

**REGION SIX PLANNING COMMISSION**

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

**June 30, 2009 and 2008**

# REGION SIX PLANNING COMMISSION

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**REGION SIX PLANNING COMMISSION**

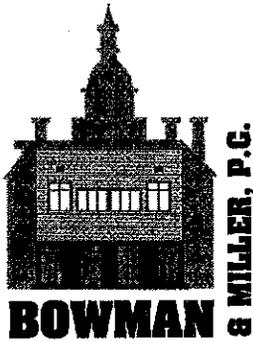
**BOARD OF DIRECTORS AND OFFICIALS**

BOARD MEMBERS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jim Johnson	Chairman	Hardin County
Gordon Canfield	Vice-Chairman	City of Grinnell
Patrick Brooks	Secretary/Treasurer	Marshall County
Kendall Jordan	Member	Tama County
Mark Schoborg	Member	Private Sector
Brian Weuve	Member	City of Iowa Falls
Roger Luehring	Member	City of Gladbrook
Dick Hierstein	Member	City of Marshalltown
Lindi Roelofse	Member	Tama County
Lamoyne Gaard	Member	Poweshiek County
Cindy Schulte	Member	Iowa Valley Community College

AGENCY OFFICIALS

Marty Wymore	Executive Director
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C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Region Six Planning Commission, Iowa, 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 Region Six Planning Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, each major fund, and the aggregate remaining fund information of Region Six Planning Commission, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010, on our consideration of the Region Six Planning Commission's internal control over financial reporting and on 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 should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 32 through 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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 the Region Six Planning Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Region Six Planning Commission. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bowman & Miller, P.C.

Marshalltown, Iowa  
February 20, 2010

# REGION SIX PLANNING COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2009

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

### **Overview of the Financial Statements**

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

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

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

The Balance Sheets – Government-Wide presents information on the Commission's assets and liabilities as of June 30, 2009, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

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

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

# REGION SIX PLANNING COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2009

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

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

### **Financial Highlights**

#### Proprietary Fund

As of June 30, 2009 Region Six Planning Commission had \$277,850 of unrestricted cash. We also had \$187,721 of accounts receivable in the proprietary fund. Most of that would be considered as non-restricted. Accounts receivable and government grants at the end of the year increased \$79,103. We had \$70,500 in prepaid lease expense for services and parking spaces provided by the City of Marshalltown. We also had \$39,442 of accounts payable for the June 30, 2009 ending date. State and federal assistance increased by \$206,026.

The Region Six Planning and Transit program had \$1,484,493 of regular operating expenses for FY 09. Revenues totaled \$1,578,397. Our business type activities (i.e. planning and transit programs) total assets decreased by \$144,409.

Planning related expenditures increased by \$218,217. Most of this is due to increased staff hours in this activity and Jumpstart expenditures.

Transit expenditures increased by \$50,474 or 5.1%. The total increase in administration was \$17,453. The other \$33,021 was an increase in operating hours.

Interest income decreased by \$8,789 over last year due to the decrease in the annual percentage rates declining to less than 1%.

All of the planning programs have increased financial support. In 2009, State transit assistance increased by 16.1%. This funding is partially dependent upon the use tax, which is influenced by car sales. During past state deficit years, the legislature has also dipped into the transit fund. The new state funded flood support activity will help with these one-time expenditures, however, the amount that can be earned to run the program is less than the cost.

Region 6 fuel tax refund are stable. Today, all of our fuel purchases are exempt from federal taxes, because of our Wright Express and Marshall County fuel expenditures. We will continue to see some state refunds which are about \$1,200 per quarter.

Planning contracts expenditures increased 86% from 2008 to 2009 due to an increase in Jumpstart Flood Grant expenditures. Planning programs will be increasing in the future with flood relief and hazard mitigation planning.

# REGION SIX PLANNING COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2009

General administration expenditures increased 134% from 2008 to 2009 or \$170,112. The largest share of the increase was in depreciation expense and RLF Awards.

With our public transit function it is necessary to fully allocate all costs. General administration and general transit expenses are allocated out to all programs. General administration is allocated on the basis of actual administrative hours. Transit expenditures are allocated on basis of hours and miles.

Federal, state, and local revenues in 2009 were similar as in 2005. State funds were at the highest level in 2009 due to flood work.

General Region 6 activities, which generally include our planning activities, lost \$20,747 in 2008. The transit activities gained \$23,072. A change in our 28B Agreements with the City of Marshalltown resulted in a net loss of \$4,833. The net was a \$2,508 loss in net assets. General receipts from interest income, fuel tax refunds, and miscellaneous sources provided \$32,242 of income. The total change in net assets was a gain of \$29,734.

The challenges for the future will be to ensure that the planning programs at least break even. New transit programs also will need to be designated that gain ridership without significant cost increases. The Region 6 building project depleted most of our cash reserves. We will still have around \$270,000 of cash, but that will be needed for cash flow. It will be highly important to ensure that all programs (transit and planning) at least break even. Region 6 senior management will need to have sufficient time to monitor expenditures and revenues with all the new activities that we are taking on. Many of these new activities are short term (i.e. flood) but have significant expenditures.

### Governmental Activities

The Iowa Connections account cash decreased by \$10,116. The state funds for this activity will end at December 31, 2009. The expenses in this activity exceeded revenues by \$10,200 which was anticipated. The cash in this account totaled \$58,796 at the end of the fiscal year. Membership dues income decreased in the Iowa Connections program in 2008. Grant income for 2009 will be dramatically less. Expenditures (other than the change in allowance) for the 2009 year were \$51,092 less than 2008.

### **Capital Assets**

The Commission's capital assets, net of accumulated depreciation, totals \$722,588. The Commission's capital assets include transit vehicles with a depreciated cost of \$237,040, office equipment and furniture with a depreciated cost of \$5,137, and a building with a depreciated cost of \$480,411.

The Commission's capital assets had a net increase \$419,686 due to capital assets purchased during the year included the completion of the building of \$450,163 and two transit buses for \$57,188. Depreciation expense was \$95,525 for fiscal year ended June 30, 2009.

# REGION SIX PLANNING COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2009

### Financial Analysis

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

#### Net Assets

	June 30,	
	2009	2008
Current assets:	\$ 713,517	948,118
Non-current assets	98,448	175,007
Capital assets at cost, less accumulated depreciation	722,588	302,902
Total assets	1,534,553	1,426,027
Current liabilities:	110,874	91,676
Total liabilities	110,874	91,676
Net assets:		
Invested in capital assets	722,588	302,902
Restricted	58,796	339,218
Unrestricted	642,295	692,231
Total net assets	\$ 1,423,679	1,334,351

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

#### Changes in Net Assts

	June 30,	
	2009	2008
Support and revenue:		
Grants and appropriations	\$ 829,898	623,870
Membership dues	42,700	35,624
Local services and support	703,036	570,489
Iowa Connections revenues	87,131	118,188
Other non-operating revenue	8,693	14,413
Total support and revenue	1,671,458	1,362,584
Expenditures:		
General planning	-	24,220
Planning contracts	-	279,823
Transit expenses	1,493,820	826,779
Iowa Connections expenses	88,310	148,729
General administrative	-	8,507
Prepaid lease written off	-	75,333
Total expenditures	1,582,130	1,363,391
Changes in net assets	89,328	(807)
Net assets, beginning of year	1,334,351	1,335,158
Net assets, end of year	\$ 1,423,679	1,334,351

# REGION SIX PLANNING COMMISSION

## Management's Discussion and Analysis For the Year Ended June 30, 2009

### **2008 Flood**

Governor Culver's flood relief package included state assistance. All FEMA housing recipients were notified in writing about this additional assistance. The initial offering was labeled Jumpstart I. The Iowa Finance Authority had a funding contract with six Iowa COG's. The COG contract for Region 6 was the North Iowa Area Council of Governments. NIACOG then has an agreement of cooperation with Region Six Planning Commission. This funding and administrative package was developed quickly to respond to the floods. Since no COG serves Central Iowa and Region 6 is closest, we agreed to help serve Polk (except the City of Des Moines), Jasper, and Story Counties.

Any person who received FEMA assistance was eligible for Jumpstart I funds. There were no income guidelines. Rental properties were not covered. Region 6 assisted 47 households and expensed \$372,564 for project assistance. We hired two temporary staff people to perform inspections and process claims. The state only allowed a limited amount of funding for administration. We used a formula process, similar to an insurance company, to help quickly process claims. Region Six Planning Commission in FY 09 took a \$6,905 administrative loss on the Jumpstart I program.

The Jumpstart program also had a business component. Any damaged business that took out a flood related loan following the 2008 floods was eligible for a state grant through NIACOG state contract. Applications were reviewed by the Iowa Department of Economic Development and funds were sent to Region Six Planning Commission through the NIACOG contract. Region 6 assisted 3 businesses and expensed \$70,788 across the seven counties.

Jumpstart CDBG is a federally funded 2008 flood relief program. The funds come through HUD. Region Six Planning Commission is acting as a grantee/administrative agent for the seven county flood region. The direct grantee is Cerro Gordo County. They have a contract with NIACOG and Region Six Planning Commission has a contract with NIACOG. Unlike Jumpstart I, Jumpstart CDBG, has many federal standards. Some of the biggest differences are public procurement standards, contract awards, lead based paint standards, and income guidelines. The CDBG program allows more funding for administration. Total CDBG construction related expenditures for the year were \$28,265 and administrative expenditures were \$12,104.

### **Contacting the Commission's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Region Six Planning Commission, 905 East Main Street, Suite A, Marshalltown, Iowa 50158.

# REGION SIX PLANNING COMMISSION

## Balance Sheet Government Wide June 30, 2009

Assets	Governmental Activities	Proprietary Activities	Total
<b>Current assets:</b>			
Cash	\$ 58,796	270,537	329,333
Restricted cash	-	115,445	115,445
<b>Receivables:</b>			
Accounts	4,542	187,721	192,263
Interest receivable	-	457	457
Prepaid expenditures	-	5,519	5,519
Prepaid lease - current portion	-	70,500	70,500
<b>Notes receivable - current portion:</b>			
LHAP notes receivable	-	1,440	1,440
RLF notes receivable	-	34,200	34,200
Total current assets	63,338	685,819	749,157
<b>Non-current assets:</b>			
<b>Notes receivable:</b>			
LHAP notes receivable	-	889	889
RLF notes receivable	-	61,919	61,919
<b>Capital assets; net of accumulated depreciation of \$92,525</b>			
Total non-current assets	-	722,588	722,588
	-	785,396	785,396
<b>Total assets</b>	\$ 63,338	1,471,215	1,534,553
<b>Liabilities and Net Assets</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ -	39,442	39,442
Accrued payroll and payroll liabilities	-	29,414	29,414
Accrued vacation	-	23,744	23,744
Deferred revenue	-	18,274	18,274
Total liabilities	-	110,874	110,874
<b>Net assets:</b>			
Invested in capital assets	-	722,588	722,588
Restricted	63,338	277,850	341,188
Unrestricted	-	359,903	359,903
Total net assets	63,338	1,360,341	1,423,679
<b>Total liabilities and net assets</b>	\$ 63,338	1,471,215	1,534,553

# REGION SIX PLANNING COMMISSION

## Statement of Activities Government Wide For the Year Ended June 30, 2009

	<u>Expenses</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants, and Contributions</u>	
<b>Governmental activities:</b>				
Iowa Connections	\$ 97,637	-	87,131	(10,506)
<b>Business type activities:</b>				
Planning and transit activities	1,484,493	-	1,572,806	88,313
<b>General receipts:</b>				
Transit interest income				5,408
EDA/RLF interest income				774
Iowa Connections interest income				306
Fuel tax refund				5,033
				<hr/>
Change in net assets				89,328
				<hr/>
Net assets, beginning of year				1,334,351
				<hr/>
Net assets, end of year				\$ 1,423,679
				<hr/> <hr/>

# REGION SIX PLANNING COMMISSION

## Balance Sheets

### Special Projects Fund - Iowa Connections

June 30, 2009 and 2008

	<b>Assets</b>	
	<u>2009</u>	<u>2008</u>
Cash	\$ 58,796	68,912
Receivables:		
Accounts	4,542	46,978
Pledges	-	2,000
Total receivables	<u>4,542</u>	<u>48,978</u>
Total assets	<u>\$ 63,338</u>	<u>117,890</u>
 <b>Liabilities and Fund Balance</b>		
Current liabilities:		
Deferred revenue	\$ -	36,549
Accounts payable	-	7,803
Total liabilities	<u>-</u>	<u>44,352</u>
Net assets:		
Restricted for Iowa Connections	<u>63,338</u>	<u>73,538</u>
Total liabilities and net assets	<u>\$ 63,338</u>	<u>117,890</u>

**REGION SIX PLANNING COMMISSION**  
Reconciliation of the Balance Sheets - Special Projects  
Fund to the Balance Sheet - Government Wide  
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Total special projects fund balance	\$ 63,338	73,538
Pledges receivable that are not available to pay current period	<u>-</u>	<u>36,549</u>
Total special project net assets per the government-wide balance sheet	<u>\$ 63,338</u>	<u>110,087</u>

## REGION SIX PLANNING COMMISSION

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### Special Projects Fund - Iowa Connections

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Revenue:</b>		
Membership dues	\$ -	18,729
Local support through contributions	53,333	18,250
Workshop income	-	-
Grant income	33,798	66,202
Total support and revenue	<u>87,131</u>	<u>103,181</u>
<b>Expenditures:</b>		
Marketing and economic development	97,391	133,364
General administration	246	365
Increase in allowance for uncollectible pledges	-	15,000
Total expenditures	<u>97,637</u>	<u>148,729</u>
Operating income (loss)	(10,506)	(45,548)
<b>Non-operating revenues:</b>		
Interest income	<u>306</u>	<u>2,758</u>
Change in fund balance	(10,200)	(42,790)
Fund balance, beginning of year	<u>73,538</u>	<u>116,328</u>
Fund balance, end of year	<u>\$ 63,338</u>	<u>73,538</u>

## REGION SIX PLANNING COMMISSION

### Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balance - Special Projects Fund to the Statement of Activities - Government Wide June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Net change in fund balance as reported on the statement of revenues, expenditures and change in fund balance - special projects fund	\$ (10,200)	(42,790)
Because some contributions will not be collected for several months after year end, they are not considered available revenues and are deferred in the special projects fund - change in deferred revenue	<u>-</u>	<u>12,249</u>
Change in net assets as reported for governmental activities in the statement of activities	\$ <u>(10,200)</u>	<u>(30,541)</u>
Reported in the statement of activities as:		
Iowa Connections net change	\$ (10,506)	(33,299)
Iowa Connections interest income	306	2,758
	\$ <u>(10,200)</u>	<u>(30,541)</u>

# REGION SIX PLANNING COMMISSION

## Balance Sheets

### Proprietary Fund

June 30, 2009 and 2008

	<b>Assets</b>	
	<u>2009</u>	<u>2008</u>
Current assets:		
Cash	\$ 270,537	456,257
Restricted cash	115,445	170,959
Receivables:		
Accounts	141,487	62,402
Government grants	46,234	46,216
Pledges receivable	-	38,160
Interest receivable	457	457
Prepaid expenditures	5,519	11,846
Prepaid lease - current portion	70,500	8,000
Notes receivable - current portion:		
LHAP notes receivable	1,440	1,502
RLF notes receivable	34,200	34,429
Total current assets	<u>685,819</u>	<u>830,228</u>
Non-current assets:		
Notes receivable:		
LHAP notes receivable	889	4,060
RLF notes receivable	61,919	138,607
Pledges receivable	-	32,340
Capital assets (net of accumulated depreciation)	<u>722,588</u>	<u>302,902</u>
Total non-current assets	<u>785,396</u>	<u>477,909</u>
Total assets	<u>\$ 1,471,215</u>	<u>1,308,137</u>

**Liabilities and Net Assets**

	<u>2009</u>	<u>2008</u>
Current liabilities:		
Accounts payable	\$ 39,442	17,772
Accrued payroll and payroll liabilities	29,414	31,056
Accrued vacation	23,744	16,771
Deferred revenue	18,274	18,274
Total liabilities	<u>110,874</u>	<u>83,873</u>
Net assets:		
Invested in capital assets	722,588	302,902
Restricted	277,850	229,131
Unrestricted	359,903	692,231
Total net assets	<u>1,360,341</u>	<u>1,224,264</u>
Total liabilities and net assets	\$ <u>1,471,215</u>	<u>1,308,137</u>

**REGION SIX PLANNING COMMISSION**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Support:</b>		
Federal grants	\$ 226,106	380,452
State appropriations	603,790	243,418
Local support	-	79,323
Membership dues	42,700	35,624
Total support	<u>872,596</u>	<u>738,817</u>
<b>Revenues:</b>		
Local services	700,210	473,337
Interest income on notes receivable	284	7,868
Fuel tax credit	5,033	7,603
Miscellaneous income	274	2,358
Total revenue	<u>705,801</u>	<u>491,166</u>
Total support and revenue	1,578,397	1,229,983
<b>Expenditures:</b>		
General planning	3,045	24,220
Planning contracts	519,215	279,823
Transit expenses	1,090,532	826,779
General administrative	(128,299)	8,507
Prepaid lease written off	-	75,333
Total expenditures	<u>1,484,493</u>	<u>1,214,662</u>
Operating income	93,904	15,321
<b>Non-operating revenue:</b>		
Interest income	5,624	14,413
Total non-operating revenue	<u>5,624</u>	<u>14,413</u>
Change in net assets	99,528	29,734
Net assets, beginning of year (as restated)	<u>1,260,813</u>	<u>1,231,079</u>
Net assets, end of year (as restated)	<u>\$ 1,360,341</u>	<u>1,260,813</u>

# REGION SIX PLANNING COMMISSION

## Statements of Cash Flows

### Proprietary Fund

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Cash received from federal support	\$ 226,106	395,179
Cash received from state support	603,790	236,685
Cash received from other receivables	742,910	528,505
Cash paid for goods and services	(744,337)	(350,643)
Cash paid for employees and benefits	(691,879)	(665,592)
Net cash provided by operating activities	<u>136,590</u>	<u>144,134</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	<u>(508,015)</u>	<u>(86,579)</u>
Net cash used by capital and related financing activities	<u>(508,015)</u>	<u>(86,579)</u>
<b>Cash flows from investing activities</b>		
Payments on note receivables	116,699	92,761
Notes receivable advanced	-	(70,927)
Interest received on bank accounts	5,624	16,469
Net cash provided (used) by investing activities	<u>122,323</u>	<u>38,303</u>
Net increase in cash and cash equivalents	(249,102)	95,858
Cash and cash equivalents, beginning of year	<u>635,084</u>	<u>539,226</u>
Cash and cash equivalents, end of year	<u>\$ 385,982</u>	<u>635,084</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 93,904	15,321
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	92,525	120,964
Prepaid lease write off	-	75,333
Changes in assets and liabilities:		
(Increase) decrease in receivables	(83,645)	761
(Increase) decrease in pledge receivables	70,500	(70,500)
(Increase) decrease in prepaid expenses	(64,173)	(3,846)
Increase (decrease) in accounts payable	21,670	(441)
Increase in payroll accruals	5,809	6,542
Net cash provided by operating activities	<u>\$ 136,590</u>	<u>144,134</u>

# REGION SIX PLANNING COMMISSION

## Note to Financial Statements June 30, 2009 and 2008

### Note 1 – Organization

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

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

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

### Note 2 – Basis of Presentation

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

The balance sheet presents the Commission's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation are reduced by debt attributable to the acquisition, construction or improvement of those assets, if any.

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

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

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 2 – Basis of Presentation (Continued)

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

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

### Note 3 – Measurement Focus and Basis of Accounting

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

The special revenue fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 4 – Summary of Significant Accounting Policies

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

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

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

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

Accounts receivable – Accounts receivable in the government-wide and proprietary fund consist primarily of contracted fare revenue and billings for planning services, and receivables from grantor agencies. Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Receivables from grantor agencies represent an excess of expenses over cash basis reimbursements at year end. Pledges receivable in the proprietary fund represent local support pledged for a building project. Accounts receivable in the special revenue fund consist of pledges receivable and per capita funding collectible in 60 days. Management believes that all receivables are collectible and therefore no allowance is recorded on the special projects fund financial statements.

Capital assets – Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 3 to 10 years. Capital assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while major betterments or improvements extending the life of the asset are capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Compensated absences – Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. This liability has been computed based on current rates of pay. In addition, Commission employees accumulate a limited amount of earned but unused sick leave hours. The unused sick leave is not paid out upon termination, retirement, or death and is not recognized as a liability by the Commission. The amount of accumulated unused sick leave at June 30, 2009 based on current rates of pay totals \$73,298.

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 4 – Summary of Significant Accounting Policies (Continued)

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

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

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

### Note 5 – LHAP Notes Receivable

On January 29, 2000, the Commission received a LHAP Award Grant in the amount of \$200,000. The funding for the grant was an appropriation of IDED by the State Legislature for the LHAP program established under the 1999 Iowa Code, and an agreement with the Iowa Finance Authority as authorized by 2000 Iowa Acts, House File 2422. The Commission was to make 10 year, low interest loans of up to \$10,000. Households benefiting from LHAP loans were to be at or below 110% of the county median income limits. Two loans were made under this agreement. Amendment 4 to the agreement allowed for forgivable loans of the remaining funds, with 20% of the loan amount forgiven for each year that the recipient remained in the home. Forgivable loans totaling \$88,827 were made during the year ended June 30, 2004. As of June 30, 2009, forgivable and repayable loans totaling \$47,468 have been repaid to the Commission for homes sold within five years of the loan date.

### Note 6 – RLF Notes Receivable

On April 30, 2001, the Commission received a grant from the U.S. Department of Commerce, Economic Development Administration in the amount of \$150,000, under Title II, Section 209 of the Economic Development Reform Act of 1998. This grant is to be the federal contribution to a revolving loan fund. The loan recipient must contribute a matching amount, to provide for a total of \$300,000. The minimum interest rate that may be charged on all RLF loans will be no lower than four percentage points below the current money center prime rate as quoted in the Wall Street Journal, but no less than four percent. During the year ended June 30, 2009, one loan for \$65,000 was granted at an interest rate

of five percent. During the year ended June 30, 2007, three loans totaling \$111,300 were granted at interest rates of five percent. Management considers the remaining notes receivable to be collectible and therefore no allowance has been recorded.

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 6 – RLF Notes Receivable (Continued)

In July 2007, Region Six Planning Commission was notified of a requirement to compute excess funds as defined in federal regulations. If RLF capital loaned or committed falls below the required capital utilization percentage in two consecutive reporting periods, the excess funds are sequestered and may be required to be paid over to EDA. During the year ended June 30, 2008, Region Six Planning Commission has a bank balance of \$67,969 in a separate restricted bank account.

### Note 7 – Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	<u>Balance beginning of the year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance beginning of the year</u>
Proprietary fund activities:				
Buildings	\$ 33,868	450,163	-	484,031
Furniture and fixtures	19,760	4,860	3,067	21,553
Vehicles	977,518	57,188	-	1,034,706
Total capital assets	<u>1,031,146</u>	<u>512,211</u>	<u>3,067</u>	<u>1,540,290</u>
Less accumulated depreciation for:				
Buildings	-	3,620	-	3,620
Furniture and fixtures	18,263	1,220	3,067	16,416
Vehicles	709,981	87,685	-	797,666
	<u>728,244</u>	<u>92,525</u>	<u>3,067</u>	<u>817,702</u>
Capital assets - net	<u>\$ 302,902</u>	<u>419,686</u>	<u>-</u>	<u>722,588</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
General administration	\$ 4,840
Transit administration	87,685
Total depreciation	<u>\$ 92,525</u>

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 8 – Restricted assets

Restricted net assets consist of the following restricted amounts:

Restricted for Iowa Connections	\$ 63,338
Restricted for purchase of capital assets	20,672
Restricted for LHAP loan program	47,468
Restricted for RFL program	<u>146,372</u>
Total restricted net assets	\$ <u>277,850</u>

### Note 9 – Lease Agreement

The Commission leased a copier under a sixty month non-cancellable lease commencing January 2005. The lease required payments of \$129 per month. In June 2007, the copier lease was terminated and a new lease agreement for a sixty month non-cancellable lease commencing July 2007 was signed. The lease requires monthly payments of \$210 and a \$1,000 down payment was made on the lease in June 2007. Lease payments of \$2,520 were made during the years ended June 30, 2009 and 2008. Remaining lease commitment is \$2,520 for each of the years ended June 30, 2010 through 2012.

The Commission leases a postage meter system under a forty-eight month lease commencing January 2008. If the Commission cancels the lease prior to the termination date, a termination charge equal to the net present value of the remaining monthly payments discounted to a present value at a rate of 6% must be paid. The lease requires payments of \$66 per month. Lease payments of \$792 and \$396 were made during the years ended June 30, 2009 and 2008, respectively. Remaining lease commitment is \$792 for each of the years ended June 30, 2010 and 2011 and \$396 for the year ended June 30, 2012.

On September 12, 2002, a 28E Agreement was signed for the lease of offices and other associated space within a new transit/public works facility on property owned by the City of Marshalltown at 12<sup>th</sup> Avenue and Main Street. This agreement began upon completion of the construction and will be in effect for a period of 15 years with options for renewal of the lease for additional periods of five years providing a written notice of the intent to renew sixty days prior to expiration. The City will provide building maintenance, cleaning services, utilities, mowing, snow and ice removal, general fire and casualty insurance and parking. In exchange for approximately 1,250 square feet, the Commission paid an upfront investment of \$120,000. The Commission must also provide for contents and liability insurance. The Commission moved into the new space approximately November 23, 2003. The \$120,000 prepayment is being amortized on a straight-line basis over the fifteen year life of the initial term of the agreement. Rent expense of \$8,000 was recognized in each fiscal year presented. Cancellation of this agreement may be effected by either party through a written notice to the other party at least ninety days prior to the date of cancellation.

During the year ended June 30, 2008, the Commission notified the City of Marshalltown of their intent to begin construction of a new office building. The prepaid lease recorded as of June 30, 2008 of \$83,333 was determined to have future value of \$8,000 and the remaining \$75,333 was written off to expense as of June 30, 2008, \$8,000 was expensed to rent as of June 30, 2009 with no rent due in the future.

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 9 – Lease Agreement (Continued)

A 28E Agreement was signed with the City of Marshalltown whereby the Commission will lease land for a term of 50 years commencing May, 1 2008 for the sum total of \$50. The Agreement entitles Region Six Planning Commission to erect an office building on the leased site. The City will pay the cost of providing water and sewer services to the new building and a parking lot with ten parking spaces. In addition, the City will allow specified use of the City Public Works building for training, storage and bus parking. The value of the land leased at below fair market value, the water and sewer services to the new building, and the parking spaces is estimated at \$70,500 and is recorded as a prepaid lease at June 30, 2009.

If the Commission dissolves or ceases to utilize the building on the leased property during the term of the land lease, the City shall have the option to purchase the building at 70% of its fair market value and terminate the lease. Alternatively, the City may choose not to purchase the office building and will instead convey and deed the ground to Region Six Planning Commission for 30% of the fair market value of the office building.

### Note 10 – Other Commitments

The Commission has entered into an agreement to be the administrative agency for Iowa Connections Marketing Group, which is a collaborative effort of six counties to join together in a mutually beneficial manner to promote the area through a variety of cooperative economic development marketing efforts. As administrative agency, the Commission acts as the grantee on a \$175,000 three year grant through Iowa Department of Economic Development. \$33,798 and \$66,202 was received on the grant during the years ended June 30, 2009 and 2008, respectively, with the grant balance of \$4,542 to paid in 2010. The Commission's duties specifically include compliance with grant provisions. Major grant provisions include proper use of the grant funds for intended purposes, reporting requirements, and a 100% match requirement that is intended to be met through pledged contributions by local businesses and a per capita assessment to the member counties.

In August 2007, the Commission entered into a contract for architectural services for an office building. The contract is for \$31,000 of which \$28,935 was incurred as of June 30, 2008.

In June 2008, the Commission entered into a purchase agreement for one transportation bus for a cost of \$54,895. The Commission has received approval for a grant through the Iowa Department of Transportation for reimbursement of 83% of the purchase cost.

In June 2008, the Commission entered into a contract for production of GIS maps for \$3,000. No costs were incurred under the contract during the fiscal year ended June 30, 2009.

### Note 11 – Risk Management

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

# REGION SIX PLANNING COMMISSION

## Notes to Financial Statements (Continued) June 30, 2009 and 2008

### Note 12 – 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 requires 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 4.1% of their annual covered salary and the Commission is required to contribute 6.35% of the annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the years ended June 30, 2009 and 2008 was \$35,691 and \$28,609, respectively, equal to the required contributions for each year.

### Note 13 – Economic Dependency

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

### Note 14 – Reclassifications

Certain amounts for the year ended June 30, 2007 were reclassified to conform to the presentation for the year ended June 30, 2008. The reclassifications had no effect on the previously reported change in net assets. The beginning fund balance was restated to account for an error in classify revenues.

# REGION SIX PLANNING COMMISSION

## Schedules of Support and Revenue

### Proprietary Fund

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Support:</b>		
Federal grants:		
Federal transit assistance	\$ 226,106	206,406
Capital transit revenue	-	42,168
Economic Development Administration	1,147	39,756
Housing Preservation grant	19,488	33,299
Transportation planning	53,353	58,823
	<u>300,094</u>	<u>380,452</u>
<b>State appropriations:</b>		
State transit assistance	188,532	225,265
Capital transit revenue	270,223	18,153
Flood assistance	190,660	-
	<u>649,415</u>	<u>243,418</u>
<b>Local support:</b>		
Council of Regional Governments	9,412	8,823
Local support for building project	-	70,500
Membership dues	42,700	35,624
	<u>52,112</u>	<u>114,947</u>
<b>Revenue:</b>		
Interest income	3,080	22,281
Fuel tax refund	5,033	7,603
Contract transit revenue	311,968	259,725
Farebox revenue	103,641	98,134
RLF income	1,982	-
Miscellaneous income	274	2,358
Planning revenue	156,422	115,478
	<u>582,400</u>	<u>505,579</u>
Total support and revenue	<u>\$ 1,584,021</u>	<u>1,244,396</u>

# REGION SIX PLANNING COMMISSION

## Schedules of Expenditures Detail

### Proprietary Fund

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Expenditures:		
General planning:		
Planning	\$ <u>3,045</u>	<u>24,220</u>
Planning contracts:		
IDOT/ISTEA	67,481	73,665
Economic Development grant	133,792	66,272
USDA Housing Preservation grant	38,245	31,356
Jumpstart Flood grant	197,481	-
Other planning contracts	<u>82,216</u>	<u>108,530</u>
	<u>519,215</u>	<u>279,823</u>
Transit expenses:		
Transit administration	361,395	343,942
Marketing	2,591	2,166
Caravan - MMSC	104,133	88,446
Grinnell Regional Direct	14,826	22,718
Grinnell transit	79,374	81,013
Iowa Falls transit	47,184	44,562
Tama elderly	18,652	19,941
Poweshiek CDC	51,434	49,920
Tama County CPC	51,990	45,285
Tama County Mental Health	-	1,254
Poweshiek County Mental Health	2,669	3,898
Hardin/EMH	40,180	46,093
Dysart	5,906	7,160
Tama - Marshalltown	42,317	39,048
Access, Inc.	48,170	52,188
Tama Medical	28,096	31,251
Marshalltown Paratransit	32,149	26,446
State Center transit	53,893	54,603
Iowa City Medical	9,297	6,572
Hardin Medical	53,086	38,121
Marshall County	27,879	24,927
Tama County	4,323	6,830
Hardin County	5,541	1,652
Poweshiek County	<u>5,447</u>	<u>2,022</u>
	<u>1,090,532</u>	<u>1,040,058</u>

# REGION SIX PLANNING COMMISSION

## Schedules of Expenditures Detail (Continued)

### Proprietary Fund

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
General administrative:		
Rent	8,000	8,000
Direct expenses	18,547	38,291
Office supplies	17,664	7,359
Postage	3,570	3,785
Legal and accounting	20,458	18,359
Salaries	37,382	27,531
Employee benefits	33,531	21,625
Bank charges	198	26
Bad debt expense	-	53
Depreciation	92,525	1,503
LHAP and RLF program	65,000	231
	<u>296,875</u>	<u>126,763</u>
	1,909,667	1,470,864
Allocation of general administration	(197,175)	(118,256)
Allocation of transit expense	(227,999)	(213,279)
Prepaid lease written off	-	<u>75,333</u>
Total support and revenue	<u>\$ 1,484,493</u>	<u>1,214,662</u>

**REGION SIX PLANNING COMMISSION**  
**Comparison of Revenues**  
**Proprietary Fund**

		Year Ended June 30,				
		2009	2008	2007	2006	2005
Federal	\$	226,106	380,452	301,635	133,704	206,135
State		603,790	243,418	210,590	213,284	197,600
Local		754,125	620,526	572,130	587,237	554,840
	\$	1,584,021	1,244,396	1,084,355	934,225	958,575

**REGION SIX PLANNING COMMISSION**  
Schedules of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2009

	Expenses	Program Receipts		Net
		Charges for Services	Capital Grants, and Contributions	(Disbursements) Receipts and Changes in Net Assets
<b>General activities:</b>				
Community planning	\$ 3,045	156,422	-	153,377
Transportation planning	67,481	-	53,353	(14,128)
EDA/RLF	133,792	-	1,147	(132,645)
USDA Housing Preservation grant	38,245	-	19,488	(18,757)
Jumpstart Flood grant	197,481	-	190,660	(6,821)
Depreciation	4,840	-	-	(4,840)
Total general activities	444,884	156,422	264,648	(23,814)
<b>Transit operating activities:</b>				
Capital transit grant revenue	-	-	270,223	270,223
General transit	222,787	-	465,058	242,271
Depreciation	87,685	-	-	(87,685)
Marketing	2,591	5,299	-	2,708
Caravan - MMSC	104,133	47,453	-	(56,680)
Grinnell Regional Direct	14,826	3,436	-	(11,390)
Grinnell transit	79,374	33,019	-	(46,355)
Iowa Falls transit	47,184	21,566	-	(25,618)
Tama elderly	18,652	17,577	-	(1,075)
Poweshiek CDC	51,434	36,652	-	(14,782)
Tama County CPC	51,990	28,707	-	(23,283)
Tama County Mental Health	-	-	-	-
Poweshiek County Mental Health	2,669	868	-	(1,801)
Hardin/EMH	40,180	19,832	-	(20,348)
Dysart	5,906	4,275	-	(1,631)
Tama - Marshalltown	42,317	19,642	-	(22,675)
Access, Inc.	48,170	37,848	-	(10,322)
Tama Medical	28,096	13,252	-	(14,844)
Marshalltown Paratransit	32,149	29,948	-	(2,201)
State Center transit	53,893	24,629	-	(29,264)
Iowa City Medical	9,297	3,302	-	(5,995)
Hardin Medical	53,086	35,718	-	(17,368)
Marshall County	27,879	17,619	-	(10,260)

**REGION SIX PLANNING COMMISSION**  
Schedules of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund (Continued)  
For the Year Ended June 30, 2009

	<u>Expenses</u>	<u>Program Receipts</u>		Net (Disbursements)
		<u>Charges for Services</u>	<u>Operating Grants, and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
Tama County	4,323	3,495	-	(828)
Hardin County	5,541	6,646	-	1,105
Poweshiek County	5,447	4,826	-	(621)
Total transit activities	<u>1,039,609</u>	<u>415,609</u>	<u>735,281</u>	<u>111,281</u>
Total	<u>\$ 1,484,493</u>	<u>572,031</u>	<u>999,929</u>	<u>87,467</u>
 <b>General receipts:</b>				
Transit interest income				5,408
EDA/RLF interest income				774
Fuel tax refund				5,033
Miscellaneous income				846
Total general receipts				<u>12,061</u>
Change in net assets				99,528
Net assets, beginning of year				<u>1,260,813</u>
Net assets, end of year				<u>\$ 1,360,341</u>

**REGION SIX PLANNING COMMISSION**  
**Schedule of Revenues, Expenditures/Expenses and Changes**  
**in Balances - Budget and Actual for Proprietary Fund**  
**For the Year Ended June 30, 2009**

	Original and Final Budget	Actual	Final to Actual Variance Positive (Negative)
<b>Revenue:</b>			
Community Planning	\$ 247,226	425,197	177,971
Transportation planning	55,914	53,353	(2,561)
EDA - Revolving loan fund	100,000	-	(100,000)
Housing Preservation grant	40,000	19,488	(20,512)
Flood 2008	730,906	190,660	(540,246)
Transit operating	747,020	625,100	(121,920)
Local support for building project	288,376	-	(288,376)
Total revenues	2,209,442	1,313,798	(895,644)
<b>Expenses:</b>			
Community Planning	224,375	207,395	(16,980)
Transportation planning	69,893	67,481	(2,412)
EDA - Revolving loan fund	100,000	133,792	33,792
Housing Preservation grant	40,000	38,245	(1,755)
Flood 2008	734,738	197,481	(537,257)
Transit operating	769,855	747,574	(22,281)
Local support for building project	496,700	-	(496,700)
Total expenses	2,435,561	1,391,968	1,043,593
Excess (deficiency) of receipts over expenses	(226,119)	(78,170)	147,949
Capital expenditures	60,000	(508,015)	(568,015)
Transit equipment grant and vehicle sale	(50,200)	270,223	320,423
Net capital expenditures	9,800	(237,792)	(247,592)
Excess of receipts and other financing sources over expenses and capital expenditures	(216,319)	159,622	(375,941)
Balances, beginning of year	502,000	988,701	(486,701)
Balances, end of year	\$ 285,681	1,148,323	(862,642)
<b>Reconciliation of actual revenue per the budget to the audited financial statements:</b>			
Total revenue per the financial statements		\$ 1,584,021	
Revolving loan fund - principal repayments received		8,063	
Total actual revenue per the budget to actual comparison		\$ 1,592,084	
<b>Reconciliation of actual revenue per the budget to the audited financial statements:</b>			
Total expenses per the financial statements		\$ 1,484,493	
Revolving loan fund - loan made		-	
Total actual expenses per the budget to actual comparison		\$ 1,484,493	

**REGION SIX PLANNING COMMISSION**  
Schedule of Revenues, Expenditures/Expenses and Changes  
in Balances – Budget and Actual for Proprietary Fund – Continued  
For the Year Ended June 30, 2009

Note to Budgetary Reporting

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

## Required Supplementary Information

# REGION SIX PLANNING COMMISSION

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
<b>Direct:</b>			
U.S. Department of Agriculture:			
Rural Development:			
Housing Preservation Grant	10.433	HPG-2008	\$ <u>3,500</u>
U.S. Department of Commerce:			
Economic Development Administration:			
Economic Adjustmet Assistance	11.307	05-79-03546	150,000
Economic Adjustmet Assistance	11.307	05-69-04671	<u>29,132</u>
			<u>179,132</u>
U.S. Department of Commerce:			
Economic Development Administration:			
Economic Development-Support for Planning Organizations	11.302	05-83-04506	<u>70,000</u>
Total direct awards			<u>252,632</u>
<b>Indirect:</b>			
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Federal Transit-Capital Investment Grants	20.500	04-0113-060-08	<u>45,886</u>
Formula Grants for Other Than Urbanized Areas:			
Non-Urban Operating Assistance Program	20.509	18-0028-060-09	161,146
Non-Urban Capital Assistance Program	20.509	18-0028-060-09	2,248
Non-Urban Capital Assistance Program	20.509	85-X030-060-08	<u>100,000</u>
			<u>263,394</u>
State Planning and Research	20.515	09RPA-06	<u>53,951</u>
New Freedom Program	20.521	57-X002-060-09	5,386
New Freedom Program	20.521	57-X002-050-07	<u>3,043</u>
			<u>8,429</u>

# REGION SIX PLANNING COMMISSION

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

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grant:			
Community Development Block Grants/ State's Program	14.228	08-DRADM-010	<u>16,265</u>
Total indirect awards			<u>387,925</u>
Total federal expenditures			<u>\$ 640,557</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region Six Planning Commission and is presented on the 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 basic financial statements.



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' 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 Members of  
Region Six Planning Commission  
Marshalltown, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Region Six Planning Commission, Iowa, 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, and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Region Six Planning 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 Region Six Planning Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Region Six Planning Commission's internal control over financial reporting.

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

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

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

#### Compliance and Other Matters

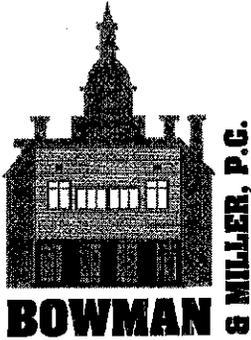
As part of obtaining reasonable assurance about whether Region Six Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

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

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

*Bowman and Miller, P.C.*

February 20, 2010



C E R T I F I E D   ♦   P U B L I C   ♦   A C C O U N T A N T S

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Independent Auditors' 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 Members of  
Region Six Planning Commission  
Marshalltown, Iowa

Compliance

We have audited the compliance of Region Six Planning Commission, Iowa, 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 year ended June 30, 2009. Region Six Planning Commission'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 grants applicable to each of its major federal programs is the responsibility of Region Six Planning Commission's management. Our responsibility is to express an opinion on Region Six Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Region Six 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 on Region Six Planning Commission's compliance with those requirements.

In our opinion, Region Six Planning Commission, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of Region Six 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 Region Six 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 Region Six Planning Commission's internal control over compliance.

A *control deficiency* in the Commission'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 Commission'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 Commission's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that 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, a public record by law, is intended solely for the information and use of the officials and employees of Region Six Planning Commission and other parties to whom Region Six Planning Commission may report, including 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.

*Bowman and Miller, P.C.*

February 20, 2010

**Region Six Planning Commission**  
**Status of Prior Audit Findings**  
**Year Ended June 30, 2009**

**Finding 07-1:**

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

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

Current status: Same comment included in the 2008 findings.

**Finding 07-2:**

Adjustments to financial statements: Adjustments were proposed during the audit for the purpose of adjusting accounts receivable, pledges receivable, notes receivable, prepaid expenses, payables and net assets and to record depreciation. Several of the adjustments proposed and recorded were significant to the financial statements.

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

Current status: A similar finding was included in the 2008 findings, but more adjustments for accrual basis accounts had been made prior to audit fieldwork in 2008.

Region Six Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

**Part I: Summary of the Independent Auditors' Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 93.667 – Social Services Block Grant
  - CFDA Number 93.558 – Temporary Assistance for Needy Families-School Ready Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Region Six Planning Commission did not qualify as a low-risk auditee.

Region Six Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

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

**INSTANCES OF NON COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCY:**

II-A-09 Segregation of Duties – During our review of the internal control structure, the existing control procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the Commission's financial statements. We noted that generally one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

(1) All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.

(2) Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.

Recommendation – We realize that with a limited number of office employees segregation of duties is difficult. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – The Commission's office will review their office policies and attempt to segregate duties where possible. Where it is not possible increased review by supervisory personnel will be performed.

Conclusion – Response accepted.

Region Six Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2009

II-B-09 Computer System Control – The design and controls established over the computer system process is very important in providing assurance and financial integrity of the Commission’s financial records. We noted some weaknesses in the policies and controls.

Recommendation –

- (1) Every user should have their own password. Passwords should be removed immediately on termination.
- (2) Passwords should be changed at least every 60-90 days.
- (3) A password history should be maintained.
- (4) Screen saver passwords could be established to protect unattended terminals.
- (5) Security software should be established to prevent use of unauthorized software.
- (6) A written disaster recovery plan should be implemented.

Response – We will consider these recommendations.

Conclusion – Response acknowledge. Once established, the recommendation policies and procedures will add a measure of assurance to the Commission’s financial records.

II-C-09 Balancing accounts – During the audit, we indentified the Commission’s accounts receivables, grant receivables, fixed assets, and net asset accounts were not adjusted to their appropriate balance as of June 30, 2009.

Condition: The Commission did not adjust the accounts above prior to the start of the audit due to a change in accounting personnel and lack of documentation as to prior year processes.

Context: Significant Commission and auditor entries were needed to adjust the Commission’s accounts at year end.

Effect: Actual results were not adjusted for audit.

Recommendation: We recommend the Commission establish a procedure to properly reconcile and adjust to actual amounts on the general ledger for all listed accounts.

Response and corrective action plan: Procedures for the month end close have been updated to insure timely reconciliation of these accounts.

**Region Six Planning Commission**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**

II-D-09 Preparation of Financial Statements – The Commission does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures; can be considered costly and ineffective. However, the Commission’s management and those charged with governance should decide whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – We are aware of the situation and will continually review the risks associated with this condition because of cost or other considerations.

Conclusion – Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

III-A-09 The same internal controls are in place for federal programs as for the Commission’s non-federal programs. Therefore, the finding in Section II above is also applicable to Federal Awards.

There were no questioned costs over \$10,000.

**Part IV: Other Findings Related to Required Statutory Reporting:**

IV-A-09 Official Depositories – The Commission approved a depository resolution including all approved bank accounts at the June 2009 and October 2009 Board meetings.

IV-B-09 Travel expense – No expenditures of Commission’s money for travel expenses of spouses or Commission’s officials or employees noted.

IV-C-09 Business transactions – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-D-09 Board minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-E-09 Bond coverage – Surety bond coverage is provided for the director and administrative personnel. The Commission is unable to obtain bonding on bus drivers who have access to cash fares.

IV-F-09 Questionable Disbursements – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.