

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

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

YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025

Member

Steve Green, Chairperson
Grace Garrett

Jeff Shearer
Susan Shepherd

Tony Smith
Sherman Struble, Secretary

Richard Crouch

Alex Burton
Jenna Ramsey, Treasurer

Todd Maher
AJ Lyman

Susan Miller

Ross Hastert
Charles Parkhurst

Joe George, Vice-Chairperson
Todd Valline
Fran Branan

Representing

Cass County
Cass County

Fremont County
Fremont County

Harrison County
Harrison County

Mills County

Montgomery County
Montgomery County

Page County
Page County

Pottawattamie County

Shelby County
Shelby County

Government
Economic Development
Health and Human Services

Executive Director

John McCurdy

Finance Director

Rhonda Brown

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency (a 28E Organization), as of and for the years ended June 30, 2025 and 2024, and the related Notes to Financial Statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency as of June 30, 2025 and 2024 and the respective changes in its financial position, and 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 of
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 Contributions (and the related notes) on pages 3 through 3c and on pages 25 through 27 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 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 GAAS, 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 of
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 28 through 31, 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.

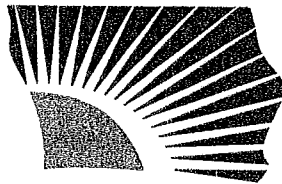
Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 GAAS. 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 January 8, 2026 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.

Grunewald, Bell, Kylvinn & Co. P.C.

Atlantic, Iowa
January 8, 2026



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, 2025 and 2024. We encourage readers to consider this information in conjunction with SWIPCO's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

- SWIPCO's operating revenues increased 27%, or \$1,626,346, from fiscal 2024 to fiscal 2025. Federal Transit funds increased by 23% and State Transit funds decreased by 4%. Community Development Block Grants, RLF Grants, and Housing grants decreased.
- SWIPCO's operating expenses were 13%, or \$941,991 more in fiscal 2025 than in fiscal 2024 due mainly to salaries, employee benefits, grant administration and insurance.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, decreased by approximately \$301,000 during fiscal 2025, a decrease of approximately 4%.

2024 FINANCIAL HIGHLIGHTS

- SWIPCO's operating revenues decreased 14%, or \$969,650, from fiscal 2023 to fiscal 2024. Federal Transit funds decreased by 24% and State Transit funds increased by 14%. Community Development Block Grants, RLF Grants, and Housing grants decreased.
- SWIPCO's operating expenses were 11%, or \$753,244 more in fiscal 2024 than in fiscal 2023 due mainly to salaries, employee benefits, grant administration and insurance.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, decreased by approximately \$788,000 during fiscal 2024, a decrease of approximately 8%.

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 is 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 readers 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 2025 totaled \$8,411,826, this compares to \$8,712,521 at the end of fiscal 2024. A summary of SWIPCO’s net position is presented below.

Statements of Net Position			
June 30,			
	2025	2024	2023
Current Assets	\$ 4,340,409	\$ 4,624,643	\$ 6,932,459
Designated and Restricted Assets	1,090,389	1,085,794	1,078,757
Capital Assets	4,238,833	4,371,437	3,034,608
Deferred Outflows of Resources	612,171	837,421	521,484
Total Assets and Deferred Outflows of Resources	\$ 10,281,802	\$ 10,919,295	\$ 11,567,308
Current Liabilities	\$ 439,745	\$ 446,678	\$ 502,910
Long-Term Liabilities	1,404,306	1,737,415	1,374,576
Deferred Inflows of Resources	25,925	22,681	189,556
Net Position	8,411,826	8,712,521	9,500,266
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 10,281,802	\$ 10,919,295	\$ 11,567,308

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, 2025, 2024, and 2023 are presented below:

Statements of Support, Revenues, Expenses and Changes in Net Position			
Year ended June 30,			
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Public Support and Revenues:			
Public Support	\$ 3,548,917	\$ 3,269,976	\$ 3,925,675
Revenues	<u>4,128,434</u>	<u>2,781,029</u>	<u>3,094,980</u>
Total Operating Revenue	7,677,351	6,051,005	7,020,655
Operating Expenses	<u>8,435,711</u>	<u>7,493,720</u>	<u>6,740,476</u>
Income (Loss) from Operations	(758,360)	(1,442,715)	280,179
Non-Operating Revenue:			
Interest Income	61,257	164,238	124,419
Gain on sale of assets	3,925	--	--
Capital Grants	<u>392,483</u>	<u>490,732</u>	<u>--</u>
	<u>457,665</u>	<u>654,970</u>	<u>124,419</u>
Increase (Decrease) in Net Position	(300,695)	(787,745)	404,598
Net Position Beginning of Year	<u>8,712,521</u>	<u>9,500,266</u>	<u>9,095,668</u>
Net Position End of Year	<u>\$ 8,411,826</u>	<u>\$ 8,712,521</u>	<u>\$ 9,500,266</u>

The 2025 Statement of Support, Revenues, Expenses and Changes in Net Position reflects a decrease in the net position at the end of the fiscal year.

- Net position for the year decreased \$300,695.
- SWIPCO's operating expenses (without depreciation) were \$7,660,370 and operating revenues were \$7,677,351. With depreciation, the total expenses were \$8,435,711 and operating revenues remained at \$7,677,351.
- State funds and federal funds for the year totaled \$3,785,340. These same funding sources for the previous fiscal year totaled \$3,605,029. These same funding sources are projected to increase as discussed in Note L to the financial statements.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, 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 in capital and related financing activities includes capital grants, sale of assets, and purchase of capital assets. Cash provided by investing activities includes interest income and changes in designated and restricted assets.

CAPITAL ASSETS

At June 30, 2025, SWIPCO had \$11,958,745 invested in capital assets, net of accumulated depreciation of \$7,719,912. Depreciation expense totaled \$775,341 for fiscal year 2025. More detailed information about SWIPCO's capital assets is presented in Note E to the financial statements.

At June 30, 2024, SWIPCO had \$11,576,960 invested in capital assets, net of accumulated depreciation of \$7,205,523. Depreciation expense totaled \$614,313 for fiscal year 2024. 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 2026 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 7th 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>2025</u>	<u>2024</u>
Current Assets:		
Cash	\$ 2,048,574	\$ 3,822,780
Accounts receivable	1,640,772	776,220
Prepaid expenses	<u>651,063</u>	<u>25,643</u>
Total current assets	4,340,409	4,624,643
Designated and Restricted Assets:		
Internally designated assets	590,389	585,794
Restricted assets	<u>500,000</u>	<u>500,000</u>
	1,090,389	1,085,794
Capital Assets:		
Depreciable capital assets, net	3,945,938	4,078,542
Non-depreciable capital assets	<u>292,895</u>	<u>292,895</u>
	<u>4,238,833</u>	<u>4,371,437</u>
Total assets	9,669,631	10,081,874
Deferred Outflows of Resources - Pension	<u>612,171</u>	<u>837,421</u>
Total assets and deferred outflows of resources	<u>\$ 10,281,802</u>	<u>\$ 10,919,295</u>

The accompanying notes are an integral part of these statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2025	2024
Current Liabilities:		
Accounts payable	\$ 151,932	\$ 177,787
Accrued employee compensation	247,844	227,547
Payroll taxes withheld and accrued	39,969	41,344
Total current liabilities	439,745	446,678
Net Pension Liability	1,404,306	1,737,415
Total liabilities	1,844,051	2,184,093
Deferred Inflows of Resources:		
Grant proceeds	25,033	15,512
Pension related deferred inflows	892	7,169
Total deferred inflows of resources	25,925	22,681
Net Position:		
Net investment in capital assets	4,238,833	4,326,947
Restricted - expendable	500,000	500,000
Unrestricted	3,672,993	3,885,574
Total net position	8,411,826	8,712,521
Total liabilities, deferred inflows of resources and net position	\$ 10,281,802	\$ 10,919,295

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

	<u>2025</u>	<u>2024</u>
Public Support and Operating Revenues:		
Federal transit operating grants	\$ 2,320,808	\$ 1,894,241
State transit operating grants	872,755	904,565
Local operating assistance	156,060	155,679
Other public support	199,294	315,491
Fares	1,913,504	1,873,220
Other revenues	<u>2,214,930</u>	<u>907,809</u>
Total public support and operating revenues	7,677,351	6,051,005
Operating Expenses:		
Salaries	3,709,188	3,648,935
Bad debts	30	560
Depreciation	775,341	614,313
Employee benefits	598,509	543,810
Grant administration	1,130,673	475,284
Insurance	633,146	523,274
Lubricants and fuel	474,557	534,862
Payroll taxes	277,203	265,687
Postage	3,061	2,658
Purchased transportation	199,125	244,939
Repairs and maintenance	248,595	259,797
Space costs	140,279	159,690
Other transit costs	<u>246,004</u>	<u>219,911</u>
Total operating expenses	8,435,711	7,493,720
Loss from Operations	(758,360)	(1,442,715)
Non-Operating Revenues:		
Interest income	61,257	164,238
Gain on sale of assets	<u>3,925</u>	<u>--</u>
Total non-operating revenues	65,182	164,238
Deficiency of Support and Revenues Under Expenses Before Capital Grants	(693,178)	(1,278,477)
Capital Grants	<u>392,483</u>	<u>490,732</u>
Decrease in Net Position	(300,695)	(787,745)
Net Position Beginning of Year	<u>8,712,521</u>	<u>9,500,266</u>
Net Position End of Year	<u>\$ 8,411,826</u>	<u>\$ 8,712,521</u>

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,

	2025	2024
Cash flows from operating activities:		
Cash received from customers and agencies	\$ 6,822,290	\$ 7,073,551
Cash paid to suppliers	(4,684,448)	(3,000,443)
Cash paid to employees	(3,688,891)	(3,634,770)
Net cash provided by (used in) operating activities	(1,551,049)	438,338
Cash flows from capital and related financing activities:		
Capital expenditures	(631,737)	(1,175,197)
Proceeds from capital grants	392,483	490,732
Proceeds from sale of assets	3,925	--
Construction in progress expenditures	(44,490)	(731,455)
Net cash used in capital and related financing activities	(279,819)	(1,415,920)
Cash flows from investing activities:		
Loans receivable advanced	(644,000)	--
Loans receivable payments received	118,366	142,658
Interest received	61,257	164,238
Net cash provided by (used in) investing activities	(464,377)	306,896
Net decrease in cash	(2,295,245)	(670,686)
Cash at beginning of year	4,613,104	5,283,790
Cash at end of year	\$ 2,317,859	\$ 4,613,104
Reconciliation of cash to the statements of net position:		
Cash in current assets	\$ 2,048,574	\$ 3,822,780
Cash in designated and restricted assets	269,285	790,324
Total cash at end of year	\$ 2,317,859	\$ 4,613,104

(continued next page)

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

	2025	2024
Reconciliation of loss from operations to net cash provided by (used in) operating activities:		
Loss from operations	\$(758,360)	\$(1,442,715)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation	775,341	614,313
Bad debts	30	560
Change in assets and liabilities:		
Accounts receivable	(864,582)	1,030,584
Prepaid expenses	(625,420)	456,291
Deferred outflows of resources - pension	225,250	(315,937)
Accounts payable	18,635	(117,958)
Accrued employee compensation	20,297	14,165
Payroll taxes withheld and accrued	(1,375)	3,071
Net pension liability	(333,109)	362,839
Deferred inflows of resources - grant proceeds	9,521	(8,038)
Deferred inflows of resources - pension	(6,277)	(158,837)
Total adjustments	(781,689)	1,881,053
Net cash provided by (used in) operating activities	\$(1,540,049)	\$ 438,338

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, 2025 and 2024

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 (the Organization) 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 Region 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.

For financial reporting purposes, the Organization has included all funds, organizations, agencies, boards, commissions and authorities. The Organization 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 Organization are such that exclusion would cause the Organization'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 (a) the ability of the Organization to impose its will on that organization or (b) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Organization. The Organization has no component units which meet the Governmental Accounting Standards Board criteria.

2. Basis of Presentation

The accounts of the Organization are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statement of Net Position presents the Organization's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following 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 attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or 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, 2025 and 2024

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. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statements of Net Position:

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.

Accounts Receivable and Loans Receivable

The Organization considers accounts receivable and loans receivable (included in designated and 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.

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

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.

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.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets 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 and vehicles).

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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the Organization after the measurement date but before the end of the Organization's reporting period.

Compensated Absences

Organization employees accumulate a limited amount of earned but unused paid time off hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2025. The liability is included in accrued employee compensation on the statements of net position.

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

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.

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 grant proceeds received but not yet expended.

6. Statements of Support, Revenues, Expenses and Changes in Net Position

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of the Organization's principal operations are reported as operating revenues and expenses. The Organization's principal operating revenues include contract administration and public transit rides provided to customers. The Organization's operating expenses include administrative expenses, depreciation on capital assets and other transit costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

7. Grant Revenue

Grant proceeds for operating activities are recorded in income as they are earned and are reported as a part of public support and operating 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.

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NOTE B - RESTRICTED ASSETS

Restricted expendable assets are available for the following purpose at June 30, 2025 and 2024:

	2025	2024
Revolving loan fund	\$ 500,000	\$ 500,000

The Organization has no restricted nonexpendable assets or endowments at June 30, 2025 or 2024.

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

	2025	2024
Purchase of capital assets	\$ 392,483	\$ 490,732

NOTE C - DEPOSITS

The Organization's deposits in banks at June 30, 2025 and 2024 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 depositories to ensure there will be no loss of public funds.

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 Organization had investments in the Iowa Public Agency Investment Trust (IPAIT) which are value at an amortized cost of \$766,525 at June 30, 2025 (\$2,249,623 at June 30, 2024). There were no limitations or restrictions on withdrawals for the IPAIT investments. The Organization's investment in IPAIT is unrated.

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June 30, 2025 and 2024

NOTE C - DEPOSITS - Continued

The composition of designated assets as of June 30, 2025 and 2024 is as follows:

	2025	2024
Internally Designated Assets:		
Vehicle replacement - cash	\$ 59,109	\$ 54,514
Revolving loan fund - cash	147,076	473,850
Revolving loan fund - loans receivable	384,204	57,430
	\$ 590,389	\$ 585,794

The composition of restricted assets as of June 30, 2025 and 2024 is as follows:

	2025	2024
Restricted Assets:		
Cash	\$ 63,100	\$ 261,960
Loans receivable	436,900	238,040
	\$ 500,000	\$ 500,000

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.

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, 2025 and 2024.

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 June 30, 2025 and 2024

NOTE D - FAIR VALUE MEASUREMENTS - Continued

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, 2025 and 2024:

<u>June 30, 2025</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using: Contract Value (Level 3)</u>
Loans receivable	\$ 821,104	\$ 821,104
 <u>June 30, 2024</u>		
Loans receivable	\$ 295,470	\$ 295,470

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, 2025 and 2024:

<u>June 30, 2025</u>	
Beginning balance	\$ 295,470
Loans receivable advanced	644,000
Collections on loans receivable	<u>(118,366)</u>
Ending balance	<u>\$ 821,104</u>
 <u>June 30, 2024</u>	
Beginning balance	\$ 438,128
Loans receivable advanced	--
Collections on loans receivable	<u>(142,658)</u>
Ending balance	<u>\$ 295,470</u>

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NOTE E - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2025 and 2024 was as follows:

<u>Capital Assets Being Depreciated:</u>	<u>Balance 2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2025</u>
Land Improvements	\$ 185,304	\$ --	\$ --	\$ 185,304
Buildings	2,982,917	18,300	--	3,001,217
Equipment	231,943	--	--	231,943
Vehicles	<u>7,883,901</u>	<u>624,437</u>	<u>260,952</u>	<u>8,247,386</u>
Total Capital Assets Being Depreciated	11,284,065	642,737	260,952	11,665,850
 <u>Less Accumulated Depreciation For:</u>				
Land Improvements	171,802	2,366	--	174,168
Buildings	655,848	82,190	--	738,038
Equipment	216,832	8,937	--	225,769
Vehicles	<u>6,161,041</u>	<u>681,848</u>	<u>260,952</u>	<u>6,581,937</u>
Total Accumulated Depreciation	<u>7,205,523</u>	<u>775,341</u>	<u>260,952</u>	<u>7,719,912</u>
Depreciable Capital Assets, Net	<u>\$ 4,078,542</u>	<u>\$(132,604)</u>	<u>\$ --</u>	<u>\$ 3,945,938</u>
Land	<u>\$ 292,895</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 292,895</u>
Non-Depreciable Capital Assets	<u>\$ 292,895</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 292,895</u>

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NOTE E - CAPITAL ASSETS - Continued

<u>Capital Assets Being Depreciated:</u>	<u>Balance 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 2024</u>
Land Improvements	\$ 185,304	\$ --	\$ --	\$ 185,304
Buildings	2,016,763	966,154	--	2,982,917
Equipment	231,943	--	--	231,943
Vehicles	<u>6,724,624</u>	<u>1,159,277</u>	<u>--</u>	<u>7,883,901</u>
Total Capital Assets Being Depreciated	9,158,634	2,125,431	--	11,284,065
 <u>Less Accumulated Depreciation For:</u>				
Land Improvements	168,435	3,367	--	171,802
Buildings	592,351	63,497	--	655,848
Equipment	202,619	14,213	--	216,832
Vehicles	<u>5,627,805</u>	<u>533,236</u>	<u>--</u>	<u>6,161,041</u>
Total Accumulated Depreciation	<u>6,591,210</u>	<u>614,313</u>	<u>--</u>	<u>7,205,523</u>
Depreciable Capital Assets, Net	<u>\$ 2,567,424</u>	<u>\$1,511,118</u>	<u>\$ --</u>	<u>\$ 4,078,542</u>
Construction in Progress Land	<u>\$ 174,289</u> <u>292,895</u>	<u>\$ 775,945</u> <u>--</u>	<u>\$ 950,234</u> <u>--</u>	<u>\$ --</u> <u>292,895</u>
Non-Depreciable Capital Assets	<u>\$ 467,184</u>	<u>\$ 775,945</u>	<u>\$ 950,234</u>	<u>\$ 292,895</u>

NOTE F - NON-CURRENT LIABILITIES

A summary of changes in the Organization's non-current liabilities for the years ended June 30, 2025 and 2024 is as follows:

	<u>Balance 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2025</u>	<u>Current Portion</u>
Accrued Employee Compensation	\$ 227,547	\$ 20,297*	\$ --	\$ 247,844	\$ 247,844
Net Pension Liability	<u>1,737,415</u>	<u>--</u>	<u>333,109</u>	<u>1,404,306</u>	<u>--</u>
Total	<u>\$1,964,962</u>	<u>\$ 20,297</u>	<u>\$ 333,109</u>	<u>\$1,652,150</u>	<u>\$ 247,844</u>

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NOTE F - NON-CURRENT LIABILITIES - Continued

	<u>Balance 2023</u>	<u>Additions</u>	<u>Balance Reductions</u>	<u>Current 2024</u>	<u>Portion</u>
Accrued Employee Compensation	\$ 213,382	\$ 14,165*	\$ --	\$ 227,547	\$ 227,547
Net Pension Liability	<u>1,374,576</u>	<u>362,839</u>	<u>--</u>	<u>1,737,415</u>	<u>--</u>
Total	<u>\$1,587,958</u>	<u>\$ 377,004</u>	<u>\$ --</u>	<u>\$1,964,962</u>	<u>\$ 227,547</u>

The net 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.

* The change in the accrued employee compensation liability is presented as a net change.

NOTE G - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Organization, except 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 the 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.

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.

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NOTE G - PENSION PLAN - Continued

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 - 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 2025 and 2024, 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, 2025 and 2024 totaled \$342,427 and \$338,736, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025 and 2024, the Organization reported a liability of \$1,404,306 and \$1,737,415, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023 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, 2024, the Organization's proportion was 0.038564%, which was an increase of 0.000072% from its proportion measured as of June 30, 2023. At June 30, 2023, the Organization's proportion was 0.038492%, which was an increase of 0.002110% from its proportion measured as of June 30, 2022.

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NOTE G - PENSION PLAN - Continued

For the years ended June 30, 2025 and 2024, the Organization recognized pension expense of \$228,291 and \$226,801, respectively. The Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025 Deferred Outflows of Resources	2025 Deferred Inflows of Resources	2024 Deferred Outflows of Resources	2024 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,742	\$ 872	\$ 146,988	\$ 7,141
Changes of assumptions	--	20	--	28
Net difference between projected and actual earnings on IPERS' investments	17,564	--	160,906	--
Changes in proportion and differences between Organization contributions and the Organization's proportionate share of contributions	140,438	--	190,791	--
Organization contributions subsequent to the measurement date	<u>342,427</u>	<u>--</u>	<u>338,736</u>	<u>--</u>
	<u>\$ 612,171</u>	<u>\$ 892</u>	<u>\$ 837,421</u>	<u>\$ 7,169</u>

Deferred outflows of resources related to pensions of \$342,427 and \$338,736 represent the amount the Organization contributed subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ended June 30, 2026 and 2025, 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:

Year Ending June 30,	2025	2024
2025	\$ --	\$ 19,050
2026	(132,572)	(79,246)
2027	386,181	434,314
2028	47,528	98,894
2029	(33,461)	18,504
2030	<u>1,176</u>	<u>--</u>
	<u>\$ 268,852</u>	<u>\$ 491,516</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, 2024 and 2023 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, 2024 and 2023 valuations 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 2024 and 2023 valuations 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	21.0%	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
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 to Changes in the Discount Rate - The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Organization's proportionate share of the net pension liability 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, 2025	\$ 3,446,142	\$ 1,404,306	\$(305,742)
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Organization's proportionate share of the net pension liability - June 30, 2024	\$ 3,694,131	\$ 1,737,415	\$ 97,654

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.

Payables to IPERS - At June 30, 2025 and 2024, the Organization reported payables to IPERS of \$24,708 and \$25,533, respectively, for legally required employer contributions and \$16,463 and \$17,013, 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 administers a single-employer health benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The Organization currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2025, the Organization contributed \$351,005 (\$299,075 in 2024) and plan members eligible for benefits contributed \$42,183 (\$38,375 in 2024) to the plan. At June 30, 2025 and 2024, 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 and 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:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Inactive employees or beneficiaries currently receiving benefit payments	0	0
Active employees	<u>33</u>	<u>36</u>
Total	<u><u>33</u></u>	<u><u>36</u></u>

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 - RISK MANAGEMENT

The Organization is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 805 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, property, employment practices liability, public officials liability, cyber liability and law enforcement liability. There have been no reductions in insurance coverage from prior years.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2025 and 2024

NOTE J - RISK MANAGEMENT - Continued

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Organization's property and casualty contributions to the Pool are recorded as expenses from its operating funds at the time of payment to the Pool. The Organization's contributions to the Pool for the year ended June 30, 2025 were \$592,121 (\$462,377 in 2024).

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber and public officials' liability risks up to \$2,000,000 per claim. Claims exceeding \$2,000,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Organization's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$2,000,000 each occurrence, each location. Property risks exceeding \$2,000,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of the risk-sharing protection provided by the Organization's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Organization's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Organization does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2025, no liability has been recorded in the Organization's financial statements. As of June 30, 2025, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

SOUTHWEST IOWA PLANNING COUNCIL
 INCLUDING
 SOUTHWEST IOWA TRANSIT AGENCY
 Notes to Financial Statements
 June 30, 2025 and 2024

NOTE J - RISK MANAGEMENT - Continued

The Organization also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation in the amount of \$1,000,000. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K - COMMITMENTS AND CONTINGENCIES

Commitments

During the year ended June 30, 2025, the Organization entered into a contract to purchase buses for operations. The contract has a total cost of approximately \$130,000 for two vehicles. At June 30, 2025 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 January 8, 2026, the date the financial statements were available to be issued.

NOTE L - ECONOMIC DEPENDENCY

The Organization received approximately 42% of its total support and revenue through its contracts with the Iowa and Federal Departments of Transportation for the year ended June 30, 2025 (46% for 2024). The Organization's contract with the Iowa Department of Transportation has been renewed with a 5% increase for fiscal year ending June 30, 2026. The Organization's contract with the Federal Department of Transportation has been renewed with a 5% increase for fiscal year ending June 30, 2026.

NOTE M - 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, 2025 and 2024, was as follows:

	2025	2024
Local governments	80%	78%
Area businesses,	19	21
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 Ten Years

Required Supplementary Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Organization's proportion of the net pension liability	0.038564%	0.038492%	0.036382%	(0.013407)%**
Organization's proportionate share of the net pension liability	\$ 1,404,000	\$ 1,737,000	\$ 1,375,000	\$ 46,000
Organization's covered payroll	\$ 3,588,000	\$ 3,380,000	\$ 2,930,000	\$ 2,680,000
Organization's proportionate share of the net pension liability as a percentage of its covered payroll	39.13%	51.39%	46.93%	1.72%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%

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.

** Overall plan net pension asset

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.032394%	0.031921%	0.030232%	0.026577%	0.026389%	0.024669%
\$ 2,276,000	\$ 1,848,000	\$ 1,913,000	\$ 1,770,000	\$ 1,661,000	\$ 1,219,000
\$ 2,571,000	\$ 2,429,000	\$ 2,272,000	\$ 1,983,000	\$ 1,894,000	\$ 1,692,000
88.53%	76.08%	84.20%	89.26%	87.70%	72.04%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 342,000	\$ 339,000	\$ 319,000	\$ 277,000
Contributions in relation to the statutorily required contribution	<u>(342,000)</u>	<u>(339,000)</u>	<u>(319,000)</u>	<u>(277,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Organization's covered payroll	\$ 3,627,000	\$ 3,588,000	\$ 3,380,000	\$ 2,930,000
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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 253,000	\$ 243,000	\$ 229,000	\$ 203,000	\$ 177,000	\$ 169,000
<u>(253,000)</u>	<u>(243,000)</u>	<u>(229,000)</u>	<u>(203,000)</u>	<u>(177,000)</u>	<u>(169,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,680,000	\$ 2,571,000	\$ 2,429,000	\$ 2,272,000	\$ 1,983,000	\$ 1,894,000
9.44%	9.44%	9.44%	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, 2025

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%.

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

<u>Grant or Contract Number</u>	<u>Program Expenditures</u>
ED24DEN0G0240	\$ <u>70,000</u>
05-79-05993	<u>500,369</u>
	570,369
IA LHB0769-21	<u>623,117</u>
	623,117
25RPA-13	41,263
25RPA-13	36,681
2025-007-01-01-FFY24	2,294,602
TFR 25-030	1,200
TFR 25-049	3,827
TFR 25-050	3,300
TFR 25-052	2,193
TFR 25-053	2,490
TFR 25-080	1,399
TFR 25-083	1,450
TFR 25-103	2,464
TFR 25-104	2,979
TFR 25-105	2,424
TFR 25-123	1,337
TFR 25-124	1,143
2024-024-01-00-FY24	<u>128,048</u>
	2,485,537
2025-019-01-00	<u>264,435</u>
	<u>2,791,235</u>
	<u>\$ 3,984,721</u>

SOUTHWEST IOWA PLANNING COUNCIL
 INCLUDING
 SOUTHWEST IOWA TRANSIT AGENCY
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2025

Computation of Assistance Listing Number 11.307 - COVID-19 Economic Adjustment Assistance

Grant Number	05-79-05993
Balance of loans outstanding at June 30, 2025	\$ 447,154
Cash and investment balance at June 30, 2025	53,215
Total	500,369
Federal percentage	100.00%
Amount included on Schedule of Expenditures of Federal Awards	\$ 500,369

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, 2025. 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, 2025.

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>2025</u>	<u>2024</u>
Public Support and Revenues:		
Public support:		
Iowa Department of Transportation	\$ 872,755	\$ 904,565
Other state assistance	30,462	180,414
Federal Department of Transportation	2,320,808	1,894,241
Local assistance	81,000	81,000
Total public support	<u>3,305,025</u>	<u>3,060,220</u>
Revenues:		
Fares	1,913,504	1,873,220
Other	102,365	55,322
Total revenues	<u>2,015,869</u>	<u>1,928,542</u>
Total public support and revenues	5,320,894	4,988,762
Expenses:		
Salaries	2,792,515	2,770,527
Bad debts	30	560
Depreciation	745,259	594,930
Employee benefits	369,360	437,904
Insurance	615,498	509,979
Lubricants and fuel	474,557	534,862
Payroll taxes	208,774	200,924
Purchased transportation	199,125	244,939
Repairs and maintenance	248,595	259,797
Space costs	88,713	83,630
Other transit costs	246,004	219,911
Total expenses	<u>5,988,430</u>	<u>5,857,963</u>
Loss from Operations	(667,536)	(869,201)
Non-Operating Revenue:		
Interest income	51,624	152,704
Gain on sale of assets	3,925	--
	<u>55,549</u>	<u>152,704</u>
Excess of Expenses Over Support and Revenues Before Capital Grants	(611,987)	(716,497)
Capital Grants	<u>392,483</u>	<u>490,732</u>
Decrease in Net Position	<u>\$(219,504)</u>	<u>\$(225,765)</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,

	2025	2024
Public Support and Revenues:		
Public support:		
Federal Department of Transportation	\$ 77,944	\$ 32,871
Federal Department of Commerce	70,000	87,500
State Department of Economic Development	20,888	14,706
City and county dues	75,060	74,679
Total public support	243,892	209,756
Revenues:		
Grant administration	168,820	--
Contracts	1,942,374	850,404
Other	1,371	2,083
Total revenues	2,112,565	852,487
Total public support and revenues	2,356,457	1,062,243
Expenses:		
Salaries	916,673	878,408
Depreciation	30,082	19,383
Employee benefits	229,149	105,906
Grant administration	1,130,673	475,284
Insurance	17,648	13,295
Payroll taxes	68,429	64,763
Postage	3,061	2,658
Space costs	51,566	76,060
Total expenses	2,447,281	1,635,757
Loss from Operations	(90,824)	(573,514)
Non-Operating Revenue:		
Interest income	9,633	11,534
Decrease in Net Position	\$(81,191)	\$(561,980)

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 of
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency
Atlantic, Iowa

We have audited, 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, the financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of and for the years ended June 30, 2025 and 2024, and the related notes to financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated January 8, 2026.

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 2025-001 that we consider to be a significant deficiency.

To the Policy Council of
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, noncompliance 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 noncompliance 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, 2025 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.

Gronewold, Bell, Kuhn & Co. P.C.

Atlantic, Iowa
January 8, 2026

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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 of
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 programs for the year ended June 30, 2025. The Organization's major federal programs are identified in Part I 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 programs for the year ended June 30, 2025.

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, 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 of
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 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 of
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.

Gronewald, Bell, Kylvum & Co. P.C.

Atlantic, Iowa
January 8, 2026

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

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 noncompliance 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 programs.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (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 programs were Assistance Listing Number 11.307 COVID-19 Economic Adjustment Assistance and Assistance Listing Number 14.905 Lead Hazard Reduction Demonstration Grant Program.
- (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, 2025

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2025-001 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.

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SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

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SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Part IV: Other Findings Related to Required Statutory Reporting:

- 2025-A Questionable Expenses - During the audit, we noted no expenses of the Organization's funds without proper documentation of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2025-B Travel Expense - No expenses of Organization money for travel expenses of spouses of Organization officials or employees were noted.
- 2025-C Business Transactions - No business transactions between the Organization and Organization officials or employees were noted.
- 2025-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.
- 2025-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.
- 2025-F Board Minutes - No transactions requiring Board approval were noted which had not been approved.
- 2025-G Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Organization's investment policy were noted.

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