

**MIDAS REGIONAL PLANNING COMMISSION**

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

**JUNE 30, 2013**

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

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T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Board of Directors of  
MIDAS Regional Planning Commission:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of MIDAS Regional Planning Commission, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise MIDAS Regional Planning Commission's (Commission) 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 from 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, the business-type activities, and each major fund of the MIDAS Regional Planning Commission, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows 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 schedule of funding progress for the retiree health plan on pages 3-8 and 30, respectively, 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 the MIDAS Regional Planning Commission's basic financial statements. The supplementary balance sheet – Dodger Area Rapid Transit and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary balance sheet – Dodger Area Rapid Transit and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 Supplementary Balance Sheet – Dodger Area Rapid Transit and the Schedule of Expenditures of Federal Awards is 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 December 3, 2013, on our consideration of the MIDAS Regional Planning Commission'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 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* in considering the Commission's internal control over financial reporting and compliance.

*T.P. Anderson & Company, P.C.*

December 3, 2013

## MANAGEMENT'S DISCUSSION AND ANALYSIS

MIDAS Regional Planning Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

### **2013 FINANCIAL HIGHLIGHTS**

- Revenues of the Commission's government-wide activities decreased 16%, or approximately \$597,000 from fiscal 2012 to fiscal 2013. The decrease was mainly the result of grant funds used to finance the construction of the Webster City bus barn received in fiscal year 2012 and not fiscal year 2013.
- Program expenses decreased 1%, or approximately \$21,000, in fiscal year 2013 under fiscal year 2012.
- The Commission's net position decreased 2%, or approximately \$62,000, 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 the Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Net Position and Statement of Activities. These provide information about the activities of MIDAS Regional Planning Commission as a whole and present an overall view of the Commission's finances.

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

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

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

Supplementary Information provides a supplemental Balance Sheet for the DART bus operation, managed for the City of Fort Dodge. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting MIDAS Regional Planning Commission.

## REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

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

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

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

The Commission's governmental activities presented in the Statement of Net Position and the Statement of Activities include regional planning assistance, grant writing and revolving loan administration along with other assistance provided on an as needed basis. State and federal grants finance most of these activities.

The Commission's business activities presented in the Statement of Net Position and Statement of Activities include busing operations in Fort Dodge, Humboldt, Webster City, Manson, Pocahontas, Clarion, and other locations for member communities.

### *Fund Financial Statements*

The Commission has two categories of funds:

- 1) The Commission's governmental fund accounts for the Commission's basic services. It focuses on how money flows into and out of this fund, and the balances left at year-end that are available for spending. The governmental fund is the General Fund. This fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's services.

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

- 2) The Commission's proprietary fund accounts for its transit operations.

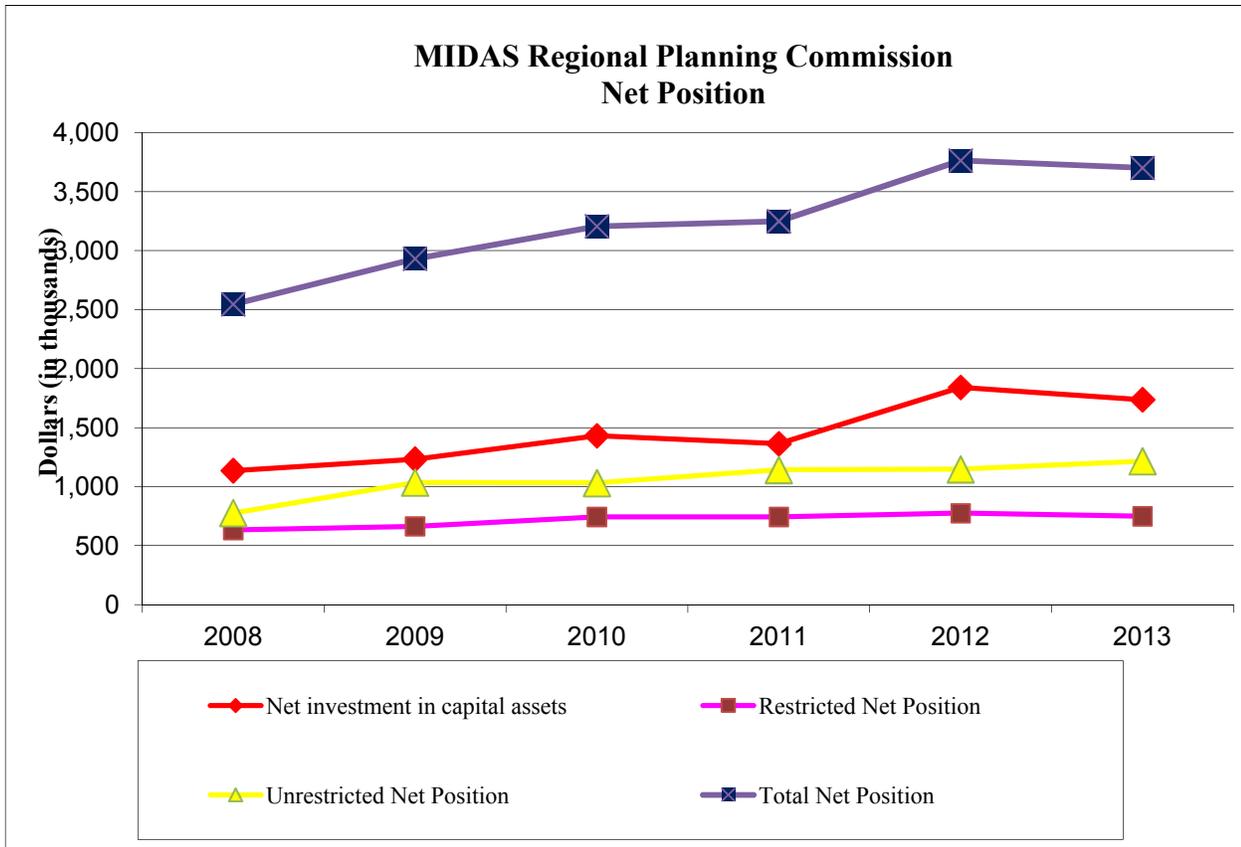
The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. MIDAS Regional Planning Commission’s combined net position decreased from a year ago, from \$3.76 million to \$3.70 million. The decrease resulted from depreciation expense outpacing capital asset additions.

Net Position of Government-Wide Activities (Expressed in Thousands)		
	Year ended June 30,	
	2013	2012
Current and other assets	\$ 2,113	2,161
Capital assets	1,808	1,949
Total assets	<u>3,921</u>	<u>4,110</u>
Long-term debt outstanding	53	76
Other liabilities	166	270
Total liabilities	<u>219</u>	<u>346</u>
Net position:		
Net investment in capital assets	1,737	1,842
Restricted	749	775
Unrestricted	<u>1,216</u>	<u>1,147</u>
Total net position	<u>\$ 3,702</u>	<u>3,764</u>



The Commission's net position decreased by \$62,000 to \$3.70 million this fiscal year. Unrestricted net position – the part of net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from approximately \$1,147,000 at June 30, 2012 to approximately \$1,216,000 at June 30, 2013.

#### Changes in Net Position of Government-Wide Activities (Expressed in Thousands)

	Year ended June 30,	
	2012	2012
Revenues:		
Program revenues:		
Charges for service	\$ 1,010	885
Operating grants, contributions and restricted interest	1,241	1,287
Capital grants, contributions and restricted interest	410	1,079
General revenues:		
Dues and local tax support	455	464
Unrestricted investment earnings	19	26
Other general revenues	28	19
Total revenues	3,163	3,760

Program expenses:		
Planning	546	825
Transit operations	2,679	2,421
Total expenses	<u>3,225</u>	<u>3,246</u>
Increase (decrease) in net position	(62)	514
Net position beginning of year	<u>3,764</u>	<u>3,250</u>
Net position end of year	<u>\$ 3,702</u>	<u>3,764</u>

The cost of all activities this year was \$3.23 million compared to \$3.25 million last year. \$2,661,485 of these costs were financed by those who directly benefited from the programs and grants. Overall, the Commission's revenues, including intergovernmental aid and fees for services decreased in 2013 from approximately \$3.25 million to \$2.66 million. This decrease was due mainly to the grant funds received in the year ended June 30, 2012 to finance the new bus barn constructed in Webster City.

#### INDIVIDUAL MAJOR FUND ANALYSIS

As MIDAS Regional Planning Commission completed the year, its governmental funds reported a fund balance of \$1.62 million. This is a 3% increase from the fund balance reported in fiscal year 2012. The increase resulted from reduced payroll costs during the year ended June 30, 2013.

The Commission's proprietary fund reported net position at the end of the year of \$1.94 million, a decrease from 2012 of approximately \$104,000. This decrease resulted from depreciation outpacing capital asset additions.

#### CAPTIAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2013, the MIDAS Regional Planning Commission had approximately \$5.0 million invested in a broad range of capital assets, including buildings, buses and equipment. This is a net decrease (including additions and deletions) of approximately \$200,000 or 4%.

Capital Assets of Governmental and Business-Type Activities at Year End (Expressed in Thousands)		
	June 30,	
	2013	2012
Land and buildings	\$ 1,540	834
Equipment	898	904
Vehicles	2,513	2,749
Construction-in-Progress	-	705
Total	<u>\$ 4,951</u>	<u>5,192</u>
Major Additions Included (expressed in thousands):		
Buses	\$ 168	186

Software and security cameras	5	-
Construction-in-Progress	-	616
Total	<u>\$ 173</u>	<u>802</u>

The Commission had depreciation expense of \$291,000 in fiscal year 2013 and total accumulated depreciation of \$3,143,558 at June 30, 2013.

**Long-Term Debt**

At June 30, 2013, MIDAS Regional Planning Commission had \$71,000 in loans outstanding compared to approximately \$106,000 at June 30, 2012, as shown below.

Outstanding Debt of Governmental and Business-Type Activities at Year-End (Expressed in Thousands)		
	June 30,	
	2013	2012
Iowa Department of Transportation Loan	\$ 55	69
Bank loans	16	37
	<u>\$ 71</u>	<u>106</u>

Debt decreased as a result of paying the notes as planned.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The MIDAS Council of Government’s Executive Committee (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2014 budget and fees that will be charged for agency activities. MIDAS planning and general administration revenue is expected to tighten as compared with the previous year. Federal and state capital and operating grants are expected to further tighten moving forward due to federal budget concerns.

**CONTACTING THE COMMISSION’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the MIDAS Regional Planning Commission’s finances and to show the Commission’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the MIDAS Regional Planning Commission, 602 1<sup>st</sup> Avenue South, Fort Dodge, Iowa 50501.

## **Basic Financial Statements**

## MIDAS REGIONAL PLANNING COMMISSION

## STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 1,155,329	414,264	1,569,593
Accounts receivable			
IDOT	82,575	-	82,575
EDA/RLF	-	-	-
Transit	-	64,448	64,448
Prepaid expenses	4,085	700	4,785
Notes receivable	392,287	-	392,287
Capital assets, net of accumulated depreciation	173,654	1,633,953	1,807,607
Total assets	<u>1,807,930</u>	<u>2,113,365</u>	<u>3,921,295</u>
<b>Liabilities</b>			
Accounts payable	2,527	25,510	28,037
Accrued payroll and payroll tax	11,462	46,298	57,760
Accrued vacation	10,495	40,303	50,798
Deferred revenue	-	-	-
Noncurrent liabilities			
Due within one year:			
Loans payable	12,251	17,085	29,336
Due in more than one year:			
OPEB liability	11,879	-	11,879
Loans payable	-	41,382	41,382
	<u>48,614</u>	<u>170,578</u>	<u>219,192</u>
<b>Net Position</b>			
Net investment in capital assets	161,403	1,575,486	1,736,889
Restricted for:			
EDA-RLF program	398,515	-	398,515
MIDAS Housing-RLF	350,000	-	350,000
Jumpstart Housing and Business	-	-	-
Unrestricted	849,398	367,301	1,216,699
Total net position	<u>\$ 1,759,316</u>	<u>1,942,787</u>	<u>3,702,103</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION

Exhibit B

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues			Governmental Activities	Business Type Activities	Total
		Charges for Service	Operating Grants	Capital Grants			
Functional/Program Activities							
Governmental Activities							
Administration	\$ 546,293	277,506	213,649	-	(55,138)	-	(55,138)
Business-type activities							
Transit system	2,678,915	732,463	1,027,366	410,501	-	(508,585)	(508,585)
	<u>3,225,208</u>	<u>1,009,969</u>	<u>1,241,015</u>	<u>410,501</u>	<u>(55,138)</u>	<u>(508,585)</u>	<u>(563,723)</u>
General Revenues							
Local tax support					78,969	375,764	454,733
Interest income					18,662	387	19,049
Sale of assets					-	28,600	28,600
					<u>97,631</u>	<u>404,751</u>	<u>502,382</u>
Total general revenues and transfers							
					97,631	404,751	502,382
Change in Net Position					42,493	(103,834)	(61,341)
Net Position beginning					<u>1,716,823</u>	<u>2,046,621</u>	<u>3,763,444</u>
Net Position ending					<u>1,759,316</u>	<u>1,942,787</u>	<u>3,702,103</u>

See Notes to Financial Statements

## MIDAS REGIONAL PLANNING COMMISSION

BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2013

Assets		
Cash		\$ 1,155,329
Accounts receivable		82,575
Prepaid expenses		4,085
Notes receivable		392,287
Total assets		<u>1,634,276</u>
Liabilities		
Deferred revenue		-
Accounts payable		2,527
Accrued payroll and payroll taxes		11,462
Total liabilities		<u>13,989</u>
Fund Balances		
Nonspendable:		
Notes receivable		392,287
Prepaid expenses		4,085
Restricted for:		
EDA-RLF program		233,626
MIDAS Housing-RLF		350,000
Committed for:		
MIDAS Housing-RLF		314,890
Unreserved		325,399
Total fund balances		<u>1,620,287</u>
Total liabilities and fund balances		<u>\$ 1,634,276</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION  
 RECONCILIATION OF THE BALANCE SHEET -  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2013

Total governmental fund balances (page 11)	\$	1,620,287
<p>Amounts reported as net position for governmental activities in the statement of net position are different from above because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the funds</p>		173,654
<p>Long-term liabilities including bonds payable, compensated absences payable, other post employment benefits payable are not due and payable in the current period and therefore are not reported in the governmental funds</p>		<u>(34,625)</u>
Net position of governmental activities	\$	<u><u>1,759,316</u></u>

See Notes to Financial Statements

## MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - GOVERNMENTAL FUND  
 YEAR ENDED JUNE 30, 2013

Revenue	
State and federal grants	\$ 213,649
Local participation	78,969
Interest income	18,662
CDBG administration	277,506
Total revenue	<u>588,786</u>
Expenditures	
Administration:	
Planning	116,393
CDBG	47,946
Housing RLF	16,280
MAP-21	52,854
EDA/RLF	8,154
RBOG	134,526
Hazard mitigation	63,154
IDED COG assistance	9,428
Jumpstart housing & business	27,065
Miscellaneous contracts	51,449
Bad debt expense	2,374
Payment on note payable	17,583
Total expenditures	<u>547,206</u>
(Deficiency) of revenue under expenditures	41,580
Fund Balance, beginning	<u>1,578,707</u>
Fund Balance, ending	<u>\$ 1,620,287</u>

See Notes to Financial Statements

MIDAS REGIONAL PLANNING COMMISSION  
 RECONCILIATION of the STATEMENT OF REVENUES, EXPENDITURES  
 and CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
 to the STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

Net change in fund balance - governmental fund	\$	41,580
Depreciation expense is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		(4,884)
Loss on disposal of fixed assets is reported in the statement of activities but does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds		(3,626)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated absences		(2,158)
OPEB		(6,002)
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal paid during the year.		17,583
Change in net position of governmental fund	\$	42,493

See Notes to Financial Statements

## MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF NET POSITION  
 PROPRIETARY FUND  
 JUNE 30, 2013

Assets	
Current assets	
Cash	\$ 414,264
Accounts receivable	64,448
Prepaid expenses	700
Total current assets	<u>479,412</u>
Non-current assets	
Capital assets	
RTA building, transportation and other equipment	4,663,727
Construction-in-progress	-
Less: accumulated depreciation	<u>(3,029,774)</u>
Total non-current assets	<u>1,633,953</u>
Total assets	<u><u>2,113,365</u></u>
Liabilities and Net Position	
Current liabilities	
Accounts payable	25,510
Accrued payroll and payroll taxes	46,298
Accrued vacation	40,303
Current portion - notes payable	17,085
Total current liabilities	<u>129,196</u>
Non-current liabilities	
Notes payable - net of current portion	<u>41,382</u>
Total liabilities	<u>170,578</u>
Net Position	
Net investment in capital assets	1,575,486
Unrestricted	<u>367,301</u>
Total net position	<u>1,942,787</u>
Total liabilities and net position	<u><u>\$ 2,113,365</u></u>

See Notes to Financial Statements

## MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENSES AND  
CHANGE IN FUND NET POSITION - PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2013

Operating Revenues:	
Fare income	732,463
State and federal grants	1,437,867
Local participation	<u>375,764</u>
Total operating revenues	2,546,094
Operating Expenses:	
Payroll expenses	1,151,112
Transit assistance to providers	66,422
Facility operations	47,420
Vehicle expenses	416,287
Insurance expenses	203,142
Administrative expenses	63,953
Memberships	4,340
Travel	8,621
Employee recruitment training	5,417
Depreciation	286,017
Miscellaneous	58,887
DART bus purchases	<u>367,297</u>
Total operating expenses	2,678,915
Operating (loss)	(132,821)
Non-Operating Revenues (Expenses):	
Gain from sale/dispositions of fixed assets	28,600
Interest income	<u>387</u>
Total non-operating revenues (expenses)	<u>28,987</u>
Change in net position	(103,834)
Net Position, beginning	<u>2,046,621</u>
Net Position, ending	<u><u>\$ 1,942,787</u></u>

See Notes to Financial Statements

## MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2013

Cash flows from Operating Activities:	
Receipts from customers	\$ 1,108,227
Operating and capital grants	1,513,205
Payments to suppliers	(1,340,573)
Payments to employees	<u>(1,149,989)</u>
Net cash flow from operating activities	<u>130,870</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(172,571)
Repayments on long-term borrowings	(18,417)
Proceeds from sale of equipment	<u>47,807</u>
Net cash used by capital and related financing activities	<u>(143,181)</u>
Cash flows from investing activities	
Interest	<u>387</u>
Net increase in cash	(11,924)
Cash, beginning of year	<u>426,188</u>
Cash, end of year	<u><u>\$ 414,264</u></u>

## MIDAS REGIONAL PLANNING COMMISSION

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2013

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

Operating (loss)	\$ (132,821)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	286,017
Change in Accounts Receivable	75,338
Change in Prepaid Expenses	(25)
Change in Accounts Payable	(98,764)
Change in Accrued Expenses	<u>1,125</u>
Net cash flow from operating activities	<u><u>\$ 130,870</u></u>

See Notes to Financial Statements

# MIDAS REGIONAL PLANNING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

### (1) Nature of Organization

Mid-Iowa Development Association Council of Governments (MIDAS) Regional Planning Commission (Commission) is the regional planning and intergovernmental coordination commission in the MIDAS region organized under Chapter 473A and Chapter 28E, Iowa Code, in 1971. It does not have stockholders or equity holders and it is not subject to income taxes. MIDAS is the regional planning and coordination commission for Calhoun, Hamilton, Humboldt, Pocahontas, Webster and Wright Counties of Iowa. The Commission is not required to legally adopt an annual operating budget.

### (2) Significant Accounting Policies

#### A. Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

#### B. Basis of Presentation

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

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

*Net investment in capital assets* consists of capital assets, net accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

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

*Unrestricted net position* consists of net position that does not meet the definition of the preceding categories. Unrestricted net positions often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a

# MIDAS REGIONAL PLANNING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

particular function. Other revenues not properly included among program receipts are reported instead as general revenues.

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

The Commission reports the following major governmental fund:

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

The Commission reports the following major enterprise fund:

The busing operation (including DART, RTA, Manson School District Busing, and the Jefferson Lines) is the enterprise fund of the Commission. All bus fares, operating grants, capital grants and miscellaneous revenues generated by and for the transit operations are accounted for in this fund. From the fund are paid all expenses necessary to operate the transit authority.

### C. Measurement Focus and Basis of Accounting

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

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

Local tax support/dues and intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

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

# MIDAS REGIONAL PLANNING COMMISSION

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Under terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

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

The Commission's enterprise fund applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are transit fares and the principal operating expenses include payroll, vehicle insurance and other transit expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most Commission funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Invested cash is stated at cost, which approximates fair value.

Accounts Receivable – The Commission utilizes the allowance method for accounting for bad debts. Management uses its judgment based primarily on the length of time specific accounts have been outstanding in determining the allowance for doubtful accounts and related accounts receivable write offs. At June 30, 2013, the Governmental Activities and Business-Type Activities had \$18,145 and \$218 of their accounts receivable that were older than 90 days. These amounts were associated with 14 and 44 customers respectively. At June 30, 2013 the allowance for doubtful accounts had balances of \$9,000 and \$2,000 for the Governmental Fund and Business-Type Activities respectively. The Commission assesses a finance charge of 1.5% per month on past due charges for busing services.

Capital Assets – Capital assets, which include property, equipment and vehicles, are reported in the governmental and business-type activities' columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend lives are not capitalized.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Improvements other than buildings	15 years
Buses	4 years
Equipment	5-30 years

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Earned and unused vacation may be paid upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at July 1, 2013.

Long-term liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

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

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

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

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

Unassigned – All amounts not included in other classifications.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

E. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through December 3, 2013, the date the financial statements were issued.

(3) **Cash**

The Commission’s deposits 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 Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers’ acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

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

(4) **Capital Assets**

A summary of changes in property and equipment the year ended June 30, 2013 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated/amortized				
Land	\$ 78,853	-	-	78,853
Construction in progress	705,536	944	706,480	-
	\$ 784,389	944	706,480	78,853

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Capital assets being depreciated/amortized				
Building	\$ 755,056	706,480	-	1,461,536
Vehicles	2,748,343	168,000	403,511	2,512,832
Equipment	904,296	3,626	9,979	897,943
	<u>\$ 4,407,695</u>	<u>878,106</u>	<u>413,490</u>	<u>4,872,311</u>
Less accumulated depreciation/amortization for:				
Building	265,190	21,956	-	287,146
Equipment and vehicles	2,978,123	268,945	390,656	2,856,412
Total accumulated depreciation/amortization	<u>3,243,313</u>	<u>290,901</u>	<u>390,656</u>	<u>3,143,558</u>
Total capital assets being depreciated/amortized net	1,164,382			1,728,753
Capital Assets, net of accumulated depreciation	<u>\$ 1,948,771</u>			<u>1,807,607</u>

Depreciation/amortization expense of \$4,883 and \$286,018 was charged to the planning activities and the transit operations respectively for the year ended June 30, 2013.

**(5) Restricted Net Position - Notes Receivable**

The Commission administers a revolving loan fund, known as the EDA-RLF, which provides financing for local businesses. Loans are subject to guidelines provided by the federal granting commission and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration, supplemented by a local match from various regional sources. The fund has a portfolio of loans totaling \$164,890, net of an allowance for uncollectable notes of \$12,000, and a cash balance of \$233,625 at June 30, 2013. The total loans and cash balance maintained for this program is restricted to make additional business loans in the future.

The Commission also administers the MIDAS Housing Revolving Loan Fund (MIDAS HRLF). This program was originally funded with State LHAP and Federal HIRE grant funds and has a portfolio of loans totaling \$239,397 and a cash balance of \$664,890 at June 30, 2013. \$350,000 of these assets is restricted for the purpose of providing assistance to low to middle income housing projects. The remaining fund balance for this program, \$554,287 has been committed by the Board of Directors to the housing program.

Interest received on loans advanced under the EDA-RLF program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent. The interest rates applied to the MIDAS HRLF varies as deemed appropriate to facilitate a project. The current proforma target is 4%, but may vary if desired by the loan review committee to better meet the needs of the proposed project.

**(6) Operating Lease**

MIDAS Regional Planning Commission has entered into an agreement to lease equipment from the City of Fort Dodge. MIDAS Regional Planning Commission is to assume all operating expenses and insurance requirements for the equipment. The term of this lease shall be for a period to include the useful life of the equipment as estimated by the Federal Transit Administration and the Iowa Department of Transportation. At the end of the equipment's useful life, the title and ownership may be transferred to

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

MIDAS Regional Planning Commission for disposition in accordance with IDOT equipment disposition regulations. Payments are \$1 per year.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Humboldt, Iowa for \$575 per month. The lease term expires June 30, 2015. Rent paid for the year ended June 30, 2013 was \$6,900.

MIDAS Regional Planning Commission has entered into an operating lease to rent occupied premises in Pocahontas, Iowa for \$125 per month. Rent paid for the year ended June 30, 2013 was \$1,500. The lease term expires June 30, 2015.

Future minimum lease payments due on the above operating leases are as follows:

Years Ending June 30:		
2014	\$	8,401
2015		1,501
	\$	<u>9,902</u>

Rent expense for the year ended June 30, 2013 totaled \$8,375.

**(7) Long Term Debt**

The Commission has been approved for a loan from the Iowa Department of Transportation. Loan proceeds will be used as non-federal matching funds that are required to qualify for a capital grant from the Federal Transportation Administration. Funds will be used to finance the building of a vehicle storage facility in Hamilton County. The maximum amount available under this agreement is \$71,790. This note has a stated rate of interest of 0%. Payments of \$14,022 are due each December 31, beginning on December 31, 2012. As of June 30, 2013 the outstanding balance on this note was \$55,403.

The Commission has a mortgage on its main office building held by a local bank. This note accrues interest at a rate of 4.00% per year. The loan requires monthly payments of \$1,923 and any remaining balance is due to be paid on February 18, 2014. The loan is collateralized by land and building with a depreciated cost of \$533,138. This loan had an outstanding balance at June 30, 2013 of \$15,315.

A summary of changes in long-term debt for the year ended June 30, 2013 is as follows:

Note	Balance 07/01/12	Advances	Payments	Balance 06/30/13
Iowa Department of Transportation	\$ 69,425	-	14,022	55,403
Mortgage Payable	37,292	-	21,977	15,315
	<u>\$ 106,717</u>	-	<u>35,999</u>	<u>70,718</u>

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Aggregate maturities required on long-term debt as of June 30, 2013 are due in future years as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	29,337	236
2015	14,022	-
2016	14,022	-
2017	13,337	-
	<u>70,718</u>	<u>236</u>

Interest incurred under the notes identified above and expensed on the financial statements amounted to \$1,109.

**(8) Operating Line of Credit**

At June 30, 2013 the Commission had available a \$50,000 line of credit from a local lender. Interest accrues on any outstanding balance at a variable rate (5.25% at June 30, 2012). There was no balance due under this note at June 30, 2013. Amounts advanced under this note, if any, become due when it matures in April 2014.

**(9) Pension and Retirement Benefits**

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

Most regular plan members are required to contribute 5.78% of their annual covered payroll and the Commission is required to contribute 8.67% of annual covered payroll. Contribution requirements are established by state statute. The Commission's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$102,012, \$96,138, and \$98,621, respectively, equal to the required contributions for each year.

**(10) Risk Management**

MIDAS Regional Planning Commission is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Economic Dependency**

The Commission received 32% of its revenue from direct and pass-through grants from the Department of Transportation for the year ended June 30, 2013. 36% of the federal awards expended during the year

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

(\$435,622) were passed down to the Commission from the Iowa Department of Transportation for operating and capital purposes.

47% of the federal awards expended during the year (\$576,107) were passed down to the Commission from the City of Fort Dodge for operating and capital purposes.

**(12) Dodger Area Rapid Transit (DART) Program**

In connection with the Commission's operation of the DART program, expenditures made by the Commission on behalf of DART totaled \$998,404 for the year ended June 30, 2013.

**(13) Other Postemployment Benefits (OPEB)**

Plan Description. The Commission operates a single-employer retiree benefit plan which provides medical benefits for retirees. There are 10 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

The medical coverage is administered by Wellmark. Retirees receive the same benefits as active employees. Since the retiree contributes the entire premium payment, the Commission does not have an explicit subsidy. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy. The implicit subsidy results in an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the Commission. The Commission currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The Commission's annual OPEB cost is calculated based on the annual required contribution (ARC) of MIDAS, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the Commission's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the Commission's net OPEB obligation:

	Total
Annual required contribution	\$ 6,202
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	6,202
Estimated annual employer contribution for pay-go cost	(200)
Net OPEB obligation beginning of year	5,877
Net OPEB obligation end of year	\$ 11,879

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the Commission contributed an estimated \$200 to the medical plan. Plan members did not contribute any of the cost of the benefits.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013, 2012 and 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 6,202	84.40%	\$ 11,879
June 30, 2012	12,591	84.40%	5,877
June 30, 2011	12,591	84.40%	3,918

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$33,513, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$33,513.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the alternate measurement method was used. The actuarial assumptions include a 4% discount rate based on the Commission's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

MIDAS REGIONAL PLANNING COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Mortality rates are from the RP2000 Combined Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed based on national averages.

**Required Supplementary Information**

**MIDAS REGIONAL PLANNING COMMISSION**  
**SCHEDULE OF FUNDING PROGRESS FOR THE**  
**RETIREE HEALTH PLAN**  
**(In Thousands)**

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets  (a)	Actuarial Accrued Liability  (b)	Unfunded AAL (UAAL)  (c)	Funded Ratio  (a/b)	Covered Payroll  (c)	UAAL as a Percentage of Covered Payroll  (b-a)/c
June 30, 2013	-0-	\$ 33	\$ 33	0.00%	\$ 468	7.2%
June 30, 2012	-0-	\$ 107	\$ 107	0.00%	\$ 1,214	8.81%
June 30, 2011	-0-	\$ 107	\$ 107	0.00%	\$ 1,441	7.43%

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and net OPEB Obligation, funded status and funding progress.

## **Other Supplementary Information**

## MIDAS REGIONAL PLANNING COMMISSION

Supplemental Balance Sheet - Dodger Area Rapid Transit (DART)  
Year Ended June 30, 2013

ASSETS	
Cash	\$ 100
Accounts receivable	21,080
Property, plant and equipment	
Other equipment	<u>7,302</u>
Total assets	<u><u>28,482</u></u>
LIABILITIES AND EQUITY (DEFICIT)	
Liabilities	
Accrued payroll and payroll taxes	31,812
Accrued vacation	<u>24,348</u>
Total liabilities	<u>56,160</u>
Equity	
Retained (deficit)	<u>(27,678)</u>
Total (deficit)	<u>(27,678)</u>
Total liabilities and equity (deficit)	<u><u>\$ 28,482</u></u>

See accompanying independent auditor's report



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor Title	CFDA Number	Pass-through Grantor Number	Federal Expenditures
<b>U.S. Department of Commerce</b>			
Direct Programs			
Economic Development Support for Planning Organizations	11.302		\$ 74,725
Economic Adjustment Assistance	11.307		<u>22,750</u>
Total U.S. Department of Commerce			<u>97,475</u>
<b>U.S. Department of Transportation</b>			
Pass-through programs from:			
State of Iowa Department of Transportation			
Federal Transit Capital Improvement Grant	20.500	04-0117-050-11	105,183
Non-urban Operating Assistance Project	20.509	18-0030-050-12	272,174
Intercity Bus Assistance Project	20.509	TF-2013	3,218
State Planning and Research Formula Grant	20.515	12RPA-05	14,983
State Planning and Research Formula Grant	20.515	13RPA-05	30,703
Job Access Reverse Commute	20.516	37-X016-050-12	1,704
Job Access Reverse Commute	20.516	37-X023-050-13	7,657
			<u>435,622</u>
The City of Fort Dodge, Iowa			
Federal Transit Capital Improvement Grant	20.500	04-0117-269-11	305,318
Non-urban Operating Assistance Project	20.509	18-0030-269-12	259,480
Intercity Bus Assistance Project	20.509	ICB CY 12	5,808
Intercity Bus Assistance Project	20.509	ICB CY 13	2,295
Transit Assistance Program	20.509	TF-2011	3,206
			<u>576,107</u>
Total U.S. Department of Transportation			<u>1,011,729</u>
<b>U.S. Department of Agriculture</b>			
Direct Programs			
Rural Community Transit Initiative	10.773		<u>48,156</u>
Total U.S. Department of Agriculture			<u>48,156</u>
<b>U.S. Department of Health and Human Services</b>			
Pass-through programs from:			
Elderbridge Agency on the Aging			
Special Programs for the Aging - Title III	93.044	B46028	<u>11,630</u>
Total U.S. Department of Health and Human Services			<u>11,630</u>
<b>U.S. Department of Homeland Security</b>			
Pass-through programs from:			
Iowa Department of Public Defense			
Community Development Block Grant	97.039	42-0991246	<u>51,750</u>
Total U.S. Department of Homeland Security			<u>51,750</u>
			<u>1,220,740</u>

See accompanying independent auditor's report. See basis for presentation on page 33.

MIDAS REGIONAL PLANNING COMMISSION  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of MIDAS Regional Planning Commission and is presented in conformity with the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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 of  
MIDAS Regional Planning Commission:

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, the business-type activities, and each major fund of MIDAS Regional Planning Commission (the Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission'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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

*A deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no

instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Purpose of this Report**

The 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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*T.P. Anderson & Company, P.C.*

December 3, 2013



T.P. ANDERSON & COMPANY, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program  
and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors of  
MIDAS Regional Planning Commission

**Report on Compliance for Each Major Federal Program**

We have audited the MIDAS Regional Planning Commission's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. MIDAS Regional Planning Commission's (the Commission) major federal programs are identified in the Summary of Auditor's Results, Part 1 of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility of to express and opinion on compliance for each of MIDAS Regional Planning Commission'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 the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Commission complied, in all material respects, with 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 MIDAS Regional Planning Commission 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 the Commission'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 the Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency or combination of deficiencies in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance.

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.

*T.P. Anderson & Company, P.C.*

December 3, 2013

MIDAS Regional Planning Commission  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2013

No findings were identified in the audit for the year ended June 30, 2012.

MIDAS Regional Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

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

- (a) Unmodified opinions were issued for the governmental activities, business type activities and each major fund for the MIDAS Regional Planning Commission.
- (b) No significant internal control deficiencies were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies 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 for Fiscal Year ended June 30, 2013 were CFDA# 20.500, Federal Transit Capital Improvements Grant and CFDA# 20.509, Formula Grants for Other Than Urbanized Areas. MIDAS Regional Planning Commission spent \$410,501 and \$546,181 respectively under these two programs during the Year Ended June 30, 2013.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) MIDAS Regional Planning Commission did not qualify as a low-risk audit.

MIDAS Regional Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

**Part II: Findings Related to the Financial Statements:**

**Instances of Non-Compliance:**

No matters were noted..

**Significant Deficiencies:**

No matters were noted.

MIDAS Regional Planning Commission  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2013

**Part III: Findings and Questioned Costs for Federal Awards:**

**Instances of Non Compliance:**

No matters were noted.

**Control Deficiencies:**

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

**Part VI: Other Findings Related to Required Statutory Reporting:**

- IV-A-13 Questionable Expenditures: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-B-13 Travel Expense: No expenditures of MIDAS Regional Planning Commission money for travel expenses of spouses of Commission officials or employees were noted.
- IV-C-13 Business Transactions: No business transactions between the Commission and Commission officials or employees were noted.
- IV-D-13 Board Minutes: No transactions requiring Board approval were noted which had not been approved.
- IV-E-13 Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.