

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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

Year Ended June 30, 2015



**Shull, Schrum, McClafin
& Co., Inc.**
certified public accountants

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

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INDEPENDENT AUDITOR'S REPORT

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the organization's proportionate share of the net pension liability and the schedule of organization contributions on pages 5 through 8 and 27 through 33 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.

Supplementary Information

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

The schedule of expenditures and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of the Des Moines Area Metropolitan Planning Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Des Moines Area Metropolitan Planning Organization's internal control over financial reporting and compliance.

Shull, Schrum, McClellan & Co., Inc.

February 26, 2016

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Des Moines Area Metropolitan Planning Organization (DMAMPO) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Revenues of DMAMPO's governmental activities decreased approximately \$194,000, from fiscal 2014 to fiscal 2015.
- Program expenses decreased approximately \$396,000, in fiscal 2015 from fiscal 2014.
- DMAMPO's net position increased approximately \$402,000, from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

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

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

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

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

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

Required Supplementary Information further explains and supports the Financial Statements with a comparison of DMAMPO's budget for the year and with information about DMAMPO's proportionate share of net pension liabilities.

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

REPORTING DMAMPO'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

NET POSITION OF GOVERNMENTAL ACTIVITIES

	JUNE 30,	
	2015	2014
Current assets	\$ 1,256,864	914,390
Capital assets	72,151	89,415
	<u>1,329,015</u>	<u>1,003,805</u>
Pension related deferred outflows of resources	66,645	49,137
Current liabilities	27,911	77,141
Long-term liabilities	385,730	522,790
	<u>413,641</u>	<u>599,931</u>
Pension related deferred inflows of resources	127,185	-
Net position		
Net investment in capital assets	72,151	89,415
Unrestricted	782,683	363,596
	<u>\$ 854,834</u>	<u>453,011</u>

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

	YEAR ENDED JUNE 30,	
	2015	2014 (not restated)
Program revenues		
Charges for service	\$ 80,242	75,503
Operating grants and contributions	1,239,515	1,437,788
General revenues		
Member assessments	479,139	479,139
Unrestricted investment earnings	86	85
	<u>1,798,982</u>	<u>1,992,515</u>
Program expenses		
Public works - transportation planning	1,242,309	1,404,674
Public works - sustainable communities regional planning	-	353,866
General government	154,850	34,998
	<u>1,397,159</u>	<u>1,793,538</u>
Increase in net position	401,823	198,977
Net position, beginning of year	453,011	668,390
Net position, end of year	<u>\$ 854,834</u>	<u>867,367</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net position of governmental activities increased from fiscal year 2014 by approximately \$401,800. The largest portion of DMAMPO's net position is unrestricted that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements.

Revenues for operating grants, contributions and restricted interest decreased by approximately \$198,300 due to decreased intergovernmental revenues.

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

The General Fund showed an increase in fund balance of \$391,704 from the prior year to \$1,228,953.

BUDGETARY HIGHLIGHTS

DMAMPO's receipts were \$42,342 less than budgeted receipts, a variance of 2.3%. The most significant variances resulted from intergovernmental receipts less than planned due to timing of activities.

Total disbursements were \$316,800 less than budgeted, a variance of 18.4%. Actual disbursements for transportation planning activities were less than planned.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

ECONOMIC FACTORS BEARING ON DMAMPO'S FUTURE

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

CONTACTING DMAMPO'S FINANCIAL MANAGEMENT

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and short term investments	\$ 641,831
Due from other governmental units	
Iowa Department of Transportation	548,978
Central Iowa Regional Transportation Planning Alliance	33,359
Accounts receivable	3,000
Prepaid expenses	29,696
Capital assets, net of accumulated depreciation	72,151
	<u>1,329,015</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>66,645</u>
LIABILITIES	
Accounts payable	7,081
Wages and benefits payable	20,830
Compensated absences payable	52,236
Net pension liability	333,494
	<u>413,641</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - pension related deferred inflows	<u>127,185</u>
NET POSITION	
Net investment in capital assets	72,151
Unrestricted	782,683
	<u>\$ 854,834</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Activities
June 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	
Governmental activities				
Public works				
Transportation Planning	\$ 1,242,309	80,242	1,239,515	77,448
General government	154,850	-	-	(154,850)
	<u>1,397,159</u>	<u>80,242</u>	<u>1,239,515</u>	<u>(77,402)</u>
General revenues				
Grants and contributions not restricted to specific purpose - member assessments				479,139
Unrestricted investment earnings				86
				<u>479,225</u>
Change in net position				401,823
Net position, beginning of year, as restated				<u>453,011</u>
Net position, end of year				<u>\$ 854,834</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Balance Sheet – Governmental Fund
June 30, 2015

ASSETS	<u>GENERAL FUND</u>
Cash and short-term investments	\$ 641,831
Due from other governmental units	
Iowa Department of Transportation	548,978
Central Iowa Regional Transportation Planning Alliance	33,359
Accounts receivable	3,000
Prepaid expenses	<u>29,696</u>
	<u>\$ 1,256,864</u>
 LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 7,081
Wages and benefits payable	<u>20,830</u>
Total liabilities	<u>27,911</u>
Fund balances	
Nonspendable	
Prepaid expenses	29,696
Unassigned	<u>1,199,257</u>
Total fund balances	<u>1,228,953</u>
	<u>\$ 1,256,864</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Reconciliation of the Balance Sheet –
Governmental Fund to the Statement of Net Position
June 30, 2015

Total governmental fund balances		\$ 1,228,953
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$349,960 and the accumulated depreciation is \$277,809		72,151
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds, as follows:		
Deferred outflows of resources	66,645	
Deferred inflows of resources	<u>(127,185)</u>	(60,540)
Long-term liabilities, including compensated absences and net pension liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		<u>(385,730)</u>
Net position of governmental activities		<u>\$ 854,834</u>

See accompanying notes to financial statements

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Statement of Revenues, Expenditures and Changes
in Fund Balance - General Fund
For the Year Ended June 30, 2015

REVENUES

Intergovernmental		
Iowa Department of Transportation	\$	1,132,421
Central Iowa Regional Transportation Planning Alliance		73,650
U.S. Department of Housing and Urban Development		22,094
Iowa Department of Natural Resources		10,000
Member assessments		479,139
Contributions and grants for planning activities		81,592
Interest income		86
		<u>1,798,982</u>

EXPENDITURES

Public works - transportation planning		
Transportation planning		449,222
Transit planning		28,435
Public involvement and interagency coordination		225,560
Committee support and administration		199,223
Regional transportation planning		73,849
Transportation Management Association support		33,410
Travel demand model review		61,346
Rail port study		58,238
National household travel survey		70,000
Transportation plan enhancements for complete streets, water trails and regional data dashboard		35,881
General government - administration		<u>172,114</u>
		<u>1,407,278</u>
Excess of revenues over expenditures		391,704
Fund balance, beginning of year		<u>837,249</u>
Fund balance, end of year	\$	<u><u>1,228,953</u></u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances –
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - governmental fund		\$ 391,704
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 exceeded capital outlay expenditures in the current year, as follows:		
Expenditures for capital assets	\$ 13,401	
Depreciation expense	<u>(30,665)</u>	(17,264)
The current year employer share of IPERS contributions are reported as expenditures in the governmental fund but are reported as a deferred outflow of resources in the statement of net position.		
		45,827
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:		
Compensated absences	7,061	
Pension expense	<u>(25,505)</u>	<u>(18,444)</u>
Change in net position of governmental activities		<u>\$ 401,823</u>

See accompanying notes to financial statements.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements
Year Ended June 30, 2015

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

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

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

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

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

F. Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- G. Compensated Absences - Employees of the Organization accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.
- H. Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- I. Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statement represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources on the Statement of Net Position consist of succeeding the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

2. CASH AND SHORT TERM INVESTMENTS

The Organization's deposits in banks at June 30, 2015 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.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

2. CASH AND SHORT TERM INVESTMENTS - CONTINUED

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

At June 30, 2015, the Organization had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$493,051 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk – The Organization’s investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. All of the Organization’s cash and short term investments have been designated as operating funds.

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

3. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities				
Capital assets being depreciated				
Equipment	\$ 244,137	10,500	-	254,637
Furnishings	92,422	2,901	-	95,323
	<u>336,559</u>	<u>13,401</u>	<u>-</u>	<u>349,960</u>
Less accumulated depreciation for				
Equipment	175,330	24,119	-	199,449
Furnishings	71,814	6,546	-	78,360
	<u>247,144</u>	<u>30,665</u>	<u>-</u>	<u>277,809</u>
Net capital assets	<u>\$ 89,415</u>	<u>(17,264)</u>	<u>-</u>	<u>72,151</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

4. SUPPORT FROM GOVERNMENTAL UNITS

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

The Organization has received grants for the 2016 fiscal year as follows:

Agreement No. 15MPO-DMAMPO	\$1,156,032
----------------------------	-------------

Grant revenues represent both carryover funds from previous fiscal years and new federal planning funds for each year. The fiscal 2015 grant agreement for \$1,077,273 included \$21,473 which was unexpended as of June 30, 2014. Unexpended prior year grant funds amounted to \$19,970 as of June 30, 2015. The unexpended amounts have in the past and are expected to continue to be carried over and be available for subsequent fiscal years.

5. PENSION AND RETIREMENT BENEFITS

Plan Description – IPERS membership is mandatory for employees of the Organization, except for those covered by another retirement system. Employees of the Organization are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, IA 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

5. PENSION AND RETIREMENT BENEFITS - CONTINUED

Pension Benefits - Continued

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the OPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

5. PENSION AND RETIREMENT BENEFITS - CONTINUED

Contributions - Continued

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Organization contributed 8.93 percent for a total rate of 14.88 percent.

The Organization's contributions to IPERS for the year ended June 30, 2015 were \$45,827.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Organization reported a liability of \$333,494 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Organization's collective proportion was 0.008240 percent, which was an increase of 0.000054 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Organization recognized pension expense of \$25,505. At June 30, 2015, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,624	-
Changes of assumptions	14,718	-
Net difference between projected and actual earnings on pension plan investments	-	127,185
Changes in proportion and differences between District contributions and proportionate share of contributions	2,476	-
Organizaton contributions subsequent to the measurement date	45,827	-
Total	<u>\$ 66,645</u>	<u>127,185</u>

\$45,827 reported as deferred outflows of resources related to pensions resulting from the Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

5. PENSION AND RETIREMENT BENEFITS - CONTINUED

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Year Ended June 30,	
2016	\$ (26,932)
2017	(26,932)
2018	(26,932)
2019	(26,932)
2020	1,361
Total	<u>\$ (106,367)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the result actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

5. PENSION AND RETIREMENT BENEFITS - CONTINUED

Actuarial Assumptions – Continued -

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Organization will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Organization’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Organization’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Organization's proportionate share of the net pension liability	\$ 630,128	\$ 333,494	\$ 83,105

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

5. PENSION AND RETIREMENT BENEFITS - CONTINUED

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the Organization reported payables to the defined benefit pension plan of \$3,863 for legally required employer contributions and \$2,574 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

6. COMMITMENTS

In June 2011, the Organization entered into a lease agreement for office space for the period from September 2011 through November 2021. The agreement provides the Organization pay monthly rent of \$9,365 per month from December 2011 through November 2016 and \$9,699 per month from December 2016 through November 2021, plus its share of increases in property taxes and utilities expense for the building. Rental expense under the agreement for the year ended June 30, 2015 was \$119,747.

The Organization is obligated under a lease agreement for a copier which expires in October 2017. The agreement provides the Organization pay a monthly rental of \$1,627, plus per copy usage charges and all maintenance and insurance costs for the equipment. Rental expense under the agreement for the year ended June 30, 2015 was \$23,758.

Aggregate future minimum lease payments under leases with a remaining term in excess of one year as of June 30, 2015 are as follows:

Year Ending June 30,		
2016	\$	132,238
2017		132,658
2018		116,388
2019		116,388
2020		116,388
Thereafter		164,803
	\$	<u>778,863</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Financial Statements (Continued)
Year Ended June 30, 2015

7. ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014, as previously reported	\$	867,367
Net pension liability at June 30, 2014		(463,493)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date		49,137
Net position July 1, 2014, as restated	\$	<u>453,011</u>

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Budgetary Comparison of Revenues, Expenditures and Changes in
Fund Balance - General Fund - Budget and Actual
For the Year Ended June 30, 2015

	ACTUAL	BUDGETED AMOUNTS		FINAL TO ACTUAL
		ORIGINAL	FINAL	
REVENUES				
Intergovernmental				
Iowa Department of Transportation	\$ 1,132,421	1,034,941	1,136,982	(4,561)
Central Iowa Regional Transportation Planning Alliance	73,650	75,203	75,203	(1,553)
U.S. Department of Housing and Urban Development	22,094	-	-	22,094
Iowa Department of Natural Resources	10,000	-	75,000	(65,000)
Member assessments	479,139	479,139	479,139	-
Contributions and grants for planning activities	81,592	75,000	75,000	6,592
Interest income	86	-	-	86
	<u>1,798,982</u>	<u>1,664,283</u>	<u>1,841,324</u>	<u>(42,342)</u>
EXPENDITURES				
Public works - transportation planning				
Transportation planning	449,222	538,571	581,873	(132,651)
Transit planning	28,435	57,711	40,923	(12,488)
Public involvement and interagency coordination	225,560	191,437	291,437	(65,877)
Committee support and administration	199,223	424,115	264,101	(64,878)
Regional transportation planning	73,849	75,203	75,203	(1,354)
Transportation Management Association support	33,410	95,000	137,332	(103,922)
Travel demand model review	61,346	-	-	61,346
Rail port study	58,238	-	59,709	(1,471)
National household travel survey	70,000	58,250	70,000	-
Other projects	35,881	75,000	183,500	(147,619)
General government - administration	172,114	20,000	20,000	152,114
	<u>1,407,278</u>	<u>1,535,287</u>	<u>1,724,078</u>	<u>(316,800)</u>
Excess of revenues over (under) expenditures	391,704	128,996	117,246	274,458
Fund balance, beginning of year	<u>837,249</u>	<u>837,249</u>	<u>837,249</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,228,953</u>	<u>966,245</u>	<u>954,495</u>	<u>274,458</u>

See accompanying independent auditor's report.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Required Supplementary Information – Budgetary Reporting

Year ended June 30, 2015

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

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

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

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of the Organization's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	<u>2015</u>
Organization's proportion of the net pension liability	0.008240%
Organization's proportionate share of the net pension liability	\$ 333
Organization's covered-employee payroll	\$ 513
Organization's proportionate share of the net pension liability as a percentage of its covered-employee payroll	64.99%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Organization will present information for those years for which information is available.

See accompanying independent auditor's report.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of the Organization's Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years
(In Thousands)

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statorily required contribution	\$ 46	52	47	46
Contributions in relation to the statorily required contribution	<u>(46)</u>	<u>(52)</u>	<u>(47)</u>	<u>(46)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Organization's covered-employee payroll	\$ 513	585	546	574
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 40	38	34	27	25	22
<u>(40)</u>	<u>(38)</u>	<u>(34)</u>	<u>(27)</u>	<u>(25)</u>	<u>(22)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 579	576	541	447	442	382
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Required Supplementary Information – Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Notes to Required Supplementary Information – Pension Liability – Continued

Year ended June 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25% to 4.00%.
- Lowered the inflation assumption from 3.50% to 3.25%.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

GRANTOR PROGRAM	CFDA NO.	GRANT NO.	GRANT AMOUNT	DUE FROM GRANTOR BEGINNING OF YEAR	GRANT REVENUE RECEIPTS	PROGRAM EXPEN-DITURES	DUE FROM GRANTOR END OF YEAR
Federal Highway Administration Iowa Department of Transportation	20.205	14MPO-DMAMPO Contract 15108	1,010,539	458,086	458,086	-	-
	20.205	14MPO-DMAMPO Contract 15137	95,000	6,463	6,463	-	-
	20.205	06-EDP-125	100,000	21,474	50,000	28,526	-
	20.205	15MPO-DMAMPO Contract 16213	1,077,273	-	508,325	1,057,303	548,978
				\$ 486,023	1,022,874	1,085,829	548,978
U.S. Department of Housing and Urban Development	14.703	IARIP 0010-10	\$ 2,000,000	\$ 67,148	89,242	22,094	-
				\$ 553,171	1,112,116	1,107,923	548,978

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Expenditures
For the Year Ended June 30, 2015

Salaries and wages	\$	575,729
Payroll taxes		91,208
Group insurance		124,132
Office rent		119,747
Printing and reproduction		24,498
Information technology		39,781
Travel, conferences and meetings		51,563
Office supplies		20,689
Postage		3,291
Legal fees		28,907
Audit and consulting fees		10,675
Insurance		9,371
Memberships		16,999
Official publications		16,171
Telephone		4,006
Transportation Management Association expenses		8,410
Travel demand model consultants fees		61,346
Rail port study consultants fees		58,238
Watertrails project expenses		15,105
National household travel survey matching funds		70,000
Bicycle collective sponsorships		25,000
Regional data dashboard sponsorship		10,000
Other		9,011
Subtotal		1,393,877
Equipment and furnishings purchases		13,401
Total expenditures	\$	<u>1,407,278</u>

See accompanying independent auditor's report.



Shull, Schrum, McClafin & Co., Inc.

certified public accountants

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

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Des Moines Area Metropolitan Planning Organization as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Des Moines Area Metropolitan Planning Organization's basic financial statements and have issued our report thereon dated February 26, 2016.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item II-A-15 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Des Moines Area Metropolitan Planning Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

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

Purpose of this Report

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

Shull, Schrum, McClellan & Co., Inc.

February 26, 2016



Shull, Schrum, McClafin
& Co., Inc.
certified public accountants

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

Des Moines Area Metropolitan Planning Organization
Des Moines, Iowa

Report on Compliance for Each Major Federal Program

We have audited Des Moines Area Metropolitan Planning Organization's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Des Moines Area Metropolitan Planning Organization's major federal programs for the year ended June 30, 2015. Des Moines Area Metropolitan Planning Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Des Moines Area Metropolitan Planning Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Des Moines Area Metropolitan Planning Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Des Moines Area Metropolitan Planning Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, Des Moines Area Metropolitan Planning Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-A-15 to be a material weakness.

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

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

Shull, Schrum, McClellan & Co., Inc.

February 26, 2016

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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

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

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES

- II-A-15 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that all general ledger accounting functions, bank reconciliations and financial reporting are done by one individual. This individual is not authorized to sign checks and the Organization requires two signatures on each check to mitigate risk of loss.

DES MOINES AREA METROPOLITAN PLANNING ORGANIZATION

Schedule of Findings (Continued)
For the Year Ended June 30, 2015

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

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

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

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE

No matters noted.

INTERNAL CONTROL DEFICIENCIES

III-A-15 Segregation of Duties – Des Moines Area Metropolitan Planning Organization did not maintain segregation of accounting duties, including those related to federal programs. See item II-A-15.