

**REGION V HAZARDOUS MATERIALS
RESPONSE COMMISSION**

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

JUNE 30, 2014

CONTENTS

OFFICIALS		1
<hr/>		
INDEPENDENT AUDITOR'S REPORT		2-3
<hr/>		
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)		4-7
<hr/>		
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Position – Modified Cash Basis	A	8
Statement of Activities – Modified Cash Basis	B	9
Governmental Fund Financial Statements:		
Statement of Fund Balances – Cash Basis	C	10
Reconciliation of the Statement of Fund Balances – Cash Basis to the Statement of Net Position – Modified Cash Basis	D	11
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances – Cash Basis	E	12
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis to the Statement of Activities – Modified Cash Basis	F	13
Notes to Financial Statements		14-18
<hr/>		
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 <u>Government Auditing Standards</u>		19-20
<hr/>		
Schedule of Findings		21-22
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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, 2014, 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 on the preceding page present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Region V Hazardous Materials Response Commission as of June 30, 2014, and the respective changes in its 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

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 7 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 which 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 U.S. generally accepted auditing standards, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2015 on our consideration of Region V Hazardous Materials Response Commission's internal control over financial reporting and 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.

Schnurr & Company, LLP

Fort Dodge, Iowa
February 28, 2015

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, 2014. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- Revenues of Region V Hazardous Materials response Commission's governmental activities decreased 20%, or approximately \$58,000 from fiscal 2013 to fiscal 2014.
- Expenses decreased 6%, or approximately \$15,000 from fiscal 2013 to fiscal 2014.
- Region V Hazardous Materials Response Commission's total modified cash basis net position decreased 2%, or approximately \$4,800 from fiscal 2013 to fiscal 2014.
- Revenue primarily decreased as a result of a decrease in 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 Net Position and a Statement of Activities. These provide 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 according to that basis for the fund financial statements. 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 Net Position and the Statement of Activities report information that helps answer this question.

The Statement of Net Position present 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 position of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Net Position and Statement of Activities information:

- 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 Statements

- Region V Hazardous Materials Response Commission has the following fund:
 - 1) Governmental funds account for 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 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 Region's programs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE REGION'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements (Continued)

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

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Region V Hazardous Materials Response Commission's cash balance for governmental activities increased from a year ago, from \$173,129 to \$180,803. The analysis that follows focuses on the changes in cash balances for governmental activities.

**Statement of Cash Receipts, Disbursements and
Changes in Fund Balance - Cash Basis
As of and for the Year Ended June 30, 2014**

Receipts:	
County contributions	\$ 136,704
Federal grants	77,106
Investment income	239
Incident reimbursements	11,617
Other income	941
Total receipts	<u>226,607</u>
Disbursements:	
Planning grant expense	22,632
Training grant expense	46,748
Task force grant expense	13,756
Administration	53,210
Commission, general	5,168
Office expense	7,083
Auto/Truck	8,229
Team expense	6,927
Team contract paid to City	37,926
Team, supplies and miscellaneous	16,896
Insurance	358
Total disbursements	<u>218,933</u>
Excess of receipts over disbursements	7,674
Cash basis fund balance, beginning of year	<u>173,129</u>
Cash basis fund balance, end of year	<u>\$ 180,803</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL FUND FINANCIAL ANALYSIS (CONTINUED)

Region V Hazardous Materials Response Commission's total receipts for governmental activities decreased by 20%, or approximately \$58,000. Region V Hazardous Materials Response Commission's decrease in receipts was primarily the result of decreases in grants received.

The cost of Region V Hazardous Materials Response Commission activities this year decreased by 6%, or approximately \$15,000. The decrease in 2014 costs was due mainly to the decrease in grant expenses and administration expenses.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Region V Hazardous Materials Response Commission completed this year, its funds reported a fund balance of \$180,803, an increase of \$7,674 from last year's total of \$173,129.

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 provide 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

BASIC FINANCIAL STATEMENTS

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

Exhibit A

STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
June 30, 2014

	Governmental Activities
<hr/>	
Assets	
Cash	\$ 180,803
Capital assets, net of accumulated depreciation	<u>37,521</u>
Total assets	<u><u>\$ 218,324</u></u>
Net Position	
Net investment in capital assets	\$ 37,521
Unrestricted	<u>180,803</u>
Total net position	<u><u>\$ 218,324</u></u>

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Asset Activities
		Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:				
Planning grant expense	\$ 22,632	\$ -	\$ 26,378	\$ 3,746
Training grant expense	46,748	-	36,971	(9,777)
Task force grant expense	13,757	-	13,757	-
Administration	53,210	-	-	(53,210)
Commission, general	5,168	-	-	(5,168)
Office expense	7,083	-	-	(7,083)
Auto/Truck	8,230	-	-	(8,230)
Team expense	6,927	-	-	(6,927)
Team contract paid to City	37,926	11,617	-	(26,309)
Team supplies and miscellaneous	16,894	191	-	(16,703)
Insurance	358	-	-	(358)
Depreciation	12,448	-	-	(12,448)
Total functions/programs	231,381	11,808	77,106	(142,467)
General revenues:				
County contributions				136,704
Interest on income				239
Gifts received				750
Total general revenues				137,693
Change in net position				(4,774)
Net position beginning of year				223,098
Net position end of year				<u>\$ 218,324</u>

See Notes to Financial Statements.

STATEMENT OF FUND BALANCES -- CASH BASIS
 June 30, 2014

	General	Special Revenue HMEP Grant	Total
Assets			
Cash	\$ 180,803	\$ -	\$ 180,803
Due from other funds	26,447	(26,447)	-
Total assets	\$ 207,250	\$ (26,447)	\$ 180,803
Fund Balance			
Unassigned	\$ 207,250	\$ (26,447)	\$ 180,803
Total fund balance	\$ 207,250	\$ (26,447)	\$ 180,803

See Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF FUND BALANCES -- CASH BASIS
TO THE STATEMENT OF NET POSITION -- MODIFIED CASH BASIS
June 30, 2014**

Total governmental fund balance (page 10)	\$ 180,803
 <i>Amount reported for governmental activities in the Statement of Net Position is different because:</i>	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	37,521
	37,521
Net position of governmental activities (page 8)	\$ 218,324

See Notes to Financial Statements.

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE -- CASH BASIS
As of and for the Year Ended June 30, 2014**

	General	Special Revenue HMEP Grant	Total
Receipts:			
County contributions	\$ 136,704	\$ -	\$ 136,704
Federal grants	-	77,106	77,106
Interest on income	239	-	239
Incident reimbursements	11,617	-	11,617
Other income	941	-	941
Total receipts	149,501	77,106	226,607
Disbursements:			
Administration	53,210	-	53,210
Commission-General	5,168	-	5,168
Office expense	7,083	-	7,083
Auto/Truck expense	8,230	-	8,230
Team expense	6,927	-	6,927
Team contract paid to City	37,926	-	37,926
Training expense	-	46,748	46,748
Planning expense	-	22,632	22,632
Task for expense	-	13,757	13,757
Team miscellaneous supplies and expenses`	16,894	-	16,894
Insurance expense	358	-	358
Total disbursements	135,796	83,137	218,933
Excess (deficiency) of receipts over (under) disbursements	13,705	(6,031)	7,674
Cash basis fund balances, beginning of year	193,545	(20,416)	173,129
Cash basis fund balances, end of year	\$ 207,250	\$ (26,447)	\$ 180,803

See Notes to Financial Statements.

**RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND BALANCES -- CASH BASIS
TO THE STATEMENT OF ACTIVITIES -- MODIFIED CASH BASIS
Year Ended June 30, 2014**

Change in fund balances - Total governmental funds (page 12) \$ 7,674

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

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

Depreciation expense (12,448)

Change in net position of governmental activities (page 9) \$ (4,774)

See Notes to Financial Statements.

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Region V Hazardous Materials Response Commission (the "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 currently 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.

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the net position to be maintained permanently by the Organization.

Expendable restricted net position results when constraints placed on the use of net position are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net positions that do not meet the definition of the preceding categories. Unrestricted net positions are often subject to constraints imposed by management, but can be removed or modified.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued):

Government-wide Financial Statements (continued) - The Statement of Net Position and Activities demonstrate 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 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 funds:

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 are prepared on the modified cash basis of accounting. Under that basis, only the cash and capital assets 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, 2014

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 and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted 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 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 financial statements:

Capital Assets:

Capital assets, which include equipment, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased. Donated capital assets are recorded at estimated fair 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 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 estimated useful lives of 5-10 years on a straight-line basis.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets and Net Position (Continued)

Fund Balances:

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

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

Restricted – Amounts restricted to specified 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 laws through constitutional provisions or enabling legislation.

Assigned – Amounts the Commission intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Subsequent events: Subsequent events have been evaluated through February 28, 2015 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, 2014 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; and warrants or improvement certificates 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.

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 446,409	\$ -	\$ -	\$ 446,409
Less accumulated depreciation for:				
Equipment	(396,440)	(12,448)		(408,888)
Total capital assets, net	\$ 49,969	\$ (12,448)	\$ -	\$ 37,521

Note 5. Deficit Fund Balance

The Special Revenue, HMEP Grant Fund had a deficit balance of \$26,447 at June 30, 2014. 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, 2014, and the related notes to financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 28, 2015.

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, 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 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, 2014 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. 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 results 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.

Schnurr & Company, LLP

Fort Dodge, Iowa
February 28, 2015

REGION V HAZARDOUS MATERIALS RESPONSE COMMISSION

**Schedule of Findings
Year Ended June 30, 2014**

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

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with the basis of accounting disclosed in Note 1.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

II-A-14 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.

Schedule of Findings (Continued)
Year Ended June 30, 2014

Part II: Findings Related to the Financial Statements:

II-B-14 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 modified cash basis and 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.

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 modified cash basis and 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.

Part III: Other Findings Related to Statutory Reporting:

III-A-14 Commission Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.

III-B-14 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.