

MIDAS REGIONAL PLANNING COMMISSION

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

JUNE 30, 2011

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

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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, 2011, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, 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. 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 8 and page 30 respectively, are not required parts of the basic financial statements, but are supplementary information required by the Governmental 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 the United States 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 5, 2011

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, 2011. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of the Commission's government-wide activities decreased 17%, or approximately \$704,000 from fiscal 2010 to fiscal 2011. The reduction was mainly the result of receiving less federal funding.
- Program expenses decreased 12%, or approximately \$472,000, in fiscal year 2011 under fiscal year 2010. A significant decline in vehicle purchases on behalf of the City of Fort Dodge contributed greatly to this reduction.
- The Commission's net assets increased 1%, or approximately \$43,000, from June 30, 2010 to June 30, 2011 as a result of the year's operations.

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 Commissions 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 budgetary comparison information because the Commission is not required by the Code of Iowa to adopt a legally binding budget.

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 federal 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 when 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, Pocahontas, Clarion, and other locations for member communities.

Fund Financial Statements

The Commission has two categories of funds:

- 1) The Commission's governmental fund accounts for the Commission's basic services. 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 services.

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.

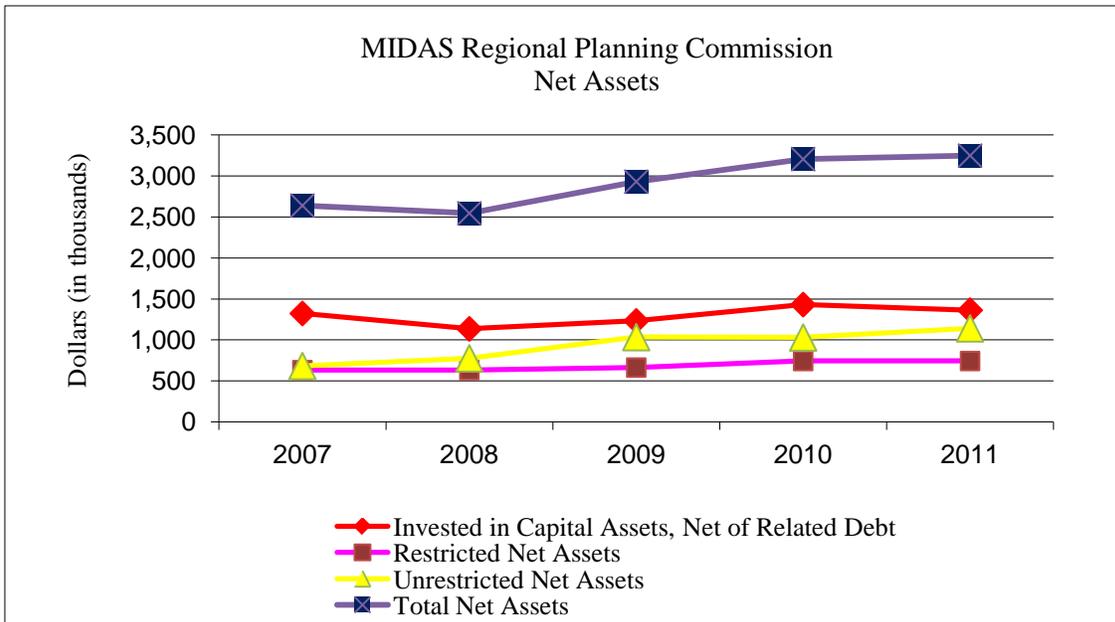
The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the governmental 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 increased slightly from a year ago, from \$3.20 million to \$3.25 million. The increase was a result of the regular operations of the Commission.

Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Current and other assets	\$ 2,082	1,944
Capital assets	1,441	1,530
Total assets	<u>3,523</u>	<u>3,474</u>
Long-term debt outstanding	80	100
Other liabilities	193	167
Total liabilities	<u>273</u>	<u>267</u>
Net assets:		
Invested in capital assets, net of related debt	1,365	1,432
Restricted	763	744
Unrestricted	1,122	1,031
Total net assets	<u>\$ 3,250</u>	<u>3,207</u>



The Commission’s net assets increased by \$43,000 to \$3.25 million this fiscal year. 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 \$1,031,000 at June 30, 2010 to approximately \$1,122,000 at the end of this year.

Changes in Net Assets of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2011	2010
Revenues:		
Program revenues:		
Charges for service	\$ 1,097	1,177
Operating grants, contributions and restricted interest	1,384	1,586
Capital grants, contributions and restricted interest	382	754
General revenues:		
Dues and local tax support	463	389
Unrestricted investment earnings	23	21
Other general revenues	1	127
Total revenues	<u>3,350</u>	<u>4,054</u>
Program expenses:		
Planning	721	959
Transit operations	<u>2,586</u>	<u>2,820</u>
Total expenses	<u>3,307</u>	<u>3,779</u>
Increase (decrease) in net assets	43	275
Net assets beginning of year	<u>3,207</u>	<u>2,932</u>
Net assets end of year	<u>\$ 3,250</u>	<u>3,207</u>

The cost of all activities this year was \$3.34 million compared to \$3.78 million last year. However, as shown in the Statement of Activities on page 11, the amount Commission members ultimately financed for these activities was \$638,447 because some of the cost was paid by those who directly benefited from the programs and grants (\$2.70 million). Overall, the Commission’s revenues, including intergovernmental aid and fees for services decreased in 2011 from approximately \$4.1 million to \$3.4 million. This reduction was mainly the result of receiving less federal funding in the year ended June 30, 2011.

INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.57 million. This is an increase of \$130,888 from net assets reported in fiscal year 2010.

The Commission's proprietary fund reported net assets at the end of the year of \$1.39 million, a decrease from 2010 of approximately \$98,000.

CAPTIAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the MIDAS Regional Planning Commission had approximately \$4.4 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 \$249,000 or 6%.

Capital Assets of Governmental and Business-Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2011	2010
Land and buildings	\$ 834	834
Equipment	904	782
Vehicles	2,563	2,525
Construction-in-Progress	89	-
Total	\$ 4,390	4,141
Major Additions Included (expressed in thousands):		
Radios and communication equipment	\$ -	13
Route Match software	125	-
Buses (1 [used] in 2011, 8 [new] in 2010)	33	559
Software and security cameras	9	14
Construction-in-Progress	87	-
Total	\$ 254	586

The Commission had depreciation expense of \$342,823 in fiscal year 2011 and total accumulated depreciation of \$2,949,402 at June 30, 2011.

Long-Term Debt

At June 30, 2011, MIDAS Regional Planning Commission had \$76,433 in loans outstanding compared to approximately \$97,927 at June 30, 2010, as shown below.

Outstanding Debt of Governmental and Business-Type Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2011	2010
Iowa Department of Transportation Loan	\$ 18	9
Bank loans	58	79
	\$ 76	98

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. Additional debt financing was obtained during the year in order to finance the Commission's local match in conjunction with the construction of a bus shelter in Webster City, Iowa.

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 2012 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, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 628,257	378,067	1,006,324
Accounts receivable			
IDOT	263,763	-	263,763
Transit	-	93,469	93,469
Prepaid expenses	6,541	800	7,341
Notes receivable	711,363	-	711,363
Capital assets, net of accumulated depreciation	187,222	1,253,790	1,441,012
Total assets	<u>1,797,146</u>	<u>1,726,126</u>	<u>3,523,272</u>
Liabilities			
Accounts payable	11,166	86,575	97,741
Accrued payroll and payroll tax	12,550	37,653	50,203
Accrued vacation	7,211	30,753	37,964
Deferred revenue	7,197	-	7,197
Noncurrent liabilities			
Due within one year:			
Loans payable	16,882	13,486	30,368
Due in more than one year:			
OPEB liability	3,918	-	3,918
Loans payable	29,832	16,233	46,065
	<u>88,756</u>	<u>184,700</u>	<u>273,456</u>
Net Assets			
Invested in capital assets, net of related debt	140,508	1,224,071	1,364,579
Restricted for:			
EDA-RLF program	385,564	-	385,564
MIDAS Housing-RLF	350,000	-	350,000
Jumpstart Housing and Business	27,907	-	27,907
Unrestricted	804,411	317,355	1,121,766
Total net assets	<u>\$ 1,708,390</u>	<u>1,541,426</u>	<u>3,249,816</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

Exhibit B

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
		<u>Charges for Service</u>	<u>Operating Grants</u>	<u>Capital Grants</u>			
Functional/Program Activities							
Governmental Activities							
Administration	\$ 721,307	145,233	317,403	153,379	(105,292)	-	(105,292)
Business-type activities							
Transit system	2,585,594	951,383	1,066,917	228,709	-	(338,585)	(338,585)
	<u>3,306,901</u>	<u>1,096,616</u>	<u>1,384,320</u>	<u>382,088</u>	<u>(105,292)</u>	<u>(338,585)</u>	<u>(443,877)</u>
General Revenues							
Local tax support					77,107	385,500	462,607
Interest income					22,833	285	23,118
Sale of assets					-	1,350	1,350
Transfers					<u>144,326</u>	<u>(144,326)</u>	<u>-</u>
Total general revenues and transfers					244,266	242,809	487,075
Change in Net Assets					138,974	(95,776)	43,198
Net Assets beginning					<u>1,569,416</u>	<u>1,637,202</u>	<u>3,206,618</u>
Net Assets ending					<u><u>1,708,390</u></u>	<u><u>1,541,426</u></u>	<u><u>3,249,816</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET
GOVERNMENTAL FUND

JUNE 30, 2011

Assets		
Cash		\$ 628,257
Accounts receivable		263,763
Prepaid expenses		6,541
Notes receivable		711,363
Total assets		<u>1,609,924</u>
Liabilities		
Deferred revenue		7,197
Accounts payable		11,166
Accrued payroll and payroll taxes		12,550
Total liabilities		<u>30,913</u>
Fund Balances		
Nonspendable:		
Notes receivable		711,363
Prepaid expenses		6,541
Restricted for:		
EDA-RLF program		182,757
MIDAS Housing-RLF		350,000
Jumpstart grant		1,806
Committed for:		
MIDAS Housing-RLF		59,729
Unreserved		240,714
Total fund balances		<u>1,579,011</u>
Total liabilities and fund balances		<u>\$ 1,609,924</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION
 RECONCILIATION OF THE BALANCE SHEET -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total governmental fund balances (page 12)	\$ 1,579,011
<p>Amounts reported as net assets for governmental activities in the statement of net assets are different from above because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the funds</p>	187,222
<p>Long-term liabilities including bonds payable, compensated absences payable, other post employment benefits payable are not due and payable in the current period and therefore are not reported in the governmental funds</p>	<u>(57,843)</u>
Net assets of governmental activities	<u><u>\$ 1,708,390</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2011

Revenue	
State and federal grants	\$ 470,782
Local participation	77,107
Interest income	22,833
CDBG administration	145,233
Total revenue	<u>715,955</u>
Expenditures	
Administration:	
Planning	349,386
CDBG	56,456
Housing RLF	2,781
TEA-21	37,358
EDA/RLF	6,712
USDA GIS	9,212
Hazard mitigation	38,999
IDED COG assistance	26,933
Jumpstart housing & business	53,867
Disaster recovery	54,684
LIHTC	6,643
IDED grant to MIGP	57,500
HIRE	3,346
Payment on note payable	16,214
Total expenditures	<u>720,091</u>
(Deficiency) of revenue under expenditures	(4,136)
Other Financing Sources	
Transfers	<u>144,326</u>
Excess of revenue and other financing sources over expenditures	140,190
Fund Balance, beginning	<u>1,438,821</u>
Fund Balance, ending	<u><u>\$ 1,579,011</u></u>

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

YEAR ENDED JUNE 30, 2011

Net change in fund balance - governmental fund	\$	140,190
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.		(10,219)
Some 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 as follows:		
Compensated absences		(7,211)
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.		16,214
Change in net assets of governmental fund	\$	138,974

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2011

Assets	
Current assets	
Cash	\$ 378,067
Accounts receivable	93,469
Prepaid expenses	800
Total current assets	<u>472,336</u>
Non-current assets	
Capital assets	
RTA building, transportation and other equipment	4,003,570
Construction-in-progress	89,426
Less: accumulated depreciation	<u>(2,839,206)</u>
Total non-current assets	<u>1,253,790</u>
Total assets	<u><u>1,726,126</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	86,575
Accrued payroll and payroll taxes	37,653
Accrued vacation	30,753
Current portion - notes payable	13,486
Total current liabilities	<u>168,467</u>
Non-current liabilities	
Notes payable - net of current portion	<u>16,233</u>
Total liabilities	<u>184,700</u>
Net Assets	
Invested in capital assets, net of related debt	1,224,071
Unrestricted	317,355
Total net assets	<u>1,541,426</u>
Total liabilities and net assets	<u><u>\$ 1,726,126</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN FUND NET ASSETS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Fare income	951,383
State and federal grants	1,295,626
Local participation	<u>385,500</u>
Total operating revenues	2,632,509
Operating Expenses:	
Payroll expenses	1,394,160
Transit assistance to providers	69,530
Facility operations	34,322
Vehicle expenses	387,156
Insurance expenses	189,435
Administrative expenses	96,087
Memberships	4,944
Travel	7,995
Employee recruitment training	10,361
Depreciation	336,522
Bad debt expense	7,000
Miscellaneous	<u>48,082</u>
Total operating expenses	2,585,594
Operating income	46,915
Non-Operating Revenues (Expenses):	
Gain from sale/dispositions of fixed assets	1,350
Interest income	<u>285</u>
Total non-operating revenues (expenses)	1,635
Change in net assets before other financing sources (uses)	48,550
Other financing (uses) - Transfers out	(144,326)
Net Assets, beginning	<u>1,637,202</u>
Net Assets, ending	<u><u>\$ 1,541,426</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

Cash flows from Operating Activities:	
Receipts from customers	\$ 1,355,546
Operating and capital grants	1,295,626
Payments to suppliers	(822,867)
Payments to employees	<u>(1,406,494)</u>
Net cash flow from operating activities	<u>421,811</u>
Cash flows from noncapital financing activities:	
Interfund transfers	<u>(144,326)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(253,791)
Repayments on long-term borrowings	(5,279)
Proceeds from sale of equipment	<u>1,600</u>
Net cash used by capital and related financing activities	<u>(257,470)</u>
Cash flows from investing activities	
Interest	<u>285</u>
Net increase in cash	20,300
Cash, beginning of year	<u>357,767</u>
Cash, end of year	<u><u>\$ 378,067</u></u>

MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2011

Reconciliation of Operating Income to Net Cash Flow From
 Operating Activities:

Operating income	\$ 46,915
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	336,522
Change in Accounts Receivable	25,663
Change in Prepaid Expenses	(25)
Change in Accounts Payable	25,070
Change in Accrued Expenses	<u>(12,334)</u>
Net cash flow from operating activities	<u><u>\$ 421,811</u></u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

(1) Nature of Organization

Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission (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. The Commission is not required to legally adopt an annual operating budget.

(2) Significant Accounting Policies

A. Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The 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 local tax support and intergovernmental revenues.

The Statement of Net Assets presents the Commission's 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 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 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 and contributions restricted to meeting the operational or capital requirements of a particular function. Other revenues not properly included among program receipts are reported instead as general revenues.

MIDAS REGIONAL PLANNING COMMISSION

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June 30, 2011

Fund Financial Statements – Separate financial statements are provided for the governmental fund and the proprietary fund.

The Commission reports the following major governmental fund:

The General Fund is the main operating fund of the Commission. All general tax support 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 the other fund.

The Commission reports the following major enterprise fund:

The busing operation (including DART, RTA, Manson School District Busing, and the Jefferson Lines) is the enterprise 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 they occur 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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Commission considers revenues to be available if they are collected within 60 days after year end.

Local tax support/dues and 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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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.

When and expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the Commission's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balance.

The Commission's enterprise fund applies all applicable Governmental Accounting Standards Board (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. In accordance with GASB 34, the Commission has also elected to apply GASB pronouncements issued after November 30, 1989.

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.

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 receivable write offs. At June 30, 2011, the Governmental Activities and Business-Type Activities had \$100,421 and \$3,897 of their accounts receivable that were older than 90 days. These amounts were associated with 26 and 21 customers respectively. At June 30, 2011 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 if purchased or constructed. Donated capital assets are recorded at estimated 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.

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June 30, 2011

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

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 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, 2011.

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 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, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the board of directors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Directors intend to use for specific purposes.

Unassigned – All amounts not included in other classifications.

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NOTES TO FINANCIAL STATEMENTS

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E. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through December 5, 2011, the date the financial statements were issued.

(3) **Cash**

The Commission’s deposits at June 30, 2011 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.

(4) **Transfers**

During the year ended June 30, 2011, the Commission transferred \$144,326 from the proprietary fund to the general fund. The transfers were approved and made in the normal course of operations.

(5) **Capital Assets**

A summary of changes in property and equipment the year ended June 30, 2011 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized				
Land	\$ 78,853	-	-	78,853
Construction in progress	-	89,426	-	89,426
	<u>\$ 78,853</u>	<u>89,426</u>	<u>-</u>	<u>168,279</u>

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Capital assets being depreciated/amortized				
Building	\$ 755,056	-	-	755,056
Vehicles	2,525,329	41,953	4,500	2,562,782
Equipment	781,885	124,900	2,488	904,296
	<u>\$ 4,062,270</u>	<u>166,853</u>	<u>6,988</u>	<u>4,222,135</u>
Less accumulated depreciation/amortization for:				
Building	224,636	20,277	-	244,913
Equipment and vehicles	2,386,193	322,546	4,250	2,704,489
Total accumulated depreciation/amortization	<u>2,610,829</u>	<u>342,823</u>	<u>4,250</u>	<u>2,949,402</u>
Total capital assets being depreciated/amortized net	1,451,441	(175,970)	2,738	1,272,733
Accumulated depreciation	<u>\$ 1,530,294</u>	<u>(86,544)</u>	<u>2,738</u>	<u>2,441,012</u>

Depreciation/amortization expense of \$4,456 and \$332,066 was charged to the planning activities and the transit operations respectively for the year ended June 30, 2011.

(6) Restricted Net Assets - Notes Receivable

The Commission administers a revolving loan fund, known as the EDA-RLF, which provides financing for local 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 \$202,807, net of an allowance for uncollectable notes of \$12,000, and a cash balance of \$182,757 at June 30, 2011. The total loans and cash balance maintained for this program is restricted to make additional business loans in the future.

The 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 \$508,555 and a cash balance of \$409,729 at June 30, 2011. \$350,000 of these assets is restricted for the purpose of providing assistance to low to middle income housing projects. The remaining fund balance for this program, \$568,284 has been committed by the Board of Directors to the housing program.

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

The Commission participated in the administration of the Jumpstart Housing and Jumpstart Business programs during the year ended June 30, 2011. 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, 2011, MIDAS Regional Planning Commission had \$27,907 on hand for the Jumpstart Housing program. Any unused funds are required to be refunded to the State of Iowa.

MIDAS REGIONAL PLANNING COMMISSION

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June 30, 2011

(7) 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 \$550 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, 2011 was \$6,600.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$125 per month. Rent paid for the year ended June 30, 2011 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, 2011 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:	
2012	<u>\$ 6,601</u>

Rent expense for the year ended June 30, 2011 totaled \$9,600.

(8) 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, 2011 of \$9,266.

The Commission has been approved for a loan from the Iowa Department of Transportation. Loan proceeds will be used as non-federal matching funds that are required to qualify for a capital grant from the Federal Transportation Administration. Funds will be used to finance the building of a vehicle storage facility in Hamilton County. The maximum amount available under this agreement is \$71,790. This note has a stated rate of interest of 0%. Payments of \$14,358 are due each December 31, beginning on December 31, 2012. The Commission has received \$8,774 in advances against this note at June 30, 2011.

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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

balance is due to be paid on February 18, 2014. The loan is collateralized by land and building with a depreciated cost of \$588,996. This loan had an outstanding balance at June 30, 2011 of \$58,393.

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

Note	Balance 07/01/10	Advances	Payments	Balance 06/30/11
Iowa Department of Transportation	\$ 19,266	-	10,000	9,266
Iowa Department of Transportation	-	8,774	-	8,774
Mortgage Payable	78,661	-	20,268	58,393
	<u>\$ 97,927</u>	<u>8,774</u>	<u>30,268</u>	<u>76,433</u>

Aggregate maturities required on long-term debt as of June 30, 2011 are due in future years as follows:

Years Ending June 30,	Principal	Interest
2012	\$ 30,368	1,984
2013	30,753	1,107
2014	15,312	236
	<u>\$ 76,433</u>	<u>3,327</u>

Interest incurred under the notes identified above and expensed on the financial statements amounted to \$2,817.

(9) Operating Line of Credit

At June 30, 2011 the Commission had available a \$50,000 line of credit from a local lender. Interest accrues on any outstanding balance at a variable rate (5.25% at June 30, 2011). There was no balance due under this note at June 30, 2011. Amounts advanced under this note, if any, become due when it matures in March 2012.

(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, PO Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered payroll and the Commission is required to contribute 6.95% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$98,621, \$94,784, and \$87,828, respectively, equal to the required contributions for each year.

MIDAS REGIONAL PLANNING COMMISSION

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June 30, 2011

(11) 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.

(12) Economic Dependency

The Commission received 24% of its revenue from direct and pass-through grants from the Department of Transportation for the year ended June 30, 2011. 83% of the federal awards expended during the year (\$801,474) were passed down from the Iowa Department of Transportation for operating and capital purposes.

31% of the federal awards expended during the year (\$302,129) were passed down from the City of Fort Dodge for operating and capital purposes.

(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, 2011.

(14) Litigation

The Commission is subject to pending litigation seeking unspecified damages. The Commission plans to defend themselves and the probability of loss, if any, is undeterminable.

(15) Other Postemployment Benefits (OPEB)

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.

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.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

The following table shows the components of the Commission’s annual OPEB cost for the year ended June 30, 2011, 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	1,959
Net OPEB obligation end of year	\$ 3,918

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, 2011.

For the year ended June 30, 2011, the Commission contributed an estimated \$10,632 to the medical plan. Plan members did not contribute any of the cost of the benefits.

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, 2011 and 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 12,591	84.40%	\$ 3,918
June 30, 2010	12,591	84.40%	1,959

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, 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

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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 July 1, 2009 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.

(16) Construction Commitment

The Commission has entered into a contract totaling \$630,000 for the construction of a bus shelter facility in Webster City, Iowa. As of June 30, 2011, costs of \$89,426 have been incurred. The balance of \$540,574 remaining on the contract at June 30, 2011 will be paid as work progresses.

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, 2011	-0-	\$ 107	\$ 107	0.00%	\$ 1,441	7.43%
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, 2011

ASSETS	
Cash	\$ 100
Accounts receivable	22,507
Property, plant and equipment	
Other equipment	<u>7,302</u>
Total assets	<u><u>29,909</u></u>
LIABILITIES AND EQUITY (DEFICIT)	
Liabilities	
Accrued payroll and payroll taxes	26,852
Accrued vacation	<u>17,977</u>
Total liabilities	<u>44,829</u>
Equity	
Retained (deficit)	<u>(14,920)</u>
Total (deficit)	<u>(14,920)</u>
Total liabilities and equity (deficit)	<u><u>\$ 29,909</u></u>

See Independent Auditor's Report

MIDAS REGIONAL PLANNING COMMISSION

Schedule 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
U.S Department of Commerce			
Direct Programs			
Economic Development Support for Planning Organizations	11.302	05-893-04404-02	\$ 61,000
Economic Adjustment Assistance	11.307	05-69-04683	49,140
Economic Adjustment Assistance	11.307	05-79-04786	<u>38,291</u>
Total U.S. Department of Commerce			<u>148,431</u>
U.S. Department of Transportation			
Pass-through programs from:			
State of Iowa Department of Transportation			
Non-urban Operating Assistance Project	20.509	18-0029-050-11	334,607
Intercity Bus Assistance Project	20.509	TF-2010	310
Intercity Bus Assistance Project	20.509	TF-2011	2,058
State Planning and Research Formula Grant	20.515	11RPA-05	30,083
New Freedom Program	20.521	57-X0002-050-10	2,603
New Freedom Program	20.521	57-X0002-050-11	2,746
ITS-B-050	20.512	ITS-B-050	<u>126,938</u>
			<u>499,345</u>
The City of Fort Dodge, Iowa			
Non-urban Operating Assistance Project	20.509	18-0029-269-11	290,319
Intercity Bus Assistance Project	20.509	ICB CY 10	3,288
Intercity Bus Assistance Project	20.509	ICB CY 11	4,883
Transit Assistance Program	20.509	TF-2011	<u>3,639</u>
			<u>302,129</u>
Total U.S. Department of Transportation			<u>801,474</u>
U.S. Department of Agriculture			
Direct Programs			
Rural Community Transit Initiative	10.446		<u>4,503</u>
Total U.S. Department of Agriculture			<u>4,503</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	<u>12,476</u>
Total U.S. Department of Housing and Urban Development			<u>12,476</u>
			<u>966,884</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, 2011

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 of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

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 (the Commission) as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 on the effectiveness of the commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency (II-A-11) 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, 2011 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 response to finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusion on the Commission's response, we did not audit the Commission's response and, accordingly, we express no opinion on it.

This report 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 5, 2011

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 United States 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, 2011. MIDAS Regional Planning Commission's (the Commission) 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 could have a direct and material effect on its major federal program for the year ended June 30, 2011.

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 to determine the 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 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 5, 2011

MIDAS Regional Planning Commission

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2011

The finding listed as II-A-10 in the prior year noted that the auditors proposed multiple year-end adjusting entries, some of which were material. In the year ending June 30, 2011, we noted an adjustment that we considered to be material for the Accounts Payable and Fixed Asset accounts.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant internal control deficiency was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (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, 2011 was CFDA# 20.509, Formula Grants for Other Than Urbanized Areas. MIDAS Regional Planning Commission spent \$639,104 under this CFDA number during the Year Ended June 30, 2011.
- (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.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Significant Deficiencies:

II-A-11 Year-End Adjustments – We proposed an adjusting journal entry that was material to the Commission’s financial statements.

Criteria – An internal control system that is functioning properly should either prevent or detect and correct material misstatements in a timely manner.

Cause – Invoices related to Construction-in-Progress were not recorded in the proper period.

Effect – Accounts payable and fixed assets in the year-end financial statements were misstated.

Recommendation – We 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.

Client 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 liabilities.

Conclusion – Response accepted.

MIDAS Regional Planning Commission
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011

Part III: Findings and Questioned 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:

- IV-A-11 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-B-11 Travel Expense: No expenditures of MIDAS Regional Planning Commission money for travel expenses of spouses of Commission officials or employees were noted.
- IV-C-11 Business Transactions: No business transactions between the Commission and Commission officials or employees were noted.
- IV-D-11 Bond Coverage: Surety bond coverage of Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-E-11 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- IV-F-11 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.