$ 1,917</u>	<u>\$ 1,917</u>
Fixed assets:			
Furniture and equipment	\$ 193,636	\$ 118,662	\$ 312,298
Vehicles - unrestricted	234,551	-	234,551
Vehicles - restricted	874,745	-	874,745
Moving costs	664	-	664
Leasehold improvements	308,370	74,597	382,967
Building and improvements	-	1,816,474	1,816,474
Total	<u>\$1,611,966</u>	<u>\$2,009,733</u>	<u>\$3,621,699</u>
Less accumulated depreciation	(1,381,882)	(201,464)	(1,583,346)
Net fixed assets	<u>\$ 230,084</u>	<u>\$1,808,269</u>	<u>\$2,038,353</u>
Total assets	<u>\$ 705,596</u>	<u>\$2,890,237</u>	<u>\$3,595,833</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ 61,697	\$ 11,420	\$ 73,117
Accrued wages and payroll taxes payable	4,713	16,842	21,555
Accrued benefits payable	10,725	137,714	148,439
Unearned revenue	-	62,438	62,438
Total liabilities	<u>\$ 77,135</u>	<u>\$ 228,414</u>	<u>\$ 305,549</u>
NET ASSETS:			
Reserved (Note 2)	\$ 180,358	\$ 365,021	\$ 545,379
Unreserved	448,103	2,296,802	2,744,905
Total net assets	<u>\$ 628,461</u>	<u>\$2,661,823</u>	<u>\$3,290,284</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Iowa Northland</u>		<u>Total</u>
	<u>Regional Transit Commission</u>	<u>Council of Governments</u>	
REVENUES:			
Federal funds	\$ 204,905	\$1,080,614	\$1,285,519
State funds	301,517	9,375	310,892
Local:			
Contract revenue	934,534	1,351,440	2,285,974
Membership revenue	-	89,802	89,802
Document fee	-	83	83
Interest	19,336	43,741	63,077
Miscellaneous	14,809	11,407	26,216
Total	<u>\$1,475,101</u>	<u>\$2,586,462</u>	<u>\$4,061,563</u>
EXPENSES:			
Salaries and fringe benefits	\$ -	\$ 716,995	\$ 716,995
Drivers' salaries and benefits	107,985	-	107,985
Travel	-	33,885	33,885
Meals	-	4,881	4,881
Seminars	116	3,448	3,564
Telephone/internet	762	1,354	2,116
Awards	500	350	850
Contracted services	190,640	1,156,676	1,347,316
Office supplies	218	621	839
Miscellaneous	130	-	130
Postage	1,276	6,470	7,746
Bad debt	-	11,622	11,622
Copy expense	1,931	7,886	9,817
Advertising and notices	1,622	236	1,858
Subscriptions	-	34	34
Professional memberships	2,436	35	2,471
Recording fees	-	794	794
Administrative overhead	88,267	343,171	431,438
Transportation cost	947,784	-	947,784
Provision for forgivable loan	-	203,575	203,575
Administrative expense - INRHC	-	11,807	11,807
Printing	948	16	964
Relocation	-	27,975	27,975
Insurance	21,084	-	21,084
Depreciation	81,982	-	81,982
Legal and accounting	14,175	329	14,504
Equipment maintenance	-	3,109	3,109
Radio service	1,824	-	1,824
Total	<u>\$1,463,680</u>	<u>\$2,535,269</u>	<u>\$3,998,949</u>

(continued)

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
Net transactions before other financing sources (uses):	\$ 11,421	\$ 51,193	\$ 62,614
Other financing sources (uses):			
Gain on sale of fixed assets	\$ 400	\$ -	\$ 400
Operating transfers in	-	277,104	277,104
Operating transfers out	<u>(277,104)</u>	<u>-</u>	<u>(277,104)</u>
Total other financing sources (uses)	\$ <u>(276,704)</u>	\$ <u>277,104</u>	\$ <u>400</u>
Change in net assets	\$ (265,283)	\$ 328,297	\$ 63,014
Net assets beginning of year	<u>893,744</u>	<u>2,333,526</u>	<u>3,227,270</u>
Net assets end of year	<u>\$ 628,461</u>	<u>\$2,661,823</u>	<u>\$3,290,284</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2007

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from membership revenue	\$ -	\$ 89,802	\$ 89,802
Cash received from contract fees	954,966	1,350,698	2,305,664
Cash received from miscellaneous sources	14,809	11,490	26,299
Cash received from state operating grants	301,517	9,375	310,892
Cash received from federal operating grants	204,905	1,078,111	1,283,016
Cash received from interagency transfer	-	277,104	277,104
Cash paid for interagency transfer	(277,104)	-	(277,104)
Cash paid for salaries and benefits	(107,914)	(716,274)	(824,188)
Cash paid for administration	(1,298,744)	(1,752,226)	(3,050,970)
Net cash provided by operating activities	<u>\$ (207,565)</u>	<u>\$ 348,080</u>	<u>\$ 140,515</u>
Cash flows from capital and related financing activities:			
Net acquisition of fixed assets	<u>\$ (69,724)</u>	<u>\$ (736,984)</u>	<u>\$ (806,708)</u>
Net cash used by financing activities	<u>\$ (69,724)</u>	<u>\$ (736,984)</u>	<u>\$ (806,708)</u>
Cash flows from investing activities:			
Cash paid for investments	\$ (8,001)	\$ -	\$ (8,001)
Cash received from investments	77,104	-	77,104
Interest received	19,336	43,741	63,077
Net cash provided (used) for investing activities	<u>\$ 88,439</u>	<u>\$ 43,741</u>	<u>\$ 132,180</u>
Net decrease in cash	\$ (188,850)	\$ (345,163)	\$ (534,013)
Cash and cash equivalents beginning of year	<u>380,954</u>	<u>1,108,989</u>	<u>1,489,943</u>
Cash and cash equivalents end of year	<u>\$ 192,104</u>	<u>\$ 763,826</u>	<u>\$ 955,930</u>
Reconciliation of net transactions to net cash provided by operating activities:			
Net transactions	\$ (265,283)	\$ 328,297	\$ 63,014
Adjustments for long-term non-cash items:			
Depreciation	81,982	49,111	131,093
Revenues and expenses not classified as operating	(19,336)	41,603	22,267
Adjustments for current non-cash items:			
Changes in receivables	30,767	53,575	84,342
Changes in accounts payable	(25,431)	(80,029)	(105,460)
Changes in accrued wages payable	2,103	1,230	3,333
Changes in accrued benefits payable	(2,032)	(509)	(2,541)
Changes in unearned revenue	(10,335)	(45,198)	(55,533)
Net cash provided (used) by operating activities	<u>\$ (207,565)</u>	<u>\$ 348,080</u>	<u>\$ 140,515</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(1) Organization

The Iowa Northland Regional Council of Governments (INRCOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 7 which includes Black Hawk, Bremer, Buchanan, Butler, Chickasaw, and Grundy counties. INRCOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). INRCOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. INRCOG also provides transportation services to the elderly, handicapped and rural areas through the Iowa Northland Regional Transit Commission. In performing its duties, INRCOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

For financial reporting purposes, INRCOG has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with INRCOG are such that exclusion would cause INRCOG'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 INRCOG 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 INRCOG. INRCOG has no component units which meet the Governmental Accounting Standards Board criteria.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

(b) Assets, Liabilities and Fund Equity

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

Cash and Cash Equivalents - The cash balances are invested. 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, they have a maturity date no longer than three months.

Investments - Investments are stated at cost which approximates market.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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

Notes Receivable - This account is utilized to record revolving loan funds loaned to eligible homeowners with the intent that if certain target performances have been satisfied, a portion of the loans may be forgiven.

Capital Assets - Capital assets, which included property, furniture and equipment, are accounted for at original cost. Depreciation has been provided over the estimated useful lives using the straight-line method.

Accrued Benefits Payable - Accrued benefits payable are earned vacation and sick leave and have been accrued as liabilities on the balance sheet. These current liabilities have been computed based on rates of pay in effect at June 30, 2007.

Unearned Revenue - Unearned revenue represents dues received from members for the next year and various grant advanced funding.

Reserved Net Assets - The Council of Government's reserved net assets represents the reserve for revolving loan funds. The Agency received grant funds to establish revolving loan funds for housing needs.

The Regional Transit Commission's reserved net assets represents the portion of federal participation in the purchase of transit vehicles and related equipment. Subsequent disposition of assets purchased with federal funds are subject to certain restrictions.

(3) **Cash and Investments**

INRCOG's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

INRCOG 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 and the Treasurer of the State of Iowa; 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.

Interest rate risk - INRCOG's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of INRCOG.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

<u>Iowa Northland Council of Governments</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 79,378	\$ 39,284	\$ -	\$ 118,662
Leasehold improvements	74,597	-	-	74,597
Construction in progress	1,118,774	-	1,118,774	-
Building and improvements	-	1,816,474	-	1,816,474
 Total	 <u>\$1,272,749</u>	 <u>\$1,855,758</u>	 <u>\$1,118,774</u>	 <u>\$2,009,733</u>

<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 184,944	\$ 8,692	\$ -	\$ 193,636
Vehicles - unrestricted	233,504	10,376	9,329	234,551
Vehicles - restricted	855,226	50,656	31,137	874,745
Moving costs	664	-	-	664
Leasehold improvements	308,370	-	-	308,370
 Total	 <u>\$1,582,708</u>	 <u>\$ 69,724</u>	 <u>\$ 40,466</u>	 <u>\$1,611,966</u>

(5) **Pension and Retirement Benefits**

INRCOG contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and INRCOG is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. INRCOG's contribution to IPERS for the year ended June 30, 2007 was \$44,513, which was equal to the required contribution for the year.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

(6) Operating Lease

INRCOG leases office space on an operating lease basis. The lease calls for lease payments as described below. In addition, INRCOG is responsible for any leasehold improvements. Total rental and lease expense for the year ended June 30, 2007 was \$96,617.

The following is a schedule, by years, of future minimum rental payments required under the operating lease:

<u>Year ending June 30,</u>	<u>Amount</u>
2008	\$ 96,617
2009	<u>96,617</u>
	<u>\$193,234</u>

(7) Risk Management

INRCOG 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. INRCOG 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.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Admini- stration</u>	<u>Technical Assistance</u>	<u>Davis Bacon Poyner</u>	<u>Tripoli HMP</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	-	30,997	3,126	4,050
Membership revenue	-	11,668	-	-
Document Fee	-	-	-	-
Miscellaneous	-	167	-	-
Interest	-	24,965	-	-
Total	<u>\$ -</u>	<u>\$ 67,797</u>	<u>\$ 3,126</u>	<u>\$ 4,050</u>
EXPENSES:				
Salaries and fringe benefits	\$ (24,201)	\$ 24,496	\$ 1,560	\$ 2,904
Travel	-	8,950	-	46
Meals	-	522	-	-
Seminar	-	1,233	-	-
Telephone/internet	-	80	2	3
Awards	-	-	-	-
Contracted services	-	125	-	-
Office supplies	-	189	-	-
Postage	-	542	11	19
Bad debt	-	-	-	-
Copy expense	-	955	5	6
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	12	-	-
Administrative overhead	-	11,341	722	1,345
Provision for forgivable loan	-	-	-	-
Administrative expense - INHRC	-	-	-	-
Printing	-	6	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ (24,201)</u>	<u>\$ 48,451</u>	<u>\$ 2,300</u>	<u>\$ 4,323</u>
Net transactions	\$ 24,201	\$ 19,346	\$ 826	\$ (273)
Agency interfund transfer	26,992	(19,346)	(826)	273
Operating transfer in	277,104	-	-	-
Net assets beginning of year	<u>2,333,526</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u>\$2,661,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

<u>BHCSWC</u>	<u>Housing Council</u>	<u>Contractors Bond</u>	<u>Shell Rock Strategic Plan</u>	<u>Aplington CIP</u>	<u>COG Assistance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	9,375
20,615	11,766	-	575	1,883	-
-	-	-	-	-	-
-	42	-	-	-	-
-	-	11,240	-	-	-
-	-	-	-	-	-
<u>\$ 20,615</u>	<u>\$ 11,808</u>	<u>\$ 11,240</u>	<u>\$ 575</u>	<u>\$ 1,883</u>	<u>\$ 9,375</u>
\$ 13,712	\$ 8,023	\$ 2,420	\$ 47	\$ 1,161	\$ 6,422
423	18	-	-	96	-
-	-	-	-	-	-
-	-	-	-	-	-
12	-	1	-	2	-
-	-	-	-	-	-
-	-	-	500	-	-
-	-	43	-	-	-
43	21	415	1	5	-
-	-	-	-	-	-
42	30	91	-	4	-
-	-	-	-	-	-
-	-	-	-	-	-
35	-	-	-	-	-
-	-	-	-	-	-
6,348	3,716	1,120	22	537	2,973
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,615</u>	<u>\$ 11,808</u>	<u>\$ 4,090</u>	<u>\$ 570</u>	<u>\$ 1,805</u>	<u>\$ 9,395</u>
\$ -	\$ -	\$ 7,150	\$ 5	\$ 78	\$ (20)
-	-	(7,150)	(5)	(78)	20
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>INREDC</u>	<u>RTC</u>	<u>Cedar Valley Marketing Region</u>	<u>Hazelton LBP II</u>
REVENUES:				
Federal funds	\$ 51,000	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	34,000	285,245	45,642	16,761
Membership revenue	17,000	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	99	-	-	-
Total	<u>\$102,099</u>	<u>\$285,245</u>	<u>\$ 45,642</u>	<u>\$ 16,761</u>
EXPENSES:				
Salaries and fringe benefits	\$ 43,089	\$190,640	\$ -	\$ 4,055
Travel	4,696	2,137	-	190
Meals	570	136	-	-
Seminar	1,067	(37)	-	-
Telephone/internet	51	762	-	3
Awards	-	350	-	-
Contracted services	34,000	-	45,642	1,615
Office supplies	-	13	-	-
Postage	307	972	-	140
Bad debt	-	-	-	-
Copy expense	571	1,930	-	11
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Administrative overhead	19,950	88,267	-	1,878
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	8,973
Legal and accounting	-	75	-	-
Total	<u>\$104,301</u>	<u>\$285,245</u>	<u>\$ 45,642</u>	<u>\$ 16,865</u>
Net transactions	\$ (2,202)	\$ -	\$ -	\$ (104)
Agency intrafund transfer	2,202	-	-	104
Operating transfer in	-	-	-	-
Net assets beginning of year	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

<u>INRCOG Housing RLF</u>	<u>Habitat for Humanity-EA</u>	<u>Parkersburg Comp Plan</u>	<u>Waverly Lead Based Paint II</u>	<u>Fredericks- burg EDSA</u>	<u>NE Iowa Comm Dev Group</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	5,500	3,453	13,789	1,792	5,424
41	-	-	-	-	-
-	-	-	-	-	-
13,965	-	-	-	-	-
<u>\$ 14,006</u>	<u>\$ 5,500</u>	<u>\$ 3,453</u>	<u>\$ 13,789</u>	<u>\$ 1,792</u>	<u>\$ 5,424</u>
\$ 611	\$ 2,301	\$ 1,928	\$ 4,037	\$ 1,245	\$ -
7	36	161	20	-	-
-	-	-	-	-	-
-	-	-	-	2	-
-	-	-	-	-	-
-	60	-	1,050	-	5,424
-	-	-	-	-	-
77	7	9	71	4	-
11,622	-	-	-	-	-
8	2	69	1	1	-
-	-	-	-	-	-
-	-	-	-	-	-
105	-	-	-	-	-
283	1,065	893	1,869	576	-
-	-	-	-	-	-
11,807	-	-	-	-	-
-	10	-	-	-	-
-	-	-	-	-	-
-	-	-	6,741	-	-
254	-	-	-	-	-
<u>\$ 24,774</u>	<u>\$ 3,481</u>	<u>\$ 3,060</u>	<u>\$ 13,789</u>	<u>\$ 1,828</u>	<u>\$ 5,424</u>
\$ (10,768)	\$ 2,019	\$ 393	\$ -	\$ (36)	\$ -
10,768	(2,019)	(393)	-	36	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Jesup Rehab</u>	<u>FEMA</u>	<u>Chickasaw Comp Plan</u>	<u>Safety Program</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	3,949	1,730	7,786	38,000
Membership revenue	-	-	-	-
Document Fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	526
Total	<u>\$ 3,949</u>	<u>\$ 1,730</u>	<u>\$ 7,786</u>	<u>\$ 38,526</u>
EXPENSES:				
Salaries and fringe benefits	\$ 2,070	\$ 935	\$ 4,798	\$ 25,056
Travel	134	-	469	1,030
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	2	1	4	6
Awards	-	-	-	-
Contracted services	700	-	-	-
Office supplies	-	-	-	-
Postage	45	71	9	245
Bad debt	-	-	-	-
Copy expense	40	96	197	147
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Administrative overhead	958	433	2,222	11,601
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 3,949</u>	<u>\$ 1,536</u>	<u>\$ 7,699</u>	<u>\$ 38,085</u>
Net transactions	\$ -	\$ 194	\$ 87	\$ 441
Agency intrafund transfer	-	(194)	(87)	(441)
Operating transfer in	-	-	-	-
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>FHLB Emergency Repair</u>	<u>Readlyn Comp Plan</u>	<u>Region 6 Citizen Corp</u>	<u>BHCSWMC- Direct</u>	<u>Grundy Center Rehab</u>	<u>New Hampton Metal FAB EDSA</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
73,137	3,340	7,570	96	5,486	1,077
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 73,137</u>	<u>\$ 3,340</u>	<u>\$ 7,570</u>	<u>\$ 96</u>	<u>\$ 5,486</u>	<u>\$ 1,077</u>
\$ 1,370	\$ 1,930	\$ 314	\$ -	\$ 3,092	\$ 734
441	119	-	-	170	-
-	-	-	-	-	-
-	-	-	-	-	-
15	2	-	2	3	1
-	-	-	-	-	-
1,350	-	7,136	-	700	-
-	-	-	-	-	-
176	10	6	25	56	-
-	-	-	-	-	-
93	68	9	69	35	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
140	-	-	-	-	-
634	894	145	-	1,430	340
67,138	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 71,357</u>	<u>\$ 3,023</u>	<u>\$ 7,610</u>	<u>\$ 96</u>	<u>\$ 5,486</u>	<u>\$ 1,075</u>
\$ 1,780	\$ 317	\$ (40)	\$ -	\$ -	\$ 2
(1,780)	(317)	40	-	-	(2)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	IFA Housing Trust	CV Coalition	Davis Bacon East & West HS	FHLB HBA & OT
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	30,760	17,526	195	44,620
Membership revenue	-	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	1,725	-	-
Total	<u>\$ 30,760</u>	<u>\$ 19,251</u>	<u>\$ 195</u>	<u>\$ 44,620</u>
EXPENSES:				
Salaries and fringe benefits	\$ 5,292	\$ -	\$ 97	\$ 584
Travel	434	1,835	-	40
Meals	-	3,266	-	-
Seminar	50	-	-	-
Telephone/internet	5	-	-	1
Awards	-	-	-	-
Contracted services	1,550	11,981	-	-
Office supplies	17	342	-	17
Postage	67	85	-	8
Bad debt	-	-	-	-
Copy expense	101	17	-	24
Advertising and notices	8	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	35	-	-	427
Administrative overhead	2,451	-	45	270
Provision for forgivable loan	20,750	-	-	43,320
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 30,760</u>	<u>\$ 17,526</u>	<u>\$ 142</u>	<u>\$ 44,691</u>
Net transactions	\$ -	\$ 1,725	\$ 53	\$ (71)
Agency intrafund transfer	-	(1,725)	(53)	71
Operating transfer in	-	-	-	-
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>MPO/TIP</u>	<u>MPO/TPWP</u>	<u>MPO/PPP</u>	<u>MPO/LRP</u>	<u>MPO/SRP</u>	<u>COZO Newsletter</u>	<u>Jesup Subdivision</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
8,507	1,106	2,510	64,007	109,118	1,688	838
2,126	274	626	16,001	27,279	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 10,633</u>	<u>\$ 1,380</u>	<u>\$ 3,136</u>	<u>\$ 80,008</u>	<u>\$136,397</u>	<u>\$ 1,688</u>	<u>\$ 838</u>
\$ 7,121	\$ 907	\$ 1,754	\$ 52,389	\$ 90,423	\$ 736	\$ 778
29	-	372	18	1,864	-	59
10	-	76	-	174	-	-
90	-	-	50	555	-	-
-	-	-	-	14	-	1
-	-	-	-	-	-	-
-	-	-	-	267	-	-
-	-	-	-	-	-	-
8	7	22	93	399	-	6
-	-	-	-	-	-	-
38	47	100	92	835	53	5
41	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,297	420	812	24,256	41,866	341	360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3,109	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 10,634</u>	<u>\$ 1,381</u>	<u>\$ 3,136</u>	<u>\$ 80,007</u>	<u>\$136,397</u>	<u>\$ 1,130</u>	<u>\$ 1,209</u>
\$ (1)	\$ (1)	\$ -	\$ 1	\$ -	\$ 558	\$ (371)
1	1	-	(1)	-	(558)	371
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Nashua</u>	<u>Davis Bacon</u>	<u>JEDF</u>	<u>Parkersburg</u>
	<u>GMT EDSA</u>	<u>Independence</u>	<u>Income</u>	<u>Rehab II</u>
			<u>Verification</u>	
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	2,236	2,113	520	6,329
Membership revenue	-	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total	<u>\$ 2,236</u>	<u>\$ 2,113</u>	<u>\$ 520</u>	<u>\$ 6,329</u>
EXPENSES:				
Salaries and fringe benefits	\$ 1,445	\$ 1,050	\$ 397	\$ 3,232
Travel	60	15	-	330
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	2	4	-	2
Awards	-	-	-	-
Contracted services	-	-	-	1,200
Office supplies	-	-	-	-
Postage	45	4	1	48
Bad debts	-	-	-	-
Copy expense	15	2	-	36
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Administrative overhead	669	486	184	1,496
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 2,236</u>	<u>\$ 1,561</u>	<u>\$ 582</u>	<u>\$ 6,344</u>
Net transactions	\$ -	\$ 552	\$ (62)	\$ (15)
Agency intrafund transfer	-	(552)	62	15
Operating transfer in	-	-	-	-
Net assets beginning of year	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>RTA/TIP</u>	<u>RTA/TPWP</u>	<u>RTA/PPP</u>	<u>RTA/LRP</u>	<u>RTA/SRP</u>	<u>Allison Rehab</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,915	980	4,068	18,744	20,605	14,272
3,730	245	1,017	4,686	5,150	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,645</u>	<u>\$ 1,225</u>	<u>\$ 5,085</u>	<u>\$ 23,430</u>	<u>\$ 25,755</u>	<u>\$ 14,272</u>
\$ 12,618	\$ 837	\$ 3,316	\$ 16,016	\$ 16,381	\$ 8,726
30	-	-	-	1,303	489
11	-	-	-	6	-
-	-	-	-	-	-
-	-	-	4	18	7
-	-	-	-	-	-
-	-	-	-	-	750
-	-	-	-	-	-
32	-	78	53	249	140
-	-	-	-	-	-
74	6	173	16	330	120
158	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,842	388	1,536	7,415	7,584	4,040
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,765</u>	<u>\$ 1,231</u>	<u>\$ 5,103</u>	<u>\$ 23,504</u>	<u>\$ 25,871</u>	<u>\$ 14,272</u>
\$ (120)	\$ (6)	\$ (18)	\$ (74)	\$ (116)	\$ -
120	6	18	74	116	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	Allison Lead Based <u>Paint</u>	<u>MAPS</u>	Raymond <u>TIF</u>	IWE/BHC Solid Waste <u>Commission</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	4,152	787	600	40,177
Membership revenue	-	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total	<u>\$ 4,152</u>	<u>\$ 787</u>	<u>\$ 600</u>	<u>\$ 40,177</u>
EXPENSES:				
Salaries and fringe benefits	\$ 2,820	\$ 368	\$ 462	\$ 26,106
Travel	-	-	7	1,366
Meals	-	-	-	40
Seminar	-	-	-	440
Telephone/internet	-	-	-	191
Awards	-	-	-	-
Contracted services	27	-	-	-
Office supplies	-	-	-	-
Postage	-	3	8	27
Bad debts	-	-	-	-
Copy expense	-	-	16	26
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	34
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Administrative overhead	1,305	171	214	12,087
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 4,152</u>	<u>\$ 542</u>	<u>\$ 707</u>	<u>\$ 40,317</u>
Net transactions	\$ -	\$ 245	\$ (107)	\$ (140)
Agency intrafund transfer	-	(245)	107	140
Operating transfer in	-	-	-	-
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>Region 5- Homeland Security FA</u>	<u>Region 5- Citizens Corp 2005</u>	<u>Aurora CDBG</u>	<u>Davis Bacon Kingsley</u>	<u>Dunkerton TIF</u>	<u>Jesup LB Paint</u>	<u>Wellsburg CDBG</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
7,579	3,488	3,051	41	1,620	1,709	9,509
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7	-	-	-	-	-	-
<u>\$ 7,586</u>	<u>\$ 3,488</u>	<u>\$ 3,051</u>	<u>\$ 41</u>	<u>\$ 1,620</u>	<u>\$ 1,709</u>	<u>\$ 9,509</u>
\$ 2,651	\$ 146	\$ 2,067	\$ 65	\$ 1,452	\$ 1,095	\$ 6,315
335	-	-	-	101	-	234
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9	-	3	1	1	-	5
-	-	-	-	-	-	-
3,368	3,279	-	-	-	90	-
-	-	-	-	-	-	-
12	-	13	1	8	14	24
-	-	-	-	-	-	-
7	-	10	-	30	3	8
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,228	68	957	30	672	507	2,923
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,610</u>	<u>\$ 3,493</u>	<u>\$ 3,050</u>	<u>\$ 97</u>	<u>\$ 2,264</u>	<u>\$ 1,709</u>	<u>\$ 9,509</u>
\$ (24)	\$ (5)	\$ 1	\$ (56)	\$ (644)	\$ -	\$ -
24	5	(1)	56	644	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Fairbank Comp & Zoning</u>	<u>Region 5-10% Hold Back 2005</u>	<u>Grundy Center LB Paint</u>	<u>Clarksville Rehab II</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	4,353	22,912	4,861	15,227
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total	<u>\$ 4,353</u>	<u>\$ 22,912</u>	<u>\$ 4,861</u>	<u>\$ 15,227</u>
EXPENSES:				
Salaries and fringe benefits	\$ 2,505	\$ 5,384	\$ 2,112	\$ 8,518
Travel	182	15	30	549
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	7	5	-	11
Awards	-	-	-	-
Contracted services	-	14,964	415	2,050
Office supplies	-	-	-	-
Postage	5	15	41	86
Bad debts	-	-	-	-
Copy expense	164	16	-	62
Advertising and notices	-	20	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	7
Administrative overhead	1,160	2,493	978	3,944
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	1,285	-
Legal and accounting	-	-	-	-
Total	<u>\$ 4,023</u>	<u>\$ 22,912</u>	<u>\$ 4,861</u>	<u>\$ 15,227</u>
Net transactions	\$ 330	\$ -	\$ -	\$ -
Agency intrafund transfer	(330)	-	-	-
Operating transfer in	-	-	-	-
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

BHC REAP Plan	Clarksville LBP II	Parkersburg LBP II	Hudson Comp Plan	Waterloo Relocation	Met-MR Waiver	LaPorte City Rehab
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
4,428	11,879	5,680	3,465	2,220	1,690	18,328
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,428</u>	<u>\$ 11,879</u>	<u>\$ 5,680</u>	<u>\$ 3,465</u>	<u>\$ 2,220</u>	<u>\$ 1,690</u>	<u>\$ 18,328</u>
\$ 1,716	\$ 3,436	\$ 2,530	\$ 1,247	\$ 1,512	\$ 783	\$ 9,416
58	77	118	25	-	-	400
-	-	-	-	-	-	13
-	-	-	-	-	-	-
-	-	-	-	-	-	1
-	-	-	-	-	-	-
-	1,374	955	-	-	-	3,925
-	-	-	-	-	-	-
33	109	108	-	4	-	118
-	-	-	-	-	-	-
72	2	1	148	-	91	83
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	12
795	1,591	1,171	577	700	362	4,360
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,290	797	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,674</u>	<u>\$ 11,879</u>	<u>\$ 5,680</u>	<u>\$ 1,997</u>	<u>\$ 2,216</u>	<u>\$ 1,236</u>	<u>\$ 18,328</u>
\$ 1,754	\$ -	\$ -	\$ 1,468	\$ 4	\$ 454	\$ -
(1,754)	-	-	(1,468)	(4)	(454)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Nashua Tornado Shelter</u>	<u>Laporte City LBP</u>	<u>Housing Trust Fund II</u>	<u>Region 6- Homeland Security FA</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$1,029,614
State funds	-	-	-	-
Local:				
Contract revenue	2,637	11,484	56,367	-
Membership revenue	-	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	2,354	100
Total	<u>\$ 2,637</u>	<u>\$ 11,484</u>	<u>\$ 58,721</u>	<u>\$1,029,714</u>
EXPENSES:				
Salaries and fringe benefits	\$ 1,748	\$ 5,409	\$ 77	\$ 24,058
Travel	80	33	-	691
Meals	-	-	-	50
Seminar	-	-	-	-
Telephone/internet	-	-	-	69
Awards	-	-	-	-
Contracted services	-	2,359	-	993,343
Office supplies	-	-	-	-
Postage	-	72	-	90
Bad debts	-	-	-	-
Copy expense	-	1	-	175
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	32	-
Administrative overhead	809	2,505	36	11,139
Provision for forgivable loan	-	-	56,367	-
Administrative expense - INHRC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	1,105	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 2,637</u>	<u>\$ 11,484</u>	<u>\$ 56,512</u>	<u>\$1,029,615</u>
Net transactions	\$ -	\$ -	\$ 2,209	\$ 99
Agency intrafund transfer	-	-	(2,209)	(99)
Operating transfer in	-	-	-	-
Net assets beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>Dunkerton Homes</u>	<u>Wellsburg Rehab</u>	<u>Wellsburg LBP</u>	<u>Shell Rock Rehab</u>	<u>Dike Rehab</u>	<u>Dike LBP</u>	<u>Raymond Subdivision Ordinance</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
83	9,255	5,952	179	16,744	12,086	525
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 83</u>	<u>\$ 9,255</u>	<u>\$ 5,952</u>	<u>\$ 179</u>	<u>\$ 16,744</u>	<u>\$ 12,086</u>	<u>\$ 525</u>
\$ 56	\$ 4,118	\$ 2,753	\$ 100	\$ 9,380	\$ 5,402	\$ 321
-	620	28	23	248	80	2
-	-	-	-	-	-	-
-	9	-	-	3	-	-
-	-	-	-	-	-	-
-	2,302	920	-	2,625	2,564	-
-	-	-	-	-	-	-
1	228	36	8	84	144	1
-	-	-	-	-	-	-
-	71	-	2	61	6	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26	1,907	1,274	46	4,343	2,501	149
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	941	-	-	1,389	-
-	-	-	-	-	-	-
<u>\$ 83</u>	<u>\$ 9,255</u>	<u>\$ 5,952</u>	<u>\$ 179</u>	<u>\$ 16,744</u>	<u>\$ 12,086</u>	<u>\$ 473</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52
-	-	-	-	-	-	(52)
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	<u>Hazleton Rehab II</u>	<u>Dunkerton Rehab II</u>	<u>Housing Fund HBA</u>	<u>Dunkerton LBP II</u>
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local:				
Contract revenue	11,669	4,140	17,266	644
Membership revenue	-	-	-	-
Document fee	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total	<u>\$ 11,669</u>	<u>\$ 4,140</u>	<u>\$ 17,266</u>	<u>\$ 644</u>
EXPENSES:				
Salaries and fringe benefits	\$ 6,224	\$ 2,368	\$ 836	\$ 380
Travel	688	137	23	-
Meals	7	-	-	-
Seminar	-	-	-	-
Telephone/internet	7	2	-	-
Awards	-	-	-	-
Contracted services	1,750	500	-	90
Office supplies	-	-	-	-
Postage	94	20	10	-
Bad debts	-	-	-	-
Copy expense	67	23	10	-
Advertising and notices	-	-	-	-
Subscriptions	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Administrative overhead	2,882	1,096	387	-
Provision of forgivable loan	-	-	16,000	-
Administrative expense - INHRC	-	-	-	-
Printing	-	-	-	-
Equipment maintenance	-	-	-	-
Relocation	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 11,719</u>	<u>\$ 4,146</u>	<u>\$ 17,266</u>	<u>\$ 470</u>
Net transactions	\$ (50)	\$ (6)	\$ -	\$ 174
Agency intrafund transfer	50	6	-	(174)
Operating transfer in	-	-	-	-
Net assets beginning of year	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 1
(continued)

<u>New Hampton CEBA</u>	<u>Waverly Rehab II</u>	<u>Dumont Rehab</u>	<u>Lamont Rehab II</u>	<u>Lamont LBP II</u>	<u>Nashua Rental Rehab</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,450	16,219	7,710	4,322	4,568	1,026
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,450</u>	<u>\$ 16,219</u>	<u>\$ 7,710</u>	<u>\$ 4,322</u>	<u>\$ 4,568</u>	<u>\$ 1,026</u>
\$ 1,671	\$ 9,109	\$ 3,339	\$ 2,702	\$ 2,559	\$ 699
-	486	917	94	90	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1	13	4	-	-
-	-	-	-	-	-
-	2,016	1,700	250	470	-
-	-	-	-	-	-
-	112	114	13	74	2
-	-	-	-	-	-
-	69	82	16	-	-
-	9	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	24	-	-	-	-
774	4,393	1,545	1,250	1,185	324
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	184	-
-	-	-	-	-	-
<u>\$ 2,445</u>	<u>\$ 16,219</u>	<u>\$ 7,710</u>	<u>\$ 4,329</u>	<u>\$ 4,562</u>	<u>\$ 1,025</u>
\$ 5	\$ -	\$ -	\$ (7)	\$ 6	\$ 1
(5)	-	-	7	(6)	(1)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	Dumont LBP	Total
REVENUES:		
Federal funds	\$ -	\$1,080,614
State funds	-	9,375
Local:		
Contract revenue	5,912	1,351,440
Membership revenue	-	89,802
Document fee	-	83
Miscellaneous	-	11,407
Interest	-	43,741
Total	<u>\$ 5,912</u>	<u>\$2,586,462</u>
EXPENSES:		
Salaries and fringe benefits	\$ 2,132	\$ 716,995
Travel	127	33,885
Meals	-	4,881
Seminar	-	3,448
Telephone/internet	-	1,354
Awards	-	350
Contracted services	1,290	1,156,676
Office supplies	-	621
Postage	106	6,470
Bad debts	-	11,622
Copy expense	-	7,886
Advertising and notices	-	236
Subscriptions	-	34
Professional memberships	-	35
Recording fees	-	794
Administrative overhead	987	343,171
Provision of forgivable loan	-	203,575
Administrative expense - INHRC	-	11,807
Printing	-	16
Equipment maintenance	-	3,109
Relocation	1,270	27,975
Legal and accounting	-	329
Total	<u>\$ 5,912</u>	<u>\$2,535,269</u>
Net transactions	\$ -	\$ 51,193
Agency intrafund transfer	-	-
Operating transfer in	-	277,104
Net assets beginning of year	-	<u>2,333,526</u>
Net assets end of year	<u>\$ -</u>	<u>\$2,661,823</u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2007

	<u>STA</u> <u>Operating</u> <u>Assistance</u>	<u>Section 18</u> <u>Operating</u> <u>18-4028-</u> <u>070-07</u>	<u>Section 18</u> <u>Capital</u> <u>18-0025-</u> <u>070-04</u>
Operating Expenses:			
Personal Services	\$ -	\$ -	\$ -
Contractual Services	301,517	278,372	-
Commodities	-	-	-
Capital Outlay	-	-	5,910
Prior Year	-	-	64,380
Project Cost	<u>\$ 301,517</u>	<u>\$ 278,372</u>	<u>\$ 70,290</u>
Grant Participation in Project Cost	100%	50%	83/80%
Percentage Participation	<u>\$ 301,517</u>	<u>\$ 139,186</u>	<u>\$ 58,056</u>
Contract Amount	<u>\$ 301,517</u>	<u>\$ 139,186</u>	<u>\$ 64,611</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 301,517	\$ 139,186	\$ 58,056
Less: Grant Payments received in current year	(301,517)	(139,186)	(4,728)
Less: Grant Payments received in prior year	-	-	(53,328)
Grant Receivable/(Payable) at June 30, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Section 3 Capital						Region V-2005	Region VI-2005
04-0105- 070-06	07-MPO- INRCOG	06-MPO- INRCOG	07-RPA-R07	06-RPA-R07	Homeland Security	Homeland Security	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	74,140	-	231,560	-	33,980	1,037,184	-
-	-	-	-	-	-	-	-
61,031	-	-	-	-	-	-	-
-	-	49,475	-	195,938	-	99,341	-
<u>\$ 61,031</u>	<u>\$ 74,140</u>	<u>\$ 49,475</u>	<u>\$231,560</u>	<u>\$195,938</u>	<u>\$ 33,980</u>	<u>\$1,136,525</u>	
83%	80%	80%	80%	80%	100%	100%	
<u>\$ 50,656</u>	<u>\$ 59,312</u>	<u>\$ 39,580</u>	<u>\$185,248</u>	<u>\$156,750</u>	<u>\$ 33,980</u>	<u>\$1,136,525</u>	
<u>\$ 54,780</u>	<u>\$ 59,312</u>	<u>\$ 39,579</u>	<u>\$224,780</u>	<u>\$189,749</u>	<u>\$605,149</u>	<u>\$1,777,155</u>	
\$ 50,656	\$ 59,312	\$ 39,579	\$185,248	\$156,750	\$ 33,980	\$1,136,525	
(50,656)	(37,201)	(4,692)	(145,128)	(45,418)	(31,116)	(1,046,553)	
-	-	(34,887)	-	(111,332)	-	(90,199)	
<u>\$ -</u>	<u>\$ 22,111</u>	<u>\$ -</u>	<u>\$ 40,120</u>	<u>\$ -</u>	<u>\$ 2,864</u>	<u>\$ (227)</u>	

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2007

	EDA 05-83-04169	<u>Total</u>
Operating Expenses:		
Personal Services	\$ -	\$ -
Contractual Services	102,000	2,058,753
Commodities	-	-
Capital Outlay	-	66,941
Prior Year	-	409,134
Project Cost	<u>\$ 102,000</u>	<u>\$2,534,828</u>
Grant Participation in Project Cost	50%	
Percentage Participation	<u>\$ 51,000</u>	<u>\$2,211,810</u>
Contract Amount	<u>\$ 51,000</u>	<u>\$3,506,818</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 51,000	\$2,211,809
Less: Grant Payments received in current	(51,000)	(1,857,195)
Less: Grant Payments received in prior year	-	(289,746)
Grant Receivable/(Payable) at June 30, 2007	<u>\$ -</u>	<u>\$ 64,868</u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENSES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY PASS-THROUGH NUMBER</u>	<u>Program Expenses</u>
Direct:			
Department of Commerce:			
Economic Development Administration:			
Planning Grant	11.302	05-83-04282	\$ <u>51,000</u>
Indirect:			
Department of Transportation:			
Iowa Department of Transportation:			
Discretionary Capital Grant	20.500	04-0105-070-06	\$ <u>50,656</u>
Urban Mass Transportation Technical Studies Grants:			
FHWA STP	20.515	07-RPA-R07	\$ 59,312
FTA MPO Planning	20.515	07MPO-INRCOG	<u>185,248</u>
			<u>\$ 244,560</u>
Non-urban Capital Assistance Project	20.509	18-0025-070-04	\$ 4,728
Non-urban Operating Assistance Project	20.509	18-4028-070-07	<u>139,186</u>
			<u>\$ 143,914</u>
Total Department of Transportation			<u>\$ 439,130</u>
Homeland Security	97.067	Region V	33,980
	97.067	Region VI	<u>1,037,184</u>
			<u>\$1,071,164</u>
Total			<u>\$1,561,294</u>

See Accompanying Independent Auditor's Report.



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

To the Board of Directors
Iowa Northland Regional Council of Governments:

I have audited the basic financial statements of the Iowa Northland Regional Council of Governments (INRCOG) as of and for the year ended June 30, 2007 and have issued my report thereon dated November 29, 2007. My report expressed unqualified opinions on the financial statements. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered INRCOG's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of INRCOG's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects INRCOG's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principals such that there is more than a remote likelihood a misstatement of INRCOG's financial statements that is more than inconsequential will not be prevented or detected by INRCOG's internal control. I noted no matters involving the internal control over financial reporting and its operations that I consider to be a significant deficiency as defined above.

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

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INRCOG's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 INRCOG's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of INRCOG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes

This report, a public record by law, is intended solely for the information and use of the Iowa Northland Regional Council of Governments officials, employees and other parties to whom the Agency may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to us by personnel of INRCOG during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



November 29, 2007



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Iowa Northland Regional Council of Governments:

Compliance

I have audited the compliance of Iowa Northland Regional Council of Governments (INRCOG), with the types of compliance requirements described in U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. INRCOG's major federal program is identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of INRCOG's management. My responsibility is to express an opinion on INRCOG's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about INRCOG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on INRCOG's compliance with those requirements.

In my opinion, INRCOG complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of INRCOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered INRCOG's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in INRCOG's internal control that might be significant deficiencies or material weaknesses as defined below. No current year significant deficiencies were noted.

A control deficiency in INRCOG's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects INRCOG's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by INRCOG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by INRCOG's internal control.

This report, a public record by law, is intended solely for the information and use of the officials, employees and members of INRCOG and other parties to whom INRCOG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Larry Pung".

November 29, 2007

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2007

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) The audit did not disclose any significant deficiencies in the internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies in internal control over its major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.067 - Homeland Security Grant Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) INRCOG did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

None

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

None

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-07 Questionable Expenses - No expenses I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-B-07 Travel Expense - No expenses of INRCOG money for travel expenses of spouses of INRCOG officials or employees were noted.
- IV-C-07 Business Transactions - No business transactions between INRCOG and INRCOG officials or employees were noted.
- IV-D-07 Bond Coverage - Surety bond coverage of INRCOG 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.
- IV-E-07 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and INRCOG's investment policy were noted.
- IV-F-07 Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.