UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Upper Explorerland
Regional Housing Authority
Postville, Iowa

Federal Audit Clearinghouse
Bureau of the Census
P.O. Box 5000
Jeffersonville, IN 47199-5000

We have audited the accompanying financial statements of Upper Explorerland Regional Housing Authority, as of June 30, 2009 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in The United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Explorerland Regional Housing Authority as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of Upper Explorerland Regional Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the

internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The management's discussion and analysis and the budgetary comparison schedule are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The accompanying supplementary information shown on pages 17 to 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Upper Explorerland Regional Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.

December 14, 2009

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

Management's Discussion and Analysis (MD&A)
June 30, 2009

The Upper Explorerland Regional Housing Authority was created under the Code of Iowa, Chapter 28E to provide safe and affordable housing to lower-income families residing in Allamakee, Howard, Fayette, Clayton, and Winneshiek Counties in northeast Iowa.

The Housing Authority receives funding to assist families in the private rental market from the Department of Housing and Urban Development's Housing Choice Voucher (HCV) program. The program uses already existing rental property. This is the private-market approach of allowing a tenant and a landlord to reach a rental agreement. The Housing Authority then provides the necessary financial assistance needed to the eligible families.

The Housing Authority enters into an annual contributions contract (ACC) each year with the Department of Housing and Urban Development to serve up to 407 families in the designated counties.

The financial statements included in this annual report are those required for a major federal program. Among the statements included are:

- Statement of Net Assets identifying current resources and liabilities. Assets are identified as both restricted and non-restricted. Restricted net assets have constraints placed on them either externally by grantors, contributors, or laws and regulations of government.

- Statement of Revenues, Expenses, and Changes in Net Assets identifying operating revenues and expenses. Those revenues that are restricted are identified as such in the report.

- Statement of Cash Flows identifying cash from operating and investment activities.

Financial Comparison
Below is a summarized statement that compares revenue and expenses of the current period to the period ending June 30, 2009:

REVENUES:	06/30/2009	06/30/2008	Net Change
HUD	$1,220,721	$1,163,356	$ 57,365
Interest	$ 9,788	$ 12,228	($ 2,440)
Interest Income-Restricted	$ 4,807	$ 13,322	($ 8,515)
Fraud Recovery	$ 2,506	$ 463	$ 2,043
Other	$ 398	$ 1,105	($ 707)
Total Revenue	$1,238,220	$1,190,474	$ 47,746
EXPENDITURES:			
Admin Salaries	$ 153,999	$ 159,190	($ 5,191)
Employee Benefits	$ 37,925	$ 38,353	($ 428)
Other Operating-Admin	$ 23,297	$ 22,010	$ 1,287

EXPENDITURES (continued):			
Auditing Fees	$ 1,450	$ 1,400	$ 50
Utilities	$ 2,036	$ 3,896	($ 1,860)
Maint & Operation	$ 8,066	$ 3,543	$ 4,523
Insurance	$ 5,097	$ 4,962	$ 135
Other Expense	$ 434	$ 660	($ 226)
Hsg Assistance Payments	$1,046,770	$ 1,120,242	($ 73,472)
Total Expenditures	$1,279,074	$1,354,256	($ 75,182)
Change in Net Assets	($ 40,854)	($ 163,782)	($ 122,928)

Under the 2009 Appropriations Act, the U.S. Department of Housing and Urban Development (HUD) was required to utilize a re-benchmarking renewal formula based on the agency's leasing and cost data for the 2008 Federal Fiscal Year. This methodology was used to establish housing assistance payments (HAP) renewal funds, new incremental vouchers, and administrative fees for CY2009 funding.

The 2009 Act prohibited the use of HAP or Net Restricted Asset (NRA) funds for over-leasing nor could the PHA lease up to its authorized baseline if it did not have enough funding to do so. In order to stay within the requirements of the 2009 Act and to maintain the program within the approved budget authority, the Housing Authority had to reduce leasing to families under the Housing Choice Voucher program. The Housing Authority reduced leasing from 408 units on July 1, 2008 to 342 units at June 30, 2009. This represents a reduction in baseline leasing of 8% and a reduction in the amount of housing assistance payments disbursed during the fiscal year.

Below is a summarized statement that compares the consolidated balance sheets of the current period to the period ending June 30, 2008:

	06/30/2009	06/30/2008	Net Change
ASSETS:			
Current Assets	$430,021	$480,074	($ 50,053)
LIABILITIES:			
Current Liabilities	$ 16,219	$ 20,567	($ $4,348)
Non-Current Liabilities	$ 2,257	$ 7,109	($ 4,852)
UNRESTRICTED NET ASSETS	$136,906	$150,483	($ 13,577)
RESTRICTED NET ASSETS	$274,639	$301,915	($ 27,276)
Total Liabilities & Net Assets	$430,021	$480,074	($ 50,053)

Assets were reduced over the fiscal year ending June 30, 2009. The amount of renewal funding provided to the Housing Authority was offset by the balance of the Housing Authority's Net Restricted Assets (NRA) account in accordance with the 2009 Act. This reduced the amount of cash funds received from HUD during the fiscal year.

Non-current liabilities reflect a reduction due to the : 1) the successful completion of participants under the Family Self-Sufficiency (FSS) program; 2) or a forfeit of the payment in escrow.

Continued renewal funding based on the re-benchmarking formula will mandate management of the Housing Choice Voucher program in a manner that will enable the agency to serve families within the funding allocations and voucher baselines determined by HUD. An ongoing review of policies and operations will be done to ensure the support of decent housing within market rents for eligible participants.

This MD&A provides a general overview of the Housing Authority's finances. Questions or additional information may be obtained by contacting the UERPC Executive Director, P.O. Box 219, Postville, IA 52162-0219.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
STATEMENT OF NET ASSETS
June 30, 2009

	Total
ASSETS	
Cash-Unrestricted	$ 136,906
Cash-Restricted	290,129
Cash FSS Escrow-Restricted	729
Accounts Receivable-HUD	-
Account Reveivable-Fraud Recovery	2,257
TOTAL ASSETS	$ 430,021
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 16,219
Non-current Liability-Other	2,257
TOTAL LIABILITIES	18,476
NET ASSETS	
Unrestricted Net Assets	136,906
Restricted Net Assets	274,639
NET ASSETS	411,545
TOTAL LIABILITIES AND NET ASSETS	$ 430,021

SEE NOTES TO FINANCIAL STATEMENTS

EXHIBIT B

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Functions / Programs:	Expenses	Program Receipts: Revenues/ Charges for Services	Program Receipts: Restricted Interest	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Business Type Activities:				
Administrative Salaries	$ 153,999	116,977	3,187	(33,835)
Auditing Fees	1,450	1,101	30	(319)
Employee Benefits Contributions-Administrative	37,925	28,808	785	(8,332)
Other Operating-Administrative	23,297	17,696	482	(5,119)
Utilities	2,036	1,547	42	(447)
Ordinary Maintenance & Operations	8,066	6,127	167	(1,772)
Insurance	5,097	3,872	105	(1,120)
Housing Assistance Payments	1,046,770	1,046,770	-	-
Other	434	329	9	(96)
Total governmental activities	$ 1,279,074	1,223,227	4,807	(51,040)
General Revenues (Uses):				
Unrestricted interest				9,788
Other Income				398
Change in Net Assets				(40,854)
Net assets beginning of year				452,399
Net assets end of year				$ 411,545

SEE NOTES TO FINANCIAL STATEMENTS

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

PROPRIETARY FUND-STATEMENT OF NET ASSETS

June 30, 2009

ASSETS	
Current Assets:	
Cash-Unrestricted	$ 136,906
Cash-Restricted	290,129
Cash-FSS-Restricted	729
Accounts Receivable-HUD	0
Account Reveivable-Fraud Recovery	2,257
Fraud Recovery	-
Total Current Assets	430,021
TOTAL ASSETS	$ 430,021
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 16,219
Accounts Payable-HUD	-
Other Current Liabilities	-
Total Current Liabilities	16,219
Non-current Liabilities	
Non-current Liability-Other	2,257
Total Non-current Liability	2,257
TOTAL LIABILITIES	18,476
NET ASSETS	
Unrestricted Net Assets	136,906
Restricted Net Assets	274,639
NET ASSETS	411,545
TOTAL LIABILITIES AND NET ASSETS	$ 430,021

SEE NOTES TO FINANCIAL STATEMENTS

EXHIBIT D

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2009

	Total
REVENUES	
HUD	$ 1,220,721
Interest	9,788
Interest Income-Restricted	4,807
Fraud Recovery	2,506
Other	398
TOTAL REVENUES	1,238,220
EXPENDITURES	
Administrative Salaries	153,999
Auditing Fees	1,450
Employee Benefit Contributions-Administrative	37,925
Other Operating-Administrative	23,297
Utilities	2,036
Ordinary Maintenance & Operations	8,066
Insurance	5,097
Housing Assistance Payments	1,046,770
Other Expense	434
TOTAL EXPENDITURES	1,279,074
CHANGE IN NET ASSETS	(40,854)
FUND BALANCE, beginning	452,399
FUND BALANCE, ending	$ 411,545

SEE NOTES TO FINANCIAL STATEMENTS

EXHIBIT E

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

CASH FLOW FROM OPERATING ACTIVITIES	
Cash Reveived from:	
HUD	$ 1,237,432
Other	10,390
Cash Paid to/for:	
Housing Assistance Payments	(1,046,770)
Administrative Expense	(234,082)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(33,030)
CASH, BEGINNING OF YEAR	460,794
CASH, END OF YEAR	$ 427,764

Reconciliation of Net Income to Cash Provided By (Used In) Operations:

Net Loss	$ (40,854)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	17,024
(Increase) Decrease in Accounts Payable	(1,778)
(Increase) Decrease in Other Current Liabilities	(7,109)
(Increase) Decrease in Non-Current Liability	(313)
Total Adjustments	7,824
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (33,030)

SEE NOTES TO FINANCIAL STATEMENTS

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Upper Explorerland Regional Housing Authority (hereinafter "Authority") was organized pursuant to Chapter 28E of the Code of Iowa, to perform the duties outlined in Chapter 403A. The Authority is an agent for landlords who rent housing facilities to low income individuals with assistance from the federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of Iowa.

Measurement Focus and Basis of Accounting

The proprietory fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned. Expenses are recorded when the related fund liability is incurred.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Authority's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Equipment

The Authority's equipment is purchased with HUD dollars and as such are not depreciated.

Basis of Presentation

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Authority has the following fund:

Proprietary Fund – Proprietary funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise Funds – Used to account for the Authority's federal and state housing assistance programs.

Authority-wide Statements-On the Statement of Net Assets, net assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program receipts are reported instead as general receipts.

ESTIMATES

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

CONCENTRATION OF REVENUES

The Authority receives a substantial amount of its total operating revenues form the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions. A significant reduction in the level of this support would have a significant effect on the Authority's programs and activities.

Investments Authorized by the Authority's Investment Policy

The Authority is required to invest its funds in accordance with Iowa Statutes and HUD guidelines. The Authority does not have an investment policy with any specific provisions intended to limit their exposure to investment rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority had no investments at June 30, 2009.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

The Authority does not have an investment policy regarding concentration of credit risk.

NOTE 2 - NATURE OF OPERATIONS

The Authority operates under Section 8 of the U.S. Housing Act of 1937. Section 8 Voucher Program assistance is a rental assistance program to help very low income families afford decent, safe and sanitary rental housing. The Authority, known as a public housing agency or PHA, accepts applications for rental assistance, selects the applicant for admission and issues the selected family a rental voucher confirming the families eligibility for assistance. The family must find a suitable dwelling unit. The Authority pays the landlord a portion of the rent, known as a housing assistance payment or HAP, on behalf of the family. The Authority enters into an annual contributions contract, or ACC, with HUD, which provides funds to administer the program.

NOTE 3 – RECEIVABLES

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

NOTE 4 – EQUIPMENT ACCOUNTING

The Authority's equipment is purchased with HUD dollars and as such is not depreciated. The Authority is required to keep a list of equipment.

NOTE 5 – PENSION AND RETIREMENT BENEFITS

The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost sharing multiple employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may

NOTE 5 – PENSION AND RETIREMENT BENEFITS (continued)

be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the Authority is required to contribute 6.35% of annual covered payroll to the plan. Contribution requirements are established by State statue. The Authority's contribution to IPERS for the year ended June 30, 2009 of $9,325 is equal to the required contribution for the year.

NOTE 6 - RISK MANAGEMENT

The Authority 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.

NOTE 7 – UNRESTRICTED & RESTRICTED ASSETS

The Authority had $150,483 in unrestricted net assets at June 30, 2009. Per HUD regulations, the unrestricted net assets may be expended for other housing purposes consistent with the PHA's authority under State and local law.

Unrestricted Assets consist of the following:

Unrestricted Net Assets – Administrative	
Beginning Balance	$ 150,483
Administrative Expenses in Excess of HUD Administrative Payments for Year Ended June 30, 2009	(13,577)
Total Unrestricted Assets – Administration	136,906

The Authority had $274,639 in restricted net assets at June 30, 2009. Per HUD regulations, the restricted net assets may be expended for the housing assistance payment program only.

NOTE 7 – UNRESTRICTED AND RESTRICTED ASSETS (continued)

Restricted Net Assets – HAP

Beginning Balance	$301,915
HAP in Excess of HUD payments	(27,276)
Total Restricted Assets – HAP	274,639
TOTAL NET ASSETS	$411,545

NOTE 8 – LITIGATION

The Authority was involved in no litigation as of June 30, 2009.

NOTE 9 - SUBSEQUENT EVENTS

We noted no significant subsequent events.

SUPPLEMENTARY INFORMATION

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

For the Year Ended June 30, 2009

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Commission			
HUD	$ 1,220,721	1,221,315	(594)
Interest-Unrestricted	9,788	7,500	7,500
Interest-Restricted	4,807	5,000	(193)
Fraud Recovery	2,506	1,000	1,000
Other	398	-	398
TOTAL REVENUE	1,238,220	1,234,815	8,111
EXPENSES			
Administrative Salaries	153,999	179,670	25,671
Auditing Fees	1,450	1,500	50
Employee Benefits Contributions-Administrative	37,925	45,400	7,475
Other Operating-Administration	23,297	34,946	11,649
Utilities	2,036	7,310	5,274
Ordinary Maintenance & Operations	8,066	7,300	(766)
Insurance	5,097	5,500	403
Housing Assistance Payments	1,046,770	1,040,000	(6,770)
Other	434	-	(434)
TOTAL EXPENSES	1,279,074	1,321,626	42,552
Deficiency of Revenues over Expenditures	(40,854)	(86,811)	45,957
Fund Balance, Beginning of Year	452,399	452,398	1
Fund Balance, End of Year	$ 411,545	365,587	45,958

SEE NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Grantor/ Program	Direct: Department of Housing and Urban Development: Section 8 Housing Choice Vouchers
CFDA Number	14.871
Grant Number	IA130V00073 thru IA130V00082 and IA130AF00024 thru IA130AF0036
Federal Expenditures	$ 1,220,721

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD
FOR THE YEAR ENDED JUNE 30, 2009

Accounts and Notes Receivable (Other than Tenant)

Fraud Recovery - None

Delinquent Tenant Accounts Receivable

Not Applicable

Tax and Insurance Escrow Deposits

Not Applicable

Reserve for Replacement and Residual Receipt Account

Not Applicable

Accounts Payable (Other than Trade Creditors)

None

Accrued Taxes

None

Compensation of Officers

None.

Tenant Security Deposits

Not Applicable

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

Funds in Financial Institutions

Funds held by FreedomBank, Postville, Iowa - June 30, 2009.

#111 Operating Reserve Account	$293,911
#113 Operating Checking	(98,422)
#113 Operating Hi-Fi/Money Market	231,546
#115 FSS Escrow-Money Market	729
TOTAL CASH	$427,764

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SUPPLEMENTARY DATA REQUIRED BY HUD (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2009

Computation of Surplus Cash, Distributions and Residual Receipts

HUD Form-93486 is not applicable to the Authority.

HUD Form - 92410 Statement of Profit and Loss

HUD Form-92410 is not applicable to the Authority.

Identity of Interest Companies

None.

Loans and Notes Payable

None.

Changes in Partnership Interest

N/A

Comments on Balance Sheet Items

None.

Distributions Paid to the Partners

N/A

Unauthorized Distributions Paid to Partners

N/A

Donations, Subsidy Payments and Founder's Fees

N/A

RFSW Ridihalgh Fuelling Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Upper Explorerland Regional Housing Authority
Postville, IA

We have audited the financial statements of Upper Explorerland Regional Housing Authority as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Upper Explorerland Regional Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Upper Explorerland Regional Housing Authority, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

December 14, 2009

RFSW Ridihalgh Fuelling Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

James R. Ridihalgh, C.P.A.
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Upper Explorerland Regional Housing Authority
Postville, IA

Compliance

We have audited the compliance of Upper Exloprerland Regional Housing Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Upper Explorerland Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorland Regional Housing Authority's management. Our responsibility is to express an opinion on Upper Explorerland Regional Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Upper Explorerland Regional Housing Authority's compliance with those requirements.

In our opinion, Upper Explorerland Regional Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of Upper Explorerland Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Upper Explorerland Regional Housing Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of management, Upper Explorerland Regional Housing Authority, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

December 14, 2009

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2009

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

(a) An unqualified opinion was issued on the financial statement.

(b) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

(d) No reportable conditions in internal control over the major program was disclosed by the audit of the financial statements.

(e) An unqualified opinion was issued on compliance with requirements applicable to the major program.

(f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

(g) The major program was CFDA Number 14.871 – Housing Choice Vouchers.

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Upper Explorerland Regional Housing Authority did qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

No instances of non-compliance were noted.

Part III: Findings and Questioned Cost for Federal Awards:

No findings or questioned costs for federal awards were noted.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

AUDITOR'S COMMENTS ON AUDIT RESOLUTION MATTERS
RELATING TO THE HUD PROGRAMS
YEAR ENDED JUNE 30, 2009

There are no prior findings on which the Authority should take corrective action.

UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY
POSTVILLE, IOWA

Audit was performed by:

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Oelwein, Iowa 50662
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42-1042703

OFFICER'S CERTIFICATE

We hereby certify that we have examined the accompanying financial statements and supplementary data of Upper Explorerland Regional Housing Authority and, to the best of our knowledge and belief, they are complete and accurate.

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