

MIDAS REGIONAL PLANNING COMMISSION

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

JUNE 30, 2007

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

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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 and each major fund of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission at June 30, 2007, and the respective changes in financial position, where applicable cash flows, thereof for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2008, on our consideration of the MIDAS Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements, but is supplementary information required by US generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MIDAS Regional Planning Commission's basic financial statements. The supplementary information included in Schedules 1 and 2, including the accompanying 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 our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

January 9, 2008

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, 2007. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's government-wide activities decreased 1%, or approximately \$38,000, from fiscal 2006 to fiscal 2007. Operating grants and contributions increased approximately \$74,000 and capital grants decreased \$185,000.
- Program expenses increased 6%, or approximately \$157,000, in fiscal year 2007 over fiscal year 2006.
- The Commission's net assets increased 2%, or approximately \$42,000, from June 30, 2006 to June 30, 2007.

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 Net Assets and Statement of Activities. 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 a supplemental Balance Sheet for the DART bus operation, managed for the City of Fort Dodge. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting MIDAS Regional Planning Commission.

REPORTING THE COMMISSION'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 Net Assets and Statement of Activities 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 presented in the Statement of Net Assets and the Statement of 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.

The Commission's business activities presented in the Statement of Net Assets and Statement of Activities include busing operations in Fort Dodge, Humboldt, Webster City, Manson and other locations for member communities.

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.

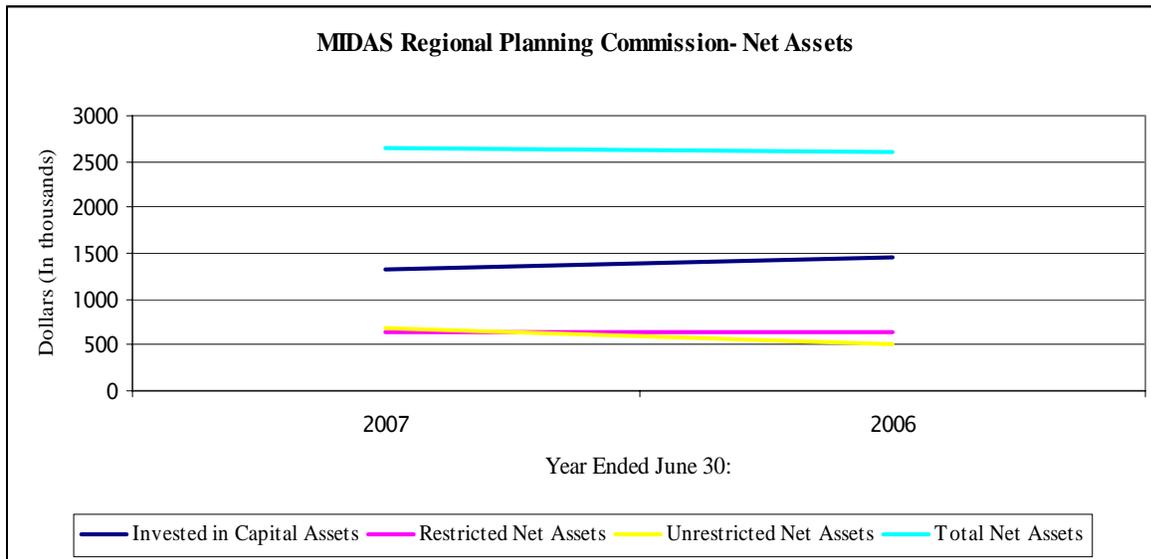
The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

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, increased from \$2.598 million to \$2.640 million.

Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Current and other assets	\$ 1,500	\$ 1,524
Capital assets	1,507	1,655
Total assets	3,007	3,179
Long-term debt outstanding	183	193
Other liabilities	184	388
Total liabilities	367	581
Net assets:		
Invested in capital assets, net of related debt	1,324	1,462
Restricted	633	630
Unrestricted	683	506
Total net assets	2,640	2,598



The Commission's net assets increased by 2% (\$2.598 million to \$2.640 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 \$506,000 at June 30, 2006 to approximately \$683,000 at the end of this year.

Changes in Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Revenues:		
Program revenues:		
Charges for service	996	929
Operating grants, contributions and restricted interest	1,221	1,077
Capital grants, contributions and restricted interest	286	471
General revenues:		
Dues and local tax support	367	392
Unrestricted investment earnings	36	26
Other general revenues	7	56
Total revenues	2,913	2,951
Program expenses:		
Administrative	381	404
Transit operations	2,490	2,310
Total expenses	2,871	2,714
Increase (decrease) in net assets	42	237
Net assets beginning of year	2,598	2,361
Net assets end of year	2,640	2,598

The cost of all activities this year was \$2,871,054 compared to \$2,714,457 last year. However, as shown in the Statement of Activities on page 9, the amount commission members ultimately financed for these activities was \$367,125 because some of the cost was paid by those who directly benefited from the programs and grants (\$2,503,000). Overall, the Commission's revenues, including intergovernmental aid and fees for services decreased in 2007 from approximately \$2,951,000 to \$2,913,000.

INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.20 million, a decrease of approximately \$17,000 below last year's total of \$1.22 million. The decrease in fund balance is primarily attributable to regular operations of the fund.

The Commission's proprietary fund reported net assets at the end of the year of \$1.33 million, an increase from 2006 of \$49,000. This increase is due in to the regular operations of the busing operations.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the MIDAS Regional Planning Commission had approximately \$3.4 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 \$65,000 or 2%. The commission removed fully depreciated capital assets that have been out of service of approximately, \$123,000.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
Land and buildings	825	\$ 825
Equipment	655	653
Vehicles	1,921	1,857
Total	3,401	3,335
This year's major additions included (in thousands):		
Three buses	187	212
Software and security cameras	2	368
	189	580

The Commission had depreciation expense of \$337,079 in FY07 and total accumulated depreciation of \$1,894,672 at June 30, 2007.

Long-Term Debt

At June 30, 2007, MIDAS Regional Planning Commission had approximately \$182,000 in loans outstanding compared to approximately \$192,000 at June 30, 2006, as shown below.

Outstanding Debt of Governmental and Business Type Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2007	2006
DOT Loan	49	42
Bank loans	133	151
	182	193

Debt decreased as a result of making regular monthly payment on the bank mortgage and paying the first \$10,000 installment on the non-interest bearing DOT note during the year. The Commission did borrow an additional \$17,615 from the DOT which was used as matching funds in conjunction with certain federal funding.

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 2008 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 additional federal funds to assist in the purchase of new busses.

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, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 347,299	\$ 117,154	\$ 464,453
Accounts Receivable			
IDOT	64,346	-	64,346
EDA/RLF	18,795	-	18,795
Transit	-	135,796	135,796
Accrued interest	4,061	-	4,061
Prepaid expenses	2,672	27,910	30,582
Notes receivable	782,213	-	782,213
Capital Assets net	221,846	1,284,637	1,506,483
Total assets	1,441,232	1,565,497	3,006,729
Liabilities:			
Accounts payable	-	96,871	96,871
Accrued payroll and payroll tax	15,376	18,959	34,335
Accrued vacation	4,456	48,432	52,888
Long-term liabilities			
Due within one year:			
Loans payable	14,742	13,685	28,427
Due in more than one year:			
Loans payable	91,883	62,237	154,120
	126,457	240,184	366,641
Net Assets			
Invested in capital assets, net of related debt	115,221	1,208,715	1,323,936
Restricted for:			
EDA-RLF program	283,466		283,466
MIDAS Housing-RLF	350,000		350,000
Unrestricted	566,088	116,598	682,686
Total net assets	\$ 1,314,775	\$ 1,325,313	\$ 2,640,088

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

	Program Revenues			Governmental Activities	Business type Activities	Total
	Expenses	Charges for Service	Operating Grants			
Functional/Program Activities						
Governmental Activities						
Administration	\$ 380,676	\$ 89,951	\$ 144,205	\$ (146,520)	-	\$ (146,520)
Total governmental activities	<u>380,676</u>	<u>89,951</u>	<u>144,205</u>	<u>(146,520)</u>	<u>-</u>	<u>(146,520)</u>
Business-type activities						
Transit system	2,490,378	906,512	1,076,858	286,403	-	(220,605)
Total government	<u>2,871,054</u>	<u>996,463</u>	<u>1,221,063</u>	<u>286,403</u>	<u>(146,520)</u>	<u>(220,605)</u>
General Revenues						
Local tax support or dues				69,043	298,251	367,294
Interest income				32,611	2,992	35,603
Miscellaneous				806	814	1,620
Gain on sale of assets				-	4,965	4,965
Transfers				37,088	(37,088)	-
Total General revenue and transfers				<u>139,548</u>	<u>269,934</u>	<u>409,482</u>
Change in Net Assets				(6,972)	49,329	42,357
Net assets beginning				<u>1,321,747</u>	<u>1,275,984</u>	<u>2,597,731</u>
Net assets ending				<u>\$ 1,314,775</u>	<u>\$ 1,325,313</u>	<u>\$ 2,640,088</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2007

Assets	
Cash	\$ 347,299
Accounts Receivable	83,141
Accrued interest	4,061
Prepaid Expenses	2,672
Notes receivable	782,213
Total Assets	<u>1,219,386</u>
Liabilities and Fund Balances	
Accrued payroll and payroll taxes	15,376
Accrued vacation	4,456
	<u>19,832</u>
Fund balances	
Reserved for	
EDA-RLF program	283,466
MIDAS Housing-RLF	350,000
Unreserved	566,088
	<u>1,199,554</u>
Total liabilities and fund balances	<u>\$ 1,219,386</u>

Reconciliation of Governmental Funds to Statement of Net Assets

Total governmental fund balances (see above)	\$ 1,199,554
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	221,846
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(106,625)</u>
Net assets of governmental activities	<u>\$ 1,314,775</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, 2007

Revenue	
State and Federal grants	\$ 144,205
Local Participation	69,043
Interest income	32,611
Miscellaneous	806
CDBG administration	89,951
	<hr/>
Total revenue	336,616
	<hr/>
Expenditures:	
Administration:	
ISTEA planning	88,832
CDBG	63,434
Housing RLF	7,687
EDA	117,096
EDA/RLF	8,609
Task Force	1,471
IDED log assistance	10,907
MISA	3,599
Local	5,582
IFA housing	40,099
USDA GIS	22,725
HIRE	415
LHAP	5,639
Payment on note payable	14,313
	<hr/>
Total expenditures	390,408
	<hr/>
(Deficiency) of revenue under expenditures	(53,792)
Other Financing Sources	
Transfers	37,088
	<hr/>
Total other financing sources	37,088
	<hr/>
(Deficiency) of revenue and other financing sources under expenditures	(16,704)
Fund Balance, beginning	1,216,258
	<hr/>
Fund Balance, ending	\$ 1,199,554
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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, 2007

Net change in fund balance - total governmental fund	\$	(16,704)
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(4,581)
Repayment of note principal is 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>14,313</u>
Change in net assets of governmental fund	\$	<u><u>(6,972)</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2007

Assets	
Current assets	
Cash	\$ 117,154
Accounts receivable	135,796
Prepaid expenses	27,910
Total current assets	<u>280,860</u>
Non-current assets	
Capital assets	
RTA Building, transportation and other equipment	3,103,738
Less: Accumulated depreciation	<u>(1,819,101)</u>
Total non-current assets	<u>1,284,637</u>
Total Assets	<u><u>1,565,497</u></u>
Liabilities and Net Assets;	
Current liabilities	
Accounts Payable	96,871
Accrued payroll and payroll taxes	18,959
Accrued vacation	48,432
Current portion - notes payable	13,685
Total current liabilities	<u>177,947</u>
Non-current liabilities	
Notes payable - net of current portion	<u>62,237</u>
Total liabilities	<u>240,184</u>
Net Assets	
Invested in capital assets, net of related debt	1,208,715
Unrestricted	<u>116,598</u>
Total net assets	<u>1,325,313</u>
Total liabilities and net assets	<u><u>\$ 1,565,497</u></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, 2007

Operating Revenues:	
Fare Income	\$ 906,512
State and federal grants	1,363,261
Local participation	298,251
Miscellaneous income	<u>814</u>
Total operating revenues	2,568,838
Operating Expenses:	
Payroll expenses	1,243,074
Transit assistance to providers	58,326
Facility operations	38,025
Vehicle expenses	364,001
Insurance expenses	259,302
Administrative expenses	101,724
Memberships	2,621
Travel	19,663
Employee recruitment training	10,332
Depreciation	332,498
Miscellaneous	<u>60,812</u>
Total operating expenses	2,490,378
Operating income	78,460
Nonoperating Revenues (Expenses):	
Transfers	(37,088)
Interest income	2,992
Gain from sale/dispositions of fixed assets	<u>4,965</u>
Total non-operating revenues (expenses)	(29,131)
Change in net assets	49,329
Net Assets, beginning	<u>1,275,984</u>
Net Assets, ending	<u><u>\$ 1,325,313</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2007

Cash flows from Operating Activities:	
Receipts from customers	\$ 1,242,832
Operating grants	1,441,003
Payments to suppliers	(856,783)
Payments to employees	<u>(1,508,521)</u>
Net cash flow from operating activities	<u>318,531</u>
Cash flows from noncapital financing activities:	
Interfund transfers	<u>(37,088)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(188,817)
Proceeds from sale of equipment/insurance proceeds	4,965
Repayments on long-term borrowings	(13,579)
Principal issued on notes during year	<u>17,615</u>
Net cash used by capital and related financing activities	<u>(179,816)</u>
Cash flows from investing activities	
Interest	<u>2,992</u>
Net (decrease) in cash	104,619
Cash, beginning of year	<u>12,535</u>
Cash, end of year	<u><u>\$ 117,154</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2007

Reconciliation of Operating Income to Net Cash
 Provided by Operating Activities:

Operating income	\$ 78,460
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	332,498
Change in Accounts Receivable	142,207
Change in Prepaid Expenses	(27,210)
Change in Accounts Payable	(207,256)
Change in Accrued Expenses	<u>(168)</u>
Net cash flow from operating activities	<u><u>\$ 318,531</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(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, in 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 are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of 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, 2007

(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. Other items not properly included among program receipts are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental fund and proprietary fund. The major individual governmental fund is reported as a separate column 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 busing operation (including DART, RTA, Manson School District Bussing, and the Jefferson Lines) 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.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

Revenues are recognized as soon as they are both measurable and available.

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.

Under terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

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.

Accounts Receivable – The Agency utilizes the allowance method for accounting for bad debts. At June 30, 2007 the allowance for doubtful accounts had a balance of \$0. No finance charges are added to customer unpaid balances.

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, 2007.

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.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

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.

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.

(3) **Cash and Investments**

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

The 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.

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipts) in 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 the Commission.

There were no investments at June 30, 2007.

(4) **Capital Assets**

Capital Assets – Capital assets, which include property, equipment and vehicles are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at 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 not adding to the value of the asset or materially extend asset lives are not capitalized.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(4) **Capital Assets – continued**

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	40 years
Improvements other than buildings	15 years
Buses	4 years
Equipment	5-30 years

A summary of changes in property and equipment comprising general fund capital assets and proprietary fund capital assets for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General fund capital assets:				
Furniture and fixtures	\$ 43,298	-	-	\$ 43,298
Land and building	254,119	-	-	254,119
	\$ 297,417	-	-	\$ 297,417
 Accumulated depreciation	\$ 70,990	4,581	-	\$ 75,571
 Proprietary fund:				
Building	\$ 571,030			\$ 571,030
Vehicles	1,856,989	187,127	123,039	1,921,077
Equipment	609,941	1,690	-	611,631
	\$ 3,037,960	188,817	123,039	\$ 3,103,738
 Accumulated depreciation	\$ 1,609,642	333,276	123,817	\$ 1,819,101

(5) **Restricted Net Assets - Notes Receivable**

The MIDAS Regional Planning Commission administers a revolving loan fund, known as the EDA-RLF, 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.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(5) Restricted Net Assets - Notes Receivable - continued

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 a portfolio of loans totaling \$196,019 and a cash balance of \$87,447 at June 30, 2007. The total loans and cash balance maintained by this fund is restricted to make additional loans in the future.

The MIDAS Regional Planning Commission 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 \$586,195 and a cash balance of \$237,465 at June 30, 2007. \$350,000 of these assets are restricted for the purpose of providing assistance to low to middle income housing projects.

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 for \$500 per month. The lease term began on July 1, 2003 has been extended to July 1, 2009. Rent paid for the year ended June 30, 2007 was \$6,000.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$100 per month. The lease term began on July 1, 2003 has been extended to July 1, 2009. Rent paid for the year ended June 30, 2007 was \$1,200.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Webster City, Iowa for \$125 per month. Rent paid for the year ended June 30, 2007 was \$1,500. The term of this lease has lapsed and MIDAS is renting month to month under this agreement at the end of the year.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(6) **Operating Lease – continued**

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

Years Ending June 30:		
2008	\$	7,200
2009		7,200
2010		<u>1</u>
		<u>14,401</u>

Rent expense for the year ended June 30, 2007 totaled \$8,700.

(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, 2007. The note's maximum borrowing limit is \$50,000. The note bears interest at the bank's prime rate and matures December 31, 2007.

A summary of changes in long-term debt for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Payments	Balance End of Year
Non-interest bearing note payable to Iowa Department of Transportation due in annual installments of \$10,000, through June 30, 2011. Loan is for a maximum of \$60,000 and payments in the note are scheduled to begin June 30, 2007. Note payable is collateralized by future state and federal transit assistance payments administered by the Iowa Department of Transportation.	\$ 41,650	17,616	10,000	\$ 49,266
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 \$659,960.	151,173	-	17,892	133,281
	<u>\$ 192,823</u>	<u>17,616</u>	<u>27,892</u>	<u>\$ 182,547</u>

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

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

Aggregate maturities required on long-term debt as of June 30, 2007 are due in future years as follows:

Years Ending June 30,	Principal	Interest
2008	\$ 28,427	\$ 3,689
2009	124,854	3,000
2010	10,000	-
2011	10,000	-
2012	9,266	-
	<u>\$ 182,547</u>	<u>\$ 6,689</u>

Interest incurred under the notes identified below above and expensed on the financial statements amounted to \$4,218.

(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, 2007, 2006 and 2005 were \$71,571, \$68,711, and \$65,335, 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.

(10) Economy Dependency

The Agency received 29% of its revenue from direct and pass-through grants from the Department of Transportation for the year ended June 30, 2007. 64% of the federal awards expended during the year (\$571,360) were passed down from the Iowa Department of Transportation for operating and capital purposes.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(10) Economy Dependency - continued

30% of the federal awards expended during the year (\$265,735) were passed down from the City of Fort Dodge for operating and capital purposes.

(11) Interfund Transfers

During the year ended June 30, 2007, the commission transferred \$37,088 from the proprietary fund to the general fund. The transfers were approved and made in the normal course of operations.

(12) 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 \$1,042,142 for the year ended June 30, 2007.

Other Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)
Year Ended June 30, 2007

ASSETS

Cash	\$ 100
Accounts receivable	47,092
Prepaid expenses	22,685
Property, Plant and Equipment Other Equipment	<u>7,302</u>
Total Assets	<u><u>77,179</u></u>

LIABILITIES AND EQUITY (DEFICIT)

Liabilities:

Accounts Payable	96,871
Accrued Payroll and Payroll taxes	11,044
Accrued Vacation	<u>21,778</u>
Total Liabilities	<u>129,693</u>

Equity:

Retained (deficit)	<u>(52,514)</u>
Total (deficit)	<u>(52,514)</u>
Total liabilities and equity (deficit)	<u><u>\$ 77,179</u></u>

See independent auditor's report

MIDAS REGIONAL PLANNING COMMISSION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/Pass-through Grantor Title	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Commerce			
Direct Programs:			
Economic Development Support for Planning Organizations	11.302	05-83-04251	\$ 38,250
Economic Development Support for Planning Organizations	11.302	05-83-04404	12,750
Total U.S. Department of Commerce			51,000
U.S. Department of Transportation			
Pass Through Programs From:			
State Department of Transportation:			
Federal Transit Capital Investment Grants			
Transit Assistance Program	20.500	03-0104-050-05	193,439
Transit Assistance Program	20.500	03-0103-050-04	50,359
Formula Grants for Other Than Urbanized Areas			
Non-urban Capital Assistance Project	20.509	18-0027-050-05 (08086)	10,864
Non-urban Operating Assistance Project	20.509	18-4028-050-07	259,878
Transit Assistance Program	20.509	TF-2007	4,315
Non-urban Capital Assistance Program	20.509	18-0027-050-05 (07664)	3,647
State Planning and Research	20.515	07-RPA-05	46,827
Public Transportation Research	20.514	26-0003-005-06	1,300
New Freedom Program	20.521	57-X002-050-06	731
			571,360
Pass Through Programs From			
The City of Fort Dodge, Iowa			
Formula Grants for Other Than Urbanized Areas			
Non-urban Operating Assistance Project	20.509	18-4028-050-07	224,412
Non-urban Capital Assistance Project	20.509	18-0028-269-06	24,446
Non-urban Capital Assistance Project	20.509	18-0027-269-05	5,985
Intercity Bus Assistance Project	20.509	ICB CY06	7,500
Intercity Bus Assistance Project	20.509	ICB CY07	532
Transit Assistance Program	20.509	TF-2007	1,946
New Freedom Program	20.521	57-X002-269-06	914
			265,735
Total U.S. Department of Transportation			837,095
U.S. Department of Agriculture			
Direct Programs:			
Rural Community Transit Initiative	10.446	0575-0180	1,105
Total U.S. Department of Agriculture			1,105
Total Expenditures of Federal Awards			\$ 889,200

See accompanying independent auditor's report. See basis for presentation on page 29.

MIDAS REGIONAL PLANNING COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Basis of presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of MIDAS Regional Planning Commission and is presented on the accrual basis or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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 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 of
MIDAS Regional Planning Commission:

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of MIDAS Regional Planning Commission as of and for the year ended June 30, 2007, which collectively comprise the Commission's basic financial statements listed in the table of contents and have issued our report thereon dated January 9, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with accounting principles generally accepted in the United States of America. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financing reporting that might be significant deficiencies or material weaknesses. However we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant control deficiency in internal control over financial reporting.

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 the Commission's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2007 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.

The Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the Commission's responses and, accordingly, we express no opinions on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of MIDAS Regional Planning Commission and other parties to whom the Commission 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.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of 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.

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

January 9, 2007

T.P. ANDERSON & COMPANY P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

701 SUMNER, SUITE 200
HUMBOLDT, IOWA 50548
515-332-3466

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 of
MIDAS Regional Planning Commission

Compliance

We have audited the compliance of MIDAS Regional Planning Commission with the types of compliance requirements described in the 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. MIDAS Regional Planning Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of MIDAS Regional Planning Commission's management. Our responsibility is to express an opinion on MIDAS Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 we 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 MIDAS Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MIDAS Regional Planning Commission's compliance with those requirements.

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

A *control deficiency* in an entity'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 noncompliance 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 the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 9, 2008

MIDAS Regional Planning Commission
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2007

There were no prior year audit findings.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the general purpose financial statements.
- (b) A significant internal control deficiency including a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which were 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 20.509, Formula Grants for Other Than Urbanized Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MIDAS Regional Planning Commission did not qualify as a low-risk audit.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Control Deficiencies:

II-A-07 Year End Adjustments – We were provided with a working trial balance and financial statements at the start of our fieldwork that were not reconciled with the subsidiary ledgers at year end. These unreconciled accounts required adjustments that were material to the financial statements in order to correct.

Recommendation – We recommend that when reports are received after the close of a given month or accounting period that the accounts receivable and accounts payable listings be reconciled with the amounts reported on the balance sheet in order to ensure that the reports you are using to make management decisions are correct.

Response – We will make these comparisons at the end of each month to ensure report accuracy.

Conclusion – Response accepted.

MIDAS Regional Planning Commission

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Part III: Findings and Questions Costs for Federal Awards:

Instances of Non Compliance:

No matters were noted.

Control Deficiencies:

No material weaknesses in internal control over the major program were noted.

Part VI: Other Findings Related to Required Statutory Reporting:

- III-A-07 Official Depositories: A resolution naming official depositories has been approved by the Commission.
- III-B-07 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-07 Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- III-D-07 Business Transactions: No business transactions between the Agency and Agency officials or employees were noted.
- III-E-07 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.
- III-F-07 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- III-G-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 the Commission's investment policy were noted.

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.

January 9, 2008