NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northwest Iowa Planning and Development Commission
Spencer, IA 51301

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission at June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2010 on our consideration of Northwest Iowa Planning and Development Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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The Commission has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insight on that information that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Northwest Iowa Planning and Development Commission's basic financial statements. The supplementary information included in Schedule 1, Schedule of Expenditures of Federal Awards, required by U.S. Office of Management and Budget Circular A-133, A*udits of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose 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 the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Winther, Steve & Co. LLP

February 12, 2010

Exhibit A

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS:	
Cash	$318,667
Accounts Receivable:	
Grantor agencies	179,082
Other sources	78,311
Notes receivable - EDA/RLF - net of $104,566 allowance for uncollectible accounts	181,469
Capital assets - net	25,643
TOTAL ASSETS	783,172
LIABILITIES:	
Accounts payable	16,528
Compensated absences	35,650
TOTAL LIABILITIES	52,178
NET ASSETS:	
Invested in capital assets - net of related debt	25,643
Restricted for:	
EDA/RLF program	306,564
Unrestricted	398,787
TOTAL NET ASSETS	$730,994

See Notes to Financial Statements

Exhibit B

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

		Program Revenues		
	Expenses	Charges for Services	Grants	Total
FUNCTIONAL/PROGRAM ACTIVITIES				
Governmental Activities:				
Administration	$1,256,549	$392,735	$790,535	$ (73,279)
General Revenues:				
Local dues				55,126
Interest income				9,126
Loss on disposal of assets				(201)
Total General Revenues				64,051
CHANGE IN NET ASSETS				(9,228)
NET ASSETS - BEGINNING OF YEAR				740,222
NET ASSETS - END OF YEAR				$730,994

See Notes to Financial Statements

Exhibit C

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2009

ASSETS

ASSETS:	
Cash	$318,667
Accounts receivable:	
Grantor agencies	179,082
Program account	189,398
Other sources	78,311
Notes receivable - EDA/RLF - net of $104,566 allowance for uncollectible accounts	181,469
TOTAL ASSETS	$946,927

LIABILITIES AND FUND BALANCES

LIABILITIES:	
Accounts payable	$ 16,528
Payable to administration account	189,398
TOTAL LIABILITIES	205,926
FUND BALANCES:	
Reserved for EDA/RLF program	306,564
Unreserved	434,437
TOTAL FUND BALANCES	741,001
TOTAL LIABILITIES AND FUND BALANCES	$946,927

RECONCILIATION OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS

Total governmental fund balances (see above)	$741,001
Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund	25,643
Compensated absences are not due and payable in the current period and therefore are not reported in the fund	(35,650)
NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 3)	$730,994

See Notes to Financial Statements

Exhibit D

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

REVENUE:	
State and federal grants	$ 790,535
Public support and special projects	392,735
Local dues	55,126
Interest income	9,126
TOTAL REVENUE	1,247,522
EXPENDITURES:	
Salaries	665,016
Contract labor	20,887
Employee benefits	149,523
Payroll taxes	49,302
Insurance	11,300
Professional services	11,054
Dues and subscriptions	6,420
Office expense and postage	35,321
Employee training	24,760
Miscellaneous	20,439
Repairs and maintenance	4,762
Advertising	5,180
Capital assets purchased	9,762
Telephone	18,460
Utilities	10,420
Rent	36,380
Other services	5,352
Travel and auto	32,919
Equipment lease	18,292
Participant training	69,508
Participant support	42,715
TOTAL EXPENDITURES	1,247,772
DEFICIENCY OF REVENUE OVER EXPENDITURES	(250)
FUND BALANCE - BEGINNING	741,251
FUND BALANCE - ENDING	$ 741,001

See Notes to Financial Statements

Exhibit E

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balance - governmental fund (page 6)	$ (250)
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the fund.	(8,449)
Capital assets purchased are reported as expenditures in the fund.	9,762
Loss on disposal is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the fund.	(201)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund.	(10,090)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 4)	$ (9,228)

See Notes to Financial Statements

1. NATURE OF ORGANIZATION

The Northwest Iowa Planning and Development Commission (Commission) is the regional planning and intergovernmental coordination agency in the Northwest Iowa region organized in 1973 under Chapter 473A and Chapter 28E of the Iowa Code. The Commission is the regional planning and coordination agency for Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, and Sioux counties of Iowa.

2. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Presentation

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

The Statement of Net Assets presents the Commission's 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 and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets, if applicable.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

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 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 or contributions restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general revenues.

The Commission reports the following major governmental fund:

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

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

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets, Liabilities, and Fund Equity

The Commission has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

The following accounting policies are followed in preparing the financial statements:

Cash - Cash balances are pooled and invested.

Accounts Receivable - The Agency utilizes the allowance method for accounting for uncollectible accounts. At June 30, 2009, the allowance for doubtful accounts totaled $104,566. No finance charges are added to unpaid balances.

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

Compensated Absences - Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment under applicable circumstances.

Unused accumulated vacation hours are payable to employees upon termination, retirement, or death. A liability is recorded in the government-wide financial statements when incurred. The liability for accumulated unused hours at June 30, 2009 totaled $35,650.

Unused sick leave hours are only paid upon retirement. Therefore, a liability is recorded in the government-wide financial statements only when it relates to subsequent retirement payments made. Accumulated unused sick leave at June 30, 2009 totaled $62,828 and has not been recorded since the amount which may be required to be paid upon an employee's subsequent retirement cannot be determined.

The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009.

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

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, this comparison and disclosure are not required.

3. CASH

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

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

Interest rate risk. The Commission's investment policy limits the investment of operating funds (funds expected to be expended in the current year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 365 days, but the maturities shall be consistent with the needs and use of the Commission.

There were no investments at June 30, 2009.

4. CAPITAL ASSETS

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets being depreciated:				
Furniture and fixtures	$ 92,180	$ 9,762	$ (360)	$101,582
Accumulated depreciation	(67,649)	(8,449)	159	(75,939)
Capital assets - net	$ 24,531	$ 1,313	$ (201)	$ 25,643

5. RESTRICTED NET ASSETS - NOTES RECEIVABLE

The Commission administers a revolving loan fund, known as EDA-RLF, that makes loans to businesses. Loans are subject to guidelines provided by the federal granting agency and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. At June 30, 2009, the fund has a portfolio of loans totaling $286,035, net of a $104,566 allowance for uncollectible accounts, resulting in a carrying value of $181,469, and a cash balance of $125,095. The total loans and cash balance maintained by this fund are restricted for making additional loans in the future.

5. RESTRICTED NET ASSETS - NOTES RECEIVABLE - Continued

Interest received on loans advanced under the EDA-RLF program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent.

6. OPERATING LEASE

The Commission leases office space from Clay County. The Commission paid $2,673 monthly through March 2009 when a new lease agreement was made that calls for monthly payments of $3,246 through June 2011. The Commission also leases an office in Sheldon, Iowa from Northwest Iowa Community College. The Commission paid $200 monthly through September 2008 when a new lease agreement was made that calls for monthly payments of $220 through September 2010. Total lease payments for the year ended June 30, 2009 were $36,380.

7. PENSION AND RETIREMENT BENEFITS

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

Plan members are required to contribute 4.10% of their annual covered salary and the Commission is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were $42,137, $38,539, and $34,322, respectively, equal to the required contributions for each year.

8. 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. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the preceding three fiscal years.

9. ECONOMY DEPENDENCY

The Commission received approximately 63% of its funds for the year ended June 30, 2009 from federal and state grants.

SUPPLEMENTARY INFORMATION

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/Program	CFDA Number	Grant or Award Number	Program Expenditures
DIRECT:			
Economic Development Administration:			
Economic Development Support for Planning Organizations	11.302	05-83-04394	$ 63,750
Economic Adjustment Assistance	11.307	05-39-02917	413,628
TOTAL DIRECT			477,378
INDIRECT:			
U.S. Department of Labor:			
Iowa Workforce Development:			
Workforce Investment Act:			
New Iowan	17.207	1WO3FRO	1,604
Wagner Peyser	17.207	1WO3FRO	5,429
Total CFDA #17.207			7,033
Unemployment insurance	17.225	1WO3FRO	3,115
WIA Adult Program	17.258	8WO3FRO	91,011
WIA Adult Program, Set Aside	17.258	8WO3FRO	17,503
Total CFDA #17.258			108,514
WIA Youth Program	17.259	8WO3FRO	84,681
WIA Youth Program, Set Aside	17.259	8WO3FRO	10,000
ARRA - WIA Youth Program	17.259	8WO3FRO	22,349
Total CFDA #17.259			117,030
WIA Dislocated Workers	17.260	8WO3FRO	51,957
WIA Dislocated Workers, Set Aside	17.260	8WO3FRO	47,527
ARRA - WIA Dislocated Workers	17.260	8WO3FRO	10,285
National Emergency Grant (tornado/flood)	17.260	8WO3FRO	12,557
Early Intervention (Eatons)	17.260	9WPFRR032	730
Early Intervention (Rosenboom)	17.260	9WPFRR019	379
Early Intervention (RR Donnelley)	17.260	9WPFRR033	1,023
Rapid Response (Eatons SEG)	17.260	9WPFRR027	20,797
Rapid Response (RR Donnelley SEG)	17.260	9WPFRR024	30,688
Total CFDA #17.260			175,943
U.S. Department of Health and Human Services:			
Iowa Workforce Development:			
Job Opportunities and Basic Skills Training:			
Temporary Assistance for Needy Families:			
Promise Jobs	93.558	9WO3FNO	173,854
IWD Promise Jobs	93.558	1WO3FRO	6,984
IWD Promise Jobs Workplace	93.558	1WO3FRO	1,479
Total CFDA #93.558			182,317
U.S. Department of Transportation:			
Iowa Department of Transportation:			
State Planning and Research	20.515	09-RPA-03	82,974
TOTAL INDIRECT			676,926
TOTAL			$1,154,304

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Commission and is presented in conformity with 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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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 of Directors of the
Northwest Iowa Planning and Development Commission
Spencer, IA 51301

We have audited the financial statements of the governmental activities and the major fund of the Commission as of and for the year ended June 30, 2009, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 12, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

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

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not be prevented or detected by the Commission's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 that are required to be reported under *Government Auditing Standards*.

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

The Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

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

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

Winther, Steve & Co LLP

February 12, 2010

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

To the Board of Directors of the
Northwest Iowa Planning and Development Commission
Spencer, IA 51301

Compliance

We have audited the compliance of the Commission with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2009. The Commission's 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 the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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

In our opinion, the 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.

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American Institute of Certified Public Accountants

Internal Control Over Compliance

The Commission's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Commission's 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 the Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's 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 Commission'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 material weakness.

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 requirements of a federal program on a timely basis. A significant deficiency is a control deficiency, or a 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 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 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 Commission's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 is considered to be a material weakness.

The Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the Commission's responses, we did not audit the Commission's responses and, accordingly, we express no opinion on them.

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

Winther, Stowe & Co. LLP

February 12, 2010

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE 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 noncompliance which is material to the financial statements.

(d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major programs were CFDA number 11.307 Economic Adjustment Assistance and CFDA number 93.558 Temporary Assistance for Needy Families.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) The Commission did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Significant Deficiencies:

II-A-09 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Responsibility for the custody, record-keeping, and reconciling functions of revenues and expenses should be assigned to different employees. We noted one individual performs incompatible duties due to the Commission's limited staff size.

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

Response - We will investigate available alternatives to segregate duties where possible and will establish review procedures where complete segregation is not feasible.

Conclusion - Response accepted.

Part II: Findings Related to the Financial Statements - Continued

Instances of Noncompliance:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

Instances of Noncompliance:

No matters were reported.

Significant Deficiencies:

CFDA Number 11.307: Economic Adjustment Assistance

CFDA Number 93.558: Temporary Assistance for Needy Families

III-A-09 Segregation of Duties Over Federal Revenues - The Commission did not properly segregate custody, record-keeping, and reconciling functions for revenues, including those related to its federal programs. See item II-A-09.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-09 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-B-09 Travel Expense - No expenditures of Commission money for travel expenses of spouses of Commission officials or employees were noted.

IV-C-09 Business Transactions - No business transactions between the Commission and Commission officials or employees were noted.

IV-D-09 Bond Coverage - Surety bond coverage of Commission 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.

IV-E-09 Board Minutes - No transactions requiring Board approval were noted which had not been approved.

IV-F-09 Deposits and investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.