

**Region XII Council of Governments, Inc.
and Affiliated Organizations
Carroll, Iowa**

**Independent Auditor's Reports
Combined Financial Statements
Supplemental Information
Schedule of Findings & Questioned Costs**

June 30, 2008 and 2007

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REGION XII COUNCIL OF GOVERNMENTS, INC.
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>County Represented</u>
<u>Executive Board Members</u>		
Neil Trobak	Chairperson	Carroll
Jack Bensley	Vice Chairperson	Sac
Vernon Venteicher	Secretary	Audubon
Guy Richardson	Treasurer	Greene
Jerome Caraher	Board Member	Guthrie
Robert Lohrmann	Board Member	Crawford
<u>Policy Council Members</u>		
Jay Dee Mendenhall	Board Member	Audubon
Bruce D. Nelson	Board Member	Audubon
Gene Karstens	Board Member	Audubon
Del McDermott	Board Member	Carroll
Dan Nieland	Board Member	Carroll
Cindy Fay	Board Member	Carroll
Mary Lou Kraus	Board Member	Crawford
Carla Lally	Board Member	Crawford
Loren Schultz	Board Member	Crawford
Jane Heun	Board Member	Greene
Karen Polking	Board Member	Greene
Mary Jane Fields	Board Member	Greene
Jerri Christman	Board Member	Guthrie
Luann Waldo	Board Member	Guthrie
Morris Boeckman	Board Member	Sac
Joan Godbersen	Board Member	Sac
Elaine Rex	Board Member	Sac

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
Joe Behrens	Local Assistance Director
James Burns	Transit Director
Kathleen Pauli	Fiscal Officer

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County COG representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the COG Executive Board. The Executive Board shall appoint a fourth member from each county to serve on the policy council.

John D. Morrow

Certified Public Accountant

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Certified Public Accountants

November 24, 2008

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the accompanying combined financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc.(COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years then ended June 30, 2008 and 2007. These combined financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

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

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., as of and for the years ended June 30, 2008 and 2007, and changes in net assets, and cash flow in conformity with U. S Generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated November 24, 2008, on my consideration of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc.'s, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 my audit.

My audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information included in Schedules 1 through 20, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analyses and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

COMBINED FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
 COMBINED STATEMENTS OF NET ASSETS
 June 30, 2008 and 2007

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Region XII Governments Development <u>Housing</u> <u>Corporation</u>	
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 4,148,573	\$ 282,208	\$ 1,049,250
Receivables:			
Grantor agencies	307,004	0	0
Other sources	81,927	0	0
Affiliated organizations	0	0	0
Prepaid expense	<u>8,319</u>	<u>0</u>	<u>0</u>
Total Current Assets	<u>4,545,823</u>	<u>282,208</u>	<u>1,049,250</u>
PROPERTY AND EQUIPMENT			
Land & building	1,889,779	0	0
Vehicles	2,049,489	0	0
Office equipment	380,157	0	0
Spec houses for resale	<u>0</u>	<u>161,543</u>	<u>0</u>
	4,319,425	161,543	0
Less accumulated depreciation	<u>1,782,632</u>	<u>0</u>	<u>0</u>
	<u>2,536,793</u>	<u>161,543</u>	<u>0</u>
OTHER ASSETS			
Receivable from future claims or reimbursements	254,667	0	0
Housing program loans	2,461,226	229,964	0
Business enterprise loans	<u>0</u>	<u>0</u>	<u>1,519,163</u>
	<u>\$ 9,798,509</u>	<u>\$ 673,715</u>	<u>\$ 2,568,413</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 138,973	\$ 993	\$ 570
Notes payable	165,100	0	0
Current portion of long-term debt	6,000	0	39,931
Accrued payroll and benefits	43,385	0	0
Accrued annual leave payable	81,235	0	0
Due affiliated organizations	0	0	0
Deferred Revenue	300,802	199,711	23,000
Capital match deposits	<u>60,224</u>	<u>0</u>	<u>0</u>
Total current liabilities	795,719	200,704	23,570
LONG TERM LIABILITIES			
Note payable	0	0	1,008,528
NET ASSETS			
Unrestricted Net Assets			
Unreserved net assets	3,763,526	81,504	1,025,680
Health insurance reserve	241,245	0	0
Investment in property and equipment	2,536,793	161,543	0
Reserve for loans	2,461,226	229,964	470,704
Temporarily Restricted Net Assets	0	0	0
Permanently Restricted Net Assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>9,002,790</u>	<u>473,011</u>	<u>1,496,384</u>
	<u>\$ 9,798,509</u>	<u>\$ 673,715</u>	<u>\$ 2,568,413</u>

See accompanying Notes to Financial Statements.

TOTAL COLUMNS (Memorandum Only)	
<u>June 30, 2008</u>	<u>June 30, 2007</u>
\$ 5,480,031	\$ 4,411,154
307,004	236,425
81,927	299,362
0	2,209
<u>8,319</u>	<u>5,797</u>
<u>5,877,281</u>	<u>4,954,947</u>
1,889,779	1,581,855
2,049,489	2,049,989
380,157	363,552
<u>161,543</u>	<u>173,437</u>
4,480,968	4,168,833
<u>1,782,632</u>	<u>1,559,067</u>
<u>2,698,336</u>	<u>2,609,766</u>
254,667	279,443
2,691,190	2,624,149
<u>1,519,163</u>	<u>1,554,449</u>
\$ <u>13,040,637</u>	\$ <u>12,022,754</u>
\$ 140,536	\$ 126,308
165,100	291,100
45,931	26,061
43,385	35,793
81,235	72,628
0	2,209
523,513	301,223
<u>60,224</u>	<u>23,925</u>
1,059,924	879,247
1,008,528	994,825
4,870,710	4,164,109
241,245	205,095
2,698,336	2,609,766
3,161,894	3,169,712
0	0
<u>0</u>	<u>0</u>
<u>10,972,185</u>	<u>10,148,682</u>
\$ <u>13,040,637</u>	\$ <u>12,022,754</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 Year ended June 30, 2008 and 2007

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Region XII Governments Development <u>Housing</u> <u>Corporation</u>	
Revenues:			
Governmental funding sources:			
Iowa Dept. of Transportation	\$ 1,013,291	\$ 0	\$ 0
Iowa Dept. of Economic Develop.	411,208	146,251	0
Iowa Workforce Development	540,761	0	0
U.S. Dept. of Commerce	53,550	0	0
U.S. Dept. of Agriculture	77,902	0	40,000
Federal Emergency Management Agency	4,625	0	0
Dept. of Housing & Urban Development	718,978	0	0
Iowa Dept. of Public Health	11,108	0	0
Elderbridge Agency on Aging	38,000	0	0
United Way	4,750	0	0
Public Support & Program Funds	1,552,301	0	0
Matching Funds	254,004	51,525	0
Loan Repayments	403,673	30,582	365,621
Interest From Loans	58,447	3,691	88,618
Interest From Investments	178,929	7,611	32,452
Other Revenues & In-kind Match	44,178	0	0
Investment in Property & Equipment	354,500	0	0
Total Revenue	<u>5,720,205</u>	<u>239,670</u>	<u>526,691</u>
Expenses:			
Local Funds & Loan Repayment Funds	483,707	0	0
Administered State and Local Funds	742,452	0	0
CDBG, Home Housing Loan, & Non-housing Funds	742,937	0	0
Hazard Mitigation Plans	3,748	0	0
Western Iowa Transit System	2,093,841	0	0
Workforce Investment Act Programs	280,394	0	0
Iowa Workforce Development Programs	106,238	0	0
Workforce Development Programs-Promise Jobs	154,129	0	0
Housing Preservation Grant	77,930	0	0
Economic Development Planning	104,679	0	0
Lead Base Paint & Lead Poisoning	9,551	0	0
Household Water Well System	22,994	0	0
Western Iowa Advantage Partners	46,109	0	0
Council of Governments-Housing	0	109,704	0
Region XII Development Corp.	0	0	199,986
Depreciation	265,930	0	0
Total Expenses	<u>5,134,639</u>	<u>109,704</u>	<u>199,986</u>
Revenue over (under) expenses	585,566	129,966	326,705
Beginning of year	<u>3,312,665</u>	<u>151,249</u>	<u>721,975</u>
Total (Memorandum Only)	\$ <u>3,898,231</u>	\$ <u>281,215</u>	\$ <u>1,048,680</u>
Recap of Total (Memorandum Only):			
Receivable from future claims	\$ (254,667)	\$ 0	\$ 0
Deferred revenue	\$ 300,802	\$ 199,711	\$ 23,000
Net Assets	\$ 3,763,526	\$ 81,504	\$ 1,025,680
Plant Fund	\$ 88,570	\$ 0	\$ 0

See accompanying Notes to Financial Statements.

TOTAL COLUMNS
(Memorandum Only)

<u>June 30, 2008</u>	<u>June 30, 2007</u>
\$ 1,013,291	\$ 1,018,970
557,459	561,184
540,761	487,497
53,550	51,000
117,902	311,252
4,625	0
718,978	1,522,857
11,108	1,050
38,000	42,000
4,750	4,500
1,552,301	1,586,522
305,529	240,728
799,886	895,552
150,756	337,215
218,992	0
44,178	306,509
<u>354,500</u>	<u>314,932</u>
<u>6,486,566</u>	<u>7,681,768</u>
483,707	428,451
742,452	671,824
742,937	1,552,678
3,748	4,572
2,093,841	2,000,371
280,394	277,219
106,238	51,113
154,129	159,165
77,930	48,909
104,679	92,000
9,551	7,226
22,994	0
46,109	120,157
109,704	135,542
199,986	583,734
<u>265,930</u>	<u>252,294</u>
<u>5,444,329</u>	<u>6,385,255</u>
1,042,237	1,296,513
<u>4,185,889</u>	<u>2,952,011</u>
\$ <u>5,228,126</u>	\$ <u>4,248,524</u>
\$ (254,667)	\$ (279,443)
\$ 523,513	\$ 301,223
\$ 4,870,710	\$ 4,164,109
\$ 88,570	\$ 62,635

REGION XII COUNCIL OF GOVERNMENTS, INC.
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2008 and 2007

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Region XII Governments Development Housing Corporation	
Salaries & wages	\$ 772,530	\$ 11,484	\$ 10,822
Employee benefits	245,371	3,900	1,834
Advertising & marketing	6,586	7	27
Accounting & legal	18,121	738	1,338
Insurance	17,087	228	244
Contracted services	466,418	27	25
Fees, dues & subscriptions	9,421	14	133
Postage	15,629	622	47
Rent	41,094	607	694
Telephone	32,159	112	107
Travel	91,478	1,039	638
Utilities	0	0	0
Office expense	74,888	1,109	965
Equipment expenses	11,379	274	296
Facility expenses	35,039	420	313
Board expense	6,663	229	920
Drivers' wages & benefits	953,622	0	0
Vehicle fuel & other costs	383,249	0	0
Vehicle insurance	85,222	0	0
Purchased services	117,698	0	0
Participant loans & grants	791,876	88,894	150,000
Participant support	91,313	0	0
Plant, property, & equipment purchases	391,283	0	0
Loan principal payments	0	0	20,061
Interest	9,823	0	8,771
Matching funds expended	190,760	0	2,751
Depreciation	265,930	0	0
In-kind Match expenditures	<u>10,000</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>5,134,639</u>	\$ <u>109,704</u>	\$ <u>199,986</u>

See accompanying Notes to Financial Statements.

TOTAL COLUMNS (Memorandum Only)	
<u>June 30, 2008</u>	<u>June 30, 2007</u>
\$ 794,836	\$ 729,876
251,105	223,788
6,620	7,144
20,197	21,220
17,559	17,471
466,470	515,953
9,568	10,509
16,298	14,898
42,395	38,992
32,378	31,440
93,155	73,450
0	8,116
76,962	43,645
11,949	42,043
35,772	46,188
7,812	9,320
953,622	907,818
383,249	311,603
85,222	82,570
117,698	110,540
1,030,770	2,297,086
91,313	99,539
391,283	337,938
20,061	19,863
18,594	12,620
193,511	119,331
265,930	252,294
<u>10,000</u>	<u>0</u>
\$ <u>5,444,329</u>	\$ <u>6,385,255</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 COMBINED STATEMENTS OF CASH FLOWS
 Year Ended June 30, 2008 and 2007

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Resources Provided (Used) By:		
Cash Flow from Operating Activities:		
Revenue over expenses	\$ 1,042,237	\$ 1,296,513
Items not requiring outlays of cash:		
Depreciation	265,930	252,294
Change in Operating Assets & Liabilities:		
Accounts receivable	146,856	2,165
Prepaid expenses	(2,522)	7,998
Accounts payable	14,228	32,249
Accrual payroll and benefits	7,592	18,829
Accrual annual leave	8,607	4,634
	<u>1,482,928</u>	<u>1,614,682</u>
Cash Flow From Investing Activities:		
Purchase of property and equipment	(354,500)	(314,932)
IRP proceeds used for relending	(40,000)	(240,137)
Self insurance - health insurance reserve	36,150	43,832
	<u>(358,350)</u>	<u>(511,237)</u>
Cash Flow From Financing Activities:		
Borrowing - short term notes	209,600	291,800
Borrowing - long term notes	40,000	260,000
Payments - short term notes	(335,600)	(313,200)
Payments - long term notes	(6,000)	(25,863)
Capital match deposits	36,299	(11,897)
	<u>(55,701)</u>	<u>200,840</u>
Net Increase in Cash	1,068,877	1,304,285
Cash, Beginning of Year	<u>4,411,154</u>	<u>3,106,869</u>
Cash, End of Year	\$ <u>5,480,031</u>	\$ <u>4,411,154</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. was created by a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Nonprofit Corporation Act, Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc., is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG is the fiscal agent for IWD in Region 8. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry, Redfield and Linden, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments (COG) serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments.

Region XII Council of Governments assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Affiliated Organizations

Council of Governments Housing, Inc. is a nonprofit corporation organized under Chapter 504A of the Code of Iowa, and the objectives and purpose to be transacted and carried on are to promote the general social welfare of the community. These powers are limited to the definitions and purposes encompassed by Section 501(c)(4), of the Internal Revenue Code.

In addition to the powers provided by Iowa law, this corporation shall be allowed to:

Acquire, construct, provide, and operate rental housing and related facilities suited to the special needs and living requirements of eligible occupants as determined by USDA Rural Development regulations, without regard to race, color, religion, sex, age, handicap, marital and familial status, or national origin; and Administer programs for the purpose of rehabilitation of owner-occupied or rental properties or other properties for the purpose of eliminating safety and health hazards and other activities necessary to improve the condition of the home for habitation; and Acquire, improve, and operate any real or personal property or interest or right herein or appurtenant thereto; to sell, convey, assign, mortgage, lease any real and personal property; and Borrow money and to execute such evidence of indebtedness and such contracts, agreements, and instruments as may be necessary, and to execute and deliver any mortgage, deed of trust, assignment of income, or other security instrument in connection therewith; and Do all things necessary and appropriate for carrying out and exercising the foregoing purposes and powers.

Region XII Development Corporation, Inc., is a nonprofit corporation organized under Chapter 504A of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Affiliated Organizations (continued)

The objectives and purpose to be transacted and carried on are:
To further the economic development of the area community known as Region XII, said Region comprises the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac including the cities, and rural areas of said counties in the state of Iowa; and
To aid in the development of the communities within the region; and promoting and stimulating business opportunities and development, both new and existing; and
For charitable, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify and exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future United States revenue law; and
For any and all purposes permitted in the Iowa Nonprofit Corporation Act, Chapter 504A of the 1981 Code of Iowa and permitted under Section 501(c)(3) of the Internal Revenue Code.

C. Significant Accounting Policies

Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund program; however, in the accompanying financial statements, programs that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized and presented in the Statement of Net Assets.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 1 Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - 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. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had been paid or received as of June 30, 2008 and 2007, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 1. Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Annual Leave - Employees of the COG accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities of the administrative fund or the program fund type. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Total Column - The total column on the combined statement of financial position and the combined statement of activity is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U. S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Cost Allocation - Region XII Council of Governments, Inc. has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation.

Budgetary Accounting - The COG is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations are exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 2 Support From Governmental Units

The COG receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began January 1, 2007, and expires December 31, 2010.

The COG is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. 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 3.90% of their annual covered salary and the Region XII Council of Governments is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. Region XII Council of Government's contribution to IPERS for the years ended June 30, 2008 and 2007 was \$87,899 and \$78,282 respectively, equal to the employer required contributions for each year. The total contribution to IPERS for the years ended June 30, 2008 and 2007 were \$144,579 and \$128,654 respectively.

Note 5 Contingent Liability - Medical Leave

The COG's full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses by the COG until used. The COG's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2008 and 2007 was \$182,000 and \$173,000 respectively. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to convert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 6 Organization Risk Management

Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Region XII Council of Governments, Inc. is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 563 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenditures from its operation funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool for the year ended June 30, 2008, and 2007 were \$106,132 and \$111,645 respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 NOTES TO FINANCIAL STATEMENTS (continued)
 June 30, 2008 and 2007

Note 6 Organization Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Region XII Council of Governments, Inc. also carries commercial insurance purchased from other insurers for coverage associated with the employee bond. Region XII Council of Governments, Inc. assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations maintain their checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa.

As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Iowa Savings Bank	\$ 5,572,063	\$ 3,123,053
Templeton Savings Bank	0	124,750
Bank of the West	0	1,500,000

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 8 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2008

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year \$	1,581,855	\$ 2,049,989	\$ 363,552	\$ 3,995,396
Additions	307,924	9,200	49,271	366,395
Disposals	<u>0</u>	<u>(9,700)</u>	<u>(32,666)</u>	<u>(42,366)</u>
End of year	\$ <u>1,889,779</u>	\$ <u>2,049,489</u>	\$ <u>380,157</u>	\$ <u>4,319,425</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year \$	216,787	\$ 1,176,889	\$ 165,391	\$ 1,559,067
Current deprec.	24,560	209,021	32,350	265,931
Disposal of assets	<u>0</u>	<u>(9,700)</u>	<u>(32,666)</u>	<u>(42,366)</u>
End of year	\$ <u>241,347</u>	\$ <u>1,376,210</u>	\$ <u>165,075</u>	\$ <u>1,782,632</u>

FISCAL YEAR END June 30, 2007

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year \$	1,579,355	\$ 1,933,580	\$ 316,989	\$ 3,829,924
Additions	2,500	248,511	63,921	314,932
Disposals	<u>0</u>	<u>(132,102)</u>	<u>(17,358)</u>	<u>(149,460)</u>
End of year	\$ <u>1,581,855</u>	\$ <u>2,049,989</u>	\$ <u>363,552</u>	\$ <u>3,995,396</u>
<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year \$	192,226	\$ 1,108,750	\$ 155,254	\$ 1,456,230
Current deprec.	24,561	200,241	27,495	252,297
Disposal of assets	<u>0</u>	<u>(132,102)</u>	<u>(17,358)</u>	<u>(149,460)</u>
End of year	\$ <u>216,787</u>	\$ <u>1,176,889</u>	\$ <u>165,391</u>	\$ <u>1,559,067</u>

Capital Project

Region XII Council of governments has entered into agreements for building expansion and renovation of office space and transit facilities at 1009 East Anthony Street, Carroll, Iowa. The building expansion and renovation includes additional office space, transit wash bay, transit vehicle storage, renovating existing office space, and parking. The estimated cost of the building expansion and renovation is \$1,380,000. The project is expected to be substantially completed by the end of 2008 fiscal year.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 9 Housing and Business Enterprise Loans Receivable

The COG accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing and economic development throughout the State of Iowa.

Region XII Council of Governments administers the Household Well Water System grant. The fund shall be used solely for the purpose of financing the construction, refurbishing and servicing of individually owned household water well systems in rural areas for individuals with low or moderate income. A Revolving Loan Fund Account has been established and designated to account for the grant funds.

Council of Governments Housing, Inc. receives Housing Trust Funding. The funds are to provide loans for financial assistance for residential housing.

Region XII Council of Governments received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Region XII Development Corporation received a Department of Commerce - Title IX Long-Term Economic Deterioration Revolving Loan Program (EDA Loans). The grant proceeds are used for business enterprise loans.

Region XII Development Corporation received a Rural Business Enterprise Grant (RBEG Loans) for loan assistance to rural business enterprises.

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 9 Housing and Business Enterprise Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

<u>FISCAL YEAR June 30, 2008</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,325,064	\$ 129,155	\$ 0	\$ 133,267	\$ 1,329,176
HPG Loans	688,680	168,390	0	124,938	645,228
LHAP Loans	76,436	14,847	0	20,274	81,863
HIRE Loans	362,073	42,678	0	64,622	384,017
HWWS Loans	<u>0</u>	<u>269</u>	<u>0</u>	<u>21,211</u>	<u>20,942</u>
	<u>2,452,253</u>	<u>355,339</u>	<u>0</u>	<u>364,312</u>	<u>2,461,226</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	55,931	6,181	0	443	50,193
Housing Trust	<u>115,965</u>	<u>29,931</u>	<u>0</u>	<u>93,737</u>	<u>179,771</u>
	<u>171,896</u>	<u>36,112</u>	<u>0</u>	<u>94,180</u>	<u>229,964</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	947,351	219,510	0	151,305	879,146
EDA Loans	503,633	120,007	0	100,599	484,225
RBEG Loans	<u>103,465</u>	<u>25,251</u>	<u>0</u>	<u>77,578</u>	<u>155,792</u>
	<u>1,554,449</u>	<u>364,768</u>	<u>0</u>	<u>329,482</u>	<u>1,519,163</u>
Total	\$ <u>4,178,598</u>	\$ <u>756,219</u>	\$ <u>0</u>	\$ <u>787,974</u>	\$ <u>4,210,353</u>

<u>FISCAL YEAR June 30, 2007</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,321,344	\$ 157,296	\$ 0	\$ 161,016	\$ 1,325,064
HPG Loans	650,132	199,404	0	237,952	688,680
LHAP Loans	110,194	33,758	0	0	76,436
HIRE Loans	<u>378,162</u>	<u>84,668</u>	<u>0</u>	<u>68,579</u>	<u>362,073</u>
	<u>2,459,832</u>	<u>475,126</u>	<u>0</u>	<u>467,547</u>	<u>2,452,253</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	61,469	5,538	0	0	55,931
Housing Trust	<u>94,122</u>	<u>22,238</u>	<u>0</u>	<u>44,081</u>	<u>115,965</u>
	<u>155,591</u>	<u>27,776</u>	<u>0</u>	<u>44,081</u>	<u>171,896</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	900,846	178,495	0	225,000	947,351
EDA Loans	567,574	173,941	0	110,000	503,633
RBEG Loans	<u>124,842</u>	<u>31,377</u>	<u>0</u>	<u>10,000</u>	<u>103,465</u>
	<u>1,593,262</u>	<u>383,813</u>	<u>0</u>	<u>345,000</u>	<u>1,554,449</u>
Total	\$ <u>4,208,685</u>	\$ <u>886,715</u>	\$ <u>0</u>	\$ <u>856,628</u>	\$ <u>4,178,598</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2008 and 2007

Note 10 Long Term Notes Payable

The long term notes payable and classification are as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated December 15, 2000, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning December 15, 2004. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	\$ 540,459	\$ 540,886

Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated September 16, 2005, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. No repayment schedule is required as of June 30, 2008.	508,000	468,000
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Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation. The capital loan, dated October 8, 2003, is for the sum of \$30,000, no interest, payable in equal installments of \$6,000 for a term of 5 years beginning December 31, 2004.	<u>6,000</u>	<u>12,000</u>
Total Notes Payable	1,054,459	1,020,886
Current Portion of Long Term Debt	<u>45,931</u>	<u>26,061</u>
Long Term Portion	\$ <u>1,008,528</u>	\$ <u>994,825</u>

Maturities of notes payable over the next five years are as follows:		
June 30, 2008	\$ -	\$ 26,061
June 30, 2009	45,931	26,262
June 30, 2010	40,331	20,465
June 30, 2011	40,734	20,669
June 30, 2012	41,142	20,876
June 30, 2013	41,553	-
Thereafter	<u>844,768</u>	<u>906,553</u>
Total	\$ <u>1,054,459</u>	\$ <u>1,020,886</u>

SUPPLEMENTAL INFORMATION

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 LOCAL FUNDS AND LOAN REPAYMENT FUNDS
 Year Ended June 30, 2008

	Local Funds	Loan Repayment Funds	Acquisition/ Demolition Repayment
Revenues:			
Program Funds	\$ 164,951	\$ 0	\$ 0
Loan Repayments	0	394,404	9,000
Interest from loans	0	58,389	0
Interest from investments	61,643	88,647	1,988
Donations	11,750	0	0
Other Revenues	<u>5,428</u>	<u>12,478</u>	<u>0</u>
Total revenues	<u>243,772</u>	<u>553,918</u>	<u>10,988</u>
Expenses:			
Salary & wages	0	20,019	6
Employee benefits	1,034	6,819	2
Advertising & marketing	0	160	0
Accounting & legal	4,601	4,708	1
Insurance	0	472	0
Contract Services	0	1,194	0
Fees, dues & subscriptions	0	92	0
Postage	233	1,115	0
Rent	873	1,319	0
Telephone	0	249	0
Travel	9	1,765	0
Office expense	247	4,628	1
Equipment expenses	0	735	0
Equipment rental	0	0	0
Facility expenses	0	761	0
Board expenses	0	93	0
Vehicle expense	14,537	0	0
Participant loans & grants	0	158,999	0
Vehicle and equipment purchases	178,104	0	0
Matching funds & transfers	<u>28,041</u>	<u>52,890</u>	<u>0</u>
Total expenses	<u>227,679</u>	<u>256,018</u>	<u>10</u>
Revenue over (under) expenses	16,093	297,900	10,978
Beginning of year	<u>958,884</u>	<u>1,987,532</u>	<u>38,815</u>
End of Year-Net asset	\$ <u>974,977</u>	\$ <u>2,285,432</u>	\$ <u>49,793</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF REVENUES AND EXPENSES
ADMINISTERED STATE AND LOCAL FUNDS
Year Ended June 30, 2008

	Community Administered <u>Support Programs</u>	Council of Government Assistance <u>2008-COG-01</u>	<u>Housing Programs</u> Repo & Spec <u>Houses</u>	<u>Fees From</u> Housing <u>Contracts</u>
Revenues:				
Governmental Funding Source:				
State funds	\$ 0	\$ 0	\$ 0	\$ 0
Program funds	98,068	8,824	176,777	22,891
Matching funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>98,068</u>	<u>8,824</u>	<u>176,777</u>	<u>22,891</u>
Expenses:				
Salary & wages	6,034	0	0	10,100
Employee benefits	1,425	0	0	3,136
Advertising & marketing	2	0	0	11
Accounting & legal	40	0	5	40
Insurance	133	0	0	213
Contracted services	31,844	0	144,872	2,939
Fees, dues & subscriptions	26	0	0	79
Postage	1,443	0	0	476
Rent	374	0	0	636
Telephone	52	0	0	111
Travel	551	0	0	1,145
Office expense	976	0	0	317
Equipment expenses	87	0	0	225
Facility expenses	197	0	0	342
Board expense	39	0	0	42
Interest	50	0	0	0
Matching funds & transfers	<u>18,773</u>	<u>8,824</u>	<u>6,601</u>	<u>2,075</u>
Total expenses	<u>62,046</u>	<u>8,824</u>	<u>151,478</u>	<u>21,887</u>
Revenue over (under) expenses	36,022	0	25,299	1,004
Beginning of year	<u>43,899</u>	<u>0</u>	<u>(176,634)</u>	<u>(1,011)</u>
End of Year-Receivable from future claims	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(151,335)</u>	\$ <u>(7)</u>
End of Year - Deferred revenue	\$ <u>79,921</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

Iowa Waste Exchange Programs	Valley Business Park Planning Project	Regional Transportation Planning Agreement Number 08RPA-12		
		FHWA SPR	FTA	FHWA (STP)
\$ 361,208	\$ 0	\$ 18,111	\$ 19,345	\$ 70,540
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>4,529</u>	<u>4,836</u>	<u>17,636</u>
<u>361,208</u>	<u>0</u>	<u>22,640</u>	<u>24,181</u>	<u>88,176</u>
83,604	0	13,856	14,962	53,759
30,389	0	4,372	4,500	16,285
192	0	25	23	151
808	12	62	69	276
1,892	0	319	334	1,190
216,497	2,000	27	25	123
790	0	84	92	153
701	0	125	129	436
5,224	0	897	949	3,223
647	0	117	126	456
10,306	0	1,031	1,244	4,828
5,754	0	952	886	3,742
901	0	159	159	928
2,913	0	529	578	2,115
590	0	85	105	511
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>361,208</u>	<u>2,012</u>	<u>22,640</u>	<u>24,181</u>	<u>88,176</u>
0	(2,012)	0	0	0
<u>0</u>	<u>4,391</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ <u>0</u>	\$ <u>2,379</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 BLOCK GRANT PROGRAMS - NON-HOUSING
 COMMUNITY DEVELOPMENT BLOCK GRANT-HOUSING
 HOME HOUSING LOAN FUNDS
 Year Ended June 30, 2008

	Block Grant Programs <u>Non-Housing</u>	Community Development Block Grant <u>Housing</u>	Home Housing <u>Loans</u>
Revenues:			
Governmental funding source:			
Housing and Urban Development	\$ 60,318	\$ 243,211	\$ 415,449
Matching funds & transfers	<u>0</u>	<u>0</u>	<u>26,162</u>
Total revenues	<u>60,318</u>	<u>243,211</u>	<u>441,611</u>
Expenses:			
Salary & wages	43,891	26,360	34,616
Employee benefits	14,522	9,759	11,424
Advertising & marketing	40	15	12
Accounting & legal	101	94	285
Insurance	934	579	768
Contract Services	42	446	386
Fees, dues & subscriptions	130	229	41
Postage	182	1,081	1,426
Rent	2,695	1,622	2,090
Telephone	349	472	382
Travel	3,632	1,958	3,273
Office expense	1,822	621	1,880
Equipment expenses	433	697	871
Facility expenses	1,438	766	1,247
Board expenses	315	101	172
Participant loans & grants	0	160,422	398,543
Interest	<u>0</u>	<u>3,670</u>	<u>6,103</u>
Total expenses	<u>70,526</u>	<u>208,892</u>	<u>463,519</u>
Revenue over (under) expenses	(10,208)	34,319	(21,908)
Beginning of year	(<u>270</u>)	(<u>61,712</u>)	(<u>38,252</u>)
End of Year- <u>Receivable from future claims</u>	\$ (<u>10,478</u>)	\$ (<u>27,393</u>)	\$ (<u>60,160</u>)

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 HAZARD MITIGATION PLANS
 IOWA HOMELAND SECURITY AND EMERGENCY MANAGEMENT DIVISION
 Year Ended June 30, 2008

Revenues:

Governmental Funding Source:

Federal Emergency Management Agency:

Iowa Homeland Security & Emergency Management Division \$ 4,625

Expenses:

Salary & wages 2,361

Employee benefits 853

Advertising & marketing 15

Accounting & legal 6

Insurance 56

Contract Services 10

Fees, dues & subscriptions 6

Postage 16

Rent 136

Telephone 15

Travel 151

Facility expenses 123Total expenses 3,748

Revenue over (under) expenses 877

Beginning of year (3,146)

End of Year-Receivable from future claims \$ (2,269)

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WESTERN IOWA TRANSIT PROGRAMS
 Year Ended June 30, 2008

	<u>Rural Transit Operating</u>	<u>Rural Transit Capital</u>	<u>Total</u>
Revenue:			
Governmental Funding Source:			
Federal-Dept. of Transportation	\$ 462,124	\$ 96,265	\$ 558,389
Iowa Dept. of Transportation	346,906	0	346,906
Elderbridge Agency	38,000	0	38,000
United way	4,750	0	4,750
Public support & contribution	1,080,790	0	1,080,790
Capital match funds	0	67,518	67,518
Interest from investments	21,389	0	21,389
Fuel tax refund	1,626	0	1,626
Other local	<u>2,896</u>	<u>0</u>	<u>2,896</u>
Total Revenues	<u>1,958,481</u>	<u>163,783</u>	<u>2,122,264</u>
Expenses:			
Salaries & wages	136,530	0	136,530
Employee benefits	42,957	0	42,957
Advertising & marketing	5,599	0	5,599
Accounting & legal	4,703	0	4,703
Insurance	2,280	0	2,280
Contracted services	14,797	0	14,797
Fees, dues & subscriptions	4,434	0	4,434
Postage	1,178	0	1,178
Rent	1,752	0	1,752
Telephone	24,525	0	24,525
Travel	32,352	0	32,352
Office expense	4,939	0	4,939
Equipment expenses	1,573	0	1,573
Facility expenses	4,817	0	4,817
Board expense	618	0	618
Drivers' wages & benefits	953,622	0	953,622
Vehicle fuel & other costs	368,712	0	368,712
Vehicle insurance	85,222	0	85,222
Purchased services	117,698	0	117,698
Property and equip. purchases	49,396	163,783	213,179
Matching funds	<u>72,354</u>	<u>0</u>	<u>72,354</u>
Total Expenses	<u>1,930,058</u>	<u>163,783</u>	<u>2,093,841</u>
Revenue over (under) expenses	28,423	0	28,423
Beginning of year-net assets	<u>424,901</u>	<u>0</u>	<u>424,901</u>
End of Year-Net assets	\$ <u><u>453,324</u></u>	\$ <u><u>0</u></u>	\$ <u><u>453,324</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WORKFORCE INVESTMENT ACT PROGRAMS
 AGREEMENT NUMBER 7-W-08-FR-0
 Year Ended June 30, 2008

	WORKFORCE INVESTMENT ACT - TITLE I				
	Admin.	Adult	Youth In School	Youth-Out Of School	Dislocated Worker
Revenues:					
Governmental Funding Sources:					
Iowa Workforce Development	\$ <u>17,797</u>	\$ <u>36,116</u>	\$ <u>25,374</u>	\$ <u>23,183</u>	\$ <u>143,254</u>
Expenses:					
Salaries & wages	9,989	14,874	9,159	9,627	55,740
Employee benefits	2,477	4,268	2,795	2,926	18,069
Advertising & marketing	18	0	0	0	0
Accounting & legal	550	0	0	0	0
Insurance	139	476	301	284	1,575
Contracted services	113	0	0	0	0
Fees, dues & subscriptions	728	0	0	0	0
Postage	43	487	108	140	1,534
Rent	262	951	581	607	3,429
Telephone	125	280	158	166	1,001
Travel	802	1,582	820	907	5,303
Office expense	490	541	453	483	3,459
Equipment expenses	57	114	81	86	582
Facility expenses	253	429	328	342	2,146
Board expense	1,751	0	0	0	27
Participant support	<u>0</u>	<u>12,114</u>	<u>10,590</u>	<u>7,615</u>	<u>50,389</u>
Total expenses	<u>17,797</u>	<u>36,116</u>	<u>25,374</u>	<u>23,183</u>	<u>143,254</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

WIA - TITLE I
Incentive
Admin

\$ 34,670

21,509
5,303
69
281
301

244
1,512
30
644
261

2,161
1,135
162
489
569

0
34,670

\$ 0

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REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 IOWA WORKFORCE DEVELOPMENT-WIA SUB SECTION
 EARLY INTERVENTION RAPID RESPONSE
 Year Ended June 30, 2008

	7-W-PF- RR-0-05 SEG Chicago <u>Rivet</u>
Revenues:	
Governmental Funding Sources:	
Iowa Workforce Development	\$ <u>57,296</u>
Expenses:	
Salaries & wages	27,878
Employee benefits	9,670
Advertising & marketing	9
Accounting & legal	121
Insurance	696
Contracted services	19
Fees, dues & subscriptions	412
Postage	588
Rent	1,656
Telephone	503
Travel	2,366
Office expense	1,396
Equipment expenses	275
Facility expenses	1,008
Board expense	94
Participant support	<u>10,605</u>
Total expenses	<u>57,296</u>
Net	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 IOWA WORKFORCE DEVELOPMENT PROGRAMS
 AGREEMENT NUMBER 7-W-08-FR-0
 Year Ended June 30, 2008

	General <u>Admin</u>	Promise Jobs		Workforce <u>Essentials</u>
		<u>Admin</u>	<u>Basic</u>	
Revenues:				
Governmental Funding Sources:				
Iowa Workforce Development	\$ <u>2,746</u>	\$ <u>364</u>	\$ <u>5,527</u>	\$ <u>544</u>
Expenses:				
Salaries & wages	1,771	0	0	0
Employee benefits	477	0	0	0
Advertising & marketing	3	0	0	0
Accounting & legal	25	0	20	2
Insurance	24	0	0	0
Contracted services	8	72	971	139
Fees, dues & subscriptions	71	0	0	0
Postage	2	0	0	0
Rent	58	0	0	0
Telephone	16	0	0	0
Travel	93	0	0	0
Utilities	0	0	0	0
Office expense	93	230	3,756	300
Equipment expenses	14	0	0	0
Facility expenses	47	62	780	103
Board expense	44	0	0	0
Total expenses	<u>2,743</u>	<u>364</u>	<u>5,527</u>	<u>544</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

<u>General (Surtax)</u>	<u>Iowa Center Coordinator</u>	<u>Navigator</u>
\$ <u>32,648</u>	\$ <u>614</u>	\$ <u>6,499</u>
0	0	0
0	0	0
0	0	0
67	0	12
0	0	0
6,464	12	1,419
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
20,629	602	3,825
0	0	0
5,488	0	1,243
<u>0</u>	<u>0</u>	<u>0</u>
<u>32,648</u>	<u>614</u>	<u>6,499</u>
\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WORKFORCE DEVELOPMENT PROGRAM - PROMISE JOBS
 AGREEMENT # 7-W-08-FR-0
 Year Ended June 30, 2008

	<u>Workplace Essentials</u>	<u>Two Parents</u>	<u>Basic Funds</u>
Revenues:			
Governmental Funding Sources:			
Iowa Workforce Development	\$ <u>6,513</u>	\$ <u>50,869</u>	\$ <u>96,747</u>
Administrative Expenses:			
Salaries wages	4,148	31,011	9,067
Employee benefits	1,414	10,117	2,200
Advertising & marketing	0	0	145
Accounting & legal	0	0	408
Insurance	101	816	132
Contracted Services	0	0	97
Fees, dues & subscriptions	0	0	239
Postage	3	725	9
Rent	334	2,077	266
Telephone	49	462	119
Travel	55	2,309	838
Office expense	146	1,614	426
Equipment expenses	72	446	48
Facility expenses	191	1,292	197
Board Expense	<u>0</u>	<u>0</u>	<u>240</u>
Total administrative expenses	<u>6,513</u>	<u>50,869</u>	<u>14,431</u>
Program Expenses:			
Salaries wages	0	0	51,004
Employee benefits	0	0	12,209
Insurance	0	0	1,297
Postage	0	0	2,156
Rent	0	0	3,482
Telephone	0	0	799
Travel	0	0	4,309
Office expense	0	0	3,516
Equipment expenses	0	0	1,469
Facility expenses	<u>0</u>	<u>0</u>	<u>2,075</u>
Total program expenses	<u>0</u>	<u>0</u>	<u>82,316</u>
Total Expense	<u>6,513</u>	<u>50,869</u>	<u>96,747</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 HOUSING PRESERVATION PROGRAM
 BORROWER ID # 160140421017843
 Year Ended June 30, 2008

	HPG Period 7/01/2007- 9/30/2007	HPG Period 10/01/2007- 6/30/2008
Revenues:		
Governmental Funding Source:		
USDA-Rural Development	\$ 32,342	\$ 24,123
Matching funds	<u>6,657</u>	<u>4,900</u>
Total Revenues	<u>38,999</u>	<u>29,023</u>
Expenses:		
Salaries & wages	7,686	5,627
Employee benefits	3,630	1,874
Advertising & marketing	0	1
Accounting & legal	39	118
Insurance	178	111
Fees, dues & subscriptions	45	5
Postage	0	295
Rent	525	288
Telephone	91	51
Travel	464	642
Office expense	159	393
Equipment expenses	183	122
Facility expenses	266	231
Board expense	38	28
Participant loans & grants	<u>32,578</u>	<u>22,262</u>
Total expenses	<u>45,882</u>	<u>32,048</u>
Revenue (under) expenses	(6,883)	(3,025)
Beginning of year	<u>6,883</u>	<u>0</u>
End of Year - Receivable from Future Claims	\$ <u>0</u>	\$ (<u>3,025</u>)

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 ECONOMIC DEVELOPMENT PLANNING GRANT
 AWARD NO. 05-83-04298 & 05-83-04445
 Year Ended June 30, 2008

	05-83- -04298 <u>7/1/07-12/31/07</u>	05-83- -04445 <u>7/1/07-6/30/08</u>
Revenues:		
Governmental Funding Sources:		
Department of Commerce	\$ 2,550	\$ 51,000
Matching funds	0	41,000
In-kind match	0	10,000
Interest from investments	<u>0</u>	<u>129</u>
Total revenues	<u>2,550</u>	<u>102,129</u>
Expenses:		
Salaries & wages	1,503	57,304
Employee benefits	446	16,829
Advertising & marketing	0	80
Accounting & legal	2	318
Insurance	35	1,283
Contract services	0	85
Fees, dues & subscriptions	8	204
Postage	1	640
Rent	102	3,615
Telephone	12	488
Travel	106	4,481
Office expense	195	3,852
Equipment expense	45	633
Facility expense	91	2,016
Board expenses	4	301
In-kind expenditures	<u>0</u>	<u>10,000</u>
Total expenses	<u>2,550</u>	<u>102,129</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 USDA RURAL DEVELOPMENT LEAD-BASED PAINT INSPECTION
 CHILDHOOD LEAD POISONING PREVENTION PROGRAMS
 Year Ended June 30, 2008

	<u>Lead-Based Paint Inspection</u>
Revenues:	
Governmental Funding Sources:	
Iowa Department of Public Health	\$ 1,050
Local funds	<u>11,108</u>
Total revenues	<u>12,158</u>
Expenses:	
Salaries & wages	4,871
Employee benefits	2,065
Accounting & legal	81
Insurance	75
Contracted Services	41
Fees, dues & subscriptions	23
Postage	174
Rent	199
Telephone	39
Travel	1,511
Office expense	275
Equipment expense	87
Facility expense	96
Board expense	<u>14</u>
Total expenses	<u>9,551</u>
Revenue over (under) expenses	2,607
Beginning of Year	<u>53,340</u>
End of Year - Deferred revenue	\$ <u>55,947</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 HOUSEHOLD WATER WELL SYSTEM
 Year Ended June 30, 2008

	<u>Household Well Water Revolving Loan</u>	<u>Household Well Water System</u>
Revenues:		
Governmental Funding Source:		
USDA-Rural Development	\$ 0	\$ 20,387
Matching funds	0	2,518
Loan repayment	269	0
Interest from loans	<u>58</u>	<u>0</u>
Total Revenues	<u>327</u>	<u>22,905</u>
Expenses:		
Salaries & wages	40	1,525
Employee benefits	17	457
Advertising & marketing	0	1
Accounting & legal	0	8
Insurance	1	37
Contract services	0	6
Fees, dues & subscriptions	0	4
Postage	2	131
Rent	2	92
Telephone	1	17
Travel	3	113
Office expense	19	104
Equipment expenses	2	41
Facility expenses	2	90
Board expense	0	5
Participant loans & grants	0	19,072
Matching funds expended	<u>0</u>	<u>1,202</u>
Total expenses	<u>89</u>	<u>22,905</u>
Revenue (under) expenses	238	0
Beginning of year	<u>0</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u>238</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 WESTERN IOWA ADVANTAGE PARTNERS
 IDED GRANT NUMBER 05-RMG-03
 Year Ended June 30, 2008

Revenues:

Governmental Funding Source:

Iowa Dept. of Economic Development	\$ 50,000
Matching funds	78,248
Interest from investments	<u>5,133</u>
Total revenues	<u>133,381</u>

Expenses:

Salary & wages	2,099
Employee benefits	651
Advertising/Marketing	15
Accounting & legal	258
Insurance	55
Contracted services	41,526
Membership fees	14
Postage	20
Rent	134
Telephone	20
Travel	368
Office expense	178
Equipment expenses	18
Facility expense	67
Board expense	<u>686</u>
Total expenses	<u>46,109</u>

Revenue over (under) expenses	87,272
Beginning of year	<u>75,045</u>
End of year - Deferred revenue	\$ <u>162,317</u>

See accompanying Independent Auditor's Report.

AFFILIATED ORGANIZATIONS

COUNCIL OF GOVERNMENTS HOUSING, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 Year Ended June 30, 2008

	Administrative Fund	Revolving Loan Fund	Project # 07-16 Housing Loan Fund	Project # 08-16 Housing Loan Fund
Revenues:				
State	\$ 0	\$ 0	\$ 0	\$ 146,251
Loan repayment	0	30,592	0	0
Interest from loans	0	3,691	0	0
Interest from investments	7,611	0	0	0
Local funds and match	<u>5,303</u>	<u>3,322</u>	<u>6,000</u>	<u>36,900</u>
Total revenues	<u>12,914</u>	<u>37,605</u>	<u>6,000</u>	<u>183,151</u>
Expenses:				
Salaries & wages	83	1,150	8,853	1,398
Employee benefits	34	470	2,839	557
Advertising & marketing	0	1	6	0
Accounting & legal	84	468	182	4
Insurance	2	25	171	30
Contracted services	0	3	20	4
Fees, dues, & subscriptions	0	4	7	3
Postage	4	49	517	52
Rent	5	69	453	80
Telephone	1	13	86	12
Travel	5	75	810	149
Office expense	37	468	516	88
Equipment expense	4	53	190	27
Facility expense	3	42	324	51
Board expense	0	183	38	8
Participant loans & grants	<u>0</u>	<u>31,994</u>	<u>47,393</u>	<u>9,507</u>
Total expenses	<u>262</u>	<u>35,067</u>	<u>62,405</u>	<u>11,970</u>
Revenue over (under) expenses	12,652	2,538	(56,405)	171,181
Beginning of Year	<u>29,166</u>	<u>37,148</u>	<u>84,935</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u>0</u>	<u>0</u>	<u>28,530</u>	<u>171,181</u>
End of Year - Net assets	\$ <u>41,818</u>	\$ <u>39,686</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII DEVELOPMENT CORPORATION, INC.
 SCHEDULE OF REVENUE AND EXPENSES
 Year Ended June 30, 2008

	Intermediary Relending Program		Rural Business Enterprise Grant	Long-Term Economic Deterioration Revolving Loan Fund
	Admin. and Repayment Fund	IRP Grant Fund	Admin. and Repayment Fund	Admin. and Repayment Fund
Revenues:				
Governmental Funding Source:				
Federal grants	\$ 0	\$ 40,000	\$ 0	\$ 0
Loan repayment & fees	219,564	0	25,251	120,806
Interest from loans	60,744	0	6,917	20,957
Interest from investments	<u>20,429</u>	<u>0</u>	<u>7,528</u>	<u>4,495</u>
Total revenues	<u>300,737</u>	<u>40,000</u>	<u>39,696</u>	<u>146,258</u>
Expenses:				
Salaries & wages	2,748	0	2,271	5,803
Employee benefits	903	0	717	214
Advertising & marketing	8	0	2	17
Accounting & Legal	805	0	206	327
Insurance	58	0	46	140
Contracted services	7	0	2	16
Fees, dues & subscriptions	16	0	15	102
Postage	17	0	8	22
Rent	162	0	135	397
Telephone	20	0	18	69
Travel	170	0	146	322
Office expense	280	0	164	521
Equipment expense	108	0	47	141
Facility expense	95	0	65	153
Board expense	286	0	147	487
Participant loans	0	50,000	0	100,000
Loan principal payments	20,061	0	0	0
Interest	8,771	0	0	0
Matching Funds	<u>1,375</u>	<u>0</u>	<u>688</u>	<u>688</u>
Total expenses	<u>35,890</u>	<u>50,000</u>	<u>4,677</u>	<u>109,419</u>
Revenue over (under) expenses	264,847	(10,000)	35,019	36,839
Beginning of Year	<u>417,275</u>	<u>33,000</u>	<u>148,866</u>	<u>122,834</u>
End of Year - Deferred revenue	\$ <u>0</u>	\$ <u>23,000</u>	\$ <u>0</u>	\$ <u>0</u>
End of Year - Net assets	\$ <u>682,122</u>	\$ <u>0</u>	\$ <u>183,885</u>	\$ <u>159,673</u>

See accompanying Independent Auditor's Report.

SCHEDULE OF REVENUE AND EXPENSES FOR COMPLETED CONTRACTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 WORKFORCE INVESTMENT ACT PROGRAMS
 AGREEMENT NUMBER 7-W-08-FR-0
 July 1, 2006 through June 30, 2008

	WORKFORCE INVESTMENT ACT - TITLE I				
	<u>Admin.</u>	<u>Adult</u>	<u>Youth</u>	<u>Dislocated Worker</u>	<u>Incentive Admin</u>
Revenues:					
Governmental Funding Sources:					
Ia Workforce Development	\$ <u>21,952</u>	\$ <u>42,813</u>	\$ <u>57,895</u>	\$ <u>97,503</u>	\$ <u>34,670</u>
Expenses:					
Salaries & wages	11,185	16,562	20,442	30,598	21,509
Employee benefits	2,688	5,118	6,429	9,724	5,303
Advertising & marketing	140	0	0	0	69
Accounting & legal	1,317	0	1	1	281
Insurance	171	559	654	919	301
Contracted services	451	0	0	0	245
Fees, dues & subscriptions	1,319	0	0	0	1,512
Postage	341	221	139	1,082	30
Rent	351	1,044	1,298	1,850	644
Telephone	234	288	352	526	261
Travel & training	834	1,328	1,511	3,382	2,161
Office expense	424	393	474	1,037	1,135
Equipment expense	292	460	493	848	162
Facility expense	339	761	897	1,436	489
Board expense	1,866	6	7	5	568
Participant support	<u>0</u>	<u>16,073</u>	<u>25,198</u>	<u>46,095</u>	<u>0</u>
Total expenses	<u>21,952</u>	<u>42,813</u>	<u>57,895</u>	<u>97,503</u>	<u>34,670</u>
Net	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 HOUSING PRESERVATION GRANT
 Borrower ID # 160140421017843
 Program Period October 1, 2006 through September 30, 2007

Revenue:	
Governmental Funding Source:	
USDA-Rural Development	\$ 66,352
Matching funds	<u>9,985</u>
Total Revenues	<u>76,337</u>
Expenses:	
Salaries & wages	11,636
Employee benefits	4,877
Advertising & marketing	12
Accounting & legal	157
Insurance	257
Contract services	49
Fees, dues & subscriptions	52
Postage	67
Rent	751
Telephone	164
Travel	720
Office expense	362
Equipment expenses	320
Facility expenses	455
Board expense	58
Participant loans & grants	<u>56,400</u>
Total expenses	<u>76,337</u>
Net	\$ <u><u>0</u></u>

See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 COMPLETED CONTRACT
 ECONOMIC DEVELOPMENT PLANNING GRANT
 AWARD NO. 05-83-04298
 For the period of July 1, 2006 through December 31, 2007

Revenues:

Governmental Funding Sources:

Department of Commerce	\$ 53,550
Matching funds	41,000
In-kind match	<u>10,000</u>
Total revenues	<u>104,550</u>

Expenses:

Salaries & wages	57,992
Employee benefits	16,652
Advertising & marketing	127
Accounting & legal	266
Insurance	1,505
Contract services	256
Fees, dues & subscriptions	382
Postage	527
Rent	4,276
Telephone	760
Travel	5,071
Office expense	1,843
Equipment expense	1,904
Facility expense	2,569
Board expenses	420
In-kind expenses	<u>10,000</u>
Total expenses	<u>104,550</u>

Net	\$ <u><u>0</u></u>
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See accompanying Independent Auditor's Report.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2008

	<u>CFDA #</u>	<u>Agreement or Grant Number</u>	<u>Total Expenditures</u>
<u>Federal Direct:</u>			
<u>Department of Agriculture:</u>			
Housing Preservation Grant	10.433	160140421017843	\$ 56,465
Household Well Water System Grant	10.862	16-914-421404432	20,387
Intermediary Relending Program	10.767	Loan Agreement	40,000
Total Department of Agriculture			\$ <u>116,852</u>
<u>Department of Commerce - EDA:</u>			
Economic Development Planning Grant	11.305	05-83-04298	\$ 2,550
Economic Development Planning Grant	11.305	05-83-04445	\$ <u>51,000</u>
<u>Federal Indirect:</u>			
<u>Department of Labor:</u>			
<u>Iowa Workforce Development</u>			
WIA - Title I Adult	17.258	7-W-08-FR-0	\$ 38,563
WIA - Title I Youth	17.259	7-W-08-FR-0	51,848
WIA - Title I Dislocated Workers	17.260	7-W-08-FR-0	152,964
WIA - Incentive	17.266	7-W-08-FR-0	37,019
WIA - SEG Chicago Rivet	17.266	7-W-PF-RR-0-05	57,296
IWD - Navigator	17.266	7-W-08-FR-0	6,499
Total Department of Labor			\$ <u>344,189</u>
<u>Department of Transportation:</u>			
Operating Assistance	20.509	18-4028-120-07	\$ 462,124
Non Urban Capital Assistance Project	20.509	85-X030-120-08	71,686
Regional Transportation Planning	20.205	FHWA SPR 08-RPA-12	18,111
Regional Transportation Planning	20.509	FTA 5311 08-RPA-12	19,345
Regional Transportation Planning	20.205	FHWA (STP) 08-RPA-12	70,540
Total Department of Transportation			\$ <u>641,806</u>
<u>Department of Health & Human Services:</u>			
<u>Iowa Workforce Development</u>			
Promise Jobs-Basic	93.558	7-W-08-FR-0	96,747
Promise Jobs-Two Parents	93.558	7-W-08-FR-0	50,869
Promise Jobs-Life Skills	93.558	7-W-08-FR-0	6,513
Total Department of Health & Human Services			\$ <u>154,129</u>
<u>Department of Housing & Urban Development</u>			
<u>Iowa Department of Economic Development</u>			
<u>Subrecipient of Cities</u>			
Community Development Block Grant	14.228		\$ 243,211
Home Housing Loan Funds	14.239		415,449
Block Grant Programs Non-housing	14.228		60,318
Total Department of Housing & Urban Development			\$ <u>718,978</u>
<u>Federal Emergency Management Agency</u>			
Homeland Security & Emergency Management	97.017		\$ <u>4,625</u>

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region XII Council of Government and its wholly controlled affiliated organizations and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying Independent Auditor's Report.

John D. Morrow

Certified Public Accountant

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Certified Public Accountants

November 24, 2008

RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

John D. Morrow

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

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the combined financial statements of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years ended June 30, 2008 and 2007, and have issued my report thereon dated November 24, 2008. I conducted the audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the combined financial statements, but not for the purpose of expressing my opinion on the effectiveness of the COG's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the COG's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U. S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the COG's financial statements that is more than inconsequential will not be prevented or detected by the COG's internal control.

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

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I noted no matters involving the internal control over financial reporting and its operation that I consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the COG's operations for the years ended June 30, 2008 and 2007 are based exclusively on knowledge obtained from procedures performed during my audit of the combined financial statements of the COG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of Region XII Council of Governments during the course of the audit. Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

John D. Morrow

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Certified Public Accountants

November 24, 2008

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

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2007. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the COG's management. My responsibility is to express an opinion on the COG's compliance based on my audit.

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

In my opinion Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2007. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs

Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the COG's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the COG's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the COG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the COG's internal control. I noted no matters involving the internal control over compliance and its operation that I consider to be significant deficiencies or material weaknesses

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Noncompliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Transportation	20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported

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