

**REGION V HAZARDOUS MATERIALS  
RESPONSE COMMISSION  
FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2007**

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

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Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

**Officials**

Stan Watne, Chairman

Scott Jacobs  
Dan Nieland  
Mary Jane Fields  
David Young  
Harlan Hansen  
Wilbur Ekstrand  
Jack Bensley  
Greg Nolting  
Tony Jorgensen  
Jane Burleson

## Independent Auditor's Report

To the Board of Directors  
Region V Hazardous Materials  
Response Commission:

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2007. These financial statements are the responsibility of the Commission's 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 our audit provides a reasonable basis for our opinion.

As described in Note 1, the government-wide financial statements are prepared on the modified cash basis of accounting and the governmental funds financial statements are prepared on the cash basis of accounting. Both of these accounting methods are other comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis and cash basis financial position of Region V Hazardous Material Response Commission as of and for the year ended June 30, 2007 and the changes in modified cash basis and cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2008 on our consideration of Region V Hazardous Materials Response 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. 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 assessing the results of our audit.

Management's Discussion and Analysis on pages 4 through 8 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion thereon.

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

February 11, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Region V Hazardous Materials Response 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 Region's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- Revenues of Region V Hazardous Materials Response Commission's governmental Activities increased 16.8%, or approximately \$30,000, from fiscal 2006 to fiscal 2007.
- Expenses increased 12.8%, or approximately \$27,000, from fiscal 2006 to fiscal 2007.
- Region V Hazardous Materials Response Commission's total modified cash basis net assets decreased 9.9%, or \$28,844, from June 30, 2006 to June 30, 2007.
- The reason for the increase in revenues and expenses is that there was an increase in grant and incident reimbursements.

### 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 Region V Hazardous Materials Response Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of Region V Hazardous Materials Response Commission as a whole and presents an overall view of Region V Hazardous Materials Response 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 Region V Hazardous Materials Response 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.

## **Basis of Accounting**

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of Region V Hazardous Materials Response Commission are prepared on that basis for the fund financial statement. The government-wide financial statements are prepared on the modified cash basis of accounting. Neither of the cash basis or modified cash basis of accounting give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash or modified accrual basis of accounting.

## **REPORTING THE REGION'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statements*

One of the most important questions asked about Region V Hazardous Materials Response Commission's finances is, "Is Region V Hazardous Materials Response Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information that helps answer this question.

The Statement of Activities and Net Assets presents Region V Hazardous Materials Response Commission's net assets. Over time, increases or decreases in Region V Hazardous Material Response Commission's net assets may serve as a useful indicator of whether the financial position of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Activities and Net Assets activity:

- Region V Hazardous Materials Response Commission Activities include public information, first responder Hazmat training and planning in each of the Region's nine counties and emergency response capabilities. State and federal grants finance most of these activities.

### *Fund Financial Statement*

- Region V Hazardous Materials Response Commission has one kind of fund:
  - 1) Governmental funds account for most of Region V Hazardous Materials Response Commission's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as grant funds. The governmental fund financial

statements provide a detailed, short-term view of Region V Hazardous Materials Response Commission's general government 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 Region's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENTAL FUND FINANCIAL ANALYSIS

Region V Hazardous Materials Response Commission's cash balance for governmental activities increased from a year ago, from \$98,860 to \$109,028. The analysis that follows focuses on the changes in cash balances for governmental activities.

Region V Hazardous Materials Response Commission  
Fort Dodge, Iowa  
Statement of Cash Receipts, Disbursements and  
Changes in Net Assets – Cash Basis  
As of and for the years ended June 30, 2006 and 2007

	<u>2006</u>	<u>2007</u>
Receipts:		
County contributions	\$ 144,481	144,481
Federal grants	25,387	40,169
Interest on investments	2,032	3,349
Incident reimbursements	<u>7,206</u>	<u>21,208</u>
Total receipts	<u>179,106</u>	<u>209,207</u>
Disbursements:		
Administration	46,568	48,519
Accounting	1,765	1,520
Incident Spill Costs	---	5,060
Maintenance	4,351	1,723
Housing	3,425	3,875
Training	42,445	44,758
Planning	3,387	10,505
Labor	28,139	33,091
Conferences	1,878	8,631
Physicals	4,054	4,495
Vehicle and trailer	68,048	215
Phone and internet	3,546	3,457

Supplies	5,409	4,543
Insurance	---	5,592
Equipment	13,614	22,590
Miscellaneous	<u>1,649</u>	<u>465</u>
Total disbursements	<u>228,278</u>	<u>199,039</u>
Excess (deficiency) of receipts over (under) disbursements	(49,172)	10,168
Net assets beginning of year	<u>148,032</u>	<u>98,860</u>
Net assets end of year	\$ <u>98,860</u>	<u>109,028</u>

Region V Hazardous Materials Response Commission's total receipts for governmental activities increased by 16.8%, or \$30,101. Region V Hazardous Materials Response Commission's increase in receipts was primarily the result of an increase of grant and spill incident reimbursements.

The cost of Region V Hazardous Materials Response Commission activities this year was \$199,039 compared to \$228,278 last year. The decrease in 2006 in costs was due to the purchasing the foam trailers and training the first responders to their use.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As Region V Hazardous Materials Response Commission completed the year, its funds reported a fund balance of \$109,028, an increase of \$10,168 of last year's total of \$98,860. The following are the major reasons for the changes in fund balances from the prior year.

- The General Fund cash balance increased due to an increase in incident reimbursements.

## **DEBT ADMINISTRATION**

At June 30, 2007, the Region V Hazardous Materials Response Commission had no debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

With the federal and state implementing further regionalization of Hazmat funding, Region V Hazardous Materials Response Commission is anticipating decreases in funding of our planning and training by about 10% in 2007. The Region V Hazardous Materials Response Commission will pick up the balance of training costs in the region so all counties are in compliance with OSHA. We will also be monitoring the needed training to become NIMS compliant in the upcoming year.

We are anticipating the same quarterly contributions from the counties in the region for 2008. As we cannot predict the number of incidents we will be called to we have no amount to project for said income.

The Commission's Board of Directors voted in April of 2007 to approve an agreement with the City of Fort Dodge to prepay rent for their Hazmat equipment. This agreement is for \$40,000 and will be paid from cash on hand.

## **CONTACTING THE REGION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Region V Hazardous Materials Response Commission's finances and to show the Region V Hazardous Materials Response Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peg Stickrod, Administrative Coordinator, PO Box 1736, Fort Dodge, Iowa 50501.

## **Basic Financial Statements**

Region V Hazardous Materials Response Commission

Exhibit A

Fort Dodge, Iowa

Statement of Net Assets - Modified Cash Basis

June 30, 2007

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 109,028
Capital assets, net of accumulated depreciation	<u>153,432</u>
Total assets	<u><u>\$ 262,460</u></u>
Net assets:	
Invested in capital assets	\$ 153,432
Restricted for:	
HMEP Grant	(8,959)
Unrestricted	<u>117,987</u>
Total net assets	<u><u>\$ 262,460</u></u>

See notes to financial statements.

Region V Hazardous Materials Response Commission  
Fort Dodge, Iowa  
Statement of Activities - Modified Cash Basis  
As of and for the year ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charge for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Functions/Programs:				
Administration	\$ 48,519	-	22,200	-
Accounting	1,520	-	-	-
Incident Spill Costs	5,060	-	-	-
Maintenance and repair	1,723	-	-	-
Housing	3,875	-	-	-
Training	44,758	-	11,494	-
Planning	10,505	-	5,780	-
Labor	33,091	21,208	-	-
Conferences	8,631	-	-	-
Physicals	4,495	-	-	-
Vehicle	215	-	-	-
Phone and internet	3,457	-	-	-
Office supplies	4,543	-	695	-
Insurance	5,592	-	-	-
Equipment	16,931	-	-	-
Miscellaneous	465	-	-	-
Depreciation (unallocated)	44,671	-	-	-
Total	<u>\$ 238,051</u>	<u>21,208</u>	<u>40,169</u>	<u>-</u>

General Revenues:  
County contributions  
Interest on investments  
Total general revenues

Change in net assets  
Net assets beginning of year  
Net assets end of year

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

---

Governmental  
Activities

(26,319)  
 (1,520)  
 (5,060)  
 (1,723)  
 (3,875)  
 (33,264)  
 (4,725)  
 (11,883)  
 (8,631)  
 (4,495)  
 (215)  
 (3,457)  
 (3,848)  
 (5,592)  
 (16,931)  
 (465)  
(44,671)  
(176,674)

144,481  
3,349  
147,830

(28,844)  
291,304  
\$ 262,460

Fort Dodge, Iowa

Statement of Net Assets - Cash Basis

June 30, 2007

	<u>General</u>	<u>Special Revenue HMEP Grant</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 117,987	(8,959)	109,028
Net Assets:			
Reserved for:			
HMEP Grant	-	(8,959)	(8,959)
Unreserved	117,987	-	117,987
Total net assets	<u>\$ 117,987</u>	<u>(8,959)</u>	<u>109,028</u>

See notes to financial statements.

Fort Dodge, Iowa

Reconciliation of the Statement of Net Assets - Cash Basis  
to the Statement of Net Assets - Modified Cash Basis

June 30, 2007

**Total net assets of governmental funds (page 12)** \$ 109,028

*Amounts reported for governmental activities in the  
Statement of Net Assets are different because:*

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds.

153,432

**Net assets of governmental activities (page 9)**

\$ 262,460

See notes to financial statements.

Region V Hazardous Materials Response Commission  
Fort Dodge, Iowa

Exhibit E

Statement of Cash Receipts, Disbursements and  
Changes in Net Assets - Cash Basis

As of and for the year ended June 30, 2007

	<u>General</u>	<u>Special Revenue HMEP Grant</u>	<u>Total</u>
Receipts:			
County contributions	\$ 144,481	-	144,481
Federal grants	-	40,169	40,169
Interest on investments	3,349	-	3,349
Incident reimbursements	21,208	-	21,208
Total receipts	169,038	40,169	209,207
Disbursements:			
Administration	42,441	6,078	48,519
Accounting	1,520	-	1,520
Incident Spill Costs	5,060	-	5,060
Maintenance and repair	1,723	-	1,723
Housing	3,875	-	3,875
Training	24,525	20,233	44,758
Planning	150	10,355	10,505
Labor	33,091	-	33,091
Conferences	7,831	800	8,631
Physicals	4,495	-	4,495
Vehicle and trailer expense	215	-	215
Phone and internet	3,457	-	3,457
Supplies	3,960	583	4,543
Insurance	5,592	-	5,592
Equipment	22,590	-	22,590
Miscellaneous	465	-	465
Total disbursements	160,990	38,049	199,039
Excess of receipts over disbursements	8,048	2,120	10,168
Net assets - cash basis beginning of year	106,606	(7,746)	98,860
Additional expenses reimbursed from prior year	3,333	(3,333)	-
Net assets - cash basis end of year	\$ 117,987	(8,959)	109,028

See notes to financial statements.

Fort Dodge, Iowa

Reconciliation of the Statement of Cash Receipts, Disbursements and  
 Changes in Net Assets - Cash Basis  
 to the Statement of Activities - Modified Cash Basis

Year ended June 30, 2007

**Excess of receipts over disbursements (page 14)** \$ 10,168

*Amounts reported for governmental activities in the  
 Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 5,659	
Depreciation expense	(44,671)	<u>(39,012)</u>

**Change in net assets of governmental activities (page 11)** \$ (28,844)

See notes to financial statements.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

**Note 1 Summary of Significant Accounting Policies**

Region V Hazardous Materials Response Commission was formed in 1993 by seven counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Two additional counties have since joined. The member counties included on the Commission are Calhoun, Carroll, Greene, Hamilton, Humboldt, Pocahontas, Sac, Webster, and Wright. The purpose of the Commission is to serve as a communicative and coordinating body to plan, foster, implement, monitor, and evaluate the coordination of hazardous materials response efforts among the body membership.

A. Reporting Entity

For financial reporting purposes, Region V Hazardous Materials Response Commission has included all funds, organizations, 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 financial statements to be misleading and 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. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from this statement.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

The Statement of Activities and Net Assets presents the Commission's nonfiduciary net assets. Net assets are reported in two categories:

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

*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 and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

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

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All receipts 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 disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

Special Revenue:

The HMEP Grant Fund is used to account for training and planning expenses related to hazardous materials preparedness and response capabilities.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

The government-wide financial statements are prepared on the modified cash basis of accounting. Under that basis, only the assets, liabilities, fund balances, receipts and disbursements arising as a result of cash transactions or from the acquisition of long-lived assets, and a provision for depreciation are recognized. The modified cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the government-wide financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis 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 receipts.

Fund Financial Statements:

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the fund financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

D.Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets.

Capital Assets – Capital assets, which includes equipment, are reported in the applicable governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Commission as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years.

Equipment is recorded at cost less accumulated depreciation. Depreciation of property and equipment is provided over the estimated useful lives of 5 to 7 years on a 200% double declining basis for assets placed in service before July 1, 1999. Assets purchased after July 1 are depreciated over the estimated useful lives of 5-10 years on a straight line basis.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

**Note 2 Cash**

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

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; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments at June 30, 2007. During the year ended June 30, 2007 the Commission invested its excess funds in certificates of deposit.

**Note 3 Risk Management**

Region V Hazardous Materials Response 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.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2007

**Note 4 Capital Assets**

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

	Balance Beginning <u>of Year</u>	<u>Increase</u>	<u>Decrease</u>	Balance End <u>of Year</u>
Capital assets being depreciated:				
Equipment	\$ 441,515	5,659	---	447,174
Less accumulated depreciation for:				
Equipment	<u>249,071</u>	<u>44,671</u>	<u>---</u>	<u>293,742</u>
Total capital assets, net	\$ 192,444	(39,012)	---	153,432
	=====	=====	=====	=====
Depreciation expense				\$ 44,671
				=====

**Note 5 Deficit Fund Balance**

The Special Revenue, HMEP Grant had a deficit balance of \$8,959 at June 30, 2007. The deficit balance was a result of receipts not being received until an expense reimbursement request is sent to the state. The deficit will be eliminated upon receipt of reimbursement request.

**Note 6 Committed Expenses**

The Commission has committed to paying \$40,000 to the City of Fort Dodge for ten years of storage costs of equipment at the Fort Dodge Fire Department building. In the event that the equipment is moved before the ten years have expired, the City of Fort Dodge will reimburse the Commission pro rata for the years left under this agreement.

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  
Region V Hazardous Materials  
Response Commission:

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2007, and have issued our report thereon dated February 11, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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 Region V Hazardous Materials Response Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 an other comprehensive basis of accounting 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.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region V Hazardous Materials Response 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the 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, a public record by law, is intended solely for the information and use of the officials of Region V Hazardous Materials Response Commission and other parties to whom the Region V Hazardous Materials Response Commission may report. 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 officials of Region V Hazardous Materials 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.

Cornwell, Frideres, Maher & Associates, P.L.C.  
Certified Public Accountants

February 11, 2008

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Schedule of Findings

Year ended June 30, 2007

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part II: Other Findings Related to Statutory Reporting:**

- II-A-07 Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-B-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 Commission's investment policy were noted.