

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

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

YEARS ENDED JUNE 30, 2023 AND 2022

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

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SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Officials  
June 30, 2023

<u>Member</u>	<u>Representing</u>
Steve Green Grace Garrett	Cass County Cass County
Chris Clark Susan Shepherd	Fremont County Fremont County
John Straight Sherman Struble, Secretary	Harrison County Harrison County
Richard Crouch	Mills County
Donna Robinson Jenna Ramsey	Montgomery County Montgomery County
Todd Maher AJ Lyman	Page County Page County
Susan Miller	Pottawattamie County
Terry Arentson Charles Parkhurst	Shelby County Shelby County
Ron Kohn, Vice-Chairperson Todd Valline, Chairperson	Government Economic Development

As of the date of this report, the Board is looking for a replacement to fill an open director position. The open spot is an at large position.

Executive Director

John McCurdy

Finance Director

Rhonda Brown

# Gronewold, Bell, Kyhnn & Co. P.C.

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KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER  
DUSTIN T. VEENSTRA

## INDEPENDENT AUDITOR'S REPORT

To the Policy Council  
Southwest Iowa Planning Council and  
Southwest Iowa Transit Agency  
Atlantic, Iowa

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency (a 28E Organization) which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency as of June 30, 2023 and 2022 and the respective changes in its financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Policy Council  
Southwest Iowa Planning Council and  
Southwest Iowa Transit Agency

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the Organization's Proportionate Share of the Net Pension Liability and the Schedule of Organization's Contributions on pages 3 through 3c and on pages 23 through 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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.

To the Policy Council  
Southwest Iowa Planning Council and  
Southwest Iowa Transit Agency

### Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's basic financial statements. The supplementary information on pages 1 and 26 through 29, including the Schedule of Expenditures of Federal Awards 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

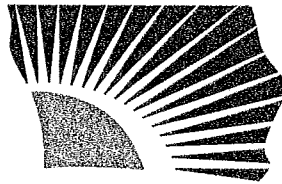
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2023 on our consideration of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's 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 Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency's internal control over financial reporting and compliance.

*Aronewid, Bell, Hyler - Co. P.C.*

Atlantic, Iowa  
December 5, 2023



A Bright Look Ahead™

**SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Southwest Iowa Planning Council, including Southwest Iowa Transit Agency (SWIPCO) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider this information in conjunction with SWIPCO's financial statements, which follow.

**2023 FINANCIAL HIGHLIGHTS**

- SWIPCO's operating revenues increased 4%, or \$284,382, from fiscal 2022 to fiscal 2023. Federal Transit funds increased by 0.3% and State Transit funds increased by 4%. Community Development Block Grants, RLF Grants, and Housing grants increased.
- SWIPCO's operating expenses were 6%, or \$381,724 more in fiscal 2023 than in fiscal 2022 due mainly to salaries, employee benefits, lubricants and fuel and insurance.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, increased by approximately \$405,000 during fiscal 2023, an increase of approximately 4%.

**2022 FINANCIAL HIGHLIGHTS**

- SWIPCO's operating revenues decreased 12%, or \$917,030, from fiscal 2021 to fiscal 2022. Federal Transit funds decreased by 22% and State Transit funds increased by 13%. Community Development Block Grants, RLF Grants, and Housing grants increased.
- SWIPCO's operating expenses were 5%, or \$307,851 more in fiscal 2022 than in fiscal 2021 due mainly to salaries, depreciation, lubricants and fuel and purchased transportation.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, increased by approximately \$381,500 during fiscal 2022, an increase of approximately 4%.

**USING THIS ANNUAL REPORT**

Southwest Iowa Planning Council, including Southwest Iowa Transit Agency is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to SWIPCO's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

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

The Statement of Net Position presents information on SWIPCO's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SWIPCO is improving or deteriorating.

The Statement of Support, Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on operating revenues and expenses, non-operating revenues and expenses, and whether SWIPCO's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in SWIPCO's cash and cash equivalents during the year. This information can assist the user of the report in determining how SWIPCO financed its activities and how it met its cash requirements.

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 the Organization's proportionate share of the net pension liability and related contributions.

Supplementary information provides detailed information about the revenues, expenses, and changes in net position, in addition to providing detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the Organization.

## FINANCIAL ANALYSIS OF THE ORGANIZATION

### *Statement of Net Position*

As noted earlier, net position may serve over time as a useful indicator of SWIPCO's financial position. SWIPCO's net position at the end of fiscal 2023 totaled \$9,500,266, this compares to \$9,095,668 at the end of fiscal 2022. A summary of SWIPCO's net position is presented below.

	Statements of Net Position June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets	\$ 6,932,459	\$ 6,434,822	\$ 5,570,644
Designated and Restricted Assets	1,078,757	1,090,820	1,011,903
Capital Assets	3,034,608	3,296,493	3,999,808
Deferred Outflows of Resources	<u>521,484</u>	<u>482,103</u>	<u>689,672</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 11,567,308</u>	 <u>\$ 11,304,238</u>	 <u>\$ 11,272,027</u>
 Current Liabilities	 \$ 502,910	 \$ 351,356	 \$ 208,849
Long-Term Liabilities	1,374,576	46,284	2,275,605
Deferred Inflows of Resources	189,556	1,810,930	73,368
Net Position	<u>9,500,266</u>	<u>9,095,668</u>	<u>8,714,205</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u>\$ 11,567,308</u>	 <u>\$ 11,304,238</u>	 <u>\$ 11,272,027</u>



*Statement of Support, Revenues, Expenses, and Changes in Net Position*

Operating revenues are received from federal grants, state grants, and other local sources. Operating expenses are to operate the transit system and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of support, revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021 are presented below:

Statements of Support, Revenues, Expenses and Changes in Net Position  
Year ended June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Public Support and Revenues:			
Public Support	\$ 3,925,675	\$ 4,086,748	\$ 5,305,434
Revenues	<u>3,094,980</u>	<u>2,649,525</u>	<u>2,347,869</u>
Total Operating Revenue	<u>7,020,655</u>	<u>6,736,273</u>	<u>7,653,303</u>
Operating Expenses	<u>6,740,476</u>	<u>6,358,752</u>	<u>6,050,901</u>
Income from Operations	280,179	377,521	1,602,402
Non-Operating Revenue:			
Interest Income	124,419	3,942	1,679
Capital Grants	--	--	1,088,987
Gain on Sale of Assets	--	--	8,927
	<u>124,419</u>	<u>3,942</u>	<u>1,099,593</u>
Increase in Net Position	404,598	381,463	2,701,995
Net Position Beginning of Year	<u>9,095,668</u>	<u>8,714,205</u>	<u>6,012,210</u>
Net Position End of Year	<u>\$ 9,500,266</u>	<u>\$ 9,095,668</u>	<u>\$ 8,714,205</u>

The Statement of Support, Revenues, Expenses, and Changes in Net Position reflects an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$404,598.
- SWIPCO's operating expenses (without depreciation) were \$6,131,132 and operating revenues were \$7,020,655. With depreciation, the total expenses were \$6,740,476 and operating revenues remained at \$7,020,655.
- State funds and federal funds for the year totaled \$3,769,797. These same funding sources for the previous fiscal year totaled \$3,928,316. These same funding sources are projected to decrease as discussed in Note K to the financial statements.

### *Statement of Cash Flows*

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital related financing, capital and related financing and investing activities. Cash provided by the operating activities includes federal and state support, program reimbursements, and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes capital grants, sale of assets, and purchase of capital assets. Cash provided by (used in) investing activities includes interest income and changes in designated and restricted assets.

### **CAPITAL ASSETS**

At June 30, 2023, SWIPCO had \$9,625,818 invested in capital assets, net of accumulated depreciation of \$6,591,210. Depreciation expense totaled \$609,344 for fiscal year 2023. More detailed information about SWIPCO's capital assets is presented in Note E to the financial statements.

At June 30, 2022, SWIPCO had \$9,278,359 invested in capital assets, net of accumulated depreciation of \$5,981,866. Depreciation expense totaled \$874,115 for fiscal year 2022. More detailed information about SWIPCO's capital assets is presented in Note E to the financial statements.

### **ECONOMIC FACTORS**

Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2024 budget and fees that will be charged for agency activities. SWIPCO's general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year. Changes in payments for transportation for clients who receive Medicaid benefits are anticipated to be variable due to ongoing changes in Iowa's Medicaid program. In general, transportation for the disabled is anticipated to continue to become less efficient over time as disabled clients are transported more and more to dispersed sites rather than to centralized training centers as in the past, with associated increases in per trip costs.

### **CONTACTING SWIPCO'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of SWIPCO's finances and to show SWIPCO's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Southwest Iowa Planning Council, 1501 SW 7<sup>th</sup> St., Atlantic, IA 50022.

SOUTHWEST IOWA PLANNING COUNCIL  
 INCLUDING  
 SOUTHWEST IOWA TRANSIT AGENCY  
 Statements of Net Position  
 June 30,

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 4,643,161	\$ 4,129,343
Accounts receivable	1,807,364	1,887,141
Prepaid expenses	481,934	418,338
Total current assets	<u>6,932,459</u>	<u>6,434,822</u>
Designated and Restricted Assets:		
Internally designated assets	578,757	59,541
Restricted assets	500,000	1,031,279
	<u>1,078,757</u>	<u>1,090,820</u>
Capital Assets:		
Depreciable capital assets, net	2,567,424	3,003,598
Non-depreciable capital assets	467,184	292,895
	<u>3,034,608</u>	<u>3,296,493</u>
Total assets	11,045,824	10,822,135
Deferred Outflows of Resources - Pension	<u>521,484</u>	<u>482,103</u>
Total assets and deferred outflows of resources	<u>\$ 11,567,308</u>	<u>\$ 11,304,238</u>

The accompanying notes are an integral part of these statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2023	2022
Current Liabilities:		
Accounts payable	\$ 251,255	\$ 153,875
Accrued employee compensation	213,382	146,961
Payroll taxes withheld and accrued	38,273	50,520
Total current liabilities	502,910	351,356
Net Pension Liability	1,374,576	46,284
Total liabilities	1,877,486	397,640
Deferred Inflows of Resources:		
Grant proceeds	23,550	98,647
Pension related amounts	166,006	1,712,283
Total deferred inflows of resources	189,556	1,810,930
Net Position:		
Invested in capital assets, net of related debt	3,034,608	3,296,493
Restricted - expendable	500,000	1,031,279
Unrestricted	5,965,658	4,767,896
Total net position	9,500,266	9,095,668
Total liabilities, deferred inflows of resources and net position	\$ 11,567,308	\$ 11,304,238

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Statements of Support, Revenues, Expenses and Changes in Net Position  
Year ended June 30,

	2023	2022
Public Support and Revenues:		
Public support	\$ 3,925,675	\$ 4,086,748
Revenues	3,094,980	2,649,525
Total public support and revenues	7,020,655	6,736,273
Expenses:		
Salaries	3,489,956	2,984,768
Bad debts	--	4,120
Depreciation	609,344	874,115
Employee benefits	345,992	181,295
Grant administration	163,510	337,154
Insurance	446,202	349,252
Lubricants and fuel	604,510	578,428
Payroll taxes	267,704	242,480
Postage	3,518	2,953
Purchased transportation	202,797	200,398
Repairs and maintenance	237,528	223,203
Space costs	141,324	118,793
Other transit costs	228,091	261,793
Total expenses	6,740,476	6,358,752
Income from Operations	280,179	377,521
Non-Operating Revenues:		
Interest income	124,419	3,942
Total non-operating revenues	124,419	3,942
Increase in Net Position	404,598	381,463
Net Position Beginning of Year	9,095,668	8,714,205
Net Position End of Year	\$ 9,500,266	\$ 9,095,668

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Statements of Cash Flows  
Year ended June 30,

	2023	2022
Cash flows from operating activities:		
Cash received from customers and agencies	\$ 7,025,335	\$ 6,942,262
Cash paid to suppliers	( 2,877,005)	( 2,822,410)
Cash paid to employees	( 3,423,535)	( 2,966,041)
Net cash provided by operating activities	724,795	1,153,811
Cash flows from capital and related financing activities:		
Capital expenditures	( 173,170)	( 170,800)
Construction in progress expenditures	( 174,289)	--
Net cash used in capital and related financing activities	( 347,459)	( 170,800)
Cash flows from investing activities:		
Loans receivable advances	--	( 69,154)
Loans receivable payments received	145,460	53,690
Interest received	124,419	3,942
Net cash provided by (used in) investing activities	269,879	( 11,522)
Net increase in cash	647,215	971,489
Cash at beginning of year	4,636,575	3,665,086
Cash at end of year	\$ 5,283,790	\$ 4,636,575
Reconciliation of cash to the statements of net position:		
Cash in current assets	\$ 4,643,161	\$ 4,129,343
Cash in designated and restricted assets	640,629	507,232
Total cash at end of year	\$ 5,283,790	\$ 4,636,575

(continued next page)

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Statements of Cash Flows - Continued  
Year ended June 30,

	2023	2022
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 280,179	\$ 377,521
Adjustments to reconcile income from operations to net cash provided by operating activities		
Depreciation	609,344	874,115
Bad debts	--	4,120
Change in assets and liabilities		
Accounts receivable	79,777	126,772
Prepaid expenses	( 63,596)	( 87,034)
Deferred outflows of resources - pension	( 39,381)	207,569
Accounts payable, trade	97,380	117,717
Accrued employee compensation	66,421	18,727
Payroll taxes withheld and accrued	( 12,247)	6,063
Net pension liability	1,328,292	( 2,229,321)
Deferred inflows of resources - grant proceeds	( 75,097)	79,217
Deferred inflows of resources - pension	( 1,546,277)	1,658,345
Total adjustments	444,616	776,290
Net cash provided by operating activities	\$ 724,795	\$ 1,153,811

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Notes to Financial Statements  
June 30, 2023 and 2022

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

Southwest Iowa Planning Council is a voluntary organization formed by the representatives of Harrison, Shelby, Cass, Fremont, Pottawattamie, Mills, Montgomery and Page counties in accordance with Chapter 28E of the Code of Iowa. The purpose of the Organization is to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplications, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area. The Organization is governed by a seventeen member council appointed for one year terms. Southwest Iowa Transit Agency was formed to administer the transit services for District 13. The Transit Agency is not a separate and distinct entity from the Planning Council. As a combined group of political subdivisions, the Organization is exempt from income taxes.

The Organization has considered all potential component units for which it is financially accountable, and other entities for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an entity's governing body, and (a) the Organization's ability to impose its will on that entity, or (b) the potential for the entity to provide benefits to or impose financial burdens on the Organization. The Organization has no component units.

2. Basis of Presentation

The Statement of Net Position displays 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 the following categories:

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

*Restricted net position:*

- a. *Nonexpendable* - Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Organization.
- b. *Expendable* - Expendable net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.



SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Notes to Financial Statements  
June 30, 2023 and 2022

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

When both restricted and unrestricted net position is available for use, generally it is the Organization's policy to use restricted net position first.

3. Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Accounts Receivable and Loans Receivable

The Organization considers accounts receivable and loans receivable (included in restricted assets on the statements of net position) to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

6. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are stated at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned.

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NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES - Continued

7. Capital Assets

The Organization's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of four years and cost in excess of \$2,000 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (ten to forty years for buildings and land improvements and five to ten years for equipment).

8. Compensated Absences

Full-time employees of the Organization earn paid time off hours at varying rates depending on years of service, up to a maximum of 144 hours per year. Paid time off, at varying rates, up to a maximum of 144 hours may be carried over to the subsequent calendar year. Any excess over 144 hours accumulated by January 1 of each year is lost. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

9. Grant Revenue

Grant proceeds for operating activities are recorded in income as they are earned and are reported as a part of transit and planning council support and revenues. Capital grants are recorded as non-operating revenue. Grant proceeds received but not expended are shown as deferred inflows of resources on the statements of net position.

10. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including designated and restricted assets.

11. Designated and Restricted Assets

Internally designated assets consist primarily of funds designated by the Policy Council for capital acquisitions. The Policy Council retains control over these funds, and may, at its discretion, subsequently use them for other purposes. Restricted assets include donor restricted gifts, and funds whose use is limited by law or contractual agreements.

12. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to future periods which will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Organization after the measurement date but before the end of the Organization's reporting period.

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NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
 POLICIES - Continued

13. 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.

14. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to future periods which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of the unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and grant proceeds received but not yet expended.

NOTE B - RESTRICTED ASSETS

Restricted expendable assets are available for the following purpose:

	2023	2022
Revolving loan fund	\$ 500,000	\$ 1,031,279

The Organization has no restricted nonexpendable assets or endowments at June 30, 2023 or 2022.

Following is a summary of the use of temporarily restricted assets during the year ended June 30:

	2023	2022
Defederalized revolving loan fund	\$ 531,279	\$ --

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NOTE C - DEPOSITS

The Organization's deposits at June 30, 2023 and 2022 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Investments are stated as indicated in Note A.

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 federally insured depository institutions approved by the Policy Council; 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.

The composition of designated assets is as follows:

	2023	2022
Internally Designated Assets:		
Vehicle replacement - cash	\$ 47,478	\$ 59,541
Revolving loan fund - cash	462,827	--
Revolving loan fund - loans receivable	68,452	--
	\$ 578,757	59,541

The composition of restricted assets is as follows:

	2023	2022
Restricted Assets:		
Cash	\$ 130,324	\$ 447,691
Loans receivable	369,676	583,588
	\$ 500,000	\$ 1,031,279

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. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Organization.

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NOTE D - FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its loans receivable. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 1 or 2 inputs were available to the Organization, therefore, Level 3 inputs were used to value its investments at June 30, 2023 and 2022.

*Level 3 Fair Value Measurements*

The loans receivable are not actively traded and significant other observable inputs are not available. Thus, the fair value of the loans receivable is based on contract value.

The following tables set forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2023 and 2022:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using: Contract Value (Level 3)</u>
<u>June 30, 2023</u>		
Loans receivable	<u>\$ 438,128</u>	<u>\$ 438,128</u>
<u>June 30, 2022</u>		
Loans receivable	<u>\$ 583,588</u>	<u>\$ 583,588</u>

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NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following tables reconcile the beginning and ending balances of fair value measurements for the Organization's Level 3 assets using unobservable inputs for the years ended June 30, 2023 and 2022:

June 30, 2023

Beginning balance	\$ 583,588
Loans receivable advanced	--
Collections on loans receivable	<u>( 145,460)</u>
Ending balance	<u>\$ 438,128</u>

June 30, 2022

Beginning balance	\$ 568,124
Loans receivable advanced	69,154
Collections on loans receivable	<u>( 53,690)</u>
Ending balance	<u>\$ 583,588</u>

NOTE E - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2023 and 2022 were as follows:

<u>Cost</u>	<u>Balance 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2023</u>
Land Improvements	\$ 185,304	\$ --	\$ --	\$ 185,304
Buildings	2,016,763	--	--	2,016,763
Equipment	231,943	--	--	231,943
Vehicles	<u>6,551,454</u>	<u>173,170</u>	<u>--</u>	<u>6,724,624</u>
	8,985,464	173,170	--	9,158,634
<u>Depreciation</u>				
Land Improvements	163,787	4,648	--	168,435
Buildings	537,914	54,437	--	592,351
Equipment	188,406	14,213	--	202,619
Vehicles	<u>5,091,759</u>	<u>536,046</u>	<u>--</u>	<u>5,627,805</u>
Total Depreciation	<u>5,981,866</u>	<u>609,344</u>	<u>--</u>	<u>6,591,210</u>
Depreciable Capital Assets, Net	<u>\$ 3,003,598</u>	<u>\$( 436,174)</u>	<u>\$ --</u>	<u>\$ 2,567,424</u>
Construction in Progress	\$ --	\$ 174,289	\$ --	\$ 174,289
Land	<u>292,895</u>	<u>--</u>	<u>--</u>	<u>292,895</u>
Non-Depreciable Capital Assets	<u>\$ 292,895</u>	<u>\$ 174,289</u>	<u>\$ --</u>	<u>\$ 467,184</u>

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NOTE E - CAPITAL ASSETS - Continued

<u>Cost</u>	<u>Balance 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2022</u>
Land Improvements	\$ 185,304	\$ --	\$ --	\$ 185,304
Buildings	1,960,699	56,064	--	2,016,763
Equipment	215,483	16,460	--	231,943
Vehicles	<u>6,453,178</u>	<u>98,276</u>	<u>--</u>	<u>6,551,454</u>
	8,814,664	170,800	--	8,985,464
<u>Depreciation</u>				
Land Improvements	159,138	4,649	--	163,787
Buildings	484,693	53,221	--	537,914
Equipment	169,566	18,840	--	188,406
Vehicles	<u>4,294,354</u>	<u>797,405</u>	<u>--</u>	<u>5,091,759</u>
Total Depreciation	<u>5,107,751</u>	<u>874,115</u>	<u>--</u>	<u>5,981,866</u>
Depreciable Capital Assets, Net	<u>\$ 3,706,913</u>	<u>\$( 703,315)</u>	<u>\$ --</u>	<u>\$ 3,003,598</u>
Non-Depreciable Capital Assets:				
Land	<u>\$ 292,895</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 292,895</u>

NOTE F - NON-CURRENT LIABILITIES

A schedule of changes in the Organization's non-current liabilities for the years ended June 30, 2023 and 2022 follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2023</u>	<u>Current Portion</u>
Net Pension Liability	<u>\$ 46,284</u>	<u>\$1,328,292</u>	<u>\$ --</u>	<u>\$1,374,576</u>	<u>\$ --</u>
	<u>Balance 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2022</u>	<u>Current Portion</u>
Net Pension Liability	<u>\$2,275,605</u>	<u>\$ --</u>	<u>\$2,229,321</u>	<u>\$ 46,284</u>	<u>\$ --</u>

The pension liability, as further described in Note G, represents an actuarial estimate of the Organization's share of the Iowa Public Employee Retirement System (IPERS) unfunded pension liability.

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NOTE G - PENSION PLAN

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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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, except members with service before June 30, 2012 will use the highest three-year average salary as of that date 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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month 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.



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NOTE G - PENSION PLAN - Continued

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 - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 years 2023 and 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Organization contributed 9.44% of covered payroll for a total rate of 15.73%.

The Organization's contributions to IPERS for the years ended June 30, 2023 and 2022 totaled \$319,110 and \$276,614, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023 and 2022, the Organization reported a liability of \$1,374,576 and \$46,284, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the Organization's proportion was 0.036382%, which was an increase of 0.049789% from its proportion measured as of June 30, 2021.

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NOTE G - PENSION PLAN - Continued

For the years ended June 30, 2023 and 2022, the Organization recognized pension expense (income) of \$61,744 and \$(86,792), respectively. The Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u> Deferred Outflows of Resources	<u>2023</u> Deferred Inflows of Resources	<u>2022</u> Deferred Outflows of Resources	<u>2022</u> Deferred Inflows of Resources
Differences between expected and actual experience	\$ 60,935	\$ 18,829	\$ 35,215	\$ 35,358
Changes of assumptions	1,166	33	30,273	--
Net difference between projected and actual earnings on IPERS investments	--	147,144	--	1,676,925
Changes in proportion and differences between Organization contributions and proportionate share of contributions	140,273	--	140,001	--
Organization contributions subsequent to the measurement date	<u>319,110</u>	<u>--</u>	<u>276,614</u>	<u>--</u>
	<u>\$ 521,484</u>	<u>\$ 166,006</u>	<u>\$ 482,103</u>	<u>\$ 1,712,283</u>

Deferred outflows of resources related to pensions of \$319,110 and \$276,614 represent the amount the Organization contributed subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2024 and 2023 respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>2023</u>	<u>2022</u>
2023	\$ --	\$( 340,758)
2024	( 75,911)	( 369,386)
2025	( 61,872)	( 356,826)
2026	( 153,309)	( 444,592)
2027	318,419	4,768
2028	<u>9,041</u>	<u>--</u>
	<u>\$ 36,368</u>	<u>\$( 1,506,794)</u>

There were no non-employer contribution entities to IPERS.

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NOTE G - PENSION PLAN - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increases (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 geometric 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>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100%</u>	

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NOTE G - PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Organization will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' 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 (Asset) to Changes in the Discount Rate - The following presents the Organization's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Organization's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Organization's proportionate share of the net pension liability - June 30, 2023	\$ 2,561,001	\$ 1,374,576	\$ 329,010
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Organization's proportionate share of the net pension liability (asset) - June 30, 2022	\$ 1,638,123	\$ 46,284	\$( 1,287,779)

IPERS Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - At June 30, 2023 and 2022, the Organization reported payables to IPERS of \$23,690 and \$21,667, respectively for legally required employer contributions and \$15,785 and \$14,437, respectively, for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

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NOTE H - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The Organization operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. At June 30, 2023 and 2022, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the Organization and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. The following employees were covered by the benefit terms:

	June 30, 2023	June 30, 2022
Inactive employees or beneficiaries currently receiving benefit payments	0	0
Active employees	47	35
Total	47	35

Net OPEB Obligation: Management of the Organization considers any OPEB obligation, which may exist, to be immaterial. No liability has been recorded.

NOTE I - SUPPORTED ORGANIZATION

The Organization provides administrative support to Southwest Iowa Housing Trust Fund (SIHTF). Support provided includes contracting administrative personnel to SIHTF, collecting revenue and paying expenses of SIHTF, and maintaining the accounting records for SIHTF.

NOTE J - COMMITMENTS AND CONTINGENCIES

Risk Management

The Organization is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

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NOTE J - COMMITMENTS AND CONTINGENCIES - Continued

Construction in Progress

During the year ended June 30, 2023, the Organization began the construction of an addition to the office building. The project has a total cost of approximately \$860,000. At June 30, 2023, costs incurred on the project totaled \$174,289. Financing for the project is expected to be provided by funds generated internally.

Commitments

During the year ended June 30, 2023, the Organization entered into a contract to purchase buses for operations. The contract has a total cost of approximately \$885,000 for five buses. At June 30, 2023 no costs were incurred on the contract. Financing for the contract is expected to be provided by capital grants and funds generated internally.

Subsequent Events

The Organization has evaluated all subsequent events through December 5, 2023, the date the financial statements were available to be issued.

NOTE K - ECONOMIC DEPENDENCY

The Organization received approximately 47% of its total support and revenue through its contracts with the Iowa and Federal Departments of Transportation for the year ended June 30, 2023 (48% for 2022). The Organization's contract with the Iowa Department of Transportation has been renewed with a 13% decrease for fiscal year ending June 30, 2024. The Organization's contract with the Federal Department of Transportation has been renewed with a 41% decrease for fiscal year ending June 30, 2024.

NOTE L - CONCENTRATION OF CREDIT RISK

The Organization grants credit without collateral to its clients, most of whom are area businesses and local governments. The mix of receivables at June 30, 2023 and 2022, was as follows:

	2023	2022
Local governments	78%	84%
Area businesses	21	15
Individuals	1	1
	100%	100%

\* \* \*

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST IOWA PLANNING COUNCIL  
 INCLUDING  
 SOUTHWEST IOWA TRANSIT AGENCY  
 Schedule of the Organization's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
 For the Last Nine Years

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Organization's proportion of the net pension liability	0.036382%	(0.013407)%	0.032394%
Organization's proportionate share of the net pension liability	\$ 1,375,000	\$ 46,000	\$ 2,276,000
Organization's covered payroll	\$ 2,930,000	\$ 2,680,000	\$ 2,571,000
Organization's proportionate share of the net pension liability as a percentage of its covered payroll	46.93%	1.72%	88.53%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%

Note - In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year. Amounts reported are rounded.

See accompanying independent auditor's report.



<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.031921%	0.030232%	0.026577%	0.026389%	0.024669%	0.024133%
\$ 1,848,000	\$ 1,913,000	\$ 1,770,000	\$ 1,661,000	\$ 1,219,000	\$ 957,000
\$ 2,429,000	\$ 2,272,000	\$ 1,983,000	\$ 1,894,000	\$ 1,692,000	\$ 1,580,000
76.08%	84.20%	89.26%	87.70%	72.04%	60.57%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Schedule of Organization's Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years

Required Supplementary Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 319,000	\$ 277,000	\$ 253,000	\$ 243,000
Contributions in relation to the statutorily required contribution	<u>( 319,000)</u>	<u>( 277,000)</u>	<u>( 253,000)</u>	<u>( 243,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Organization's covered payroll	\$ 3,380,000	\$ 2,930,000	\$ 2,680,000	\$ 2,571,000
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

Note - Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 229,000	\$ 203,000	\$ 177,000	\$ 169,000	\$ 151,000	\$ 141,000
<u>( 229,000)</u>	<u>( 203,000)</u>	<u>( 177,000)</u>	<u>( 169,000)</u>	<u>( 151,000)</u>	<u>( 141,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,429,000	\$ 2,272,000	\$ 1,983,000	\$ 1,894,000	\$ 1,692,000	\$ 1,580,000
9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Notes to Required Supplementary Information - Pension Liability  
Year Ended June 30, 2023

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

\* \* \*

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant or Contract Number
U.S. Department of Commerce Support for Planning Organizations	11.302	ED21DEN3020028
Economic Development Cluster		
Economic Adjustment Assistance	11.307	ED20DEN3070124
Economic Adjustment Assistance - CARES Act	11.307	05-79-05993
Economic Adjustment Assistance - 2019 Disaster Supplemental	11.307	05-69-05948
Total U.S. Department of Commerce		
U.S. Department of Housing and Urban Development Lead Hazard Reduction Grant Program	14.905	IA LHB0769-21
Total U.S. Department of Housing and Urban Development		
U.S. Department of Transportation Passed through Iowa Department of Transportation		
Formula Grants for Rural Areas		
SFY 2023 Transportation Planning Work Program	20.509	23RPA-13
Non-Urban Operating Assistance Project	20.509	2023-001-00-SFY22
Rural Area Formula (ARPA)	20.509	IA-2022-009-00-FY22
Emergency Relief - Operating Assistance (CRRSAA)	20.509	2021-015-00-FY21
Training Fellowship	20.509	TFR 23-074
Training Fellowship	20.509	TFR 23-078
Training Fellowship	20.509	TFR 23-106
Training Fellowship	20.509	TFR 23-107
Training Fellowship	20.509	TFR 23-108
Training Fellowship	20.509	TFR 23-114
Total U.S. Department of Transportation		
Total Expenditures of Federal Awards		

(continued next page)

<u>Period of Grant</u>	<u>Program Expenditures</u>
07/01/21 to 03/31/24	\$ 70,000
07/01/20 to 12/31/22	135,066
07/01/20 to 06/30/22	500,369
02/27/20 to 02/26/23	<u>11,747</u>
	<u>647,182</u>
	717,182
11/01/21 to 05/30/25	<u>83,522</u>
	83,522
07/01/22 to 06/30/23	21,564
07/01/22 to 06/30/24	1,485,317
07/01/21 to 06/30/23	616,735
01/20/20 to 06/30/24	384,093
07/01/22 to 06/30/23	700
07/01/22 to 06/30/23	1,594
07/01/22 to 06/30/23	3,024
07/01/22 to 06/30/23	2,568
07/01/22 to 06/30/23	2,393
07/01/22 to 06/30/23	<u>349</u>
	<u>2,518,337</u>
	<u>\$ 3,319,041</u>

SOUTHWEST IOWA PLANNING COUNCIL  
 INCLUDING  
 SOUTHWEST IOWA TRANSIT AGENCY  
 Schedule of Expenditures of Federal Awards - Continued  
 Year Ended June 30, 2023

Computation of Assistance Listing Number 11.307 - Economic Adjustment Assistance - CARES Act

Grant Number	05-79-05993
Balance of loans outstanding at June 30, 2023	\$ 369,676
Cash and investment balance at June 30, 2023	<u>130,693</u>
Total	500,369
Federal percentage	<u>100.00%</u>
Amount included on Schedule of Expenditures of Federal Awards	<u>\$ 500,369</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency under programs of the federal government for the year ended June 30, 2023. 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 Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, it is not intended to and does not present the financial position, changes in financial position or cash flows of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency.

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 contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Southwest Iowa Planning Council, including Southwest Iowa Transit Agency has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - No federal grant awards were passed through to subrecipients during the year ended June 30, 2023.

See accompanying independent auditor's report.



SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Schedules of Transit Agency Support, Revenues and Expenses  
Year ended June 30,

	<u>2023</u>	<u>2022</u>
Public Support and Revenues:		
Public support:		
Iowa Department of Transportation	\$ 796,719	\$ 766,514
Other state assistance	223,222	250,530
Federal Department of Transportation	2,496,773	2,488,741
Local assistance	81,000	81,000
Total public support	<u>3,597,714</u>	<u>3,586,785</u>
Revenues:		
Fares	1,670,261	1,731,546
Other	116,413	56,135
Total revenues	<u>1,786,674</u>	<u>1,787,681</u>
Total public support and revenues	5,384,388	5,374,466
Expenses:		
Salaries	2,753,670	2,309,768
Bad debts	--	659
Depreciation	590,775	858,850
Employee benefits	239,311	115,566
Insurance	435,860	334,514
Lubricants and fuel	604,510	578,428
Payroll taxes	210,548	189,231
Purchased transportation	202,797	200,398
Repairs and maintenance	237,528	223,203
Space costs	86,071	82,295
Other transit costs	228,091	261,793
Total expenses	<u>5,589,161</u>	<u>5,154,705</u>
Income (Loss) from Operations	( 204,773)	219,761
Non-Operating Revenue:		
Interest income	<u>115,396</u>	<u>2,821</u>
Increase (Decrease) in Net Position	<u>\$( 89,377)</u>	<u>\$ 222,582</u>

See accompanying independent auditor's report.

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY  
Schedules of Planning Council Support, Revenues and Expenses  
Year ended June 30,

	<u>2023</u>	<u>2022</u>
Public Support and Revenues:		
Public support:		
Federal Department of Transportation	\$ 21,564	\$ 28,246
Federal Department of Commerce	216,813	378,109
State Department of Economic Development	14,706	16,176
City and county dues	<u>74,878</u>	<u>77,432</u>
Total public support	<u>327,961</u>	<u>499,963</u>
Revenues:		
Grant administration	102,358	378,013
Contracts	1,204,681	483,816
Other	<u>1,267</u>	<u>15</u>
Total revenues	<u>1,308,306</u>	<u>861,844</u>
Total public support and revenues	1,636,267	1,361,807
Expenses:		
Salaries	736,286	675,000
Bad debts	--	3,461
Depreciation	18,569	15,265
Employee benefits	106,681	65,729
Grant administration	163,510	337,154
Insurance	10,342	14,738
Payroll taxes	57,156	53,249
Postage	3,518	2,953
Space costs	<u>55,253</u>	<u>36,498</u>
Total expenses	<u>1,151,315</u>	<u>1,204,047</u>
Income from Operations	484,952	157,760
Non-Operating Revenue:		
Interest income	<u>9,023</u>	<u>1,121</u>
Increase in Net Position	<u>\$ 493,975</u>	<u>\$ 158,881</u>

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

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

To the Policy Council  
Southwest Iowa Planning Council  
and Southwest Iowa Transit Agency  
Atlantic, 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 Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of and for the years ended June 30, 2023 and 2022, and the related notes to financial statements, and have issued our report thereon dated December 5, 2023.

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control.

*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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

To the Policy Council  
Southwest Iowa Planning Council  
and Southwest Iowa Transit Agency

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's financial statements are free from 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 financial statements. 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 which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## **Southwest Iowa Planning Council and Southwest Iowa Transit Agency's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dunsmuir, Bell, Hyman & Co. P.C.*

Atlantic, Iowa  
December 5, 2023

# Gronewold, Bell, Kyhnn & Co. P.C.

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## Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Policy Council  
Southwest Iowa Planning Council  
and Southwest Iowa Transit Agency  
Atlantic, Iowa

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

#### **Opinion on Each Major Federal Program**

We have audited Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2023. The Organization's major federal program is identified in the Summary of the Independent Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Southwest Iowa Planning Council, including Southwest Iowa Transit Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards), and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's federal programs.

To the Policy Council  
Southwest Iowa Planning Council  
and Southwest Iowa Transit Agency

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.

To the Policy Council  
Southwest Iowa Planning Council  
and Southwest Iowa Transit Agency

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly no such opinion is expressed.

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.

*Deonard, Bill, Hyler & Co. P.C.*

Atlantic, Iowa  
December 5, 2023



SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

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

- (a) An unmodified opinion was issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listing Number 20.509 Formula Grants for Rural Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Southwest Iowa Planning Council including Southwest Iowa Transit Agency was determined to be a low-risk auditee.

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2023-001 Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Organization's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The Organization has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the Organization's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: We recognize that it may not be economically feasible for the Organization to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Policy Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Policy Council is aware of this lack of segregation of duties, but it is not economically feasible for the Organization to employ additional personnel for this reason. The Policy Council will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

\* \* \*

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

\* \* \*

SOUTHWEST IOWA PLANNING COUNCIL  
INCLUDING  
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting:

- 2023-A Questionable Expenditures - During the audit, we noted no expenditures of the Organization's funds without proper documentation of public purpose.
- 2023-B Travel Expense - No expenditures of Organization money for travel expenses of spouses of Organization officials or employees were noted.
- 2023-C Business Transactions - No business transactions between the Organization and Organization officials or employees were noted.
- 2023-D Restricted Donor Activity - No transactions were noted between the Organization, Organization officials, Organization employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-E Bond Coverage - Surety bond coverage of Organization officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 2023-F Board Minutes - No transactions requiring Board approval were noted which had not been approved.
- 2023-G Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Organization's investment policy were noted.

\* \* \*