

MIDAS REGIONAL PLANNING COMMISSION

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

JUNE 30, 2009

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

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T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
MIDAS Regional Planning Commission:

We have audited the accompanying financial statements, of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission at June 30, 2009, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009, on our consideration of the MIDAS Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MIDAS Regional Planning Commission's basic financial statements. The supplementary information included in Schedules 1 and 2, which includes the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

October 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDAS Regional Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the Commissions financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's government-wide activities increased 39%, or approximately \$1,099,000 from fiscal 2008 to fiscal 2009. The increase in revenues resulted from an increase in operating and capital grants received.
- Program expenses increased 13%, or approximately \$381,000, in fiscal year 2009 over fiscal year 2008. The increase was mainly a result of dispensing Jumpstart grant money received.
- The Commission's net assets increased 15%, or approximately \$386,000, from June 30, 2008 to June 30, 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Net Assets and Statement of Activities. These provide information about the activities of MIDAS Regional Planning Commission as a whole and present an overall view of the Commissions finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the MIDAS Regional Planning Commission's operations in more detail than the government-wide statement by providing information about the most significant funds.

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

MIDAS Regional Planning Commission is not required to present required supplementary information. The presentation is not required because the Commission is not required by the Code of Iowa to adopt a legally binding budget.

Other Supplementary Information provides a supplemental Balance Sheet for the DART bus operation, managed for the City of Fort Dodge. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting MIDAS Regional Planning Commission.

REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

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

The Statement of Activities presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Commission's governmental activities presented in the Statement of Net Assets and the Statement of Activities include regional planning assistance, grant writing and revolving loan administration along with other assistance provided on an as needed basis. State and federal grants finance most of these activities.

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

Fund Financial Statements

The Commission has two kinds of funds:

1) The Commission's governmental fund accounts for the Commission's basic service. It focuses on how money flows into and out of this fund, and the balances left at year-end that are available for spending. The governmental fund is the General Fund. This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) The Commission's proprietary fund accounts for its transit operations.

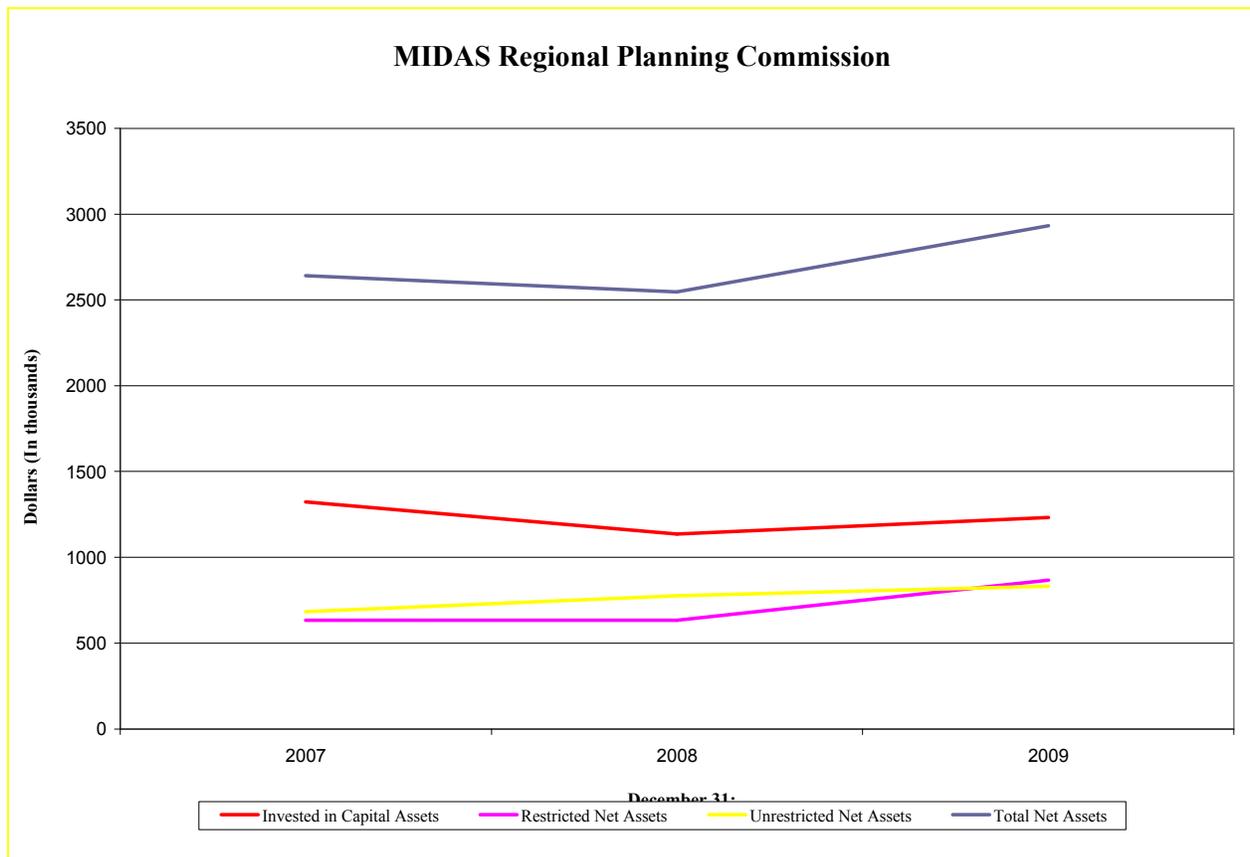
The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. MIDAS Regional Planning Commission's combined net assets from a year ago, increased from \$2.55 million to \$2.93 million.

Net Assets of Government-Wide Activities (Expressed in Thousands)			
	Year ended June 30,		
	2009	2008	
Current and other assets	\$ 1,974	\$ 1,684	
Capital assets	1,361	1,290	
Total assets	<u>3,335</u>	<u>2,974</u>	
Long-term debt outstanding	128	154	
Other liabilities	275	274	
Total liabilities	<u>403</u>	<u>428</u>	
Net assets:			
Invested in capital assets, net of related debt	1,233	1,136	
Restricted	867	639	
Unrestricted	<u>832</u>	<u>771</u>	
Total net assets	<u>2,932</u>	<u>2,546</u>	



The Commission's net assets increased by 15% (\$2.5 million to \$2.9 million). Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$771,000 at June 30, 2008 to approximately \$832,000 at the end of this year.

Changes in Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	1,136	1,077
Operating grants, contributions and restricted interest	1,928	1,291
Capital grants, contributions and restricted interest	409	40
General revenues:		
Dues and local tax support	413	374
Unrestricted investment earnings	24	37
Other general revenues	10	2
Total revenues	3,920	2,821
Program expenses:		
Administrative	715	411
Transit operations	2,819	2,504
Total expenses	3,534	2,915
Increase (decrease) in net assets	386	(94)
Net assets beginning of year	2,546	2,640
Net assets end of year	2,932	2,546

The cost of all activities this year was \$3.5 million compared to \$2.9 million last year. However, as shown in the Statement of Activities on page 9, the amount commission members ultimately financed for these activities was (\$61,276) because some of the cost was paid by those who directly benefited from the programs and grants (\$3,472,699). Overall, the Commission's revenues, including intergovernmental aid and fees for services increased in 2009 from approximately \$2.8 million to \$3.9 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.45 million, an increase of approximately \$250,000 over 2008. The increase in net assets was due mainly to receiving Jumpstart grant money that had not been disbursed by the end of the year. A local match amounting to \$30,000 was also received and not expended as of June 30, 2009.

The Commission's proprietary fund reported net assets at the end of the year of \$1.03 million, a decrease from 2008 of approximately \$136,000. The increase is due to the capital grants received exceeding the depreciation on the additions added during the year.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the MIDAS Regional Planning Commission had approximately \$3.7 million invested in a broad range of capital assets, including buildings, buses and equipment. This is a net increase (including additions and deletions) of approximately \$241,000 or 7%.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Land and buildings	\$ 831	\$ 825
Equipment	779	661
Vehicles	2,228	1,977
Total	\$ 3,838	\$ 3,463
This year's major additions included (in thousands):		
Route Match software	\$ 118	\$ -
Four buses	319	-
One bus and a Chevy Uplander	-	86
Software and security cameras	9	6
	\$ 441	\$ 92

The Commission had depreciation expense of \$375,698 in fiscal year 2009 and total accumulated depreciation of \$2,477,908 at June 30, 2009.

Long-Term Debt

At June 30, 2009, MIDAS Regional Planning Commission had approximately \$127,400 in loans outstanding compared to approximately \$154,000 at June 30, 2008, as shown below.

Outstanding Debt of Governmental and Business Type Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
DOT Loan	29	39
Bank loans	98	115
	127	154

Debt decreased as a result of making regular monthly payment on the bank mortgage and paying the required annual \$10,000 installment on the non-interest bearing DOT note during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MIDAS Council of Government's Executive Committee (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2009 budget and fees that will be charged for agency activities. MIDAS general fund operations are expected to remain consistent with the previous year, and result in a reduced fund balance as the Jumpstart funds on hand at June 30, 2009 will have been paid out. The transit operations expect to receive federal funds to assist in the purchase of new busses. With the state budget crisis STA operating grant dollars will potentially decline while the federal operating assistance is expected to remain at the same levels.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the MIDAS Regional Planning Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information contact the MIDAS Regional Planning Commission, 602 1st Avenue South, Fort Dodge, Iowa 50501.

Basic Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 786,284	\$ 353,471	\$ 1,139,755
Accounts receivable			
IDOT	87,349	-	87,349
EDA/RLF	-	-	-
Transit	-	163,817	163,817
Prepaid expenses	-	750	750
Notes receivable	582,125	-	582,125
Capital assets, net of accumulated depreciation	<u>199,936</u>	<u>1,160,819</u>	<u>1,360,755</u>
Total assets	<u><u>1,655,694</u></u>	<u><u>1,678,857</u></u>	<u><u>3,334,551</u></u>
Liabilities:			
Accounts payable	-	164,946	164,946
Accrued payroll and payroll tax	17,418	40,969	58,387
Accrued vacation	-	51,807	51,807
Noncurrent liabilities			
Due within one year:			
Loans payable	15,622	13,906	29,528
Due in more than one year:			
Loans payable	<u>62,877</u>	<u>34,985</u>	<u>97,862</u>
	<u>95,917</u>	<u>306,613</u>	<u>402,530</u>
Net Assets			
Invested in capital assets, net of related debt	121,437	1,111,928	1,233,365
Restricted for:			
EDA-RLF program	313,386	-	313,386
MIDAS Housing-RLF	350,000	-	350,000
Jumpstart Housing and Business	202,918	-	202,918
Unrestricted	<u>572,036</u>	<u>260,316</u>	<u>832,352</u>
Total net assets	<u><u>\$ 1,559,777</u></u>	<u><u>\$ 1,372,244</u></u>	<u><u>\$ 2,932,021</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Program Revenues			Governmental Activities	Business type Activities	Total
	Expenses	Charges for Service	Operating Grants			
Functional/Program Activities						
Governmental Activities						
Administration	\$ 715,544	\$ 99,131	\$ 712,047	\$ -	\$ 95,634	\$ 95,634
Total governmental activities	<u>715,544</u>	<u>99,131</u>	<u>712,047</u>	<u>-</u>	<u>95,634</u>	<u>95,634</u>
Business-type activities						
Transit system	2,818,432	1,078,889	1,172,990	409,642	-	(156,911)
Total government	<u>3,533,976</u>	<u>1,178,020</u>	<u>1,885,037</u>	<u>409,642</u>	<u>95,634</u>	<u>(61,277)</u>
General Revenues						
Local tax support or dues				72,352	340,811	413,163
Interest income				23,939	376	24,315
Miscellaneous				2,827	7,010	9,837
Transfers				54,842	(54,842)	-
Total General revenue and transfers				<u>153,960</u>	<u>293,355</u>	<u>447,315</u>
Change in Net Assets				249,594	136,444	386,038
Net assets beginning				<u>1,310,183</u>	<u>1,235,800</u>	<u>2,545,983</u>
Net assets ending				<u>\$ 1,559,777</u>	<u>\$ 1,372,244</u>	<u>\$ 2,932,021</u>

MIDAS REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2009

Assets	
Cash	\$ 786,284
Accounts Receivable	87,349
Notes receivable	582,125
Total Assets	<u>1,455,758</u>
Liabilities and Fund Balances	
Accrued payroll and payroll taxes	17,418
Accrued vacation	-
	<u>17,418</u>
Fund balances	
Reserved for	
EDA-RLF program	313,386
MIDAS Housing-RLF	350,000
Jumpstart grant	202,918
Unreserved	572,036
	<u>1,438,340</u>
Total liabilities and fund balances	<u>\$ 1,455,758</u>

Reconciliation of Governmental Funds to Statement of Net Assets

Total governmental fund balances (see above)	\$ 1,438,340
Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	199,936
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(78,499)</u>
Net assets of governmental activities	<u>\$ 1,559,777</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUND

Year Ended June 30, 2009

Revenue	
State and Federal grants	\$ 712,047
Local Participation	72,352
Interest income	23,939
CDBG administration	99,131
Miscellaneous	2,827
	<hr/>
Total revenue	910,296
	<hr/>
Expenditures:	
Administration:	
Planning	53,033
CDBG	36,881
Housing RLF	10,204
EDA	101,436
EDA/RLF	2,940
USDA GIS	49,317
Housing inspection	32,112
Hazard Mitigation	42,503
IDED COG Assistance	5,024
Jumpstart Housing & Business	325,789
Disaster Recovery	20,912
LIHTC	11,742
HIRE	6,198
Payment on note payable	13,384
	<hr/>
Total expenditures	711,475
	<hr/>
(Deficiency) of revenue under expenditures	198,821
Other Financing Sources	
Transfers	54,842
	<hr/>
Total other financing sources	54,842
	<hr/>
(Deficiency) of revenue and other financing sources under expenditures	253,663
Fund Balance, beginning	1,184,677
	<hr/>
Fund Balance, ending	\$ 1,438,340
	<hr/> <hr/>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION
 RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
 to the STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balance - total governmental fund	\$	253,663
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(17,453)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal paid down during the year.		<u>13,384</u>
Change in net assets of governmental fund	\$	<u><u>249,594</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2009

Assets	
Current assets	
Cash	\$ 353,471
Accounts receivable	163,817
Prepaid expenses	750
Total current assets	<u>518,038</u>
Non-current assets	
Capital assets	
RTA Building, transportation and other equipment	3,541,246
Less: Accumulated depreciation	<u>(2,380,427)</u>
Total non-current assets	<u>1,160,819</u>
Total Assets	<u><u>1,678,857</u></u>
Liabilities and Net Assets;	
Current liabilities	
Accounts Payable	164,946
Accrued payroll and payroll taxes	40,969
Accrued vacation	51,807
Current portion - notes payable	13,906
Total current liabilities	<u>271,628</u>
Non-current liabilities	
Notes payable - net of current portion	<u>34,985</u>
Total liabilities	<u>306,613</u>
Net Assets	
Invested in capital assets, net of related debt	1,111,928
Unrestricted	260,316
Total net assets	<u>1,372,244</u>
Total liabilities and net assets	<u><u>\$ 1,678,857</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND NET ASSETS - PROPRIETARY FUND TYPE

Year Ended June 30, 2009

Operating Revenues:	
Fare Income	1,078,889
State and federal grants	1,582,632
Local participation	340,811
Miscellaneous income	<u>7,010</u>
Total operating revenues	3,009,342
Operating Expenses:	
Payroll expenses	1,395,203
Transit assistance to providers	63,960
Facility operations	32,856
Vehicle expenses	432,372
Insurance expenses	248,355
Administrative expenses	97,025
Memberships	4,879
Travel	18,436
Employee recruitment training	10,542
Depreciation	358,245
Bad debt expense	28,500
Miscellaneous	<u>128,059</u>
Total operating expenses	2,818,432
Operating income	190,910
Nonoperating Revenues (Expenses):	
Transfers	(54,842)
Interest income	<u>376</u>
Total non-operating revenues (expenses)	(54,466)
Change in net assets	136,444
Net Assets, beginning	<u>1,235,800</u>
Net Assets, ending	<u>\$ 1,372,244</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2009

Cash flows from Operating Activities:	
Receipts from customers	\$ 1,530,566
Operating and capital grants	1,471,726
Payments to suppliers	(1,062,521)
Payments to employees	<u>(1,382,322)</u>
Net cash flow from operating activities	<u>557,449</u>
Cash flows from noncapital financing activities:	
Interfund transfers	<u>(54,842)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(446,884)
Repayments on long-term borrowings	<u>(13,345)</u>
Net cash used by capital and related financing activities	<u>(460,229)</u>
Cash flows from investing activities	
Interest	<u>376</u>
Net increase in cash	42,754
Cash, beginning of year	<u>310,717</u>
Cash, end of year	<u><u>\$ 353,471</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2009

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

Operating income	\$	190,910
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		358,245
Loss on disposal of assets		500
Change in Accounts Receivable		(7,050)
Change in Prepaid Expenses		9,520
Change in Accounts Payable		(7,557)
Change in Accrued Expenses		12,881
		12,881
Net cash flow from operating activities	\$	557,449

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(1) Nature of Organization

Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission is the regional planning and intergovernmental coordination Commission in the MIDAS region organized under Chapter 473A and Chapter 28E, Iowa Code, in 1971. It does not have stockholders or equity holders and it is not subject to income taxes. MIDAS is the regional planning and coordination Commission for: Calhoun, Hamilton, Humboldt, Pocahontas, Webster and Wright Counties of Iowa.

(2) Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, MIDAS Regional Planning Commission has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the Commission are such that exclusion would cause the Commission's general purpose financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. MIDAS Regional Planning Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by intergovernmental revenues and are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the Commission's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

B. Basis of Presentation - continued

Invested in capital assets, net of related debt consists of capital assets, net accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental fund and proprietary fund. The major individual governmental fund is reported as a separate column in the fund financial statements.

MIDAS Regional Planning Commission reports the following major governmental fund:

The General Fund is the general operating fund of the Commission. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

The Commission reports the following major proprietary funds:

The busing operation (including DART, RTA, Manson School District Bussing, and the Jefferson Lines) is the proprietary fund of the Commission. All bus fares, operating grants, capital grants and miscellaneous revenues generated by and for the transit operations are accounted for in this fund. From the fund are paid all expenses necessary to operate the transit authority.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary fund of the Commission applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principals Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(2) Significant Accounting Policies – continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are transit fares and the principal operating expenses include payroll, vehicle insurance and other transit expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most Commission funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Invested cash is stated at cost which approximates fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Accounts Receivable – The Commission utilizes the allowance method for accounting for bad debts. Management uses its judgment based primarily on the length of time specific accounts have been outstanding in determining the allowance for doubtful accounts and related accounts receivable write offs. At June 30, 2009, the Governmental Activities and Business Type Activities had \$19,309 and \$24,618 of their accounts receivable that were older than 90 days. These amounts were result of 10 and 60 customers respectively. At June 30, 2008 the allowance for doubtful accounts had balances of \$3,000 and \$11,000 for the Governmental Fund and Business Type Activities respectively. The Commission assesses a finance charge of 1.5% per month on past due charges for busing services.

Capital Assets – Capital assets, which include property, equipment and vehicles, are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend lives are not capitalized.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Earned and unused vacation may be paid upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009.

Long-term liabilities – In the government-wide and proprietary fund financial statements, long-term debt other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, as expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, GASB 34 does not require this disclosure.

(3) **Cash and Investments**

The Commission's deposits at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers' acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(3) **Cash and Investments - continued**

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

There were no investments at June 30, 2009.

(4) **Capital Assets**

Capital Assets – Capital assets, which include property, equipment and vehicles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized.

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

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

A summary of changes in property and equipment comprising general fund capital assets and proprietary fund capital assets for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General fund capital assets:				
Furniture and fixtures	\$ 43,298	-	-	\$ 43,298
Land and building	254,119	-	-	254,119
	\$ 297,417	-	-	\$ 297,417
Accumulated depreciation	\$ 80,028	17,453	-	\$ 97,481

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(4) **Capital Assets - continued**

Proprietary fund:

Building	\$ 571,030	6,110	-	\$ 577,140
Vehicles	1,977,202	322,985	72,180	2,228,007
Equipment	618,310	117,789	-	736,099
	<u>\$ 3,166,542</u>	<u>446,884</u>	<u>72,180</u>	<u>\$ 3,541,246</u>
Accumulated depreciation	\$ 2,093,862	358,245	71,680	\$ 2,380,427

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

The MIDAS Regional Planning Commission administers a revolving loan fund, known as the EDA-RLF, that makes loans to businesses. Loans are subject to guidelines provided by the federal granting Commission and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. The fund has a portfolio of loans totaling \$106,838, net of an allowance for uncollectable notes of \$17,500, and a cash balance of \$189,048 at June 30, 2009. The total loans and cash balance maintained by this fund is restricted to make additional loans in the future.

The MIDAS Regional Planning Commission also administers the MIDAS Housing Revolving Loan Fund (MIDAS HRLF). This program was originally funded with State LHAP and Federal HIRE grant funds and has a portfolio of loans totaling \$475,289 and a cash balance of \$387,073 at June 30, 2009. \$350,000 of these assets is restricted for the purpose of providing assistance to low to middle income housing projects.

Interest received on loans advanced under the EDA Revolving Loan Fund program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent. The interest rates applied to the MIDAS HRLF varies as deemed appropriate to facilitate a project. The current proforma target is 4%, but may vary if desired by the loan review committee to better meet the needs of the proposed project.

MIDAS Regional Planning Commission is participating in the administration of the Jumpstart Housing and Jumpstart Business programs during the year ended June 30, 2009. These programs were established by the State of Iowa to assist distressed homeowners and businesses recover from the disasters that struck the MIDAS region. As of June 30, 2009, MIDAS Regional Planning Commission had \$202,111 on hand for the Jumpstart Housing program and \$808 for the Jumpstart Business program. Any unused funds are required to be refunded to the State of Iowa.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(6) Operating Lease

MIDAS Regional Planning Commission has entered into an agreement to lease equipment from the City of Fort Dodge. MIDAS Regional Planning Commission is to assume all operating expenses and insurance requirements for the equipment. The term of this lease shall be for a period to include the useful life of the equipment as estimated by the Federal Transit Administration and the Iowa Department of Transportation. At the end of the equipment's useful life, the title and ownership may be transferred to MIDAS Regional Planning Commission for disposition in accordance with IDOT equipment disposition regulations. Payments are \$1 per year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Humboldt, Iowa for \$550 per month. The lease term began on July 1, 2003 has been extended to June 30, 2012. Rent paid for the year ended June 30, 2009 was \$6,325.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$100 per month. Rent paid for the year ended June 30, 2009 was \$1,200. The term of this lease has lapsed and MIDAS is renting month to month under this agreement at the end of the year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Webster City, Iowa for \$125 per month. Rent paid for the year ended June 30, 2009 was \$1,375. The term of this lease has lapsed and MIDAS is renting month to month under this agreement at the end of the year.

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

Years Ending June 30:	
2010	6,601
2011	6,601
2012	6,601
	<hr/>
	19,803

Rent expense for the year ended June 30, 2009 totaled \$8,850.

(7) Revolving Note Payable and Long Term Debt

The Commission has a revolving note payable to First American Bank, with a balance of \$0 at June 30, 2009. The note's maximum borrowing limit is \$50,000. The note bears interest at the bank's prime rate and matures March 01, 2010.

The Commission has a note payable to the Iowa Department of Transportation which requires annual installments of \$10,000. This note has a stated rate of interest of 0% and is collateralized by future state and federal transit assistance payments administered by the Iowa Department of Transportation. This loan had an outstanding balance at June 30, 2009 of \$29,266.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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

The Commission has a mortgage on its main office building held by a local bank. This note accrues interest at a rate of 4.00% per year. The loan requires monthly payments of \$1,923 and any remaining balance is due to be paid on February 18, 2014. The loan is collateralized by land and building with a depreciated cost of \$626,887. This loan had an outstanding balance at June 30, 2009 of \$98,124.

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

Note	07/01/08 Balance	Advances	Payments	06/30/09 Balance
Iowa Department of Transportation	\$ 39,266	-	10,000	\$ 29,266
Mortgage Payable	114,854	-	16,730	98,124
	<u>\$ 154,120</u>	<u>-</u>	<u>26,730</u>	<u>\$ 127,390</u>

Aggregate maturities required on long-term debt as of June 30, 2009 are due in future years as follows:

Years Ending June 30,	Principal	Interest
2010	\$ 29,528	\$ 2,633
2011	30,324	2,050
2012	30,418	1,450
2013	22,013	833
2014	15,107	208
	<u>\$ 127,390</u>	<u>\$ 7,174</u>

Interest incurred under the notes identified below above and expensed on the financial statements amounted to \$3,863.

(8) Pension and Retirement Benefits

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

Plan members are required to contribute 4.10% of their annual covered salary and the Commission is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$87,828, \$78,741, and \$71,571, respectively, equal to the required contributions for each year.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(9) Risk Management

MIDAS Regional Planning Commission is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Economic Dependency

The Commission received 31% of its revenue from direct and pass-through grants from the Department of Transportation for the year ended June 30, 2009. 50% of the federal awards expended during the year (\$750,574) were passed down from the Iowa Department of Transportation for operating and capital purposes.

39% of the federal awards expended during the year (\$450,839) were passed down from the City of Fort Dodge for operating and capital purposes.

(11) Interfund transfers

During the year ended June 30, 2009, the commission transferred \$54,842 from the proprietary fund to the general fund. The transfers were approved and made in the normal course of operations.

(12) Dodger Area Rapid Transit (DART) Program

In connection with the Commission's operation of the DART program, expenditures made by the Commission on behalf of DART totaled \$996,797 for the year ended June 30, 2009.

MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)
Year Ended June 30, 2009

ASSETS		
Cash		\$ 100
Accounts receivable		24,408
Property, Plant and Equipment		
Other Equipment		<u>7,302</u>
Total Assets		<u><u>31,810</u></u>
LIABILITIES AND EQUITY (DEFICIT)		
Liabilities:		
Accounts Payable		18,441
Accrued Payroll and Payroll taxes		33,171
Accrued Vacation		<u>28,467</u>
Total Liabilities		<u>80,079</u>
Equity:		
Retained (deficit)		<u>(48,269)</u>
Total (deficit)		<u>(48,269)</u>
Total liabilities and equity (deficit)		<u><u>\$ 31,810</u></u>

See independent auditor's report

MIDAS REGIONAL PLANNING COMMISSION

Schedule 2

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor Title	CFDA Number	Agency or Pass-through Number	Program Expenditures
U.S. Department of Commerce			
Direct Programs:			
Economic Development Support for Planning Organizations	11.302	05-893-0404-01	38,250
Economic Adjustment Assistance	11.307	05-6904683	40,114
Total U.S. Department of Commerce			78,364
U.S. Department of Transportation			
Pass Through Programs From:			
State of Iowa Department of Transportation:			
Federal Capital Grant	20.500	04-0105-050-06	121,180
Federal Capital Grant	20.500	04-0113-050-08	110,906
Formula Grants for Other Than Urbanized Areas			
Non-urban Capital Assistance Project	20.509	18-0028-050-06	28,738
Non-urban Capital Assistance Project	20.509	85-x030-050-07	49,600
Non-urban Capital Assistance Project	20.509	ITS-050	13,119
Non-urban Operating Assistance Project	20.509	18-0028-050-09	296,613
Intercity Bus Assistance Project	20.509	TF-2008	3,443
Intercity Bus Assistance Project	20.509	TF-2009	6,319
Federal Transit Technical Assistance	20.512	ITS-B-050	83,170
State Planning and Research	20.515	09-RPA-05	37,486
			750,574
Pass Through Programs From			
The City of Fort Dodge, Iowa			
Federal Capital Grant	20.500	04-0105-269-06	82,674
Federal Capital Grant	20.500	04-0113-269-07	3,425
Formula Grants for Other Than Urbanized Areas			
Non-urban Operating Assistance Project	20.509	18-0028-269-09	349,211
Intercity Bus Assistance Project	20.509	ICB CY 08	5,776
Intercity Bus Assistance Project	20.509	ICB CY 09	2,366
Transit Assistance Program	20.509	TF-2009	6,560
New Freedom Program	20.521	57-x002-269-08	331
New Freedom Program	20.521	57-x002-269-09	496
			450,839
Total U.S. Department of Transportation			1,201,413
U.S. Department of Agriculture			
Direct Programs:			
Rural Community Transit Initiative	10.446	0575-0180	23,904
Total U.S. Department of Agriculture			23,904
Total Expenditures of Federal Awards			\$ 1,303,681

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

MIDAS REGIONAL PLANNING COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the board of Directors of
MIDAS Regional Planning Commission:

We have audited the financial statements of the governmental activities, the business-type activities and, each major fund, of the MIDAS Regional Planning Commission as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting 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 of the effectiveness of the commission's internal control over financial reporting.

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

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with

accounting principles generally accepted in the U.S. such that there is more than a remote likelihood a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant control deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item II-A-09 to be a material weakness.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of MIDAS Regional Planning Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

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

October 21, 2009



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report on Compliance With Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance With OMB Circular A-133

To the board of directors of
MIDAS Regional Planning Commission

Compliance

We have audited the compliance of MIDAS Regional Planning Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. MIDAS Regional Planning Commission's major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of MIDAS Regional Planning Commission's management. Our responsibility is to express an opinion on MIDAS Regional Planning Commission's compliance based on our audit.

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

In our opinion, MIDAS Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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

TP Anderson & Company, PC

October 21, 2009

MIDAS Regional Planning Commission
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2009

Prior year findings were resolved except for by II-A-09.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant internal control deficiencies, including material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with office of Management and Budget Circular A-133, Section 510(a).
- (g) The major programs were CFDA# 20.500, Federal Capital Grant and CFDA# 20.509, Formula Grants for Other Than Urbanized Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MIDAS Regional Planning Commission did not qualify as a low-risk audit.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

MIDAS Regional Planning Commission

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements - continued:

Significant Deficiencies:

II-A-09 Year End Adjustments – We proposed and ultimately posted in excess of 10 year end adjusting journal entries in order to correct the year end trial balance. Those entries included amounts that were material to the Commission’s financial statements.

Recommendation – We recommend that all revenue transactions be reviewed periodically with the aged trial balance to ensure that dollars received are applied to the appropriate invoices in a timely manner. We also recommend that a review of the bills be performed in order to ensure all current liabilities are captured in the accounting system in a timely manner.

Response – We will take the recommendations you have made under advisement and make changes to our procedures to ensure the accuracy of the Commission’s reported revenue.

Conclusion – Response accepted.

Part III: Findings and Questions Costs for Federal Awards:

Instances of Non Compliance:

No matters were noted.

Control Deficiencies:

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

MIDAS Regional Planning Commission

Schedule of Findings and Questioned Costs
Year Ended June 30, 2009

Part VI: Other Findings Related to Required Statutory Reporting:

- III-A-09 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-B-09 Travel Expense: No expenditures of Agency money for travel expenses of spouses of Agency officials or employees were noted.
- III-C-09 Business Transactions: No business transactions between the Agency and Agency officials or employees were noted.
- III-D-09 Bond Coverage: Surety bond coverage of Agency officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- III-E-09 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- III-F-09 Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the MIDAS Regional Planning Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.