

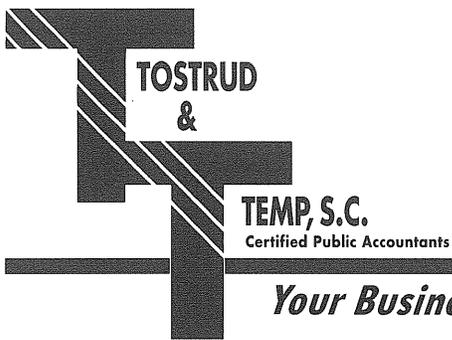
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**EASTERN IOWA REGIONAL
HOUSING AUTHORITY
DUBUQUE, IOWA**

June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eastern Iowa Regional Housing Authority
Dubuque, Iowa

We have audited the accompanying proprietary funds statement of net assets of the Eastern Iowa Regional Housing Authority, as of June 30, 2011, and the related proprietary funds statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Housing 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 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 the Eastern Iowa Regional Housing Authority as of June 30, 2011, and the results of its operations and 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 issued our report dated October 21, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information, including the Schedule of Expenditures of Federal Awards, required by the United States Office of Management and Budget (OMB) Circular A-133, and the Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Tostlund & Temp, S.C.

October 21, 2011

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2011 were \$6,380,935. The net assets decreased by \$275,067, a decrease of 4.1% from the prior year.
- The Authority had a net decrease of \$261,023 in the Low Rent Public Housing and Capital Fund Programs, \$35,244 net decrease in the Section 8 Housing Choice Voucher Program, \$650 net decrease in the Rural Rental Housing Loans Program, and a \$21,850 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$5,051,908 for the year ended June 30, 2011. This was a decrease of \$106,086 or 2.1% from the prior year.
- Expenses for the Authority were \$5,326,975 for the year ended June 30, 2011. This was an increase of \$350,704 or 7.0% over the prior year.
- Rental revenue for the Authority was \$341,381 for the year ended June 30, 2011, an increase of \$6,970 or 2.1% over the prior year. Intergovernmental revenue for the Authority was \$4,518,985 for the year ended June 30, 2011, an increase of \$119,747 or 2.7% over the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2011 was \$95,815, a decrease of \$272,936 or 74.0% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2011 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,380,935 at the close of the year ended June 30, 2011 down from \$6,656,002 in fiscal year 2010. The decrease in net assets of \$275,067 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$76,824 decrease in this category, cash and investments decreased \$23,092, receivables increased \$15,465, prepaid expenses increased \$89 and assets held for sale decreased \$69,286.
- Non-current assets decreased \$119,736 due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Asset and Debt Administration" of this analysis.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

FINANCIAL ANALYSIS - CONTINUED

- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The increase in this category of \$81,326 was mainly due to an increase in FSS Escrow Liability of \$44,711 and an increase in accounts payable due to HUD of \$34,432.
- Non-current liabilities decreased \$2,819 due to principal payments applied to long-term debt.

The unrestricted net assets were \$1,170,761 as of June 30, 2011. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays, excluding housing assistance payments, for eight months. The restricted assets were \$283,622 as of June 30, 2011. This amount may only be used in the Housing Choice Voucher program for housing assistance payments. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

CONDENSED STATEMENTS OF NET ASSETS

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 1,550,385	\$ 1,627,209	\$ (76,824)	-4.7%
Non-current assets	<u>5,467,009</u>	<u>5,586,745</u>	<u>(119,736)</u>	-2.1%
Total Assets	<u>7,017,394</u>	<u>7,213,954</u>	<u>(196,560)</u>	-2.7%
Current liabilities	354,939	273,613	81,326	29.7%
Non-current liabilities	<u>281,520</u>	<u>284,339</u>	<u>(2,819)</u>	-1.0%
Total Liabilities	<u>636,459</u>	<u>557,952</u>	<u>78,507</u>	14.1%
Net Assets				
Invested in capital assets, net of related debt	4,926,552	5,122,216	(195,664)	-3.8%
Restricted	283,622	250,164	33,458	13.4%
Unrestricted	<u>1,170,761</u>	<u>1,283,622</u>	<u>(112,861)</u>	-8.8%
Total Net Assets	<u>\$ 6,380,935</u>	<u>\$ 6,656,002</u>	<u>\$ (275,067)</u>	-4.1%

The largest portion of the Authority's net assets reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The 2010 approved capital grant (501-10) totals \$227,531 and was 100.0% expended as of June 30, 2011. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/11, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$127,365	100.0%	Operations
1408	\$ 11,758	100.0%	Management Improvements
1410	\$ 9,402	100.0%	Administration
1450	\$ 9,561	100.0%	Site Improvements
1460	\$ 40,151	100.0%	Dwelling Structures
1465	\$ 4,214	100.0%	Dwelling Equipment
1475	\$ 25,080	100.0%	Non-Dwelling Equipment

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

FINANCIAL ANALYSIS - CONTINUED

While the Statement of Net Assets shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental income	\$ 341,381	\$ 334,411	\$ 6,970	2.1%
Intergovernmental revenue	4,518,985	4,399,238	119,747	2.7%
Other operating revenue	83,402	48,779	34,623	71.0%
General revenues				
Interest income	12,222	15,581	(3,359)	-21.6%
HUD capital grants	95,815	368,751	(272,936)	-74.0%
Gain (loss) on disposal of fixed assets	103	(8,766)	8,869	101.2%
Total Revenues	<u>5,051,908</u>	<u>5,157,994</u>	<u>(106,086)</u>	<u>-2.1%</u>
Expenses				
Administrative	1,034,472	1,014,996	19,476	1.9%
Tenant services	114,241	79,071	35,170	44.5%
Utilities	92,829	88,018	4,811	5.5%
Ordinary maintenance & operations	356,778	356,764	14	0.0%
General expense	60,369	76,837	(16,468)	-21.4%
Interest expense	20,211	21,892	(1,681)	-7.7%
Housing assistance payments	3,291,300	2,991,119	300,181	10.0%
Depreciation	355,586	346,574	9,012	2.6%
Casualty losses, non-capitalized	1,189	1,000	189	18.9%
Total Expenses	<u>5,326,975</u>	<u>4,976,271</u>	<u>350,704</u>	<u>7.0%</u>
Change in net assets	(275,067)	181,723	(456,790)	
Beginning net assets	<u>6,656,002</u>	<u>6,474,279</u>	<u>181,723</u>	
Ending net assets	<u>\$ 6,380,935</u>	<u>\$ 6,656,002</u>	<u>\$ (275,067)</u>	

As can be seen in the table above, total revenues decreased \$106,086 due to the reasons noted below.

- Rental revenue increased \$6,970 or 2.1% mainly due to an increase in the average rent charge per unit under lease of \$2.90 or 1.8%.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

FINANCIAL ANALYSIS – CONTINUED

- Of the \$119,747 increase in intergovernmental revenue, public housing operating subsidy received from HUD decreased \$4,338, capital fund grants used for operating expenditures increased \$23,840, funding for housing choice voucher program increased \$111,438, revenue from resident opportunity supportive services increased \$1,196, rural rental housing assistance decreased \$1,389, and funding for HOME investment partnerships program decreased \$11,000.
- Other operating revenue increased \$34,623 or 71.0% from FY 2010 mostly due to a \$34,925 increase in other revenue from Component Units.
- Interest income decreased \$3,359 or 21.6% due to a decrease in cash and investments and lower interest rates on deposit accounts.
- HUD capital grants decreased \$272,936 from FY 2010. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Gain (loss) on disposal of fixed assets increased \$8,869 from FY 2010. In FY 2011 the Authority sold one home through a rent to own option for a gain of \$5,733 and disposed of equipment for a loss of \$5,630. In FY 2010 sold one home through a rent to own option for a loss of \$9,952 and disposed of equipment for a gain of \$1,186.

Total expenses increased by \$350,704 due to the reasons noted below.

- Administrative expenses increased \$19,476 or 1.9% from FY 2010.
- Tenant services increased \$35,170 or 44.5% from FY 2010 due to an increase in salary expense for FSS Program of \$35,527. Funding to support a second FSS Coordinator was received in January 2011.
- Of the \$4,811 increase in utilities, water increased \$3,701 or 22.2%, electricity increased \$4,411 or 28.3%, gas decreased \$3,929 or 12.4%, and sewer increased \$628 or 2.6%.
- Ordinary maintenance & operations increased \$14 from FY 2010.
- Of the \$16,468 decrease in general expense, general insurance decreased \$1,093, other general expenses increased \$1,212, payments in lieu of taxes increased \$268, and bad debt expense decreased \$16,855.
- Interest expense decreased \$1,681 or 7.7% from FY 2010.
- Housing assistance payments increased \$300,181 or 10.0% due to a 6.8% increase in the average housing assistance payment and a 3.0% increase in vouchers issued and outstanding during FY 2011.
- The Authority had a \$9,012 or 2.6% increase in Depreciation which is the write-off of capital assets over their estimated useful life.

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2011

FINANCIAL ANALYSIS – CONTINUED

- The Authority had a \$1,189 casualty loss in FY 2011 and \$1,000 in FY 2010 for fire damage to a dwelling unit.

EIRHA currently owns and manages 164 public housing units. These units are located in Dyersville, Bellevue, Manchester, Colesburg, Miles, Sabula, DeWitt, Holy Cross, Hopkinton, Worthington, Delmar, Preston, Peosta, and Wheatland. Overall, the projects maintain a 98.9% occupancy level. There are 85 units of elderly and 79 units of family. The family housing is scattered site single family homes and duplexes. Currently EIRHA has 4 four-bedroom units, 30 three-bedroom units, 46 two-bedroom units, and 84 one-bedroom units.

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2010 through June 30, 2011, EIRHA served 187 families in the city of Maquoketa. The Section 8 lease up rate for FY 2011 was 98.94%, up from 97.02% in the prior year. EIRHA expended \$3,289,978 or 100.0% of current year housing assistance received from HUD.

EIRHC owns 10 one-bedroom USDA units that are designed for the elderly/handicapped/disabled, located in Grand Mound (6 units) and Worthington (4 units). EIRHC is also the general partner/developer for the 24 tax credit units known as Evergreen Meadows. This project is located in Peosta, Iowa and has 3 four-bedroom units, 11 three-bedroom units and 10 two-bedroom units. In addition, EIRHC is general partner/developer for the 32 tax credit units known as Asbury Meadows. This project is located in Asbury, Iowa and has 6 four-bedroom units, 14 three-bedroom units and 12 two-bedroom units.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa’s investment in capital assets, net of related debt, as of June 30, 2011 amounts to \$4,926,552 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority’s investment in capital assets for the current fiscal year was 2.1% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$164,469 for the year. Of this amount \$95,815 was used from HUD capital grants, \$60,248 were used from Low Rent Public Housing residual receipts, and \$8,406 was used from Section 8 administrative fee revenue. In FY 2011 the Authority disposed of equipment with a book value of \$31,314 and received proceeds and trade-in value of \$25,684 for disposed assets. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$355,586. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Net Loss on Disposal	Ending
Capital assets	\$5,409,185	\$164,469	\$(355,586)	\$(7,177)	\$5,210,891

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2011

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration - The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2011 is \$284,339, down from \$286,969 in FY 2010. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2012 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$1,599,166 for housing assistance payments for the months of July through December 2011 in the Housing Choice Voucher Program. The Authority also has \$283,622 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$313.81 for FY 2011, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July through December 2011. HUD has not established funding levels for the remaining six months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2012 and adjusted for pro-ration which is currently at 83.422%.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Michelle Schnier
Director of Housing and Support Services
Eastern Iowa Regional Housing Authority
7600 Commerce Park
Dubuque, Iowa 52002.

FINANCIAL SECTION

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2011

ASSETS

Current assets

Cash and cash equivalents	\$	1,167,456
Cash - restricted		283,622
Accounts receivable		
Tenants, net of allowance		15,943
HUD		5,915
Other		47,218
Notes receivable - current		2,246
Deferred charges		19,729
Assets held for sale		8,256
Total current assets		1,550,385

Non-current assets

Capital assets, net of accumulated depreciation		5,210,891
Notes receivable - noncurrent		186,068
Investment in joint ventures		70,050
Total non-current assets		5,467,009

Total assets \$ 7,017,394

LIABILITIES AND NET ASSETS

Current liabilities

Notes payable - current	\$	2,819
Accounts payable		
Vendors		115,297
Security deposits		45,547
HUD		34,432
Accrued liabilities		
Payments in lieu of taxes		22,937
Interest payable		15
Deferred credits		12,055
Other current liabilities		121,837
Total current liabilities		354,939

Non-current liabilities

Notes payable, net of current portion		281,520
Total non-current liabilities		281,520
Total liabilities		636,459

Net assets

Invested in capital assets - net of related debt		4,926,552
Restricted		283,622
Unrestricted		1,170,761
Total net assets		6,380,935

Total liabilities and net assets \$ 7,017,394

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
Year ended June 30, 2011

Operating revenue	
Rental income	\$ 341,381
Intergovernmental revenue	4,518,985
Other operating revenue	<u>83,402</u>
Total operating revenue	4,943,768
Operating expense	
Administration	1,034,471
Tenant services	114,241
Utilities	92,830
Ordinary maintenance and operations	356,777
General expense	60,368
Housing assistance payments	3,291,300
Non-routine expense	1,189
Depreciation	<u>355,588</u>
Total operating expense	<u>5,306,764</u>
Operating income (loss)	(362,996)
Non-operating revenue (expense)	
Interest income	12,222
Interest expense	(20,211)
Gain (loss) on disposal/sale of fixed assets	103
Total non-operating revenue (expense)	<u>(7,886)</u>
Change in net assets before transfers and capital grants	(370,882)
HUD capital grants	<u>95,815</u>
Change in net assets	(275,067)
Net assets at beginning of year	<u>6,656,002</u>
Net assets at end of year	<u>\$ <u>6,380,935</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year ended June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities	
Cash received from tenants	\$ 350,091
Cash payments to suppliers and landlords	(3,745,966)
Cash payments to employees	(1,134,439)
Grants received from governmental units	4,538,216
Other income received	<u>51,898</u>
Net cash provided by (used in) operating activities	59,800
Cash flows from capital and related financing activities	
Capital expenditures	(164,468)
Proceeds from sale of capital assets	7,278
Net cost of assets held for sale	69,286
Net increase notes receivable	(80,184)
HUD capital grants received	95,815
Principal payments on notes payable	(2,630)
Interest paid	<u>(20,211)</u>
Net cash provided by (used in) capital and related financing activities	(95,114)
Cash flows from investing activities	
Interest income received	<u>12,222</u>
Net cash provided by (used in) investing activities	<u>12,222</u>
Net increase (decrease) in cash and cash equivalents	(23,092)
Cash and cash equivalents at beginning of year	<u>1,474,170</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,451,078</u></u>

**Reconciliation of Operating Income (Loss)
to Net Cash From Operating Activities**

Operating income (loss)	\$ (362,996)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	355,588
(Increase) decrease in accounts receivable	(13,839)
(Increase) decrease in deferred charges	(89)
Increase (decrease) in accounts payable	31,339
Increase (decrease) in accrued liabilities	268
Increase (decrease) in deferred credits	4,818
Increase (decrease) in other liabilities	<u>44,711</u>
Total adjustments	<u>422,796</u>
Net cash from operating activities	<u><u>\$ 59,800</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The Eastern Iowa Regional Housing Authority (EIRHA) is organized pursuant to the provisions of Chapter 403A and Chapter 28E of the Code of Iowa for the purposes of owning and providing affordable rental units and rent subsidies to low and moderate income individuals in Dubuque, Delaware, Jackson, Cedar, Clinton and Jones counties excluding the cities of Dubuque and Clinton. The Eastern Iowa Regional Housing Authority board consists of elected directors and housing commissioners from those counties.

As required by generally accepted accounting principles, these financial statements present the Eastern Iowa Regional Housing Authority and its component unit, the Eastern Iowa Regional Housing Corporation (EIHRC). Although it is legally separate from EIRHA, EIHRC is reported as if it were part of the primary government because of the significance of its operational or financial relationship with Eastern Iowa Regional Housing Authority, including having the same board of directors.

EIRHC is a non-profit corporation which owns and operates ten one-bedroom USDA units. EIRHC is also the management agent and general partner/ developer for two low-income housing tax credit projects: Evergreen Meadows and Asbury Meadows. EIRHC has entered into agreements with the Eastern Iowa Regional Housing Authority (EIRHA) and the East Central Intergovernmental Association (ECIA) for staffing services.

2. 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-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 are maintained consistent with legal and managerial requirements.

The Authority has the following proprietary fund:

Enterprise Fund - Enterprise 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.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting

Measurement Focus - Enterprise funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenue) and decreases (expenses) in total net assets.

Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Authority has elected pursuant to GASB Statement 20 to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

A proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rents collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

4. Cash Equivalents

For purposes of the statements of cash flows, the Authority considers cash equivalents to include certificates of deposit having an original maturity of three months or less.

5. Investments

The Authority's investments are in time deposits (certificates of deposit) that are stated at fair value, which approximates cost.

6. Accounts Receivable

Accounts receivable-tenants have been shown at net of allowance for doubtful accounts of \$839 and accounts receivable-other has been shown at net of allowance for doubtful accounts of \$1,429.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Property and Equipment

Property and equipment is stated at cost. The cost of maintenance and repairs that do not add value to assets or materially extend asset lives is not capitalized. The capitalization policy of the Authority is to capitalize fixed assets costing more than \$500 and expected to last more than one year. Depreciation of all exhaustible property and equipment is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40-50 years
Building and land improvements	5-20 years
Equipment	3-10 years

8. Budgetary Process

The Eastern Iowa Regional Housing Authority prepares an annual operating budget with formal board approval prior to the start of its fiscal year. The United States Department of Housing and Urban Development (HUD) requests the Authority keep the budget on file and to submit to HUD the calculation for operating subsidy. The Authority must prepare a revised operating budget only when total expenditures exceed the amount originally budgeted. The revised budget, if needed, is also kept on file at the Authority's office.

9. 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, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

10. Concentration of Revenues

The Authority received approximately 91% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

11. Subsequent Events

The Authority has evaluated subsequent events through October 21, 2011, the date which the financial statements were available to be issued.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2011

NOTE B - CASH AND INVESTMENTS

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of net assets	
Cash and cash equivalents	\$ 1,167,456
Cash - restricted	\$ <u>283,622</u>
	\$ <u><u>1,451,078</u></u>

Cash and investments as of June 30, 2011 consist of the following:

	Carrying Amount	Bank Balance
	<u> </u>	<u> </u>
Business interest, savings and money market accounts	\$ <u>1,503,048</u>	\$ <u>1,503,048</u>
	\$ <u><u>1,503,048</u></u>	\$ <u><u>1,503,048</u></u>

Investments Authorized by the Authority's Investment Policy

The Authority is required to invest its funds in accordance with Iowa Statutes. The Authority may consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income is allocated to various funds based on their respective participation in accordance with generally accepted accounting principles. Safety of principal is the foremost objective of the Authority's investment policy.

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 limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Authority also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2011

NOTE B - CASH DEPOSITS - CONTINUED

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Authority will do business.

Concentration of Credit Risk

SFAS 105 defines a concentration of credit risk as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Authority diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2011 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The custodial risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2011

NOTE C - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for each program follows:

Public Housing/CFP	Balance June 30, 2010	Additions & Adjustments	Deletions & Adjustments	Balance June 30, 2011
<i>Capital assets not being depreciated</i>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
<i>Capital assets being depreciated</i>				
Land improvement	74,032	18,996	-	93,028
Buildings	9,265,779	85,004	-	9,350,783
Equipment	310,181	79,803	83,718	306,266
	9,649,992	183,803	83,718	9,750,077
	10,473,778	183,803	83,718	10,573,863
Less accumulated depreciation	5,334,939	338,885	51,748	5,622,076
Subtotal	5,138,839	(155,082)	31,970	4,951,787
Section 8 Housing Choice Vouchers				
<i>Capital assets being depreciated</i>				
Equipment	44,604	8,405	13,599	39,410
Less accumulated depreciation	22,012	7,457	10,655	18,814
Subtotal	22,592	948	2,944	20,596
EIRHC - USDA Housing				
<i>Capital assets not being depreciated</i>				
Land	19,664	-	-	19,664
<i>Capital assets being depreciated</i>				
Buildings	313,461	-	-	313,461
Building improvements	11,100	-	-	11,100
Furniture and equipment	15,664	-	-	15,664
	359,889	-	-	359,889
Less accumulated depreciation	117,565	6,923	-	124,488
Subtotal	242,324	(6,923)	-	235,401
EIRHC - Tax Credit Programs				
<i>Capital assets being depreciated</i>				
Furniture and equipment	8,796	-	-	8,796
Less accumulated depreciation	3,366	2,323	-	5,689
Subtotal	5,430	(2,323)	-	3,107
Total	\$ 5,409,185	\$ (163,380)	\$ 34,914	\$ 5,210,891

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2011

NOTE D - NOTES PAYABLE

Details of the Housing Authority's notes payable are set forth below:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
Notes payable	\$ 286,969	\$ -	\$ 2,630	\$ 284,339

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2011 are as follows:

6.5% first mortgage note payable	\$ 109,904
7.25% first mortgage note payable	<u>174,435</u>
	284,339
Less current maturities	<u>2,819</u>
LONG-TERM OBLIGATIONS	<u>\$ 281,520</u>

United States Department of Agriculture, Rural Housing Services (USDA-RHS) is subsidizing the interest payable on the first mortgage notes, thereby effectively reducing the interest rate to 1%. The USDA-RHS notes are secured by real property and rents and profits of the Authority's USDA Housing Program.

Principal and interest maturities on notes payable are as follows:

Year ended June 30,	EIRHC-Rural Development	
	Principal	Interest
2012	\$ 2,819	\$ 19,701
2013	3,022	19,498
2014	3,241	19,279
2015	3,474	19,046
2016	3,725	18,795
2017-2021	23,067	89,535
2022-2026	32,691	79,911
2027-2031	46,345	66,257
2032-2036	65,722	46,880
2037-2041	80,393	19,734
2042-2044	<u>19,840</u>	<u>1,815</u>
	<u>\$ 284,339</u>	<u>\$400,451</u>

NOTE E - RELATED PARTY

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2011, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,242,517 for such services.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2011

NOTE F - INVESTMENT IN JOINT VENTURE

In September, 2003, Eastern Iowa Regional Housing Corporation (EIRHC) purchased .01% interest in a tax credit housing project, Eastern Iowa Regional Partnership, LLLP (Evergreen Meadows) for \$69,950. In October 2004, EIRHC purchased .01% interest in Asbury EIRP, LLLP (Asbury Meadows) for \$100. EIRHC is the general partner for both projects with a total investment of \$70,050.

NOTE G - CONTINGENT LIABILITY

Eastern Iowa Regional Housing Corporation (EIRHC) includes Eastern Iowa Development Corporation (EIDC) a wholly-owned subsidiary of EIRHC. EIDC is a general partner in two limited partnerships which it manages and therefore receives a management fee. The partnerships that EIDC is a general partner in are as follows:

<u>Name</u>	<u>Ownership Percent</u>	<u>Outstanding Liabilities at 6-30-11</u>
Eastern Iowa Regional Partnership, L.L.L.P., Peosta, Iowa	.01%	\$ 1,378,062
Asbury E.I.R.P., L.L.L.P., Asbury, Iowa	.01%	\$ 1,874,885

NOTE H - 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. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four years.

NOTE I - OTHER POST-EMPLOYMENT BENEFITS

The Authority offers no material post-employment benefits to employees upon separation from service. Employees receive no payments at or after separation from service other than accrued vacation pay which is already accrued in this report. The only post-employment benefit an employee may receive is COBRA continuation of their health insurance, for which the separated employee must pay 100% of their premium.

NOTE J - RESTRICTED ASSETS

The Authority has restricted cash and net assets of \$283,662 at June 30, 2011. Restricted assets represent excess Housing Choice Voucher HAP funding that may only be used for housing assistance payments and USDA reserve accounts for capital improvements.

SUPPLEMENTAL DATA

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF NET ASSETS BY PROGRAM
June 30, 2011

	Low Rent Public Housing	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 364,674	\$ 424,881	\$ -	\$ 22,847	\$ 355,054	\$ 377,901	\$ 1,167,456
Cash - restricted	-	249,409	-	34,213	-	34,213	283,622
Accounts receivable							
Tenants, net of allowance	15,943	-	-	-	-	-	15,943
HUD	-	-	5,915	-	-	-	5,915
Other	1,147	8,266	-	-	37,805	37,805	47,218
Notes receivable - current	2,246	-	-	-	-	-	2,246
Deferred charges	16,275	3,454	-	-	-	-	19,729
Assets held for sale	8,256	-	-	-	-	-	8,256
Total current assets	<u>408,541</u>	<u>686,010</u>	<u>5,915</u>	<u>57,060</u>	<u>392,859</u>	<u>449,919</u>	<u>1,550,385</u>
Non-current assets							
Capital assets, net of accumulated depreciation	4,951,787	20,596	-	235,401	3,107	238,508	5,210,891
Notes receivable - noncurrent	186,068	-	-	-	-	-	186,068
Investment in joint ventures	-	-	-	-	70,050	70,050	70,050
Total non-current assets	<u>5,137,855</u>	<u>20,596</u>	<u>-</u>	<u>235,401</u>	<u>73,157</u>	<u>308,558</u>	<u>5,467,009</u>
Total assets	<u>\$ 5,546,396</u>	<u>\$ 706,606</u>	<u>\$ 5,915</u>	<u>\$ 292,461</u>	<u>\$ 466,016</u>	<u>\$ 758,477</u>	<u>\$ 7,017,394</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Notes payable - current	\$ -	\$ -	\$ -	\$ 2,819	\$ -	\$ 2,819	\$ 2,819
Accounts payable							
Vendors	58,556	45,221	5,915	833	4,772	5,605	115,297
Security deposits	43,110	-	-	2,437	-	2,437	45,547
HUD	-	34,432	-	-	-	-	34,432
Accrued liabilities							
Payments in lieu of taxes	22,937	-	-	-	-	-	22,937
Interest payable	-	-	-	15	-	15	15
Deferred credits	11,380	-	-	675	-	675	12,055
Other current liabilities	39,791	82,046	-	-	-	-	121,837
Total current liabilities	<u>175,774</u>	<u>161,699</u>	<u>5,915</u>	<u>6,779</u>	<u>4,772</u>	<u>11,551</u>	<u>354,939</u>
Non-current liabilities							
Notes payable, net of current portion	-	-	-	281,520	-	281,520	281,520
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,520</u>	<u>-</u>	<u>281,520</u>	<u>281,520</u>
Total liabilities	<u>175,774</u>	<u>161,699</u>	<u>5,915</u>	<u>288,299</u>	<u>4,772</u>	<u>293,071</u>	<u>636,459</u>
Net assets							
Invested in capital assets - net of related debt	4,951,787	20,596	-	(48,938)	3,107	(45,831)	4,926,552
Restricted	-	249,409	-	34,213	-	34,213	283,622
Unrestricted	418,835	274,902	-	18,887	458,137	477,024	1,170,761
Total net assets	<u>5,370,622</u>	<u>544,907</u>	<u>-</u>	<u>4,162</u>	<u>461,244</u>	<u>465,406</u>	<u>6,380,935</u>
Total liabilities and net assets	<u>\$ 5,546,396</u>	<u>\$ 706,606</u>	<u>\$ 5,915</u>	<u>\$ 292,461</u>	<u>\$ 466,016</u>	<u>\$ 758,477</u>	<u>\$ 7,017,394</u>

Eastern Iowa Regional Housing Authority
Dubuque, Iowa

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS BY PROGRAM
Year ended June 30, 2011

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
Operating revenue								
Rental income	\$ 315,794	\$ -	\$ -	\$ -	\$ 25,587	\$ -	\$ 25,587	\$ 341,381
Intergovernmental revenue	313,485	131,716	3,919,437	135,439	18,908	-	18,908	4,518,985
Other operating revenue	18,773	-	6,528	-	1,026	57,075	58,101	83,402
Total operating revenue	648,052	131,716	3,925,965	135,439	45,521	57,075	102,596	4,943,768
Operating expense								
Administration	319,826	-	540,471	135,439	3,736	34,999	38,735	1,034,471
Tenant services	2,550	-	111,691	-	-	-	-	114,241
Utilities	86,426	-	-	-	6,404	-	6,404	92,830
Ordinary maintenance and operations	343,438	-	5,000	-	7,621	718	8,339	356,777
General expense	52,291	-	6,681	-	1,396	-	1,396	60,368
Housing assistance payments	-	-	3,291,300	-	-	-	-	3,291,300
Non-routine expense	1,000	-	189	-	-	-	-	1,189
Depreciation	333,079	5,806	7,457	-	6,923	2,323	9,246	355,588
Total operating expense	1,138,610	5,806	3,962,789	135,439	26,080	38,040	64,120	5,306,764
Operating income (loss)	(490,558)	125,910	(36,824)	-	19,441	19,035	38,476	(362,996)
Non-operating revenue (expense)								
Interest income	4,762	-	4,525	-	120	2,815	2,935	12,222
Interest expense	-	-	-	-	(20,211)	-	(20,211)	(20,211)
Gain (loss) on disposal/sale of fixed assets	3,048	-	(2,945)	-	-	-	-	103
Total non-operating revenue (expense)	7,810	-	1,580	-	(20,091)	2,815	(17,276)	(7,886)
Change in net assets before transfers and capital grants	(482,748)	125,910	(35,244)	-	(650)	21,850	21,200	(370,882)
HUD capital grants	-	95,815	-	-	-	-	-	95,815
Operating transfer	131,716	(131,716)	-	-	-	-	-	-
Equity transfer	90,009	(90,009)	-	-	-	-	-	-
Change in net assets	(261,023)	-	(35,244)	-	(650)	21,850	21,200	(275,067)
Net assets at beginning of year	5,631,645	-	580,151	-	4,812	439,394	444,206	6,656,002
Net assets at end of year	\$ 5,370,622	\$ -	\$ 544,907	\$ -	\$ 4,162	\$ 461,244	\$ 465,406	\$ 6,380,935

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF CASH FLOWS BY PROGRAM
Year ended June 30, 2011

Increase (Decrease) in Cash and Cash Equivalents	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
Cash flows from operating activities								
Cash received from tenants	\$ 324,504	\$ -	\$ -	\$ -	\$ 25,587	\$ -	\$ 25,587	\$ 350,091
Cash payments to suppliers and landlords	(358,041)	-	(3,363,879)	-	(17,613)	(6,433)	(24,046)	(3,745,966)
Cash payments to employees	(448,434)	-	(524,625)	(135,439)	(1,329)	(24,612)	(25,941)	(1,134,439)
Grants received from governmental units	313,485	131,716	3,938,668	135,439	18,908	-	18,908	4,538,216
Other income received	19,748	-	8,556	-	1,026	22,568	23,594	51,898
Net cash provided by (used in) operating activities	(148,738)	131,716	58,720	-	26,579	(8,477)	18,102	59,800
Cash flows from non-capital financing activities								
Operating transfers	131,716	(131,716)	-	-	-	-	-	-
Cash flows from capital and related financing activities								
Capital expenditures	(60,248)	(95,815)	(8,405)	-	-	-	-	(164,468)
Proceeds from sale of capital assets	7,278	-	-	-	-	-	-	7,278
Net cost of assets held for sale	69,286	-	-	-	-	-	-	69,286
Net increase notes receivable	(80,184)	-	-	-	-	-	-	(80,184)
HUD capital grants received	-	95,815	-	-	-	-	-	95,815
Principal payments on notes payable	-	-	-	-	(2,630)	-	(2,630)	(2,630)
Interest paid	-	-	-	-	(20,211)	-	(20,211)	(20,211)
Net cash provided by (used in) capital and related financing activities	(63,868)	-	(8,405)	-	(22,841)	-	(22,841)	(95,114)
Cash flows from investing activities								
Interest income received	4,762	-	4,525	-	120	2,815	2,935	12,222
Net cash provided by (used in) investing activities	4,762	-	4,525	-	120	2,815	2,935	12,222
Net increase (decrease) in cash and cash equivalents	(76,128)	-	54,840	-	3,858	(5,662)	(1,804)	(23,092)
Cash and cash equivalents at beginning of year	440,802	-	619,450	-	53,202	360,716	413,918	1,474,170
Cash and cash equivalents at end of year	<u>\$ 364,674</u>	<u>\$ -</u>	<u>\$ 674,290</u>	<u>\$ -</u>	<u>\$ 57,060</u>	<u>\$ 355,054</u>	<u>\$ 412,114</u>	<u>\$ 1,451,078</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities								
Operating income (loss)	\$ (490,558)	\$ 125,910	\$ (36,824)	\$ -	\$ 19,441	\$ 19,035	\$ 38,476	\$ (362,996)
Adjustments to reconcile operating loss to net cash from operating activities:								
Depreciation	333,079	5,806	7,457	-	6,923	2,323	9,246	355,588
(Increase) decrease in accounts receivable	(2,601)	-	21,259	2,010	-	(34,507)	(34,507)	(13,839)
(Increase) decrease in deferred charges	(1,524)	-	1,435	-	-	-	-	(89)
Increase (decrease) in accounts payable	(2,680)	-	30,923	(2,010)	434	4,672	5,106	31,339
Increase (decrease) in accrued liabilities	268	-	-	-	-	-	-	268
Increase (decrease) in deferred credits	5,037	-	-	-	(219)	-	(219)	4,818
Increase (decrease) in other liabilities	10,241	-	34,470	-	-	-	-	44,711
Total adjustments	<u>341,820</u>	<u>5,806</u>	<u>95,544</u>	<u>-</u>	<u>7,138</u>	<u>(27,512)</u>	<u>(20,374)</u>	<u>422,796</u>
Net cash from operating activities	<u>\$ (148,738)</u>	<u>\$ 131,716</u>	<u>\$ 58,720</u>	<u>\$ -</u>	<u>\$ 26,579</u>	<u>\$ (8,477)</u>	<u>\$ 18,102</u>	<u>\$ 59,800</u>

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

<u>Federal Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Accrual Basis Amount</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Low-Rent Public Housing		
Operating subsidy	14.850	\$ 313,485
Capital Fund Program	14.872	227,531
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,919,437
Resident Opportunity and Supportive Services	14.870	135,439
U.S. DEPARTMENT OF AGRICULTURE		
Rural Rental Housing Loans	10.415	<u>18,908</u>
TOTAL FEDERAL AWARDS		<u>\$ 4,614,800</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Eastern Iowa Regional Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

* Denotes major program

Eastern Iowa Regional Housing Authority
Dubuque, Iowa

**STATEMENT AND CERTIFICATION OF
CAPITAL FUND PROGRAM COSTS**

Year ended June 30, 2011

1. The Actual Capital Fund Program costs are as follows:

	<u>Project IA05P126</u>
	<u>501-10</u>
Funds approved	\$ 227,531
Funds expended	<u>227,531</u>
Excess	\$ <u><u>-</u></u>
Funds advanced	
Capital fund grant	\$ 227,531
Funds expended	<u>227,531</u>
Excess	\$ <u><u>-</u></u>

2. The Actual Modernization Cost Certificate (HUD-53001) dated June 2011 as submitted to HUD for approval is in agreement with the PHA's records.
3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

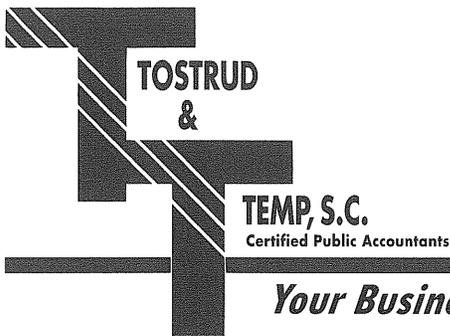
Eastern Iowa Regional Housing Authority
Dubuque, Iowa
FINANCIAL DATA SCHEDULE
June 30, 2011

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Resident Opportunity & Supportive Services 14.870	Rural Rental Housing Loans 10.415	Component Unit	Total
111	Cash - unrestricted	321,564	-	424,881	-	20,410	355,054	1,121,909
113	Cash - other restricted	-	-	249,409	-	34,213	-	283,622
114	Cash - tenant security deposits	43,110	-	-	-	2,437	-	45,547
100	Total cash	364,674	-	674,290	-	57,060	355,054	1,451,078
122	Accounts receivable - HUD	-	-	-	5,915	-	-	5,915
125	Accounts receivable - miscellaneous	1,147	-	1,291	-	-	37,805	40,243
126	Accounts receivable-tenants-dwelling rents	16,782	-	-	-	-	-	16,782
126.1	Allowance for doubtful accounts - tenants	(839)	-	-	-	-	-	(839)
127	Notes receivable - current	2,246	-	-	-	-	-	2,246
128	Fraud recovery	-	-	8,404	-	-	-	8,404
128.1	Allowance for doubtful accounts - fraud	-	-	(1,429)	-	-	-	(1,429)
120	Total receivables, net of allowances for doubtful accounts	19,336	-	8,266	5,915	-	37,805	71,322
142	Prepaid expenses	16,275	-	3,454	-	-	-	19,729
145	Assets held for sale	8,256	-	-	-	-	-	8,256
150	Total current assets	408,541	-	686,010	5,915	57,060	392,859	1,550,385
161	Land	823,786	-	-	-	19,664	-	843,450
162	Buildings	9,350,783	-	-	-	313,461	-	9,664,244
163	Furniture, equipment and machinery - dwellings	40,752	-	-	-	14,520	-	55,272
164	Furniture, equipment and machinery - administration	265,514	-	39,410	-	1,144	8,796	314,864
165	Leasehold improvements	93,028	-	-	-	11,100	-	104,128
166	Accumulated depreciation	(5,622,076)	-	(18,814)	-	(124,488)	(5,689)	(5,771,067)
160	Total fixed assets, net of accumulated depreciation	4,951,787	-	20,596	-	235,401	3,107	5,210,891
171	Notes receivable - noncurrent	186,068	-	-	-	-	-	186,068
176	Investments in joint ventures	-	-	-	-	-	70,050	70,050
180	Total non-current assets	5,137,855	-	20,596	-	235,401	73,157	5,467,009
190	Total assets	5,546,396	-	706,606	5,915	292,461	466,016	7,017,394
312	Accounts payable <=90 days	58,556	-	45,221	5,915	833	4,772	115,297
325	Accrued interest payable	-	-	-	-	15	-	15
331	Accounts payable - HUD programs	-	-	34,432	-	-	-	34,432
333	Accounts payable - other government	22,937	-	-	-	-	-	22,937
341	Tenant security deposits	43,110	-	-	-	2,437	-	45,547
342	Deferred revenues	11,380	-	-	-	675	-	12,055
343	Current portion of a long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	2,819	-	2,819
345	Other current liabilities	39,791	-	82,046	-	-	-	121,837
310	Total current liabilities	175,774	-	161,699	5,915	6,779	4,772	354,939
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	-	-	281,520	-	281,520
350	Total noncurrent liabilities	-	-	-	-	281,520	-	281,520
300	Total liabilities	175,774	-	161,699	5,915	288,299	4,772	636,459
508.1	Invested in capital assets, net of related debt	4,951,787	-	20,596	-	(48,938)	3,107	4,926,552
511.1	Restricted	-	-	249,409	-	34,213	-	283,622
512.1	Unrestricted net assets	418,835	-	274,902	-	18,887	458,137	1,170,761
513	Total equity/net assets	5,370,622	-	544,907	-	4,162	461,244	6,380,935
600	Total liabilities and equity/net assets	5,546,396	-	706,606	5,915	292,461	466,016	7,017,394
70300	Net tenant rental revenue	315,794	-	-	-	25,587	-	341,381
70400	Tenant revenue - other	7,829	-	-	-	1,026	-	8,855
70500	Total tenant revenue	323,623	-	-	-	26,613	-	350,236
70600	HUD PHA operating grants	313,485	131,716	3,919,437	135,439	-	-	4,500,077
70610	Capital grants	-	95,815	-	-	-	-	95,815
70800	Other government grants	-	-	-	-	18,908	-	18,908
71100	Investment income - unrestricted	4,762	-	2,975	-	50	2,815	10,602

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
FINANCIAL DATA SCHEDULE - CONTINUED
June 30, 2011

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Resident Opportunity & Supportive Services 14.870	Rural Rental Housing Loans 10.415	Component Unit	Total
71300	Proceeds from disposition of assets held for sale	82,000	-	-	-	-	-	82,000
71310	Cost of sale of assets	(76,267)	-	-	-	-	-	(76,267)
71400	Fraud recovery	-	-	2,846	-	-	-	2,846
71500	Other revenue	10,944	-	3,682	-	-	57,075	71,701
71600	Gain or loss on sale of capital assets	(2,685)	-	(2,945)	-	-	-	(5,630)
72000	Investment income - restricted	-	-	1,550	-	70	-	1,620
70000	Total revenue	655,862	227,531	3,927,545	135,439	45,641	59,890	5,051,908
91100	Administrative salaries	203,689	-	412,934	-	1,329	24,612	642,564
91200	Auditing fees	3,600	-	3,600	-	980	365	8,545
91300	Management fee	-	-	-	-	1,238	-	1,238
91400	Advertising and marketing	1,743	-	473	-	103	2,396	4,715
91600	Office expenses	15,304	-	22,280	-	-	161	37,745
91800	Travel	21,644	-	6,247	-	33	-	27,924
91900	Other	73,846	-	94,937	135,439	53	7,465	311,740
91000	Total operating - administration	319,826	-	540,471	135,439	3,736	34,999	1,034,471
92400	Tenant services - other	2,550	-	111,691	-	-	-	114,241
93100	Water	19,037	-	-	-	1,317	-	20,354
93200	Electricity	16,528	-	-	-	3,449	-	19,977
93300	Gas	27,677	-	-	-	-	-	27,677
93600	Sewer	23,184	-	-	-	1,638	-	24,822
93000	Total utilities	86,426	-	-	-	6,404	-	92,830
94100	Ordinary maintenance & operations - labor	244,745	-	-	-	-	-	244,745
94200	Ordinary maintenance & operations - materials and others	46,713	-	-	-	947	539	48,199
94300	Ordinary maintenance & operations - contract costs	51,980	-	5,000	-	6,674	180	63,834
94000	Total maintenance	343,438	-	5,000	-	7,621	719	356,778
96110	Property insurance	13,268	-	2,146	-	851	-	16,265
96120	Liability insurance	8,300	-	100	-	500	-	8,900
96140	All other insurance	4,097	-	511	-	45	-	4,653
96100	Total insurance premiums	25,665	-	2,757	-	1,396	-	29,818
96200	Other general expenses	-	-	3,924	-	-	-	3,924
96300	Payments in lieu of taxes	22,937	-	-	-	-	-	22,937
96400	Bad debt - tenant rents	3,689	-	-	-	-	-	3,689
96700	Interest expense	-	-	-	-	20,211	-	20,211
96900	Total operating expenses	804,531	-	663,843	135,439	39,368	35,718	1,678,899
97000	Excess operating revenue over operating expenses	(148,669)	227,531	3,263,702	-	6,273	24,172	3,373,009
97200	Casualty losses-non-capitalized	1,000	-	189	-	-	-	1,189
97300	Housing assistance payments	-	-	3,289,978	-	-	-	3,289,978
97350	HAP portability-in	-	-	1,322	-	-	-	1,322
97400	Depreciation expense	333,079	5,806	7,457	-	6,923	2,322	355,587
90000	Total expenses	1,138,610	5,806	3,962,789	135,439	46,291	38,040	5,326,975
10010	Operating transfers in	131,716	-	-	-	-	-	131,716
10020	Operating transfers out	-	(131,716)	-	-	-	-	(131,716)
10100	Total other financing sources (uses)	131,716	(131,716)	-	-	-	-	-
10000	Excess (deficiency) of operating revenue over (under) expenses	(351,032)	90,009	(35,244)	-	(650)	21,850	(275,067)
11030	Beginning equity	5,631,645	-	580,151	-	4,812	439,394	6,656,002
11040	Equity transfers	90,009	(90,009)	-	-	-	-	-
11170	Administrative fee equity	-	-	295,498	-	-	-	295,498
11180	Housing assistance payments equity	-	-	249,409	-	-	-	249,409
11190	Unit months available	1,968	-	10,596	-	120	-	12,684
11210	Number of unit months leased	1,947	-	10,484	-	120	-	12,551

OTHER REPORTS



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Your Business Safety Net

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

Board of Directors
Eastern Iowa Regional Housing Authority
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of and for the year ended June 30, 2011 and have issued our report thereon dated October 21, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity'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 entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity'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.

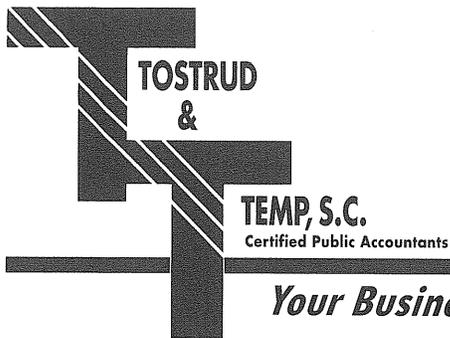
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 of the Authority's management, and the board of commissioners and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

T. Strud & Temp, S.C.

October 21, 2011



609 S. 4th Street, Suite B
La Crosse, WI 54601
Phone: 608-784-8060
Fax: 608-784-8167

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Eastern Iowa Regional Housing Authority
Dubuque, Iowa

Compliance

We have audited the compliance of the Eastern Iowa Regional Housing Authority, ("Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material affect on each of its major federal programs for the year ended June 30, 2011. The 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 its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the 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 the 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 on the Authority's compliance with those requirements.

In our opinion, the 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, 2011.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with 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 internal control over compliance in accordance with OBM Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board of Commissioners, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Toxtud & Temp, S.C.

October 21, 2011

Eastern Iowa Regional Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Significant deficiency(ies) identified? yes no
 Significant deficiency(ies) identified not
 considered to be material weaknesses? yes none reported

Noncompliance material to the financial statements? yes no

Federal Awards

Internal control over financial reporting:
 Significant deficiency(ies) identified? yes no
 Significant deficiency(ies) identified not
 considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with Circular A-133
 Section .510(1)? yes no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar threshold used to distinguish
 between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

NONE

Section III - Federal Findings and Questioned Costs

NONE

Status of Prior Audit Findings

There were no prior-year audit findings.