

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND ACCOMPANYING INFORMATION
COMMENTS AND RECOMMENDATIONS

YEARS ENDED JUNE 30, 2009 AND 2008

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

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SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Officials
June 30, 2009

Member

Frank Waters
John Krogman

Earl Hendrickson, **Treasurer**
Pat Shull

Gaylord Pitt
Sherman Struble, **Secretary**

Richard Crouch, **Chairperson**

Donna Robinson
Brad Wright

Jim Richardson
Byron Harris

Lynn Grobe

James Burmeister
Terry Arentson, **Vice-Chairperson**

Mike Kolbe
Dorothy Duran
Karen Goehring

Executive Director

MJ Broomfield

Representing

Cass County
Cass County

Fremont County
Fremont County

Harrison County
Harrison County

Mills County

Montgomery County
Montgomery County

Page County
Page County

Pottawattamie County

Shelby County
Shelby County

Economic Development
Education
Human Services

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Policy Council
Southwest Iowa Planning Council and
Southwest Iowa Transit Agency
Atlantic, Iowa

We have audited the accompanying balance sheets of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of June 30, 2009 and 2008, and the related statements of support, revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of June 30, 2009 and 2008, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Organization has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2009 on our consideration of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, 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 should be considered in assessing the results of our audit.

To the Policy Council
Southwest Iowa Planning Council and
Southwest Iowa Transit Agency

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information (shown on pages 15 through 17) including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits 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.

Stonehill, Bell, Hyman + Co. P.C.

Atlantic, Iowa
October 15, 2009

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Balance Sheets
June 30,

ASSETS

	2009	2008
Current Assets:		
Cash	\$ 763,308	\$ 292,121
Accounts receivable	673,779	478,585
Prepaid expenses	168,480	35,215
Internally designated assets	--	47,992
Total current assets	1,605,567	853,913
Designated and Restricted Assets:		
Internally designated assets	282,807	346,449
Restricted assets	--	52,080
	282,807	398,529
Less amounts required to meet current liabilities	--	(47,992)
	282,807	350,537
Capital Assets:		
Depreciable capital assets, net	1,387,029	1,290,580
Non-depreciable capital assets	59,450	54,975
	1,446,479	1,345,555
Total assets	\$ 3,334,853	\$ 2,550,005

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 227,503	\$ 226,241
Note payable	14,074	--
Accrued employee compensation	85,607	62,822
Deferred grant revenue	238,258	50,828
Total current liabilities	565,442	339,891
Net Assets:		
Invested in capital assets, net of related debt	1,446,479	1,345,555
Restricted - expendable	--	52,080
Unrestricted	1,322,932	812,479
Total net assets	2,769,411	2,210,114
Total liabilities and net assets	\$ 3,334,853	\$ 2,550,005

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Support, Revenues, Expenses and Changes in Net Assets
Year ended June 30,

	2009	2008
Public Support and Revenues:		
Public support	\$ 3,223,675	\$ 1,985,312
Revenues	1,121,299	815,672
	4,344,974	2,800,984
Expenses:		
Salaries	1,273,767	1,051,688
Bad debts	4,029	5,364
Depreciation	418,630	312,680
Employee benefits	76,290	75,721
Grant administration	55,997	50,291
Housing assistance expense	1,023,742	--
HLSEM expense	180,710	339,647
Insurance	258,620	236,080
Lubricants and fuel	325,372	383,189
Payroll taxes	181,842	148,527
Postage	3,561	3,881
Purchased transportation	87,669	62,093
Repairs and maintenance	122,278	136,342
Space costs	34,443	76,005
Transit operations	96,978	116,211
	4,143,928	2,997,719
Income (Loss) from Operations	201,046	(196,735)
Non-Operating Revenue:		
Interest income	3,348	8,196
Capital grants	350,681	165,239
Gain on sale of assets	4,222	13,725
	358,251	187,160
Excess of Support and Revenues Over Expenses (Expenses Over Support and Revenues) and Increase (Decrease) in Net Assets	559,297	(9,575)
Net Assets Beginning of Year	2,210,114	2,219,689
Net Assets End of Year	\$ 2,769,411	\$ 2,210,114

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Cash Flows
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and agencies	\$ 4,317,310	\$ 2,889,370
Cash paid to suppliers	(2,531,205)	(1,630,203)
Cash paid to employees	<u>(1,250,982)</u>	<u>(1,040,331)</u>
Net cash provided by operating activities	535,123	218,836
Cash flows from capital and related financing activities:		
Capital expenditures	(563,071)	(125,939)
Proceeds from capital grants	366,552	149,368
Proceeds from sale of assets	4,222	53,096
Proceeds from note payable	66,325	--
Principal paid on note payable	(52,251)	--
Interest paid	(308)	--
Construction in progress expenditures	<u>(4,475)</u>	<u>(179,706)</u>
Net cash used in capital and related financing activities	(183,006)	(103,181)
Cash flows from investing activities:		
Interest received	<u>3,348</u>	<u>8,196</u>
Net increase in cash	355,465	123,851
Cash at beginning of year	<u>690,650</u>	<u>566,799</u>
Cash at end of year	<u>\$ 1,046,115</u>	<u>\$ 690,650</u>
Reconciliation of cash to the balance sheets:		
Cash in current assets	\$ 763,308	\$ 292,121
Cash in designated and restricted assets	<u>282,807</u>	<u>398,529</u>
Total cash at end of year	<u>\$ 1,046,115</u>	<u>\$ 690,650</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 201,046	\$(196,735)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	418,630	312,680
Bad debts	4,029	5,364
Interest expense	308	--
Change in assets and liabilities		
Accounts receivable, operating	(215,094)	62,558
Prepaid expenses	(133,265)	10,925
Accounts payable, trade	49,254	(13,141)
Accrued employee compensation	22,785	11,357
Deferred grant revenue	<u>187,430</u>	<u>25,828</u>
Total adjustments	<u>334,077</u>	<u>415,571</u>
Net cash provided by operating activities	<u>\$ 535,123</u>	<u>\$ 218,836</u>

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

Southwest Iowa Planning Council is a voluntary organization formed by the representatives of Harrison, Shelby, Cass, Fremont, Pottawattamie, Mills, Montgomery and Page counties in accordance with Chapter 28E of the Code of Iowa. The purpose of the Organization is to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplications, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area. The Organization is governed by a seventeen member council appointed for one year terms. Southwest Iowa Transit Agency was formed to administer the transit services for District 13. The Transit Agency is not a separate and distinct entity from the Planning Council. As a combined group of political subdivisions, the Organization is exempt from income taxes.

The Organization has considered all potential component units for which it is financially accountable, and other entities for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an entity's governing body, and (a) the Organization's ability to impose its will on that entity, or (b) the potential for the entity to provide benefits to or impose financial burdens on the Organization. The Organization has no component units.

2. Enterprise Fund Accounting

The Organization uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, as amended, the Organization has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), that do not conflict with or contradict GASB pronouncements.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – Continued

4. Accounts Receivable

The Organization considers accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

5. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are carried at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned, unless restricted by donor or law.

6. Capital Assets

The Organization's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of four years and cost in excess of \$2,000 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (ten to forty years for buildings and land improvements and five to ten years for equipment). Capital assets and depreciation expense were not recorded by the Organization prior to 1985.

7. Compensated Absences

Full-time employees of the Organization earn paid time off hours at varying rates depending on years of service, up to a maximum of 144 hours per year. Paid time off up to a maximum of 80 hours may be carried over to the subsequent calendar year. Any excess over 120 hours accumulated by January 1 of each year is lost. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

8. Grant Revenue

Grant proceeds for operating activities are recorded in income as they are earned and are reported as a part of transit and planning council support and revenues. Capital grants are recorded as non-operating revenue. Grant proceeds received but not expended are shown as a deferred revenue on the balance sheet.

SOUTHWEST IOWA PLANNING COUNCIL
 INCLUDING
 SOUTHWEST IOWA TRANSIT AGENCY
 Notes to Financial Statements
 June 30, 2009 and 2008

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
 POLICIES - Continued

9. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

10. Net Assets

Net assets of the Organization are classified in three components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net assets* are noncapital net assets that must be used for a particular purpose or permanent endowments, as specified by creditors, grantors, or contributors external to the Organization. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt or restricted*.

NOTE B - RESTRICTED NET ASSETS

Restricted expendable net assets are available for the following purpose:

	2009	2008
Purchase of capital assets	\$ --	\$ 52,080

The Organization has no restricted non-expendable net assets or endowments at June 30, 2009 or 2008.

Following is a summary of the use of temporarily restricted net assets during the year ended June 30:

	2009	2008
Purchase of capital assets	\$ 52,080	\$ --

SOUTHWEST IOWA PLANNING COUNCIL
 INCLUDING
 SOUTHWEST IOWA TRANSIT AGENCY
 Notes to Financial Statements
 June 30, 2009 and 2008

NOTE C - DESIGNATED NET ASSETS

Of the \$1,322,932 (\$812,479 as of June 30, 2008) of unrestricted net assets as of June 30, 2009, \$282,807 (\$346,449 for 2008) has been designated by the Organization's Policy Council for capital acquisitions. These assets remain under the control of the Policy Council, which may, at its discretion, later use the funds for other purposes.

NOTE D - DEPOSITS

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

The Organization 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 Policy Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The composition of internally designated assets, which consists entirely of cash, is as follows:

	2009	2008
Internally Designated Assets:		
SWIPCO:		
Equipment replacement	\$ --	\$ 27,317
Vehicle	<u>25,476</u>	<u>20,741</u>
	25,476	48,058
SWITA:		
Building replacement	6,699	--
Vehicle replacement	<u>250,632</u>	<u>298,391</u>
	<u>257,331</u>	<u>298,391</u>
	<u>\$ 282,807</u>	<u>\$ 346,449</u>

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE E - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2009 and 2008 were as follows:

<u>Cost</u>	<u>Balance 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2009</u>
Land Improvements	\$ 87,337	\$ --	\$ --	\$ 87,337
Buildings	424,294	5,580	--	429,874
Equipment	393,759	8,176	--	401,935
Vehicles	<u>2,302,455</u>	<u>501,323</u>	<u>204,780</u>	<u>2,598,998</u>
	3,207,845	515,079	204,780	3,518,144
<u>Depreciation</u>				
Land Improvements	27,113	3,695	--	30,808
Buildings	88,756	10,608	--	99,364
Equipment	222,005	58,826	--	280,831
Vehicles	<u>1,579,391</u>	<u>345,501</u>	<u>204,780</u>	<u>1,720,112</u>
Total Depreciation	<u>1,917,265</u>	<u>418,630</u>	<u>204,780</u>	<u>2,131,115</u>
Depreciable Capital Assets, Net	<u>\$ 1,290,580</u>	<u>\$ 96,449</u>	<u>\$ --</u>	<u>\$ 1,387,029</u>
Non-Depreciable Capital Assets:				
Land	\$ 54,975	\$ --	\$ --	\$ 54,975
Construction in progress	<u>--</u>	<u>4,475</u>	<u>--</u>	<u>4,475</u>
	<u>\$ 54,975</u>	<u>\$ 4,475</u>	<u>\$ --</u>	<u>\$ 59,450</u>

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE E - CAPITAL ASSETS - Continued

<u>Cost</u>	<u>Balance 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2008</u>
Land Improvements	\$ 87,337	\$ --	\$ --	\$ 87,337
Buildings	233,902	190,392	--	424,294
Equipment	262,662	131,097	--	393,759
Vehicles	<u>2,315,797</u>	<u>42,834</u>	<u>56,176</u>	<u>2,302,455</u>
	2,899,698	364,323	56,176	3,207,845
<u>Depreciation</u>				
Land Improvements	22,637	4,476	--	27,113
Buildings	78,942	9,814	--	88,756
Equipment	194,740	27,265	--	222,005
Vehicles	<u>1,325,071</u>	<u>271,125</u>	<u>16,805</u>	<u>1,579,391</u>
Total Depreciation	<u>1,621,390</u>	<u>312,680</u>	<u>16,805</u>	<u>1,917,265</u>
Depreciable Capital Assets, Net	<u>\$ 1,278,308</u>	<u>\$ 51,643</u>	<u>\$ 39,371</u>	<u>\$ 1,290,580</u>
Non-Depreciable Capital Assets:				
Land	\$ 54,975	\$ --	\$ --	\$ 54,975
Construction in progress	<u>78,503</u>	<u>111,889</u>	<u>190,392</u>	<u>--</u>
	<u>\$ 133,478</u>	<u>\$ 111,889</u>	<u>\$ 190,392</u>	<u>\$ 54,975</u>

NOTE F - NOTE PAYABLE

The Organization entered into a revolving note with a local bank for capital and operating funding, maturing on June 17, 2010. The maximum amount available at June 30, 2009 is \$500,000, of which \$14,074 was outstanding as of June 30, 2009. The note calls for periodic payments with interest at 4.15% at June 30, 2009.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE G - PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.10% (4.30% beginning July 1, 2009) of their annual salary and the Organization is required to contribute 6.35% (6.65% beginning July 1, 2009) of annual covered payroll. Contribution requirements are established by State statute. The Organization's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were approximately \$79,800, \$61,800, and \$46,300, respectively, equal to the required contributions for each year.

NOTE H - COMMITMENTS AND CONTINGENCIES

Other Post Employment Benefits (OPEB)

The Organization implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions during the year ended June 30, 2009.

Plan Description: As required by state law, the Organization offers health insurance to former employees who have retired after age 55, but have not reached Medicare eligibility. The fully insured plan is a part of the plan offered to all Organization employees, and the retiree must pay a health insurance premium equal to that charged for current employees.

Potential for Liability: A review of the Organization's current and potential future exposure to this requirement resulted in the conclusion that no material liability exists. Therefore no liability has been recorded.

Risk Management

The Organization 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 during the past three years.

Equipment Purchase

As of June 30, 2009, the Organization had outstanding purchase agreements for vehicles with a total cost of approximately \$831,000. Financing for the vehicles is expected to be provided through capital grants and funds generated internally.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2009 and 2008

NOTE H - COMMITMENTS AND CONTINGENCIES - Continued

Construction in Progress

During the year ended June 30, 2009, the Organization began the replacement of the parking lot. The project has a total cost of approximately \$84,000. At June 30, 2009, costs incurred on the project totaled \$4,475. Financing for the project is expected to be provided by capital grants and funds generated internally.

NOTE I- ECONOMIC DEPENDENCY

The Organization received approximately 19% of its total support and revenue through its contract with the Iowa and Federal Departments of Transportation for the year ended June 30, 2009 (23% for 2008). The Organization's contract with the Iowa Department of Transportation has been renewed with a 24% increase for fiscal year ending June 30, 2010. The Organization's contract with the Federal Department of Transportation has been renewed with an 11% increase for fiscal year ending June 30, 2010.

NOTE J - CONCENTRATION OF CREDIT RISK

The Organization grants credit without collateral to its clients, most of whom are area businesses and local governments. The mix of receivables at June 30, 2009 and 2008, was as follows:

	2009	2008
Local governments	82%	74%
Area businesses	18	26
	100%	100%

NOTE K - 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.

* * *

ACCOMPANYING INFORMATION

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Number</u>
U.S. Department of Transportation		
Indirect Programs		
Iowa Department of Transportation		
Capital Investment Assistance Project	20.500	04-0113-130-07
Capital Investment Assistance Project	20.500	04-0113-130-08
SFY 2009 Transportation Planning Work Program	20.505	09RPA-13
SFY 2009 Transportation Planning Work Program	20.509	09RPA-13
Non-Urban Operating Assistance Project	20.509	18-0028-130-09
Non-Urban Capital Assistance Project	20.509	18-0028-130-06
Training Fellowship	20.509	TF 2008-079
Training Fellowship	20.509	TF 2008-137
Training Fellowship	20.509	TF 2009-064
Training Fellowship	20.509	TF 2009-087
Training Fellowship	20.509	TF 2009-237
Training Fellowship	20.509	TF 2009-238
Training Fellowship	20.509	TF 2009-293
Training Fellowship	20.509	TF 2009-294
Job Access/Reverse Commute Project	20.516	37-X013-130-06
New Freedom Operating Assistance Project	20.521	57-X002-130-08
Total U.S. Department of Transportation		
U.S. Department of Homeland Security & Emergency Management		
Indirect Program		
Iowa Department of Homeland Security & Emergency Management		
Homeland Security Grant Program	97.067	2006 GE-TG-0065-004
Homeland Security Grant Program	97.067	2007 GE-T7-0032-004
Total U.S. Department of Homeland Security & Emergency Management		
Total Expenditures of Federal Awards		

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
10/01/06 to 06/30/09	\$ 146,397
10/01/07 to 06/30/10	196,290
07/01/08 to 06/30/09	27,263
07/01/08 to 06/30/09	33,963
07/01/08 to 06/30/09	480,983
10/01/05 to 06/30/09	7,994
07/01/07 to 06/30/08	18
07/01/07 to 06/30/08	8
07/01/08 to 06/30/09	169
07/01/08 to 06/30/09	394
07/01/08 to 06/30/09	1,817
07/01/08 to 06/30/09	1,765
07/01/08 to 06/30/09	452
07/01/08 to 06/30/09	274
10/01/05 to 12/31/08	1,858
07/01/07 to 09/30/09	<u>15,278</u>
	914,923
11/14/06 to 06/30/09	158,404
10/12/07 to 10/12/09	<u>25,667</u>
	<u>184,071</u>
	<u>\$ 1,098,994</u>

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedules of Transit Agency Support, Revenues and Expenses
Year ended June 30,

	<u>2009</u>	<u>2008</u>
Public Support and Revenues:		
Public support:		
Iowa Department of Transportation	\$ 328,167	\$ 326,658
Other state assistance	966,831	780,838
Federal Department of Transportation	503,016	309,469
Local assistance	79,000	79,000
	<u>1,877,014</u>	<u>1,495,965</u>
Revenues:		
Fares	635,140	503,242
Other	29,234	26,483
	<u>664,374</u>	<u>529,725</u>
Total public support and revenues	2,541,388	2,025,690
Expenses:		
Salaries	943,671	779,320
Bad debts	4,029	5,364
Depreciation	412,555	304,421
Employee benefits	41,958	39,026
Insurance	252,625	220,647
Lubricants and fuel	325,372	383,189
Payroll taxes	136,757	111,902
Purchased transportation	87,669	62,093
Repairs and maintenance	122,278	136,342
Space costs	22,766	61,920
Transit operations	96,978	116,211
	<u>2,446,658</u>	<u>2,220,435</u>
Income (Loss) from Operations	94,730	(194,745)
Non-Operating Revenue:		
Interest income	2,605	6,627
Capital grants	350,681	165,239
Gain on sale of assets	4,222	13,725
	<u>357,508</u>	<u>185,591</u>
Excess of Support and Revenues Over Expenses (Expenses Over Support and Revenues)	<u>\$ 452,238</u>	<u>\$(9,154)</u>

See Independent Auditor's Report.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedules of Planning Council Support, Revenues and Expenses
Year ended June 30,

	2009	2008
Public Support and Revenues:		
Public support:		
Federal Department of Transportation	\$ 61,226	\$ 67,154
Economic Development Technical Assistance		
Grant	9,412	8,841
HLSEM Grant	184,071	344,804
Housing Assistance Grant	1,023,792	--
City and county dues	68,160	68,548
	1,346,661	489,347
Revenues:		
Grant administration	400,471	255,559
Contracts	53,604	28,089
Other	2,850	2,299
	456,925	285,947
Total public support and revenues	1,803,586	775,294
Expenses:		
Salaries	330,096	272,368
Depreciation	6,075	8,259
Employee benefits	34,332	36,695
Grant administration	55,997	50,291
Housing assistance expense	1,023,742	--
HLSEM expense	180,710	339,647
Insurance	5,995	15,433
Payroll taxes	45,085	36,625
Postage	3,561	3,881
Space costs	11,677	14,085
	1,697,270	777,284
Income (Loss) from Operations	106,316	(1,990)
Non-Operating Revenue:		
Interest income	743	1,569
Excess of Support and Revenues Over Expenses (Expenses Over Support and Revenues)	\$ 107,059	\$(421)

See Independent Auditor's Report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

We have audited the financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 15, 2009. 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

A control deficiency exists when the design or operation of 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 Organization's ability to initiate, authorize, record, process, or report financial data reliably, in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood a misstatement of the Organization's financial statements, that is more than inconsequential, will not be prevented or detected by the Organization'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 deficiencies in internal control over financial reporting.

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

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 Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, 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 Organization'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 Organization. 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.

Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the Organization's response, we did not audit the Organization's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, and other parties to whom the Organization 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.

Deconard, Bell, Hyman + W.P.C.

Atlantic, Iowa
October 15, 2009

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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Independent Auditor's 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 Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

Compliance

We have audited the compliance of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, 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. Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs is the responsibility of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, management. Our responsibility is to express an opinion on Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, compliance with those requirements.

In our opinion, Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

Internal Control Over Compliance

The management of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, internal control over compliance with 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Organization's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the Organization'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 Organization's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 09-III-A to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusion on the Organization's response, we did not audit Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, and other parties to whom the Organization 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.

Atkinson, Bell, Hyman & Co. P.C.

Atlantic, Iowa
October 15, 2009

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's 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.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed an audit finding which was 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 20.509 - Non-Urban Operating Assistance Projects
 - CFDA Number 20.500 - Capital Investment Assistance Project
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, did not qualify as a low-risk auditee.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2009.

SIGNIFICANT DEFICIENCIES:

09-II-A Segregation of Duties: A limited number of people have the primary responsibility for most of the accounting and financial duties. As a result, some of those aspects of internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the Organization. This deficiency is common among most smaller organizations.

Recommendation: We recognize that it may not be economically feasible for the Organization to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Council is aware of this lack of segregation of duties and will continue on an ongoing basis to act as an oversight group. The Organization has also made some changes in its procedures to separate the preparation of bank reconciliations, cash receipt and cash depositing/general ledger posting functions to provide a better segregation of duties. The Council has also added steps to its cash disbursements procedures to provide more accountability in the bill approval process.

Conclusion: Response accepted.

* * *

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

There were no instances of noncompliance noted for the year ended June 30, 2009.

SIGNIFICANT DEFICIENCIES:

CFDA Number 20.509 - Non-Urban Operating Assistance Projects

Pass-through Numbers: 18-0028-130-06, 18-0028-130-09, 09RPA-13, TF 2008-079,
TF 2008-137, TF 2009-064, TF 2009-087, TF 2009-237, TF 2009-238, TF 2009-293,
TF 2009-294

Federal Award Year: 2009

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

CFDA Number 20.500 - Capital Investment Assistance Project

Pass-through Numbers: 04-0113-130-07, 04-0113-130-08

Federal Award Year: 2008 and 2009

U.S. Department of Transportation

Passed through the Iowa Department of Transportation

09-III-A Segregation of Duties over Federal Revenues and Expenditures - The Organization did not properly segregate custody, record-keeping and reconciling functions for revenues and expenditures, including those related to Federal programs. See audit finding 09-II-A.

* * *

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

- 09-IV-A 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.
- 09-IV-B Travel Expense - No expenditures of Organization money for travel expenses of spouses of Organization officials or employees were noted.
- 09-IV-C Business Transactions - No business transactions between the Organization and Organization officials or employees were noted.
- 09-IV-D Bond Coverage - Surety bond coverage of Organization 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.
- 09-IV-E Board Minutes - No transactions requiring Board approval were noted which had not been approved.
- 09-IV-F 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 Organization's investment policy were noted.

* * *