AREA 15 REGIONAL PLANNING COMMISSION
OTTUMWA, IOWA

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

June 30, 2010

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Area 15 Regional Planning Commission

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Area 15 Regional Planning Commission

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Area 15 Regional Planning Commission, Ottumwa, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Commission's officials. 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, each major fund and the aggregate remaining fund information of the Area 15 Regional Planning Commission at June 30, 2010, and the respective changes in financial position 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 January 3, 2011, on our consideration of Area 15 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 on pages 6 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Area 15 Regional Planning Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

Peak & Co., LLP
Certified Public Accountants

January 3, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Area 15 Regional Planning Commission's financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2010. Please review it in conjunction with the Commission's basic financial statements, which immediately follow this section.

2010 FINANCIAL HIGHLIGHTS

The Commission's net assets decreased, which represents only a 2.0% decreases from 2009. These decreases primarily occurred as a result of:

- Decreased earnings from interest income on accounts.
- Decreased monies in the IDED grant programs at June 30, 2010, compared to June 30, 2009. These IDED grant programs are cyclical in nature, and depend on specific projects that our partners want to undertake, as well as the availability of grant funds.

Federal/State revenues accounted for $ 297,194 in revenues or 57.8% of all revenues. Program specific revenues in the form of charges for services accounted for $ 103,907 or 20.2% of all revenues. The remaining revenues of $ 112,705 (22.0%) were generated through interest income, Collaborative Marketing match funds and Commission memberships.

The Commission had $ 539,048 in expenses related to staffing and operations with $ 513,806 in program revenues to cover the costs of Commission programs and services.

Regarding the major funds, the Commission provided $ 82,000 in REDI Revolving Loan Fund business loans to two (2) new regional businesses. Likewise, approximately $ 20,420 in AHEAD first-time homebuyer loans was extended to provide homeownership to five (5) households.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

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

Government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Commission as a whole and represent an overall view of the Commission's finances.

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 Commission's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Commission.

Reporting the Commission as a Whole

Statement of Net Assets and Statement of Activities

To evaluate the Commission as a whole, one of the most important questions asked about the Commission's operations is "Is the Commission as a whole better off or worse as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is the form of accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net assets and changes in them. You can think of the Commission's net assets, the difference between assets (what the Commission owns) and liabilities (what the Commission owes) as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indication of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors however, such as changes in the Commission's programs/services, local jurisdictions' need for Commission technical assistance, and continuing local government support to assess the overall health of the Commission.

Reporting the Commission's Most Significant Funds

Our analysis of the Commission's major funds begins on page 16, and provides detailed information about the most significant funds - not the Commission as a whole. The non-major fund financial statements begin on page 35. Some funds are required to be established by the grantor agencies. However, many other funds have been established by the Board of Directors to control and manage money for particular purposes (such as administrative contracts, city code updates, etc.).

MAJOR FUNDS:

- General
- Regional Economic Development Investments, Inc. (R.E.D.I., Inc.) – Regional business revolving loan fund
- Area-wide Housing Enterprises and Development, Inc. (AHEAD, Inc.) Regional Community Housing Development Organization (CHDO)
- Administrative contracts – contracts with local jurisdictions
- Economic Development Administration Grant (EDA)
- Iowa Department of Transportation (IDOT)
- Jumpstart Program – housing/business/infrastructure disaster recovery programs
- Hazard Mitigation Grant Program
- Iowa Dept. of Economic Development (IDED) Grant Programs – collaborative marketing programs

Governmental Funds: The Commission's programs and services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds statement provides a detailed short-term view of the Commission's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to finance the Commission's programs and service delivery.

THE COMMISSION AS A WHOLE

The Commission's total net assets changed from a year ago, decreasing from $ 1,738,185 to $ 1,703,278. Our analysis below focuses on the net assets (Table 1) and changes in net assets of the Commission's activities.

TABLE 1
Net Assets (in thousands)

	2009	2010	% of Change
Cash & equivalents	$ 913.9	$ 979.7	+ 07.2%
Accounts Rec.	127.6	74.1	- 41.9%
Loans Rec.	721.8	646.1	- 10.5%
Prepaid Exp.	3.7	17.2	+364.8%
Capital assets	56.3	59.6	+ 05.9%
TOTAL ASSETS	**$ 1823.3**	**$ 1776.7**	**- 02.6%**
Accounts payable	$ 43.8	$ 20.0	- 54.3%
Accrued liabilities	14.7	9.2	- 37.4%
Deferred revenue	0.0	19.5	+ 100.0%
Long - Term liabilities	26.6	24.7	- 07.1%
TOTAL LIABILITIES	**$ 85.1**	**$ 73.4**	**- 13.7%**
Net Assets:			
Invested in capital assets	$ 51.2	$ 56.3	+ 1.0%
Restricted	1421.8	1425.2	+ 0.2%
Unrestricted	265.2	221.8	- 16.4%
TOTAL NET ASSETS	**$ 1738.2**	**$ 1703.3**	**- 2.0%**

Net assets of the Commission's activities decreased by 2.0%, or $ 34,907. Total assets decreased primarily due to decreased interest income as a result of a decline in interest rates, as well as less monies in the IDED grant programs at June 30, 2010. Unrestricted net assets, the part of net assets that can be used to finance day-to day operations without constraints established by grant guidelines or other legal requirements decreased from $ 265,252 to $ 221,773 at the end of FY2010.

During the year ended June 30, 2010, revenues from charges for service totaled $ 95,293; operating grants, contributions and restricted interest totaled $ 303,911; capital grants, contributions and restricted interest totaled $ 49,770; local dues totaled $ 42,885; and general revenues from unrestricted investment earnings totaled $ 7,112. Program expenses for community and economic development function totaled $ 533,878.

THE COMMISSION'S FUNDS

Table 2 presents the fund balances of the individual major funds and nonmajor funds and an analysis of significant changes in the fund balances.

TABLE 2
Year End Fund Balance
(in Thousands)

	2009	2010	% Change
General	$ 146.5	$ 133.2	- 9.1%
REDI, Inc	1064.0	1081.9	+ 1.7%
AHEAD, Inc.	192.7	188.3	- 2.3%
Administrative contracts	34.3	42.9	+ 25.1%
Economic Development Admin.	2.0	0.0	- 100.0%
Iowa Department of Transportation	0.0	0.0	+ 0.0%
Jumpstart Program	19.2	3.0	- 84.4%
Hazard Mitigation Grant Program	(16.2)	(7.9)	+ 51.2%
IDED Grant Programs	78.7	50.3	- 36.1%
Non-major Programs	150.3	154.5	+ 2.8%
Total Account Balances	**$ 1671.5**	**$ 1646.2**	**- 1.5%**

The decrease in General Fund balance is a result of legal expenses incurred by the Commission during this fiscal year, decreased interest earned on accounts, and the modification of the EDD geographic area and the subsequent reduction in per capita revenues.

The REDI fund increase is a result of loan repayments without subsequent new RLF loans extended, and given the fact that the revenue received from this program exceeds the administrative costs to operate this program. This fund increase is an indicator of the softening economic conditions, not just regionally but nationally/internationally.

The decrease in the AHEAD, Inc. fund can be attributed to administrative and legal fees incurred in collection of delinquent accounts.

The Administrative Contracts fund balance increase is reflective of the additional disaster recovery projects which the RPC administered during the fiscal year.

The Economic Development Administrative Grant is a grant received in fiscal year 2009 to coordinate the disaster recovery operations related to the flood of 2008. As of June 30, 2010, this grant is still on-going. Since this grant is federally funded, revenues are not earned from this program until the related expenditures are made.

The Jumpstart Program was initiated in October 2008 by the Iowa Legislature in response to the Federal Disaster Declaration of the 2008 Floods. The RPC was designated to distribute housing disaster recovery funds within a six (6) county area (Davis, Keokuk, Mahaska, Marion, Van Buren and Wapello). This change in fund balance reflects distribution of available forgivable loan funds to eligible housing repair/rehab. assistance recipients. This program was essentially completed in our area at the end of the fiscal year. The monies in this fund at June 30, 2010, represent unspent administrative funds received in relation to this program. These unspent administrative funds will be used for a similar program which began in fiscal year 2011 as a result of the 2010 floods.

The changes in the Hazard Mitigation Grant Program reflects the collection of all FY09 accounts receivable from the three (3) project beneficiary counties of Jefferson, Keokuk and Mahaska. At June 30, 2010, monies were still due from these counties for costs incurred in the second quarter of 2010 for these programs.

Decreases in the IDED Grant Program are a result of completion/close-out of several Regional Collaborative Marketing projects jointly funded by Iowa DED and local development corporations/utilities. The previous fund balances were a result of pre-payment of 50% of the IDED grant and local match funds prior to expenditure of funds for the specific program activities.

Overall, the Commission's and its affiliate's funds decreased by only 1.5% as of June 30, 2010, in comparison to the balances as of June 30, 2009. This minimal decrease is mostly attributable to normal cash flow and project/programmatic activities.

Table 3 presents a summary of Commission fund revenues for the 2010 fiscal year and the amounts and percentages of increases and decreases in relation to the prior year.

TABLE 3
Total Governmental Fund Revenues

Revenue source	2009 Amount	% of Total	2010 Amount	% of Total	Increase (Decrease) Over 2009	Percent Increase (Decrease)
General Revenues	$ 54,106	5.4%	$ 49,997	10.0%	$ (4,109)	- 7.6%
Charges for service	52,532	5.2%	95,293	19.1%	42,761	+ 81.4%
Oper.Grants/Contributions & Restricted Int.	403,668	40.1%	303,911	60.9%	(99,757)	- 24.7%
Capital Grants/Contrib. & Restricted Int.	495,469	49.3%	49,770	10.0%	(445,699)	- 90.0%
TOTAL:	**$1,005,775**	**100.0%**	**$ 498,971**	**100.0%**	**($ 506,804)**	**- 50.4%**

The 7.6% decrease in general revenues can be attributed to the modification of the Area 15 RPC's Economic Development District boundaries by the Economic Development Administration (EDA) – Denver Regional Office. EDA notified the Area 15 RPC in January 2010 that the four (4) western counties of Appanoose, Lucas, Monroe and Wayne were designated as a new district; therefore, membership revenue sources were reduced. This service delivery area modification along with lower interest rates being paid on REDI, AHEAD and Area 15 RPC financial accounts, explains these revenue decreases.

Charges for service revenues increased by 81.4% as a result of administration of eight (8) community Disaster Recovery projects. As a result of taking on these projects in addition to eight (8) previously contracted projects, the RPC recognized an increase its in revenue stream from these sources.

The decrease in the Operating Grants/Contributions/Restricted Interest revenue category is reflective of the completion of several Federal/State 2008 Flood Disaster grant projects.

Likewise, the Capital Grants/Contributions/Restricted Interest revenue category decrease reflects the completion of the Iowa Jumpstart Housing program funding from the State which the Area 15 RPC directly distributed to eligible homeowners for 2008 flood recovery housing repair/ rehabilitation/replacement activities.

ECONOMIC FACTORS

A variety of economic factors affected decisions made by the Commission in setting its FY2011 budget. Due to the unique nature of the programs and services provided by the Commission, anticipating revenues for Charges for Service was driven by the actual technical/administrative services under contract at the close of FY10. There is great opportunity for additional revenues during FY2011 based upon grant applications for community infrastructure and facilities as well as disaster recovery financial assistance programs. Successful award of grant funds prior to June 30, 2011 would directly increase the Commission's revenue stream.

By the same token, additional contracts for services, the certification and award of funding for the AHEAD Regional Housing Trust Fund (RHTF) in November 2010, the demand for business loans from REDI, Inc. and/or housing loans from AHEAD, Inc. may increase specific expense categories.

Therefore, a FY2011 budget amendment will most likely be necessary prior to the close of the 2011 fiscal year.

Based upon the current budget, the Commission is projecting to end FY2011 with a fund balance of $ 81,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances and operating activities. If you have any questions or require additional information, please contact the Executive Director at the Area 15 Regional Planning Commission, 651 Indian Hills Drive – Building 17, P.O.Box 1110, Ottumwa, Iowa 52501 or call (641) 684-6551.

Basic Financial Statements

Area 15 Regional Planning Commission

Exhibit A

Statement of Net Assets

June 30, 2010

Assets	
Cash and cash equivalents	$ 979,728
Accounts receivable (Note 3)	74,092
Loans receivable, less allowance for loan losses of $55,000 (Note 5)	646,145
Prepaid expenses	17,208
Capital assets (net of accumulated depreciation)	59,566
Total assets	1,776,739
Liabilities	
Accounts payable	19,961
Accrued payroll and related taxes	6,093
Advanced payments - Membership Dues	3,159
Deferred revenue	19,532
Long - term liabilities:	
Portion due within one year:	
Capitalized lease obligations	1,767
Compensated absences payable	21,437
Portion due after one year:	
Capitalized lease obligations	1,512
Total liabilities	73,461
Net Assets	
Invested in capital assets, net of related debt	56,287
Restricted for:	
Economic Development Administration - Revolving loan funds	1,075,000
Iowa Finance Authority -	
Housing assistance program	41,196
Helping Iowa's Rural Economy grant program	107,762
Rural Home Building Initiative	54,930
Iowa Department of Economic Development - Local Housing Assistance program	146,330
Unrestricted	221,773
Total net assets	$ 1,703,278

See notes to financial statements.

Area 15 Regional Planning Commission

Exhibit B

Statement of Activities

Year ended June 30, 2010

	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Program Revenues: Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Functions / Programs:					
Governmental activities:					
Community and economic development	$ 533,878	95,293	303,911	49,770	(84,904)
General Revenues:					
Unrestricted investment earnings					7,112
Local dues					42,885
Total general revenues					49,997
Change in net assets					(34,907)
Net assets beginning of year					1,738,185
Net assets end of year					$ 1,703,278

See notes to financial statements.

Area 15 Regional Planning Commission

Exhibit C

Balance Sheet

June 30, 2010

		Special Revenue									
	General	Regional Economic Development Investments, Inc. Revolving Loan Fund	AHEAD, Inc. Fund	Administrative Contracts	Economic Development Administration Grant	Iowa Department of Transportation	Jumpstart Program	Hazard Mitigation Grant Program	IDED Grant Programs	Nonmajor Funds	Total
Assets											
Cash and cash equivalents	$ 101,829	533,581	105,889	36,505	26,998	-	3,049	-	23,844	148,033	979,728
Accounts receivable	-	-	-	26,382	-	24,316	-	7,894	15,500	-	74,092
Loans receivable	-	554,926	84,762	-	-	-	-	-	-	6,457	646,145
Prepaid expenses	3,708	-	-	-	-	-	-	-	13,500	-	17,208
Due from other funds	32,661	-	-	-	-	-	-	-	-	-	32,661
Total assets	$ 138,198	1,088,507	190,651	62,887	26,998	24,316	3,049	7,894	52,844	154,490	1,749,834
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	$ 1,853	5,011	1,200	7,583	2,774	1,540	-	-	-	-	19,961
Accrued payroll and related taxes	-	15	17	635	4,692	502	-	231	-	-	6,092
Due to other funds	-	1,610	1,114	-	-	22,274	-	7,663	-	-	32,661
Advanced payments - Membership Dues	3,159	-	-	-	-	-	-	-	-	-	3,159
Deferred revenue	-	-	-	11,822	19,532	-	-	7,894	2,500	-	41,748
Total liabilities	5,012	6,636	2,331	20,040	26,998	24,316	-	15,788	2,500	-	103,621
Fund balances:											
Unreserved:											
General fund	133,186	-	-	-	-	-	-	-	-	-	133,186
Special revenue funds	-	1,081,871	188,320	42,847	-	-	3,049	(7,894)	50,344	154,490	1,513,027
Total fund balances	133,186	1,081,871	188,320	42,847	-	-	3,049	(7,894)	50,344	154,490	1,646,213
Total liabilities and fund balances	$ 138,198	1,088,507	190,651	62,887	26,998	24,316	3,049	7,894	52,844	154,490	1,749,834

See notes to financial statements.

Area 15 Regional Planning Commission

Exhibit D

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

June 30, 2010

Total governmental fund balances (page 16)	$ 1,646,213
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Certain assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	22,215
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	59,566
Long - term liabilities, including capitalized lease obligations and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(24,716)
Net assets of governmental activities (page 14)	$ 1,703,278

See notes to financial statements.

Area 15 Regional Planning Commission

Exhibit E

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2010

		Special Revenue									
	General	Regional Economic Development Investments, Inc. Revolving Loan Fund	AHEAD, Inc. Fund	Administrative Contracts	Economic Development Administration Grant	Iowa Department of Transportation	Jumpstart Program	Hazard Mitigation Grant Program	IDED Grant Programs	Nonmajor Funds	Total
Revenues:											
Use of money and property											
Interest income	$ 1,681	27,395	1,247	-	5,431	-	-	-	-	-	35,754
Charges for service											
Late payment fees and penalty	-	2,448	-	-	-	-	-	-	-	-	2,448
Loan origination fees	-	1,230	440	-	-	-	-	-	-	-	1,670
Contract administration	-	-	-	93,194	6,595	-	-	-	-	-	99,789
	-	3,678	440	93,194	6,595	-	-	-	-	-	103,907
Intergovernmental											
Federal funds	-	-	-	-	117,616	52,950	-	43,246	-	-	213,812
State funds	-	-	-	-	8,471	-	49,770	5,766	19,375	-	83,382
Memberships dues and fees	42,885	-	-	-	-	-	-	-	-	-	42,885
	42,885	-	-	-	126,087	52,950	49,770	49,012	19,375	-	340,079
Miscellaneous	1,129	-	-	-	2,688	64	-	-	26,000	4,185	34,066
Total revenues	45,695	31,073	1,687	93,194	140,801	53,014	49,770	49,012	45,375	4,185	513,806
Expenditures:											
Operating:											
Community and economic development											
Personnel	30	4,916	3,182	46,981	119,810	46,231	2,200	28,346	-	-	251,696
Fringe benefits	-	2,749	2,491	12,572	33,771	10,539	317	6,533	-	-	68,972
Travel	8,596	27	-	1,185	4,299	773	17	1,431	-	-	16,328
Phone	231	161	160	376	451	391	5	124	-	-	1,899
Printing and postage	-	203	175	1,409	2,465	797	17	412	-	-	5,478
Supplies	-	-	-	-	6,086	35	-	-	-	-	6,121
Equipment	-	-	-	-	2,164	-	-	-	-	-	2,164
Contractual	-	3,209	-	17,279	3,049	2,787	-	-	73,120	-	99,444
Program	-	-	-	-	-	-	57,838	-	-	-	57,838
Other	1,257	1,949	92	150	4,369	194	20	1,737	595	-	10,363
Indirect costs	-	-	-	4,681	7,256	4,549	179	2,080	-	-	18,745
Total expenditures	10,114	13,214	6,100	84,633	183,720	66,296	60,593	40,663	73,715	-	539,048
Excess (deficiency) of revenues over (under) expenditures	35,581	17,859	(4,413)	8,561	(42,919)	(13,282)	(10,823)	8,349	(28,340)	4,185	(25,242)
Other financing sources (uses):											
Operating transfers in	-	-	-	-	40,956	13,282	-	-	-	-	54,238
Operating transfers out	(48,939)	-	-	-	-	-	(5,299)	-	-	-	(54,238)
Total other financing sources (uses)	(48,939)	-	-	-	40,956	13,282	(5,299)	-	-	-	-
Net change in fund balances	(13,358)	17,859	(4,413)	8,561	(1,963)	-	(16,122)	8,349	(28,340)	4,185	(25,242)
Fund balances beginning of year	146,544	1,064,012	192,733	34,286	1,963	-	19,171	(16,243)	78,684	150,305	1,671,455
Fund balances end of year	$ 133,186	1,081,871	188,320	42,847	-	-	3,049	(7,894)	50,344	154,490	1,646,213

See notes to financial statements.

Area 15 Regional Planning Commission

Exhibit F

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year ended June 30, 2010

Net change in fund balances - Total governmental funds (page 18)		$ (25,242)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:		
Expenditures of capital assets	$ 7,343	
Depreciation expense	(4,013)	3,330
Certain accounts receivable not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.		(14,835)
Proceeds of issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:		
Issued	-	
Repaid	1,802	1,802
Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		38
Change in net assets of governmental activities (page 15)		$ (34,907)

See notes to financial statements.

Note 1. Summary of Significant Accounting Policies

The Area 15 Regional Planning Commission (Commission) was created pursuant to Chapter 28H of the Iowa Code. The Commission is a voluntary organization of counties and municipal corporations in the east south-central Iowa region. All territory within 6 identified counties is designated to be the east south-central Iowa region.

The Commission is the recipient of several program grants. In addition, funds are received from local member governments to aid in the planning functions of the Area 15 Regional Planning Commission. In exchange for these member government contributions, the Area 15 Regional Planning Commission provides information, planning services, and technical assistance as well as coordinates the activities of these local governments with other local governments or grantor agencies. The Area 15 Regional Planning Commission functions as the comprehensive planning and review agency for the Area 15 region, and is available to assist member governments in any other manner that they may direct.

The financial statements of the Area 15 Regional Planning Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Area 15 Regional Planning Commission has included all funds, 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 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.

These financial statements present the Area 15 Regional Planning Commission (the primary government) and its component units. The component units discussed below are included in the Commission's reporting entity because of the significance of its operational or financial relationship with the Commission.

Blended Component Units – The Regional Economic Development Investments, Inc. and AHEAD, Inc. are included in the financial statements of the Area 15 Regional Planning Commission because their relationship with the Commission is such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Commission's Executive Board is also the Board of Regional Economic Development Investments, Inc., and several members of the Commission are on the Board of AHEAD, Inc.

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by intergovernmental revenues and charges for services.

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 the following 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.

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

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

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 and interest restricted to meeting the operational or capital improvements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Commission reports the following major governmental funds:

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

Special Revenue:

Regional Economic Development Investments, Inc. - Revolving Loan Fund – This fund is used to account for the revolving loan fund revenues and expenditures.

AHEAD, Inc. Fund – This fund is used to account for the AHEAD revenues and the related expenditures. This fund also accounts for revolving loan fund revenues and expenditures.

Note 1. Summary of Significant Accounting Policies (continued)

Administrative Contracts – This fund is used to account for the administrative fees received to administer the Community Development Block Grants for local member governments and the related expenditures.

Economic Development Administration Grant – This fund is used to account for the Economic Development Administrative Grant proceeds and the related expenditures.

Iowa Department of Transportation – This fund is used to account for the proceeds from the Iowa Department of Transportation Project and the related expenditures.

Jumpstart Program – This fund is used to account for monies received from the State of Iowa passed through the Commission and paid to individuals to assist in repairing/rehabilitation structural and related damage caused by severe storms or flooding during the June 2008 flood in 6 Southern Iowa disaster counties. These monies were to be used for housing repair/rehabilitation assistance, down payment assistance, and interim mortgage assistance.

Hazard Mitigation Grant Program – This fund is used to account for FEMA grant proceeds and the related expenditures to prepare Multi-Hazard, Multi –Jurisdiction Pre-Disaster Hazard Mitigation Plans for Keokuk County, Jefferson County and Mahaska County, Iowa. This program is a multi-year program.

IDED Grant Programs – This fund accounts for grant funds from the Iowa Department of Economic Development (IDED) to Area 15 RPC as the "pass through" agent on behalf of Opportunity 2. These grant funds will be matched by Opportunity 2 to undertake various regional collaborative marketing programs. Both IDED and Opportunity 2 funds will be expended for collaborative marketing expenditures.

The Commission reports the following nonmajor governmental funds:

Special Revenue:

Housing Partnership Fund – This fund accounts for revenues received from the Iowa Finance Authority to begin a single-family first time home buyer program, and the related expenditures associated with this program. This fund also accounts for revolving loan fund revenues and expenditures related to the single-family first time home buyer program.

Housing Fund – This fund is used to account for monies received as reimbursement of prior housing costs. The monies will be expended for housing-related expenditures.

Local Housing Assistance Program – This fund is to be used for costs incurred in the acquisition/demolition of vacant, dilapidated structures and redevelopment of the site, and for speculative housing development.

Note 1. Summary of Significant Accounting Policies (continued)

SBDC Fund – This fund was established to account for donations received for the Small Business Development Corporation Office.

C. 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 the 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 associated with the current fiscal period are all 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 judgements and compensated absences are recognized 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 the 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 and then general revenues.

D. Assets, Liabilities and Fund Equity

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

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. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Note 1. Summary of Significant Accounting Polices (continued)

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated 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 the useful lives are not capitalized. Capital assets are defined by the Commission as assets with initial, individual cost in excess of $500 and estimated useful lives in excess of two years.

Capital assets of the Commission are depreciated using the straight line method over estimated useful lives of 5-7 years.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of receivables not collected within sixty days after year end, as well as unspent grant proceeds.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010.

Due From and Due to Other Funds – During the course of operations, the Commission has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2010, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Indirect Expense Allocation – Expenses relating to the administration of the Commission in general are allocated to the specific program grants based upon actual time spent (salaries, benefits, etc.), or some other equitable basis depending upon the nature of the expenditure.

Note 2. Cash and Pooled Investments/Concentration of Credit Risk

The Commission's deposits in banks 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.

Deposits held by AHEAD, Inc. 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.

At June 30, 2010, deposits held by the Regional Economic Development Investments, Inc. were covered by federal depository insurance, and by collateral securities held by the custodial bank in the Regional Economic Development Investments, Inc. name.

The Commission, AHEAD, Inc. and Regional Economic Development Investments, Inc. normally invests in Now accounts, savings accounts, money master sweep accounts, and certificates of deposit.

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.

The Commission, AHEAD, Inc. and Regional Economic Development Investments, Inc. had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statements No. 3 and No. 40.

Note 3. Accounts Receivable

Amounts shown as accounts receivable at June 30, 2010 consist of the following:

Source	Amount
State of Iowa	$ 24,316
City of Birmingham	3,254
City of South English	1,451
City of Keosauqua	3,535
City of Sigourney	6,167
City of Eddyville	4,515
City of Eldon	2,334
City of Milton	1,567
Jefferson County	4,192
Mahaska County	796
Keokuk County	2,905
Van Buren County	534
Various other cities, non-profits, and private businesses	18,526
	$ 74,092

The Commission believes that all accounts receivable will be collectible. As a result, no allowance for doubtful accounts was established.

Note 4. Due From and Due to Other Funds

The detail of the interfund receivables and payables at June 30, 2010 is as follows:

Receivable Funds	Payable Funds	Amount
General	Special Revenue:	
	Regional Economic Development Investments Inc. Revolving Loan Fund	$ 1,610
	AHEAD, Inc. Fund	1,114
	Iowa Department of Transportation	22,274
	Hazard Mitigation Grant Program	7,663
		$ 32,661

The above represents transactions in the normal course of operations.

Note 5. Loans Receivable

Loans receivable are described below:

	Original Amount	Repayment Terms	Security	Balance June 30, 2010
Loan #1	$ 48,000	60 monthly payments of $905.82 including interest at 5%. Final payment due in May of 2001. This loan is currently delinquent.	Security agreement on machinery, equipment, furniture, furnishings, fixtures, inventory and accounts receivable. Personal guarantee of corporate officers.	$10,657
Loan #2	10,000	60 monthly payments of $184.17 including interest at 4%. Final payment due in May, 2009. This loan is currently delinquent.	Security agreement on furnishings, fixtures, accounts receivable, inventory, and all other general intangibles, and first possession security interest in two ATV's. Personal guarantee from the owners.	3,053

Note 5. Loans Receivable (continued)

	Original Amount	Repayment Terms	Security	Balance June 30, 2010
Loan #3	$125,000	60 monthly payments of $2,302.07 including interest at 4%. Final payment due in January, 2010. This loan is currently delinquent.	Security agreement on fixtures, machinery, equipment, inventory, accounts receivable, and all other general intangibles. Also, mortgage on real estate. Personal guarantee from the owners.	$65,324
Loan #4	125,000	60 monthly payments of $209.86 including interest at 5%. Final payment due in March, 2015. The terms of this loan were modified during fiscal year 2010.	Security agreement on machinery, inventory, accounts receivable, and all other general intangibles. Also, mortgage on real estate. Personal guarantee from the owners.	11,396
Loan #5	125,000	24 monthly payments of $1,460.25 including interest at 4%. Final payment due in June 2011.	Security agreement on all machinery and equipment accounts receivable, inventory, and all other general intangibles. Personal guarantees from the loan principals.	14,338
Loan #6	10,000	60 monthly payments of $188.71 including interest at 5%. Final payment due in April, 2011.	Security agreement on equipment, accounts receivable, inventory, and all other general intangibles, including shelving and containers on leased property. Corporate and personal guarantee from the loan principals.	1,844
Loan #7	51,200	60 monthly payments of $966.21 including interest at 5%. Final payment due in March, 2011.	Security agreement on equipment, accounts receivable, inventory, and all other general intangibles. Corporate and personal guarantee from the loan principals.	32,849
Loan #8	75,000	60 monthly payments of $1,415.34 including interest at 5%. Final payment due in July, 2011.	Security agreement on all machinery and equipment, accounts receivable, inventory, and all other general intangibles. Corporate and personal guarantee from the loan principal.	67,183

Note 5. Loans Receivable (continued)

	Original Amount	Repayment Terms	Security	Balance June 30, 2010
Loan #9	$85,000	60 monthly payments of $1,604.05 including interest at 5%. Final payment due in September, 2011.	Security agreement on equipment, accounts receivable, inventory, and all other general intangibles. Personal guarantee from the loan principal.	$29,151
Loan #10	100,000	60 monthly payments of $1,887.12 including interest at 5%. Final payment due in November, 2011.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, and three specific machines. Personal guarantee of the loan principal.	23,278
Loan #11	62,500	60 monthly payments of $1,179.45 including interest at 5%. Final payment due in August, 2012.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, as well as specific equipment and software. Personal guarantee of the loan principal.	29,006
Loan #12	100,000	60 monthly payments of $1,887.12 including interest at 5%. Final payment due in January, 2013.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, as well as specific equipment. Second mortgage on real estate. Personal guarantee of the loan principal.	54,888
Loan #13	60,000	60 monthly payments of $1,132.27 including interest at 5%. Final payment due in June, 2013.	Security agreement on all inventory, accounts receivable, equipment, and all other general intangibles. Second mortgage on real estate. Personal guarantee from the loan principals.	41,481
Loan #14	64,066	60 monthly payments of $1,209 including interest at 5%. Final payment due in May, 2013.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, as well as specific equipment. Personal guarantee of the loan principals.	39,298

Note 5. Loans Receivable (continued)

	Original Amount	Repayment Terms	Security	Balance June 30, 2010
Loan #15	$127,500	60 monthly payments of $2,406.08 including interest at 4%. Final payment due in June 2014.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, as well as specific equipment. Personal guarantee of the loan principals.	$104,479
Loan #16	75,000	60 monthly payments of $1,415.34 including interest at 5%. Final payment due on September, 2014.	Security agreement on patent, contracts, and all other general intangibles. Second mortgage on real estate. Personal guarantee of the loan principals.	64,907
Loan #17	7,000	60 monthly payments of $132.10, including interest at 5%. Final payment due on April, 2005.	Security agreement on all inventory, accounts receivable, equipment, all other general intangibles, as well as specific equipment. Personal guarantee of owner.	6,794
The Commission has established a revolving loan fund with funds received from the Iowa Finance Authority – Helping Iowa's Rural Economy Grant Program. A maximum payment of $5,000 for first time homebuyers to be used for down payment assistance will be made to qualified individuals. The loans carry a term of 5 years at 3% interest. The repayment of the loans are due monthly. Until the loan balance is paid off, the Commission holds a second mortgage on the real estate.				15,313
The Commission has established a revolving loan fund with funds received from the Iowa Finance Authority – Housing Assistance Fund. A maximum payment of $3,000 for first time homebuyers to be used for down payment, closing costs or minimal repair assistance will be made to qualified individuals. The loans carry a term of 5 years at 2% interest. The repayment of the loans are due monthly; however, the first principal and interest payment is not due until 12 months after closing. Until the loan balance is paid off, the Commission holds a second mortgage on the real estate.				6,457
The Commission has established a revolving loan fund with funds received from the Iowa Department of Economic Development – Local Housing Assistance Program. A maximum payment of $5,000 for first time homebuyers to be used for down payment assistance will be made to qualified individuals. The loans carry a term of 5 years at 3% interest. The repayment of the loans are due monthly. Until the loan balance is paid off, the Commission holds a second mortgage on the real estate.				79,449
		Subtotal		701,145
		Less allowance for loan losses		55,000
		Total		$646,145

Note 6. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Special Revenue: Iowa Department of Transportation	Special Revenue: Jumpstart Program	$ 5,299
Special Revenue: Economic Development Administration Grant		40,956
Iowa Department of Transportation	General	7,983
		48,939
Total		$ 54,238

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. However, these transfers were to cover a fund deficit and to meet the local grant match requirements.

Note 7. Capital Assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets				
Equipment	$ 32,460	5,754	-	38,214
Real estate	46,021	1,589	-	47,610
Total capital assets	78,481	7,343	-	85,824
Less accumulated depreciation				
Equipment	22,245	4,013	-	26,258
Total capital assets depreciated, net	$ 56,236	3,330	-	59,566

Depreciation expense for the year totaled $4,013.

Note 8. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capitalized lease obligations	$ 5,082	-	1,803	3,279	1,767
Compensated absences	21,475	21,437	21,475	21,437	21,437
Total	$ 26,557	21,437	23,278	24,716	23,204

Capitalized Lease Obligations

The Commission has entered into capital leases for the purchase of office equipment. The assets have been capitalized at cost.

Future minimum lease payments for the capital lease commitments are as follows:

Year Ended June 30 -	Amount
2011	$ 1,931
2012	1,440
Total	3,371
Less amount attributable to interest	92
Present value of minimum lease payments	$ 3,279

The interest rate on the capitalized lease is 3.0%, and is imputed based on the Commission's incremental borrowing rate. Payments made under the capitalized lease obligations for the year ended June 30, 2010, totaled $1,931.

Note 9. Operating Lease

The Commission has an operating lease for the rental of office space. The office space lease is cancelable with sixty days written notice. Office space rental expense totaled $10,994 for the year ended June 30, 2010.

Note 10. 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, P.O. 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 covered salary. Contribution requirements are established by State statute. The Commission's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were $16,108, $12,731 and $11,383 respectively, equal to the required contributions for each year.

Note 11. Risk Management

The Area 15 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.

Note 12. Deficit Fund Balance

At June 30, 2010, the Commission had a deficit fund balance of $7,894 in the Special Revenue – Hazard Mitigation Grant Program Fund.

This deficit will be eliminated once the accounts receivables are collected in September, 2010 or later.

Note 13. Mortgage Liens

In addition, to the mortgages discussed in note 5 above, the Commission holds a first or second mortgage on several additional parcels of real estate. When certain criteria are met by the owners, either through the passage of time or ownership requirements, the Commission will release the mortgage. In the event of default by the owners, the Commission would be entitled to reimbursement. However, any reimbursement that might be received as a result of defaults is not believed to be material.

Note 14. Contingency

The Commission participates in a number of Federal and State grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant and loan agreements and applicable federal and state regulations, including the expenditures of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability to the Commission.

Note 14. Contingency (continued)

In fiscal year 2009, the Iowa Department of Economic Development demanded repayment of $91,177. The Iowa Department of Economic Development has asserted that the Commission over charged the Community Development Block Grant program, and that these funds are due to them from the Commission. The Commission is aggressively defending this claim through the court system. This amount has not been accrued on the financial statements because it appears the loss is only reasonably possible, and the amount of the loss, if any, can not be reasonably determined.

Note 15. Subsequent Events

One of the members of the Regional Economic Development Investments, Inc. (REDI) obtained a judgment for $27,500, which is equal to the amount of monies the member originally contributed to REDI. It is anticipated that REDI will pay out this claim in fiscal year 2011.

Other Supplementary Information

Area 15 Regional Planning Commission

Schedule 1

Combining Balance Sheet
Nonmajor Funds

June 30, 2010

	Special Revenue				
	Housing Partnership Fund	Housing Fund	Local Housing Assistance Program	SBDC Fund	Total
Assets					
Cash and cash equivalents	$ 34,739	25,824	83,285	4,185	148,033
Loans receivable	6,457	-	-	-	6,457
Total assets	$ 41,196	25,824	83,285	4,185	154,490
Liabilities and Fund Balances					
Liabilities:	$ -	-	-	-	-
Fund equity:					
Fund balances					
Unreserved:					
Special revenue funds	41,196	25,824	83,285	4,185	154,490
Total fund balances	41,196	25,824	83,285	4,185	154,490
Total liabilities and fund balances	$ 41,196	25,824	83,285	4,185	154,490

See accompanying independent auditor's report.

Area 15 Regional Planning Commission

Schedule 2

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Funds

Year ended June 30, 2010

	Special Revenue				
	Housing Partnership Fund	Housing Fund	Local Housing Assistance Program	SBDC Fund	Total
Revenues:					
Miscellaneous	$ -	-	-	4,185	4,185
Total revenues	-	-	-	4,185	4,185
Expenditures:					
Operating					
Community and economic development	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess of revenues over expenditures	-	-	-	4,185	4,185
Fund balances beginning of year	41,196	25,824	83,285	-	150,305
Fund balances end of year	$ 41,196	25,824	83,285	4,185	154,490

See accompanying independent auditor's report.

Area 15 Regional Planning Commission

Schedule 3

Schedule of Revenues by Source and Expenditures by Function -
All Governmental Funds

For the Last Seven Years

	Modified Accrual Basis						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Use of money and property	$ 35,754	35,532	49,905	55,128	45,083	35,362	37,317
Charges for service	103,907	86,431	58,423	80,350	121,005	123,320	92,106
Intergovernmental	340,079	845,041	195,415	178,244	173,966	171,466	207,080
Miscellaneous	34,066	56,104	29,117	39,092	8,940	4,665	30,862
Total	$ 513,806	1,023,108	332,860	352,814	348,994	334,813	367,365
Expenditures:							
Operating:							
Community and economic development	$ 539,048	989,948	387,395	323,711	368,947	373,073	442,097
	$ 539,048	989,948	387,395	323,711	368,947	373,073	442,097

See accompanying independent auditor's report.

Area 15 Regional Planning Commission

Schedule 4

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Program Expenditures
Direct -			
U.S. Department of Commerce -			
Economic Development Administration -			
Economic Development - Support for Planning Organizations	11.302	05-83-04438-02	$ 64,840
Economic Adjustment Assistance	11.307	N/A	853,374
Economic Adjustment Assistance Disaster Recovery	11.307	05-69-04689	54,739
			908,113
	Total direct		972,953
Indirect -			
U.S. Department of Housing and Urban Development -			
Passed through Iowa Department of Economic Development and various cities and counties -			
Community Development Block Grants/State's Program and Non-Entitlement Grants to Hawaii	14.228	Various	84,633
U.S. Federal Transit Administration -			
Iowa Department of Transportation -			
Metropolitan Transporation Planning	20.505	10-RPA-15	35,688
Formula Grants For Other Than Urbanized Areas	20.509	10-RPA-15	17,262
U.S. Department of Homeland Security -			
Passed through Iowa Homeland Security and Emergency Management Division and Keokuk County Board of Supervisors -			
Hazard Mitigation Grant	97.039	FEMA-1763-DR-IA	5,142
U.S. Department of Homeland Security -			
Passed through Iowa Homeland Security and Emergency Management Division and Jefferson County Board of Supervisors and Mahaska County Board of Supervisors -			
Hazard Mitigation Grant	97.039	FEMA -1688-DR-IA	30,738
			35,880
	Total indirect		173,463
	Total		$ 1,146,416

See accompanying independent auditor's report.

Area 15 Regional Planning Commission

Schedule 4

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Area 15 Regional Planning Commission and is presented on the modified accrual basis of accounting, except for revolving fund loan transactions (Economic Adjustment Assistance, CFDA 11.307), as explained below. 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.

Computation of CFDA Number 11.307 - Economic Adjustment Assistance

Balance of loans outstanding at June 30, 2010	$ 599,926
Cash and Investment balance at June 30, 2010	533,581
Administrative expenses paid out in fiscal year	13,214
Total	$ 1,146,721
Federal percentage	0.744186%
Amount included on Schedule of Expenditures of Federal Awards	$ 853,374

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND 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
Area 15 Regional Planning Commission

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Area 15 Regional Planning Commission as of and for the year ended June 30, 2010, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated January 3, 2011. 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 Area 15 Regional Planning Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area 15 Regional Planning Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Area 15 Regional Planning 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

A deficiency in internal control 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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be material weakness.

A significant deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-B-10 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area 15 Regional Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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.

Area 15 Regional Planning 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 Area 15 Regional Planning 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 citizens of Area 15 Regional Planning Commission and other parties to whom Area 15 Regional Planning Commission may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Area 15 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.

Peak & Co., LLP
Certified Public Accountants

January 3, 2011

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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
Area 15 Regional Planning Commission

Compliance

We have audited Area 15 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 Area 15 Regional Planning Commission's major federal program for the year ended June 30, 2010. Area 15 Regional Planning Commission's major federal program is identified in Part I 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 Area 15 Regional Planning Commission's management. Our responsibility is to express an opinion on Area 15 Regional Planning 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 Area 15 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 Area 15 Regional Planning Commission's compliance with those requirements.

In our opinion, Area 15 Regional Planning Commission complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Area 15 Regional Planning Commission 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 Area 15 Regional Planning 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Area 15 Regional Planning Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over compliance we consider to be material weaknesses.

A deficiency in the Commission's 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items III-A-10 and III-B-10 to be material weaknesses.

Area 15 Regional Planning Commission's responses to the 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 Area 15 Regional Planning 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 citizens of Area 15 Regional Planning Commission and other parties to whom Area 15 Regional Planning 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.

Peak & Co., LLP
Certified Public Accountants

January 3, 2011

Area 15 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) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) Material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.

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

(f) The audit disclosed audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was CFDA Number 11.307 – Economic Adjustment Assistance/Economic Adjustment Assistance Disaster Recovery.

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

(i) Area 15 Regional Planning Commission did not qualify as a low-risk auditee.

Area 15 Regional Planning Commission

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-10 CDBG Issues – According to a special report released in April, 2008 by the Auditor of State, hourly rates, which include both direct and indirect costs, may be used by the Commission to bill cities and counties for the administration of CDBG projects if the rates are supported by calculations and actual costs. For the past several years, the Commission has billed cities and counties $35 per hour for administering CDBG projects. The hourly rate could not be supported by documentation or approval by the Board. In addition, the Commission has maintained a positive fund balance in the CDBG program for the past several years. The CDBG program fund balance at June 30, 2010 totaled $42,847. The fund balance accumulated as a result of the Commission receiving administrative fees from the cities and counties for the projects in excess of the recorded CDBG costs. According to the special report issued by the Auditor of State, the Commission should recover only the actual direct and indirect costs incurred to administer the CDBG projects.

Recommendation – The Commission should ensure the hourly rate used to bill cities and counties is properly supported by actual costs and the rate is reviewed at least annually for each type of project administered. In addition, the Commission should work with the Iowa Department of Economic Development to resolve the issues associated with the fund balance of $42,847 at June 30, 2010.

Response – Beginning July 1, 2008 (FY08/09) the Area 15 RPC, in consultation with its CPA firm, reviewed and adopted an annual rate to support actual costs for Administrative Contract services. This annual rate will be reviewed and revised (if appropriate) for each successive fiscal year. Additionally, as a result of the issuance of reports by the State Auditor's Office on several other Council of Governments (COG) organizations regarding actual CDBG Administrative costs, the Area 15 RPC is working with the state-wide COG organization, Iowa Association of Regional Councils (IARC), to resolve these matters with the Iowa Department of Economic Development (IDED). Likewise, the Area 15 RPC continues to have on-going communication, dialog and administrative guidance discussions with the appropriate IDED division staff.

Conclusion – Response accepted. However, the Commission should continue to work with the Iowa Department of Economic Development in an attempt to resolve these issues.

II-B-10 Accounting Records – The Commission's financial statement as of June 30, 2010 were out of balance. As of June 30, 2010, the total debits and total credits were out of balance by over $1,000. The Commission was unable to determine why and how this difference occurred. This issue was resolved for audit purposes.

Recommendation – The Commission implement procedures to ensure that the financial statement debits and credits balance each month.

Response – We will make sure our debits and credits balance each month in the future.

Conclusion – Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

Area 15 Regional Planning Commission

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 11.307: Economic Adjustment Assistance
Federal Award Year: 1990 & 1994
U.S. Department of Commerce
Passed through the Economic Development Administration

III-A-10 Monitoring of Loans – Documentation such as employment reports and financial statements were not always obtained from the borrowers. These documents are required by the conditions of the loans.

In one case the terms of a loan were modified by a bankruptcy court. However, the Regional Economic Development Investments, Inc. had no written documentation from the bankruptcy court in relation to this loan modification.

Recommendation – Regional Economic Development Investments, Inc. should continue to work on establishing procedures to ensure that the borrowers are properly monitored for compliance with the conditions of the loans, and that written documentation is monitored to support all loan modifications.

Response – REDI continues to work on receiving loan documentation such as employment reports and financial statements. REDI borrowers are continuously reminded and requested to submit required quarterly and annual documents but we have very little leverage in demanding these documents, short of "calling" the loan for non-compliance. We will also obtain written documentation for all loan modifications in the future.

Conclusion – Response accepted.

III-B-10 Economic Adjustment Assistance Grant – The Regional Economic Development Investments, Inc, (REDI), is required to file a bi-annual report with the Economic Development Administration (EDA) which documents various REDI loan information. Our review of these bi-annual reports document amounts on these reports which can not be supported by the accounting records of REDI.

Excess interest earnings on REDI funds are required to be paid to the EDA on a quarterly basis. We noted that the REDI is only remitting excess interest earnings to the EDA twice a year, instead of on a quarterly basis, as required.

Recommendation – The REDI implement procedures to ensure the amounts reported on the bi-annual reports filed with the EDA are supported by the accounting records of REDI. Also, excess interest earnings on REDI funds should be paid to the EDA on a quarterly basis.

Response – In regards to the bi-annual reports filed with the EDA, the numbers in question are calculated by the EDA computer program, and we do not know how the EDA came up with them. In the future, we will attempt to ensure that the numbers on these bi-annual reports agree to the accounting records of REDI. In addition, we will also remit our excess interest earnings to the EDA on a quarterly basis.

Conclusion – Response accepted.

Area 15 Regional Planning Commission

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Questionable Expenditures – No expenditures 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-10 Travel Expense – No expenditures of Commission money for travel expenses of spouses of Commission officials or employees were noted.

IV-C-10 Business Transactions – No business transactions between the Commission and Commission officials or employees were noted.

IV-D-10 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-E-10 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted, except that until January, 2010 the Board did not specify in the Board minutes each depository approved, and the maximum amount which may be kept on deposit in each depository.

Recommendation – To be in compliance with Chapter 12C of the Code of Iowa, the Commission should implement procedures to ensure the Board minutes document each depository approved, and the maximum amount which may be kept on deposit in each depository.

Response – This issue was corrected in January, 2010.

Conclusion – Response accepted.

IV-F-10 Financial Condition - The Special Revenue – Hazard Mitigation Grant Program Fund had a deficit balance at June 30, 2010.

Recommendation – The Commission should monitor this fund in order to eliminate the deficit.

Response – The deficit balance was eliminated from the collection of accounts receivables. These accounts receivables were collected in fiscal year 2011.

Conclusion – Response accepted.

IV-G-10 Compliance Issues – One instance was noted where there was no proof that AHEAD, Inc. was included as a loss payee on the individual's insurance policy, even though it is required by the loan agreement.

In regards to the State of Iowa Jumpstart Program, as administered by the Commission, the following concerns were noted:

a) In one instance, there was no indication that the Commission was included as a loss payee on the homeowner's insurance policy.
b) The Commission did not perform any inspections of the completed work. However, inspections are required when certain pre-defined criteria are met according to the Commission's administrative plan.

Recommendation – The Commission ensure that all requirements of the loan agreements between AHEAD, Inc. and the individuals are followed. In relation to the Jumpstart Program, the Commission should review all of the above issues and concerns and take action as necessary.

Response – We will review the above issues and take appropriate action.

Conclusion – Response accepted.

IV-H-10 Electronic Check Retention – Chapter 554D.114(5) of the Code of Iowa allows the Commission to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The Commission retains cancelled checks through electronic image, but does not consistently obtain an image of the back of each cancelled check for all checking accounts as required.

Recommendation – The Commission should obtain and retain an image of both the front and back of each cancelled check as required for all checking accounts.

Response – We will obtain the front and back of each cancelled check in the future.

Conclusion – Response accepted.

IV-I-10 Compliance Issues–The Commission's Board of Directors did not approve of the salary increases for four Commission staff as required by the Commission's personnel manual.

The Commission received a grant from the Iowa Department of Economic Development for marketing activities. This grant was closed out in June 2009. However, as of June 30, 2010, not all of these grant funds were disbursed.

Recommendation – The Commission implement procedures to ensue that all salary increases are approved by the Board of Directors as required by the Commission's personnel manual. In addition, the Commission review the grant received for marketing activities with the Department of Economic Development to determine an appropriate course of action.

Response – All salary increases in the future will be approved by the Commission's Board of Directors. In addition, we will work with the Iowa Department of Economic Development in relation to the above grant.

Conclusion – Response accepted.

Area 15 Regional Planning Commission

Corrective Action Plan for Federal Audit Findings

Year Ended June 30, 2010

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title, Phone Number	Anticipated Date of Completion
III-A-10	Monitoring of Loans	We will set up a checklist, and be more vigilant, to ensure all documents required on the loans are obtained.	Ellen Foudree Executive Director (641) 684-6551	Immediately
III-B-10	Economic Adjustment Assistance Grant	We will ensure the numbers on the bi-annual report agree to our accounting records. We will also remit excess interest to the EDA on a quarterly basis.	Ellen Foudree Executive Director (641) 684-6551	Immediately

Area 15 Regional Planning Commission

Summary Schedule of Prior Federal Audit Findings

Year Ended June 30, 2010

Comment Reference	Comment Title	Status	If not corrected, planned corrective action or other explanation
III-A-09	Monitoring of Loans	Not corrected	In the process of implementation