

**REGION V HAZARDOUS MATERIALS
RESPONSE COMMISSION
FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SCHEDULE OF FINDINGS**

JUNE 30, 2013

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REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

Fort Dodge, Iowa

BOARD OF DIRECTORS

Stan Watne, Chairman

<i>COUNTY</i>	<i>SUPERVISOR</i>	<i>ALTERNATE</i>
Calhoun	Scott Jacobs	Kerrie Hull, EMA
Carroll	Dan Nieland	Sara Nielsen, EMA
Greene	Tom Contner	Dennis Morlan, EMA
Hamilton	David Young	Phil Queen, EMA
Humboldt	Harlan Hansen	Mort Christianson, Supervisor
Pocahontas	Ed Dewey	Jeremy Hamp, EMA
Sac	Ranell Drake	James Bullock, EMA
Webster	Merrill Leffler	Tony Jorgensen, EMA
Wright	Stan Watne	Jim Lester, EMA

OTHER REPRESENTATIVES

Fort Dodge	Andy Fritz, City Council	Dean Hill
LEPC Chairperson	Tony Jorgensen	



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region V Hazardous Materials
Response Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response 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 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 the modified cash basis and cash basis of accounting as described in Note 1. This includes determining the basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 Commission'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 Commission'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 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 modified cash basis and cash basis financial position of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of June 30, 2013, and the respective changes in modified cash basis and cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these government-wide financial statements are prepared on the modified cash basis of accounting and the government funds financial statements are prepared on the cash basis of accounting. Both of the accounting methods are a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Region V Hazardous Materials Response Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2012 (which is not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the modified cash basis and cash basis of accounting.

The supplementary information 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis information on pages 5 through 8 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 20, 2014 on our consideration of Region V Hazardous Materials Response 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 Region V Hazardous Materials Response Commission's internal control over financial reporting and compliance.

Schnarr & Company, LLP

Fort Dodge, Iowa
March 20, 2014

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Region V Hazardous Materials Response 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 Region V Hazardous Materials response Commission's governmental activities increased 29%, or approximately \$64,000 from fiscal 2012 to fiscal 2013.
- Expenses increased 28%, or approximately \$53,000 from fiscal 2012 to fiscal 2013.
- Region V Hazardous Materials Response Commission's total modified cash basis net position increased 21%, or approximately \$38,500 from fiscal 2012 to fiscal 2013.
- Revenue primarily increased as a result of increases in other income and Federal grants received.

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 Region V Hazardous Materials Response Commission's financial activities.

The Government-wide Financial Statements consist of a Statement of Activities and Net Position. This statement provides information about the activities of Region V Hazardous Materials Response Commission as a whole and presents an overall view of Region V Hazardous Materials Response 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 Region V Hazardous Materials Response Commission's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIS OF ACCOUNTING

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of Region V Hazardous Materials Response Commission are prepared on that basis for the fund financial statement. The government-wide financial statements are prepared on the modified cash basis of accounting. Neither the cash basis nor modified cash basis of accounting give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash or modified accrual basis of accounting.

REPORTING THE REGION'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about Region V Hazardous Materials Response Commission's finances is, "Is Region V Hazardous Materials Response Commission as a whole better or worse off as a result of the year's activities?" The Statement of Activities and Net Position reports information that helps answer this question.

The Statement of Activities and Net Position presents Region V Hazardous Materials Response Commission's net position. Over time, increases or decreases in Region V Hazardous Material Response Commission's net position may serve as a useful indicator of whether the financial positions of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Activities and Net Position activity:

- Region V Hazardous Materials Response Commission Activities include public information, first responder Hazmat training and planning in each of the Region's nine counties and emergency response capabilities. State and federal grants finance most of these activities.

Fund Financial Statement

- Region V Hazardous Materials Response Commission has one kind of fund:
 - 1) Governmental funds account for most of Region V Hazardous Materials Response Commission's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund and 2) the Special Revenue Funds, such as grant funds.

The governmental fund financial statements provide a detailed, short-term view of Region V Hazardous Materials Response Commission's general government 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 Region's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE REGION'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statement (Continued)

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Region V Hazardous Materials Response Commission's cash balance for governmental activities increased from a year ago, from \$166,817 to \$173,129. The analysis that follows focuses on the changes in cash balances for governmental activities.

**Statement of Cash Receipts, Disbursements and
Changes in Net Position - Cash Basis
As of and For the Year Ended June 30, 2013**

Receipts:	
County contributions	\$ 132,385
Federal grants	118,180
Investment income	252
Incident reimbursements	3,427
Other income	30,401
Total receipts	<u>284,645</u>
Disbursements:	
Planning grant expense	14,955
Training grant expense	44,917
Task force grant expense	47,713
Administration	60,746
Commission, general	5,505
Office expense	6,831
Auto/Truck	41,103
Team expense	6,994
Team contract paid to City	37,467
Team, supplies and miscellaneous	11,974
Insurance	128
Total disbursements	<u>278,333</u>
Excess of receipts over disbursements	6,312
Cash basis net position, beginning of year	<u>166,817</u>
Cash basis net position, end of year	<u>\$ 173,129</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL FUND FINANCIAL ANALYSIS (CONTINUED)

Region V Hazardous Materials Response Commission's total receipts for governmental activities increased by 29%, or approximately \$64,000. Region V Hazardous Materials Response Commission's increase in receipts was primarily the result of increases in other income and Federal grants received.

The cost of Region V Hazardous Materials Response Commission activities this year increased by 50%, or approximately \$93,000. The increase in 2013 costs was due mainly to the increase in grant expenses and auto/truck expense.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Region V Hazardous Materials Response Commission completed this year, its funds reported a fund balance of \$173,129, an increase of \$6,312 from last year's total of \$166,817.

CONTACTING THE REGION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Region V Hazardous Materials Response Commission's finances and to the Region V Hazardous Materials Response Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peg Stickrod, Finance Manager, PO Box 1736, Fort Dodge, IA 50501.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

④ **BASIC FINANCIAL STATEMENTS**

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa**

Exhibit A

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2013**

	Governmental Activities
<hr/>	
Assets	
Cash	\$ 173,129
Capital assets, net of accumulated depreciation	<u>49,969</u>
Total assets	<u><u>\$ 223,098</u></u>
Net Position	
Net investment in capital assets	\$ 49,969
Unrestricted	<u>173,129</u>
Total net position	<u><u>\$ 223,098</u></u>

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit B

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended June 30, 2013

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Asset Activities</u>
Functions/Programs:				
Planning grant expense	\$ 14,955	\$ -	\$ 18,819	\$ 3,864
Training grant expense	44,917	-	51,648	6,731
Task force grant expense	47,713	-	47,713	-
Administration	60,746	-	-	(60,746)
Commission, general	5,505	-	-	(5,505)
Office expense	6,831	-	-	(6,831)
Auto/Truck	1,947	-	-	(1,947)
Team expense	6,994	-	-	(6,994)
Team contract paid to City	37,467	3,427	-	(34,040)
Team supplies and miscellaneous	11,974	873	-	(11,101)
Insurance	128	-	-	(128)
Depreciation	7,022	-	-	(7,022)
Total functions/programs	246,199	4,300	118,180	(123,719)
General revenues:				
County contributions				132,385
Interest on income				252
Gain on sale of assets				29,528
Total general revenues				162,165
Change in net position				38,446
Net position beginning of year				184,652
Net position end of year				\$ 223,098

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Exhibit C

STATEMENT OF NET POSITION -- CASH BASIS

June 30, 2013

	General	Special Revenue HMEP Grant	Total
ASSETS			
Cash	\$ 173,129	\$ -	\$ 173,129
Due from special revenue	20,416	-	20,416
Total assets	\$ 193,545	\$ -	\$ 193,545
Due to general	\$ -	\$ 20,416	\$ 20,416
NET POSITION			
Unreserved	193,545	(20,416)	173,129
Total net position	\$ 193,545	\$ -	\$ 193,545

See Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF NET POSITION -- CASH BASIS
TO THE STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
June 30, 2013**

Total net position of governmental funds (page 10)	\$ 173,129
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*Amount reported for governmental activities in the
Statement of Net Position are different because:*

Capital assets used in government activities are not financial resources
and, therefore, are not reported as assets in the governmental funds.

<u>49,969</u>

Net position of governmental activities (page 8)

<u><u>\$ 223,098</u></u>

See Notes to Financial Statements.

**REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa**

Exhibit E

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION -- CASH BASIS
As of and for the Year Ended June 30, 2013**

	General	Special Revenue HMEP Grant	Total
Receipts:			
County contributions	\$ 132,385	\$ -	\$ 132,385
Federal grants	-	118,180	118,180
Interest on income	252	-	252
Incident reimbursements	3,427	-	3,427
Other income	30,401	-	30,401
Total receipts	166,465	118,180	284,645
Disbursements:			
Administration	60,746	-	60,746
Commission-General	5,505	-	5,505
Office expense	6,831	-	6,831
Auto/Truck expense	41,103	-	41,103
Team expense	6,994	-	6,994
Team contract paid to City	37,467	-	37,467
Training expense	-	44,917	44,917
Planning expense	-	14,955	14,955
Task for expense	-	47,713	47,713
Team misc. supplies & expense	11,974	-	11,974
Insurance expense	128	-	128
Total disbursements	170,748	107,585	278,333
Excess (deficiency) of receipts over (under) disbursements	(4,283)	10,595	6,312
Cash basis net position, beginning of year	197,828	(31,011)	166,817
Cash basis net position, end of year	\$ 193,545	\$ (20,416)	\$ 173,129

See Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN NET POSITION -- CASH BASIS
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS**

Year Ended June 30, 2013

Excess of receipts over disbursements (page 12)	\$ 6,312
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:	
Expenditures for capital assets	39,156
Depreciation expense	<u>(7,022)</u>
Change in net position of governmental activities (page 9)	\$ <u>38,446</u>

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies

Region V Hazardous Materials Response Commission was formed in 1993 by seven counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Two additional counties have since joined. The member counties included on the Commission are, Calhoun, Carroll, Greene, Hamilton, Humboldt, Pocahontas, Sac, Webster and Wright. The purpose of the Commission is to serve as a communicative and coordinating body to plan, foster, implement, monitor, and evaluate the coordination of hazardous materials response efforts among the body membership.

A. Reporting Entity:

For financial reporting purposes, Region V Hazardous Materials Response 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 relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. 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 of the activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Unrestricted net position consists of net positions that do not meet the definition of the preceding category. Unrestricted net positions often have constraints on resources that are imposed by management, but can be removed or modified.

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (continued) - The Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The Commission reports the following major governmental fund:

General Fund:

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

Special Revenue:

The Special Revenue Fund represents the activity from the Hazardous Materials Emergency Preparedness Grant (HMEP).

The HMEP Grant Fund is used to account for training and planning expenses related to hazardous materials preparedness and response capabilities.

C. Measurement Focus and Basis of Accounting:

Government-wide Financial Statements:

The Government-wide financial statements and the proprietary fund financial statements are prepared on the modified cash basis of accounting. Under that basis, only the assets, liabilities, fund balances, receipts and disbursements are recognized. The modified cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the government-wide financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued):

Government-wide Financial Statements (Continued):

Under the terms of grant agreements, the Commission Funds certain programs by a combination of specific cost reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position 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 receipts.

Fund Financial Statements:

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Commission are prepared on that basis. The cash basis of accounting does not recognize accounts receivable, accounts payable, and accrued items. Accordingly, the fund financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

D. Assets and Net Position

The following accounting policies are followed in preparing the Statement of Net Position.

Capital Assets:

Capital assets, which include equipment, are reported in the applicable governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Commission as assets with an initial, individual cost in excess of \$500 and estimated useful life in excess of two years.

Equipment is recorded at cost less accumulated depreciation. Depreciation of property and equipment is provided over the estimated useful lives of 5 to 7 years on a 200% double declining basis for assets placed in service before July 1, 1999. Assets purchased after July 1 are depreciated over estimated useful lives of 5-10 years on a straight-line basis.

Restricted Net Position:

In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either extremely imposed by creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

Subsequent events: Subsequent events have been evaluated through March 20, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Cash

The Commission'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. The 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 evidence 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; certain joint investment trusts; warrants or improvement certificated of a drainage district.

Note 3. Risk Management

Region V Hazardous Materials Response 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.

Note 4. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 454,581	\$ 39,156	\$ (47,328)	\$ 446,409
Less accumulated depreciation for:				
Equipment	(436,746)	(7,022)	47,328	(396,440)
Total capital assets, net	\$ 17,835	\$ 32,134	\$ -	\$ 49,969

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Deficit Fund Balance

The Special Revenue, HEMP Grant Fund had a deficit balance of \$20,416 at June 30, 2013. The deficit balance was a result of receipts not being received from an expense reimbursement request to the state. The deficit will be eliminated upon receipt of reimbursement request.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Region V Hazardous Materials
Response Commission

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 20, 2014. Our report expressed unmodified opinions on the financial statements which were prepared on the modified cash basis of accounting and cash basis of accounting basis' of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Region V Hazardous Materials Response Commission's internal control over financial reporting to determine the audit procedures 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 Region V Hazardous Materials Response Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Region V Hazardous Materials Response Commission'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 deficiencies in internal control we consider to be 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 a material misstatement of Region V Hazardous Materials Response Commission's financial statements will not be prevented or detected and corrected on a timely basis.

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. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region V Hazardous Materials Response 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.

Region V Hazardous Materials Response Commission's Responses to Findings

Region V Hazardous Materials Response Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Region V Hazardous Materials Response Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing and not to provide an opinion on the effectiveness of the Commission'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.

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

Schnarr & Company, LLP

Fort Dodge, Iowa
March 20, 2014

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION
Fort Dodge, Iowa

Schedule of Findings
Year Ended June 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES

- I-A-13 Segregation of Duties – One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. We noted that substantially all aspects of the accounting functions are performed by one person.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Commission should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – We will investigate available alternatives and implement as soon as possible.

Conclusion – Response accepted.

- I-B-13 Preparation of Financial Statements – Management is responsible for establishing and maintaining internal controls over financial reporting and procedures related to the fair presentation of the financial statements in accordance with the cash basis of accounting. The Region V Hazardous Materials Response Commission does not have any internal control system designed to provide for the preparation of financial statements, including the accompanying footnotes required by generally accepted accounting principles. The guidance in Statement of Auditing Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, requires us to communicate this matter to those charged with governance.

As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. The outsourcing of these services is not unusual in an organization of your size.

Recommendation – We realize that obtaining the expertise necessary to prepare the financial statements, including all necessary disclosures, in accordance with the cash basis of accounting can be considered costly and ineffective. However, it is the responsibility of the Commission's management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response – Management feels that committing the resources to remain current on the reporting requirements and corresponding footnote disclosures would lack benefit in relation to costs, but will continue evaluating on a going forward basis.

Conclusion – Response accepted.

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

Part II: Other Findings Related to Statutory Reporting:

- II-A-13 Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-B-13 Deposits and Investments – No instances of non-compliance with deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Commission's investment policy were noted.

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

Schnarr & Company, LLP

Fort Dodge, Iowa
March 20, 2014