

UPPER EXPLORERLAND REGIONAL
PLANNING COMMISSION

FINANCIAL REPORT

JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2011 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion 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 opinion.

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 Upper Explorerland Regional Planning Commission, as of June 30, 2011, and the respective changes in financial position for the year 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 reports dated February 9, 2012 on our consideration of the internal control over financial reporting and on 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. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 26 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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. 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 the 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 eleven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 2 through 8, 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.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2012

**Upper Explorerland Regional Planning Commission (UERPC)
Management Discussion and Analysis as of June 30, 2011**

Upper Explorerland Regional Planning Commission (UERPC) is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. UERPC's purpose is to provide management and technical assistance to local governmental staff and elected officials. The sharing of information and the cooperation facilitated by UERPC has led to economies of scale, greater efficiencies and more uniformity in the delivery of services. Regional cooperation through UERPC allows the region to tackle problems and seize upon opportunities with unified effort and pooled resources, thereby greatly improving opportunities and outcomes.

UERPC's management offers this narrative overview and analysis of the financial activities for the year ended June 30, 2011. We also address significant known or anticipated events, conditions, trends and contingencies that may affect the agency since fiscal year-end and going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and of the Workforce Investment Act (WIA) program administered by UERPC. UERPC also acts as the fiscal agent for Region 1 Employment and Training, a district of Iowa Workforce Development; this program is listed in the audit as CSP. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited.

Fiscal year 2011 was another year of big changes and substantial accomplishments for the agency. UERPC continued to sharpen its customer-centered approach to delivering services to the region. To accomplish that goal, the agency made large investments in physical capital – purchasing and redeveloping an office building and upgrading its investments in technology. It also made important and significant investments in human capital – hiring experienced, educated staff and providing additional training to existing staff to allow the organization to expand the menu of services it is able to offer the region. A number of grants attributable to disaster recovery or ARRA moneys ended or were nearing their conclusion by the end of the fiscal year. This necessitated the layoff of some staff whose positions were funded either directly or indirectly by these grants.

Management worked hard to strengthen the financial stability of UERPC – a fact reflected in these financials. On the revenue side, changes were made in the pricing of services offered by UERPC in order to more closely align pricing with the costs of delivering those services. The scope of services offered was also expanded. These two facts combined to result in a significant increase in revenue arising from “charges for service.” On the expense side, costs were contained through every available means, including substantial changes to employee compensation policies, which were modified to reward exceptional performance with merit-based pay raises at the same time that automatic, longevity-based adjustments to salary were eliminated. This resulted in increased efficiency and improved morale among the most productive staff members while simultaneously containing overall payroll costs.

Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total assets of UERPC exceeded the liabilities at June 30, 2011 by \$2,080,836, increasing net assets by \$57,577 from July 2010.
- Of total net assets, the sum of \$735,797 is unrestricted and may be used to meet UPERC's ongoing obligations to member communities and creditors.

	June 30, 2011	June 30, 2010	Net Change
Total Assets	\$4,146,180	\$3,667,383	\$478,797 increase
Total Liabilities	\$2,065,344	\$1,644,125	\$421,219 increase
Total Net Assets	\$2,080,836	\$2,023,259	\$57,577 increase

The significant increase in both assets and liabilities is largely the result of the purchase of an office building in Decorah during the fiscal year. The building had an initial purchase price of \$525,000 plus additional remodeling and construction work totaling over \$230,000.

Statement of Activities (as found in Exhibit B of this report):

- For the period ending June 30, 2011, total revenues from operating grants, charges for services, and general revenues were \$5,197,195. Total expenses were \$5,139,618, providing an increase in net assets of \$57,577.
- Total revenue declined by 11.0% but total expenses declined by a slightly greater 11.6% from the 2010 fiscal year.

	Year Ended June 30, 2011	Year Ended June 30, 2010	Net Change
Revenue from Operating Grants	\$4,307,520	\$5,219,131	\$911,611 decrease
Revenue from Charges for Services	\$887,156	\$614,741	\$272,415 increase
General Revenue	\$2,519	\$5,716	\$3,197 decrease
Total Revenue	\$5,197,195	\$5,839,588	\$642,393 decrease
Total Expenses	\$5,139,618	\$5,814,320	\$674,702 decrease
Change in Net Assets	\$57,577	\$25,268	

Looking forward, fiscal year 2012 will prove to be yet another year of significant change for UERPC. In December 2011, the Executive Director announced his resignation effective in January 2012. The Commission Board will be working to have a replacement hired before the end of the fiscal year. Six highly qualified and experienced department heads – who together have over 100 years of experience with UERPC – are expected to keep the organization running smoothly through the transition of leadership.

Fiscal year 2012 will also be another year of opportunities and challenges. A number of programs and departments at UERPC are experiencing tremendous success. Program areas such as housing rehabilitation, comprehensive planning, and economic development are all expected to see continued growth. The success of these programs in fiscal year 2011 helps

explain the significant increase (44%) in revenues from charges for services. UERPC management realizes that grant funding is likely to continue to decline going forward; UERPC's future success depends on its ability to continue to increase market share in providing services for which a fee can be charged. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to receive lower funding levels. Programs such as low-income housing assistance and certain programs within the workforce development area are beginning to see decreases in funding. One program in particular, the Promise Jobs program, may no longer be delivered through agencies such as UERPC; if this occurs as anticipated at the end of fiscal year 2012, an additional 3-5 positions will need to be cut.

In addition to affecting the balance sheet for UERPC during the period covered by this audit, the purchase of an office building in Decorah will have a positive impact on cash flow for the organization for many years to come. UERPC partnered with several agencies who became tenants in the building. This allowed UERPC to satisfy its desperate need for space without negatively impacting the budget. In fact, the rental income from our partners will more than offset all occupancy costs associated with the new building and will provide an ongoing source of thousands of dollars in unrestricted funds for UERPC annually.

UERPC continues to defend the lawsuit filed in October 2010 by the City of Postville and a Postville City Council member, stemming from the Commission's vote to purchase the building in Decorah. Attorneys' fees for defense of the case are expected to exceed \$50,000. The case will likely be heard and decided before the end of fiscal year 2012. No substantial budgetary impact is expected from the judgment itself; the greatest impact will likely be the defense costs, most of which have already been paid. In light of these extraordinary costs, the Commission Board voted to recommend a special assessment from each of the member counties in an amount that will cover the costs associated with the litigation.

This discussion and analysis attempts to provide a summary view of the 2011 fiscal year as well as some insights into management's assessment of the opportunities and challenges UERPC may see in the 2012 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

Aaron Burkes
Executive Director
Upper Explorerland Regional Planning Commission

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

STATEMENT OF NET ASSETS

As of June 30,2011

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,380,722
Certificate of deposit	-
Accounts receivable, federal sources	457,610
Accounts receivable, other	341,169
Interest receivable	4,835
Loans receivable	1,280,186
Fixed assets(net)	<u>681,658</u>
TOTAL ASSETS	<u><u>\$ 4,146,180</u></u>
LIABILITIES	
Accounts payable	\$ 384,781
Accrued interest payable	2,218
Accrued Real Estate Taxes	11,652
Accrued Self Funding Health Claims	8,338
Accrued leave additive	85,181
Deferred income	168,641
Noncurrent liabilities:	
Due within one year:	
Loan payable	51,310
Due in more than one year:	
Loan payable	<u>1,353,223</u>
TOTAL LIABILITIES	<u><u>2,065,344</u></u>
NET ASSETS	
Investment in fixed assets/Car Replacement- Net of Related Debt	122,107
Fund balance:	
Restricted Fund Balance:	
HAWC	55,000
RLF	486,274
IRP	681,658
Unrestricted	<u>735,797</u>
TOTAL NET ASSETS	<u><u>2,080,836</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 4,146,180</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

Functions / Programs:	Expenses	Program Receipts		Net (Expense) Revenue and Changes in Net Assets
		Charges for Service	Operating Grants Contributions Restr. Int.	
Governmental activities:				
Salaries	\$ 1,309,461	474,267	854,573	19,379
Employee benefits	382,133	122,035	265,401	5,303
Travel and per diem	42,381	13,078	29,881	578
Contracted Service	36,733	37,805	-	1,072
Shared support	34,892	-	35,136	244
Conferences and training	20	-	20	-
Client Training	558,844	-	562,751	3,907
Training support	1,532	-	1,543	11
Other support	341,135	97,507	248,114	4,486
Equipment purchase/lease	14,377	3,604	10,951	178
Office/office supplies	5,991	2,114	3,965	88
In Kind Match	46,194	-	46,517	323
Allocated costs	345,110	135,758	214,692	5,340
Interest	8,493	-	8,552	59
Depreciation	960	988	-	28
Grants/Programs	2,011,362	-	2,025,424	14,062
Total governmental activities	\$ 5,139,618	887,156	4,307,520	55,058
General Revenues (Uses):				
Unrestricted interest				2,519
Total General Revenues				2,519
Change in Net Assets				57,577
Net assets beginning of year				2,023,259
Net assets end of year				\$ 2,080,836

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2010

	General Fund	Special Revenue		
		CSP	RLF	IRP
ASSETS				
Cash and cash equivalents	\$ 509,579	8,261	221,979	573,028
Certificate of deposit	-	-	-	-
Accounts receivable, federal	167,680	171,038	-	-
Accounts receivable, other	323,124	18,045	-	-
Interest receivable	-	-	1,328	3,507
Fixed Assets	-	-	-	-
Loans receivable	-	-	265,986	1,001,607
TOTAL ASSETS	\$ 1,000,383	197,344	489,293	1,578,143
LIABILITIES				
Accounts payable	\$ 82,812	197,344	3,019	5,493
Accrued interest payable	-	-	-	2,218
Accrued Real Estate Tax	11,652	-	-	-
Accrued Self Funding	8,338	-	-	-
Health Claimd	-	-	-	-
Accrued leave additive	49,884	-	-	-
Deferred income	155,691	-	-	-
TOTAL LIABILITIES	308,377	197,344	3,019	7,711
FUND EQUITY				
Fund balance:				
Unreserved	559,029	-	-	-
Reserved by the board:				
CGOI	110,000	-	-	-
Car replacement	22,977	-	-	-
Restricted:				
Restricted Fund Balance	-	-	486,274	1,139,332
Debt Reserve	-	-	-	81,100
Local Match	-	-	-	350,000
TOTAL FUND EQUITY	692,006	-	486,274	1,570,432
TOTAL LIABILITIES & FUND EQUITY	\$ 1,000,383	197,344	489,293	1,578,143

TOTAL FUND EQUITY PER EXHIBIT C

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental fund's fund balance because: Capital assets used in government activities are not financial resources and hence not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental capital assets net of depreciation

Long term liabilities are not due in the current period and therefore not reported in the fund statements. Long term liabilities reported in the statement of net assets that are not reported in the fund balance sheet are:

Loans payable

NET ASSETS OF GOVERNMENTAL ACTIVITIES-EXHIBIT A

EXHIBIT C

HAWC	WIA	Totals
43,059	24,816	1,380,722
-	-	-
-	118,892	457,610
-	-	341,169
-	-	4,835
-	-	-
12,593	-	1,280,186
55,652	143,708	3,464,523

652	95,461	384,781
-	-	2,218
-	-	11,652
-	-	8,338
-	35,297	85,181
-	12,950	168,641
652	143,708	660,811

-	-	559,029
-	-	110,000
-	-	22,977
-	-	-
55,000	-	1,680,606
-	-	81,100
-	-	350,000
55,000	-	2,803,712

55,652	143,708	3,464,523
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\$ 2,803,712

681,658

(1,404,534)
\$ 2,080,836

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-GOVERNMENT FUNDS
Year Ended June 30, 2011

REVENUES	General Fund	SPECIAL REVENUE					Other Nonmajor	Total
		WIA	CSP	IRP	RLF	Gov Fds		
Intergovernmental:								
Federal	\$ 90,234	-	2,722,442	-	-	770,006	3,582,682	
State	-	-	105,230	-	-	478,573	583,803	
Local	-	-	-	-	-	82,286	82,286	
Miscellaneous:								
Interest	2,519	-	-	62,158	18,111	592	83,380	
Other	804,149	63,497	-	-	101	4,525	872,272	
Total revenues	896,902	63,497	2,827,672	62,158	18,212	1,335,982	5,204,423	
EXPENDITURES								
Salaries	460,821	521,326	-	22,308	6,557	297,284	1,308,296	
Employee benefits	118,575	181,079	-	7,368	1,614	74,662	383,298	
Travel and per diem	12,707	17,535	-	-	-	12,157	42,399	
Contracted services	36,733	-	-	-	-	-	36,733	
Shared Support	-	34,892	-	-	-	-	34,892	
Conferences and training	-	-	-	-	-	20	20	
Client Training	-	558,844	-	-	-	-	558,844	
Training Support	-	1,532	-	-	-	-	1,532	
Other support	94,743	121,658	-	-	-	124,909	341,310	
Equipment purchase/lease	3,502	8,799	-	-	-	2,076	14,377	
Office/ office supplies	2,054	-	-	-	-	3,744	5,798	
In Kind Match	-	-	-	-	-	46,194	46,194	
Allocated costs	131,909	97,913	11,790	19,930	5,184	78,384	345,110	
Interest	-	-	-	8,493	-	-	8,493	
Grants/Programs	-	-	1,162,085	-	-	849,276	2,011,361	
Purchase of Fixed Assets	595,917	-	-	-	-	-	595,917	
Depreciation	960	-	-	-	-	-	960	
Long term debt principal	4,585	-	-	50,843	-	-	55,428	
Total expenditures	1,462,506	1,543,578	1,173,875	108,942	13,355	1,488,706	5,790,962	
NET REVENUES (EXPENDITURES)	(565,604)	(1,480,081)	1,653,797	(46,784)	4,857	(152,724)	(586,539)	
OTHER FUNDING SOURCES (USES)								
Loan proceeds	601,620	-	-	-	-	-	601,620	
TRANSFERS:								
General Fund	23,595	-	-	-	-	(23,575)	20	
Special Revenue:								
WIA	-	29,365	-	-	-	(29,365)	-	
Fiscal Agent for CSP	-	1,450,716	(1,450,716)	-	-	-	-	
Planning Commission	-	-	(203,081)	-	-	203,081	-	
NET CHANGE IN FUND BALANCES	59,611	-	-	(46,784)	4,857	(2,583)	15,101	
FUND BALANCE, beginning	632,395	-	-	1,617,216	481,417	57,583	2,788,611	
FUND BALANCE, ending	\$ 692,006	-	-	1,570,432	486,274	55,000	2,803,712	

EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES**
 For The Year Ended June 30, 2011

Net change in fund balances-total governmental funds governmental funds-Exhibit D	\$ 15,101
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	588,668
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Debt proceeds	(601,620)
Principal payments	55,428

Change in net assets-Statement of Activities-Exhibit B	\$ 57,577
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UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relenting Program makes low interest loans available to business in the five county area.

The Commission acts as Fiscal Agent for Iowa Workforce Development Department. It performs accounting functions, and receives and disburses funds on behalf of the Coordinating Service Provider. It administers the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provides employment and training opportunities for low-income individuals and other special groups. This is provided by offering assistance through classroom, pre-employment and on-the-job-training.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General 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.

C. Basis of Presentation

Commission-wide Statements-The Statement of Activities and Net Assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements-Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major 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, grant or

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue WIA Fund accounts for activities associated with providing job training and retraining programs.

The Special Revenue CSP Fund accounts for the receipts and disbursements of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department Sources include grants from the federal government.

The Special Revenue IRP Fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

The Special Revenue RLF Fund accounts for the receipts and disbursements of the Revolving Loan Fund. The program makes low interest loans in the five county area.

D. Fund Equity-In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent either because they are in a non-spendable 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 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 through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned-All amounts not included in other spendable classifications.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

E Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2011.

F. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

G. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

H. Estimates

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

2) FISCAL AGENT

Effective July 1, 1998, the Commission entered into a contract with Iowa Workforce Development Department, to act as Fiscal Agent. As the Fiscal Agent, the Commission will perform

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

accounting functions and receive and disburse funds on behalf of the Coordinating Service Provider. They are to ensure compliance with applicable audit requirements on funds received under the contract, and to provide a report and accounting of all expenditures as they relate to the contract.

See subsequent events footnote.

3) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$509,578
H.A.W.C	43,059
R.L.F	221,979
I.R.P	573,028
W.I.A	24,816
C.S.P.	<u>8,262</u>
\$	<u>1,380,722</u>

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.

4) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 167,680
C.S.P.	171,038
W.I.A.	<u>118,892</u>
	<u>\$457,610</u>

Accounts receivable - other	
Commission	\$323,124
C.S.P	<u>18,045</u>
	<u>\$341,169</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

5) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2011</u>
Fixed Assets	\$177,210	602,666	-	779,876
Accumulated Depreciation	<u>84,222</u>	<u>13,996</u>	<u>-</u>	<u>98,218</u>
Net	<u>92,988</u>	<u>588,670</u>	<u>-</u>	<u>681,658</u>

The Commission had no capitalized interest costs for the year ended June 30, 2011.

During the year the Commission purchased an office building in Decorah Iowa.

6) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. The total leave additive charged to the programs for the year ended June 30, 2011, was \$118,780.

Accrued Leave Additive at June 30, 2011 was \$85,181.

7) PENSION AND RETIREMENT BENEFITS

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

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

Plan members are required to contribute 4.50% of their annual salary 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 year ended June 30, 2011 was \$100,347.

8) Medical Insurance/Health Alternative

Plan Description-The Commission operates a benefit plan which provides medical/prescription drug benefits for active and retired employees. There are 21 active and no retired members currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission self-insures and budgets 15% of the anticipated claims. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed to apply their amounts to a 457(b) tax sheltered annuity of their choice or to be included in their compensation.

In addition the Commission offers dental coverage for single employees and retired employees, and vision coverage for current and retired employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premiums for the Commission and plan members are \$496.91 medical and the Commission pays all but one dollar of these premiums. In addition the Commission pay 100% for dental, \$31.74, and vision, \$7.31

Family coverage is available and the cost to the employee is \$1,024.77 for medical, \$67.77 for dental and \$19.03 for vision. Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

cost on a pay-as-you-go basis. For the year ended June 30, 2011 the Commission contributed \$169,791 to the plan.

9) SELF FUNDING MEDICAL EXPENSE

In a cost saving measure in regard to their insurance expenses the Commission started a Self-Funding account. The Commission accrued 7% exposure for the months August thru December 2010. For the months January thru May 2011 it accrued 15%. This brought the Self-Funding account to \$8,338. The account will remain at this amount until claims are processed against this balance. The Commission has a third-party administrator to handle claims.

10) ADVERTISING

Advertising costs are accrued as incurred. Advertising costs for the year were \$1,508 in the General Fund.

11) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2011, totaled \$344,193.

12) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

13) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

Fund Balance-HAWC		\$ 55,000
Fund Balance-RLF		486,274
Fund Balance-Local Match	350,000	
Fund Balance-Loan Pool	250,558	
Fund Balance-Reserve for Bad Debt	<u>81,100</u>	
Total Fund Balance-IRP		<u>681,658</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A		<u>\$1,222,932</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

See Note 15 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, not more than actual loan losses and to pay principal and interest on the IRP Promissory Note when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

14) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditure by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

15) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 12,593
Loans under the Intermediary Relending Program (See note 14)	1,001,607
Loans under the Revolving Loan Program (See note 15)	<u>265,986</u>
Exhibit A and C	<u>\$1,280,186</u>

16) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Aaron Burkes, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2011, this amounted to \$264,685.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

The Authority is audited separately and a report has been issued under separate cover.

17) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2011, was \$473,710.

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for

an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest was to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2011 was \$333,787.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

records, so that the six percent requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2011 balance was \$81,100 which exceeds the required six percent of outstanding loans.

18) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000

Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the

funds, continue to exist. The agreement states in part that "If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."

19) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$70,766. The grant called for a hard match of \$12,610 in cash and an in-kind match of \$48,390. The Commission also had a Youth Offender grant thru Workforce Connections, Inc. of LaCrosse, Wisconsin with a match of \$4,465.

20) INDEBTEDNESS

There is a note with Waukon State Bank of Waukon, Iowa dated April 27, 2011 for \$600,000. The purpose of the note was to purchase a building in Decorah Iowa. Interest rate is 5.15%. Due date of note is April 15, 2026. There are one hundred seventy nine monthly payments of \$3,580.92 and a balloon payment of \$334,696.32 on April 15, 2026. Balance of note at June 30, 2011 was \$597,035.

There is a open end credit note with Waukon State Bank of Waukon, Iowa dated April 27, 2011 for \$125,000. Interest rate 5.49%. Due date of note is May 15, 2016. As of June 30, 2011 the Commission had not borrowed any funds on this loan.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2011 was \$473,710.

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2011 was \$333,788.

Maturity Schedule:

June 30, 2012	\$ 63,306
June 30, 2013	64,546
June 30, 2014	65,745
June 30, 2015	66,985
June 30, 2016	68,192
Subsequent Years	<u>1,075,759</u>

\$ 1,404,533

21) OPERATING LEASES

The Commission leases office space in New Hampton, Iowa on an annual basis. The current lease is \$425 per month and expires July 31, 2011. Lease was renewed through July 31, 2013 at \$425 per month.

The Commission has a two year lease on office space in Decorah, Iowa. The current lease is \$392.35 per month and will expire July 31, 2011. This lease was not renewed.

The Commission has a two year lease for office space in Waukon, Iowa. The lease expires June 30, 2012. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2012.

The Commission has a two year lease for office space in Oelwein, Iowa. The lease expired June 30, 2011. Currently the Commission had negotiated a lease on office space from September 1, 2011 to May 31, 2012. Rent is two payments of \$900 each, or a total of \$1,800 for the nine month period.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments are:

June 30,	New <u>Hampton</u>	<u>Decorah</u>	<u>Waukon</u>	<u>Oelwein</u>
2012	\$5,100	392	900	1,800
2013	5,100	-	-	-
2014	<u>425</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$10,625</u>	<u>5,101</u>	<u>1,800</u>	<u>1,800</u>

22) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

23) IRP LOANS

IRP has three loans totaling \$259,109 which were delinquent. Each loan received only one payment during the fiscal year June 30, 2011.

24) RLF LOANS

RLF has three loans totaling \$19,415 which were delinquent at June 30, 2011.

25) LITIGATION

A lawsuit has been brought against the Commission and several of its current and former board members. The lawsuit alleges that the Commission and its members violated Iowa's open meeting laws concerning three meetings in September, October and November 2009. Trial is set for early 2012. If the Commission were to lose this lawsuit it would be liable for damages for each violation and the payment of attorney fees, including plaintiff attorneys, and costs. Commission has insurance, the amount the insurance company would cover is not determinable at this time.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

26) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events thru February 9, 2012, the date which the financial statements were available to be issued.

The Commission has received notice that as of March 31, 2012 Iowa Workforce Development will terminate the Fiscal Agent function with Upper Explorerland Regional Planning Commission. As fiscal agent the Commission receives funds and passes them on to various entities. For this activity the Commission received \$10,872 for fiscal year ended June 30, 2011.

OTHER SUPPLEMENTARY
INFORMATION

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2011

REVENUES	Actual	Amended Budget	Variance Favorable (Unfavorable)
Commission			
Per Capita	\$ 53,928	53,928	-
DOT Grant(STP,SPR,&FTA 5311 Funds)	69,981	46,747	23,234
DOT Grant (STP & FTA 5311Carryover Funds)	-	23,413	(23,413)
DOT Grant (Carryover Funds)	-	15,000	(15,000)
EDA-Planning Grant	61,000	61,000	-
EDA CERC Planning Grant	31,248	27,530	3,718
EDA AIM2WIN Grant	23,994	5,000	18,994
Disability Navigator	203,081	185,000	18,081
Disability Navigator Admin	-	15,000	(15,000)
CSP Fiscal Agent Fees	13,472	25,555	(12,083)
RWIB Secretarial Support	3,382	3,200	182
EPA Brownsfield Assessment Grant	44,024	104,890	(60,866)
EPA Brownsfield Petroleum Grant	69,368	106,800	(37,432)
Hazard Mitigation & Pre-Disaster Plans(28)	82,629	115,000	(32,371)
CDBG/EDA Grants-Current Projects(10)	-	123,000	(123,000)
Office of Energy Grants	22,575	21,000	1,575
Housing Grants-Current Projects(1)	-	8,500	(8,500)
Housing Grants-New Projects(3)	-	58,500	(58,500)
WIRB	6,444	15,000	(8,556)
WIA Fees	-	35,000	(35,000)
WIA Admin Support	-	55,590	(55,590)
Career Pathways	146	2,500	(2,354)
Jumpstart	29,876	48,000	(18,124)
COG Assistance Grant	10,463	10,294	169
Apartment Management Fees/Calmar	15,014	18,000	(2,986)
Tenant-Based Rental Assistance	9,138	7,500	1,638
Elkader Hsg Inspections	2,000	7,500	(5,500)
Iowa Finance Authority	9,198	2,625	6,573
EDSA and Strategic Plans(3)	-	4,500	(4,500)
Regional Housing Authority Fees	264,685	240,000	24,685
Intermediary Relending Program(2)	-	60,000	(60,000)
Oelwein IRP Administration	14,835	10,000	4,835
Revolving Loan Fund Program	-	18,000	(18,000)
Smart Planning/Comp Plans	-	91,000	(91,000)
Regional Housing Trust Fund	34,692	45,500	(10,808)
Fayette Co Hsg Trust Fund	14,247	6,500	7,747
NE Iowa Business Network	16,538	17,500	(962)
NE Iowa Food & Fitness	10,185	10,000	185
Technical Assistance Fees/Grant Prep	9,410	10,000	(590)
Interest	3,234	2,400	834
EDA & Youth Offender In-Kind Match	33,960	40,000	(6,040)
Tenant-Based Rental Assistance	81,095	75,000	6,095
Youth Offender Implementation Grant	24,900	25,000	(100)
Jumpstart Assistance	279,324	225,000	54,324
Homeland Security Grant-Region 6	160,177	80,000	80,177
NE IA Business Network	105,218	80,000	25,218
Iowans Helping Iowans	345,838	-	345,838
Green Industries	13,900	-	13,900
Other	51,803	-	51,803
	<u>2,225,002</u>	<u>2,241,472</u>	<u>(21,305)</u>
HAWC			
Interest	592	-	592
Other	60	-	60
	<u>652</u>	<u>-</u>	<u>652</u>
IRP			
Interest	62,158	-	62,158
Other	-	-	-
	<u>62,158</u>	<u>-</u>	<u>62,158</u>

SCHEDULE 1
(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

RLF			
Interest	18,111	-	18,111
Other	100	-	100
	<u>18,211</u>	<u>-</u>	<u>18,211</u>
CSP			
Federal	2,722,442	3,527,872	(805,430)
State	105,230	-	105,230
	<u>2,827,672</u>	<u>3,527,872</u>	<u>(700,200)</u>
WIA	63,497	30,000	33,497
	<u>63,497</u>	<u>30,000</u>	<u>33,497</u>
TOTAL REVENUE	<u>5,197,192</u>	<u>5,799,344</u>	<u>(600,139)</u>
EXPENDITURES			Variance
Commission	Actual	Budget	Favorable (Unfavorable)
Salaries	813,567	949,200	135,633
Employee Benefits	116,514	138,585	22,071
Contracted Service	44,575	62,000	17,425
Unemployment Compensation-Navigator	27,566	25,000	(2,566)
Travel & Per Diem	17,854	42,700	24,846
Car Replacement	6,989	10,955	3,966
Capital Improvement Reserve	-	12,000	12,000
Depreciation & Usage Fees	981	1,000	19
Office Rent/Supplies	5,371	10,500	5,129
Equipment Purchase/Lease	4,811	15,000	10,189
Communications	518	750	232
Conferences/Training	385	2,500	2,115
Advertising	1,054	2,000	946
Marketing	-	2,500	2,500
Dues & Subscriptions	530	2,500	1,970
Professional Fees	103,982	172,280	68,298
Legal/Filing Fees	12,623	10,000	(2,623)
Service Contracts/Maint Agreements	1,409	3,000	1,591
Printing and Reproduction	14	5,000	4,986
Repairs & Maintenance	1,659	3,000	1,341
Postage	1,395	1,000	(395)
Miscellaneous	1,546	500	(1,046)
Expansion Project Loan Payment	-	12,400	12,400
Allocated Costs	209,641	206,000	(3,641)
In-Kind	46,194	40,000	(6,194)
Tenant Based Rental Assistance	81,603	75,000	(6,603)
Youth Offender	-	25,000	25,000
Jumpstart	278,956	225,000	(53,956)
Homeland Security Grant Region 6	156,286	80,000	(76,286)
NE Iowa Business Network	85,508	80,000	(5,508)
Iowans Helping Iowans	328,525	-	(328,525)
	<u>2,350,056</u>	<u>2,215,370</u>	<u>(134,686)</u>
CSP			
Program Expenses	1,162,085	3,517,000	2,354,915
Administration	11,790	10,872	(918)
	<u>1,173,875</u>	<u>3,527,872</u>	<u>2,353,997</u>
HAWC			
Program Expenses	652	-	(652)
IRP			
Program Expenses	58,099	-	(58,099)
RLF			
Program Expenses	13,355	-	(13,355)

SCHEDULE 1
(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

WIA	Actual	Budget	Variance Favorable (Unfavorable)
Salaries	521,326	543,800	22,474
Employee Benefits	181,079	223,000	41,921
Travel/Per Diem	17,535	21,000	3,465
Office Supplies-County Offices	-	1,000	1,000
Rent-County Offices	-	17,036	17,036
RSA Costs-County Offices	-	4,800	4,800
Telephone-County Offices	-	5,500	5,500
T-1 Computer Connection-Postville	-	4,625	4,625
Advertising	-	2,000	2,000
Audit Expense	-	3,550	3,550
Printing	-	3,000	3,000
Tuition Reimbursement	-	1,000	1,000
Equipment	8,799	4,000	(4,799)
Allocated Costs	97,913	128,412	30,499
Miscellaneous	-	5,000	5,000
Training & Testing Supplies	1,532	1,000	(532)
Workmans Comp	-	5,000	5,000
Unemployment Insurance	-	1,000	1,000
Shared support	34,892	-	(34,892)
Other Support	121,658	-	(121,658)
Client Training	558,844	-	(558,844)
	<u>1,543,578</u>	<u>974,723</u>	<u>(568,855)</u>
TOTAL EXPENDITURES	<u>5,139,615</u>	<u>6,717,965</u>	<u>1,578,350</u>
Excess of Revenues over Expenditures	57,577	(918,621)	976,198
Fund Balance, Beginning of Year	2,023,259	2,023,259	-
Fixed Asset Abscense/Adjustments	-	-	-
Fund Balance, End of Year	<u>\$ 2,080,836</u>	<u>1,104,638</u>	<u>976,198</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2011

REVENUES	Total	Iowa				Iowans	
	Nonmajor Gov Fds	HAWC	Business Network	CSP	RWIB	Helping Iowans	Navigator
							17.266
Intergovernmental							
Federal	\$ 770,006	-	-	-	-	-	-
State	478,573	-	121,756	10,979	-	345,838	-
Local	82,286	-	-	-	3,382	-	-
Miscellaneous							
Interest	592	592	-	-	-	-	-
Other	4,525	60	-	-	-	-	-
Total revenues	<u>1,335,982</u>	<u>652</u>	<u>121,756</u>	<u>10,979</u>	<u>3,382</u>	<u>345,838</u>	<u>-</u>
EXPENDITURES							
Salaries	298,449	-	17,222	6,570	2,423	5,160	112,197
Employee benefits	73,497	-	4,040	1,579	615	1,211	26,557
Travel and per diem	12,139	-	-	50	76	58	6,905
Conferences and training	20	-	-	-	-	-	20
Other support	124,732	-	763	1,100	-	1,069	31,865
Equipment purchase/ lease	2,076	-	766	-	-	1,006	-
Office/Office Supplies	3,937	-	46	180	-	106	2,655
In Kind	46,194	-	-	-	-	-	-
Allocated costs	78,384	652	4,977	1,500	268	1,407	22,883
Long term debt principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Grants/Programs	849,277	-	85,508	-	-	328,525	-
Total expenditures	<u>1,488,706</u>	<u>652</u>	<u>113,322</u>	<u>10,979</u>	<u>3,382</u>	<u>338,542</u>	<u>203,082</u>
NET REVENUES							
(EXPENDITURES)	(152,724)	-	8,434	-	-	7,296	(203,082)
TRANSFER FROM CSP	203,081	-	-	-	-	-	203,081
TRANSFER TO WIA	(29,365)	-	-	-	-	-	-
TRANSFER TO GENERAL FUND	(23,575)	-	(8,434)	-	-	(7,295)	-
FUND BALANCE, beginning	57,583	55,000	-	-	-	-	-
FUND BALANCE, ending	<u>\$ 55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
and CHANGES IN FUND BALANCE
WORKFORCE INVESTMENT ACT
Year Ended June 30, 2011

	Total Contracts	Contract #7-W-01-FR-0	Northern Engraving #9-W-FR- 9F-1-02	Career Pathways #7-W-PF-RR 4-09	Featherlite Trailers/ NEG #10-W-FR- 9F-0-02	Rockwell Sumner NEG #11-W-FR- P1-1-22
REVENUES						
Intergovernmental						
Federal	\$ 32,524	-	-	-	-	-
State	-	-	-	-	-	-
Other	34,840	-	-	34,840	-	-
Total revenues	67,364	-	-	34,840	-	-
EXPENDITURES						
Programs-E.C.I.A.	-	-	-	-	-	-
Programs-I.W.D.	-	-	-	-	-	-
Programs-W.I.A.	1,547,445	648,805	101,289	34,840	170,847	75,208
Administration	-	-	-	-	-	-
Total expenditures	1,547,445	648,805	101,289	34,840	170,847	75,208
NET EXCESS REVENUES (EXPENDITURES)	(1,480,081)	(648,805)	(101,289)	-	(170,847)	(75,208)
TRANSFERS IN (OUT):						
Special Revenue:						
Commission	29,365					
CSP	1,450,716	648,805	101,289	-	170,847	75,208
	1,480,081	648,805	101,289	-	170,847	75,208
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-

Rockwell Sumner Summer EI	Rockwell Sumner SEG	Atwood NEG	Green Grant	Bundled SEG	TANF Youth Income	OJT NEG Program	Promise Jobs #9-W-01- FN-0	Youth Offender
#11-W-PF- RR-O-02	#9-W-PF- RR-0-22	#10-W-FR- 9F-0-01	17.257	#9-W-PF- RR-0-37	#10-W-01- TE-0	#11-W-FR- P1-0-05		#17.261
-	-	-	32,524	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	32,524	-	-	-	-	-
-	-	-	-	-	-	-	-	-
9,511	14,898	132,790	32,524	51,115	54,807	5,791	185,655	29,365
-	-	-	-	-	-	-	-	-
9,511	14,898	132,790	32,524	51,115	54,807	5,791	185,655	29,365
(9,511)	(14,898)	(132,790)	-	(51,115)	(54,807)	(5,791)	(185,655)	(29,365)
9,511	14,898	132,790	-	51,115	54,807	5,791	185,655	29,365
9,511	14,898	132,790	-	51,115	54,807	5,791	185,655	29,365
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
WORKFORCE INVESTMENT ACT CONTRACT # 7-W-01-FR-0
 Year Ended June 30, 2011

	Total W.I.A. #7-W-01 FR-0	Admin- istrative	Adult	Dislocated Worker	WIA Incentive
REVENUES:					
Intergovernmental:					
Federal	\$ -	-	-	-	-
State	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES:					
Programs-W.I.A.	648,805	65,753	134,811	251,484	13,754
Total expenditures	648,805	65,753	134,811	251,484	13,754
TRANSFERS IN (OUT):					
Special Revenue:					
CSP	648,805	65,753	134,811	251,484	13,754
NET	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

SCHEDULE 4

Staff Training	Adult Literacy	Youth	Emergency Public Jobs
-	-	-	-
-	-	-	-
2,046	4,405	155,712	20,840
2,046	4,405	155,712	20,840
2,046	4,405	155,712	20,840
-	-	-	-
-	-	-	-
-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
Year Ended June 30, 2011

Total Coordinating Service Provider	Contract #7-W-01-FR-0	Navigator #9-W-FN- DN-4-03	Atwood/Dura NEG #10-W-FR- 9F-2-01	Northern Engraving #9-W-FR- 9F-2-02
		17.266	17.260	17.260

REVENUES:

Intergovernmental				
Federal	\$ 3,233,209	1,873,371	203,999	132,790
State	105,230	105,230	-	-
Total revenues	3,338,439	1,978,601	203,999	132,790

EXPENDITURES:

Programs-E.C.I.A.	1,307,380	953,452	-	-
Programs-I.W.D.	179,817	179,817	-	-
Administration	11,790	10,872	918	-
Total expenditures	1,498,987	1,144,141	918	-

NET EXCESS REVENUES (EXPENDITURES)	1,839,452	834,460	203,081	132,790
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TRANSFERS IN (OUT):

Special Revenue:				
Planning Commissi	(203,081)	-	(203,081)	-
WIA	(1,636,371)	(834,460)	-	(132,790)
	(1,839,452)	(834,460)	(203,081)	(132,790)

NET	-	-	-	-
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FUND BALANCE, beginning	-	-	-	-
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FUND BALANCE, ending	\$ -	-	-	-
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UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
Contract # 7-W-01-FR-0
Year Ended June 30, 2011

	Total Contract 7-W-01- FR-0	Workforce Investment Act	Adminis- tration	IWD Promise Jobs	General Fund- SurTax
				93.558	
REVENUES					
Intergovernmental					
Federal	\$ 1,362,604	1,256,305	-	24,107	-
State	105,230	-	10,872	-	54,655
Total revenues	1,467,834	1,256,305	10,872	24,107	54,655
EXPENDITURES					
Programs-E.C.I.A.	628,340	628,340	-	-	-
Programs-IWD	179,817	-	-	24,107	54,655
Administration	10,872	-	10,872	-	-
Total expenditures	819,029	628,340	10,872	24,107	54,655
NET EXCESS REVENUES (EXPENDITURES)	648,805	627,965	-	-	-
TRANSFERS IN (OUT):					
Special Revenue:					
Planning Commission	-	-	-	-	-
WIA	(648,805)	(627,965)	-	-	-
	(648,805)	(627,965)	-	-	-
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-

SCHEDULE 6

Wagner Peyser	Unemployment Insurance	Disabled Veteran's Outreach	TAA	CRC Career Readiness Certification	EPJ NEG	RES- Re- employment Services	NIC New Iowans
17.207	17.225	17.801	17.245		17.260	34.002	17.207
15,560	20,421	4,176	1,628	-	20,840	13,529	6,038
-	-	-	-	39,703	-	-	-
15,560	20,421	4,176	1,628	39,703	20,840	13,529	6,038
-	-	-	-	-	-	-	-
15,560	20,421	4,176	1,628	39,703	-	13,529	6,038
-	-	-	-	-	-	-	-
15,560	20,421	4,176	1,628	39,703	-	13,529	6,038
-	-	-	-	-	20,840	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(20,840)	-	-
-	-	-	-	-	(20,840)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
WORKFORCE INVESTMENT ACT
Year Ended June 30, 2011

	Total Workforce Investment Act	Admin- istrative	Adult	Youth
		17.258/.259/.260/.278	17.258	17.259
REVENUES:				
Intergovernmental				
Federal	\$ 1,256,305	123,138	239,888	301,299
State	-	-	-	-
Total revenues	1,256,305	123,138	239,888	301,299
EXPENDITURES:				
Programs-E.C.I.A.	628,340	57,385	105,077	145,587
Total expenditures	628,340	57,385	105,077	145,587
TRANSFERS IN (OUT):				
Special Revenue:				
Planning Commission	-	-	-	-
WIA	(627,965)	(65,753)	(134,811)	(155,712)
	(627,965)	(65,753)	(134,811)	(155,712)
NET	-	-	-	-
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-

See accompanying independent auditor's report

SCHEDULE 7

Youth Stimulus	Dislocated Worker	SWA	SWA Stimulus ARRA
17.259	17.260/.278	17.260	17.260
7,741	486,794	41,671	55,774
-	-	-	-
7,741	486,794	41,671	55,774
7,741	235,310	21,466	55,774
7,741	235,310	21,466	55,774
-	-	-	-
-	(251,484)	(20,205)	-
-	(251,484)	(20,205)	-
-	-	-	-
-	-	-	-
-	-	-	-

See accompanying independent auditor's report

SCHEDULE 8

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	Program Expenditures July 1,2010 to June 30,2011
<u>DIRECT:</u>			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-04434	\$ 61,000
Economic Development Community Economic Recovery Coordinator	11.307	05-69-04768	31,248
Title IX Economic Adjustment Program- Revolving Loan Fund	11.307	Perpetual	-
TOTAL DEPARTMENT OF COMMERCE			<u>92,248</u>
<u>U.S. Department of Agriculture:</u>			
Rural Business Opportunity Grant	10.773		-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>-</u>
<u>U.S. Environmental Protection Agency:</u>			
Brownsfields Assessment and Cleanup Agreements	66.818	BF-98796001-1	<u>113,391</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>113,391</u>
<u>INDIRECT:</u>			
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation Federal Transit Administration-Transportation P	20.215	11257	<u>69,981</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>69,981</u>
<u>U.S. Department of Labor</u>			
Indirect passthrough Workforce Connections, Inc			
of LaCrosse Wisconsin Youth Offender	17.261		<u>24,900</u>
Indirect passthrough ECIA Business Growth, Inc			
of Dubuque, Iowa Energy Training Partnership Grant Green Grant	17257.000		<u>32,524</u> <u>32,524</u>
Indirect passthrough Iowa Workforce Development Department			
Wagner Peyser Employment Services	17.207	7-W-01-FR-0	15,560
NIC-New Iowans	17.207		<u>6,038</u>
Disabled Veterans Outreach Program	17.801	7-W-01-FR-0	<u>4,176</u>
Unemployment Insurance	17.225	7-W-01-FR-0	<u>20,421</u>
TAA-Trade Adjustment Assistance Workers	17.245	7-W-01-FR-0	<u>1,628</u>
Title I - Administration	17.258	7-W-01-FR-0	123,138
Title I - Adult	17.258	7-W-01-FR-0	<u>239,888</u>
Subtotal - WIA Adult CFDA # 17.258			<u>363,026</u>
WIA Youth in School Formula	17.259	7-W-01-FR-0	301,299
WIA Youth Stimulus	17.259		<u>7,741</u>
Subtotal-WIA Youth Cluster CFDA #17.259			<u>309,040</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

SCHEDULE 8
Continued

	Federal CFDA <u>Number</u>	Grant <u>Number</u>	Program Expenditures July 1,2010 to <u>June 30, 2011</u>
WIA Dislocated Worker	17.260	7-W-01-FR-0	486,794
SWA	17.260	7-W-01-FR-0	41,671
SWA Stimulus-ARRA	17.260	7-W-01-FR-0	55,774
Rockwell Collins	17.260		14,898
Northern Engraving	17.260	9-W-FR-9F-2-02	101,289
Featherlite Trailers	17.260	10-W-FR-9F-O-02	170,847
Atwood/Dura NEG	17.260	10-W-FR-9F-2-01	132,790
Bundled SEG	17.260	9-W-PF-RR-0-37	51,115
WIA NEG	17.260	11-W-FR-9F-2-02	5,791
EPJ-NEG	17.260	7-W-01-FR-0	20,840
Rockwell Automation-E.I.	17.260	11-W-PR-RR-0-02	9,511
Rockwell Automation-NEG	17.260	11-W-FR-P1-0-22	75,208
Subtotal - WIA Dislocated Worker CFDA # 17.260			1,166,528
 Navigator	 17.266	 9-W-FN-DN-0-03	 203,999
			203,999
Subtotal - WIA Cluster CFDA # 17.258, 17.259, 17.260 & 17.266			2,042,593
 RES-Reemployment Services	 34.002	 7-W-01-FR-0	 13,529
TOTAL DEPARTMENT OF LABOR			2,161,369
 <u>U.S. Department of Health and Human Services</u>			
Indirect passthrough Iowa Workforce Development Department			
Promise Jobs	93.558	9-W-01-FN-0	510,767
IWD Promise Jobs	93.558	7-W-01-FR-0	24,107
TANF-Temporary Assistance for Needy Families	93.714	10-W-01-TE-0	83,623
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			618,497
 <u>U.S. Department of Agriculture</u>			
Business and Industrial Loans-Intermediary	10.767	Perpetual	-
Relending Program			-
TOTAL DEPARTMENT OF AGRICULTURE			-
 <u>Federal Emergency Management Agency:</u>			
Indirect pass thru Iowa Department of Economic Development:			
Jumpstart	14.228		309,199
Tenant Based Rental Assistance	14.239		90,234
TOTAL FEDERAL EMERGENCY MANAGEMENT			399,433
 <u>U.S. Department of Homeland Security</u>			
Indirect pass thru Iowa Homeland Security and Emergency Management Division			
Iowa Homeland Security	97.067	2008-GE-T8-2008-006	162,068
 TOTAL ALL FEDERAL PROGRAMS			3,616,987

See accompanying independent auditor's report

SCHEDULE 8Continued

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in 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 statements.

NOTE 2-SUBRECIPIENTS

Upper Explorerland Regional Planning Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title I-Administration	17.258,17.259,17.260,17.278	\$ 57,385
Title I-Adult	17.258	105,077
WIA Youth/Stimulus	17.259	153,328
WIA Dislocated Worker	17.278	235,310
Set Aside, Incentive Awards	17.260	77,240
Promise Jobs	93.558	349,219
Wagner Peyser	17.207	15,560
NIC-New Iowans	17.207	6,038
DVOP	17.801	4,176
Unemployment Insurance	17.225	20,421
TAA	17.245	1,628
RES	34.002	13,529
TANF	93.714	28,816
		<u>\$ 1,067,727</u>

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

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

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Commission's as of and for the year ended June 30, 2011, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 9, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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

internal control. We consider the deficiency in internal control described in Part II of the Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial statements.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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.

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

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

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
 RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
 CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2012



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

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

Compliance

We have audited the compliance of Upper Explorerland Regional Planning Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Upper Explorerland Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Planning Commission's management. Our responsibility is to express an opinion on Upper Explorerland 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland 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 on Upper Explorerland Regional Planning Commission's compliance with those requirements.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland 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, 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 the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Commission's internal control. We noted no matters involving the internal control over compliance that we consider to be a material weakness.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2012

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Part I-Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Our audit procedures disclosed no reportable conditions in the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 14.228,17.258,17.259,17.260, and 93.558 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission qualified as a low-risk auditee.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Part II-Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements – Upper Explorerland Regional Planning Commission employs an accounting staff to produce in house financial information, but the accounting staff does not possess the technical expertise to prepare its financial statements (including footnote disclosures) in conformity with accounting principles generally accepted in the United States of America and GASB 34; therefore, it relies on its auditors to prepare such statements.

Response – UERPC feels that having the auditors draft the financial statements and notes from financial information produced by the Commission's accounting staff is a tolerable situation. Internal financial statements are prepared for reporting and decision making purposes. The requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion – Response accepted.

Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

This audit was performed by:

Don Snitker, CPA, Manager
Jeremy Lockard, CPA, Staff
James Remington, Staff