

MIDAS REGIONAL PLANNING COMMISSION

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

JUNE 30, 2010

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

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

Independent Auditor's Report

To the Board of Directors of
MIDAS Regional Planning Commission:

We have audited the accompanying financial statements, of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission at June 30, 2010, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, on our consideration of the MIDAS Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and schedule of funding progress for the retiree health plan on pages 3 through 9 and page 30 are not required parts of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. 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 MIDAS Regional Planning Commission's basic financial statements. The supplementary information included in Schedules 1 and 2, which includes the accompanying Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

December 3, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDAS Regional Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's government-wide activities increased 3%, or approximately \$133,600 from fiscal 2009 to fiscal 2010.
- Program expenses increased 7%, or approximately \$245,000, in fiscal year 2010 over fiscal year 2009.
- The Commission's net assets increased 9%, or approximately \$275,000, from June 30, 2009 to June 30, 2010.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

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

Fund Financial Statements

The Commission has two kinds of funds:

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

helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

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

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

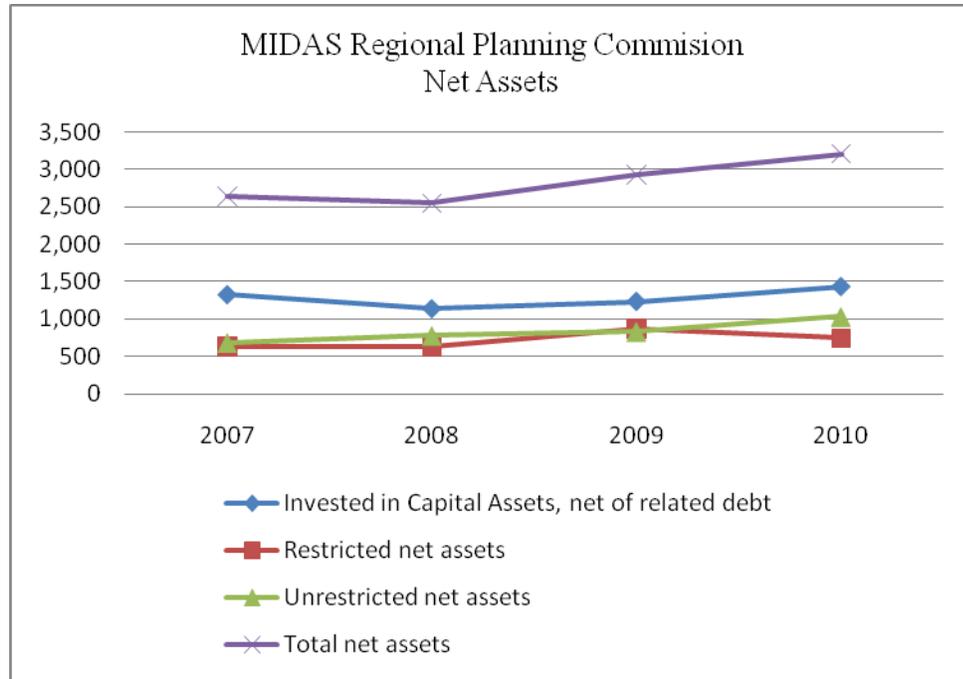
The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. MIDAS Regional Planning Commission's combined net assets from a year ago, increased from \$2.93 million to \$3.21 million.

Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Current and other assets	\$ 1,944	\$ 1,974
Capital assets	1,530	1,361
Total assets	3,474	3,335
Long-term debt outstanding	100	128
Other liabilities	167	275
Total liabilities	267	403
Net assets:		
Invested in capital assets, net of related debt	1,432	1,233
Restricted	744	867
Unrestricted	1,031	832
Total net assets	\$ 3,207	\$ 2,932



The Commission’s net assets increased by 9% (\$2.9 million to \$3.2 million). Unrestricted net assets – the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from approximately \$832,000 at June 30, 2009 to approximately \$1,031,000 at the end of this year.

**Changes in Net Assets of Government-Wide Activities
(Expressed in Thousands)**

	<u>Year ended June 30,</u>	
	2010	2009
Revenues:		
Program revenues:		
Charges for service	\$ 1,177	\$ 1,136
Operating grants, contributions and restricted interest	1,586	1,928
Capital grants, contributions and restricted interest	754	409
General revenues:		
Dues and local tax support	389	413
Unrestricted investment earnings	21	24
Other general revenues	127	10
Total revenues	<u>4,054</u>	<u>3,920</u>
Program expenses:		
Planning	959	715

Transit operations	2,820	2,819
Total expenses	<u>3,779</u>	<u>3,534</u>
Increase (decrease) in net assets	275	386
Net assets beginning of year	<u>2,932</u>	<u>2,546</u>
Net assets end of year	<u>\$ 3,207</u>	<u>\$ 2,932</u>

The cost of all activities this year was \$3.78 million compared to \$3.53 million last year. However, as shown in the Statement of Activities on page 11, the amount Commission members ultimately financed for these activities was \$262,414 because some of the cost was paid by those who directly benefited from the programs and grants (\$3.62 million). Overall, the Commission's revenues, including intergovernmental aid and fees for services increased in 2010 from approximately \$3.9 million to \$4.1 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.44 million. This is relatively no change from net assets reported in FY 2009. The fund did spend down some Jumpstart funds that were on hand as of June 30, 2009.

The Commission's proprietary fund reported net assets at the end of the year of \$1.64 million, an increase from 2009 of approximately \$265,000. This increase is largely due to the capital grants received during the year that were spent on capital assets such as buses.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the MIDAS Regional Planning Commission had approximately \$4.1 million invested in a broad range of capital assets, including buildings, buses and equipment. This is a net increase (including additions and deletions) of approximately \$303,000 or 8%.

Capital Assets of Governmental and Business Type Activities at Year End (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Land and buildings	\$ 834	\$ 831
Equipment	782	779
Vehicles	<u>2,525</u>	<u>2,228</u>

Total	<u>\$ 4,141</u>	<u>\$ 3,838</u>
Major Additions Included (expressed in thousands):		
Radios and communication equipment	\$ 13	\$ -
Route Match software	-	118
Buses (8 in 2010, 4 in 2009)	559	319
Software and security cameras	14	9
Total	<u>\$ 586</u>	<u>\$ 446</u>

The Commission had depreciation expense of \$430,397 in fiscal year 2010 and total accumulated depreciation of \$2,610,829 at June 30, 2010.

Long-Term Debt

At June 30, 2010, MIDAS Regional Planning Commission had \$97,927 in loans outstanding compared to approximately \$127,400 at June 30, 2009, as shown below.

Outstanding Debt of Governmental and Business Type Activities at Year-End (Expressed in Thousands)		
	Year ended June 30,	
	2010	2009
Iowa Department of Transportation Loan	\$ 9	\$ 29
Bank loans	79	98
	<u>\$ 98</u>	<u>\$ 127</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The MIDAS Council of Government's Executive Committee (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2011 budget and fees that will be charged for agency activities. MIDAS general fund operations are expected to remain consistent with the previous year. Federal and state capital and operating grants are expected to tighten moving forward due to budget concerns.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 795,830	\$ 357,767	\$ 1,153,597
Accounts receivable			
IDOT	193,080	-	193,080
Transit	-	119,132	119,132
Prepaid expenses	6,469	775	7,244
Notes receivable	470,595	-	470,595
Capital assets, net of accumulated depreciation	193,523	1,336,771	1,530,294
	<u>1,659,497</u>	<u>1,814,445</u>	<u>3,473,942</u>
Liabilities:			
Accounts payable	-	61,505	61,505
Accrued payroll and payroll tax	13,540	38,283	51,823
Accrued vacation	4,457	42,457	46,914
Deferred revenue	7,197	-	7,197
Noncurrent liabilities			
Due within one year:			
Loans payable	16,215	14,054	30,269
Due in more than one year:			
OPEB liability	1,959	-	1,959
Loans payable	46,713	20,944	67,657
	<u>90,081</u>	<u>177,243</u>	<u>267,324</u>
Net Assets			
Invested in capital assets, net of related debt	130,595	1,301,773	1,432,368
Restricted for:			
EDA-RLF program	391,761	-	391,761
MIDAS Housing-RLF	350,000	-	350,000
Jumpstart Housing and Business	1,806	-	1,806
Unrestricted	695,254	335,429	1,030,683
	<u>\$ 1,569,416</u>	<u>\$ 1,637,202</u>	<u>\$ 3,206,618</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

Exhibit B

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Service	Operating Grants	Capital Grants			
Functional/Program Activities							
Governmental Activities							
Administration							
Total governmental activities	\$ 959,072	130,315	591,046	-	(237,711)	-	(237,711)
	959,072	130,315	591,046	-	(237,711)	-	(237,711)
Business-type activities							
Transit system	2,819,973	1,045,914	1,095,238	754,784	-	75,963	75,963
	3,779,045	1,176,229	1,686,284	754,784	(237,711)	75,963	(161,748)
General Revenues							
Local tax support					75,076	313,606	388,682
Interest income					21,268	120	21,388
Miscellaneous					-	26,275	26,275
Transfers					151,006	(151,006)	-
Total General revenue and transfers					247,350	188,995	436,345
Change in Net Assets					9,639	264,958	274,597
Net Assets beginning					1,559,777	1,372,244	2,932,021
Net Assets ending					1,569,416	1,637,202	3,206,618

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2010

Assets	
Cash	\$ 795,830
Accounts receivable	193,080
Prepaid expenses	6,469
Notes receivable	470,595
Total assets	<u>1,465,974</u>
Liabilities and Fund Balances	
Deferred revenue	7,197
Accrued payroll and payroll taxes	13,540
Accrued vacation	4,457
Accrued OPEB liability	1,959
Total liabilities	<u>27,153</u>
Fund Balances	
Reserved for:	
EDA-RLF program	391,761
MIDAS Housing-RLF	350,000
Jumpstart grant	1,806
Unreserved	695,254
Total fund balances	<u>1,438,821</u>
Total liabilities and fund balances	<u>\$ 1,465,974</u>

Reconciliation of Governmental Funds to Statement of Net Assets

Total governmental fund balances (see above)	\$ 1,438,821
Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	193,523
Long-term liabilities including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(62,928)</u>
Net assets of governmental activities	<u>\$ 1,569,416</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

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

Year Ended June 30, 2010

Revenue	
State and federal grants	\$ 591,046
Local participation	75,076
Interest income	21,268
CDBG administration	130,315
	<hr/>
Total revenue	817,705
	<hr/>
Expenditures	
Administration:	
Planning	225,487
CDBG	39,642
Housing RLF	2,666
TEA-21	40,496
EDA/RLF	8,000
USDA GIS	19,932
Housing inspection	47,766
Hazard mitigation	43,433
IDED COG assistance	5,890
Jumpstart housing & business	357,318
Disaster recovery	48,235
LIHTC	8,234
IDED grant to MIGP	100,406
HIRE	5,154
Payment on note payable	15,571
	<hr/>
Total expenditures	968,230
	<hr/>
(Deficiency) of revenue under expenditures	(150,525)
Other Financing Sources	
Transfers	151,006
	<hr/>
Total other financing sources	151,006
	<hr/>
(Deficiency) of revenue and other financing sources under expenditures	481
Fund Balance, beginning	1,438,340
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Fund Balance, ending	\$ 1,438,821
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See Notes to Financial Statements

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

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balance - total governmental fund	\$	481
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(6,413)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of principal paid down during the year.		<u>15,571</u>
Change in net assets of governmental fund	\$	<u><u>9,639</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

Assets	
Current assets	
Cash	\$ 357,767
Accounts receivable	119,132
Prepaid expenses	775
Total current assets	<u>477,674</u>
Non-current assets	
Capital assets	
RTA building, transportation and other equipment	3,843,705
Less: accumulated depreciation	<u>(2,506,934)</u>
Total non-current assets	<u>1,336,771</u>
Total assets	<u><u>1,814,445</u></u>
Liabilities and Net Assets;	
Current liabilities	
Accounts payable	61,505
Accrued payroll and payroll taxes	38,283
Accrued vacation	42,457
Current portion - notes payable	14,054
Total current liabilities	<u>156,299</u>
Non-current liabilities	
Notes payable - net of current portion	<u>20,944</u>
Total liabilities	<u>177,243</u>
Net Assets	
Invested in capital assets, net of related debt	1,301,773
Unrestricted	335,429
Total net assets	<u>1,637,202</u>
Total liabilities and net assets	<u><u>\$ 1,814,445</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

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

Year Ended June 30, 2010

Operating Revenues:	
Fare income	1,045,914
State and federal grants	1,850,022
Local participation	313,606
Miscellaneous income	14,473
	<hr/>
Total operating revenues	3,224,015
Operating Expenses:	
Payroll expenses	1,401,319
Transit assistance to providers	49,000
Facility operations	37,650
Vehicle expenses	336,890
Insurance expenses	221,510
Administrative expenses	103,569
Memberships	2,485
Travel	14,419
Employee recruitment training	19,807
Depreciation	423,983
Bad debt expense	7,095
Miscellaneous	202,246
	<hr/>
Total operating expenses	2,819,973
Operating income	404,042
Non-operating Revenues (Expenses):	
Gain from sale/dispositions of fixed assets	11,802
Transfers	(151,006)
Interest income	120
	<hr/>
Total non-operating revenues (expenses)	(139,084)
Change in net assets	264,958
Net Assets, beginning	1,372,244
	<hr/>
Net Assets, ending	<u><u>\$ 1,637,202</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2010

Cash flows from Operating Activities:	
Receipts from customers	\$ 1,385,796
Operating and capital grants	1,850,022
Payments to suppliers	(1,065,255)
Payments to employees	<u>(1,413,355)</u>
Net cash flow from operating activities	<u>757,208</u>
Cash flows from noncapital financing activities:	
Interfund transfers	<u>(151,006)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(601,684)
Repayments on long-term borrowings	(13,893)
Proceeds from sale of equipment	<u>13,551</u>
Net cash used by capital and related financing activities	<u>(602,026)</u>
Cash flows from investing activities	
Interest	<u>120</u>
Net increase in cash	4,296
Cash, beginning of year	<u>353,471</u>
Cash, end of year	<u><u>\$ 357,767</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPE
 Year Ended June 30, 2010

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

Operating income	\$ 404,042
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	423,983
Change in Accounts Receivable	44,685
Change in Prepaid Expenses	(25)
Change in Accounts Payable	(103,441)
Change in Accrued Expenses	(12,036)
	<hr/>
Net cash flow from operating activities	<u><u>\$ 757,208</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

(1) Nature of Organization

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

(2) Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

management, which can be removed or modified.

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

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

MIDAS Regional Planning Commission reports the following major governmental fund:

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

The Commission reports the following major proprietary funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

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

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

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

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

D. Assets, Liabilities and Fund Equity

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

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

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

Accounts Receivable – The Commission utilizes the allowance method for accounting for bad debts. Management uses its judgment based primarily on the length of time specific accounts have been outstanding in determining the allowance for doubtful accounts and related accounts

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

receivable write offs. At June 30, 2010, the Governmental Activities and Business Type Activities had \$82,416 and \$1,939 of their accounts receivable that were older than 90 days. These amounts were result of 10 and 60 customers respectively. At June 30, 2010 the allowance for doubtful accounts had balances of \$3,000 and \$5,000 for the Governmental Fund and Business Type Activities respectively. The Commission assesses a finance charge of 1.5% per month on past due charges for busing services.

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

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Earned and unused vacation may be paid upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010.

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

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

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

E. Budgets and Budgetary Accounting

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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

F. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through December 3, 2010, the date the financial statements were issued.

(3) **Cash and Investments**

The Commission's deposits at June 30, 2010 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 budget year or within 15 months of receipts) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Commission.

There were no investments at June 30, 2010.

(4) **Capital Assets**

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Improvements other than buildings	15 years
Buses	4 years
Equipment	5-30 years

A summary of changes in property and equipment comprising general fund capital assets and proprietary fund capital assets for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General fund capital assets:				
Furniture and fixtures	\$ 43,298	-	-	\$ 43,298
Land and building	254,119	-	-	254,119
	<u>\$ 297,417</u>	<u>-</u>	<u>-</u>	<u>\$ 297,417</u>
Accumulated depreciation	\$ 97,481	6,414	-	\$ 103,895
Proprietary fund:				
Building	\$ 577,140	2,650	-	\$ 579,790
Vehicles	2,228,007	596,547	299,225	2,525,329
Equipment	736,099	2,487	-	738,586
	<u>\$ 3,541,246</u>	<u>601,684</u>	<u>299,225</u>	<u>3,843,705</u>
Accumulated depreciation	\$ 2,380,427	423,983	297,476	\$ 2,506,934

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

The MIDAS Regional Planning Commission administers a revolving loan fund, known as the EDA-RLF, which makes loans to businesses. Loans are subject to guidelines provided by the federal granting Commission and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. The fund has a portfolio of loans totaling \$211,920, net of an allowance for uncollectable notes of \$5,000, and a cash balance of \$179,841 at June 30, 2010. The total loans and cash balance maintained by this fund is restricted to make additional loans in the future.

The MIDAS Regional Planning Commission also administers the MIDAS Housing Revolving Loan Fund (MIDAS HRLF). This program was originally funded with State LHAP and Federal HIRE grant funds and has a portfolio of loans totaling \$258,676 and a cash balance of \$612,827 at June 30, 2010. \$350,000 of these assets is restricted for the purpose of providing assistance to low to middle income housing projects.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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

MIDAS Regional Planning Commission participated in the administration of the Jumpstart Housing and Jumpstart Business programs during the year ended June 30, 2010. These programs were established by the State of Iowa to assist distressed homeowners and businesses recover from the disasters that struck the MIDAS region. As of June 30, 2010, MIDAS Regional Planning Commission had \$1,806 on hand for the Jumpstart Housing program and \$0- for the Jumpstart Business program. Any unused funds are required to be refunded to the State of Iowa.

(6) Operating Lease

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

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Humboldt, Iowa for \$525 per month. The lease term, which began on July 1, 2003, has been extended to June 30, 2012. Rent paid for the year ended June 30, 2010 was \$6,300.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$100 per month. Rent paid for the year ended June 30, 2010 was \$1,500. The term of this lease has lapsed and MIDAS is renting month to month under this agreement at the end of the year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Webster City, Iowa for \$125 per month. Rent paid for the year ended June 30, 2010 was \$1,500. The term of this lease has lapsed and MIDAS is renting month to month under this agreement at the end of the year.

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

Years Ending June 30:	
2011	\$ 6,301
2012	6,301
	<hr/>
	\$ 12,602

Rent expense for the year ended June 30, 2010 totaled \$9,300.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

(7) Long Term Debt

The Commission has a note payable to the Iowa Department of Transportation which requires annual installments of \$10,000. This note has a stated rate of interest of 0% and is collateralized by future state and federal transit assistance payments administered by the Iowa Department of Transportation. This loan had an outstanding balance at June 30, 2010 of \$19,266.

The Commission has a mortgage on its main office building held by a local bank. This note accrues interest at a rate of 4.00% per year. The loan requires monthly payments of \$1,923 and any remaining balance is due to be paid on February 18, 2014. The loan is collateralized by land and building with a depreciated cost of \$609,274. This loan had an outstanding balance at June 30, 2010 of \$78,661.

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

Note	07/01/09 Balance	Advances	Payments	06/30/10 Balance
Iowa Department of Transportation	\$ 29,266	-	10,000	\$ 19,266
Mortgage Payable	98,124	-	19,463	\$ 78,661
	<u>\$ 127,390</u>	<u>-</u>	<u>29,463</u>	<u>\$ 97,927</u>

Aggregate maturities required on long-term debt as of June 30, 2010 are due in future years as follows:

Years Ending June 30,	Principal	Interest
2011	\$ 30,270	\$ 2,816
2012	30,368	1,984
2013	21,979	1,107
2014	15,310	236
	<u>\$ 97,927</u>	<u>\$ 6,143</u>

Interest incurred under the notes identified below above and expensed on the financial statements amounted to \$3,622.

(8) Operating Line of Credit

At June 30, 2010 MIDAS Regional Planning Commission had available a \$50,000 line of credit from a local lender. Interest accrues on any outstanding balance at a variable rate (4% at June 30, 2010). There was not balance due under this note at June 30, 2010. Amounts advanced under this note, if any, become due when it matures in March 2011.

(9) 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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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 4.30% of their annual covered salary and the Commission is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$94,784, \$87,828, and \$78,741, respectively, equal to the required contributions for each year.

(10) Risk Management

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

(11) Economic Dependency

The Commission received 31% of its revenue from direct and pass-through grants from the Department of Transportation for the year ended June 30, 2010. 50% of the federal awards expended during the year (\$945,745) were passed down from the Iowa Department of Transportation for operating and capital purposes.

28% of the federal awards expended during the year (\$519,826) were passed down from the City of Fort Dodge for operating and capital purposes.

(12) Interfund transfers

During the year ended June 30, 2010, the Commission transferred \$151,006 from the proprietary fund to the general fund. The transfers were approved and made in the normal course of operations.

(13) Dodger Area Rapid Transit (DART) Program

In connection with the Commission's operation of the DART program, expenditures made by the Commission on behalf of DART totaled \$981,466 for the year ended June 30, 2010.

(14) Other Postemployment Benefits (OPEB)

MIDAS Regional Planning Commission implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2010.

Plan Description. The Commission operates a single-employer retiree benefit plan which provides medical benefits for retirees. There are 9 active and 1 retired member in the plan. Participants must be age 55 or older at retirement.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

The medical coverage is administered by Wellmark. Retirees receive the same benefits as active employees. Since the retiree contributes the entire premium payment, the Commission does not have an explicit subsidy. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy. The implicit subsidy results in an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of MIDAS, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Commission's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the Commission's net OPEB obligation:

	Total
Annual required contribution	\$ 12,591
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	12,591
Estimated annual employer contribution for pay-go cost	(10,632)
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ 1,959

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the Commission contributed \$10,632 to the medical plan.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 12,591	84.40%	\$ 1,959

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Funded Status and Funding Progress. As of June 30, 2010, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$107,164, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$107,164.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the June 30, 2010 actuarial valuation date, the alternate measurement method was used. The actuarial assumptions include a 4% discount rate based on the Commission's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed based on national averages.

Required Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (c)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
June 30, 2010	-0-	\$107	\$107	0.00%	\$1,439	7.44%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)
Year Ended June 30, 2010

ASSETS		
Cash		\$ 100
Accounts receivable		37,892
Property, Plant and Equipment		
Other Equipment		<u>7,302</u>
Total Assets		<u><u>45,294</u></u>
 LIABILITIES AND EQUITY (DEFICIT)		
Liabilities:		
Accrued Payroll and Payroll taxes		27,283
Accrued Vacation		<u>17,154</u>
Total Liabilities		<u>44,437</u>
Equity:		
Retained (deficit)		<u>857</u>
Total (deficit)		<u>857</u>
Total liabilities and equity (deficit)		<u><u>\$ 45,294</u></u>

See Independent Auditor's Report

MIDAS REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

Federal Grantor/Pass-through Grantor Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Commerce			
Direct Programs			
Economic Development Support for Planning Organizations	11.302	05-893-04404-02	\$ 48,630
Economic Adjustment Assistance	11.307	05-69-04683	48,303
Economic Adjustment Assistance	11.307	05-79-04786	100,666
Total U.S. Department of Commerce			<u>197,599</u>
U.S. Department of Transportation			
Pass-through programs from:			
State of Iowa Department of Transportation			
Non-urban Operating Assistance Project	20.509	18-0029-050-10	321,610
ARRA - Non-urban Capital Assistance Project	20.509	86-0001-050-09	514,900
Intercity Bus Assistance Project	20.509	TF-2009	392
Intercity Bus Assistance Project	20.509	TF-2010	5,941
State Planning and Research Formula Grant	20.515	09-RPA-05	32,398
New Freedom Program	20.521	57-X0002-050-10	3,842
Federal Capital Grant	20.500	04-0113-050-08	9,977
Federal Capital Grant	20.500	04-0113-050-10	56,685
			<u>945,745</u>
The City of Fort Dodge, Iowa			
Non-urban Operating Assistance Project	20.509	18-0029-269-10	335,102
ARRA - Non-urban Capital Assistance Project	20.509	86-0001-269-09	173,126
Intercity Bus Assistance Project	20.509	ICB CY 09	5,134
Intercity Bus Assistance Project	20.509	ICB CY 10	742
Transit Assistance Program	20.509	TF-2009	3,969
New Freedom Program	20.521	57-0002-269-10	410
New Freedom Program	20.521	57-x002-269-09	1,343
			<u>519,826</u>
Total U.S. Department of Transportation			<u>1,465,571</u>
U.S. Department of Agriculture			
Direct Programs			
Rural Community Transit Initiative	10.446	0575-0180	15,678
Total U.S. Department of Agriculture			<u>15,678</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
Iowa Department of Economic Development			
Community Development Block Grant	14.228	08-DRH-202	164,930
Total U.S. Department of Housing and Urban Development			<u>164,930</u>
			<u>1,843,778</u>

See accompanying independent auditor's report. See basis for presentation on page 33.

MIDAS REGIONAL PLANNING COMMISSION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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



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

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

To the Board of Directors of
MIDAS Regional Planning Commission:

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the MIDAS Regional Planning Commission as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 3, 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 an opinion on the effectiveness of the commission's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financing reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency* in internal control over financial reporting 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entities financial statements will not prevented or detected and corrected on a timely basis. We consider the deficiency (II-A-10) in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the Commission's responses, 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 and employees of MIDAS Regional Planning Commission and other parties to whom the Commission may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

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

December 3, 2010



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

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on
Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors of
MIDAS Regional Planning Commission

Compliance

We have audited the MIDAS Regional Planning Commission's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2010. MIDAS Regional Planning Commission's major federal program is identified in the Summary of Independent Auditor's Results, Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of MIDAS Regional Planning Commission's management. Our responsibility is to express an opinion on MIDAS Regional Planning Commission's compliance based on our audit.

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

In our opinion, MIDAS Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

December 3, 2010

MIDAS Regional Planning Commission
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010

Prior year's finding (II-A-09) was addressed and resolved.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant internal control deficiencies, including material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with office of Management and Budget Circular A-133, Section 510(a).
- (g) The major program for Fiscal Year ended June 30, 2010 was CFDA# 20.509, Formula Grants for Other Than Urbanized Areas. MIDAS Regional Planning Commission spent \$688,026 in ARRA funds under this CFDA number during the Year Ended June 30, 2010. The specific grants providing the ARRA funds are indicated with ARRA and are in bold print on the Schedule of Expenditures of Federal Awards.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MIDAS Regional Planning Commission did not qualify as a low-risk audit.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-10 Year End Adjustments – We proposed and adjusting journal entries that were material to the Commission’s financial statements.

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

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

Conclusion – Response accepted.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part III: Findings and Questions Costs for Federal Awards:

Instances of Non Compliance:

No matters were noted.

Control Deficiencies:

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

Part VI: Other Findings Related to Required Statutory Reporting:

- III-A-10 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-B-10 Travel Expense: No expenditures of MIDAS Regional Planning Commission money for travel expenses of spouses of Commission officials or employees were noted.
- III-C-10 Business Transactions: No business transactions between the Commission and Commission officials or employees were noted.
- III-D-10 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.
- III-E-10 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- III-F-10 Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.

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