

IOWA NORTHLAND REGIONAL
COUNCIL OF GOVERNMENTS

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

JUNE 30, 2012

- Prepared By -

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IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS

MEMBERS

<u>Name</u>	<u>Representing</u>	<u>Name</u>	<u>Representing</u>
Maurice Welsh, Chair	City of Fairbank	Dave Swenumson	City of Ionia
Larry Young, Vice-Chair	City of Shell Rock	Jim MacKay	City of Janesville
Mark Schildroth, Secretary	Grundy County	Dick Quackenbush	City of Jesup
Jon Crews, Treasurer	City of Cedar Falls	Rick Lubben	City of LaPorte City
Karl Nelson	Butler County	Alfred Hotchkiss	City of Lamont
Scot Henrichs	City of Allison	Mark Mueterthies	City of Lawler
Carrie Folkers	City of Alta Vista	David Hach	City of Morrison
Jason Mehmen	City of Aplington	John Phyfe	City of Nashua
Jeremy Minnier	City of Aredale	Bob Martin	City of New Hampton
Richard Roepke	City of Aurora	David Geerts	City of North Washington
Ann Smith	City of Beaman	Jason Byrne	Chickasaw County
Brad Schultz	City of Brandon	John Anderson	City of New Hartford
Dennis Peterson	City of Bristow	Perry Bernard	City of Parkersburg
David Kelm	City of Clarksville	Tom Geise	City of Plainfield
Jeff Martin	City of Conrad	Chad Staton	City of Quasqueton
Rod Diercks	City of Denver	Monte Johnson	City of Raymond
Mike Soppe	City of Dike	Dan Wedemeier	City of Readlyn
Edwin Mouw	City of Dumont	Shawn Murphy	City of Reinbeck
Michael Schares	City of Dunkerton	Rita Knutson	City of Rowley
Gary Wortz	City of Elk Run Heights	Rodger Sill	City of Stanley
Chad Deutsch	City of Evansdale	Jim Folkers	City of Stout
Bryan O'Day	City of Fredericksburg	Gary Walke	City of Sumner
Wesley Hicock	City of Frederika	Jay Ranard	City of Tripoli
Harry Fischels	City of Gilbertville	Buck Clark	City of Waterloo
William Christensen	City of Greene	Frank Magsamen	Black Hawk County
Rex Van Wert	City of Grundy Center	Bob Brunkhorst	City of Waverly
Wayne Holliday	City of Hazelton	Steve Reuter	Bremer County
Sheila Walitshek	City of Holland	Dale Van Hauen	City of Wellsburg
Kevin Launderville	City of Hudson	Gerlad Dennie	City of Winthrop
Carl Scharff	City of Independence		
Ralph Kremer	Buchanan County		



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Northland Regional Council of Governments
Waterloo, IA 50703

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Iowa Northland Regional Council of Governments (INRCOG) as of and for the year ended June 30, 2012. These financial statements are the responsibility of INRCOG's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INRCOG as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 20, 2012 on my consideration of INRCOG's internal control over financial reporting and my 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 my 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 my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise INRCOG's financial statements. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenses 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in my audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise INRCOG's basic financial statements. Management's Discussion and Analysis on pages 4 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

A handwritten signature in black ink, appearing to read "Larry Pump". The signature is written in a cursive, flowing style.

December 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Northland Regional Council of Governments (INRCOG) 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, 2012. I encourage readers to consider this information in conjunction with INRCOG's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- INRCOG's operating revenues decreased 29%, or \$1,970,944, from fiscal 2011 to fiscal 2012. Federal and state funds decreased due to fewer funds for individuals and businesses impacted by the floods of 2008.
- INRCOG's operating expenses were 27%, or \$1,837,638 less in fiscal 2012 than in fiscal 2011 due mainly to decreased expenses for flood programs.
- INRCOG's net assets decreased 1%, or \$48,227, from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

The Iowa Northland Regional Council of Governments is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to INRCOG's basic financial statements. 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 INRCOG's financial activities.

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

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on operating revenues and expenses, non-operating revenues and expenses and whether INRCOG's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in INRCOG's cash and cash equivalents during the year. This information can assist the use of the report in determining how INRCOG financed its activities and how it met its cash requirements.

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

Supplementary information provides detailed information about the revenues, expenses and changes in net assets, in addition to providing detailed information about the grant activity. In addition, the Schedule of Expenses of Federal Awards provides details of various federal programs benefiting the Agency.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of INRCOG's financial position. INRCOG's net assets for fiscal 2012 totaled approximately \$4,024,062. This compares to approximately \$3,834,397 at the end of fiscal 2011. A summary of INRCOG's net assets is presented below.

Net Assets		June 30,	
	2012	2011	
Current assets	\$2,321,958	\$2,274,572	
Non-current assets	246,048	193,041	
Capital assets at cost, less accumulated depreciation	<u>1,984,615</u>	<u>2,214,012</u>	
Total assets	<u>\$4,552,621</u>	<u>\$4,681,625</u>	
Current liabilities	<u>\$ 528,559</u>	<u>\$ 847,228</u>	
Net assets:			
Reserved	\$ 457,322	\$ 602,246	
Unreserved	<u>3,566,740</u>	<u>3,232,151</u>	
Total net assets	<u>\$4,024,062</u>	<u>\$3,834,397</u>	

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received from federal grants, state grants, and other local sources. Operating expenses are to operate the transit systems and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2012 and 2011 are presented below:

Changes in Net Assets		Year Ended June 30,	
	2012	2011	
Operating Revenues:			
Grants	\$2,614,575	\$3,951,950	
Program reimbursements and other local sources	<u>2,208,449</u>	<u>2,842,018</u>	
Total operating revenues	<u>\$4,823,024</u>	<u>\$6,793,968</u>	
Operating Expenses	<u>4,881,672</u>	<u>6,719,310</u>	
Operating Income	<u>\$ (58,648)</u>	<u>\$ 74,658</u>	
Non-operating revenues (expenses):			
Interest income	\$ 15,015	\$ 14,232	
Interest expense	(4,594)	(5,081)	
Gain (loss) on sale of fixed assets	-	(418)	
Net non-operating revenues (expenses)	<u>\$ 10,421</u>	<u>\$ 8,733</u>	
Change in net assets	\$ (48,227)	\$ 83,391	
Net assets beginning of year	3,834,397	3,751,006	
Prior period adjustment	<u>237,892</u>	<u>-</u>	
Net assets end of year	<u>\$4,024,062</u>	<u>\$3,834,397</u>	

The Statement of Revenues, Expenses and Changes in Net Assets reflects a decrease in the net assets at the end of the fiscal year.

- Net assets for the year decreased \$48,227. This decrease was due to the decrease in federal grants.
- INRCOG's operating expenses (without depreciation) were \$4,714,532 and operating revenues were \$4,823,024. With depreciation, the total expenses were \$4,881,672 and operating revenues remained at \$4,823,024.
- State funds and federal funds for the year totaled \$2,614,575. These same funding sources for the previous fiscal year totaled \$3,951,950. These same funding sources are projected to decrease from fiscal year 2012 to fiscal year 2013 due to decreased funds available for flood recovery.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by the operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2012, INRCOG had approximately \$1,984,615 invested in capital assets, net of accumulated depreciation of approximately \$1,397,339. Depreciation expense totaled \$234,730 for fiscal year 2012. More detailed information about INRCOG's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The Iowa Northland Regional Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2013 budget and fees that will be charged for agency activities. INRCOG general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

CONTACTING INRCOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of INRCOG's finances and to show INRCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa Northland Regional Council of Governments, 229 E Park Avenue, Waterloo, IA 50703.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 350,611	\$1,009,110	\$1,359,721
Investments (at cost)	100,417	200,834	301,251
Accounts receivable	102,553	528,051	630,604
Notes receivable	-	28,262	28,262
Prepaid expenses	-	2,120	2,120
Total current assets	<u>\$ 553,581</u>	<u>\$1,768,377</u>	<u>\$2,321,958</u>
Noncurrent assets:			
Notes receivable	\$ -	\$ 246,048	\$ 246,048
Fixed assets:			
Furniture and equipment	\$ 57,731	\$ 134,082	\$ 191,813
Vehicles - unrestricted	130,891	-	130,891
Vehicles - restricted	1,146,579	-	1,146,579
Building and improvements	-	1,912,671	1,912,671
Total	<u>\$1,335,201</u>	<u>\$2,046,753</u>	<u>\$3,381,954</u>
Less accumulated depreciation	(984,927)	(412,412)	(1,397,339)
Net fixed assets	<u>\$ 350,274</u>	<u>\$1,634,341</u>	<u>\$1,984,615</u>
Total assets	<u>\$ 903,855</u>	<u>\$3,648,766</u>	<u>\$4,552,621</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ 79,271	\$ 8,871	\$ 88,142
Line of credit	-	184,592	184,592
Accrued wages and payroll taxes payable	8,607	25,606	34,213
Accrued benefits payable	7,385	17,866	25,251
Unearned revenue	-	196,361	196,361
Total current liabilities	<u>\$ 95,263</u>	<u>\$ 433,296</u>	<u>\$ 528,559</u>
NET ASSETS:			
Reserved (Note 2)	\$ 328,137	\$ 129,185	\$ 457,322
Unreserved	480,455	3,086,285	3,566,740
Total net assets	<u>\$ 808,592</u>	<u>\$3,215,470</u>	<u>\$4,024,062</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
OPERATING REVENUES:			
Federal funds	\$ 304,701	\$1,513,194	\$1,817,895
State funds	285,122	511,558	796,680
Local funds:			
Contract revenue	1,030,963	1,023,261	2,054,224
Membership revenue	-	97,600	97,600
Document fee	-	56	56
In kind	-	44,000	44,000
Miscellaneous	259	12,310	12,569
Total operating revenues	<u>\$1,621,045</u>	<u>\$3,201,979</u>	<u>\$4,823,024</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	\$ -	\$1,148,999	\$1,148,999
Drivers' salaries and benefits	223,032	-	223,032
Travel	-	34,562	34,562
Meals	-	7,762	7,762
Seminars	290	2,820	3,110
Telephone/internet	661	1,731	2,392
Awards	225	-	225
Contracted services	226,591	1,352,063	1,578,654
Office supplies	632	1,439	2,071
Miscellaneous	-	3,113	3,113
Postage	1,569	6,556	8,125
Bad debt	92	8,414	8,506
Copy expense	3,329	10,925	14,254
Advertising and notices	4,820	3,911	8,731
Professional memberships	2,544	1,120	3,664
Recording fees	-	829	829
Administrative overhead	51,889	265,292	317,181
Transportation cost	1,041,214	-	1,041,214
Provision for forgivable loan	-	248,471	248,471
Administrative expense - INRHC	-	6,925	6,925
Relocation	-	4,432	4,432
Insurance	26,444	-	26,444
Depreciation	167,140	-	167,140
Legal and accounting	17,060	2,041	19,101
Printing	911	-	911
Radio service	1,824	-	1,824
Total operating expenses	<u>\$1,770,267</u>	<u>\$3,111,405</u>	<u>\$4,881,672</u>
Operating Income (loss)	<u>\$ (149,222)</u>	<u>\$ 90,574</u>	<u>\$ (58,648)</u>
Non-operating revenues (expenses):			
Interest income	\$ 2,610	\$ 12,405	\$ 15,015
Interest expense	-	(4,594)	(4,594)
Operating transfer in	34,842	-	34,842
Operating transfer out	-	(34,842)	(34,842)
Net non-operating revenues (expenses)	<u>\$ 37,452</u>	<u>\$ (27,031)</u>	<u>\$ 10,421</u>

(continued)

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Iowa Northland</u>		
	<u>Regional</u>	<u>Council</u>	
	<u>Transit</u>	<u>of</u>	
	<u>Commission</u>	<u>Governments</u>	<u>Total</u>
Change in net assets	\$ (111,770)	\$ 63,543	\$ (48,227)
Net assets beginning of year	899,263	2,935,134	3,834,397
Prior period adjustment	21,099	216,793	237,892
Net assets end of year	<u>\$ 808,592</u>	<u>\$3,215,470</u>	<u>\$4,024,062</u>

See Notes to Financial Statements.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012**

	<u>Iowa Northland</u>		
	<u>Regional Transit Commission</u>	<u>Council of Governments</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from membership revenue	\$ -	\$ 97,600	\$ 97,600
Cash received from contract fees	1,023,470	871,942	1,895,412
Cash received from miscellaneous sources	259	12,366	12,625
Cash received from state operating grants	285,122	450,704	735,826
Cash received from federal operating grants	304,701	1,385,272	1,689,973
Cash paid for salaries and benefits	(219,251)	(1,169,377)	(1,388,628)
Cash paid for administration	(1,334,476)	(1,969,165)	(3,303,641)
Net cash provided (used) by operating activities	<u>\$ 59,825</u>	<u>\$ (320,658)</u>	<u>\$ (260,833)</u>
Cash flows from noncapital financing activities:			
Cash received from line of credit	\$ -	\$ 579,888	\$ 579,888
Cash used to repay line of credit	-	(451,596)	(451,596)
Net cash provided (used) for noncapital financing activities	<u>\$ -</u>	<u>\$ 128,292</u>	<u>\$ 128,292</u>
Cash flows from capital and related financing activities:			
Net acquisition of fixed assets	\$ -	\$ (5,335)	\$ (5,335)
Cash flows from investing activities:			
Cash paid for investments	\$ (101,570)	\$ (200,834)	\$ (302,404)
Cash received from investments	242,801	-	242,801
Interest received	2,610	12,405	15,015
Net cash provided by investing activities	<u>\$ 143,841</u>	<u>\$ (188,429)</u>	<u>\$ (44,588)</u>
Net increase (decrease) in cash	\$ 203,666	\$ (386,130)	\$ (182,464)
Cash and cash equivalents beginning of year	<u>146,945</u>	<u>1,395,240</u>	<u>1,542,185</u>
Cash and cash equivalents end of year	<u>\$ 350,611</u>	<u>\$1,009,110</u>	<u>\$1,359,721</u>
Reconciliation of net transactions to net cash provided (used) by operating activities:			
Net transactions	\$ (111,770)	\$ 63,543	\$ (48,227)
Adjustments for long-term non-cash items:			
Depreciation	167,140	-	167,140
Revenues and expenses not classified as operating	3,503	(161,966)	(158,463)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables and notes	7,493	216,973	224,466
(Increase) decrease in prepaid expenses	-	1,212	1,212
(Decrease) increase in accounts payable	10,777	(6,759)	4,018
(Decrease) increase in accrued wages payable	2,720	(13,885)	(11,165)
(Decrease) increase in accrued benefits payable	(20,038)	(198,927)	(218,965)
(Decrease) in unearned revenue	-	(220,849)	(220,849)
Net cash provided (used) by operating activities	<u>\$ 59,825</u>	<u>\$ (320,658)</u>	<u>\$ (260,833)</u>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ -</u>	<u>\$ 4,594</u>	<u>\$ 4,594</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(1) Organization

The Iowa Northland Regional Council of Governments (INRCOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 7 which includes Black Hawk, Bremer, Buchanan, Butler, Chickasaw, and Grundy counties. INRCOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). INRCOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. INRCOG also provides transportation services to the elderly, disabled and rural areas through the Iowa Northland Regional Transit Commission. In performing its duties, INRCOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

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

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

(b) Basis of Presentation

The accounts of INRCOG are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

(2) Summary of Significant Accounting Policies - continued

(c) Measurement Focus and Basis of Accounting

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

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

INRCOG distinguishes 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 the INRCOG's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(d) Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets:

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

Investments - Investments are stated at cost which approximates market.

Notes Receivable - This account is utilized to record revolving loan funds loaned to eligible homeowners with the intent that if certain target performances have been satisfied, a portion of the loans may be forgiven.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

(2) Summary of Significant Accounting Policies - continued

Reportable capital assets are defined by INRCOG as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Furniture and Equipment	\$ 250
Vehicles	500
Moving Costs	500
Leasehold Improvements	500
Building and Improvements	500

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

<u>Asset Class</u>	<u>Estimated Useful lives (In years)</u>
Furniture and Equipment	5
Vehicles	5
Moving Costs	5
Leasehold Improvements	5-39
Building and Improvements	5-39

Accrued Benefits Payable - Accrued benefits payable are earned vacation time and have been accrued as liabilities on the statement of net assets. These current liabilities have been computed based on rates of pay in effect at June 30, 2012.

Unearned Revenue - Unearned revenue represents dues received from members for the next year and various grant advanced funding.

Reserved Net Assets - The Council of Government's reserved net assets represents the reserve for revolving loan funds. The Agency received grant funds to establish revolving loan funds for housing needs.

The Regional Transit Commission's reserved net assets represents the portion of federal participation in the purchase of transit vehicles and related equipment. Subsequent disposition of assets purchased with federal funds are subject to certain restrictions.

(3) Cash and Investments

INRCOG's deposits in banks at June 30, 2012 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.

INRCOG 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 and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

(3) Cash and Investments - continued

INRCOG had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by statement No. 40.

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

(4) Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 131,157	\$ 3,760	\$ 835	\$ 134,082
Building and improvements	1,911,098	1,573	-	1,912,671
Total	<u>\$2,042,255</u>	<u>\$ 5,333</u>	<u>\$ 835</u>	<u>\$2,046,753</u>

<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 57,731	\$ -	\$ -	\$ 57,731
Vehicles - unrestricted	130,891	-	-	130,891
Vehicles - restricted	1,146,579	-	-	1,146,579
Total	<u>\$1,335,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,335,201</u>

Depreciation activity for the year ended June 30, 2012 was as follows:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 83,737	\$ 14,785	\$ 835	\$ 97,687
Building and improvements	261,920	52,805	-	314,725
Total	<u>\$ 345,657</u>	<u>\$ 67,590</u>	<u>\$ 835</u>	<u>\$ 412,412</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012**

(4) Capital Assets - continued

<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 57,644	\$ 87	\$ -	\$ 57,731
Vehicles - unrestricted	97,958	10,796	-	108,754
Vehicles - restricted	<u>662,185</u>	<u>156,257</u>	<u>-</u>	<u>818,442</u>
Total	<u>\$ 817,787</u>	<u>\$167,140</u>	<u>\$ -</u>	<u>\$ 984,927</u>

(5) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and INRCOG is required to contribute 8.07% of covered salary. Contribution requirements are established by state statute. INRCOG's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$95,124, \$84,363 and \$78,198, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description - The Agency operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 18 active and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Agency. The Agency currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Agency and plan members are \$229 for single coverage and \$663 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2012, the Agency contributed \$85,915 and plan members eligible for benefits contributed \$34,980 to the plan.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

(7) **Risk Management**

INRCOG 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. INRCOG 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.

(8) **Short-Term Notes Payable - Line of Credit**

The Agency has an unsecured line of credit agreement with a bank which provides it may borrow up to \$500,000 at a variable rate of interest. The line of credit is used for the jumpstart program expenditures. Line of credit activity for the year ended June 30, 2012 is as follows:

Balance			Balance
Beginning	Advances	Advances	End
<u>of year</u>	<u>Received</u>	<u>Repaid</u>	<u>of year</u>
<u>\$ 56,300</u>	<u>\$579,888</u>	<u>\$451,596</u>	<u>\$184,592</u>

(9) **Prior Period Adjustment**

A prior period adjustment has been made to the financial statements in order to adjust accrued benefits payable. In prior years sick leave was accrued as a payable however, sick leave is not paid out upon leaving the Agency.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM NET ASSETS
JUNE 30, 2012

	Housing Trust Funds	Other Programs	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 66,172	\$1,143,772	\$1,209,944
Accounts receivable	-	528,051	528,051
Notes receivable	28,262	-	28,262
Prepaid expenses	-	2,120	2,120
Total current assets	<u>\$ 94,434</u>	<u>\$1,673,943</u>	<u>\$1,768,377</u>
Noncurrent assets:			
Notes receivable	<u>\$ 100,254</u>	<u>\$ 145,794</u>	<u>\$ 246,048</u>
Fixed assets:			
Furniture and equipment	\$ -	\$ 134,082	\$ 134,082
Building and improvements	-	1,912,671	1,912,671
Total	<u>\$ -</u>	<u>\$2,046,753</u>	<u>\$2,046,753</u>
Less accumulated depreciation	-	(412,412)	(412,412)
Net fixed assets	<u>\$ -</u>	<u>\$1,634,341</u>	<u>\$1,634,341</u>
Total assets	<u>\$ 194,688</u>	<u>\$3,454,078</u>	<u>\$3,648,766</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ -	\$ 8,871	\$ 8,871
Line of credit	-	184,592	184,592
Accrued wages and payroll taxes	-	25,606	25,606
Accrued benefits payable	-	17,866	17,866
Unearned revenue	65,503	130,858	196,361
Total current liabilities	<u>\$ 65,503</u>	<u>\$ 367,793</u>	<u>\$ 433,296</u>
NET ASSETS:			
Reserved (Note 2)	\$ 129,185	\$ -	\$ 129,185
Unreserved	-	3,086,285	3,086,285
Total net assets	<u>\$ 129,185</u>	<u>\$3,086,285</u>	<u>\$3,215,470</u>

See Accompanying Independent Auditor's Report.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>Admini- stration</u>	<u>Technical Assistance</u>	<u>IFA LIHTC 2</u>	<u>Sumner Rehab</u>
OPERATING REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	8,575	-
Local funds:				
Contract revenue	-	16,440	-	2,715
Membership revenue	-	9,719	-	-
Document Fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	650	-	-
Total operating revenues	<u>\$ -</u>	<u>\$ 26,809</u>	<u>\$ 8,575</u>	<u>\$ 2,715</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ (9,472)	\$ (5,546)	\$ 2,884	\$ 2,203
Travel	-	3,578	23	-
Meals	-	322	-	-
Seminar	-	1,480	-	-
Telephone/internet	-	135	-	1
Contracted services	-	220	-	-
Office supplies	-	149	-	-
Miscellaneous	-	-	-	-
Postage	-	321	8	3
Bad debt expense	-	-	-	-
Copy expense	-	402	28	-
Advertising and notices	-	62	-	-
Professional memberships	-	-	-	-
Recording fees	-	7	-	-
Relocation	-	-	-	-
Allocated administrative services	-	(1,270)	660	505
Provision for forgivable loan	-	-	-	-
Administrative expense - INHRC	-	-	-	-
Legal and accounting	-	1,951	-	-
Total operating expenses	<u>\$ (9,472)</u>	<u>\$ 1,811</u>	<u>\$ 3,603</u>	<u>\$ 2,712</u>
Operating income	<u>\$ 9,472</u>	<u>\$ 24,998</u>	<u>\$ 4,972</u>	<u>\$ 3</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ 4,060	\$ -	\$ -
Interest expense	-	-	-	-
Agency interfund transfer	88,913	(29,058)	(4,972)	(3)
Operating transfer out	(34,842)	-	-	-
Total non-operating revenues (expenses)	<u>\$ 54,071</u>	<u>\$ (24,998)</u>	<u>\$ (4,972)</u>	<u>\$ (3)</u>
Change in net assets	\$ 63,543	\$ -	\$ -	\$ -
Net assets beginning of year	2,935,134	-	-	-
Prior period adjustment	216,793	-	-	-
Net assets end of year	<u><u>\$3,215,470</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

<u>BHCSWC</u>	<u>Housing Council</u>	<u>BHC Contractors Bond</u>	<u>Readlyn Rehab</u>	<u>Lamont HMGP</u>	<u>COG Assistance</u>	<u>INREDC</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,000
-	-	-	-	-	-	-
19,850	2,293	-	2,843	8,192	10,294	-
-	-	-	-	-	-	17,000
-	28	-	-	-	-	-
-	-	-	-	-	-	44,000
		11,660				
<u>\$ 19,850</u>	<u>\$ 2,321</u>	<u>\$ 11,660</u>	<u>\$ 2,843</u>	<u>\$ 8,192</u>	<u>\$ 10,294</u>	<u>\$ 122,000</u>
\$ 15,963	\$ 4,536	\$ 3,748	\$ 2,278	\$ 6,158	\$ 8,910	\$ 60,298
548	-	-	-	-	10	4,924
20	-	-	-	-	-	739
600	-	-	-	-	-	50
10	-	1	-	20	-	70
-	-	-	-	-	-	44,000
-	-	-	-	-	-	-
-	-	3	-	-	-	-
2	4	490	32	153	-	233
-	-	-	-	-	-	-
26	5	186	45	70	-	54
-	-	-	-	381	-	34
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,655	1,039	858	522	1,410	2,041	13,808
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 20,824</u>	<u>\$ 5,584</u>	<u>\$ 5,286</u>	<u>\$ 2,877</u>	<u>\$ 8,192</u>	<u>\$ 10,961</u>	<u>\$ 124,210</u>
<u>\$ (974)</u>	<u>\$ (3,263)</u>	<u>\$ 6,374</u>	<u>\$ (34)</u>	<u>\$ -</u>	<u>\$ (667)</u>	<u>\$ (2,210)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33
-	-	-	-	-	-	-
974	3,263	(6,374)	34	-	667	2,177
-	-	-	-	-	-	-
<u>\$ 974</u>	<u>\$ 3,263</u>	<u>\$ (6,374)</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 667</u>	<u>\$ 2,210</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>RTC</u>	<u>Independence Rehab</u>	<u>Nashua Jumpstart CDBG</u>	<u>INRCOG Housing RLF</u>
OPERATING REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local funds:				
Contract revenue	286,908	8,740	7,422	-
Membership revenue	-	-	-	-
Document fee	-	-	-	28
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$286,908</u>	<u>\$ 8,740</u>	<u>\$ 7,422</u>	<u>\$ 28</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$226,591	\$ 6,230	\$ 5,899	\$ 329
Travel	1,945	347	51	-
Meals	37	-	-	-
Seminar	15	-	-	-
Telephone/internet	661	4	3	-
Contracted services	-	-	-	8,125
Office supplies	234	-	-	95
Miscellaneous	225	125	-	-
Postage	1,240	334	18	49
Bad debt expense	-	-	-	8,414
Copy expense	3,329	273	12	4
Advertising and notices	742	-	18	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	7
Relocation	-	-	-	-
Allocated administrative services	51,889	1,427	1,351	75
Provision for forgivable loan	-	-	-	(8,953)
Administrative expense - INRHC	-	-	-	2,321
Legal and accounting	-	-	-	90
Total operating expenses	<u>\$286,908</u>	<u>\$ 8,740</u>	<u>\$ 7,352</u>	<u>\$ 10,556</u>
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$(10,528)</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ 2,970
Interest expense	-	-	-	-
Agency intrafund transfer	-	-	(70)	7,558
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (70)</u>	<u>\$ 10,528</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

Quasqueton CDBG	Beaman Rehab	New Hartford Buyout	Tripoli Rehab	WSR School HS Safe Room	Cedar Falls Urban Renewal	EDA Waverly Dam	FEMA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
4,660	7,021	1,610	7,839	4,444	6,155	1,315	867
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,660</u>	<u>\$ 7,021</u>	<u>\$ 1,610</u>	<u>\$ 7,839</u>	<u>\$ 4,444</u>	<u>\$ 6,155</u>	<u>\$ 1,315</u>	<u>\$ 867</u>
\$ 3,788	\$ 5,474	\$ 1,229	\$ 6,117	\$ 3,448	\$ 3,735	\$ 1,032	\$ 1,710
-	252	14	110	73	17	47	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	1	-	1	5	-	-	1
-	-	-	35	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	125	-	-	-	-
3	32	7	40	34	5	-	61
-	-	-	-	-	-	-	-
1	8	43	10	41	17	-	69
-	-	-	-	53	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
867	1,254	281	1,401	790	855	236	392
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,660</u>	<u>\$ 7,021</u>	<u>\$ 1,574</u>	<u>\$ 7,839</u>	<u>\$ 4,444</u>	<u>\$ 4,629</u>	<u>\$ 1,315</u>	<u>\$ 2,233</u>
\$ -	\$ -	\$ 36	\$ -	\$ -	\$ 1,526	\$ -	\$ (1,366)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	(36)	-	-	(1,526)	-	1,366
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,526)</u>	<u>\$ -</u>	<u>\$ 1,366</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>BHCGA</u> <u>Direct</u>	<u>Iowans</u> <u>Helping</u> <u>Iowans</u>	<u>Safety</u> <u>Program</u>	<u>Federal</u> <u>J/S - 1</u> <u>SFNC 1</u>
OPERATING REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ 54,663
State funds	-	-	-	-
Local funds:				
Contract revenue	2,898	27,546	29,500	
Membership revenue	-	-	-	-
Document Fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 2,898</u>	<u>\$ 27,546</u>	<u>\$ 29,500</u>	<u>\$ 54,663</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 431	\$ 537	\$ 22,810	\$ 301
Travel	-	-	1,104	-
Meals	-	-	-	-
Seminar	-	-	260	-
Telephone/internet	492	-	4	-
Contracted services	-	17,343	-	54,411
Office supplies	674	-	-	-
Miscellaneous	-	-	-	-
Postage	757	-	52	-
Bad debt expense	-	-	-	-
Copy expense	225	-	106	-
Advertising and notices	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	7	-	22
Relocation	-	-	-	-
Allocated administrative services	99	123	5,223	69
Provision for forgivable loan	-	9,717	-	-
Administrative expense - INRHC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 2,678</u>	<u>\$ 27,727</u>	<u>\$ 29,559</u>	<u>\$ 54,803</u>
Operating income	<u>\$ 220</u>	<u>\$ (181)</u>	<u>\$ (59)</u>	<u>\$ (140)</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ 48	\$ -
Interest expense	-	-	-	-
Agency intrafund transfer	(220)	181	11	140
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ (220)</u>	<u>\$ 181</u>	<u>\$ 59</u>	<u>\$ 140</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

<u>BHCSWMC- Direct</u>	<u>Black Hawk Co. Buyout</u>	<u>Stout CDBG</u>	<u>Waterloo EDA Comm Lift Station</u>	<u>CV Coalition</u>	<u>Waterloo CDBG Comm Lift Station</u>	<u>Waterloo CDBG Res Lift Station</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
457	3,454	969	2,268	21,470	3,562	3,405
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 457</u>	<u>\$ 3,454</u>	<u>\$ 969</u>	<u>\$ 2,268</u>	<u>\$ 21,470</u>	<u>\$ 3,562</u>	<u>\$ 3,405</u>
\$ -	\$ 2,774	\$ 4,789	\$ 1,833	\$ -	\$ 2,891	\$ 2,759
-	-	121	-	2,828	-	-
-	-	-	-	5,424	-	-
3	-	5	-	-	-	-
-	-	-	-	13,189	-	-
43	-	-	-	-	-	-
-	-	-	-	-	-	-
202	6	3	8	15	-	1
-	-	-	-	-	-	-
209	6	1	7	14	9	13
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	635	1,097	420	-	662	632
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 457</u>	<u>\$ 3,421</u>	<u>\$ 6,016</u>	<u>\$ 2,268</u>	<u>\$ 21,470</u>	<u>\$ 3,562</u>	<u>\$ 3,405</u>
\$ -	\$ 33	\$ (5,047)	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -
-	-	-	-	-	-	-
-	(33)	5,047	-	(100)	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (33)</u>	<u>\$ 5,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>MPO/TIP</u>	<u>MPO/TPWP</u>	<u>MPO/PPP</u>	<u>MPO/LRP</u>
OPERATING REVENUES:				
Federal funds	\$ 4,904	\$ 1,243	\$ 255	\$ 70,357
State funds	-	-	-	-
Local funds:				
Contract revenue	-	-	-	-
Membership revenue	1,226	312	64	17,590
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 6,130</u>	<u>\$ 1,555</u>	<u>\$ 319</u>	<u>\$ 87,947</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 4,791	\$ 1,265	\$ 251	\$ 69,736
Travel	8	-	11	704
Meals	-	-	-	88
Seminar	25	-	-	-
Telephone/internet	-	-	-	14
Contracted services	-	-	-	-
Office supplies	-	-	-	-
Miscellaneous	-	-	-	1,200
Postage	17	-	-	65
Bad debt expense	-	-	-	-
Copy expense	110	-	-	151
Advertising and notices	82	-	-	19
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Relocation	-	-	-	-
Allocated administrative services	1,097	290	57	15,970
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 6,130</u>	<u>\$ 1,555</u>	<u>\$ 319</u>	<u>\$ 87,947</u>
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ -
Interest expense	-	-	-	-
Agency intrafund transfer	-	-	-	-
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

MPO/SRP	CDBG Business Rental Assistance	USDA HPG #2	Black Hawk Co. HMP	Connect Iowa	FHLB AHP #2	Waverly Amvets
\$129,632	\$ 227,231	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	4,439	429	8,698	54,438	281
32,408	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$162,040</u>	<u>\$ 227,231</u>	<u>\$ 4,439</u>	<u>\$ 429</u>	<u>\$ 8,698</u>	<u>\$ 54,438</u>	<u>\$ 281</u>
\$ 127,017	\$ 16,413	\$ 1,359	\$ 342	\$ 6,689	\$ 1,827	\$ 214
2,766	165	-	9	277	38	-
432	-	-	-	47	-	-
120	-	-	-	-	-	-
29	-	1	-	-	-	-
-	206,873	-	-	-	-	-
26	-	-	-	-	-	-
1,400	-	-	-	-	-	-
272	8	62	-	13	16	3
-	-	-	-	-	-	-
1,077	13	19	-	140	5	11
-	-	-	-	-	-	-
-	-	14	-	-	47	-
-	-	-	-	-	-	-
29,087	3,759	311	78	1,532	418	49
-	-	3,623	-	-	52,184	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 162,226</u>	<u>\$ 227,231</u>	<u>\$ 5,389</u>	<u>\$ 429</u>	<u>\$ 8,698</u>	<u>\$ 54,535</u>	<u>\$ 277</u>
\$ (186)	\$ -	\$ (950)	\$ -	\$ -	\$ (97)	\$ 4
\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
186	(5)	950	-	-	97	(4)
-	-	-	-	-	-	-
<u>\$ 186</u>	<u>\$ -</u>	<u>\$ 950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ (4)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	<u>RTA/TIP</u>	<u>RTA/TPWP</u>	<u>RTA/PPP</u>	<u>RTA/LRP</u>
OPERATING REVENUES:				
Federal funds	\$ 6,604	\$ 825	\$ 659	\$ 35,317
State funds	-	-	-	-
Local funds:				
Contract revenue	-	-	-	-
Membership revenue	1,654	207	165	8,827
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 8,258</u>	<u>\$ 1,032</u>	<u>\$ 824</u>	<u>\$ 44,144</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 6,408	\$ 840	\$ 668	\$ 35,009
Travel	9	-	-	691
Meals	-	-	-	105
Seminar	25	-	-	-
Telephone/internet	-	-	-	3
Contracted services	-	-	-	24
Office supplies	-	-	-	-
Miscellaneous	-	-	-	-
Postage	28	-	3	19
Bad debt expense	-	-	-	-
Copy expense	144	-	-	276
Advertising and notices	177	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Relocation	-	-	-	-
Allocated administrative services	1,467	192	153	8,017
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 8,258</u>	<u>\$ 1,032</u>	<u>\$ 824</u>	<u>\$ 44,144</u>
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ -
Interest expense	-	-	-	-
Agency intrafund transfer	-	-	-	-
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

<u>RTA/SRP</u>	<u>Waverly Comp Plan</u>	<u>DPH Nutrition & Activity II</u>	<u>Maps</u>	<u>Readlyn Rehab- TA & LBP</u>	<u>Brandon HMGP</u>	<u>IWE 00/BHC Solid Waste Commission</u>
\$ 33,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	95,835
-	4,518	3,913	2,015	10,546	621	-
8,428	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 42,136</u>	<u>\$ 4,518</u>	<u>\$ 3,913</u>	<u>\$ 2,015</u>	<u>\$ 10,546</u>	<u>\$ 621</u>	<u>\$ 95,835</u>
\$ 31,890	\$ 5,650	\$ 742	\$ 363	\$ 4,952	\$ 410	\$ 75,535
1,241	197	-	-	529	-	4,468
81	-	-	-	-	-	359
25	-	-	-	-	-	20
8	-	-	-	2	2	149
-	-	-	63	3,795	-	-
-	-	-	-	-	-	3
-	-	-	-	-	-	-
167	4	-	1	83	12	30
-	-	-	-	-	-	-
561	407	-	3	51	3	52
-	-	-	-	-	100	-
1,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,303	1,294	170	83	1,134	94	17,297
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 42,276</u>	<u>\$ 7,552</u>	<u>\$ 912</u>	<u>\$ 513</u>	<u>\$ 10,546</u>	<u>\$ 621</u>	<u>\$ 97,913</u>
\$ (140)	\$ (3,034)	\$ 3,001	\$ 1,502	\$ -	\$ -	\$ (2,078)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
140	3,034	(3,001)	(1,502)	-	-	2,078
-	-	-	-	-	-	-
<u>\$ 140</u>	<u>\$ 3,034</u>	<u>\$ (3,001)</u>	<u>\$ (1,502)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,078</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Cedar Falls School Safe Room</u>	<u>Shell Rock CDBG Buyout</u>	<u>Greene CDBG Buyout</u>	<u>Sumner Rehab TA & LBP</u>
OPERATING REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local funds:				
Contract revenue	1,937	6,793	2,178	12,227
Membership revenue	-	-	-	-
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total	<u>\$ 1,937</u>	<u>\$ 6,793</u>	<u>\$ 2,178</u>	<u>\$ 12,227</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 1,482	\$ 5,002	\$ 1,505	\$ 5,491
Travel	27	234	18	712
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	1	2	2	4
Contracted services	-	-	-	4,145
Office supplies	-	41	20	-
Miscellaneous	-	-	-	-
Postage	34	52	36	106
Bad debt expense	-	-	-	-
Copy expense	27	75	45	51
Advertising and notices	27	249	278	-
Professional memberships	-	-	-	60
Recording fees	-	-	-	-
Relocation	-	-	-	400
Allocated Administrative services	339	1,146	345	1,258
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Legal and accounting	-	-	-	-
Total	<u>\$ 1,937</u>	<u>\$ 6,801</u>	<u>\$ 2,249</u>	<u>\$ 12,227</u>
Operating income	<u>\$ -</u>	<u>\$ (8)</u>	<u>\$ (71)</u>	<u>\$ -</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ -
Interest expense	-	-	-	-
Agency intrafund transfer	-	8	71	-
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 71</u>	<u>\$ -</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

<u>Waverly CDBG Supplemental</u>	<u>Independence School Safe Room</u>	<u>Evansdale CDBG Buyouts</u>	<u>Buchanan Co HMP</u>	<u>Beaman Rehab- TA & LBP</u>	<u>Independence Rehab TA & LBP</u>	<u>Tripoli Rehab & LBP</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
10,877	1,970	5,380	22,455	1,513	1,258	1,582
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 10,877</u>	<u>\$ 1,970</u>	<u>\$ 5,380</u>	<u>\$ 22,455</u>	<u>\$ 1,513</u>	<u>\$ 1,258</u>	<u>\$ 1,582</u>
\$ 8,768	\$ 1,482	\$ 4,036	\$ 18,180	\$ 633	\$ 156	\$ 694
89	135	48	29	45	31	30
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3	9	2	-	-	-	-
-	-	-	-	690	1,035	690
-	-	41	-	-	-	-
-	-	-	-	-	-	-
6	4	27	6	-	-	3
-	-	-	-	-	-	-
3	1	26	43	-	-	6
-	-	271	34	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,008	339	924	4,163	145	36	159
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 10,877</u>	<u>\$ 1,970</u>	<u>\$ 5,375</u>	<u>\$ 22,455</u>	<u>\$ 1,513</u>	<u>\$ 1,258</u>	<u>\$ 1,582</u>
\$ -	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	(5)	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012**

	Housing Trust Fund VIII (12/13)	Federal J/S 2 - SFNC 2	MET-MR Waiver	Hickory Hills Safe Room
OPERATING REVENUES:				
Federal funds	\$ -	\$ 180,268	\$ -	\$ -
State funds	61,376	-	-	-
Local funds:				
Contract revenue	-	-	1,840	3,104
Membership revenue	-	-	-	-
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 61,376</u>	<u>\$ 180,268</u>	<u>\$ 1,840</u>	<u>\$ 3,104</u>
EXPENSES:				
Salaries and fringe benefits	\$ 1,106	\$ 10,749	\$ 1,099	\$ 2,518
Travel	-	401	-	-
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	-	1	-	-
Contracted services	60,000	175,277	-	-
Office supplies	-	-	-	-
Miscellaneous	-	-	-	-
Postage	7	21	-	5
Bad debt expense	-	-	-	-
Copy expense	10	89	85	5
Advertising and notices	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	88	-	-
Relocation	-	-	-	-
Allocated Administrative services	253	2,461	252	576
Provision for forgivable loan	-	-	-	-
Administrative expense - INRHC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 61,376</u>	<u>\$ 189,087</u>	<u>\$ 1,436</u>	<u>\$ 3,104</u>
Operating income	<u>\$ -</u>	<u>\$ (8,819)</u>	<u>\$ 404</u>	<u>\$ -</u>
Non-operating revenues (expenses):				
Interest income	\$ 15	\$ -	\$ -	\$ -
Interest expense	-	(1,033)	-	-
Agency intrafund transfer	(15)	9,852	(404)	-
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ 8,819</u>	<u>\$ (404)</u>	<u>\$ -</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

Nashua HMP	Butler EDSA - Allan Inc.	Aplington Rehab - TA & LBP	Nashua Rehab - TA & LBP	Shell Rock Rehab - TA & LBP	Chickasaw Co HMP	Reinbeck Rehab - TA & LBP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	1,371	4,595	8,923	2,833	103	4,660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,371</u>	<u>\$ 4,595</u>	<u>\$ 8,923</u>	<u>\$ 2,833</u>	<u>\$ 103</u>	<u>\$ 4,660</u>
\$ 1,207	\$ 1,006	\$ 1,773	\$ 4,746	\$ 2,226	\$ 84	\$ 1,878
-	126	291	422	53	-	176
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	-	2	6	1	-	2
-	-	1,985	2,219	-	-	340
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5	36	18	5	-	12
-	-	-	-	-	-	-
-	3	23	23	2	-	6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	27	262	-	-	1,782
277	231	406	1,087	510	19	430
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,485</u>	<u>\$ 1,371</u>	<u>\$ 4,543</u>	<u>\$ 8,783</u>	<u>\$ 2,797</u>	<u>\$ 103</u>	<u>\$ 4,626</u>
\$ (1,485)	\$ -	\$ 52	\$ 140	\$ 36	\$ -	\$ 34
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,485	-	(52)	(140)	(36)	-	(34)
-	-	-	-	-	-	-
<u>\$ 1,485</u>	<u>\$ -</u>	<u>\$ (52)</u>	<u>\$ (140)</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ (34)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>Butler Co Comp Plan</u>	<u>Parkersburg Fringe Area</u>	<u>BHC CDBG Buyout</u>	<u>Region 6 Homeland Security</u>
OPERATING REVENUES:	\$ -	\$ -	\$ -	\$ 213,704
State funds	-	-	-	-
Local funds:				
Contract revenue	19,738	1,760	6,658	-
Membership revenue	-	-	-	-
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 19,738</u>	<u>\$ 1,760</u>	<u>\$ 6,658</u>	<u>\$ 213,704</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 10,201	\$ 1,303	\$ 5,049	\$ 16,999
Travel	122	-	37	222
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	3	2	3	13
Contracted services	13	-	-	193,338
Office supplies	-	-	21	5
Miscellaneous	-	-	-	-
Postage	1	7	40	6
Bad debt expense	-	-	-	-
Copy expense	56	-	66	128
Advertising and notices	97	-	286	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Relocation	-	-	-	-
Allocated administrative services	2,337	299	1,156	3,893
Provision for forgivable loan	-	-	-	-
Administrative expense - INHRC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 12,830</u>	<u>\$ 1,611</u>	<u>\$ 6,658</u>	<u>\$ 214,604</u>
Operating income	<u>\$ 6,908</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ (900)</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ 5
Interest expense	-	-	-	-
Agency intrafund transfer	(6,908)	(149)	-	895
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ (6,908)</u>	<u>\$ (149)</u>	<u>\$ -</u>	<u>\$ 900</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

Region 6 Citizen Corp 2009	USDA HPG	Cedar River Initiative	Federal J/S 2 - SFNC 3	WSR School MS Safe Room	CV Marketing #2	Greene Demo
\$ 30,579	\$ -	\$ -	\$ 272,759	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	6,172	1,558	-	8,277	51,416	4,975
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,579</u>	<u>\$ 6,172</u>	<u>\$ 1,558</u>	<u>\$ 272,759</u>	<u>\$ 8,277</u>	<u>\$ 51,416</u>	<u>\$ 4,975</u>
\$ 30,579	\$ 225	\$ 985	\$ 23,565	\$ 6,658	\$ -	\$ 3,794
-	21	128	1,068	74	-	35
-	-	-	-	-	-	-
-	-	25	-	-	-	-
-	-	-	5	3	-	1
-	-	-	247,298	-	51,416	-
-	-	-	-	-	-	16
-	-	-	-	-	-	-
-	2	297	99	12	-	55
-	-	-	-	-	-	-
-	5	36	279	15	-	26
-	-	-	-	-	-	179
-	-	-	-	-	-	-
-	9	-	132	-	-	-
-	-	-	-	-	-	-
-	52	225	5,396	1,525	-	869
-	5,056	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,579</u>	<u>\$ 5,370</u>	<u>\$ 1,696</u>	<u>\$ 277,842</u>	<u>\$ 8,287</u>	<u>\$ 51,416</u>	<u>\$ 4,975</u>
\$ -	\$ 802	\$ (138)	\$ (5,083)	\$ (10)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	(2,522)	-	-	-
-	(802)	138	7,605	10	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (802)</u>	<u>\$ 138</u>	<u>\$ 5,083</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	BHC - CDBG McFarlane Park	RBEG Zoning	McFarlane Park Safe Room	RBEG - Parkersburg Subdivision
OPERATING REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State funds	-	-	-	-
Local funds:				
Contract revenue	22,903	6,635	2,298	5,475
Membership revenue	-	-	-	-
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 22,903</u>	<u>\$ 6,635</u>	<u>\$ 2,298</u>	<u>\$ 5,475</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 18,455	\$ 5,039	\$ 1,866	\$ 3,987
Travel	35	122	-	91
Meals	-	-	-	-
Seminar	-	-	-	-
Telephone/internet	1	-	-	-
Contracted services	-	-	-	-
Office supplies	-	-	-	-
Miscellaneous	-	-	-	-
Postage	77	26	3	4
Bad debt expense	-	-	-	-
Copy expense	60	114	1	52
Advertising and notices	49	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	-	-
Relocation	-	-	-	-
Allocated administrative services	4,226	1,154	428	913
Provision of forgivable loan	-	-	-	-
Administrative expense - INHRC	-	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 22,903</u>	<u>\$ 6,455</u>	<u>\$ 2,298</u>	<u>\$ 5,047</u>
Operating income	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 428</u>
Non-operating revenues (expenses):				
Interest income	\$ -	\$ -	\$ -	\$ -
Interest expense	-	-	-	-
Agency intrafund transfer	-	(180)	-	(428)
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ (180)</u>	<u>\$ -</u>	<u>\$ (428)</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

Housing Trust Fund #7 (11/12)	Clarksville CDBG Supplemental	Grundy Co HMP	Hudson HMP	Enhancement Silos & Smokestacks	Federal Jumpstart- 1 Projects	Bremer Co HMP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,275	\$ -
223,882	-	-	-	-	-	-
-	9,607	16,434	-	88,004	-	7,979
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$223,882</u>	<u>\$ 9,607</u>	<u>\$ 16,434</u>	<u>\$ -</u>	<u>\$ 88,004</u>	<u>\$ 46,275</u>	<u>\$ 7,979</u>
\$ 20,561	\$ 7,705	\$ 13,641	\$ 363	\$ 1,097	\$ 24,276	\$ 7,638
332	116	126	-	-	123	119
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3	-	-	-	-	10	-
31,214	-	-	-	86,647	15,383	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
92	13	8	-	5	135	4
-	-	-	-	-	-	-
103	9	42	-	4	506	-
9	-	44	-	-	-	-
-	-	-	-	-	60	-
249	-	-	-	-	7	-
-	-	-	-	-	-	-
4,709	1,764	3,124	83	251	5,559	1,749
151,464	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$208,736</u>	<u>\$ 9,607</u>	<u>\$ 16,985</u>	<u>\$ 446</u>	<u>\$ 88,004</u>	<u>\$ 46,059</u>	<u>\$ 9,510</u>
\$ 15,146	\$ -	\$ (551)	\$ (446)	\$ -	\$ 216	\$ (1,531)
\$ 531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	(91)	-
(15,677)	-	551	446	-	(125)	1,531
-	-	-	-	-	-	-
<u>\$ (15,146)</u>	<u>\$ -</u>	<u>\$ 551</u>	<u>\$ 446</u>	<u>\$ -</u>	<u>\$ (216)</u>	<u>\$ 1,531</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	<u>EDA RLF</u>	<u>Federal Jumpstart- II General Admin</u>	<u>Federal Jumpstart- II Projects</u>	<u>Greene Buyout</u>
OPERATING REVENUES:				
Federal funds	\$ -	\$ 1,159	\$ 142,052	\$ -
State funds	60,854	-	-	-
Local funds:				
Contract revenue	-	-	-	392
Membership revenue	-	-	-	-
Document fee	-	-	-	-
In-kind	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>\$ 60,854</u>	<u>\$ 1,159</u>	<u>\$ 142,052</u>	<u>\$ 392</u>
OPERATING EXPENSES:				
Salaries and fringe benefits	\$ 5,613	\$ 939	\$ 30,396	\$ 304
Travel	107	-	643	-
Meals	-	-	101	-
Seminar	-	-	-	-
Telephone/internet	-	-	9	-
Contracted services	-	-	100,816	-
Office supplies	-	-	-	-
Miscellaneous	35	-	-	-
Postage	3	-	21	-
Bad debt expense	-	-	-	-
Copy expense	1	-	26	13
Advertising	-	-	-	-
Professional memberships	-	-	-	-
Recording fees	-	-	170	-
Relocation	-	-	1,961	-
Allocated administrative services	1,285	215	6,961	70
Provision of forgivable loan	-	-	-	-
Administrative expense - INHRC	4,604	-	-	-
Legal and accounting	-	-	-	-
Total operating expenses	<u>\$ 11,648</u>	<u>\$ 1,154</u>	<u>\$ 141,104</u>	<u>\$ 387</u>
Operating income	<u>\$ 49,206</u>	<u>\$ 5</u>	<u>\$ 948</u>	<u>\$ 5</u>
Non-operating revenues (expenses):				
Interest income	\$ 4,604	\$ -	\$ -	\$ -
Interest expense	-	-	(948)	-
Agency intrafund transfer	(53,810)	(5)	-	(5)
Operating transfer out	-	-	-	-
Total non-operating revenues (expenses)	<u>\$ (49,206)</u>	<u>\$ (5)</u>	<u>\$ (948)</u>	<u>\$ (5)</u>
Change in net assets	\$ -	\$ -	\$ -	\$ -
Net assets beginning of year	-	-	-	-
Prior period adjustment	-	-	-	-
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(continued)

SCHEDULE 2
(continued)

New Hartford Demo	Waverly CDBG Buyouts	Waverly Demo	Black Hawk Co Demo	Cedar Falls CDBG	Parkersburg CDBG	Beaman Co HMP
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
6,215	24,026	17,234	12,567	10,813	8,115	3,376
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 6,215</u>	<u>\$ 24,026</u>	<u>\$ 17,234</u>	<u>\$ 12,567</u>	<u>\$ 10,813</u>	<u>\$ 8,115</u>	<u>\$ 3,376</u>
\$ 5,620	\$ 18,532	\$ 13,719	\$ 10,140	\$ 8,751	\$ 6,539	\$ 2,717
105	210	157	32	30	61	49
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4	2	5	1	-	1
-	100	-	-	-	-	-
16	23	16	16	-	-	-
-	-	-	-	-	-	-
29	137	22	10	20	8	10
-	-	-	-	-	-	-
29	208	101	42	7	9	4
66	568	76	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,287	4,244	3,141	2,322	2,004	1,498	622
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,152</u>	<u>\$ 24,026</u>	<u>\$ 17,234</u>	<u>\$ 12,567</u>	<u>\$ 10,813</u>	<u>\$ 8,115</u>	<u>\$ 3,403</u>
\$ (937)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (27)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
937	-	-	-	-	-	27
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	Housing Trust Fund #6 (10/11)	Total
OPERATING REVENUES:		
Federal funds	\$ -	\$1,513,194
State funds	61,036	511,558
Local funds:		
Contract revenue	-	1,023,261
Membership revenue	-	97,600
Document fee	-	56
In-kind	-	44,000
Miscellaneous	-	12,310
Total operating revenues	<u>\$ 61,036</u>	<u>\$3,201,979</u>
OPERATING EXPENSES:		
Salaries and fringe benefits	\$ 7,463	\$1,148,999
Travel	425	34,562
Meals	7	7,762
Seminar	175	2,820
Telephone/internet	3	1,731
Contracted services	800	1,352,063
Office supplies	-	1,439
Miscellaneous	-	3,113
Postage	111	6,556
Bad debt expense	-	8,414
Copy expense	224	10,925
Advertising and notices	10	3,911
Professional memberships	-	1,120
Recording fees	70	829
Relocation	-	4,432
Allocated administrative services	1,709	265,292
Provision of forgivable loan	35,380	248,471
Administrative expense - INHRC	-	6,925
Legal and accounting	-	2,041
Total operating expenses	<u>\$ 46,377</u>	<u>\$3,111,405</u>
Operating income	<u>\$ 14,659</u>	<u>\$ 90,574</u>
Non-operating revenues (expenses):		
Interest income	\$ 34	\$ 12,405
Interest expense	-	(4,594)
Agency intrafund transfer	(14,693)	-
Operating transfer out	-	(34,842)
Total non-operating revenues (expenses)	<u>\$ (14,659)</u>	<u>\$ (27,031)</u>
Change in net assets	\$ -	\$ 63,543
Net assets beginning of year	-	2,935,134
Prior period adjustment	-	216,793
Net assets end of year	<u><u>\$ -</u></u>	<u><u>\$3,215,470</u></u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
 YEAR ENDED JUNE 30, 2012

	STA Operating Assistance FY2012	Section 18 Operating #18-0029- 070-12	11-RPA- R07	11-MPO- INRCOG
Operating Expenses:				
Personal Services	\$ -	\$ -	\$ -	\$ -
Contractual Services	285,122	863,870	-	-
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Prior Year	-	-	88,534	203,833
Project Cost	<u>\$285,122</u>	<u>\$ 863,870</u>	<u>\$ 88,534</u>	<u>\$ 203,833</u>
Grant Participation in Project Cost	100%	50%	80%	80%
Percentage Participation	<u>\$285,122</u>	<u>\$ 431,935</u>	<u>\$ 70,827</u>	<u>\$ 163,066</u>
Contract Amount	<u>\$285,122</u>	<u>\$ 304,054</u>	<u>\$ 77,827</u>	<u>\$ 221,859</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$285,122	\$ 304,054	\$ 70,827	\$ 163,066
Less: Grant Payments received in current year	(285,122)	(304,054)	(16,111)	(50,674)
Less: Grant Payments received in prior year	-	-	(54,716)	(112,392)
Grant Receivable/(Payable) at June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

<u>12-MPO- INRCOG</u>	<u>12-RPA- R07</u>	<u>Region VI 2008 Homeland Security</u>	<u>Region VI 2009 Homeland Security</u>	<u>CDBG 08- DRH-201</u>	<u>CDBG 08- DRH-001</u>	<u>CDBG 08- DRB-206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
257,989	96,391	12,523	243,486	597,579	100,937	227,231
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	120,523	7,579	574,881	1,515,536	841,032
<u>\$ 257,989</u>	<u>\$ 96,391</u>	<u>\$ 133,046</u>	<u>\$ 251,065</u>	<u>\$1,172,460</u>	<u>\$1,616,473</u>	<u>\$1,068,263</u>
80%	80%	100%	100%	100%	100%	100%
<u>\$ 206,391</u>	<u>\$ 77,113</u>	<u>\$ 133,046</u>	<u>\$ 251,065</u>	<u>\$1,172,460</u>	<u>\$1,616,473</u>	<u>\$1,068,263</u>
<u>\$ 217,939</u>	<u>\$ 83,640</u>	<u>\$ 133,926</u>	<u>\$ 267,116</u>	<u>\$5,721,075</u>	<u>\$2,277,643</u>	<u>\$1,616,326</u>
\$ 206,391	\$ 77,113	\$ 133,046	\$ 251,065	\$1,172,460	\$1,616,473	\$1,068,263
(151,132)	(51,553)	(16,135)	(245,527)	(472,948)	(106,707)	(206,873)
-	-	(116,911)	(2,865)	(486,995)	(1,494,436)	(819,801)
<u>\$ 55,259</u>	<u>\$ 25,560</u>	<u>\$ -</u>	<u>\$ 2,673</u>	<u>\$ 212,517</u>	<u>\$ 15,330</u>	<u>\$ 41,589</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2012

	EDA 05-79 -04738	EDA 05-83 04982	USDA	Total
Operating Expenses:				
Personal Services	\$ -	\$ -	\$ -	\$ -
Contractual Services	56,250	124,210	-	2,865,588
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Prior Year	100,000	-	56,812	3,508,730
Project Cost	\$ 156,250	\$ 124,210	\$ 56,812	\$ 6,374,318
Grant Participation in Project Cost	100%	50%	100%	
Percentage Participation	<u>\$ 156,250</u>	<u>\$ 62,105</u>	<u>\$ 56,812</u>	<u>\$ 5,750,928</u>
Contract Amount	<u>\$1,000,000</u>	<u>\$ 61,000</u>	<u>\$ 56,812</u>	<u>\$12,324,339</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 156,250	\$ 61,000	\$ 56,812	\$ 5,621,942
Less: Grant Payments received in current year	(125,000)	(61,000)	(6,612)	(2,099,448)
Less: Grant Payments received in prior year	(125,000)	-	(50,200)	(3,263,316)
Grant Receivable/(Payable) at June 30, 2012	<u>\$ (93,750)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,178</u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENSES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY PASS-THROUGH NUMBER</u>	<u>PROGRAM EXPENSES</u>
Direct:			
Department of Commerce:			
Economic Development Administration:			
Planning Grant	11.302	05-83-04982	\$ 61,000
Indirect:			
Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Black Hawk County:			
Community Development Block Grant			
Program	14.228	08-DRH-001	\$ 100,937
	14.228	08-DRH-201	595,080
	14.228	08-DRB-206	227,231
			<u>\$ 923,248</u>
Department of Transportation:			
Iowa Department of Transportation:			
Metropolitan Intermodal Planning	20.205	12-RPA-R07	\$ 47,417
	20.205	12-MPO-R07	166,435
			<u>\$ 213,852</u>
Metropolitan Transportation Planning	20.505	12-RPA-R07	\$ 6,130
	20.505	12-MPO-R07	39,956
			<u>\$ 46,086</u>
Urban Mass Transportation Technical			
Studies Grants:			
Planning	20.515	12-RPA-R07	\$ 23,566
Non-urban Assistance Project	20.509	18-0029-070-12	\$ 304,054
Department of Homeland Security:			
Iowa Homeland Security	97.067	Region VI-2008	\$ 12,523
	97.067	Region VI-2009	240,015
			<u>\$ 252,538</u>
Total Indirect Awards			<u>\$1,763,344</u>
Total			<u>\$1,824,344</u>

See Accompanying Independent Auditor's Report.



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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 Directors
Iowa Northland Regional Council of Governments:

I have audited the basic financial statements of the Iowa Northland Regional Council of Governments (INRCOG) as of and for the year ended June 30, 2012 and have issued my report thereon dated December 20, 2012. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of INRCOG is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered INRCOG's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INRCOG's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of INRCOG's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. There are no deficiencies described in the accompanying Schedule of Findings that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INRCOG's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 INRCOG's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of INRCOG. Since my 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.

INRCOG's response to the finding identified in my audit is described in the accompanying Schedule of Findings. While I have expressed my conclusion on INRCOG's response, I did not audit INRCOG's response and, accordingly, I express no opinion on it.

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

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



December 20, 2012



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Directors
Iowa Northland Regional Council of Governments:

Compliance

I have audited Iowa Northland Regional Council of Governments (INRCOG)'s compliance with the types of compliance requirements described in U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on INRCOG's major federal program for the year ended June 30, 2012. INRCOG's major federal programs are identified in Part I of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal programs are the responsibility of INRCOG's management. My responsibility is to express an opinion on INRCOG's compliance based on my audit.

I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I 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 INRCOG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on INRCOG's compliance with those requirements.

In my opinion, INRCOG complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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 a 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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

A handwritten signature in black ink that reads "Larry Pump". The signature is written in a cursive, flowing style.

December 20, 2012

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2012

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 14.228 - Community Development Block Grant Program and CFDA Number 20.509 - Non-Urban Assistance Project.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) INRCOG did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-12 Preparation of Financial Statements - The Agency does not have an internal control system designed to provide for the preparation of the financial statements in accordance with U.S. generally accepted accounting principles, nor has management identified risks related to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements. Therefore, as an auditor, I was requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for a governmental entity similar in size to the Agency. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Recommendation - I recognize that with a limited number of office employees, preparation of the financial statements is difficult. However, I recommend that Agency officials continue reviewing operating procedures in order to obtain the maximum internal control possible under the circumstances.

Response - The Agency will continue to review and monitor procedures currently in place and evaluate the risks to be accepted in preparation of the financial statements.

Conclusion - Response accepted.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2012

Part II: Findings Related to the Financial Statements:- continued

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

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

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-12 Questionable Expenses - No expenses I 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-12 Travel Expense - No expenses of INRCOG money for travel expenses of spouses of INRCOG officials or employees were noted.
- IV-C-12 Business Transactions - No business transactions between INRCOG and INRCOG officials or employees were noted.
- IV-D-12 Bond Coverage - Surety bond coverage of INRCOG 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-12 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 INRCOG's investment policy were noted.
- IV-F-12 Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.