

REGION SIX PLANNING COMMISSION

**Audited Financial Statements
Required Supplementary Information
Schedule of Findings**

For the Years Ended June 30, 2007 and 2006

TKJ

TIMMINS, KROLL & JACOBSEN, LLP

Certified Public Accountants

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REGION SIX PLANNING COMMISSION
BOARD OF DIRECTORS AND OFFICIALS

BOARD MEMBERS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Keith Sash	Chairperson	Tama County
Lamoyne Gaard	Member	Poweshiek County
David Schmidt	Member	Private Sector
Gordon Canfield	Member	City of Grinnell
Jim Johnson	Member	Hardin County
Patrick Brooks	Member	Marshall County
Darrel Steven Carlyle	Member	City of Iowa Falls
Roger Luehring	Member	City of Gladbrook
Dick Hierstein	Member	City of Marshalltown
Mark Schoborg	Member	Private Sector

AGENCY OFFICIALS

Marty Wymore	Executive Director
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REPORT OF INDEPENDENT AUDITOR

To the Board of Directors
Region Six Planning Commission
Marshalltown, Iowa

We have audited the accompanying financial statements, as listed in the table of contents of this report, of Region Six Planning Commission as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of Region Six Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of Region Six Planning Commission as of June 30, 2007 and 2006, and the respective changes in its financial position, and where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2008 on our consideration of Region Six Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis on pages four through eight and the Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual on page thirty-one are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Region Six Planning Commission's basic financial statements. The supplemental information included on pages twenty-five through thirty is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Timmins, Kroll & Jacobsen LLP

Des Moines, Iowa
March 5, 2008

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

Region Six 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 Region Six Planning Commission's financial statements, which follow.

Overview of the Financial Statements

The Region Six Planning Commission proprietary fund represents all Region 6 Planning Commission activities other than the Iowa Connections program. The government-wide and proprietary fund financial statements are presented 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. Region Six Planning Commission is the administrative agency for the Iowa Connections program and the grant funding for Iowa Connections flows through the Commission, and therefore is accounted for in a Governmental Special Projects Fund. The special projects fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting.

Following this discussion and analysis are the basic financial statements of the Commission together with notes, which are essential to a full understanding of the data contained in the financial statements. The Commission's financial statements are designed to provide readers with a broad overview of the Commission's finances.

Management's Discussion and Analysis introduces the basic financial statements and provides additional insight into the financial activities of the Commission.

The Government-Wide Balance Sheets present information on the Commission's assets and liabilities as of June 30, 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 the Commission is improving or deteriorating.

The Statement of Activities – Government Wide presents information on revenues and expenses and the change in net assets using the accrual basis of accounting whereby all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Balance Sheet – Special Projects Fund and Statement of Revenues, Expenditures and Changes in Fund Balance – Special Projects Fund report the assets, liabilities, fund balance, revenues and expenditures of the Iowa Connections Marketing Group of which Region Six Planning Commission is the administrative agency.

The Balance Sheets – Proprietary Fund and Statements of Revenues, Expenses and Changes in Net Assets – Proprietary Fund report the assets, liabilities, net assets, revenues and expenses of Region Six Planning Commission other than the Iowa Connections Marketing Group. The statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows.

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. Consequently, only transactions that affect the Commission's cash accounts are reported in this statement. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements. A reconciliation is provided at the bottom of this statement to assist in the understanding of the difference between cash flows from operating activities and operating income.

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

Financial Highlights

- In the proprietary fund, total financial support and revenues in FY 2007 increased 16%. Financial support and revenues for the year was \$1,084,355. 27.8% of the revenues were from federal sources, 19.4% from state sources, and 52.8% of the revenues were from local sources.
- In the proprietary fund, total expenditures in FY 2007 increased 10%. Expenditures for the year were \$1,001,991. 27.5% of the expenditures were for planning activities, 71.4% were for transit activities, and 1.1% were for general administrative activities.
- The Iowa Connections Marketing Group received \$75,000 from Iowa Department of Economic Development in FY 2007.

Financial Analysis

A summary of the Commission's balance sheet is presented below.

	June 30,	
	2007	2006
Current assets	\$ 841,121	\$ 687,421
Non-current assets	242,838	242,997
Capital assets at cost, less accumulated depreciation	337,287	348,344
Total assets	<u>1,421,246</u>	<u>1,278,762</u>
Current liabilities	86,088	73,397
Total liabilities	<u>86,088</u>	<u>73,397</u>
Net assets		
Invested in capital assets	337,287	348,344
Restricted	299,948	336,911
Unrestricted	697,923	520,110
Total net assets	<u>\$ 1,335,158</u>	<u>\$ 1,205,365</u>

REGION SIX PLANNING COMMISSION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007**

The Region Six Planning Commission proprietary fund cash balance of \$390,872 is not restricted to a specific activity or program and is available for general activities. The unrestricted cash balance increased \$28,691 or 8%. The proprietary fund restricted cash was \$148,354. This is the sum of the economic development revolving loan fund accounts. The balance increased \$28,748 or 24%.

The \$103,575 of cash under the governmental activities column is for Iowa Connections regional marketing activities. Region Six Planning serves as the fiscal agent for this program. The Iowa Connections region is Marshall, Tama, Benton, Jasper, and Poweshiek Counties.

Total assets at June 30, 2007 were \$1,421,246 an 11% increase from FY 06. The increase was due primarily to an increase in cash accounts as noted above and an increase in receivables of \$40,630 due primarily to the timing of government grants earned but not received at year end. The Statement of Cash Flows gives information on the sources and uses of cash.

Total liabilities increased 17% due to an increase in accounts payable and accrued expenses.

A summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets is presented below.

Changes in Net Assets

	June 30,	
	2007	2006
Support and revenue		
Grants and appropriations	\$ 512,225	\$ 346,988
Membership dues	36,729	37,389
Local services and support	524,153	547,702
Iowa Connections revenues	117,980	96,852
Other non-operating revenue	11,248	2,146
Total support and revenue	1,202,335	1,031,077
Expenditures		
General planning	25,986	30,605
Planning contracts	249,399	186,836
Transit expenses	715,765	685,796
Iowa Connections expenses	70,551	3,653
General administrative	10,841	3,843
Total expenditures	1,072,542	910,733
Changes in net assets	129,793	120,344
Net assets beginning of year	1,205,365	1,085,021
Net assets end of year	\$ 1,335,158	\$ 1,205,365

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

Net assets increased 10.8% from FY 2006 to 2007.

Overall, income increased 16.6% while expenditures increased 17.8% from 2006 to 2007.

Financial Analysis related to other financial statements and supplementary schedules:

Schedule of Support and Revenue

- Federal grants increased \$167,931 from FY06 to FY07. All Region Six programs had federal funding increases – public transit support, transit vehicle replacements, transportation planning support, housing renovations, and economic development support. Federal transit operating assistance increased 43%. Federal funding under the current federal highway bill is anticipated to increase. The end of the bill is in FY 2009. The current federal highway bill increased rural (less than 50,000 population) transit support. There is significant federal discussion however about a large shortfall in the federal highway trust fund at the end of the current highway bill FY09. The future beyond then is uncertain. Historically, federal transit operating funds were roughly half the amount that we are now receiving.
- Membership dues remained consistent from FY06 to FY07. The amount changed by \$660. Region 6 Planning lost a few small town memberships in FY07. Small town memberships can change somewhat from year to year. Historically, staff has not very actively pursued payment by attending multiple council meetings to pursue payment.
- Planning expenditures increased 27% or \$57,944. Most of the increase was in economic development planning and transportation planning.
- Public transit expenses increased 4% or \$29,969 from FY06 to FY07. Most of the increase was due to increased transit administration. Transit administration salaries increased by 26% (\$12,553.40) from FY06 to FY07. The total salaries were \$60,438.81. Most of this was for dispatch (ride scheduling and driver organization) services. This is an area where future expenses will increase, if our goal is to expand knowledge and availability of regional transit services. There is a large opportunity for future ridership growth, if services are available, attractive, and services are marketed. Transit administration increased 28% from FY06 to FY07. We changed some accounting procedures in FY07. If new transit administration areas for FY07 like transit indirect services pass through (Grinnell Regional Medical Center and Poweshiek Mental Health), vehicle insurance, fuel, repairs, and depreciation are deducted from the total the total expenditures in FY07 were \$120,826.58 vs. \$105,660.86 in FY06 or a 14% increase. Nearly all of the increase was associated with more transit administration hours, which increased our salaries and benefits.
- State funding for the Region 6 Planning Commission has been stagnant. Council of Governments support from the Iowa Department of Economic Development has been stagnant at \$9,375 for 10-15 years. The future amount in this account is uncertain since this is funding from the Iowa Department of Economic Development budget. State Transit Assistance decreased by 1% from FY06 to FY07. That is largely due to ridership losses in comparison to the other statewide transit systems.

REGION SIX PLANNING COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

- Calendar year 2007 was the first year for several new federally funded projects. Region Six Planning received a \$43,319 federal Economic Development Administration Grant and has now been approved for a \$50,000 grant. Region Six Planning received a \$66,351 USDA Housing Preservation Grant in FY07. \$16,824 of those funds were expended. The remainder will be expended in FY08. Region Six Planning will apply for future USDA HPG funds for other projects where we can secure a 50% local financial match.

Schedule of Expenditures Detail

- General administrative expenses increased 16% from FY06 to FY07. Most of the increase was in general administration hours, which increased salaries and benefits.
- The community planning program had a surplus of \$28,693 for the year. The transportation planning program had a negative balance of \$11,209. This is a program that requires a 20% local financial contribution.
- The two programs that lost the most funding were Marshalltown Paratransit (\$10,871) and Iowa Falls Transit (\$9,682). Overall, individual transit programs gained \$46,237. The paratransit loss is largely due to the fact that the program historically did not support allocated transit administration hours. The contract was adjusted for FY08, so that those expenses are covered. The Iowa Falls Transit program will likely continue to be a loss until we can develop more business both in Iowa Falls and the County. Some very positive efforts are underway to start that.

Schedule of Revenues, Expenditures/Expenses and Changes in Balances – Budget and Actual

- Region Six Planning is not under a statutory requirement that expenses and revenues are less than the budget. Management has started coding expenses and revenues differently for better tracking. With most activities, expenses were higher than the budgeted levels.

Capital Assets

The Commission's capital assets, net of accumulated depreciation, totals \$337,287. The Commission's capital assets include transit vehicles with a depreciated cost of \$334,287 and office equipment and furniture with a depreciated cost of \$3,000.

The Commission's capital assets had a net decrease of \$11,057. Capital assets with a cost of \$107,572 were purchased during the fiscal year and depreciation expense was \$118,629 for the fiscal year ended June 30, 2007.

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 Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Region Six Planning Commission, 905 East Main Street, Suite A, Marshalltown, IA 50158.

**REGION SIX PLANNING COMMISSION
BALANCE SHEET
GOVERNMENT WIDE
JUNE 30, 2007**

	Governmental Activities	Proprietary Activities	Total
ASSETS			
Current assets			
Cash	\$ 103,575	\$ 390,872	\$ 494,447
Restricted cash	-	148,354	148,354
Receivables:			
Accounts	21,068	58,342	79,410
Government grants	-	51,162	51,162
Interest	-	2,512	2,512
Prepaid lease - current portion	-	8,000	8,000
Current portion notes receivable			
LHAP notes receivable	-	5,948	5,948
RLF notes receivable	-	51,288	51,288
Total current assets	124,643	716,478	841,121
Noncurrent assets			
Long term portion - prepaid lease	-	83,333	83,333
LHAP notes receivable	-	-	-
RLF notes receivable	-	135,205	135,205
Pledges receivable	24,300	-	24,300
Capital assets (net of accumulated depreciation)	-	337,287	337,287
Total noncurrent assets	24,300	555,825	580,125
Total assets	\$ 148,943	\$ 1,272,303	\$ 1,421,246
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 8,315	\$ 18,213	\$ 26,528
Accrued payroll and payroll taxes	-	24,995	24,995
Accrued vacation	-	16,291	16,291
Deferred revenue	-	18,274	18,274
Total liabilities	8,315	77,773	86,088
Net assets			
Invested in capital assets	-	337,287	337,287
Restricted	140,628	159,320	299,948
Unrestricted	-	697,923	697,923
Total net assets	140,628	1,194,530	1,335,158
Total liabilities and net assets	\$ 148,943	\$ 1,272,303	\$ 1,421,246

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENT OF ACTIVITIES
GOVERNMENT WIDE
FOR THE YEAR ENDED JUNE 30, 2007**

	Expenses	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants, and Contributions	
Governmental activities:				
Iowa Connections	\$ 70,551	\$ -	\$ 116,458	\$ 45,907
Business type activities:				
Planning and transit activities	1,001,991	476,979	587,315	62,303
General receipts:				
Transit interest income				10,638
EDA/RLF interest income				8,813
Iowa Connections interest income				1,522
Gain on sale of vehicle				610
				129,793
Change in net assets				129,793
Net assets beginning of year				1,205,365
Net assets end of year				\$ 1,335,158

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
BALANCE SHEET
SPECIAL PROJECTS FUND - IOWA CONNECTIONS
JUNE 30, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
Cash	\$ 103,575	\$ 51,363
Receivables		
Accounts	21,068	6,336
Pledges	<u>24,300</u>	<u>35,500</u>
Total receivables	<u>45,368</u>	<u>41,836</u>
Total assets	<u><u>\$ 148,943</u></u>	<u><u>\$ 93,199</u></u>
LIABILITIES AND FUND BALANCE		
Deferred revenue	\$ 24,300	\$ 33,000
Accounts payable	<u>8,315</u>	<u>-</u>
Total liabilities	32,615	33,000
Fund balance		
Restricted for Iowa Connections	<u>116,328</u>	<u>60,199</u>
Total liabilities and fund balance	<u><u>\$ 148,943</u></u>	<u><u>\$ 93,199</u></u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
RECONCILIATION OF THE BALANCE SHEET - SPECIAL PROJECTS
FUND TO THE BALANCE SHEET - GOVERNMENT WIDE
JUNE 30, 2007 AND 2006**

	2007	2006
Total special projects fund balance	\$ 116,328	\$ 60,199
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the special project fund	24,300	33,000
Total special project net assets per the government-wide balance sheet	\$ 140,628	\$ 93,199

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL PROJECTS FUND - IOWA CONNECTIONS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Revenue		
Membership dues	\$ 21,068	\$ 48,563
Local support through contributions	28,610	15,000
Workshop income	480	-
Grant income	75,000	-
Total support and revenue	<u>125,158</u>	<u>63,563</u>
Expenditures		
Marketing and economic development	69,330	3,519
General administrative	1,221	134
Total expenditures	<u>70,551</u>	<u>3,653</u>
Operating income	54,607	59,910
Non-operating revenue		
Interest income	<u>1,522</u>	<u>289</u>
Change in fund balance	56,129	60,199
Fund balance beginning of year	<u>60,199</u>	<u>-</u>
Fund balance end of year	<u>\$ 116,328</u>	<u>\$ 60,199</u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL PROJECTS FUND
TO THE STATEMENT OF ACTIVITIES - GOVERNMENT WIDE
JUNE 30, 2007 AND 2006**

	2007	2006
Net change in fund balance as reported on the statement of revenues, expenditures and change in fund balance - special projects fund	\$ 56,129	\$ 60,199
Because some contributions will not be collected for several months after year end, they are not considered available revenues and are deferred in the governmental funds - change in deferred revenue	(8,700)	33,000
Change in net assets as reported for governmental activities in the statement of activities	\$ 47,429	\$ 93,199
Reported in the statement of activities as:		
Iowa Connections net change	\$ 45,907	\$ 92,910
Iowa Connections interest income	1,522	289
	\$ 47,429	\$ 93,199

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
BALANCE SHEETS
PROPRIETARY FUND
JUNE 30, 2007 AND 2006**

ASSETS

	2007	2006
Current assets		
Cash	\$ 390,872	\$ 362,181
Restricted cash	148,354	119,606
Receivables:		
Accounts	58,342	68,346
Government grants	51,162	9,516
Interest	2,512	756
Prepaid lease - current portion	8,000	8,000
Current portion notes receivable		
LHAP notes receivable	5,948	6,533
RLF notes receivable	51,288	47,284
Total current assets	716,478	622,222
Noncurrent assets		
Long term portion - prepaid lease	83,333	91,333
LHAP notes receivable	-	5,941
RLF notes receivable	135,205	117,723
Capital assets (net of accumulated depreciation)	337,287	348,344
Total noncurrent assets	555,825	563,341
Total assets	\$ 1,272,303	\$ 1,185,563
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable	\$ 18,213	\$ 18,107
Accrued expenses		
Payroll and payroll taxes	24,995	20,725
Vacation	16,291	16,291
Deferred revenue	18,274	18,274
Total liabilities	77,773	73,397
Net assets		
Invested in capital assets	337,287	348,344
Restricted	159,320	243,712
Unrestricted	697,923	520,110
Total net assets	1,194,530	1,112,166
Total liabilities and net assets	\$ 1,272,303	\$ 1,185,563

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Support		
Federal grants	\$ 301,635	\$ 133,704
State appropriations	210,590	213,284
Local support	38,361	9,375
Membership dues	36,729	37,389
Total support	<u>587,315</u>	<u>393,752</u>
 Revenue		
Local services	476,979	529,449
Interest income on notes receivable	8,813	8,878
Total revenue	<u>485,792</u>	<u>538,327</u>
 Total support and revenue	<u>1,073,107</u>	<u>932,079</u>
 Expenditures		
General planning	25,986	30,605
Planning contracts	249,399	186,836
Transit expenses	715,765	685,796
General administrative	10,841	3,843
Total expenditures	<u>1,001,991</u>	<u>907,080</u>
 Operating income	71,116	24,999
 Non-operating revenue		
Gain on sale of vehicle	610	-
Interest income	10,638	2,146
Total non-operating revenue	<u>11,248</u>	<u>2,146</u>
 Change in net assets	82,364	27,145
 Net assets beginning of the year	<u>1,112,166</u>	<u>1,085,021</u>
 Net assets end of year	<u>\$ 1,194,530</u>	<u>\$ 1,112,166</u>

See accompanying notes to financial statements.

**REGION SIX PLANNING COMMISSION
STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Cash received from federal support	\$ 271,409	\$ 130,752
Cash received from state support	199,170	213,284
Cash received from other revenues	570,888	569,711
Cash paid for goods and services	(335,706)	(309,266)
Cash paid for employees and benefits	(535,282)	(481,605)
Net cash provided by operating activities	<u>170,479</u>	<u>122,876</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(107,572)	(987)
Proceeds from sale of capital assets	610	-
Net cash used by capital and related financing activities	<u>(106,962)</u>	<u>(987)</u>
Cash flows from investing activities		
Payments of notes receivable	96,340	50,933
Notes receivable advanced	(111,300)	(40,000)
Interest received on bank accounts	8,882	2,146
Net cash provided (used) by investing activities	<u>(6,078)</u>	<u>13,079</u>
Net increase in cash and cash equivalents	57,439	134,968
Cash and cash equivalents at beginning of year	<u>481,787</u>	<u>346,819</u>
Cash and cash equivalents at end of year	<u>\$ 539,226</u>	<u>\$ 481,787</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 71,116	\$ 24,999
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	118,629	110,562
Changes in assets and liabilities:		
Increase in accounts receivable	(31,642)	(18,332)
Decrease in prepaid expense	8,000	8,000
Increase in accounts payable	106	3,703
Increase (decrease) in payroll accruals	4,270	(6,056)
Net cash provided by operating activities	<u>\$ 170,479</u>	<u>\$ 122,876</u>

See accompanying notes to financial statements.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 and 2006

NOTE 1 - ORGANIZATION

Region Six Planning Commission is a voluntary association of local governments established in 1974 per Chapter 28H and 28E of the Code of Iowa to provide member communities with professional services in the areas of community and rural development through planning services and technical assistance, coordination of regional community development planning, and operation of a regional transit system. The Commission is also authorized as a review and comment agency for federal grants for which member governments have applied. Membership is open to any local government in Hardin, Marshall, Poweshiek and Tama Counties in the State of Iowa.

During the year ended June 30, 2006, Region Six Planning Commission was named the administrative agency for Iowa Connections Regional Marketing Group. The Commission was named as the grantee with Iowa Connections as the sub-grantee on a \$175,000 grant through the Iowa Department of Economic Development. The Iowa Connections activities are reported in a special revenue fund.

The Commission is governed by a Board of Directors which includes officials appointed by the member governments. It is the policy of the Commission that at least 51% of the total Board of Directors as appointed by member governments shall be elected officials holding office and that least 35% of the Board of Directors shall be non-elected officials.

NOTE 2 - BASIS OF PRESENTATION

The government-wide balance sheet and statement of activities reports information on all of the activities of the Commission. Governmental activities, which are supported primarily by intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The balance sheet presents the Commission's 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 of accumulated depreciation and reduced by debt attributable to the acquisition, construction or improvement of those assets, if any.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantor, contributors, laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Commission's policy is to specifically identify which expenditures are paid from restricted funds when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 and 2006

NOTE 2 - BASIS OF PRESENTATION (CONTINUED)

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 not 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, and interest restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

NOTE 3 - 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. Grants and similar items are recognized as revenue as soon as all requirements imposed by the provider have been met.

The special revenue fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The proprietary fund of the Commission applies all Government Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board pronouncements unless these pronouncements conflict with or contradict GASB pronouncements.

The Commission's financial statements include the accounts of all Commission operations including Iowa Connections Regional Marketing Group since the Commission is the named grantee on funds intended for Iowa Connections marketing efforts. The Region Six Planning Commission has no component units which meet the Governmental Accounting Standards Board criteria.

The accounts of Region Six Planning Commission, other than as administrative agency for Iowa Connections, are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 and 2006

NOTE 3 - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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 the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission utilizes cost allocation methods to distribute certain direct and indirect costs to its various programs. Costs which are common to more than one program have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by the Commission for each pool. The formulas are primarily based on mileage within the cost center area to total mileage or are based on hours spent in a cost center area as a percentage of total hours.

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

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

Cash and cash equivalents – The Commission considers demand deposits, certificates of deposit, and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Commission's deposits in banks were entirely covered by federal depository insurance or as part of a state collateral pool that insures funds held for government entities by financial institutions. State law limits the investment vehicles that may be used by the Commission. All of the Commission's funds are held in financial institutions located in Iowa.

Accounts receivable – Accounts receivable in the government wide and proprietary fund consist primarily of contracted fare revenue and billings for planning services, and receivables from grantor agencies. Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Receivables from grantor agencies represent an excess of expenses over cash basis reimbursements at year end. Accounts receivable in the special revenue fund consist of pledges receivable and per capita funding collectible in 60 days. Management believes that all receivables are collectible and therefore no allowance is recorded on the special projects fund financial statements. On the government wide financial statements, the special projects fund includes additional pledges (to be collected after 60 days of year end) and an allowance for uncollectible accounts of \$10,000 and \$4,000 has been recorded as of June 30, 2007 and 2006.

Capital assets – Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 3 to 10 years.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 and 2006

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets (continued) - Capital assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while major betterments or improvements extending the life of the asset are capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated absences - Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. This liability has been computed based on current rates of pay. In addition, Commission employees accumulate a limited amount of earned but unused sick leave hours. The unused sick leave is not paid out upon termination, retirement or death and is not recognized as a liability by the Commission. The amount of accumulated unused sick leave at June 30, 2007 based on current rates of pay totals \$32,100.

Federal and state grants - Federal and state grants are made available to the Commission for the acquisition of public transit facilities, planning studies, buses or other transit equipment. Unrestricted operating grants and grants restricted as to purpose, but not contingent on the actual expenditures of funds, are recognized when the right to the funds becomes irrevocable. Where the expenditure of the funds is the prime factor for determining the eligibility for the grant proceeds, the grant is recognized at the time when the expense is incurred.

Deferred revenue - Deferred revenue represents grant funds received for which disbursements have not occurred.

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

NOTE 5 - LHAP NOTES RECEIVABLE

On January 19, 2000, the Commission received a LHAP Award Grant in the amount of \$200,000. The funding for the grant was an appropriation to IDED by the State Legislature for the LHAP program established under the 1999 Iowa Code, and an agreement with the Iowa Finance Authority as authorized by 2000 Iowa Acts, House File 2422. The Commission was to make 10 year, low interest loans of up to \$10,000. Households benefiting from LHAP loans were to be at or below 110% of the county median income limits. Two loans were made under this agreement. Amendment 4 to the agreement allowed for forgivable loans of the remaining funds, with 20% of the loan amount forgiven for each year that the recipient remained in the home. Forgivable loans totaling \$88,827 were made during the year ended June 30, 2004. As of June 30, 2006, forgivable loans totaling \$19,273 have been repaid to the Commission for homes sold within five years of the loan date. Management considers the remaining notes receivable to be collectible and therefore no allowance has been recorded.

REGION SIX PLANNING COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006**

NOTE 6 - RLF NOTES RECEIVABLE

On April 30, 2001, the Commission received a grant from the U.S. Department of Commerce, Economic Development Administration in the amount of \$150,000, under Title II, Section 209 of the Economic Development Reform Act of 1998. This grant is to be the federal contribution to a revolving loan fund. The loan recipient must contribute a matching amount, to provide for a total of \$300,000. The minimum interest rate that may be charged on all RLF loans will be no lower than four percentage points below the current money center prime rate as quoted in the Wall Street Journal, but no less than four percent. During the year ended June 30, 2007, three loans totaling \$111,300 were granted at interest rates of five percent. During the year ended June 30, 2006, one loan totaling \$40,000 was granted at an interest rate of five percent. Management considers the remaining notes receivable to be collectible and therefore no allowance has been recorded.

In July 2007, Region 6 was notified of a requirement to compute excess funds as defined in federal regulations. If RLF capital loaned or committed falls below the required capital utilization percentage in two consecutive reporting periods, the excess funds may be sequestered and be required to be paid over to EDA. Region 6 has not been informed of the need to remit excess funds as of the audit report release date.

NOTE 7 - CAPITAL ASSETS

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

	<u>Balance beginning of the year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance end of the year</u>
Proprietary fund activities:				
Furniture and fixtures	\$ 17,910	\$ 1,850	\$ -	\$ 19,760
Vehicles	<u>854,776</u>	<u>105,722</u>	<u>35,691</u>	<u>924,807</u>
Total capital assets	<u>872,686</u>	<u>107,572</u>	<u>35,691</u>	<u>944,567</u>
Less accumulated depreciation for:				
Furniture and fixtures	14,913	1,847	-	16,760
Vehicles	<u>509,429</u>	<u>116,782</u>	<u>35,691</u>	<u>590,520</u>
	<u>524,342</u>	<u>118,629</u>	<u>35,691</u>	<u>607,280</u>
Capital assets - net	<u>\$ 348,344</u>	<u>\$ (11,057)</u>	<u>\$ -</u>	<u>\$ 337,287</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General administration	\$ 1,847
Transit administration	<u>116,782</u>
Total depreciation expense	<u>\$ 118,629</u>

REGION SIX PLANNING COMMISSION

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007 and 2006**

NOTE 8 – RESTRICTED NET ASSETS

Restricted net assets consists of the following restricted amounts:

Restricted for Iowa Connections	\$ 140,628
Restricted for purchase of capital assets	45,051
Restricted for LHAP loan program	34,254
Restricted for RLF program	<u>80,015</u>
Total restricted net assets	<u>\$ 299,948</u>

NOTE 9 - 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, P.O. 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 the annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2007 and 2006 was \$24,904 and \$22,197 respectively, equal to the required contributions for each year.

NOTE 10 – LEASE AGREEMENTS

On September 10, 2002, a 28E Agreement was signed for the lease of offices and other associated space within a new transit/public works facility on property owned by the City of Marshalltown at 12th Avenue and Main Street. This agreement began upon completion of the construction and will be in effect for a period of 15 years with options for renewal of the lease for additional periods of five years providing a written notice of the intent to renew sixty days prior to expiration. The City will provide building maintenance, cleaning services, utilities, mowing, snow and ice removal, general fire and casualty insurance and parking. In exchange for approximately 1,250 square feet, the Commission paid an upfront investment of \$120,000. The Commission must also provide for contents and liability insurance. The Commission moved into the new space approximately November 20, 2003. The \$120,000 prepayment is being amortized on the straight line basis over the fifteen year life of the initial term of the agreement. Rent expense of \$8,000 was recognized in each fiscal year presented. Cancellation of this agreement may be effected by either party through a written notice to the other party at least ninety days prior to the date of cancellation. If the City exercises this option within the first eleven years of the agreement, the City will prorate the benefit received by the Commission based upon \$7.50 per square foot per year and refund any remaining investment paid.

The Commission also leased a copier under a sixty month non-cancellable lease commencing January 2005. The lease called for payments of \$129 per month. Lease payments of \$1,548 were made during the years ended June 30, 2007 and 2006. In June 2007, the copier lease was terminated and a new lease agreement for a sixty month non-cancellable lease commencing July 2007 was signed. The lease calls for monthly payments of \$210 and a \$1,000 downpayment was made on the lease in June 2007. Remaining lease commitment is \$2,520 for each of the years ended June 30, 2008 through 2012.

REGION SIX PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 and 2006

NOTE 11 – OTHER COMMITMENTS

The Commission has entered into an agreement to be the administrative agency for Iowa Connections Marketing Group, which is a collaborative effort of six counties to join together in a mutually beneficial manner to promote the area through a variety of cooperative economic development marketing efforts. As administrative agency, the Commission acts as the fiscal agent for the Group. Additionally, the Commission is named as the grantee on a \$175,000 three year grant through Iowa Department of Economic Development. \$75,000 was received on the grant during the year ended June 30, 2007 and an additional \$75,000 is expected to be received during the year ended June 30, 2008, and \$25,000 during the year ended June 30, 2009. The Commission's duties specifically include compliance with grant provisions. Major grant provisions include proper use of the grant funds for intended purposes, reporting requirements, and a 100% match requirement that is intended to be met through pledged contributions by local businesses and a per capita assessment to the member counties.

The Iowa Connections Marketing Group has entered into an agreement for public relations services for \$33,000 plus creative design, production and purchase of advertising materials at cost plus 17.65%.

The Commission entered into a purchase agreement for one transportation bus for a cost of \$52,211. The Commission has received approval for a grant through Iowa Department of Transportation for reimbursement of 83% of the purchase cost.

NOTE 12 - RISK MANAGEMENT

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

NOTE 13 – ECONOMIC DEPENDENCY

The Commission received both operating and capital asset acquisition funds from the state and federal Department of Transportation. A significant reduction in these funds would adversely affect the Commission's operating results.

NOTE 14 – RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2006 were reclassified to conform to the presentation for the year ended June 30, 2007. The reclassifications had no effect on the previously reported change in net assets.

SUPPLEMENTARY INFORMATION

**REGION SIX PLANNING COMMISSION
SCHEDULES OF SUPPORT AND REVENUE
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Support:		
Federal grants:		
Federal transit assistance	\$ 127,864	\$ 89,274
Capital transit revenue	86,152	-
Economic Development Administration	22,060	12,500
Housing Preservation grant	16,800	-
Transportation planning	48,759	31,930
	<u>301,635</u>	<u>133,704</u>
State appropriations:		
State transit assistance	210,590	213,284
Local support:		
Council of Regional Governments	9,375	9,375
Local support	28,986	-
Membership dues	36,729	37,389
	<u>75,090</u>	<u>46,764</u>
Revenue:		
Interest income	19,451	11,024
Fuel tax refund	9,103	9,293
Contract revenue	192,494	226,947
Farebox revenue	104,922	126,173
Other transit revenue	15,456	313
RLF income	3,651	-
Gain on sale of vehicle	610	-
Planning revenue	151,353	166,723
	<u>497,040</u>	<u>540,473</u>
Total support and revenue	<u>\$ 1,084,355</u>	<u>\$ 934,225</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULES OF EXPENDITURES DETAIL
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Expenditures:		
General planning:		
Planning	\$ 25,986	\$ 30,605
Planning contracts:		
IDOT/ISTEA	59,968	41,170
Economic Development grant	43,319	-
USDA Housing Preservation grant	16,824	-
Other planning contracts	129,288	145,666
	<u>249,399</u>	<u>186,836</u>
Transit expenses:		
Transit administration	273,818	214,076
Marketing	2,118	4,816
Caravan - MMSC	78,185	85,193
Grinnell Regional Direct	10,105	11,619
Grinnell Transit	47,895	48,987
Iowa Falls Transit	49,827	54,313
Tama Elderly	20,818	28,988
Poweshiek CDC	40,511	35,128
Tama County CPC	38,554	36,331
Tama County Mental Health	5,945	18,128
Poweshiek County Mental Health	2,264	5,900
Hardin/EMH	33,617	32,194
Dysart	6,506	11,702
Tama - Marshalltown	32,685	26,696
Access, Inc.	41,025	39,413
Tama Medical	24,599	16,426
Marshalltown Paratransit	26,114	28,308
State Center Transit	54,871	50,824
Hardin Medical	25,922	23,926
Marshall County	22,910	18,696
Tama County	4,320	2,004
Hardin County	4,174	1,075
Poweshiek County	1,579	474
	<u>848,362</u>	<u>795,217</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULES OF EXPENDITURES DETAIL
PROPRIETARY FUND - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Expenditures - continued:		
General administrative:		
Rent	\$ 8,000	\$ 8,000
Direct expenses	27,150	25,076
Office supplies	4,930	5,032
Postage	3,618	3,712
Legal and accounting	15,983	20,332
Salaries	26,103	15,085
Employee benefits	17,785	8,140
Payroll taxes	364	1,348
Bank charges	315	300
Bad debt expense	67	-
Depreciation	1,847	3,156
LHAP and RLF program	3,128	4,422
	<u>109,290</u>	<u>94,603</u>
	1,233,037	1,107,261
Allocation of general administration	(98,449)	(90,760)
Allocation of transit expense	<u>(132,597)</u>	<u>(109,421)</u>
Total expenditures	<u>\$ 1,001,991</u>	<u>\$ 907,080</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
COMPARISON OF REVENUES
PROPRIETARY FUND**

	Year ended June 30,				
	2007	2006	2005	2004	2003
Federal	\$ 301,635	\$ 133,704	\$ 206,135	\$ 356,866	\$ 200,845
State	210,590	213,284	197,600	240,138	253,127
Local	572,130	587,237	554,840	570,865	528,278
	<u>\$ 1,084,355</u>	<u>\$ 934,225</u>	<u>\$ 958,575</u>	<u>\$ 1,167,869</u>	<u>\$ 982,250</u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Expenses	Program Receipts		Net
		Charges for Services	Operating Grants, and Contributions	(Disbursements) Receipts and Changes in Net Assets
General activities:				
Community planning	\$ 196,859	\$ 192,747	\$ 32,735	\$ 28,623
Transportation planning	59,968	-	48,759	(11,209)
EDA/RLF	3,128	3,651	-	523
USDA Housing Preservation grant	16,824	-	16,800	(24)
Depreciation	1,847	-	-	(1,847)
Total general activities	278,626	196,398	98,294	16,066
Transit operating activities:				
Capital transit grant revenue	-	-	86,152	86,152
Unallocated transit administration	34,154	446	-	(33,708)
Depreciation	116,782	-	-	(116,782)
Tama County	4,320	1,430	-	(2,890)
Hardin County	4,174	3,368	-	(806)
Poweshiek County	1,579	1,568	-	(11)
Marshall County	22,910	22,323	-	(587)
Caravan -MMSC	78,185	41,139	43,028	5,982
State Center Transit	54,871	30,484	31,002	6,615
Iowa Falls Transit	49,827	14,287	25,858	(9,682)
Grinnell Transit	47,896	26,238	21,214	(444)
Tama County Mental Health	5,946	4,063	8,863	6,980
Tama Medical	24,599	15,663	14,285	5,349
Poweshiek CDC	40,511	34,261	23,599	17,349
Poweshiek County Mental Health	2,264	32	7,751	5,519
Access, Inc.	41,025	34,885	30,550	24,410
Tama County CPC	38,554	25,262	22,383	9,091
Grinnell Regional Direct	10,105	22	29,786	19,703
Tama Elderly	20,818	16,895	18,664	14,741
Tama - Marshalltown	32,685	15,900	21,097	4,312
Hardin Medical	25,922	17,713	13,729	5,520
Marshalltown Paratransit	26,114	15,243	-	(10,871)
Dysart	6,506	4,891	9,905	8,290
Hardin/EMH	33,618	15,777	19,846	2,005
Total transit activities	723,365	341,890	427,712	46,237
Total	\$ 1,001,991	\$ 538,288	\$ 526,006	\$ 62,303

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Expenses</u>	<u>Program Receipts</u> Charges for Operating Grants, Services and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
General Receipts:			
Transit interest income			\$ 10,638
EDA/RLF interest income			8,813
Transit other revenue			<u>610</u>
Total general receipts			<u>20,061</u>
Change in net assets			82,364
Net assets beginning of year			<u>1,112,166</u>
Net assets end of year			<u><u>\$ 1,194,530</u></u>

See accompanying independent auditors' report.

**REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL FOR PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Original and Final Budget	Actual	Final to Actual Variance Positive (Negative)
Revenues:			
Community planning	\$ 181,395	\$ 226,207	\$ 44,812
Transportation planning	53,118	48,759	(4,359)
EDA - Revolving loan fund	50,000	3,651	(46,349)
Housing Preservation grant	-	16,800	16,800
Transit operating	704,594	769,602	65,008
Total revenues	<u>989,107</u>	<u>1,065,019</u>	<u>75,912</u>
Expenses:			
Community planning	143,181	198,706	(55,525)
Transportation planning	68,637	59,968	8,669
EDA - Revolving loan fund	50,000	114,428	(64,428)
Housing Preservation grant	-	16,824	(16,824)
Transit operating	688,062	723,365	(35,303)
Total expenses	<u>949,880</u>	<u>1,113,291</u>	<u>(163,411)</u>
Excess (deficiency) of receipts over expenses	39,227	(48,272)	(87,499)
Capital expenditures	(100,000)	(107,572)	(7,572)
Transit equipment grant and vehicle sale	80,400	86,152	5,752
Net capital expenditures	<u>(19,600)</u>	<u>(21,420)</u>	<u>(1,820)</u>
Excess of receipts and other financing sources over expenses and capital expenditures	19,627	(69,692)	(89,319)
Balances beginning of year	<u>409,221</u>	<u>1,040,951</u>	<u>631,730</u>
Balances end of year	<u>\$ 428,848</u>	<u>\$ 971,259</u>	<u>\$ 542,411</u>

Reconciliation of actual expenses per the budget to the audited financial statements:

Total expenses per the financial statements	\$ 1,001,991
Revolving loan fund loan made	111,300
Total actual expenses per the budget to actual comparison	<u>\$ 1,113,291</u>

See accompanying independent auditors' report.

REGION SIX PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES – BUDGET AND ACTUAL
FOR PROPRIETARY FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

Note to Budgetary Reporting

The Commission's Board of directors annually prepares a budget. Although the budget document presents function disbursements by cost center, the level of control is at the total expenditure/expense level, not by cost center. The Board of Directors reviews the proposed budget and grants final approval. The budget may be amended during the year. The budget is a good planning tool and is recommended even though there is no statutory requirement for budget in this organization.

**REPORT OF INDEPENDENT AUDITOR 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**

Board of Directors
Region Six Planning Commission
Marshalltown, Iowa

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Region Six Planning Commission as of and for the year ended June 30, 2007, and have issued our report thereon dated March 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Region Six Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Region Six Planning Commission's 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 financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in Item 07-1 and 07-2 in the accompanying Schedule of Findings to be significant deficiencies 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 that 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 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. However, we believe that the significant deficiencies described in items 07-1 and 07-2 are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region Six Planning 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.

This report is intended for the information and use of management, the Region Six Planning Commission Board of Directors, others within the entity, Iowa Auditor of State, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

Timmins, Kroll & Jacobson LLP

Des Moines, Iowa
March 5, 2008

REGION SIX PLANNING COMMISSION

SCHEDULE OF FINDINGS

Year ended June 30, 2007

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements and Compliance

07-1 Segregation of duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual enters the cash receipts into the database used for billing, prepares the billing statements, prepares the deposit, takes the deposit to the bank and performs general ledger entry functions.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Region 6 Planning Commission will review whether it is feasible to segregate the specified duties, with the other specialized staff requirements.

Conclusion – Response accepted.

07-2 Adjustments to financial statements – Adjustments were proposed during the audit for the purpose of adjusting accounts receivable, pledges receivable, notes receivable, prepaid insurance, prepaid rent, record depreciation, reclass capital asset purchases, remove assets no longer in service, adjust payables, and adjust net assets. Several of the adjustments proposed and recorded were significant to the financial statements.

Recommendation – Management should identify and record all significant adjustments to the financial statements prior to the commencement of the audit.

Response – There are two people heavily involved in the Region Six Planning accounting functions – Marty Wymore, Executive Director and Pam Fuller, Administrative Support. Both have not historically been heavily involved in the functions specified. Both have an improved understanding of these finer issues. In future audits, we will be better prepared.

Conclusion – Response accepted.

REGION SIX PLANNING COMMISSION
SCHEDULE OF FINDINGS (CONTINUED)

Year ended June 30, 2007

Part III: Other Findings Related to Required Statutory Reporting:

Official Depositories - The Commission approved a depository resolution including all approved bank accounts at the June 2006 and October 2006 Board meetings.

Travel expense – No expenditures of Commission’s money for travel expenses of spouses or Commission’s officials or employees were noted.

Business transactions – No business transactions between Commission and Commission’s officials or employees were note.

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

Bond coverage – Surety bond coverage is provided for the director and administrative personnel. The Commission has been unable to obtain bonding on bus drivers who have access to cash fares.