UPPER EXPLORERLAND
REGIONAL PLANNING COMMISSION
DECORAH, IOWA

FINANCIAL REPORT

JUNE 30, 2025

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Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Decorah, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Upper Explorerland Regional Planning Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Upper Explorerland Regional Planning Commission, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Upper Explorerland Regional Planning Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Upper Explorerland Regional Planning Commission'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.

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 opinions. 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 the Upper Explorerland Regional Planning Commission'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 the Upper Explorerland Regional Planning Commission'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

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedule of the Commission's proportionate share of the net pension liability and the schedule of Commission contributions on pages 4 through 4e and pages 29 through 31 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Explorerland Regional Planning Commission's June 30, 2025 basic financial statements. The supplementary information included in Schedule 1 and the schedule of expenditures of federal awards, as required by Title 2 U.S. C*ode of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information presented in Schedule 1 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2026, on our consideration of the Upper Explorerland Regional Planning Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Upper Explorerland Regional Planning Commission'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 Upper Explorerland Regional Planning Commission's internal control over financial reporting and compliance.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 15, 2026

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
DECORAH, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2025

Upper Explorerland Regional Planning Commission provides this management's discussion and analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2025 FINANCIAL HIGHLIGHTS

Revenues of the Commission's governmental activities increased 86.3% or $1,615,838 from fiscal year 2024 to fiscal year 2025 due to changes in grant funding.

Expenses of the Commission's governmental activities increased 97.2% or $1,650,156 from fiscal year 2024 to fiscal year 2025 due to changes in grant funding.

The Commission's net position increased 4.4% or $140,610 from June 30, 2024 to June 30, 2025.

USING THIS ANNUAL REPORT

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

Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The government-wide financial statements consist of a statement of net position and a statement of activities. These provide information about the activities of the Commission as a whole and present an overall view of the Commission's finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Upper Explorerland Regional Planning Commission's operations in more detail than the government-wide financial statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For the Commission, the general fund, the Revolving Loan Fund (RLF) - special revenue fund, the Intermediary Relending Program (IRP) - special revenue fund, and the HAWC Revolving Loan Fund (HAWC) - special revenue fund are the most significant funds.

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

Required supplementary information further explains and supports the financial statements with a comparison of the Commission's proportionate share of the net pension liability and related contributions.

The schedule of expenditures of federal awards provides details of various federal programs benefiting the Commission.

REPORTING THE COMMISSION'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

The statement of net position and the statement of activities report the governmental activities which include regional planning assistance, grant writing and revolving loan administration along with other assistance provided on an as needed basis. State and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's funds, focusing on its most significant or "major" funds - not the Commission as a whole. Funds are accounting devices the Commission uses to keep track of specific sources of funding and spending on particular programs.

Governmental Funds

Governmental funds account for the Commission's basic services which focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the general fund, 2) the special revenue funds, such as RLF, IRP, and HAWC. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the Commission's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities for the years ended June 30, 2025 and 2024:

Condensed Statement of Net Position (Expressed in Thousands)		
	Governmental Activities	
	2025	2024
Current and other assets	$ 3,717	$ 3,718
Capital assets	821	773
Total assets	4,538	4,491
Deferred outflows of resources	128	131
Current liabilities	393	435
Noncurrent liabilities	600	701
Total liabilities	993	1,136
Deferred inflows of resources	361	315
Net position:		
Net investment in capital assets	603	516
Restricted	1,639	1,612
Unrestricted	1,070	1,043
Total net position	$ 3,312	$ 3,171

Upper Explorerland Regional Planning Commission's net position increased $140,610 or 4.4% from fiscal year 2024 to fiscal year 2025. A portion of the Commission's net position is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The Commission's restricted net position increased $26,255 or 1.63% over the prior year.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased for the governmental activities $26,400 or 2.5%.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following analysis shows the changes in net position for the governmental activities for the years ended June 30, 2025 and 2024:

	Changes in Net Position (Expressed in Thousands)	
	Governmental Activities	
	2025	2024
REVENUES		
Program revenue:		
Charges for service	$ 483	$ 567
Operating grants	2,922	1,237
General revenue:		
Rents	68	68
Unrestricted investment earnings/other	1	1
Other	15	
Total revenues	3,489	1,873
PROGRAM EXPENSES		
Salaries	858	727
Employee benefits	271	253
Travel and per diem	17	12
Contracted services	300	129
Conferences and training	7	11
Other expense	47	59
Office supplies	24	21
Occupancy expense	23	32
Legal/professional fees	25	29
Indirect costs	196	179
Interest	1	2
Grants/programs	1,537	215
Depreciation	42	29
Total expenses	3,348	1,698
Increase in net position	141	175
NET POSITION, beginning of year	3,171	2,996
NET POSITION, end of year	$ 3,312	$ 3,171

INDIVIDUAL MAJOR FUND ANALYSIS

As the Commission completed the year, its governmental funds reported a combined fund balance of $3,174,597, a $58,853 decrease from the 2024 fiscal year end balance of $3,233,450.

- **The ending general fund balance showed a decrease of 4.72% from the prior year of $1,474,687 to $1,405,105. General fund revenues increased by $1,597,979 or 87.96%. Expenditures increased by $1,665,727 or 90.87%. The general fund can vary from year to year depending on various grants.**

- **The Revolving Loan Fund (RLF) balance at year end increased $19,966 over the prior year. There were three new loans during fiscal year 2025 and one loan was paid off.**

- **The Intermediary Relending Program (IRP) fund balance at year end decreased by $9,318 or 1.39%. There were no new loans during fiscal year 2025 and no loans were paid off.**

- **The HAWC Relending Program (HAWC) fund balance at year end increased by $81 or 0.15%**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the Commission had $860,627 invested in a broad range of capital assets, including buildings, equipment and vehicles.

The Commission had depreciation expense of $41,657 for fiscal year 2025 and total accumulated depreciation of $336,664 as of June 30, 2025 for the governmental activities. More detailed information about the Commission's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the Commission had $441,995 in debt compared to $509,243 in fiscal year 2024. More detail is presented in Note 6 to the financial statements.

ECONOMIC FACTORS BEARING ON THE COMMISSION'S FUTURE

Over the past fiscal year, the Upper Explorerland Regional Planning Commission (UERPC) reaffirmed its commitment to long-standing partnerships with cities and counties across Northeast Iowa. At the same time, we recognized the growing need to apply our statewide network, local expertise, and collaborative approach in new ways—adapting to the evolving economic needs of our communities.

Key economic sectors currently guiding UERPC's focus include manufacturing, agriculture, real estate (both ownership and rental), as well as finance and insurance. Through our comprehensive programs in housing, Section 8 rental assistance, transportation, regional planning, economic development, and financial services, UERPC continues to play a critical role in supporting economic resilience and opportunity across the region.

ECONOMIC FACTORS BEARING ON THE COMMISSION'S FUTURE (Continued)

The past year brought measurable success. UERPC staff consistently delivered high-level support and strategic solutions to our local government partners. Collectively, their work helped secure over $307 million in grant funding across the region, with more than $5.4 million directly written and administered by UERPC. These funds helped drive numerous initiatives, including:

- **Childcare solutions and workforce recruitment efforts**
- **Workforce housing tax credits**
- **Wastewater and sewer infrastructure upgrades**
- **First-time homebuyer and housing rehabilitation programs**
- **Environmental and sustainability projects**
- **Long-range transportation and energy efficiency planning**

These successes underscore the strength and impact of a collaborative regional approach—bringing together diverse partners to achieve outcomes that no single community could accomplish alone.

Like many rural areas, Northeast Iowa faces persistent economic challenges: limited industry diversification, a smaller tax base, reduced access to specialized services, and an outsized reliance on a few key sectors. UERPC helps local governments, businesses, and nonprofits navigate these constraints by expanding access to resources, facilitating partnerships, and leveraging economies of scale.

Looking ahead, the region is contending with a period of economic stagnation, lagging behind national performance benchmarks. Manufacturing job losses, volatility in the agricultural sector driven by falling commodity prices and tariff uncertainties, and a shrinking labor force due to retirements and career shifts are all contributing to this downturn. Broader issues like inflation, rising household costs, and business investment uncertainty continue to impact families and communities.

In response, UERPC will continue to monitor and address critical issues such as:

- **The rising cost and limited availability of childcare**
- **Affordable housing shortages**
- **Commodity price instability**
- **Increasing energy burdens**
- **Business development and workforce challenges**

Our team remains focused on expanding program offerings, identifying new funding opportunities, and designing sustainable, long-term strategies that will strengthen the region's economic future and quality of life.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Commission's citizens, taxpayers, customers, and creditors with a general overview of Upper Explorerland Regional Planning Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Commission's Office, 325 Washington Street, Suite A, Decorah, IA 52101.

EXHIBIT A

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,626,462
Receivables:	
Accounts	15,427
Interest	2,871
Due from other governments	514,098
Prepaid expenses	1,964
Investments	11,994
Loan receivables	1,253,969
Lease receivables	290,307
Capital assets, non-depreciable	160,898
Capital assets, net of accumulated depreciation	659,729
Total assets	4,537,719
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows of resources	128,136
Total assets and deferred outflows of resources	$ 4,665,855
LIABILITIES	
Accounts payable	$ 263
Due to other governments	2,744
Salaries and benefits payable	35,716
Accrued interest payable	1,183
Advances from grantors	213,184
Long-term liabilities:	
Portion due within one year:	
Notes payable	50,575
Compensated absences	89,278
Portion due after one year:	
Notes payable	302,142
Net pension liability	297,509
Total liabilities	992,594
DEFERRED INFLOWS OF RESOURCES	
Lease related deferred inflows	290,307
Pension related deferred inflows	71,153
Total deferred inflows of resources	361,460
NET POSITION	
Net investment in capital assets	603,571
Restricted for:	
HAWC	54,041
RLF	1,053,340
IRP	531,335
Unrestricted	1,069,514
Total net position	3,311,801
Total liabilities, deferred inflows of resources and net position	$ 4,665,855

See Notes to Financial Statements.

EXHIBIT B

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions and Programs	Expenses	Program Revenues: Charges for Service	Program Revenues: Operating Grants, Contributions and Restricted Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES				
Community and economic development	$ 3,347,663	$ 483,374	$ 2,921,409	$ 57,120
Total governmental activities	$ 3,347,663	$ 483,374	$ 2,921,409	57,120
GENERAL REVENUES				
Unrestricted investment earnings				520
Rents				68,469
Other				14,501
Total general revenues				83,490
Change in net position				140,610
NET POSITION, beginning of year				3,171,191
NET POSITION, end of year				$ 3,311,801

See Notes to Financial Statements.

EXHIBIT C

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General	Special Revenue Funds: Revolving Loan Fund (RLF)	Special Revenue Funds: Intermediary Relending Program (IRP)	Special Revenue Funds: HAWC Revolving Loan Fund (HAWC)	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,105,731	$ 243,601	$ 223,089	$ 54,041	$ 1,626,462
Receivables:					
Accounts	15,427				15,427
Interest		1,837	1,034		2,871
Due from other funds	8,079				8,079
Due from other governments	514,098				514,098
Prepaid expenses	1,964				1,964
Investments	11,994				11,994
Loan receivables		812,854	441,115		1,253,969
Lease receivables	57,236				57,236
Total assets	$ 1,714,529	$ 1,058,292	$ 665,238	$ 54,041	$ 3,492,100
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 263				$ 263
Salaries and benefits payable	35,716				35,716
Accrued interest	281				281
Due to other funds		$ 4,952	$ 3,127		8,079
Due to other governments	2,744				2,744
Advances from grantors	213,184				213,184
Total liabilities	252,188	4,952	3,127	$ -	260,267
Deferred inflows of resources:					
Lease related	57,236				57,236
Total deferred inflows of resources	57,236	-	-	-	57,236
Fund balances:					
Restricted for:					
RLF		1,053,340			1,053,340
IRP			312,111		312,111
Local match			350,000		350,000
HAWC				54,041	54,041
Unassigned	1,405,105				1,405,105
Total fund balances	1,405,105	1,053,340	662,111	54,041	3,174,597
Total liabilities, deferred inflows of resources and fund balances	$ 1,714,529	$ 1,058,292	$ 665,238	$ 54,041	$ 3,492,100

See Notes to Financial Statements.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

Reconciliation of governmental fund balances to net position:		
Total governmental fund balances		**$ 3,174,597**
Amounts reported for governmental activities in the statement of net position are difference because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds, net of accumulated depreciation of $336,664.		**820,627**
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	**$ 128,136**	
Deferred inflows of resources	**(71,153)**	**56,983**
Some liabilities, including notes payable and accrued interest, compensated absences payable, and net pension liability, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds:		
Notes payable		**(352,717)**
Accrued interest		**(902)**
Compensated absences		**(89,278)**
Net pension liability		**(297,509)**
Net position of governmental activities per Exhibit A		**$ 3,311,801**

See Notes to Financial Statements.

EXHIBIT D

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Special Revenue Funds: Revolving Loan Fund (RLF)	Special Revenue Funds: Intermediary Relending Program (IRP)	Special Revenue Funds: HAWC Revolving Loan Fund (HAWC)	Total Governmental Funds
REVENUES					
Federal sources	$ 2,170,855				$ 2,170,855
Local sources:					
Interest	4,367	$ 35,713	$ 20,392	$ 81	60,553
Rents	68,469				68,469
Other	1,170,953	2,942			1,173,895
Total revenues	3,414,644	38,655	20,392	81	3,473,772
EXPENDITURES					
Salaries	847,930	11,251	7,683		866,864
Employee benefits	347,109	4,990	3,398		355,497
Travel and per diem	16,968				16,968
Contracted services	299,605				299,605
Conferences and training	6,593				6,593
Other support	8,995				8,995
Equipment purchase/lease	89,172				89,172
Office supplies	24,211				24,211
Occupancy expense	14,341				14,341
Legal/professional fees	25,134				25,134
Other expense	47,375				47,375
Indirect costs	195,657	2,448	1,549		199,654
Interest			1,454		1,454
Bad debt expense			100		100
Grants/programs	1,532,697				1,532,697
Long-term debt principal	42,940		15,526		58,466
Total expenditures	3,498,727	18,689	29,710	-	3,547,126
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(84,083)	19,966	(9,318)	81	(73,354)
OTHER FINANCING SOURCES					
Proceeds from sale of assets	14,501	-	-	-	14,501
Change in fund balances	(69,582)	19,966	(9,318)	81	(58,853)
FUND BALANCES, beginning of year	1,474,687	1,033,374	671,429	53,960	3,233,450
FUND BALANCES, end of year	$ 1,405,105	$ 1,053,340	$ 662,111	$ 54,041	$ 3,174,597

See Notes to Financial Statements.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities:		
Net change in fund balances - total governmental funds		**$ (58,853)**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the current year as follows:		
Depreciation expense	**$ (41,657)**	
Capital outlays	**89,172**	**47,515**
Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		**58,466**
The current year Commission IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the statement of net position.		**79,301**
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Pension expense	**5,399**	
Compensated absences	**8,782**	**14,181**
Change in net position of governmental activities per Exhibit B		**$ 140,610**

See Notes to Financial Statements.

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Upper Explorerland Regional Planning Commission (Commission) was created under Chapters 473A and 28E, State Code of Iowa as a regional planning organization to serve Allamakee, Clayton, Fayette, Howard, and Winneshiek counties of Northeast Iowa. The Commission is governed by a Board of Commissioners appointed from the five counties. The Commission provides comprehensive studies and plans for the development of the five-county area. Its programs are financed from federal and state grants and contracts, county appropriations and interest earned on investments. In addition, the Commission administers various Community Development Block Grant programs and is responsible for administering the various programs and also provides special services in the form of printing, reproduction, and mapping. The Commission, through its Revolving Loan Fund Programs and Intermediary Relending Program makes low interest loans available to businesses in the five-county area.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

b. Significant Accounting Policies

Scope of Reporting Entity

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

Joint Venture

The Commission did participate in a jointly governed organization that provides services to the Commission and meets the criteria of a joint venture since there is ongoing financial interest or responsibility by the participating governments, however, as of September 18, 2017, the Commission withdrew as an anchor member of the Decorah MetroNet (MetroNet). The Commission has agreed to pay the balance owed of $5,787 to MetroNet. See Note 6.b for more details.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by local tax support/dues and intergovernmental revenues.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

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

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The general fund, the Revolving Loan Fund (RLF) - special revenue fund, the Intermediary Relending Program (IRP) - special revenue fund, and the HAWC Revolving Loan Fund (HAWC) are the major governmental funds for the Commission.

The major funds of the financial reporting entity are described below:

General Fund

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

Special Revenue Funds

The RLF fund accounts for the revenues and expenditures of the Revolving Loan Fund. The program makes low interest financing to new and expanding businesses in the five-county area.

The IRP fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program also makes low interest financing to new and expanding businesses in the five-county area.

The HAWC fund accounts for the receipts and disbursements of the HAWC Revolving Loan Fund. The program makes low interest financing to encourage the creation of more registered childcare centers or expand services for a registered childcare provider in the five-county area.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

Local tax support/dues, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

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

Cash and Cash Equivalents

The cash balances of most Commission funds are invested. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Accounts Receivables

The Commission considers all receivables to be fully collectible and, accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be expensed when that determination is made.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Loan Receivables

The Commission (through the IRP, RLF and HAWC funds) loans out monies to provide financing to new and expanding businesses for which credit is not otherwise available on comparable terms and conditions, which permit completion and/or the successful operation of proposed business activities. The Commission considers all loans to be fully collectible, and accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be expensed when that determination is made. A reserve for bad debt has been established for IRP funds due to a provision in the IRP Revolving Fund Agreement. See Note 6.c for more information on the IRP Reserve for Bad Debt.

Interfund Transactions

During the course of its operations, the Commission has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2025, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Capital Assets

Capital assets, which include property, furniture, equipment and vehicles are reported in the government-wide statement of net position. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair, which do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are defined by the Commission as assets with an initial, individual cost in excess of $3,000 and estimated useful lives in excess of one year.

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	10 - 39
Furniture, equipment and vehicles	4 - 10

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Leases - Commission as Lessor

The Commission is the lessor for a noncancellable lease of buildings. The Commission recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The Commission uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur which are expected to significantly affect the amount of the lease receivable.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Advances from Grantors

Grant proceeds which have been received by the Commission but will be spent in a succeeding fiscal year.

Salaries and Benefits Payable

Payroll and related expenditures for employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2025 was used to calculate the salaries payable.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation and compensatory overtime for subsequent use or for payment upon termination, death or retirement. A liability is recorded in the government-wide financial statements when each of following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries over 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.

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the general fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of deferred amounts related to leases and grants.

Deferred inflows of resources in the statement of net position consists of unrecognized items not yet charged to pension expense and deferred amounts related to leases and grants.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position (Continued)

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

Fund Balance

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

Restricted - amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned - is the remaining fund balance, which is not included in other spendable classifications.

Net Position

The statement of net position presents the Commission's nonfiduciary 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 the outstanding balances of any notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position consists of net position with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position. Restricted net position is used first when an expense is incurred for purposes for both restricted and unrestricted net position.

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.

Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

The Commission's deposits in banks at June 30, 2025 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Commissioners; 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.

3. Investments

The Commission's investments are stated at fair value and consist of the following:

Description	Fair Value June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)
Common stock	$ 11,994	$ 11,994

Fair values for investments in level 1 are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in level 2 are determined based on recent prices of similar assets. Fair values for level 3 are based on significant unobservable inputs for the asset or liability. The Commission had no level 2 or 3 inputs.

4. Lease Receivables

The Commission has leased a portion of its buildings in three separate three-year lease agreements. The Commission is to receive approximately $68,000 in building rent annually at an implicit rate of 4.3% for each lease agreement. The following is a schedule by year of future minimum lease payments and the present value of net minimum lease payments following June 30, 2025.

Year Ending June 30,	Amount
2026	$ 68,468
2027	68,468
2028	68,468
2029	56,343
2030	55,241
Thereafter	4,604
Total minimum lease payments	321,592
Less amount representing interest	(31,285)
Total	$ 290,307

5. Capital Assets

Capital assets activity for the year ended June 30, 2025 is as follows. The Commission had no capitalized interest costs for the year ended June 30, 2025.

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Land	$ 160,898	$ -	$ -	$ 160,898
Capital assets being depreciated:				
Buildings and improvements	821,785	41,001		862,786
Furniture, equipment and vehicles	120,376	48,171	(34,940)	133,607
Total capital assets being depreciated	942,161	89,172	(34,940)	996,393
Less accumulated depreciation for:				
Buildings and improvements	222,225	28,258		250,483
Furniture, equipment and vehicles	107,722	13,399	(34,940)	86,181
Total accumulated depreciation	329,947	41,657	(34,940)	336,664
Total capital assets being depreciated, net	612,214	47,515	-	659,729
Capital assets, net	$ 773,112	$ 47,515	$ -	$ 820,627

6. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Notes payable:					
Freedom Bank	$ 257,496		$ 40,440	$ 217,056	$ 32,394
Decorah MetroNet	8,287		2,500	5,787	2,500
USDA (04)	145,400		15,526	129,874	15,681
Compensated absences	98,060	$ 89,278	98,060	89,278	89,278
Long-term liabilities	$ 509,243	$ 89,278	$ 156,526	$ 441,995	$ 139,853

6. Long-term Debt Obligations (Continued)

Notes Payable

a. Freedom Bank

Is to be repaid in monthly payments of $3,142 that began on November 15, 2013 with a balloon payment due October 15, 2023. In September 2021, the loan was refinanced to change the interest rate from 4.5% to 2.625% and also changed the balloon payment date to August 15, 2026. The note is collateralized by real estate. The Commission has been making additional principal payments of $750 per month.

b. Decorah MetroNet

On September 18, 2017, the Commission withdrew as an anchor member of the Decorah MetroNet. The Commission will pay no less than $2,500 per year, payable on or before the first day of June 2018 and the first day of each June thereafter through June 1, 2028 when any remaining balance will be due and payable in full. The original investment of $77,500 was removed as an investment and expensed on the statement of revenues, expenditures and changes in fund balances in fiscal year 2018.

c. USDA (04)

Is a loan agreement with Rural Development, United States Department of Agriculture which was signed on March 20, 2003. This was for an additional $400,000 loan. In order to secure this loan, the Commission had to contribute $100,000. The loan will be repaid in twenty-seven annual payments of $16,980 that began on March 20, 2007, and the final payment will be due on March 20, 2033. The interest rate is 1%.

On March 20, 2003, the Commission and Rural Development, United States Department of Agriculture agreed to combine the original $1,000,000 IRP Revolving Loan Fund with the subsequent $400,000 IRP Loan Fund. Under the new "Amended IRP Revolving Fund Agreement," the loans will both be managed under the terms of the 4274-D regulations. The new agreement requires the Commission to create a "Reserve for Bad Debt." The Reserve for Bad Debt should equal 6% of the outstanding principal balance of the ultimate recipient loans. The Reserve for Bad Debt should be approximately 6% of $441,115 or $26,467. The June 30, 2025 balance was $26,467, which met the requirement.

A summary of principal and interest maturities is as follows:

Year Ending	Freedom Bank		MetroNet	USDA (04)		Grand Totals	
June 30,	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2026	$ 32,394	$ 5,310	$ 2,500	$ 15,681	$ 1,299	$ 50,575	$ 6,609
2027	184,662	801	2,500	15,838	1,142	203,000	1,943
2028			787	15,996	984	16,783	984
2029				16,156	824	16,156	824
2030				16,318	662	16,318	662
2031-2033				49,885	999	49,885	999
Total	$ 217,056	$ 6,111	$ 5,787	$ 129,874	$ 5,910	$ 352,717	$ 12,021

7. Pension Plan

Plan Description

IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO 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 Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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.

7. Pension Plan (Continued)

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 year 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2025 totaled $79,301.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Commission reported a net pension liability of $297,509 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the Commission's proportion was 0.008170%, which was an increase of 0.000644% over its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Commission recognized pension expense of $(5,399). At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,673	$ 185
Changes of assumptions		4
Net difference between projected and actual earnings on IPERS' investments	3,721	
Changes in proportion and differences between Commission contributions and the Commission's proportionate share of contributions	21,441	70,964
Commission contributions subsequent to the measurement date	79,301	
Total	$ 128,136	$ 71,153

7. Pension Plan (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$79,301 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (70,131)
2027	54,138
2028	(1,623)
2029	(6,526)
2030	1,824
Total	$ (22,318)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions

The total net pension liability in the June 30, 2024 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 increase (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 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future 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.

7. **Pension Plan (Continued)**

Actuarial Assumptions (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
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	100.0%	

Discount Rate

The discount rate used to measure the total net 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 Commission 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 net pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission'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%)
Commission's proportionate share of the net pension liability	$ 730,081	$ 297,509	$ (64,773)

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

All legally required Commission contributions and legally required employee contributions which had been withheld from employee wages were remitted by the Commission to IPERS by June 30, 2025.

8. Medical Insurance/Health Alternative

Plan Description

The Commission operates a benefit plan which provides medical/prescription drug benefits for active employees. There are eleven active members currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission partially self-insures. The plan deductible is $5,000 and the out-of-pocket maximum is $9,000. The Commission self-insures up to $6,000 per employee for the deductible and out-of-pocket expenses. It was estimated that the Commission could be responsible for $13,200 based on the 20% employee HRA Utilization. The Commission has a third-party administrator to handle the claims. Regular full-time employees are eligible for single coverage health insurance. Employees who refuse coverage under the Commission's health insurance policy will be allowed $175 to a 457(b)-tax sheltered annuity under a plan established by the Commission.

In addition, the Commission offers dental and vision coverage for current employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for medical insurance benefit according to hours worked. An employee who is laid off has a reduction of hours or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premium for the Commission and plan members was $900.11 medical, $27.10 dental, and $10.38 for vision. Single coverage is only available for health insurance (no dependents allowed on the plan). For dental, the cost for a dependent is based on age of dependent (<19 = $19.24 and >19 is $27.10). For vision, there is no cost to the employee for dependents.

The Commission requires all employees on their plan to contribute 10% of the cost of their medical premium. The Commission pays dental and vision for the employee. For the year ended June 30, 2025, the Commission contributed $82,954 to the plan.

9. Risk Management

Upper Explorerland Regional Planning Commission is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Support from Governmental Units

The Commission receives substantially all of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

11. Indirect Costs

The Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs in the general fund for the year ended June 30, 2025, totaled $195,657. The Commission allocates indirect costs to all grants in accordance with the Uniform Guidance.

11. Indirect Costs (Continued)

Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas and adding "pool salaries" which are allocated based on the direct salary percentage. Indirect costs are allocated based on the direct payroll percentages.

12. Fiscal Agent

The Commission acts as a fiscal agent for various programs. Monies are passed through to other parties as needed. As of June 30, 2025, pass through dollars of $11,422 are held by the Commission for Northeast Iowa Business Network (NIBN).

13. Restricted Net Position

As of June 30, 2025, the Commission's restricted net position consists of the following:

Net position:		
HAWC		**$ 54,041**
RLF		**1,053,340**
Net position:		
IRP:		
Local match	**$ 662,111**	
Loan pool	**(902)**	
Reserve for debt	**(129,874)**	**531,335**
Total restricted net position		**$ 1,638,716**

14. Functional Allocation of Expenses

As of June 30, 2025, the costs of providing various programs and other activities have been allocated on a functional basis and are as follows:

Salaries	**$ 858,082**
Employee benefits	**270,797**
Travel and per diem	**16,968**
Contracted services	**299,605**
Conferences and training	**6,593**
Bad debt expense	**100**
Office supplies	**24,211**
Occupancy expense	**23,336**
Legal/professional fees	**25,134**
Other expense	**47,375**
Interest	**1,454**
Grants/programs	**1,536,694**
Depreciation	**41,657**
Total direct costs	**3,152,006**
Indirect costs (see Note 11)	**195,657**
Expenses per Exhibit B	**$ 3,347,663**

15. Related Party Transactions

The Commission contracts with UERPC Housing, Inc. and provides management and administrative services including, but not limited to, grant writing services and applying for funding. Fees related to these services for the year amounted to $99,520. The UERPC Housing, Inc. was audited separately as of June 30, 2025, and received an unmodified opinion dated November 13, 2025.

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (Housing Authority). The Housing Authority is a governmental organization that is an agent for landlords who rent housing facilities to very low-income individuals with assistance from the federal government. The Housing Authority operates in Allamakee, Clayton, Fayette, Howard, and Winneshiek counties of Iowa. Rachelle Howe, Executive Director of the Commission, is also the Director of the Housing Authority. The Commission bills the Housing Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2025, this amounted to $359,410. The Housing Authority was audited separately as of June 30, 2025, and received an unmodified opinion dated December 23, 2025.

16. Contingent Liabilities

The Commission participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units and can vary from year to year. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the Commission may be required to reimburse the grantor government. As of June 30, 2025, significant amounts of grant expenditures have not been audited by granting authorities, but the Commission believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Commission.

17. Accounting Change

During the fiscal year 2025, the Commission implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. This standard establishes revised recognition and measurement criteria for liabilities related to compensated absences, including vacation, sick leave, and other forms of paid time off. Under this standard, compensated absences are recognized when the benefits are earned, rather than when they become payable. As a result, certain leave types previously excluded from liability calculations are now included, and the timing of recognition has been modified. Implementation of this statement did not have a significant impact on the Commission.

During fiscal year 2025, the Commission implemented Governmental Accounting Standards Board Statement No. 102, *Certain Risk Disclosures*. This statement requires disclosure of significant concentrations or constraints that could expose the Commission to substantial risk. If such risks are present and associated events have occurred, begun to occur, or are likely to occur within twelve months of the financial statement issuance date, the Commission must disclose the nature of the risk, related events, and any mitigating actions taken. Implementation of this statement did not have a significant impact on the Commission.

18. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued two statements not yet implemented by the Commission. The statements which might impact the Commission are as follows:

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the fiscal year ending June 30, 2026. The primary objective of this statement is to enhance transparency and usefulness of financial statements by requiring separate disclosures for certain capital assets, including intangible assets and assets held for sale.

The Commission's management has not yet determined the effect these statements will have on the Commission's financial statements.

19. Subsequent Events

Management has evaluated subsequent events through January 15, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years*
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Commission's proportion of the net pension liability	0.008170%	0.007526%	0.008327%	-0.003778%	0.010517%	0.011268%	0.012163%	0.011420%	0.012614%	0.012394%
Commission's proportionate share of the net pension liability	$ 298	$ 340	$ 315	$ 13	$ 739	$ 652	$ 770	$ 761	$ 794	$ 612
Commission's covered payroll	$ 754	$ 661	$ 678	$ 752	$ 848	$ 858	$ 929	$ 851	$ 907	$ 840
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	39.52%	51.44%	46.46%	1.73%	87.15%	75.99%	82.88%	89.42%	87.54%	72.86%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

*** In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.**

See Notes to Required Pension Liability Information and Independent Auditor's Report.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMISSION CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Last Ten Years
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 79	$ 71	$ 62	$ 64	$ 71	$ 80	$ 81	$ 83	$ 76	$ 81
Contributions in relation to the statutorily required contribution	(79)	(71)	(62)	(64)	(71)	(80)	(81)	(83)	(76)	(81)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered payroll	$ 840	$ 754	$ 661	$ 678	$ 752	$ 848	$ 858	$ 929	$ 851	$ 907
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

See Notes to Required Pension Liability Information and Independent Auditor's Report.

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 Independent Auditor's Report.

Other Supplementary Information

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

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

1. **The auditor's report expresses unmodified opinions on whether the financial statements of Upper Explorerland Regional Planning Commission were prepared in accordance with U.S. generally accepted accounting principles.**

2. **No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses are reported.**

3. **No instances of noncompliance material to the financial statements of Upper Explorerland Regional Planning Commission, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.**

4. **No significant deficiencies in internal control over the major federal award program was disclosed by the audit of the financial statements. No material weaknesses are reported.**

5. **The auditor's report on compliance for the major federal award program for Upper Explorerland Regional Planning Commission expresses an unmodified opinion on the major federal program.**

6. **The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).**

7. **The program tested as a major program was as follows:**
   - **Federal Assistance Listing Number 21.026 Homeowner Assistance Fund**

8. **The threshold used for distinguishing between Type A and Type B programs was $750,000.**

9. **Upper Explorerland Regional Planning Commission was determined to be a low-risk auditee.**

Part II: Findings Related to the Financial Statements:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part III: Findings and Questioned Costs for the Major Federal Award:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

No matters were noted.

See Independent Auditor's Report.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Grantor/Program	Federal Assistance Listing Number	Grant Number	Period of Grant	Program Expenditures
Direct:				
U.S. Department of Commerce:				
Economic Development Support for Planning Organizations	11.302	ED22DEN3020029	7/1/22 - 3/31/25	$ 52,500
Economic Development Support for Planning Organizations	11.302	ED25DEN0G0191	4/1/25 - 3/31/28	17,500
				70,000
U.S. Department of Transportation:				
Pass through Iowa Northland Regional Council of Governments:				
Highway Planning and Construction	20.205	FHWA SPR, FHWA STBG	7/1/24 - 6/30/25	82,060
Highway Planning and Construction	20.205	SRTS PH14	7/1/24 - 6/30/25	15,701
Highway Planning and Construction	20.205	SRTS PH15	7/1/24 - 6/30/25	63,718
Formula Grants for Rural Areas and Tribal Transit Program	20.509	FTA 5311	7/1/24 - 6/30/25	30,029
				191,508
U.S. Department of Agriculture:				
Pass through Rural Housing Service:				
Community Facilities Loans and Grants	10.766	CF TAT2	10/1/22 - 9/30/25	44,213
U.S. Department of Housing and Urban Development:				
Pass through Iowa Finance Authority:				
Home Investment Partnerships Program	14.239	23-1-HM-195	10/15/23 - 11/30/25	147,097
U.S. Department of Treasury:				
Pass through Iowa Finance Authority:				
Homeowner Assistance Fund	21.026	HAFP-0294	1/1/24 - 9/30/26	1,450,122
U.S. Department of Health and Human Services:				
Pass through Iowa Department of Human Services:				
CCDF Cluster:				
Child Care and Development Block Grant	93.575	FWEBP-CC-24-173	11/20/23 - 9/30/24	74,829
Loan Balance:				
U.S. Department of Agriculture:				
Intermediary Relending Program	10.767	04		145,400
U.S. Department of Commerce:				
Economic Development Cluster:				
Economic Adjustment Assistance	11.307	05-79-05992	Perpetual	544,890
Total Federal Financial Assistance				$ 2,668,059

* Total received for Grant Number 20.205 was $161,479

See Independent Auditor's Report.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Basis of Presentation:

- **The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Upper Explorerland Regional Planning Commission 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* (CFR) 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 Upper Explorerland Regional Planning Commission, it is not intended to and does not present the financial position, changes in net position or cash flows of Upper Explorerland Regional Planning Commission.**

Summary of Significant Accounting Policies:

- **Expenditures reported on the schedule are reported on the modified 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.**

- **Pass-through entity identifying numbers are presented where available.**

Indirect Cost Rate:

- **Upper Explorerland Regional Planning Commission has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.**

Subrecipients:

- **There were no awards passed through to subrecipients.**

Loan Outstanding:

Upper Explorerland Regional Planning Commission had the following loan balances outstanding at June 30, 2025.

Loan Balance	Federal Assistance Listing Number	Pass-through Identifying Number	Expenditures
Housing Loans	10.767	04	$ 129,874

EDA Calculation:

Principal outstanding	$ 417,111
Cash available for lending	121,016
RLF income used for administrative expense	6,763
	544,890
Federal grant rate	100%
Federal expenditure amount	$ 544,890

See Independent Auditor's Report.

Hacker Nelson & Co., CPAs

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 Board of Commissioners
Upper Explorerland Regional Planning Commission
Decorah, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Upper Explorerland Regional Planning Commission, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Upper Explorerland Regional Planning Commission's basic financial statements and have issued our report thereon dated January 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Upper Explorerland Regional Planning Commission'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Explorerland Regional Planning Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Upper Explorerland Regional Planning Commission'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 Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Explorerland Regional Planning Commission'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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 15, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Decorah, Iowa

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Upper Explorerland Regional Planning Commission's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Upper Explorerland Regional Planning Commission's major federal program for the year ended June 30, 2025. Upper Explorerland Regional Planning Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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* (CFR) 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 Upper Explorerland Regional Planning Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Upper Explorerland Regional Planning Commission'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 Upper Explorerland Regional Planning Commission's federal programs.

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 Upper Explorerland Regional Planning Commission'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 generally accepted auditing standards, *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 the judgment made by a reasonable user of the report on compliance about Upper Explorerland Regional Planning Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Upper Explorerland Regional Planning Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.**

- **Obtain an understanding of Upper Explorerland Regional Planning Commission'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 Upper Explorerland Regional Planning Commission's internal control over compliance. Accordingly, no such opinion is expressed.**

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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.

Hacker, Nelson + Co., CPAs

Decorah, Iowa
January 15, 2026