

**NORTHWEST IOWA PLANNING AND
DEVELOPMENT COMMISSION
FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Governmental Fund Financial Statements:	
Balance Sheet	8
Reconciliation of the Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balance	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	11
Notes to Financial Statements	12
Required Supplementary Information:	
Schedule of the Commission's Proportionate Share of the Net Pension Liability.....	23
Schedule of the Commission's Contributions.....	24
Notes to Required Supplementary Information – Pension Liability.....	26
Supplementary Information:	
Schedule of Expenditures of Federal Awards	27
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	29
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	31
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Audit Findings	35
Corrective Action Plan	36



Independent Auditors' Report

To the Board of Directors of
Northwest Iowa Planning and Development Commission
Spencer, IA 51301

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission, Spencer, Iowa, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 7, the Commission's footnotes to the financial statements do not disclose the net annual required contribution for other postemployment benefits (OPEB), or the OPEB net obligation as required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. The effect of this departure from accounting principles generally accepted in the United States of America on the financial statements of Northwest Iowa Planning and Development Commission is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission as of June 30, 2016, and the

respective changes in financial position thereof for the year then ended in conformity 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, Schedule of the Commission's Proportionate Share of the Net Pension Liability, Schedule of Commission's Contributions, and Notes to Required Supplementary Information – Pension Liability on pages 3 through 5 and pages 23 to 26 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. Another auditor previously audited, in accordance with the third paragraph of this report, the financial statements for the five years ended June 30, 2011 (which are not presented herein) and expressed a qualified opinion on those financial statements for the year ending June 30, 2011, unqualified opinions for the three years ending June 30, 2010, and a qualified opinion for the year ended June 30, 2007.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Iowa Planning and Development Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 general accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
September 20, 2016

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION (NWIPDC)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Northwest Iowa Planning and Development Commission (NWIPDC) is a membership-supported organization of local governmental bodies in the Northwest Iowa counties of Buena Vista, Clay, Dickinson, Emmet, Kossuth (Workforce Innovations Opportunities Act only), Lyon, O'Brien, Osceola, Palo Alto, and Sioux. NWIPDC's purpose is to provide technical, planning, and developmental assistance to local governments that comprise its respective region. The regional planning effort facilitated by NWIPDC has led to economics of scale, greater efficiencies, and more uniformity in the delivery of services throughout the region than would be experienced individually, which is the premise of regional service delivery.

As management of NWIPDC, we offer a narrative overview and analysis of the financial activities for the year ended June 30, 2016. We also address significant known or anticipated events, conditions, trends, and contingencies that affect the agency going forward. The financial statements of NWIPDC consist of the operations of Northwest Iowa Planning and Development Commission and of the Workforce Innovations Opportunities Act (WIOA) programs administered by NWIPDC. Not included in this audit is the Northwest Iowa Regional Housing Trust Fund, which is a separate entity and is therefore separately audited.

FINANCIAL HIGHLIGHTS

Fiscal year 2016 was a solid year for the Commission with increases across the board with Economic Development Administration (EDA) funding, Community Development Block Grant (CDBG) administration, increase in land use planning contracts, use of contract services such as zoning administration and nuisance abatement, and training revenues due to additional national emergency grants obtained through Iowa Workforce Development. The Commission was also successful in being selected as the service provider for Adult, Dislocated Worker and Youth Services for the new federal Workforce Innovations and Opportunities Act program and will therefore continue its partnership to provide training and employment services through the Spencer One Stop Iowa Works Office.

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 and analytical overview of the 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 NWIPDC as a whole and present an overall view of the finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending.
- Notes to the 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 the Commission's proportionate share of the net pension liability and the Commission's proportionate share of the net pension liability and related contributions.

- Other Supplementary Information consists of the Schedule of Expenditures of Federal Awards which provides details of various federal programs benefiting NWIPDC.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position:

The total net position of NWIPDC exceeded the liabilities at June 30, 2016 by \$510,960, an increase of \$119,163 from June 30, 2015. Of total net position, the unrestricted amount is \$60,812, which may be used to meet NWIPDC's ongoing obligations.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Net Change</u>
Current and Other Assets	\$ 1,354,641	\$ 1,148,366	\$ 206,275
Capital Assets	32,111	46,888	(14,777)
Total Assets	<u>1,386,752</u>	<u>1,195,254</u>	<u>191,498</u>
Deferred Outflows of Resources	<u>165,144</u>	<u>84,708</u>	<u>80,436</u>
Long-Term Obligations	562,797	461,358	101,439
Other Liabilities	288,148	154,189	133,959
Total Liabilities	<u>850,945</u>	<u>615,547</u>	<u>235,398</u>
Deferred Inflows of Resources	<u>189,991</u>	<u>272,618</u>	<u>(82,627)</u>
Net Position:			
Net Investment in Capital Assets	32,111	46,888	(14,777)
Restricted for EDA/RLF	311,428	304,333	7,095
Restricted for RBEG	106,609	103,558	3,051
Unrestricted	60,812	(62,982)	123,794
Total Net Position	<u>\$ 510,960</u>	<u>\$ 391,797</u>	<u>\$ 119,163</u>

Statement of Activities:

- For the period ended June 30, 2016, total revenues from grants, charges for services, and general revenues were \$1,570,286. Expenses were \$1,451,123, providing an increase in net position of \$119,163.
- Total revenue increased by 7.8% and total expenses increased by 13.1% from fiscal year 2015.
- Revenues from grants increased by 20.1% from June 30, 2015 to June 30, 2016 due to increases in the Workforce Innovations and Opportunities Act, Homeland Security, Ticket to Work and Iowa Department of Natural Resource grant administration.
- Revenue from charges for services decreased by 12.0% from June 30, 2015 to June 30, 2016 due to a decrease in requested contracts for basic services such as administration, codes, general programs, zoning administration, nuisance abatement, trails planning and training and more time spent in grant administration.

	Year Ended June 30, 2016	Year Ended June 30, 2015	Net Change
Revenue from Grants	\$ 1,025,198	\$ 848,200	\$ 176,998
Revenue from Charges for Services	531,224	595,214	(63,990)
General Revenues	13,864	13,844	20
Total Revenue	<u>1,570,286</u>	<u>1,457,258</u>	<u>113,028</u>
Total Expenses	<u>1,451,123</u>	<u>1,283,310</u>	<u>167,813</u>
Change in Net Position	<u>\$ 119,163</u>	<u>\$ 173,948</u>	<u>\$ (54,785)</u>

In fiscal year 2016, the Commission continued to provide the quality service that has been the tradition of the agency since its inception. Staff worked hard across both divisions. On the training side, staff prepared an RFP for continuation of service delivery for the new Workforce Innovations and Opportunities Act (WIOA) and was successful in being selected as the continued service provider of this new workforce training program. The planning division continued its mission of service to the respective region and was successful in receiving more grant funding than the previous fiscal year. EDA, CDBG and other grant sources saw increases for a total of \$176,998, while the revenue from services such as zoning administration, nuisance abatement and code development was down almost \$64,000 from the previous year. This drop in revenue was a little misleading because it wasn't due to a drop in the use of these new programs, which were up overall number wise, but caused by the near completion of a large wind energy ordinance contract. Total expenses rose due to the addition of workforce staff and additional homeland security pass through funding.

ECONOMIC FACTORS

Fiscal year 2016 was a solid year for the Commission. Staff worked very hard with our members to prepare quality projects and provide quality services and the increased revenue showed that they were successful. The funded grants brought tens of millions of dollars to the region for improvements to public infrastructure, housing and community services. Funds also allowed the agency to continue its work with economic development, transportation, and civic planning efforts. All in all, staff's assistance will aid our cities and counties to improve the quality of life for residents while working to attract new folks to an area that we already know is the best place to live.

Management looks forward to another year of trying to increase the role that NWIPDC plays in improving the lives of Northwest Iowans. In the year ahead, we will continue to pursue new services that meet members' needs and increase service quality and employee productivity.

This discussion and analysis attempts to provide a summary view of the 2016 fiscal year as well as some insights into management's assessment of the opportunities and challenges NWIPDC may see in the 2017 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional financial information, contact Ted Kourousis, Executive Director, Northwest Iowa Planning and Development Commission, 217 West 5th Street, Spencer, Iowa, 51301.

BASIC FINANCIAL STATEMENTS

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2016

Assets

Current Assets	
Cash - Unrestricted	\$ 374,157
Cash - Restricted	134,686
Accounts Receivable:	
Grantor Agencies	318,202
Other Sources	240,431
Interest Receivable	3,814
Notes Receivable, Net of \$12,000 Allowance for Uncollectible Accounts	<u>56,817</u>
Total Current Assets	<u>1,128,107</u>
Noncurrent Assets	
Notes Receivable (Net of Current Portion)	226,534
Capital Assets, Net of Accumulated Depreciation	<u>32,111</u>
Total Noncurrent Assets	<u>258,645</u>
Total Assets	<u>1,386,752</u>

Deferred Outflows of Resources

Pension Related Deferred Outflows	<u>165,144</u>
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Liabilities

Current Liabilities	
Accounts Payable	92,006
Unearned Revenue	165,497
Wages Payable	24,150
Compensated Absences	<u>6,495</u>
Total Current Liabilities	<u>288,148</u>
Noncurrent Liabilities	
Compensated Absences	58,457
Net Pension Liability	<u>504,340</u>
Total Noncurrent Liabilities	<u>562,797</u>
Total Liabilities	<u>850,945</u>

Deferred Inflows of Resources

Pension Related Deferred Inflows	<u>189,991</u>
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Net Position

Net Investment in Capital Assets	32,111
Restricted For:	
EDA/RLF Program	315,011
RBEG Program	106,840
Unrestricted	<u>56,998</u>
Total Net Position	<u>\$ 510,960</u>

See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Total
		Charges For Services	Operating Grants	
Governmental Activities:				
Administration	\$ 1,451,123	\$ 531,224	\$ 1,025,198	\$ 105,299
General Revenues:				
Interest Income				13,864
Total General Revenues				13,864
Change in Net Position				119,163
Net Position - Beginning				391,797
Net Position - Ending				\$ 510,960

See Accompanying Notes to Financial Statements

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
GOVERNMENTAL FUND
BALANCE SHEET
JUNE 30, 2016

Assets

Current Assets	
Cash	\$ 508,843
Accounts Receivable, Grantor Agencies	
Grantor Agencies	318,202
Other Sources	240,431
Interest Receivable	3,814
Notes Receivable, Net of \$12,000 Allowance for Uncollectible Accounts	56,817
Total Current Assets	1,128,107
 Noncurrent Assets	
Notes Receivable (Net of Current Portion)	226,534
Total Noncurrent Assets	226,534
 Total Assets	 1,354,641

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities

Accounts Payable	92,006
Unearned Revenue	165,497
Wages Payable	24,150
Total Liabilities	281,653

Deferred Inflows of Resources

Deferred Planning Revenue	24,420
Total Deferred Inflows of Resources	24,420

Fund Balances

Restricted for EDA/RLF Program	315,011
Restricted for RBEG Program	106,840
Unassigned	626,717
Total Fund Balances	1,048,568

Total Liabilities and Fund Balances	\$ 1,354,641
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See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 8)		\$ 1,048,568
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		32,111
Other assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		24,420
Compensated absences are not due and payable in the current period and therefore are not reported in the fund.		(64,952)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year end and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	165,144	
Deferred inflows of resources	<u>(189,991)</u>	(24,847)
The pension liability is not due and payable in the current year and, therefore, are not reported in the governmental funds.		<u>(504,340)</u>
Total Net Position - Governmental Activities (page 6)		<u><u>\$ 510,960</u></u>

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Revenues

State and Federal Grants	\$ 1,025,198
Public Support and Special Projects	514,652
Local Dues	62,758
Interest Income	13,864
Total Revenues	<u>1,616,472</u>

Expenditures

Salaries	784,923
Contract Labor	46,496
Employee Benefits	189,156
Payroll Taxes	61,535
Insurance	12,735
Professional Services	45,184
Dues and Subscriptions	17,734
Office Expense and Postage	9,871
Employee Training	10,506
HAZMAT Training	9,808
Miscellaneous	3,189
IT Charges	2,834
Repairs and Maintenance	7,476
Advertising	82
Telephone	8,772
Utilities	6,275
Rent	47,242
Travel and Auto	22,960
Equipment Lease	15,940
Participant Training	47,140
Participant Support	29,075
Homeland Security Expenditures	118,078
Total Expenditures	<u>1,497,011</u>

Net Change in Fund Balance 119,461

Fund Balance at Beginning of Year 929,107

Fund Balance at End of Year \$ 1,048,568

See Accompanying Notes to Financial Statements

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net Change in Fund Balances - Total Governmental Funds (page 10)	\$ 119,461
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Depreciation expense	<u>(14,777)</u>	(14,777)
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Certain revenues not collected for several months after year end are not considered available revenue and are deferred in the governmental funds.	(46,186)
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Compensated absences are not due and payable in the current period and therefore are not reported in the fund.	(9,588)
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The current year Commission employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.	68,179
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Pension expense	<u>2,074</u>	
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Change in Net Position - Governmental Activities (page 7)	<u><u>\$ 119,163</u></u>
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NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northwest Iowa Planning and Development Commission (Commission) is the regional planning and intergovernmental coordination agency in the Northwest Iowa region organized in 1973 under Chapter 473A and Chapter 28E of the Iowa Code. The Commission is the regional planning and coordination agency for Buena Vista, Clay, Dickinson, Emmet, Lyon, O'Brien, Osceola, Palo Alto, and Sioux counties of Iowa.

A. Reporting Entity

For financial reporting purposes, the Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide financial statements – The Statement of Net Position and the Statement of Activities report information on all the activities of the Commission, and is reported on a full accrual, economic resource basis.

The Statement of Net Position presents the Commission's assets and liabilities, 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 reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets, if applicable.
- ***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.
- ***Unrestricted Net Position*** consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 that are 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 or contributions restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general revenues.

The Commission reports the following major governmental fund:

- The **General Fund** is the general operating fund of the Commission. All general revenues and other revenues that are 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, fixed charges, and capital improvement costs. Currently the Commission does not utilize any 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. 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 Commission considers revenues to be available if they are collected within 60 days after year end.

Intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

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

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Indirect Expense Allocation

Expenses relating to the administration of the Commission in general are allocated to the specific program grants based upon actual time spent (salaries, benefits, etc.), or some other equitable basis depending upon the nature of the expenditure.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash - Cash balances are pooled and invested.

Notes Receivable – The Commission utilizes the allowance method for accounting for uncollectible accounts. At June 30, 2016, the allowance for doubtful accounts totaled \$12,000. No finance charges are added to unpaid balances.

Capital Assets - Capital assets, which include property, equipment, and vehicles, are reported in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Computers	5 years
Furniture and Equipment	5 - 10 years

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.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment under applicable circumstances. Unused accumulated vacation hours are payable to employees upon termination, retirement, or death. A liability is recorded in the government-wide financial statements when incurred. Unused sick leave hours are only paid upon retirement. Therefore, a liability is recorded in the government-wide financial statements only when it relates to subsequent retirement payments made. Accumulated unused sick leave at June 30, 2016 totaled \$142,563 and has not been recorded since the amount which may be required to be paid upon an employee's subsequent retirement cannot be determined. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue – When assets are recognized in connection with a transaction before the earning process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of unspent programming proceeds.

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.

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 statements 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 consist of other receivables not collected within sixty days after year end. Deferred inflows of resources on the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

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

- Restricted – Amounts restricted to specific purposes when constraints placed the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.
- Unassigned – All amounts not included in other spendable classifications.

F. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, this comparison and disclosure are not required.

Note 2 – CASH

The Commission's deposits at June 30, 2016 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.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 2 – CASH (Continued)

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

Interest rate risk – The Commission's investment policy limits the investment of operating funds (funds expected to be expected in the current year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 365 days, but the maturities shall be consistent with the needs and use of the Commission. There were no investments at June 30, 2016.

Note 3 – CAPITAL ASSETS

A summary of changes in property and equipment comprising capital assets for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Being Depreciated				
Furniture and Fixtures	\$ 147,699	\$ -	\$ (3,177)	\$ 144,522
Accumulated Depreciation	(100,811)	(14,777)	3,177	(112,411)
Capital Assets, Net	<u>\$ 46,888</u>	<u>\$ (14,777)</u>	<u>\$ -</u>	<u>\$ 32,111</u>

Note 4 – RESTRICTED NET POSITION – NOTES RECEIVABLE

The Commission administers a revolving loan fund, known as EDA-RLF that makes loans to businesses. The loans are secured by various security agreements. Loans are subject to guidelines provided by the federal granting agency and must stimulate the local economy and encourage job creation. The initial funds were provided through a grant from the U.S. Department of Commerce, Economic Development Administration (EDA), supplemented by a local match from various regional sources. The agreement with EDA states in part that, "If EDA determines that a grant recipient is failing to meet its obligation, the Agency will assert its equitable reversionary interest in the RLF assets." At June 30, 2016, the fund has a portfolio of loans totaling \$225,201, net of a \$12,000 allowance for uncollectible accounts, resulting in a carrying value of \$213,201, and a cash balance of \$98,227. The total loans and cash balance maintained by this fund are restricted for making additional loans in the future. The loans are for a 60 month term and have various maturity dates from 2017 to 2025. Interest received on loans advanced under the EDA-RLF program can be up to five percentage points under the current prime rate, but in no case less than a base of four percent. Accrued interest was \$3,583 as of June 30, 2016 Annual amounts receivable in the future for the loans are as follows:

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 4 – RESTRICTED NET POSITION – NOTES RECEIVABLE

Year Ending June 30,	Amount
2017	\$ 46,267
2018	47,604
2019	32,783
2020	34,111
2021	27,831
2022-2025	36,605
Total	<u>\$ 225,201</u>

The Commission administers another loan program, known as the Rural Business Enterprise Grant (RBEG), that "provides grants for rural projects that finance and facilitate development of small and emerging rural businesses." The initial funds were provided through a grant from the United States Department of Agriculture. At June 30, 2016, RBEG has one loan with a carrying value of \$70,151, accrued interest of \$231, and a cash balance of \$36,458, maturing in 2022. The total loans and cash balance maintained by this fund are restricted for making additional loans in the future. Annual amounts receivable in the future for the loan are as follows:

Year Ending June 30,	Amount
2017	\$ 10,550
2018	10,979
2019	11,427
2020	11,890
2021	12,377
2022	12,928
Total	<u>\$ 70,151</u>

Note 5 – OPERATING LEASE

The Commission leases office space from Clay County. The lease is on a month-to-month basis with monthly payments of \$3,937. The Commission also has leases for a copier and a postage meter. The copier lease was with Xerox through June 30, 2016, but will be with Advanced Systems, Inc. going forward. The lease agreement is for \$490 per month plus the cost of additional copies through September 2020. The postage meter lease is with Pitney Bowes for \$46 per month. The lease runs through April 2017. For the year ended June 30, 2016, the Commission made total rental payments of \$54,361.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016:

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 5 – OPERATING LEASE (Continued)

Year Ending June 30,	Amount
2017	\$ 53,669
2018	53,669
2019	5,874
2020	5,874
2021	1,468
Total	<u>\$ 120,554</u>

Note 6 – PENSION AND RETIREMENT BENEFITS

Plan Description. IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission 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 P.O. Box 9117, Des Moines, Iowa 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, any time 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:

- 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.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 – PENSION AND RETIREMENT BENEFITS (Continued)

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 IPERS 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.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Commission contributed 8.93 percent for a total rate of 14.88 percent.

The Commission's total contributions to IPERS for the year ended June 30, 2016 were \$68,179.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the Commission reported a liability of \$504,340 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2015, the Commission's collective proportion was .010145 percent which was a decrease of .000023 percent from their proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Commission recognized pension expense of a negative \$2,074, resulting from the amortization of prior years' change in proportionate share. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6 – **PENSION AND RETIREMENT BENEFITS (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,620	\$ -
Changes of assumptions	13,886	-
Net difference between projected and actual earnings on pension plan investments	75,459	117,433
Changes in proportion and differences between Utility contributions and proportionate share of contributions	-	72,558
Utility contributions subsequent to the measurement date	68,179	-
Total	\$ 165,144	\$ 189,991

\$68,179 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ (36,091)
2018	(36,091)
2019	(36,091)
2020	15,031
2021	216
Total	\$ (93,026)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 6 – PENSION AND RETIREMENT BENEFITS (Continued)

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 by membership group
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 1990)	4.00 percent per annum based on 3.00 percent inflation and 1.00 percent real wage inflation

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28%	2.04%
Domestic Equity	24%	6.29
International Equity	16%	6.75
Private Equity/Debt	11%	11.32
Real Estate	8%	3.48
Credit Opportunities	5%	3.63
U.S. TIPS	5%	1.91
Other Real Assets	2%	6.24
Cash	1%	-0.71
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 Commission 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.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 6 – PENSION AND RETIREMENT BENEFITS (Continued)

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Commission'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.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Commission's proportionate share of the net pension liability	\$ 883,008	\$ 504,340	\$ 184,716

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, 2016, the Commission reported \$0 of payables related to the defined benefit pension plan.

Note 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Commission operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses at their own cost. There are 12 current employees and 0 retired members in the plan. Participants must be age 55 or older and meet certain other requirements at retirement. Benefits terminate upon attaining Medicare eligibility. Coverage is provided through a fully-insured plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy. It is anticipated that retiree premiums will be fully offset by monthly contributions.

The Commission has not disclosed the net annual required contributions for other postemployment benefits (OPEB) or the OPEB net obligation as required by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions. The amount by which this departure from accounting principles generally accepted in the United States of America would affect liabilities, net position, and expenses is not reasonably determinable.

Note 8 – RISK MANAGEMENT

The 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 purchased 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 preceding three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST TWO FISCAL YEARS**

	<u>2016</u>	<u>2015</u>
Commission's collective proportion of the net pension liability (asset)	0.010145%	0.010168%
Commission's collective proportionate share of the net pension liability (asset)	\$ 504,340	\$ 411,528
Commission's covered employee payroll	\$ 763,480	\$ 695,106
Commission's collective proportionate share of the net pension liability as a percentage of its covered employee payroll	66.06%	59.20%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

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 Commission will present information for those years for which information is available.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEE'S RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 68,179	\$ 62,073	\$ 58,743	\$ 71,764
Contributions in relation to the statutorily required contribution	<u>(68,179)</u>	<u>(62,073)</u>	<u>(58,743)</u>	<u>(71,764)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 763,480	\$ 695,106	\$ 657,816	\$ 827,728
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

See Accompanying Independent Auditors' Report

2012	2011	2010	2009	2008	2007
\$ 62,881	\$ 53,033	\$ 52,791	\$ 42,137	\$ 38,539	\$ 34,322
(62,881)	(53,033)	(52,791)	(42,137)	(38,539)	(34,322)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 779,195	\$ 763,065	\$ 793,850	\$ 663,575	\$ 637,008	\$ 596,904
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

See Accompanying Independent Auditors' Report

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016**

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 percent per year measured from the member's first unreduced retirement age to a 6 percent 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.

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 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent 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.

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.

SUPPLEMENTARY INFORMATION

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Grantor/Program	CFDA Number	Grant or Award Number	Program Expenditures
DIRECT:			
U.S. Department of Commerce:			
Economic Development Cluster:			
Economic Adjustment Assistance	11.307	05-39-02917	\$ 242,589
Total Economic Development Cluster			<u>242,589</u>
Economic Development Support for Planning Organizations	11.302	05-83-05379-01	<u>61,000</u>
Total Direct Expenditures			<u>303,589</u>
INDIRECT:			
U.S. Department of Labor			
Indirect Through Iowa Workforce Development:			
Employment Service Cluster:			
Employment Service/Wagner-Peyser Funded Activities	17.207	13-W-PF-DE-0-05	31,282
Employment Service/Wagner-Peyser Funded Activities	17.207	16-W-PF-DE-0-01	<u>70,127</u>
Total Employment Service Cluster			101,409
Workforce Investment Act (WIA)/Workforce Innovations Opportunities Act (WIOA):			
WIA/WIOA Adult Program	17.258	16-W-03-WI-0A	98,485
WIA/WIOA Youth Program	17.259	16-W-03-WI-0A	109,883
WIA/WIOA Dislocated Workers	17.278	16-W-03-WI-0A	143,450
WIOA Transition	17.278	16-W-03-WI-0A	6,328
Avian Flu	17.278	15-W-PF-RR-0-13	<u>40,496</u>
Total WIA Cluster			<u>398,642</u>
Job Driven NEG	17.277	15-W-FR-JD-0-05	<u>95,060</u>
Total Indirect U.S. Department of Labor			<u>595,111</u>
U.S. Department of Transportation			
Indirect Through Iowa Department of Transportation:			
Highway Planning and Construction	20.205	16-RPA-03	68,974
Formula Grants for Rural Areas	20.509	16-RPA-03	<u>32,974</u>
Total Indirect U.S. Department of Transportation			<u>101,948</u>
U.S. Department of Homeland Security:			
Indirect Through Iowa Homeland Security and Emergency Management Department:			
Homeland Security Grant Program	97.067	HSGP-14-SHSP-40	<u>147,117</u>
Total Indirect U.S. Department of Homeland Security			<u>147,117</u>
Total Indirect Expenditures			<u>844,176</u>
TOTAL			<u>\$ 1,147,765</u>

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Northwest Iowa Planning and Development Commission under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Commission.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribe Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - The Commission has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Computation of CFDA Number 11.307 - Economic Adjustment Assistance

Balance of loans outstanding at June 30, 2016	\$	225,200
Cash and Investment balance at June 30, 2016		
EDA - RLF #1		92,720
EDA - RLF #2		5,507
Administrative expenses paid out of RLF income		25
Total		323,452
 Federal Percentage		 75.0%
 Amount included on Schedule of Expenditures of Federal Awards	 \$	 242,589



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

To the Board of Directors of the
Northwest Iowa Planning and Development Commission:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and the major fund of Northwest Iowa Planning and Development Commission, Spencer, Iowa as of and for the year ended June 30, 2016, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the 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 the attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Northwest Iowa Planning and Development Commission's Response to Findings

Northwest Iowa Planning and Development Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Commission'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

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

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

Williams + Company, P.C.

Certified Public Accountants

Spencer, Iowa
September 20, 2016

**Independent Auditors' Report on Compliance for Each
Major Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Directors of the
Northwest Iowa Planning and Development Commission:

Report on Compliance for Each Major Federal Program

We have audited Northwest Iowa Planning and Development Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2016. The Commission's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Northwest Iowa Planning and Development Commission, 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, 2016.

Report in Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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 identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Williams + Company, P.C.
Certified Public Accountants

Spencer, Iowa
September 20, 2016

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

PART I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

- (A) A qualified opinion was 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 non-compliance, which is material to the financial statements.
- (D) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit did disclose an audit finding which is required to be reported in accordance with Uniform Guidance, Section 200.515.
- (G) Major programs were as follows:
 - Workforce Investment Act Cluster:
 - CFDA Number 17.258 – WIA Adult Program
 - CFDA Number 17.259 – WIA Youth Program
 - CFDA Number 17.278 – WIA Dislocated Workers
 - CFDA Number 17.278 – WIOA Transition
 - CFDA Number 17.278 – Avian Flu
 - Other Major Programs:
 - CFDA Number 97.067 – Homeland Security Grant Program
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (I) The Commission did not qualify as a low-risk auditee.

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INSTANCES OF NON-COMPLIANCE: No matters were reported.

MATERIAL WEAKNESS:

2016-001 Financial Reporting

Criteria – The Commission is responsible for the accuracy and correct reporting of the financial statements.

Condition – During our audit, we identified material amounts of receivables, payables, revenues, and expenses not properly recorded in the Commission's financial statements. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Effect – As a result of these misstatements, the financial statements were materially misstated.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

Recommendation – The Commission should implement procedures to ensure the correct recording of receivables, payables, revenues, and expenses in the Commission's financial statements.

Response – The Commission will review these in the future to avoid missing any of these transactions.

Conclusion – Response accepted.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

INSTANCES OF NON-COMPLIANCE: No matters were reported.

SIGNIFICANT DEFICIENCIES: No matters were reported.

PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

- 16-IV-A: Questionable Disbursements – No expenditures that did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- 16-IV-B: Travel Expense – No expenditures of Northwest Iowa Planning and Development Commission were for travel expenses of spouses of Commission officials or employees.
- 16-IV-C: Business Transactions – No business transactions between the Commission and the Commission officials or employees were noted.
- 16-IV-D: Bond Coverage - Surety bond coverage of the Commission officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 16-IV-E: Board Minutes – No transactions were found that we believe should have been approved by the Board minutes but were not.
- 16-IV-F: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Commission's investment policy were noted.
- 16-IV-G: Deficit Balances – No funds had deficit balances at June 30, 2016.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016**

2015-001 Financial Reporting

Finding – During our audit, we identified immaterial amounts of unearned revenue, revenue, and expenses not properly recorded in the Commission’s financial statements. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Recommendation – The Commission should implement procedures to ensure the correct recording of unearned revenue, revenues, and expenses in the Commission’s financial statements.

Current Status – The recommendation is still in process. The Commission continues to look at its processes in order to make sure all amounts and adjustments are properly recorded.

2015-002 Expense Allocation

Finding – During our testing of the allocation of payroll expenses, we noted two instances out of forty that were not allocated to the correct program.

Recommendation – The Commission should review and monitor procedures to ensure the allocation of expenses is being done correctly.

Current Status – Procedures appear to have been implemented. All payroll expenses were properly allocated during the current year testing.

**NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

Department of Labor:

Northwest Iowa Planning and Development Commission, respectfully submits the following corrective action plan for the year ended June 30, 2016.

The audit was performed by Williams & Company, P.C., P.O. Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2016.

The findings from the June 30, 2016 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

MATERIAL WEAKNESS:

2016-001 Financial Reporting

Criteria – The Commission is responsible for the accuracy and correct reporting of the financial statements.

Condition – During our audit, we identified material amounts of receivables, payables, revenues, and expenses not properly recorded in the Commission's financial statements. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Effect – As a result of these misstatements, the financial statements were materially misstated.

Recommendation – The Commission should implement procedures to ensure the correct recording of receivables, payables, revenues, and expenses in the Commission's financial statements.

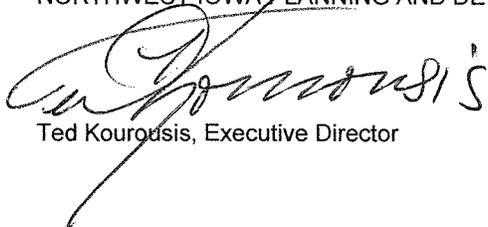
Response – The Commission will review these in the future to avoid missing any of these transactions.

Conclusion – Response accepted.

If the Department of Labor has questions regarding this plan, please call Ted Kourousis at 712-262-7225.

Sincerely yours,

NORTHWEST IOWA PLANNING AND DEVELOPMENT COMMISSION



Ted Kourousis, Executive Director