

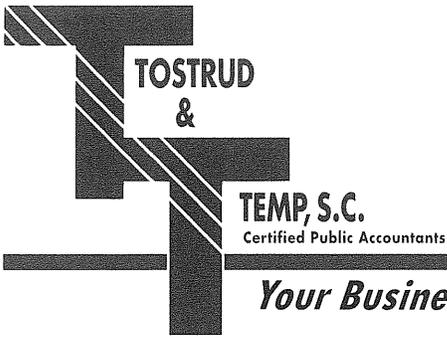
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

EAST CENTRAL  
INTERGOVERNMENTAL ASSOCIATION  
DUBUQUE, IOWA

JUNE 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

Council Members  
East Central Intergovernmental  
Association  
Dubuque, Iowa 52002

We have audited the accompanying basic financial statements of the East Central Intergovernmental Association as of June 30, 2012, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Central Intergovernmental Association as of June 30, 2012, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 5.10 and pages 30 through 31 and page 37 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Central Intergovernmental Association's basic financial statements. The schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as well as the schedule of expenditures of state financial assistance and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the East Central Intergovernmental Association. 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.

In accordance with Government Auditing Standards, we have also issued a report dated November 8, 2012 on our consideration of East Central Intergovernmental Association'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.



November 8, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

The East Central Intergovernmental Association (ECIA) is a membership supported organization of local governmental bodies in Cedar, Clinton, Delaware, Dubuque, and Jackson Counties in eastern Iowa. The purpose of ECIA is to provide management and technical assistance to local government staff and elected officials.

ECIA exists because of a need for local governments facing similar problems to cooperate in finding solutions. This cooperative effort, through ECIA membership, provides greater resources to local governments than they would be able to afford individually. The sharing of resources and discussion of common concerns vastly improves the quality and consistency of solutions to local and regional problems. Costs are held at a level that allows all local governments in the region to participate. ECIA strives to provide "A Regional Response to Local Needs."

As management of ECIA, we offer the readers of ECIA's financial statements this narrative overview and analysis of the financial activities of ECIA for the year ended June 30, 2012. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by ECIA). The financial statements do not include ECIA Business Growth, Inc., the Eastern Iowa Regional Utility Service Systems (EIRUSS), the Eastern Iowa Regional Housing Authority (EIRHA) or the Delaware, Dubuque and Jackson County Regional Transit Authority (RTA), which have been formed as separate and distinct entities.

We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis. This report complies with the Governmental Accounting Standards Board (GASB) Statement 34 reporting model.

Fiscal Year 2012 was another year filled with new challenges and opportunities. Highlights for the year included providing down payment assistance for more than 50 low to moderate income households through the New Production (NP) program; the creation and piloting of the newly formed workforce development initiative Opportunity Dubuque; collaborating with the City of Clinton on a TIGER grant from the Department of Transportation; continuing with acquisition of flood related buyout projects; developing an RFP and selecting a vendor for the Jule ITS technology project; partnering with the City of Dubuque on a State of Good Repair grant from the Federal Transit Authority, which will allow the City to construct an intermodal transportation center in the Dubuque Millwork District; and coordinating a Smarter Travel Pilot Study with IBM Research, which is providing data that will allow ECIA and the City of Dubuque to develop practices and policies that create lower-cost and lower-impact travel options for its residents.

As we look to fiscal 2013 and beyond, it is important that ECIA continues to be the resource for fulfilling the needs of our members, which includes continually reinventing ourselves yet maintaining our role as a regional problem solver and convener. Our municipalities and community members count on us to address current issues while strengthening the region's attractiveness for employment and livability.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**FINANCIAL HIGHLIGHTS**

- The assets of ECIA exceeded its liabilities at June 30, 2012 by \$365,561 (net assets). This amount may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net assets increased by 13.3%, or \$42,853, from June 30, 2011 to June 30, 2012
- As of the close of the fiscal year, ECIA's fund balance was \$516,170, an increase of \$87,145 in comparison with the prior year.
- Total revenues increased 40.3%, or \$3,151,753, from fiscal 2011 to fiscal 2012. This was primarily due to funding received through the federal Jumpstart program. This program included home repair, small rental rehab, interim mortgage assistance and down payment assistance for the NP program. Total expenditures increased 39.7%, or \$3,098,268 from fiscal 2011 to fiscal 2012. This was also due to the Jumpstart program. Approximately \$3.3 million was expended in the ECIA region and \$555,000 was passed thru to Southeast Iowa Regional Planning Council.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to ECIA's basic financial statements. The financial statements included in this report are designed to provide readers with a broad overview of ECIA's finances, in a manner similar to a private sector business. ECIA utilizes the accrual basis of accounting, which recognizes revenues and expenses when earned, regardless of when cash is received or paid. The following statements are included in this report:

- Statement of Net Assets – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of ECIA is improving or deteriorating.
- Statement of Activities – This statement is prepared on the accrual basis of accounting and presents functional expenses offset by revenue sources that are directly related.
- Balance Sheet Governmental Funds – This statement is prepared on the current financial resources measurement focus that generally only includes current assets and current liabilities.
- A reconciliation between the Balance Sheet-Governmental Funds and the Statement of Net Assets.
- Statement of Revenues, Expenditures and Changes in Fund Balance – This statement is prepared on the modified accrual basis of accounting and reports ECIA's operating revenue by major source, along with operating expenses.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

- A reconciliation between the full accrual basis accounting statement (Statement of Activity) and the modified accrual basis statement (Statement of Revenues, Expenses and Changes in Fund Balance).
- Notes to financial statements – This section provides additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplemental Information – In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information, providing detailed information by program and by project, as well as a schedule of Federal Financial Assistance.

**ANALYSIS OF NET ASSETS**

As previously noted, net assets may serve over time as a useful indicator of ECIA's financial position. ECIA's net assets increased by \$42,853 from a year ago. The analysis that follows illustrates the changes in the components that make up net assets.

	2012	2011	NET CHANGE	PERCENT CHANGE
Cash and investments	323,802	108,778	215,024	197.7
Other Current Assets	1,004,487	984,189	20,298	2.1
Capital Assets	1,242,367	1,294,653	(52,286)	(4.0)
Total Assets	2,570,656	2,387,620	183,036	7.7
Current Liabilities	872,946	718,489	154,457	21.5
Long-Term Liabilities	1,332,149	1,346,423	(14,274)	(1.1)
Total Liabilities	2,205,095	2,064,912	140,183	6.8
Unrestricted	365,561	322,708	42,853	13.3
Total Net Assets	365,561	322,708	42,853	13.3

Total assets increased by 7.7%, from \$2,387,620 in FY 2011 to \$2,570,656 in FY 2012. This increase was primarily attributable to a \$215,000 increase in cash resulting from EIRHA paying a portion of June staff charges prior to June 30 as well as the timing of the receipt of WIA grant funds.

Accounts & Grants Receivable increased from \$946,197 in FY 2011 to \$959,845 in FY 2012 due to outstanding draw requests on the EDA Recapitalization Grant. Prepaid fees increased \$6,650 primarily due to software conversion expenses incurred in advance of the switch to a new financial software for the WIA program beginning July 1, 2012.

Current liabilities increased from \$718,489 in FY2011 to \$872,946 in FY2012. This increase is primarily due to EDA Recapitalization Grant funds payable to ECIA Business Growth, Inc. for two loans funded at the end of the fiscal year.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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JUNE 30, 2012**

The long-term liability line item reflects the loans for the purchase of a 2010 Nissan Rogue in FY10, two 2011 Ford Fusions in FY11, a 2012 Ford Fusion in FY12, the Note Payable on the ECIA facility and ECIA's accrued liability for post employment benefit plans. Of the total outstanding debt balance, \$60,827 is classified as current and \$1,332,149 as long-term.

**ANALYSIS OF REVENUES AND EXPENDITURES**

In FY 2012 and FY 2011, total revenues were \$10,974,836 and \$7,823,083 respectively, an increase of approximately \$3.2 million or 40.3%. Total Expenditures for the same period decreased \$3.1 million or 39.7%. A comparison of income and expenditures is outlined in the following table.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**

	2012	2011	NET CHANGE	PERCENT CHANGE
<b>REVENUES</b>				
Federal	5,975,998	3,140,020	2,835,978	90.3
State of Iowa	238,954	601,957	(363,003)	(60.3)
State of Wisconsin	788	788	0	0.0
Membership Fees	99,835	95,983	3,852	4.0
Fees and assessments	918,719	635,440	283,279	44.6
EIRHA	1,300,891	1,271,695	29,196	2.3
CDBG Admin	834,550	666,487	168,063	25.2
ECIA Business Growth	262,985	267,332	(4,347)	(1.6)
Workforce Investment Act	695,798	639,038	56,760	8.9
EIRUSS	53,813	31,181	22,632	72.6
RTA	518,058	411,530	106,528	25.9
Interest	1,057	1,315	(258)	(19.6)
Miscellaneous	73,390	60,317	13,073	21.7
Total Revenues	10,974,836	7,823,083	3,151,753	40.3
<b>EXPENDITURES</b>				
Salaries, wages and benefits	4,611,511	4,085,822	525,689	12.9
Office supplies & operating materials	65,681	60,808	4,873	8.0
Conference and training	74,790	66,753	8,037	12.0
Business travel	194,047	175,542	18,505	10.5
Printing	18,644	14,184	4,460	31.4
Equip rental and maint	7,126	7,617	(491)	(6.4)
Office maintenance	9,649	6,731	2,918	43.4
Insurance and bonding	30,717	21,552	9,165	42.5
Dues and subscriptions	20,532	18,457	2,075	11.2
Telephone	39,957	34,503	5,454	15.8
Postage	35,683	34,956	727	2.1
Rent	25,539	25,155	384	1.5
Property Taxes	0	636	(636)	(100.0)
Utilities	21,088	20,895	193	0.9
Advertising	10,261	18,542	(8,281)	(44.7)
Professional fees	118,022	128,069	(10,047)	(7.8)
Marketing	25,454	36,404	(10,950)	(30.1)
Equipment purchases	30,900	66,588	(35,688)	(53.6)
Long-term debt principal	54,973	68,531	(13,558)	(19.8)
Interest Expense	70,839	81,595	(10,756)	(13.2)

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**

	2012	2011	NET CHANGE	PERCENT CHANGE
Miscellaneous	6,350	308	6,042	1961.7
Pass through grant expense	4,426,030	1,676,338	2,749,692	164.0
WIA program costs	1,013,003	1,162,542	(149,539)	(12.9)
Total Expenditures	10,910,796	7,812,528	3,098,268	39.7
Excess of Revenues over Expenditures	64,040	10,555	53,485	506.7
Proceeds From Long-term Borrowing	17,203	30,405	(13,202)	(43.4)
Proceeds From Sale of Fixed Assets	5,902	14,000	(8,098)	(57.8)
Excess of Revenues and Other Financing Sources over Expend	87,145	54,960	32,185	58.6
Beginning Fund Balance	429,025	374,065	54,960	
Ending Fund Balance	516,170	429,025	87,145	20.3

Federal funding increased by \$2.8 million primarily due to the activity in the Jumpstart program. Funding received from the State of Iowa decreased by \$363,000 as the Jumpstart Housing flood recovery programs were closed out on June 30, 2011. Fees and assessments increased approximately \$283,000 primarily due to contracts for the development of comp plans for West Branch and Dubuque, Clinton and Delaware Counties; increased grant writing for the City of Dubuque; the VMT Smarter Travel pilot study contract; and the addition of a mobility coordinator under the contract with the City of Dubuque for the management of The Jule transit system. CDBG administration income increased \$168,000 due to the administration of the flood recovery programs. Income from the WIA program increased by \$56,000 due to additional funding available for the National Emergency grant to assist displaced workers at Thermo Fisher Scientific. EIRUSS admin income increased \$23,000 primarily due to increased administration time on the Fairview and Leisure Lake wastewater projects. Interest income decreased by \$258 or 19.6 percent due to lower interest rates in FY12. Miscellaneous income increased approximately \$13,000 as FY12 income included \$5,600 for administrative services in coordinating The Jule's bus wrap advertising, \$3,300 in returned membership fees upon ECIA's withdrawal from the ICAP insurance pool and an increase of \$4,000 in agency vehicle usage fees.

Salaries, wages and benefits increased \$526,000 due to the addition of a Mobility Coordinator for The Jule transit system and an Employment and Training Specialist to assist with the administration of the Thermo Fisher grant as well as a full year for the Assistant Executive Director (vs. half year in FY11). ECIA also absorbed additional expense for the IowaWORKS Regional Director as one of the partners in the 28E agreement supporting this position withdrew in FY12 due to funding constraints. This was coupled with an 8.9% increase in health insurance premiums and a 1.12% increase in IPERS benefit expense. Conference and training expense increased approximately \$8,000 primarily due to staff participation in transit related trainings. (Approximately \$16,000 in transit training expense was reimbursed by the Iowa DOT through training fellowship grants.) Business travel increased approximately \$18,500 primarily due to the travel required in the administration of the flood recovery programs. Printing increased approximately \$4,500 due to photocopy costs related to documentation required for the

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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JUNE 30, 2012**

NP program. Office maintenance increased \$2,900 due to the repaving of the parking lot. Insurance expense increased \$9,200 due to the addition of professional liability coverage that we did not previously have under ICAP. Telephone expense increased \$5,400 due to the addition of 4 cell phone lines and a full year of smart phone usage (in FY11 some users did not have phones with data plans).

Advertising decreased \$8,300 due to publication requirements of the FY11 flood recovery programs. Marketing decreased by approximately \$11,000 due to a decrease in PEI grant funding in FY12. Equipment purchases decreased \$36,000 as three agency vehicles were purchased in FY11 (two cars and a used pickup truck for use by the building code inspectors) while one vehicle was purchased in FY12. Payments on Long term debt principal decreased \$13,500 as FY11 figures reflect the sale and early payoff of the loan on the Honda Insight. Interest expense decreased due to carrying a lower balance on the line of credit in FY12. The funds drawn from the line of credit were used to enable timely payment of Jumpstart Federal program contractor expenses while awaiting federal reimbursement. Pass through grant expenses increased approximately \$2.7 million due to the activity in the Federal Jumpstart program. WIA program costs decreased \$150,000 as a result of the Workforce Connection grant and ARRA funding ending in FY11.

## **OVERVIEW OF BUDGETS**

ECIA annually adopts a budget on a basis consistent with generally accepted accounting principles. Budgets are adopted for the general fund and appropriations lapse at fiscal yearend. Salaries and operating expenses are allocated in accordance with a pre-approved "Cost Allocation Plan."

The ECIA Council approved one budget amendment in May 2012. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$6,516,759 was increased to \$7,395,067, an increase of approximately \$878,000. This was primarily due to an increase in Jumpstart program activity.
- The original expenditure budget of \$6,502,570 was increased to \$7,334,561, an increase of \$832,000. This increase was also primarily due to the increase in Jumpstart program activity.

The Salary/benefit expense budget was decreased by \$70,010 as management anticipated more staff using accrued vacation in the final quarter of the fiscal year. The business travel budget was increased by \$19,500 primarily due to increased travel by the Community Development department staff in the administration of the flood related programs. The budget for Equipment rental and maintenance was decreased by \$4,100 due to lower than anticipated costs on equipment rental. The postage budget was reduced by \$2,200 due to EIRHA's move to direct deposit of rental assistance payments and the increased utilization of electronic communication. The budget for rent was decreased \$2,500 due to the closure of the Manchester WIA office by Iowa Workforce Development. The utility budget was decreased \$6,000 as actual utility costs

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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trended lower than anticipated. The Professional fees budget was decreased \$25,200 due to lower than anticipated costs. The Equipment budget was reduced by \$25,899 as the electronic document storage system project was postponed until FY12. Also, some of the computer equipment originally budgeted in this category was under the \$2,500 capitalization limit and was charged directly to expense. The long-term debt principal budget was decreased by \$13,300 as the original budget had been based on FY11 expenditures which included the early payoff of the Honda Insight loan. Pass-through grant expense was increased by \$1 million due to the increase in Jumpstart program activity.

**RESULTS OF OPERATIONS**

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2012. The amended budget anticipated excess revenue over expenditures of \$60,506. Actual results of operations reflected excess revenues of \$64,040.

Operating revenues were approximately \$2.6 million or 25.8% higher than budgeted. Operating expenditures were also \$2.6 million or 25.9% more than budgeted. This was primarily due to the timing of Jumpstart program activity. The following table illustrates these points:

**COMPARISON OF BUDGET VS. ACTUAL**

	BUDGET	ACTUAL	VARIANCE	PERCENT
<b>REVENUES</b>				
Federal	2,697,449	4,962,995	2,265,546	45.6
State of Iowa	10,294	238,954	228,660	95.7
State of Wisconsin	787	788	1	0.1
Membership Fees	99,835	99,835	0	0.0
Fees and assessments	904,698	918,719	14,021	1.5
EIRHA	1,179,110	1,300,891	121,781	9.4
CDBG/EDSA Admin	874,211	834,550	(39,661)	(4.8)
ECIA Business Growth	304,076	262,985	(41,091)	(15.6)
Workforce Investment Act	718,309	695,798	(22,511)	(3.2)
EIRUSS	49,274	53,813	4,539	8.4
Regional Transit Authority	497,666	518,058	20,392	3.9
Interest	1,015	1,057	42	4.0
Miscellaneous	58,343	73,390	15,047	20.5
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	7,395,067	9,961,833	2,566,766	25.8
<b>EXPENDITURES</b>				
Salaries, wages and benefits	4,505,110	4,611,511	106,401	2.3
Office supplies & operating materials	68,550	65,681	(2,869)	(4.4)
Conference and training	56,400	74,790	18,390	24.6
Business travel	185,000	194,047	9,047	4.7
Printing	17,500	18,644	1,144	6.1
Equip rental and maint	7,900	7,126	(774)	(10.9)
Insurance and bonding	30,500	30,717	217	0.7
Dues and subscriptions	25,300	20,532	(4,768)	(23.2)
Telephone	40,500	39,957	(543)	(1.4)
Postage	35,800	35,683	(117)	(0.3)

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

**COMPARISON OF BUDGET VS. ACTUAL**

	BUDGET	ACTUAL	VARIANCE	PERCENT
Rent	25,500	25,539	39	0.2
Utilities & Maintenance	27,000	30,737	3,737	12.2
Advertising	8,500	10,261	1,761	17.2
Professional fees	102,800	118,022	15,222	12.9
Marketing	34,000	25,454	(8,546)	(33.6)
Equipment purchases	30,901	30,900	(1)	(0.0)
Long-term debt principal	55,000	54,973	(27)	(0.0)
Interest expense	71,300	70,839	(461)	(0.7)
Miscellaneous	7,000	6,350	(650)	(10.2)
Pass-through grant expense	2,000,000	4,426,030	2,426,030	54.8
<b>Total Expenditures</b>	<b>7,334,561</b>	<b>9,897,793</b>	<b>2,563,232</b>	<b>25.9</b>
Excess of Revenues over Expenditures	60,506	64,040	3,534	5.5
Other Income				
Proceeds from LT Borrowing	17,203	17,203	0	0.0
Proceeds from Sale of Fixed Assets	5,902	5,902	0	0.0
Excess of Revenues and Other Income Over (Under) Expenditures	83,611	87,145	3,534	4.1

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2012, ECIA had \$1,242,367 invested in capital assets (net of depreciation), including a building, land, office furniture and equipment and agency vehicles. Total outstanding general obligation debt was \$1,303,648, which represents the outstanding balance of the Economic Development Revenue Note used to fund the building and the four loans used to purchase agency. Outstanding debt exceeds capital assets as the purchase of the land was funded by the Economic Development Revenue Note and subsequently \$169,000 in land was donated to the RTA as match for the RIF grant which funded the portion of the building owned by the RTA. ECIA's vested employee benefits were \$89,328 at June 30, 2012.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

ECIA's management and Council considered many factors when setting the fiscal year 2013 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. Local, State and Federal economic conditions are key indicators for resource availability and ECIA will continue to monitor these conditions as we move ahead into the new fiscal year.

Membership fees will increase from \$.52 to \$.54 per capita in Fiscal 2013. The hourly billing rates for all staff will increase 3% or \$2.00 per hour in order to keep pace with cost of living increases. Increases in employee health insurance costs as well as decreases in State and Federal funding levels will continue to be a concern in the year ahead. ECIA has implemented a wellness program for staff in an effort to support behavior conducive to the health of employees and their families, thereby achieving better health and reducing associated health risks.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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As we progress into 2013, we will continue to work collaboratively, developing new and building on already successful partnerships, while the staff at ECIA remains committed to building strong and healthy communities and making our region a great place to live and work.

**FINANCIAL CONTACT**

These financial statements are designed to provide our member communities, funding agencies and creditors with a general overview of ECIA's finances and to show ECIA's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to ECIA's Executive Director or Director of Finance and Human Resources, 7600 Commerce Park, Dubuque, IA 52002.

**BASIC FINANCIAL STATEMENTS**

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS**  
June 30, 2012

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and investments	\$ 323,802
Accounts receivable	409,643
Grants receivable	550,202
Prepaid fees and expenses	44,642
Total current assets	<u>1,328,289</u>
<b>Noncurrent assets</b>	
Property and equipment	
Land improvements	11,121
Building	1,052,275
Equipment and furniture	277,451
	<u>1,340,847</u>
Accumulated depreciation	<u>(312,912)</u>
	1,027,935
Land	214,432
Total noncurrent assets	<u>1,242,367</u>
<b>Total assets</b>	<u>\$ 2,570,656</u>
 <b>LIABILITIES</b>	
<b>Current liabilities</b>	
Excess of outstanding checks over bank balance	\$ 2,690
Current portion of long-term obligations	60,827
Line of credit	25,000
Accounts payable	67,413
Deferred revenue	
Grants	362,910
Prepaid memberships	200
Accrued liabilities	
Vacation and holiday pay	243,318
Other	110,588
Total current liabilities	<u>872,946</u>
<b>Noncurrent liabilities</b>	
Noncurrent portion of long-term obligations	<u>1,332,149</u>
Total liabilities	<u>2,205,095</u>
 <b>NET ASSETS</b>	
Investment in capital assets, net of related debt	-
Unrestricted	365,561
Total net assets	<u>365,561</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,570,656</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities</b>					
Salaries, wages and fringe benefits	\$ 4,083,553	\$ 1,764,931	\$ 2,302,033	\$ -	\$ (16,589)
Office supplies	60,730	26,248	34,235	-	(247)
Operating materials	-	-	-	-	-
Conferences and training	73,102	31,595	41,210	-	(297)
Business travel	157,064	67,884	88,542	-	(638)
Printing	14,996	6,481	8,454	-	(61)
Equipment rental and maintenance	6,944	3,001	3,915	-	(28)
Office maintenance	9,612	4,154	5,419	-	(39)
Insurance and bonding	25,560	11,047	14,409	-	(104)
Dues and subscriptions	17,444	7,539	9,834	-	(71)
Telephone	38,897	16,811	21,928	-	(158)
Postage	34,275	14,814	19,322	-	(139)
Rent	8,355	3,611	4,710	-	(34)
Utilities	20,982	9,069	11,828	-	(85)
Advertising	9,963	4,306	5,616	-	(41)
Professional fees	56,333	24,347	31,757	-	(229)
Marketing	25,454	11,001	14,349	-	(104)
Depreciation	83,088	35,911	46,839	-	(338)
Interest expense	70,839	30,617	39,934	-	(288)
Pass through grant expense	4,426,030	1,912,950	2,495,098	-	(17,982)
Miscellaneous	5,863	2,534	3,305	-	(24)
WIA program costs	1,013,003	-	1,013,003	-	-
Total governmental activities	\$ 10,242,087	\$ 3,988,851	\$ 6,215,740	\$ -	(37,496)
<b>General revenues</b>					
					1,057
Interest					73,390
Miscellaneous					5,902
Gain on sale of fixed assets					80,349
Total general revenues					
<b>Change in net assets</b>					
					42,853
Net assets at beginning of year					322,708
Net assets at end of year					\$ 365,561

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2012

	ECIA	WIA	
	General	Special	
	Fund	Revenue	Total
		Fund	
<b>ASSETS</b>			
Cash and investments	\$ 284,541	\$ 39,261	\$ 323,802
Accounts receivable	409,643	-	409,643
Grants receivable	503,787	46,415	550,202
Due from other funds	68,096	-	68,096
Prepaid fees and expenses	44,642	-	44,642
Total assets	\$ <u>1,310,709</u>	\$ <u>85,676</u>	\$ <u>1,396,385</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Excess of outstanding checks over bank balance	\$ -	\$ 2,690	\$ 2,690
Line of credit	25,000	-	25,000
Accounts payable	52,523	14,890	67,413
Accrued liabilities			
Vacation and other pay	243,318	-	243,318
Other	110,588	-	110,588
Deferred revenue			
Deferred grant revenue	362,910	-	362,910
Prepaid memberships	200	-	200
Due to other funds	-	68,096	68,096
Total liabilities	794,539	85,676	880,215
 <b>Fund balance</b>			
Unrestricted			
Committed - building maintenance	40,000	-	40,000
Unassigned	476,170	-	476,170
Total fund balance	516,170	-	516,170
	\$ <u>1,310,709</u>	\$ <u>85,676</u>	\$ <u>1,396,385</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -**  
**TO THE STATEMENT OF NET ASSETS**  
June 30, 2012

Fund balance - governmental funds	\$	516,170
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Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balances because:

Capital assets used in government activities are not financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are as follows:

Governmental capital assets	\$ 1,555,279	
Governmental accumulated depreciation	<u>(312,912)</u>	1,242,367

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net assets that are not reported in the funds balance sheet are as follows:

Vested employee benefits	(89,328)	
General obligation debt	<u>(1,303,648)</u>	<u>(1,392,976)</u>

<b>Total net assets - governmental activities</b>	<b>\$</b>	<b><u><u>365,561</u></u></b>
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The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the year ended June 30, 2012

	ECIA	WIA	Total
	General Fund	Special Revenue Fund	
<b>Revenues</b>			
Federal	\$ 4,962,995	\$ 1,013,003	\$ 5,975,998
State of Iowa	238,954	-	238,954
State of Wisconsin	788	-	788
Membership fees	99,835	-	99,835
Fees and assessments	918,719	-	918,719
Economic Development Set-Aside and CDBG grant administration	834,550	-	834,550
Agency service billings			
ECIA Business Growth	262,985	-	262,985
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,300,891	-	1,300,891
Workforce Investment Act (WIA) and related programs	695,798	-	695,798
Regional Transit Authority	518,058	-	518,058
EIRUSS	53,813	-	53,813
Interest	1,057	-	1,057
Miscellaneous	73,390	-	73,390
<b>Total revenues</b>	<b>9,961,833</b>	<b>1,013,003</b>	<b>10,974,836</b>
<b>Expenditures</b>			
Salaries, wages and fringe benefits	4,611,511	-	4,611,511
Office supplies	65,681	-	65,681
Operating materials	-	-	-
Conferences and training	74,790	-	74,790
Business travel	194,047	-	194,047
Printing	18,644	-	18,644
Equipment rental and maintenance	7,126	-	7,126
Office maintenance	9,649	-	9,649
Insurance and bonding	30,717	-	30,717
Dues and subscriptions	20,532	-	20,532
Telephone	39,957	-	39,957
Postage	35,683	-	35,683
Rent	25,539	-	25,539
Utilities	21,088	-	21,088
Advertising	10,261	-	10,261

Continued on next page.

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS - CONTINUED**  
For the year ended June 30, 2012

	<u>ECIA</u>	<u>WIA</u>	
	General	Special	
	Fund	Revenue	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>Expenditures - Continued</b>			
Professional fees	\$ 118,022	\$ -	\$ 118,022
Marketing	25,454	-	25,454
Equipment purchases	30,900	-	30,900
Long-term debt principal	54,973	-	54,973
Interest expense	70,839	-	70,839
Pass through grant expense	4,426,030	-	4,426,030
Miscellaneous	6,350	-	6,350
Program and administrative costs	-	1,013,003	1,013,003
	<u>9,897,793</u>	<u>1,013,003</u>	<u>10,910,796</u>
 Total expenditures			
	<u>9,897,793</u>	<u>1,013,003</u>	<u>10,910,796</u>
 Excess of revenues over expenditures	 64,040	 -	 64,040
 <b>Other financing sources</b>			
Proceeds from sale of fixed assets	5,902	-	5,902
Proceeds from long-term borrowing	17,203	-	17,203
Total other financing sources	<u>23,105</u>	<u>-</u>	<u>23,105</u>
 Excess of revenues and other financing source over expenditures	 87,145	 -	 87,145
 Fund balance at beginning of year	 <u>429,025</u>	 <u>-</u>	 <u>429,025</u>
 Fund balance at end of year	 <u>\$ 516,170</u>	 <u>\$ -</u>	 <u>\$ 516,170</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2012

**Net change in fund balances - total governmental funds** \$ 87,145

Amounts reported for governmental activities in the statement of activities are different because:

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, these costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. Assets disposed of for less than book value (cost - accumulated depreciation) are recorded as losses on disposition of fixed assets.

Capital outlay reported in governmental fund statements	\$ 30,900	
Gain on sale of fixed assets	5,902	
Proceeds from sale of fixed assets	(5,902)	
Depreciation expense reported in the statement of activities	<u>(83,186)</u>	(52,286)

Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	-	
Special termination benefits earned in current year	<u>(29,776)</u>	(29,776)
Amounts paid are less than amounts earned by		

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:	(17,203)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:	<u>54,973</u>
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**Change in net assets - governmental activities** \$ 42,853

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

East Central Intergovernmental Association is organized pursuant to the provisions of Chapters 473A and 28E of the Code of Iowa as a regional planning organization designed to assist local governments in cooperating with one another. The East Central Intergovernmental Association consists of a council of thirty locally elected and appointed officials from the counties of Cedar, Clinton, Delaware, Dubuque, and Jackson. This council, along with ECIA staff, seeks to coordinate relationships among local municipalities, improve communications with federal and state governments and to provide planning and programming assistance.

For financial reporting purposes, the Association has included all of its funds, organizations, agencies, and boards. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Association. The financial statements presented herein do not include E.C.I.A. Business Growth, Inc. or Eastern Iowa Regional Housing Authority, which have been formed as separate and distinct entities.

The financial statements of the Association consist of the following operations: East Central Intergovernmental Association (a planning agency) and Workforce Investment Act (WIA) (job training and retraining programs administered by the East Central Intergovernmental Association).

**2. Basis of Presentation**

**Association-wide Statements** - The Statement of Net Assets and the Statement of Activities present financial information about the Association's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Association has no business-type activities or fiduciary funds. However, such activities or funds would be included in these financial statements if they existed.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**2. Basis of Presentation - Continued**

**Association-wide Statements - Continued** - The Statement of Activities presents a comparison between direct/indirect expenses and revenues for each program of the Association's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular program/grant. Indirect expenses are common entity-wide expenses allocated to programs based on direct labor costs. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

**Fund Financial Statements** - The fund statements provide information about the Association's funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary, as applicable -- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, as applicable with each displayed in a separate column. All remaining governmental and enterprise funds, as applicable are aggregated and reported as non-major funds. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Association reports the following major governmental funds:

**General fund** - This is the Association's primary operating fund. All financial activity not required to be accounted for in another fund is accounted for in the general fund.

**Special revenue fund** - This fund accounts for activities associated with providing job training and retraining programs. Revenue sources consist entirely of grants received from the federal government.

**3. Measurement Focus and Basis of Accounting**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Association considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Measurement Focus and Basis of Accounting - Continued**

Proceeds of general long-term debt and fixed asset acquisitions made under capital leases are reported as other financing sources. Under the terms of grant agreements, the Association may fund certain programs by a combination of specific cost-reimbursement grants, service fees, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**4. Budgets**

The Association, although not legally required to do so, annually adopts a budget on a basis consistent with accounting principles generally accepted in the United States of America. A budget is adopted for the general fund and special revenue fund annually and is amended upon Board approval. Appropriations lapse at fiscal year end. The adopted budget and budgetary expenditure control is exercised at the expenditure type level (salaries, rent, etc.).

**5. Cash and Investments**

The Association's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts. The Association's investment policy permits investment of available cash balances in time deposits at any bank or credit union in the State of Iowa, U.S. Treasury obligations, U.S. agency issues and certain repurchase agreements. All investments are stated at fair market value.

**6. Receivables**

Any amounts reported on the Statement of Net Assets for due to and due from other funds represent amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

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.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**7. Capital Assets**

Capital assets are reported at actual cost if available. Estimated cost is used when actual cost is not determinable. Donated assets are reported at estimated fair market value on the date received. Repairs and maintenance are recorded as expenditures; replacements and betterments that extend an asset's life by greater than one year are capitalized.

**8. Depreciation**

The Association provides for depreciation of equipment and leasehold improvements using annual rates that are sufficient to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method of depreciation.

Estimated useful lives are as follows:

Land and building improvements	5-20 years
Building	40 years
Computer equipment	1-3 years
Furniture and equipment	3-10 years
Vehicles	3 years

**9. Retirement Plans**

Association employees participate in the Iowa Public Employees Retirement System (IPERS). All contributions made by the Association on behalf of its employees are reported as expenditures when earned.

**10. Inter-fund Transactions**

Quasi-external transactions are accounted for as revenues or expenditures, as appropriate. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as revenues in the fund that is reimbursed.

**11. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**12. Subsequent Events**

The Association has evaluated subsequent events through November 8, 2012, the date which the financial statements were available to be issued.

**NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS**

Differences between the governmental funds Statement of Revenues, expenditures and changes in fund balance and the Statement of Activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities.
- b. Capital related differences between recording expenditures for the purchase of fixed assets in the governmental fund statements and capitalizing fixed assets in the Statement of Net Assets and recording depreciation expense on all fixed assets in the Statement of Activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease in liabilities, as applicable, in the Statement of Net Assets, and interest expense is recorded in the Statement of Activities as incurred.
- d. Inter-fund transactions are differences that arise because governmental funds include billings for services provided by the Association's general fund to the special revenue fund. These inter-fund transactions are eliminated on the Statement of Activities.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE B - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND ASSOCIATION-WIDE STATEMENTS - CONTINUED**

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Inter-fund Transactions	Statement of Activities Total
<b>Revenues and other sources</b>						
Federal	\$ 5,975,998	\$ -	\$ -	\$ -	\$ -	\$ 5,975,998
State of Iowa	238,954	-	-	-	-	238,954
State of Wisconsin	788	-	-	-	-	788
Membership fees	99,835	-	-	-	-	99,835
Fees and assessments	918,719	-	-	-	-	918,719
Economic Development Set-Aside and CDBG grant administration	834,550	-	-	-	-	834,550
Agency service billings						
ECIA Business Growth	262,985	-	-	-	-	262,985
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,300,891	-	-	-	-	1,300,891
Workforce Investment Act (WIA) and related programs	695,798	-	-	-	(695,798)	-
Regional Transit Authority EIRUSS	518,058	-	-	-	-	518,058
Interest	53,813	-	-	-	-	53,813
Miscellaneous	1,057	-	-	-	-	1,057
Proceeds from sale of fixed assets	73,390	-	-	-	-	73,390
Gain on sale of fixed assets	5,902	-	(5,902)	-	-	-
Proceeds from long-term borrowing	-	-	5,902	-	-	5,902
Total revenues	17,203	-	-	(17,203)	-	-
<b>Total revenues</b>	<b>10,997,941</b>	<b>-</b>	<b>-</b>	<b>(17,203)</b>	<b>(695,798)</b>	<b>10,284,940</b>
<b>Expenditures</b>						
Salaries, wages and fringe benefits	4,611,511	29,776	-	-	(557,734)	4,083,553
Office supplies	65,681	-	-	-	(4,951)	60,730
Operating materials	-	-	-	-	-	-
Conferences and training	74,790	-	-	-	(1,688)	73,102
Business travel	194,047	-	-	-	(36,983)	157,064
Printing	18,644	-	-	-	(3,648)	14,996
Equipment rental and maintenance	7,126	-	-	-	(182)	6,944
Office maintenance	9,649	-	-	-	(37)	9,612
Insurance and bonding	30,717	-	-	-	(5,157)	25,560
Dues and subscriptions	20,532	-	-	-	(3,088)	17,444
Telephone	39,957	-	-	-	(1,060)	38,897
Postage	35,683	-	-	-	(1,408)	34,275
Rent	25,539	-	-	-	(17,184)	8,355
Utilities	21,088	-	-	-	(106)	20,982
Advertising	10,261	-	-	-	(298)	9,963
Professional fees	118,022	-	-	-	(61,689)	56,333
Marketing	25,454	-	-	-	-	25,454
Depreciation	-	-	83,186	-	(98)	83,088
Equipment purchases	30,900	-	(30,900)	-	-	-
Long-term debt principal	54,973	-	-	(54,973)	-	-
Interest expense	70,839	-	-	-	-	70,839
Pass through grant expense	4,426,030	-	-	-	-	4,426,030
Miscellaneous	6,350	-	-	-	(487)	5,863
WIA program costs	1,013,003	-	-	-	-	1,013,003
<b>Total expenditures</b>	<b>10,910,796</b>	<b>29,776</b>	<b>52,286</b>	<b>(54,973)</b>	<b>(695,798)</b>	<b>10,242,087</b>
<b>Net change for the year</b>	<b>\$ 87,145</b>	<b>\$ (29,776)</b>	<b>\$ (52,286)</b>	<b>\$ 37,770</b>	<b>\$ -</b>	<b>\$ 42,853</b>

East Central Intergovernmental Association  
 Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 June 30, 2012

**NOTE C - CASH DEPOSITS**

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and investments	\$ 323,802
Excess of outstanding cash over bank balance	(2,690)
Net assets and investments	\$ 321,112

Cash and investments as of June 30, 2012 consist of the following:

	Carrying Amount	Bank Balance
Petty cash	\$ 75	\$ -
Investment checking/savings and money market accounts	321,037	428,914
	\$ 321,112	\$ 428,914

**Investments Authorized by the Association's Investment Policy**

The Association is required to invest its funds in accordance with Iowa Statutes. The Association 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 Association'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 Association 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 Association 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.

**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 Association minimizes its credit risk by limiting investment types and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Association will do business.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE C - CASH DEPOSITS - CONTINUED**

**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 Association 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, the government's deposits might not be recovered. The Association's deposits at June 30, 2012 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Association or the Association's agent in the Association's name, or by a multiple financial institution collateral pool 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.

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. The Association does not have an investment policy that would limit the exposure to custodial risk for investments. 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.

**NOTE D - ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2012, the Association had the following accounts and grants receivable outstanding:

**Accounts Receivable**

Eastern Iowa Regional Housing Authority	\$ 14,794
Eastern Iowa Regional Partnership, LLP	406
Eastern Iowa Regional Housing Corp.	268
Eastern Iowa Development Corp.	8,231
E.I.R.U.S.S	9,460
Local contract charges	169,935
E.C.I.A. Business Growth, Inc.	18,308
Regional Transit Authority	45,218
Asbury EIRP, LLLP	1,374
Other	141,649
Total	\$ <u>409,643</u>

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE D - ACCOUNTS AND GRANTS RECEIVABLE - CONTINUED**

<b>Grants Receivable - ECIA</b>	
Iowa DOT - FHWA planning	\$ 38,636
Iowa DOT - MPO	37,058
Iowa DOT - Safe Routes to School	38,899
Iowans Helping Iowans	57
Wisconsin DOT - MPO	7,087
Iowa Workforce Development	12,340
Jumpstart	23,434
Promise Jobs	3,773
Smart Growth	13,593
EDA Grant	<u>328,910</u>
	503,787
<b>Grants Receivable - WIA</b>	
WIA Grants	<u>46,415</u>
Total grants receivable	<u>\$ 550,202</u>

**NOTE E - PENSION AND RETIREMENT BENEFITS**

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

Plan members are required to contribute 5.38% of their annual salary and the Association is required to contribute 8.07% of annual covered payroll to the plan. Contribution requirements are established by State statute. The Association's contribution to IPERS for the year ended June 30, 2012 of \$270,234 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2011 and 2010 were \$207,971 and \$163,570, respectively, equal to the required contributions for those years.

**NOTE F - COMPENSATED ABSENCES**

Association employees accumulate vacation hours for subsequent use or for payment upon termination, retirement or death. Sick leave hours accumulate for subsequent use and are not recognized as expenditures by the Association until used. The Association's approximate liability for unrecognized accrued employee benefits at June 30, 2012 is as follows:

Sick leave	\$ <u>624,704</u>
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Sick leave is accumulated at a rate of one day per month to a maximum accumulation of 100 days. Use of sick leave is available only to employees of record. There is no payoff of unused accumulated sick leave upon termination.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE G - OPERATING LEASE COMMITMENTS**

The Association has modified a lease to rent office space in Dubuque from September 1, 2012 to November 30, 2017. The modified lease requires monthly payments of \$1,026. The Association is required to make monthly payments of \$2,053 under the original lease through August 31, 2012. The Association also signed a lease to rent a mailing machine through July 31, 2017, payable in quarterly payments of \$103.76.

Future minimum lease payments are as follows:

June 30, 2013	\$	14,781
2014		12,727
2015		12,727
2016		12,727
2017		12,727
2018		5,130
	\$	<u>70,819</u>

**NOTE H - FIXED ASSETS**

A summary of changes in property and equipment comprising general fixed assets is as follows:

	Balance at <u>July 1, 2011</u>	Additions	Deletions	Balance at <u>June 30, 2012</u>
Land	\$ 214,432	\$ -	\$ -	\$ 214,432
Land improvements	11,121	-	-	11,121
Building	1,052,275	-	-	1,052,275
Equipment and furniture	<u>263,305</u>	<u>30,900</u>	<u>16,754</u>	<u>277,451</u>
Subtotal	1,541,133	30,900	16,754	1,555,279
Less accumulated depreciation				
Land	5,393	2,224	-	7,617
Building	77,689	26,307	-	103,996
Equipment and furniture	<u>163,398</u>	<u>54,655</u>	<u>16,754</u>	<u>201,299</u>
	<u>246,480</u>	<u>83,186</u>	<u>16,754</u>	<u>312,912</u>
Total	<u>\$ 1,294,653</u>	<u>\$ (52,286)</u>	<u>\$ -</u>	<u>\$ 1,242,367</u>

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE I - GENERAL LONG-TERM OBLIGATIONS**

Long-term debt transactions for the year ended June 30, 2012 are as follows:

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Notes payable	\$ 1,341,418	\$ 17,203	\$ 54,973	\$ 1,303,648
Vested employee benefits	59,552	29,776	-	89,328
	\$ 1,400,970	\$ 46,979	\$ 54,973	\$ 1,392,976

Long-term notes payable at June 30, 2012 is comprised of the following:

Description	Balance at June 30, 2012	Due Within One Year
\$20,871 commercial loan from Nissan Motors Acceptance Corp. May 21, 2010 and due in monthly installments of \$580, including interest at 0.00% per annum until June 5, 2013.	\$ 6,957	\$ 6,957
\$16,243 commercial loan from DuTrac Community Credit Union dated August 23, 2010 and due in monthly installments of \$478, including interest at 3.74% per annum until August 25, 2013.	6,528	5,587
\$14,163 commercial loan from DuTrac Community Credit Union dated November 29, 2010 and due in monthly installments of \$417, including interest at 3.74% per annum until November 25, 2013.	6,870	4,829
\$17,203 commercial loan from DuTrac Community Credit Union dated August 10, 2011 and due in monthly installments of \$506, including interest at 3.74% per annum until August 10, 2014.	12,621	5,697
\$1,392,281 Economic Development Revenue Note, Series 2007 dated October 5, 2007 and due in monthly installments of \$8,565, including interest at 5.20% per annum until October 1, 2032.	1,270,672	37,757
Total	\$ 1,303,648	\$ 60,827

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE I - GENERAL LONG-TERM OBLIGATIONS - CONTINUED**

The annual requirements needed to amortize the long-term notes payable of the Association as of June 30, 2012, are as follows:

Year ended June 30,	Principal	Interest	Total
2013	\$ 60,827	\$ 65,722	\$ 126,549
2014	48,660	63,192	111,852
2015	42,895	60,897	103,792
2016	44,117	58,663	102,780
2017	46,466	56,314	102,780
2018-2022	272,195	241,705	513,900
2023-2027	352,819	161,081	513,900
2028-2032	435,669	56,673	492,342
	<u>\$ 1,303,648</u>	<u>\$ 764,247</u>	<u>\$ 2,067,895</u>

**NOTE J - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

The Association provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Employees who retire at age 55 or older with 10 years of service and already participating in the health insurance plan at retirement, may remain on the Association's health insurance until the employee is eligible for Medicare. Retirees pay the full cost of the insurance premium with no surviving spouse provisions. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were no retirees receiving benefits and seven employees were eligible to receive benefits in the fiscal year ended June 30, 2012.

*Actuarial methods and assumptions.* The actuarial assumptions used are as prescribed in GASB 45 under the Alternate Measurement Method. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and used to determine the Other Post-Employment Benefits (OPEB) liability of the Association include using Projected Unit Credit with linear proration to decrement method, a 4% discount rate based on the plan being on a pay-as-you-go method, and an initial healthcare trend rate of 10.0% in 2010 with a one-half percent per

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE J - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED**

year decrease annually until leveling off in 2020 and later at 5%. The UAAL is being amortized over 30 years using a level percent of pay based on an open group. Demographic assumptions are based on industry assumptions with some consideration given to differences exhibited by the employees of the Association.

The discount rate was chosen assuming that the plan will be funded on a pay-as-you-go basis. If the Association chooses to fund the plan into an irrevocable trust, the discount rate must be adjusted accordingly to reflect the rate of return on the assets which will be used to pay the benefits.

*Funding Policy.* The plan is being funded on a pay-as-you-go basis.

*Annual Pension Cost and Net Pension Obligation.* The Association's annual pension cost and net pension obligation for the current year is:

Component	Amount
Annual required contribution	\$ 29,776
Interest on net pension obligation	-
Annual pension cost (expense)	29,776
Pension payments made	-
Increase in net pension obligation	29,776
Net pension obligation - beginning of year	59,552
Net pension obligation - end of year	\$ 89,328

*Funded Status and Funding Progress.* The Association implemented GASB Statement No. 45 for the first time for the fiscal year ending June 30, 2010. See page 29 for information on funding status and progress.

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2012	\$ 29,776	0.00%	\$ 89,328
6/30/2011	29,776	0.00%	59,552
6/30/2010	29,776	0.00%	29,776

GASB Statement No. 45 required that the Association implement this new standard for the fiscal year 2010, which began July 1, 2009. The Association chose to implement this standard prospectively, meaning that the liability started at zero on July 1, 2009, but the liability will grow every year that the Association does not make contributions equal to the annual OPEB cost.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE K - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following expenditures had an excess of actual expenditures over budget for the year ended June 30, 2012:

General Fund	
Salaries, wages and fringe benefits	\$ 106,401
Conferences and training	18,390
Business travel	9,047
Printing	1,144
Insurance and bonding	217
Rent	39
Utilities	4,088
Advertising	1,761
Professional fees	15,222
Pass-through grant expense	2,426,030

**NOTE L - RISK MANAGEMENT**

The Association 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 three fiscal years.

**SUPPLEMENTAL INFORMATION**

East Central Intergovernmental Association

Dubuque, Iowa

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR  
POST-EMPLOYMENT BENEFIT PLANS**

Year ended June 30, 2012

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Other Post-employment Benefits

6/30/2012	\$ -	\$ 201,540	\$ 201,540	0.00%	\$ 2,805,061	7.18%
6/30/2011	\$ -	\$ 201,540	\$ 201,540	0.00%	\$ 2,654,547	7.59%
6/30/2010	\$ -	\$ 201,540	\$ 201,540	0.00%	\$ 2,317,451	8.70%

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
<b>Revenues</b>				
Federal	\$ 1,729,873	\$ 2,697,449	\$ 4,962,995	\$ 2,265,546
State of Iowa	9,000	10,294	238,954	228,660
State of Wisconsin	787	787	788	1
Membership fees	99,835	99,835	99,835	-
Fees and assessments	863,675	904,698	918,719	14,021
Economic Development Set-Aside and CDBG grant administration	915,338	874,211	834,550	(39,661)
Agency service billings				
ECIA Business Growth	292,917	304,076	262,985	(41,091)
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,273,173	1,179,110	1,300,891	121,781
Workforce Investment Act (WIA) and related programs	741,338	718,309	695,798	(22,511)
Regional Transit Authority	504,323	497,666	518,058	20,392
EIRUSS	30,000	49,274	53,813	4,539
Interest	1,500	1,015	1,057	42
Miscellaneous	55,000	58,343	73,390	15,047
Total revenues	<u>6,516,759</u>	<u>7,395,067</u>	<u>9,961,833</u>	<u>2,566,766</u>
<b>Expenditures</b>				
Salaries, wages and fringe benefits	4,575,120	4,505,110	4,611,511	(106,401)
Office supplies	70,000	68,550	65,681	2,869
Operating materials	-	-	-	-
Conferences and training	56,400	56,400	74,790	(18,390)
Business travel	165,500	185,000	194,047	(9,047)
Printing	16,000	17,500	18,644	(1,144)
Equipment rental and maintenance	12,000	7,900	7,126	774
Office maintenance	10,000	10,000	9,649	351
Insurance and bonding	40,000	30,500	30,717	(217)
Dues and subscriptions	27,000	25,300	20,532	4,768
Telephone	36,000	40,500	39,957	543
Postage	38,000	35,800	35,683	117
Rent	28,000	25,500	25,539	(39)
Utilities	23,000	17,000	21,088	(4,088)
Advertising	20,000	8,500	10,261	(1,761)
Professional fees	128,000	102,800	118,022	(15,222)
Marketing	40,000	34,000	25,454	8,546
Equipment purchases	56,800	30,901	30,900	1
Long-term debt principal	68,300	55,000	54,973	27
Interest expense	83,200	71,300	70,839	461
Pass-through grant expense	1,000,000	2,000,000	4,426,030	(2,426,030)
Miscellaneous	9,250	7,000	6,350	650
Total expenditures	<u>6,502,570</u>	<u>7,334,561</u>	<u>9,897,793</u>	<u>(2,563,232)</u>
Excess of revenues over expenditures	14,189	60,506	64,040	3,534

Continued on next page.

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**  
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
<b>Other income</b>				
Proceeds from sale of fixed assets	\$ -	\$ 5,902	\$ 5,902	\$ -
Proceeds of long-term borrowing	22,000	17,203	17,203	-
	<u>22,000</u>	<u>23,105</u>	<u>23,105</u>	<u>-</u>
Excess of revenues and other income over (under) expenditures	36,189	83,611	87,145	3,534
Fund balance at beginning of year	<u>429,025</u>	<u>429,025</u>	<u>429,025</u>	<u>-</u>
Fund balance at end of year	<u>\$ 465,214</u>	<u>\$ 512,636</u>	<u>\$ 516,170</u>	<u>\$ 3,534</u>

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BY PROGRAM - GENERAL FUND**  
For the year ended June 30, 2012

	Totals	30 FHWA and Section 8 Transportation	40 General Technical Assistance	45 ECIA Business Growth	50 Economic Development Grant	55 EIRHA	56 EIRHC	65 Tax Credit Housing Programs	66 EIHRC Housing Counseling	67 IFA Tax Credit Compliance	75 Promise Jobs	80 Regional Transit RPA/STP
<b>REVENUES</b>												
Federal	\$ 4,962,995	\$ 137,706	\$ -	\$ -	\$ 417,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,773	\$ 166,447
State of Iowa	238,954	-	-	-	30,888	-	-	-	-	-	-	-
State of Wisconsin	788	788	-	-	-	-	-	-	-	-	-	-
Membership fees	99,835	15,669	-	-	23,933	-	-	-	-	-	-	22,110
Fees and assessments	918,719	99,638	228,551	4,314	82,702	-	-	18,743	-	24,475	-	2,950
Economic Development Set-Aside and CDBG grant administration	834,550	-	-	-	-	-	-	-	-	-	-	-
Agency service billings												
ECIA Business Growth	262,985	-	-	262,985	-	-	-	-	-	-	-	-
EIRHA/EIRHC	1,300,891	-	-	-	-	1,193,500	6,258	-	101,133	-	-	-
Workforce Investment Act (WIA) and related programs	695,798	-	-	-	-	-	-	-	-	-	-	-
Regional Transit Authority	518,058	-	-	-	-	-	-	-	-	-	-	-
EIRUSS	53,813	-	-	-	-	-	-	-	-	-	-	-
Interest	1,057	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	73,390	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	5,902	-	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term borrowing	17,203	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>9,984,938</b>	<b>253,801</b>	<b>228,551</b>	<b>267,299</b>	<b>555,373</b>	<b>1,193,500</b>	<b>6,258</b>	<b>18,743</b>	<b>101,133</b>	<b>24,475</b>	<b>313,773</b>	<b>191,507</b>
<b>EXPENDITURES</b>												
Salaries, wages & fringe benefits	4,611,511	206,380	180,084	226,573	162,511	1,068,810	5,804	18,232	91,237	17,306	278,464	161,554
Office supplies	65,681	3,518	2,844	4,938	3,361	13,031	50	3	1,253	225	1,777	2,787
Operating materials	-	-	-	-	-	-	-	-	-	-	-	-
Conferences and training	74,790	12,229	2,601	4,622	9,400	2,852	15	49	232	50	2,160	4,278
Business travel	194,047	10,366	8,834	6,358	6,186	17,303	42	132	705	373	14,723	6,052
Printing	18,644	712	602	935	569	3,599	20	63	312	68	1,084	540
Equipment rental and maintenance	7,126	475	459	520	336	1,544	8	1	201	42	170	348
Office maintenance	9,649	777	542	746	495	2,238	13	-	303	48	15	537
Insurance and bonding	30,717	1,310	1,185	1,442	862	6,866	35	120	616	91	1,779	1,016
Dues and subscriptions	20,532	789	675	3,057	986	3,402	26	63	279	78	1,744	539
Telephone	39,957	2,039	567	2,634	1,244	11,945	8	-	214	37	1,382	1,969
Postage	35,683	894	1,355	1,128	708	18,488	12	1	279	68	729	670
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Rent	25,539	-	-	-	-	-	-	-	-	-	8,355	-
Utilities	21,088	1,467	1,307	1,604	1,000	4,798	26	1	658	121	43	1,101
Advertising	10,261	503	25	254	186	535	1	3	15	4	43	407
Professional fees	118,022	3,564	2,822	3,139	5,356	11,060	53	68	1,131	4,786	1,068	3,198
Marketing	25,454	-	-	-	25,454	-	-	-	-	-	-	-
Depreciation	83,186	1,902	1,480	1,834	1,914	4,472	23	1	610	76	44	1,322
Equipment purchases	30,900	-	-	-	-	-	-	-	-	-	-	-
Long-term debt principal	54,973	2,184	1,880	2,432	1,586	7,230	39	2	1,013	192	61	1,649
Interest expense	70,839	4,692	4,109	5,083	4,309	15,273	83	4	2,075	404	132	3,540
Pass thru grant expense	4,426,030	-	10,000	-	328,910	-	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,350	-	-	-	-	54	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,980,979</b>	<b>253,801</b>	<b>221,371</b>	<b>267,299</b>	<b>555,373</b>	<b>1,193,500</b>	<b>6,258</b>	<b>18,743</b>	<b>101,133</b>	<b>23,969</b>	<b>313,773</b>	<b>191,507</b>
Excess of revenues over (under) expenditures	\$ 3,959	\$ -	\$ 7,180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506	\$ -	\$ -

Continued on next page.

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BY PROGRAM - GENERAL FUND - CONTINUED**  
For the year ended June 30, 2012

	85	86	90	100	108	116	119	120	140	145
	CDBG Admin- istration	Jumpstart Flood Relief	General	WIA	WIA Eagle/ Featherlite	EJP	Thermo Fischer	OJT NEG	Green Jobs	SESP Grant
<b>REVENUES</b>										
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,374	\$ -
State of Iowa	-	208,066	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-	-
Membership fees	-	-	38,123	-	-	-	-	-	-	-
Fees and assessments	-	-	-	-	-	-	-	-	-	-
Economic Development Set-Aside and CDBG grant administration	830,574	-	-	-	-	-	-	-	-	-
Agency service billings										
ECIA Business Growth	-	-	-	-	-	-	-	-	-	-
EIRHA/EIRHC	-	-	-	-	-	-	-	-	-	-
Workforce Investment Act (WIA) and related programs	-	-	-	446,928	30,804	6,492	194,014	10,179	-	7,381
Regional Transit Authority	-	-	-	-	-	-	-	-	-	-
EIRUSS	-	-	-	-	-	-	-	-	-	-
Interest	-	-	1,057	-	-	-	-	-	-	-
Miscellaneous	-	-	73,390	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	5,902	-	-	-	-	-	-	-
Proceeds from long-term borrowing	-	-	17,203	-	-	-	-	-	-	-
Total revenues	<u>830,574</u>	<u>208,066</u>	<u>135,675</u>	<u>446,928</u>	<u>30,804</u>	<u>6,492</u>	<u>194,014</u>	<u>10,179</u>	<u>44,374</u>	<u>7,381</u>
<b>EXPENDITURES</b>										
Salaries, wages & fringe benefits	693,198	867	-	331,893	27,866	5,815	176,361	9,134	39,812	6,665
Office supplies	14,724	6	-	4,325	195	-	334	-	558	97
Operating materials	-	-	-	-	-	-	-	-	-	-
Conferences and training	7,416	1	-	1,063	84	21	478	24	117	18
Business travel	32,839	3	25,528	27,090	1,204	369	7,675	600	524	45
Printing	2,604	3	-	2,790	112	23	662	38	146	23
Equipment rental and maintenance	1,588	4	-	159	-	-	6	-	112	17
Office maintenance	2,099	4	-	10	-	-	8	-	75	19
Insurance and bonding	4,438	6	-	3,230	287	37	1,501	59	202	43
Dues and subscriptions	2,655	18	-	2,383	66	16	555	41	191	27
Telephone	7,758	2	-	636	49	11	321	29	82	14
Postage	7,630	4	-	1,376	-	-	9	-	239	23
Property tax expense	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	10,634	818	185	5,322	225	-	-
Utilities	4,923	7	-	42	-	-	16	-	289	48
Advertising	4,448	10	-	264	3	-	30	1	9	-
Professional fees	9,841	13	-	60,815	109	15	641	28	482	81
Marketing	-	-	-	-	-	-	-	-	-	-
Depreciation	11,591	6	53,399	42	-	-	17	-	200	39
Equipment purchases	-	-	30,900	-	-	-	-	-	-	-
Long-term debt principal	7,299	-	23,279	57	11	-	24	-	415	69
Interest expense	15,523	23	-	119	-	-	54	-	921	153
Pass thru grant expense	-	207,089	-	-	-	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	6,296	-	-	-	-	-	-	-
Total expenditures	<u>830,574</u>	<u>208,066</u>	<u>139,402</u>	<u>446,928</u>	<u>30,804</u>	<u>6,492</u>	<u>194,014</u>	<u>10,179</u>	<u>44,374</u>	<u>7,381</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,727)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued on next page.

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BY PROGRAM - GENERAL FUND - CONTINUED**  
For the year ended June 30, 2012

	185	200	300	400	410	500
	Jumpstart Federal Projects	Economic Development Set-Aside	Eastern Iowa Utility Service Systems	Regional Transit Authority	The Jule	IWD Regional Coordinator
<b>REVENUES</b>						
Federal	\$ 3,882,845	\$ -	\$ -	\$ -	\$ -	\$ -
State of Iowa	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-
Membership fees	-	-	-	-	-	-
Fees and assessments	-	-	-	-	383,808	73,538
Economic Development Set-Aside and CDBG grant administration	-	3,976	-	-	-	-
Agency service billings						
ECIA Business Growth	-	-	-	-	-	-
EIRHA/EIRHC	-	-	-	-	-	-
Workforce Investment Act (WIA) and related programs	-	-	-	-	-	-
Regional Transit Authority	-	-	-	518,058	-	-
EIRUSS	-	-	53,813	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-
Proceeds from long-term borrowing	-	-	-	-	-	-
Total revenues	<u>3,882,845</u>	<u>3,976</u>	<u>53,813</u>	<u>518,058</u>	<u>383,808</u>	<u>73,538</u>
<b>EXPENDITURES</b>						
Salaries, wages & fringe benefits	-	3,646	43,817	439,344	346,823	69,315
Office supplies	-	27	781	9,541	1,303	3
Operating materials	-	-	-	-	-	-
Conferences and training	-	6	113	13,040	13,709	212
Business travel	-	28	2,313	11,740	10,355	2,660
Printing	-	7	142	2,152	1,234	204
Equipment rental and maintenance	-	6	92	962	76	-
Office maintenance	-	4	117	1,492	107	-
Insurance and bonding	-	34	299	2,760	2,111	388
Dues and subscriptions	-	6	101	1,464	1,164	207
Telephone	-	10	1,750	4,468	2,475	313
Postage	-	6	190	1,705	169	-
Property taxes	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Utilities	-	27	310	3,044	256	-
Advertising	-	1	1,242	1,902	365	10
Professional fees	-	33	834	6,421	2,238	226
Marketing	-	-	-	-	-	-
Depreciation	-	20	255	3,724	215	-
Equipment purchases	-	-	-	-	-	-
Long-term debt principal	-	41	491	4,622	397	-
Interest expense	2,814	74	966	9,677	811	-
Pass thru grant expense	3,880,031	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	<u>3,882,845</u>	<u>3,976</u>	<u>53,813</u>	<u>518,058</u>	<u>383,808</u>	<u>73,538</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued from previous page.

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES AND  
COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND**  
For the year ended June 30, 2012

	30	80
	FHWA and FTA Section 8 Transportation 12MPO-ECIA	Regional Transit RPA 12RPA-08
<b>REVENUES</b>		
Federal - Planning	\$ 137,706	\$ 100,224
Federal - Safe Routes to School	-	66,223
State of Wisconsin	788	-
Membership fees	15,669	22,110
Fees and assessments	99,638	2,950
Total revenues	253,801	191,507
<b>EXPENDITURES</b>		
Salaries, wages and fringe benefits	206,380	161,554
Office supplies	3,518	2,787
Conferences and training	12,229	4,278
Business travel	10,366	6,052
Printing	712	540
Equipment rental and maintenance	475	348
Office maintenance	777	537
Insurance and bonding	1,310	1,016
Dues and subscriptions	789	539
Telephone	2,039	1,969
Postage	894	670
Utilities	1,467	1,101
Advertising	503	407
Professional fees	3,564	3,198
Depreciation	1,902	1,322
Long-term debt principal	2,184	1,649
Interest expense	4,692	3,540
Total expenditures	253,801	191,507
Less Safe Routes to School	-	(66,223)
	253,801	125,284
Federal or state participation percentage	80%	80%
Computed project grant earned	\$ 203,041	\$ 100,227
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:		
	\$ 137,706	\$ 100,224
Therefore, the grants earned equal:	\$ 137,706	\$ 100,224

East Central Intergovernmental Association  
Dubuque, Iowa

SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES AND  
COMPUTATION OF PROJECT GRANTS EARNED - GENERAL FUND - CONTINUED

For the year ended June 30, 2012

50

	United States Department of Commerce Economic Development Planning Grant									
	05-83-04962-01			05-83-04962-02		EDA RLF Recapitali- zation Grant	EDA Reengage- ment Grant	Collabor- ative Marketing State	Collabor- ative Marketing Other	Total Economic Development
	Prior Audit 1/1-6/30/11	Current Year 7/1-12/31/11	Total 1/1-12/31/11	Current Year 1/1-6/30/12	Total Fiscal Year					
<b>REVENUES</b>										
Federal - EDA	\$ 19,317	\$ 42,683	\$ 62,000	\$ 40,818	\$ 83,501	\$ 328,910	\$ 5,439	\$ -	\$ -	\$ 417,850
State of Iowa - Planning	-	-	-	-	-	-	-	20,594	-	20,594
State of Iowa - Other	3,294	8,000	11,294	2,294	10,294	-	-	-	-	10,294
Membership fees	5,246	-	5,246	23,933	23,933	-	-	-	-	23,933
Fees and assessments	693	328	1,021	4,444	4,772	-	-	-	77,930	82,702
Total revenues	28,550	51,011	79,561	71,489	122,500	328,910	5,439	20,594	77,930	555,373
<b>EXPENDITURES</b>										
Salaries, wages and fringe benefits	31,155	59,547	90,702	69,485	129,032	-	3,389	17,145	12,945	162,511
Office supplies	576	2,124	2,700	1,194	3,318	-	43	-	-	3,361
Conferences and training	247	2,633	2,880	6,648	9,281	-	119	-	-	9,400
Business travel	849	3,490	4,339	2,618	6,108	-	78	-	-	6,186
Printing	139	295	434	267	562	-	7	-	-	569
Equipment rental and maintenance	81	225	306	107	332	-	4	-	-	336
Office maintenance	25	120	145	369	489	-	6	-	-	495
Insurance and bonding	160	388	548	463	851	-	11	-	-	862
Dues and subscriptions	222	760	982	214	974	-	12	-	-	986
Telephone	340	887	1,227	341	1,228	-	16	-	-	1,244
Postage	203	369	572	330	699	-	9	-	-	708
Utilities	271	527	798	460	987	-	13	-	-	1,000
Advertising	14	16	30	168	184	-	2	-	-	186
Professional fees	921	4,232	5,153	1,056	5,288	-	68	-	-	5,356
Marketing and pass through grant expense	10,527	-	10,527	-	-	328,910	7,000	3,449	15,005	354,364
Depreciation	261	1,467	1,728	423	1,890	-	24	-	-	1,914
Long-term debt principal	453	752	1,205	814	1,566	-	20	-	-	1,586
Interest expense	907	2,756	3,663	1,498	4,254	-	55	-	-	4,309
Total expenditures	47,351	80,588	127,939	86,455	167,043	328,910	10,876	20,594	27,950	555,373
Add qualifying matching expenses	-	-	-	-	-	-	-	20,834	-	-
Add in-kind matching expenses	-	-	-	-	-	-	-	12,108	-	-
Expense basis for computation of federal and/or state participation in project cost	47,351	80,588	127,939	86,455	167,043	328,910	10,876	53,536	27,950	
Federal or state participation percentage	50%	50%	50%	50%	50%	100%	50%	50%	100%	
Computed project grant earned	\$ 23,676	\$ 40,294	\$ 63,970	\$ 43,228	\$ 83,521	\$ 328,910	\$ 5,438	\$ 26,768	\$ 27,950	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:			\$ 62,000	\$ 40,818	\$ 83,501	\$ 328,910	\$ 5,439	\$ 20,594	\$ -	
Therefore, the grants earned equal:			\$ 62,000	\$ 40,818	\$ 83,501	\$ 328,910	\$ 5,439	\$ 20,594	\$ -	

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - WORKFORCE INVESTMENT ACT (WIA)**  
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
<b>Revenues</b>				
Workforce Investment Act (WIA) and related programs	\$ 3,000,000	\$ 3,058,274	\$ 1,013,003	\$ (2,045,271)
Total revenues	3,000,000	3,058,274	1,013,003	(2,045,271)
<b>Expenditures</b>				
Administrative expenses	95,565	95,565	95,565	-
Program costs	2,904,435	2,962,709	917,438	2,045,271
Total expenditures	3,000,000	3,058,274	1,013,003	2,045,271
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

East Central Intergovernmental Association  
 Dubuque, Iowa  
**BALANCE SHEET - BY CONTRACT -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
 June 30, 2012

Pass-through Entity: Upper Explorerland Regional Planning Commission ECIA  
Business  
Growth, Inc.

Contract Number: East Central Intergovernmental Association and  
Upper Explorerland Regional Planning Commission Joint Agreement

Contract Period: July 1, 2011 through June 30, 2012

Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth Out of School Formula	Dislocated Worker Formula	Adult DLW Incentive	State Set- Aside	Green Jobs
<b>Assets</b>								
Cash	\$ 909	\$ 9,352	\$ 558	\$ -	\$ 10,590	\$ 13,466	\$ 2,323	\$ -
Grants receivable	-	4,000	433	1,000	5,244	4,007	-	-
	<u>\$ 909</u>	<u>\$ 13,352</u>	<u>\$ 991</u>	<u>\$ 1,000</u>	<u>\$ 15,834</u>	<u>\$ 17,473</u>	<u>\$ 2,323</u>	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>								
Accounts payable	\$ -	\$ 4,864	\$ -	\$ 84	\$ -	\$ -	\$ -	\$ -
Due to other funds	909	8,488	991	118	15,834	17,473	2,323	-
Excess of outstanding checks over bank balance	-	-	-	798	-	-	-	-
Total liabilities	909	13,352	991	1,000	15,834	17,473	2,323	-
Fund balance	-	-	-	-	-	-	-	-
	<u>\$ 909</u>	<u>\$ 13,352</u>	<u>\$ 991</u>	<u>\$ 1,000</u>	<u>\$ 15,834</u>	<u>\$ 17,473</u>	<u>\$ 2,323</u>	<u>\$ -</u>

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East Central Intergovernmental Association  
 Dubuque, Iowa  
**BALANCE SHEET - BY CONTRACT -**  
**WORKFORCE INVESTMENT ACT (WIA) - CONTINUED**  
 June 30, 2012

Pass-through Entity: Upper Explorerland Regional Planning Commission

Contract Number: 11-W-FR-P1-0-17    10-W-FR-9F-0-05    11-W-FR-P1-1-06    11-W-FR-P1-0-03    11-I-PF-EG-0-05

Contract Period: July 1, 2011 through June 30, 2012

Program:	<u>EPJ Severe Storms</u>	<u>Eagle Feather- Lite</u>	<u>ARRA OJT</u>	<u>Thermo Fisher</u>	<u>State Energy Sector</u>	<u>Total</u>
<b>Assets</b>						
Cash	\$ 1,500	\$ 563	\$ -	\$ -	\$ -	\$ 39,261
Grants receivable	<u>-</u>	<u>3,429</u>	<u>1,587</u>	<u>17,851</u>	<u>8,864</u>	<u>46,415</u>
	<u>\$ 1,500</u>	<u>\$ 3,992</u>	<u>\$ 1,587</u>	<u>\$ 17,851</u>	<u>\$ 8,864</u>	<u>\$ 85,676</u>
<b>Liabilities and Fund Balance</b>						
Accounts payable	\$ 1,500	\$ -	\$ -	\$ -	\$ 8,442	\$ 14,890
Due to other funds	-	3,992	-	17,546	422	68,096
Excess of outstanding checks over bank balance	<u>-</u>	<u>-</u>	<u>1,587</u>	<u>305</u>	<u>-</u>	<u>2,690</u>
Total liabilities	1,500	3,992	1,587	17,851	8,864	85,676
Fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,500</u>	<u>\$ 3,992</u>	<u>\$ 1,587</u>	<u>\$ 17,851</u>	<u>\$ 8,864</u>	<u>\$ 85,676</u>

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East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
For the year ended June 30, 2012

Pass-through Entity:	Upper Explorerland Regional Planning Commission							ECIA Business Growth, Inc.
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement							
Contract Period:	July 1, 2011 through June 30, 2012							
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth Out of School Formula	Dislocated Worker Formula	Adult DLW Incentive	State Set- Aside	Green Jobs
<b>Revenues</b>								
Grants	\$ 52,457	\$ 105,936	\$ 41,533	\$ 91,416	\$ 170,944	\$ 104,307	\$ 5,988	\$ 3,784
<b>Expenditures</b>								
Administration	52,457		-	-	-	-	-	-
Training related and support services	-	6,753	4,901	3,588	13,077	4,701	-	3,784
Direct training services	-	99,183	36,632	87,828	157,867	99,606	5,988	-
Total expenditures	52,457	105,936	41,533	91,416	170,944	104,307	5,988	3,784
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**WORKFORCE INVESTMENT ACT (WIA) - CONTINUED**  
For the year ended June 30, 2012

Pass-through Entity: Upper Explorerland Regional Planning Commission

Contract Number: 11-W-FR-10-W-FR-11-W-FR-11-W-FR-11-I-PF-  
P1-0-17 9F-0-05 P1-1-06 P1-0-03 EG-0-05

Contract Period: July 1, 2011 through June 30, 2012

Program:	<u>EPJ Severe Storms</u>	<u>Eagle Feather- Lite</u>	<u>ARRA OJT</u>	<u>Thermo Fisher</u>	<u>State Energy Sector</u>	<u>Totals</u>
<b>Revenues</b>						
Grants	\$ 15,358	\$ 58,829	\$ 33,387	\$ 250,051	\$ 79,013	\$ 1,013,003
<b>Expenditures</b>						
Administration	1,321	5,103	2,707	26,596	7,381	95,565
Training related and support services	300	2,852	-	54,706	-	94,662
Direct training services	<u>13,737</u>	<u>50,874</u>	<u>30,680</u>	<u>168,749</u>	<u>71,632</u>	<u>822,776</u>
Total expenditures	<u>15,358</u>	<u>58,829</u>	<u>33,387</u>	<u>250,051</u>	<u>79,013</u>	<u>1,013,003</u>
Excess of revenues over (under) expenditures	-	-	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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East Central Intergovernmental Association  
Dubuque, Iowa

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
<b>Direct</b>			
<b>United States Department of Commerce</b>			
EDA Planning Grant	11.302	05-83-04375-02 05-83-04962	\$ 42,683 <u>40,818</u> 83,501
Local Technical Assistance	11.303	05-06-05205	5,439
Economic Adjustment Grant to Establish a Revolving Loan Fund (Major Program)	11.307	05-79-04739	<u>328,910</u>
Total United States Department of Commerce			417,850
<b>Indirect:</b>			
<b>United States Department of Labor</b>			
Passed through ECIA Business Growth, Inc. Green Jobs	17.275	ECIA Business Growth Contract	<u>48,158</u>
Total United States Department of Labor			48,158
<b>United States Department of Health and Human Services</b>			
Passed through Upper Explorerland Regional Planning Commission Promise Jobs	93.558	UERPC/ECIA Contract	<u>313,773</u>
Total United States Department of Health and Human Services			313,773
<b>United States Department of Labor</b>			
Passed through the Iowa Workforce Development (Major Programs)			
National Emergency Grants			
Eagle/Featherlite NEG	17.277	10-W-FR-9F-0-05	58,829
Severe Storms NEG	17.277	11-W-FR-P1-0-17	15,358
Thermo Fisher NEG	17.277	11-W-FR-P1-0-03	250,051
WIA ARRA OJT NEG	17.278	11-W-FR-P1-0-06	<u>33,387</u>
			357,625
Passed through Upper Explorerland Regional Planning Commission			
Workforce Investment Act Cluster (Major Programs)			
Administration	17.258	UERPC/ECIA Contract	52,457
Adult Formula	17.258	UERPC/ECIA Contract	105,936
Youth In School Formula	17.259	UERPC/ECIA Contract	41,533
Youth Out of School Formula	17.259	UERPC/ECIA Contract	91,416
Dislocated Worker Formula	17.278	UERPC/ECIA Contract	170,944
State Set Aside	17.278	UERPC/ECIA Contract	<u>5,988</u>
			468,274

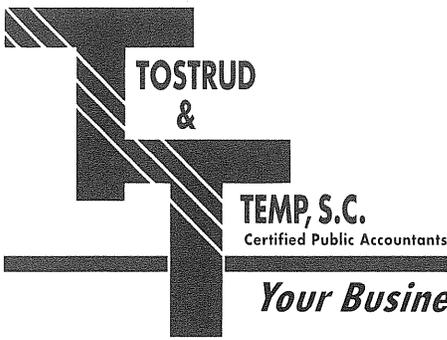
East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED**  
For the year ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
<b>United States Department of Labor - Continued</b>			
Passed through Upper Explorerland Regional Planning Commission - Continued			
Workforce Investment Act (Major Programs)			
State Energy			
Sector Partnership	17.275	UERPC/ECIA Contract	79,013
Incentive	17.267	UERPC/ECIA Contract	104,307
			<u>183,320</u>
Total United States Department of Labor			1,009,219
<b>United States Department of Housing and Urban Development</b>			
Passed through Rebuild Iowa Office (Major Program)			
Jumpstart Program	14.228	08-DRH-004	3,882,845
<b>United States Department of Transportation</b>			
Passed through Iowa Department of Transportation			
FHWA Planning - RPA	20.515	12-RPA-08	100,224
FHWA - Planning	20.205	12-MPO-ECIA	121,870
Safe Routes to School	20.205	09-SRTS-001	33,000
Safe Routes to School	20.205	09-SRTS-002	33,223
Passed through Illinois Depart- ment of Transportation			
IL Hwy Planning Research	20.205	IDOT Contract	9,536
Passed through Wisconsin Depart- ment of Transportation			
FHWA Planning	20.515	WisDOT Contract	6,300
Total United States Department of Transportation			<u>304,153</u>
Total Indirect			<u>5,558,148</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 5,975,998</u></u>

Note 1: Basis of Accounting: This statement is prepared using the same basis of accounting as the Association's financial statements. The Association uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. Association records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2: Federal Indirect Rate: The Association has an indirect cost allocation plan on file in accordance with OMB Circular A-87.

**OTHER REPORTS**



609 S. 4th Street, Suite B  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Council Members  
East Central Intergovernmental Association  
Dubuque, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the East Central Intergovernmental Association ("the Association"), as of and for the year ended June 30, 2012, which collectively comprise the Association's basic financial statements and have issued our report thereon dated November 8, 2012. 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 the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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.

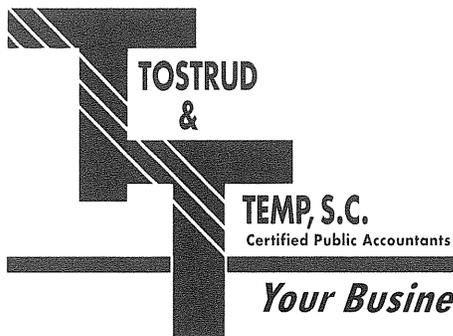
#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association'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, the Board, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Testard & Temp, S. C.*

November 8, 2012



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Council Members  
East Central Intergovernmental Association  
Dubuque, Iowa

**Compliance**

We have audited the compliance of the East Central Intergovernmental Association ("the Association"), 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, 2012. The Association'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 the Association's management. Our responsibility is to express an opinion on the Association'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 Association'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 the Association's compliance with those requirements.

In our opinion, the Association, 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, 2012.

## Internal Control Over Compliance

Management of the Association 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 the Association'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 internal control over compliance in accordance with OMB Circular A-133, 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 the Association'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 management, the Board, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Testaud & Temp, S. C.*

November 8, 2012

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2012

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Significant deficiency identified? \_\_\_ yes X no  
Significant deficiency identified  
considered to be a material weakness? \_\_\_ yes X no

Noncompliance material to the financial statements? \_\_\_ yes X no

**Federal Awards**

Internal control over compliance:  
Significant deficiency identified? \_\_\_ yes X no  
Significant deficiency identified  
considered to be a material weakness? \_\_\_ yes X no

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 X no

**Identification of Major Federal Programs**

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.258, 17.259, 17.267, 17.275, 17.277, 17.278	WIA Cluster
14.228	Jumpstart
11.307	Economic Adjustment Grant to Establish a Revolving Loan Fund
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as a low-risk auditee?	<u>X</u> yes ___ no

**Section II - Financial Statement Findings**

None

**Section III - Federal and State Award Findings and Questioned Costs**

None

**Section IV - Prior-Period Findings**

None