

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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

Year Ended June 30, 2013



Shull
and Co. P.C.
certified public accountants

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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INDEPENDENT AUDITOR'S REPORT

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of June 30, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 21 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Des Moines Area Metropolitan Planning Organization's basic financial statements. The schedule of expenditures is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and the schedule of expenditures of federal awards are fairly stated in all material

respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2014, on our consideration of the Des Moines Area Metropolitan Planning Organization's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Des Moines Area Metropolitan Planning Organization's internal control over financial reporting and compliance.

Stull & Co., P.C.

January 3, 2014

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Des Moines Area Metropolitan Planning Organization (DMAMPO) 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, 2013. We encourage readers to consider this information in conjunction with the financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- Revenues of DMAMPO's governmental activities decreased approximately \$844,000, from fiscal 2012 to fiscal 2013.
- Program expenses decreased approximately \$637,000, in fiscal 2013 from fiscal 2012.
- DMAMPO's net position increased approximately \$190,000, from June 30, 2012 to June 30, 2013.

USING THIS ANNUAL REPORT

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

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

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of DMAMPO as a whole and present an overall view of DMAMPO finances.

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

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

Required Supplementary Information further explains and supports the Financial Statements with a comparison of DMAMPO's budget for the year.

The Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting DMAMPO.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

REPORTING DMAMPO'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The Statement of Net Position and the Statement of Activities report DMAMPO's transportation planning activities. Member assessments and federal grants finance most of these activities.

Fund Financial Statements

All of DMAMPO's activities are accounted for in the general fund.

This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of DMAMPO's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance DMAMPO's programs.

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental activities.

NET POSITION OF GOVERNMENTAL ACTIVITIES

	JUNE 30,	
	2013	2012
Current assets	\$ 795,402	745,649
Capital assets	83,834	67,423
	<u>879,236</u>	<u>813,072</u>
Current liabilities	154,832	280,551
Other liabilities	56,014	54,056
	<u>210,846</u>	<u>334,607</u>
Net position		
Invested in capital assets	83,834	67,423
Unrestricted	584,556	411,042
	<u>\$ 668,390</u>	<u>478,465</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	YEAR ENDED JUNE 30,	
	2013	2012
Program revenues		
Charges for service	\$ 58,727	96,660
Operating grants and contributions	1,282,093	2,029,727
General revenues		
Member assessments	479,137	541,427
Miscellaneous	4,246	450
Unrestricted investment earnings	133	38
	<u>1,824,336</u>	<u>2,668,302</u>
Program expenses		
Public works - transportation planning	1,092,436	1,085,627
Public works - sustainable communities regional planning	433,638	1,161,603
General government	108,337	24,374
	<u>1,634,411</u>	<u>2,271,604</u>
Increase in net position	189,925	396,698
Net position, beginning of year	478,465	81,767
Net position, end of year	<u>\$ 668,390</u>	<u>478,465</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net position of governmental activities increased from fiscal year 2012 by approximately \$189,900. The largest portion of DMAMPO's net position is unrestricted that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements.

Revenues for operating grants, contributions and restricted interest decreased by approximately \$747,600 due to decreased intergovernmental revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

The General Fund showed an increase in fund balance of \$175,472 from the prior year to \$640,570.

BUDGETARY HIGHLIGHTS

DMAMPO's receipts were \$591,404 less than budgeted receipts, a variance of 24.5%. The most significant variances resulted from intergovernmental receipts less than planned.

Total disbursements were \$527,227 less than budgeted, a variance of 25.8%. Actual disbursements for sustainable communities regional planning activities and transportation planning activities were less than planned.

CAPITAL ASSETS AND DEBT ADMINISTRATION

DMAMPO capital assets consist of furnishings and equipment. See Note 3 to the financial statements for more information about DMAMPO's capital assets.

ECONOMIC FACTORS BEARING ON DMAMPO'S FUTURE

DMAMPO is almost entirely dependent upon Federal operating grants and member assessments to fund its operations.

CONTACTING DMAMPO'S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, members and grantor agency with a general overview of DMAMPO's finances and operating activities. If you have any questions or require additional information please contact the Executive Director, 420 Watson Powell, Jr. Way, Suite 200, Des Moines, Iowa 50309.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and short term investments	\$ 421,754
Due from other governmental units	
Iowa Department of Transportation	244,738
U.S. Department of Housing and Urban Development	57,108
Central Iowa Regional Transportation Planning Alliance	42,754
Prepaid expenses	29,048
Capital assets, net of accumulated depreciation	83,834
	<u>879,236</u>
LIABILITIES	
Accounts payable	113,283
Wages and benefits payable	19,176
Prepaid member assessments	22,373
Compensated absences payable	56,014
	<u>210,846</u>
NET POSITION	
Invested in capital assets	83,834
Unrestricted	584,556
	<u>\$ 668,390</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Activities
June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	
Governmental activities				
Public works				
Transportation Planning	\$ 1,092,436	58,727	848,455	(185,254)
Sustainable Communities				
Regional Planning	433,638	-	433,638	-
General government	108,337	-	-	(108,337)
	<u>1,634,411</u>	<u>58,727</u>	<u>1,282,093</u>	<u>(293,591)</u>
General revenues				
Grants and contributions not restricted to specific purpose - member assessments				479,137
Unrestricted investment earnings				133
Miscellaneous revenues				4,246
				<u>483,516</u>
Change in net position				189,925
Net position, beginning of year				<u>478,465</u>
Net position, end of year				<u>\$ 668,390</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Balance Sheet – Governmental Fund
June 30, 2013

ASSETS	<u>GENERAL FUND</u>
Cash and short-term investments	\$ 421,754
Due from other governmental units	
Iowa Department of Transportation	244,738
U.S. Department of Housing and Urban Development	57,108
Central Iowa Regional Transportation Planning Alliance	42,754
Prepaid expenses	<u>29,048</u>
	<u>\$ 795,402</u>
 LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 113,283
Wages and benefits payable	19,176
Prepaid member assessments	<u>22,373</u>
Total liabilities	<u>154,832</u>
Fund balances	
Nonspendable	
Prepaid expenses	29,048
Unassigned	<u>611,522</u>
Total fund balances	<u>640,570</u>
	<u>\$ 795,402</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Reconciliation of the Balance Sheet –
Governmental Fund to the Statement of Net Position
June 30, 2013

Total governmental fund balances	\$	640,570
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$303,764 and the accumulated depreciation is \$219,930		83,834
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		<u>(56,014)</u>
Net position of governmental activities	\$	<u>668,390</u>

See accompanying notes to financial statements

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Revenues, Expenditures and Changes
in Fund Balance - General Fund
For the Year Ended June 30, 2013

REVENUES

Intergovernmental		
Iowa Department of Transportation	\$	845,955
Central Iowa Regional Transportation Planning Alliance		58,727
U.S. Department of Housing and Urban Development		431,638
Member assessments		479,137
Contributions for planning activities		4,500
Interest income		133
Miscellaneous revenues		4,246
		<u>1,824,336</u>

EXPENDITURES

Public works - transportation planning		
Transportation planning		411,868
Transit planning		29,771
Public involvement and interagency coordination		156,286
Committee support and administration		340,333
Regional transportation planning		58,727
Transportation Management Association support		95,451
Public works-sustainable communities regional planning		433,638
General government - administration		122,790
		<u>1,648,864</u>
Excess of revenues over (under) expenditures		175,472
Fund balance, beginning of year		<u>465,098</u>
Fund balance, end of year	\$	<u><u>640,570</u></u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances –
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - governmental fund \$ 175,472

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as
expenditures while governmental activities report
depreciation expense to allocate those
expenditures over the life of the assets. Capital
outlay expenditures exceeded depreciation expense
in the current year, as follows:

Expenditures for capital assets	\$ 44,367	
Depreciation expense	<u>(27,956)</u>	16,411

Some expenses reported in the Statement of
Activities do not require the use of current financial
resources and, therefore, are not reported as
expenditures in governmental funds, as follows:

Compensated absences	<u>(1,958)</u>
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Change in net position of governmental activities	<u>\$ 189,925</u>
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See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements Year Ended June 30, 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

- A. Organization and Reporting Entity - The Des Moines Area Metropolitan Planning Organization (the "Organization") was established on July 1, 1983 as a voluntary organization of city and county governments to serve as a designated metropolitan planning organization pursuant to Part 450 of Title 23 of the Code of Federal Regulations for the Des Moines Urbanized Area as defined by the U.S. Bureau of the Census and includes the cities of Altoona, Ankeny, Bondurant, Carlisle, Clive, Des Moines, Grimes, Johnston, Mitchellville, Norwalk, Pleasant Hill, Polk City, Urbandale, Waukee, West Des Moines and Windsor Heights, portions of the counties of Dallas, Polk and Warren; and Des Moines Area Regional Transit Authority. The Organization is a separate legal entity pursuant to Chapter 28E of the Code of Iowa with powers and purposes to carry out transportation planning activities for the metropolitan area and to carry out such other activities fostering collaboration between and among its member governments and other agencies, entities and persons that involve information gathering and dissemination, planning and consensus building deemed beneficial to the Organization planning area.

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

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the Organization. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Net Position presents the Organization's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)
B. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued) – *Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements – The Organization reports the following major governmental fund:

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days after year end.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2013

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

The Organization maintains its financial records on the cash basis. The financial statements of the Organization are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Budgets and Budgetary Accounting - The Organization adopts a budget and determines the per capita assessment rate for members on an annual basis. Amendments to the budget are made throughout the year as determined necessary by the Organization. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

E. Capital Assets - Capital assets, which include furniture and equipment, are reported in the government wide statement of net assets. Capital assets are recorded at cost and are depreciated using the straight line method over an estimated useful life of three to five years.

F. Compensated Absences - Employees of the Organization accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2013. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2013

2. CASH AND SHORT TERM INVESTMENTS

The Organization's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Organization 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 federal insured depository institutions approved by the member government representatives; 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.

At June 30, 2013, the Organization had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$277,973 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The Organization'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. All of the Organization's cash and short term investments have been designated as operating funds.

Credit risk – The Organization's investment in the Iowa Public Agency Investment Trust is unrated.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2013

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets being depreciated				
Equipment	\$ 183,064	39,132	-	222,196
Furnishings	76,333	5,235	-	81,568
	<u>259,397</u>	<u>44,367</u>	<u>-</u>	<u>303,764</u>
Less accumulated depreciation for				
Equipment	129,484	23,576	-	153,060
Furnishings	62,490	4,380	-	66,870
	<u>191,974</u>	<u>27,956</u>	<u>-</u>	<u>219,930</u>
Net capital assets	<u>\$ 67,423</u>	<u>16,411</u>	<u>-</u>	<u>83,834</u>

4. SUPPORT FROM GOVERNMENTAL UNITS

The Organization received substantially all of its revenues from federal and local governmental units. A significant reduction in the level of these revenues would have a significant effect on the Organization's programs and activities.

The Organization has received grants for the 2014 fiscal year as follows:

Agreement No. 14MPO-DMAMPO	\$960,539
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Grant revenues represent both carryover funds from previous fiscal years and new federal planning funds for each year. The fiscal 2013 grant agreement for \$950,342 included \$363,723 which was unexpended as of June 30, 2012. Unexpended prior year grant funds amounted to \$199,838 as of June 30, 2013. The unexpended amounts have in the past and are expected to continue to be carried over and be available for subsequent fiscal years.

5. PENSION AND RETIREMENT BENEFITS

The Organization 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.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2013

5. PENSION AND RETIREMENT BENEFITS (CONTINUED)

Plan members are required to contribute 5.78% of their annual salary and the Organization is required to contribute 8.67% of covered payroll. Contribution requirements are established by State statute. The Organization's contribution to IPERS for the years ended June 30, 2013, 2012 and 2011 were \$47,351, \$46,341 and \$40,276, respectively, equal to the required contributions for the year.

6. COMMITMENTS

In June 2011, the Organization entered into a lease agreement for office space for the period from September 2011 through November 2021. The agreement provides the Organization pay monthly rent of \$9,365 per month from December 2011 through November 2016 and \$9,699 per month from December 2016 through November 2021, plus its share of increases in property taxes and utilities expense for the building. Rental expense under the agreement for the year ended June 30, 2013 was \$112,378.

The Organization is obligated under a lease agreement for a copier which expires in October 2017. The agreement provides the Organization pay a monthly rental of \$1,627, plus per copy usage charges and all maintenance and insurance costs for the equipment. Rental expense under the agreement for the year ended June 30, 2013 was \$19,690.

Aggregate future minimum lease payments under leases with a remaining term in excess of one year as of June 30, 2013 are as follows:

Year Ending June 30,		
2014	\$	131,904
2015		131,904
2016		132,238
2017		132,658
2018		116,388
Thereafter		339,465
	<u>\$</u>	<u>984,557</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Budgetary Comparison of Revenues, Expenditures and Changes in
Fund Balance - General Fund - Budget and Actual
For the Year Ended June 30, 2013

	ACTUAL	BUDGETED AMOUNTS		FINAL TO ACTUAL
		ORIGINAL	FINAL	
REVENUES				
Intergovernmental				
Iowa Department of Transportation	\$ 845,955	1,059,793	1,059,793	(213,838)
Central Iowa Regional Transportation Planning Alliance	58,727	76,808	76,808	(18,081)
U.S. Department of Housing and Urban Development	431,638	800,000	800,000	(368,362)
Member assessments	479,137	479,139	479,139	(2)
Contributions for planning activities	4,500	-	-	4,500
Interest income	133	-	-	133
Miscellaneous	4,246	-	-	4,246
	<u>1,824,336</u>	<u>2,415,740</u>	<u>2,415,740</u>	<u>(591,404)</u>
EXPENDITURES				
Public works - transportation planning				
Transportation planning	411,868	604,596	604,596	(192,728)
Transit planning	29,771	55,762	55,762	(25,991)
Public involvement and interagency coordination	156,286	171,972	171,972	(15,686)
Committee support and administration	340,333	372,102	372,102	(31,769)
Regional transportation planning	58,727	76,808	76,808	(18,081)
Transportation Management Association support	95,451	95,451	95,451	-
Other projects	-	17,500	17,500	(17,500)
Public works - sustainable communities regional planning	433,638	800,000	800,000	(366,362)
General government - administration	122,790	26,900	26,900	95,890
	<u>1,648,864</u>	<u>2,221,091</u>	<u>2,221,091</u>	<u>(572,227)</u>
Excess of revenues over (under) expenditures	175,472	194,649	194,649	(19,177)
Fund balance, beginning of year	<u>465,098</u>	<u>465,098</u>	<u>465,098</u>	<u>-</u>
Fund balance, end of year	<u>\$ 640,570</u>	<u>659,747</u>	<u>659,747</u>	<u>(19,177)</u>

See accompanying independent auditor's report.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2013

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund.

In accordance with the Code of Iowa, DMAMPO annually adopts a budget following required public notice and hearing. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

GRANTOR PROGRAM	CFDA NO.	GRANT NO.	GRANT AMOUNT	DUE FROM GRANTOR BEGINNING OF YEAR	GRANT REVENUE RECEIPTS	PROGRAM EXPEN-DITURES	DUE FROM GRANTOR END OF YEAR
Federal Highway Administration Iowa Department of Transportation	20.205	12MPO-DMAMPO Contract 13064	\$ 839,662	\$ 217,711	217,711	-	-
	20.205	12MPO-DMAMPO Contract 13089	95,000	14,570	14,570	-	-
	20.205	13MPO-DMAMPO Contract 14026	950,342	-	550,677	750,504	199,827
	20.205	13MPO-DMAMPO Contract 14088	95,451	-	50,540	95,451	44,911
				\$ 232,281	833,498	845,955	244,738
U.S. Department of Housing and Urban Development	14.703	IARIP 0010-10	\$ 2,000,000	\$ 45,071	419,601	431,638	57,108
				\$ 277,352	1,253,099	1,277,593	301,846

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Expenditures
For the Year Ended June 30, 2013

Salaries and wages	\$	565,965
Payroll taxes		92,559
Group insurance		153,206
Office rent		112,378
Printing and reproduction		26,858
Information technology		72,901
Travel, conferences and meetings		63,476
Office supplies		8,537
Postage		5,956
Legal fees		30,351
Audit and consulting fees		12,675
Insurance		8,582
Memberships		14,103
Official publications		4,828
Telephone		2,876
Transportation Management Association support		95,451
Capital Crossroads consultants fees		330,171
Other		<u>3,624</u>
Subtotal		1,604,497
Equipment and furnishings purchases		<u>44,367</u>
Total expenditures	\$	<u><u>1,648,864</u></u>

See accompanying independent auditor's report.



Shull

and Co. P.C.
certified public accountants

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*

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund, of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Des Moines Area Metropolitan Planning Organization's basic financial statements and have issued our report thereon dated January 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Des Moines Area Metropolitan Planning Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Des Moines Area Metropolitan Planning Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Des Moines Area Metropolitan Planning Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item II-A-13 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Des Moines Area Metropolitan Planning Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

Des Moines Area Metropolitan Planning Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Des Moines Area Metropolitan Planning Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shull & Co., P.C.

January 3, 2014



Shull and Co. P.C.

certified public accountants

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH REQUIREMENTS FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Des Moines Area Metropolitan Planning Organization's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Des Moines Area Metropolitan Planning Organization's major federal programs for the year ended June 30, 2013. Des Moines Area Metropolitan Planning Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Des Moines Area Metropolitan Planning Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Des Moines Area Metropolitan Planning Organization'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Des Moines Area Metropolitan Planning Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Des Moines Area Metropolitan Planning Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Des Moines Area Metropolitan Planning Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Des Moines Area Metropolitan Planning Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Des Moines Area Metropolitan Planning Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-13 to be a material weakness.

Des Moines Area Metropolitan Planning Organization's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Des Moines Area Metropolitan Planning Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Shull & Co., P.C.

January 3, 2014

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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 noncompliance which is material to the financial statements.
- (D) A material weaknesses in internal control over the major program was disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (F) The audit disclosed an audit finding which is required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) The major program was CFDA Number 20.205 – Highway Planning.
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) Des Moines Area Metropolitan Planning Organization did not qualify as a low risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES

- II-A-13 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that all general ledger accounting functions, bank reconciliations and financial reporting are done by one individual. This individual also can prepare and sign checks. The Organization does require two signatures on each check to mitigate risk of loss.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings (Continued)
For the Year Ended June 30, 2013

Part II: Findings Related to the Financial Statements (Continued):

Recommendation – We realize the limited number of staff make segregation of duties difficult and that Des Moines Area Metropolitan Planning Organization has established a Finance Committee of outside financial staff from certain member governments to oversee accounting functions, financial reporting and internal procedures. We recommend Des Moines Area Metropolitan Planning Organization continue to review its procedures to obtain the maximum segregation possible in the circumstances and consider involvement of its officers or executive committee in the performance and review of financial activity.

Response – We will continue to review our procedures and assignment of duties to limit incompatible duties.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters noted.

INTERNAL CONTROL DEFICIENCIES

III-A-13 Segregation of Duties – Des Moines Area Metropolitan Planning Organization did not maintain segregation of accounting duties, including those related to federal programs. See item II-A-13.