

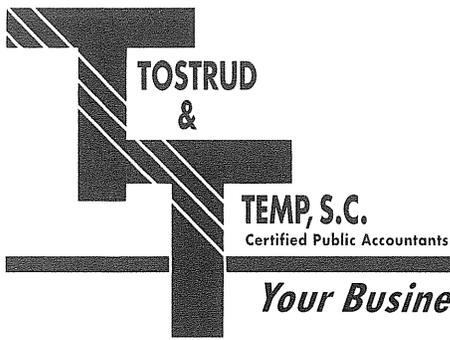
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

EASTERN IOWA REGIONAL  
HOUSING AUTHORITY  
DUBUQUE, IOWA

June 30, 2012

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the accompanying proprietary funds statement of net assets of the Eastern Iowa Regional Housing Authority, as of June 30, 2012, and the related proprietary funds statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Iowa Regional Housing Authority as of June 30, 2012, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated October 25, 2012, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

*Tostrud + Temp, S.L.*

October 25, 2012

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

**FINANCIAL HIGHLIGHTS**

- The term "net assets" refers to the difference between assets and liabilities. The Authority's total net assets as of June 30, 2012 were \$6,378,604. The net assets decreased by \$2,331 from the prior year.
- The Authority had a net decrease of \$260,070 in the Low Rent Public Housing and Capital Fund Programs, \$36,445 net decrease in the Section 8 Housing Choice Voucher Program, \$13,786 net increase in the Rural Rental Housing Loans Program, and a \$280,398 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$5,341,304 for the year ended June 30, 2012. This was an increase of \$289,396 or 5.7% over the prior year.
- Expenses for the Authority were \$5,343,389 for the year ended June 30, 2012. This was an increase of \$16,414 or 0.3% over the prior year.
- Rental revenue for the Authority was \$335,610 for the year ended June 30, 2012, a decrease of \$5,771 or 1.7% from the prior year. Intergovernmental revenue for the Authority was \$4,482,062 for the year ended June 30, 2012, a decrease of \$36,923 or 0.8% from the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2012 was \$65,015, a decrease of \$30,764 or 32.1% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

*Required Financial Statements*

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

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

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

*Notes to the Financial Statements*

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

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2012 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net assets may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets exceeded liabilities by \$6,378,604 at the close of the year ended June 30, 2012 down from \$6,380,935 in fiscal year 2011. The decrease in net assets of \$2,331 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$171,667 increase in this category, cash and investments increased \$198,128, receivables decreased \$29,734, prepaid expenses increased \$2,609, and assets held for sale increased \$664.
- Non-current assets decreased \$282,493 mainly due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Asset and Debt Administration" of this analysis.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

**FINANCIAL ANALYSIS - CONTINUED**

- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The decrease in this category of \$105,473 was mainly due to a decrease in accounts payable due to HUD of \$34,432 and a decrease in accounts payable due to vendors and contractors of \$80,227.
- Non-current liabilities decreased \$3,022 due to principal payments applied to long-term debt.

The unrestricted net assets were \$1,442,398 as of June 30, 2012. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays, excluding housing assistance payments, for nine months. The restricted assets were \$287,034 as of June 30, 2012. This amount may only be used in the Housing Choice Voucher program for housing assistance payments. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET ASSETS**

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 1,722,052	\$ 1,550,385	\$ 171,667	11.1%
Non-current assets	5,184,516	5,467,009	(282,493)	-5.2%
Total Assets	<u>6,906,568</u>	<u>7,017,394</u>	<u>(110,826)</u>	<u>-1.6%</u>
Current liabilities	249,466	354,939	(105,473)	-29.7%
Non-current liabilities	278,498	281,520	(3,022)	-1.1%
Total Liabilities	<u>527,964</u>	<u>636,459</u>	<u>(108,495)</u>	<u>-17.0%</u>
Net Assets				
Invested in capital assets, net of related debt	4,649,172	4,926,552	(277,380)	-5.6%
Restricted	287,034	283,622	3,412	1.2%
Unrestricted	1,442,398	1,170,761	271,637	23.2%
Total Net Assets	<u>\$ 6,378,604</u>	<u>\$ 6,380,935</u>	<u>\$ (2,331)</u>	<u>0.0%</u>

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

The 2011 approved capital grant (501-11) totals \$189,051 and was 100.0% expended as of June 30, 2012. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/12, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$124,000	100.0%	Operations
1410	\$ 6,792	100.0%	Administration
1460	\$ 57,559	100.0%	Dwelling Structures
1465	\$ 700	100.0%	Dwelling Equipment

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

**FINANCIAL ANALYSIS - CONTINUED**

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

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental income	\$ 335,610	\$ 341,381	\$ (5,771)	-1.7%
Intergovernmental revenue	4,482,062	4,518,985	(36,923)	-0.8%
Other operating revenue	452,997	83,402	369,595	443.1%
General revenues				
Interest income	5,584	12,222	(6,638)	-54.3%
HUD capital grants	65,051	95,815	(30,764)	-32.1%
Gain (loss) on disposal of fixed assets	-	103	(103)	-100.0%
Total Revenues	<u>5,341,304</u>	<u>5,051,908</u>	<u>289,396</u>	<u>5.7%</u>
Expenses				
Administrative	881,078	1,034,471	(153,393)	-14.8%
Tenant services	293,748	114,241	179,507	157.1%
Utilities	91,350	92,830	(1,480)	-1.6%
Ordinary maintenance & operations	389,061	356,777	32,284	9.0%
General expense	86,647	60,368	26,279	43.5%
Interest expense	12,260	20,211	(7,951)	-39.3%
Housing assistance payments	3,228,390	3,291,300	(62,910)	-1.9%
Depreciation	360,855	355,588	5,267	1.5%
Casualty losses, non-capitalized	-	1,189	(1,189)	-100.0%
Total Expenses	<u>5,343,389</u>	<u>5,326,975</u>	<u>16,414</u>	<u>0.3%</u>
Excess (deficiency) before prior period adjustments	(2,085)	(275,067)	272,982	
Prior period adjustments	(246)	-	(246)	
Change in net assets	<u>(2,331)</u>	<u>(275,067)</u>	<u>272,736</u>	
Beginning net assets	<u>6,380,935</u>	<u>6,656,002</u>	<u>(275,067)</u>	
Ending net assets	<u>\$ 6,378,604</u>	<u>\$ 6,380,935</u>	<u>\$ (2,331)</u>	

As can be seen in the table above, total revenues increased \$289,396 due to the reasons noted below.

- Rental revenue decreased \$5,771 or 1.7% mainly due to a decrease in the average rent charge per unit under lease of \$2.08 or 1.3%.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

**FINANCIAL ANALYSIS – CONTINUED**

- Of the \$36,923 decrease in intergovernmental revenue, public housing operating subsidy received from HUD increased \$34,168, capital fund grants used for operating expenditures decreased \$7,716, funding for housing choice voucher program decreased \$62,300, revenue from resident opportunity supportive services decreased \$8,010, rural rental housing assistance decreased \$6,850, and comprehensive housing counseling grant increased \$13,785.
- Other operating revenue increased \$369,595 or 443.1% from FY 2011 mostly due to a \$358,688 increase in other revenue from Component Units.
- Interest income decreased \$6,638 or 54.3% due to lower interest rates on deposit accounts.
- HUD capital grants decreased \$30,764 from FY 2011. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Gain (loss) on disposal of fixed assets decreased \$103 from FY 2011. In FY 2011 the Authority sold one home through a rent to own option for a gain of \$5,733 and disposed of equipment for a loss of \$5,630.

Total expenses increased by \$16,414 due to the reasons noted below.

- Administrative expenses decreased \$153,393 or 14.8% from FY 2011. In FY 2012 Resident Opportunity & Supportive Service (ROSS) expenses are reported under Tenant Services and in FY 2011 ROSS expenses were reported under Administrative. The Authority also had a decrease in administrative salaries of \$23,718 or 3.7%.
- Tenant services increased \$179,507 or 157.1% from FY 2011. In FY 2012 Resident Opportunity & Supportive Service (ROSS) expenses are reported under Tenant Services and in FY 2011 ROSS expenses were reported under Administrative.
- Of the \$1,480 decrease in utilities, water decreased \$1,908 or 9.4%, electricity decreased \$1,868 or 9.4%, gas increased \$2,411 or 8.7%, and sewer decreased \$115 or 0.5%.
- Ordinary maintenance & operations increased \$32,284 or 9.0% due to increases in maintenance labor of \$6,648, maintenance materials of \$18,504, and contracted maintenance services of \$7,132.
- Of the \$26,279 increase in general expense, general insurance increased \$1,928, other general expenses increased \$14,477, payments in lieu of taxes decreased \$478, and bad debt expense increased \$10,352.
- Interest expense decreased \$7,951 or 39.3% from FY 2011.
- Housing assistance payments decreased \$62,910 or 1.9% primarily due to a 2.4% decrease in number of Section 8 vouchers issued and outstanding during FY 2012.

Eastern Iowa Regional Housing Authority  
 Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
 Year Ended June 30, 2012

**FINANCIAL ANALYSIS – CONTINUED**

- The Authority had a \$5,267 or 1.5% increase in Depreciation which is the write-off of capital assets over their estimated useful life.
- The Authority had a \$1,189 casualty loss in FY 2011 for fire damage to a dwelling unit.

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

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2011 through June 30, 2012, EIRHA served 206 families in the city of Maquoketa. The Section 8 lease up rate for FY 2012 was 96.53%, down from 98.94% in the prior year. EIRHA expended \$3,210,516 or 100.0% of current year housing assistance received from HUD during FY 2012.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets* – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa’s investment in capital assets, net of related debt, as of June 30, 2012 amounts to \$4,649,172 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total decrease in the Authority’s investment in capital assets for the current fiscal year was 5.4% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$80,656 for the year. Of this amount \$65,051 was used from HUD capital grants and \$15,605 was used from Rural Rental Housing residual receipts. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$360,855. Additional information on the Authority’s capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Net Loss on Disposal	Ending
Capital assets	\$5,210,891	\$80,656	\$(360,855)	\$(0)	\$4,930,692

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2012

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

*Debt Administration* - The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2012 is \$281,520, down from \$284,339 in FY 2011. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2013 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$1,597,063 for housing assistance payments for the months of July through December 2012 in the Housing Choice Voucher Program. The Authority also has \$252,856 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$315.64 for FY 2012, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July through December 2012. HUD has not established funding levels for the remaining six months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2013 and adjusted for pro-ration which is currently at 80.045%.

**REQUEST FOR INFORMATION**

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

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

**FINANCIAL SECTION**

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**  
June 30, 2012

**ASSETS**

<b>Current assets</b>	
Cash and cash equivalents	\$ 1,362,172
Cash - restricted	287,034
Accounts receivable	
Tenants, net of allowance	7,308
HUD	16,094
Other	15,916
Notes receivable - current	2,270
Deferred charges	22,338
Assets held for sale	8,920
Total current assets	<u>1,722,052</u>
<b>Non-current assets</b>	
Capital assets, net of accumulated depreciation	4,930,692
Notes receivable - noncurrent	183,774
Investment in joint ventures	70,050
Total non-current assets	<u>5,184,516</u>
<b>Total assets</b>	<u>\$ 6,906,568</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>	
Notes payable - current	\$ 3,022
Accounts payable	
Vendors	23,310
Security deposits	44,112
Accrued liabilities	
Salaries and payroll taxes	10,490
Payments in lieu of taxes	22,459
Interest payable	14
Deferred credits	10,214
Other current liabilities	135,845
Total current liabilities	<u>249,466</u>
<b>Non-current liabilities</b>	
Notes payable, net of current portion	278,498
Total non-current liabilities	<u>278,498</u>
Total liabilities	<u>527,964</u>
<b>Net assets</b>	
Invested in capital assets - net of related debt	4,649,172
Restricted	287,034
Unrestricted	1,442,398
Total net assets	<u>6,378,604</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,906,568</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
Year ended June 30, 2012

<b>Operating revenue</b>	
Rental income	\$ 335,610
Intergovernmental revenue	4,482,062
Other operating revenue	452,997
Total operating revenue	<u>5,270,669</u>
<b>Operating expense</b>	
Administration	881,078
Tenant services	293,748
Utilities	91,350
Ordinary maintenance and operations	389,061
General expense	86,647
Housing assistance payments	3,228,390
Depreciation	360,855
Total operating expense	<u>5,331,129</u>
Operating income (loss)	(60,460)
<b>Non-operating revenue (expense)</b>	
Interest income	5,584
Interest expense	(12,260)
Total non-operating expense	<u>(6,676)</u>
Change in net assets before capital grants	(67,136)
HUD capital grants	65,051
Prior period adjustment	<u>(246)</u>
<b>Change in net assets</b>	(2,331)
<b>Net assets at beginning of year</b>	<u>6,380,935</u>
<b>Net assets at end of year</b>	<u><u>\$ 6,378,604</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
Year ended June 30, 2012

**Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash flows from operating activities</b>	
Cash received from tenants	\$ 342,404
Cash payments to vendors and suppliers	(670,691)
Cash payments to landlords	(3,228,390)
Cash payments to employees	(1,143,203)
Grants received from governmental units	4,437,451
Other income received	484,299
Net cash provided by operating activities	<u>221,870</u>
<b>Cash flows from capital and related financing activities</b>	
Capital expenditures	(80,656)
Net cost of assets held for sale	(664)
Net increase notes receivable	2,270
HUD capital grants received	65,051
Prior period adjustment	(246)
Principal payments on notes payable	(2,820)
Interest paid	<u>(12,261)</u>
Net cash used in capital and related financing activities	(29,326)
<b>Cash flows from investing activities</b>	
Interest income received	5,584
Net cash provided by investing activities	<u>5,584</u>
Net increase in cash and cash equivalents	198,128
Cash and cash equivalents at beginning of year	<u>1,451,078</u>
Cash and cash equivalents at end of year	<u>\$ 1,649,206</u>

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

Operating income (loss)	\$ (60,460)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	360,855
(Increase) decrease in accounts receivable	29,757
(Increase) decrease in deferred charges	(7,069)
Increase (decrease) in accounts payable	(123,392)
Increase (decrease) in accrued liabilities	10,012
Increase (decrease) in deferred credits	(1,841)
Increase (decrease) in other liabilities	14,008
Total adjustments	<u>282,330</u>
Net cash from operating activities	<u>\$ 221,870</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2012

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

**1. Reporting Entity**

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

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

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

**2. Basis of Presentation**

The accounts of the Authority are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The Authority has the following proprietary fund:

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

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

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

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

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

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

**4. Cash Equivalents**

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

**5. Investments**

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

**6. Accounts Receivable**

Accounts receivable-tenants have been shown at net of allowance for doubtful accounts of \$286 and accounts receivable-other has been shown at net of allowance for doubtful accounts of \$1,409.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

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

**7. Property and Equipment**

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

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

**8. Budgetary Process**

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

**9. Estimates**

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

**10. Concentration of Revenues**

The Authority received approximately 85% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

**11. Subsequent Events**

The Authority has evaluated subsequent events through October 25, 2012, the date which the financial statements were available to be issued.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE B - CASH AND INVESTMENTS**

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

Statement of net assets	
Cash and cash equivalents	\$ 1,362,172
Cash - restricted	<u>287,034</u>
	<u>\$ 1,649,206</u>

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

	Carrying Amount	Bank Balance
Business interest, savings and money market accounts	\$ <u>1,649,206</u>	\$ <u>1,649,510</u>
	<u>\$ 1,649,206</u>	<u>\$ 1,649,510</u>

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

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority limits its exposure to interest rate risk by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio. The Authority also structures its investment portfolio so that securities mature to meet cash requirements, avoiding the need to sell securities in the open market prior to maturity.

**Disclosures Relating to Credit Risk**

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE B - CASH AND INVESTMENTS - 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 Authority diversifies its investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2012 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

**NOTE C - DUE FROM/TO OTHER PROGRAMS**

For the Statement of Net Assets, the following individual program interfund receivable and payable balances at June 30, 2012, which are within business-type activities, are netted and eliminated.

<u>Program</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$ 8,130	\$ -
Resident Opportunity & Supportive Services	-	3,904
Housing Counseling Assistance Program	-	4,226
	<hr/>	<hr/>
Totals	<u>\$ 8,130</u>	<u>\$ 8,130</u>

Eastern Iowa Regional Housing Authority  
 Dubuque, Iowa  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 June 30, 2012

**NOTE D - PROPERTY AND EQUIPMENT**

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

<u>Public Housing/CFP</u>	Balance June 30, 2011	Additions & Adjustments	Deletions & Adjustments	Balance June 30, 2012
<i>Capital assets not being depreciated</i>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
<i>Capital assets being depreciated</i>				
Land improvement	93,028	-	-	93,028
Buildings	9,350,783	64,350	-	9,415,133
Equipment	306,266	700	-	306,966
	<u>9,750,077</u>	<u>65,050</u>	<u>-</u>	<u>9,815,127</u>
	10,573,863	65,050	-	10,638,913
Less accumulated depreciation	<u>5,622,076</u>	<u>343,707</u>	<u>-</u>	<u>5,965,783</u>
Subtotal	<u>4,951,787</u>	<u>(278,657)</u>	<u>-</u>	<u>4,673,130</u>
 <u>Section 8 Housing Choice Vouchers</u>				
<i>Capital assets being depreciated</i>				
Equipment	39,410	-	-	39,410
Less accumulated depreciation	<u>18,814</u>	<u>7,088</u>	<u>-</u>	<u>25,902</u>
Subtotal	<u>20,596</u>	<u>(7,088)</u>	<u>-</u>	<u>13,508</u>
 <u>EIRHC - USDA Housing</u>				
<i>Capital assets not being depreciated</i>				
Land	19,664	-	-	19,664
<i>Capital assets being depreciated</i>				
Buildings	313,461	-	-	313,461
Building improvements	11,100	6,269	-	17,369
Furniture and equipment	<u>15,664</u>	<u>9,336</u>	<u>-</u>	<u>25,000</u>
	359,889	15,605	-	375,494
Less accumulated depreciation	<u>124,488</u>	<u>8,324</u>	<u>-</u>	<u>132,812</u>
Subtotal	<u>235,401</u>	<u>7,281</u>	<u>-</u>	<u>242,682</u>
 <u>EIRHC - Tax Credit Programs</u>				
<i>Capital assets being depreciated</i>				
Furniture and equipment	<u>8,796</u>	<u>-</u>	<u>-</u>	<u>8,796</u>
Less accumulated depreciation	<u>5,689</u>	<u>1,735</u>	<u>-</u>	<u>7,424</u>
Subtotal	<u>3,107</u>	<u>(1,735)</u>	<u>-</u>	<u>1,372</u>
Total	<u>\$ 5,210,891</u>	<u>\$ (280,199)</u>	<u>\$ -</u>	<u>\$ 4,930,692</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE E - NOTES PAYABLE**

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

	Balance at July 1, 2011	Additions	Reductions	Balance at June 30, 2012
Notes payable	\$ 284,339	\$ -	\$ 2,819	\$ 281,520

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2012 are as follows:

6.5% first mortgage note payable	\$ 172,623
7.25% first mortgage note payable	108,897
	281,520
Less current maturities	3,022
LONG-TERM OBLIGATIONS	\$ 278,498

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

Principal and interest maturities on notes payable are as follows:

Year ended June 30,	EIRHC - Rural Development	
	Principal	Interest
2012	\$ 3,022	\$ 19,498
2013	3,240	19,280
2014	3,474	19,046
2015	3,725	18,795
2016	3,994	18,526
2017-2021	24,732	87,870
2022-2026	35,054	77,548
2027-2031	49,697	62,905
2032-2036	70,480	42,122
2037-2041	71,299	14,429
2042-2044	12,803	732
Totals	\$ 281,520	\$ 380,751

**NOTE F - RELATED PARTY**

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2012, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,300,891 for such services.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2012

**NOTE G - INVESTMENT IN JOINT VENTURE**

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

**NOTE H - CONTINGENT LIABILITY**

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

Name	Ownership Percent	Outstanding Liabilities at 12-31-11
Eastern Iowa Regional Partnership, L.L.L.P., Peosta, Iowa	.01%	\$ 1,379,722
Asbury E.I.R.P., L.L.L.P., Asbury, Iowa	.01%	\$ 1,892,152

**NOTE I - RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past four years.

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

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

**NOTE K - RESTRICTED ASSETS**

The Authority has restricted cash and net assets of \$287,034 at June 30, 2012. Restricted assets represent excess Housing Choice Voucher HAP funding that may only be used for housing assistance payments and USDA reserve accounts for capital improvements.

**SUPPLEMENTAL DATA**

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET ASSETS BY PROGRAM**  
June 30, 2012

ASSETS	Low Rent	Section 8	Resident	Housing	EIRHC		Subtotal	Eliminations	Total
	Public Housing	Housing Choice Vouchers	Opportunity & Supportive Services	Counseling Assistance Program	USDA Housing Programs	Tax Credit Programs			
<b>Current assets</b>									
Cash and cash equivalents	\$ 365,159	\$ 295,318	\$ -	\$ -	\$ 26,433	\$ 675,262	\$ 701,695	\$ -	\$ 1,362,172
Cash - restricted	-	252,856	-	-	34,178	-	34,178	-	287,034
Accounts receivable									
Tenants, net of allowance	7,308	-	-	-	-	-	-	-	7,308
HUD	-	4,852	5,359	5,883	-	-	-	-	16,094
Other	1,196	11,431	-	-	-	3,289	3,289	-	15,916
Notes receivable - current	2,270	-	-	-	-	-	-	-	2,270
Due from other programs	8,130	-	-	-	-	-	-	(8,130)	-
Deferred charges	16,424	5,914	-	-	-	-	-	-	22,338
Assets held for sale	8,920	-	-	-	-	-	-	-	8,920
<b>Total current assets</b>	<b>409,407</b>	<b>570,371</b>	<b>5,359</b>	<b>5,883</b>	<b>60,611</b>	<b>678,551</b>	<b>739,162</b>	<b>(8,130)</b>	<b>1,722,052</b>
<b>Non-current assets</b>									
Capital assets, net of accumulated depreciation	4,673,130	13,508	-	-	242,682	1,372	244,054	-	4,930,692
Notes receivable - noncurrent	183,774	-	-	-	-	-	-	-	183,774
Investment in joint ventures	-	-	-	-	-	70,050	70,050	-	70,050
<b>Total non-current assets</b>	<b>4,856,904</b>	<b>13,508</b>	<b>-</b>	<b>-</b>	<b>242,682</b>	<b>71,422</b>	<b>314,104</b>	<b>-</b>	<b>5,184,516</b>
<b>Total assets</b>	<b>\$ 5,266,311</b>	<b>\$ 583,879</b>	<b>\$ 5,359</b>	<b>\$ 5,883</b>	<b>\$ 303,293</b>	<b>\$ 749,973</b>	<b>\$ 1,053,266</b>	<b>\$ (8,130)</b>	<b>\$ 6,906,568</b>
<b>LIABILITIES AND NET ASSETS</b>									
<b>Current liabilities</b>									
Notes payable - current	\$ -	\$ -	\$ -	\$ -	\$ 3,022	\$ -	\$ 3,022	\$ -	\$ 3,022
Accounts payable									
Vendors	8,205	2,432	1,455	1,657	1,230	8,331	9,561	-	23,310
Security deposits	41,870	-	-	-	2,242	-	2,242	-	44,112
Accrued liabilities									
Salaries and payroll taxes	2,623	7,867	-	-	-	-	-	-	10,490
Payments in lieu of taxes	22,459	-	-	-	-	-	-	-	22,459
Interest payable	-	-	-	-	14	-	14	-	14
Deferred credits	9,875	-	-	-	339	-	339	-	10,214
Due to other programs	-	-	3,904	4,226	-	-	-	(8,130)	-
Other current liabilities	70,727	65,118	-	-	-	-	-	-	135,845
<b>Total current liabilities</b>	<b>155,759</b>	<b>75,417</b>	<b>5,359</b>	<b>5,883</b>	<b>6,847</b>	<b>8,331</b>	<b>15,178</b>	<b>(8,130)</b>	<b>249,466</b>
<b>Non-current liabilities</b>									
Notes payable, net of current portion	-	-	-	-	278,498	-	278,498	-	278,498
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,498</b>	<b>-</b>	<b>278,498</b>	<b>-</b>	<b>278,498</b>
<b>Total liabilities</b>	<b>155,759</b>	<b>75,417</b>	<b>5,359</b>	<b>5,883</b>	<b>285,345</b>	<b>8,331</b>	<b>293,676</b>	<b>(8,130)</b>	<b>527,964</b>
<b>Net assets</b>									
Invested in capital assets - net of related debt	4,673,130	13,508	-	-	(38,838)	1,372	(37,466)	-	4,649,172
Restricted	-	252,856	-	-	34,178	-	34,178	-	287,034
Unrestricted	437,422	242,098	-	-	22,608	740,270	762,878	-	1,442,398
<b>Total net assets</b>	<b>5,110,552</b>	<b>508,462</b>	<b>-</b>	<b>-</b>	<b>17,948</b>	<b>741,642</b>	<b>759,590</b>	<b>-</b>	<b>6,378,604</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,266,311</b>	<b>\$ 583,879</b>	<b>\$ 5,359</b>	<b>\$ 5,883</b>	<b>\$ 303,293</b>	<b>\$ 749,973</b>	<b>\$ 1,053,266</b>	<b>\$ (8,130)</b>	<b>\$ 6,906,568</b>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**BY PROGRAM**  
Year ended June 30, 2012

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Housing Counseling Assistance Program	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Operating revenue</b>									
Rental income	\$ 310,305	\$ -	\$ -	\$ -	\$ -	\$ 25,305	\$ -	\$ 25,305	\$ 335,610
Intergovernmental revenue	347,653	124,000	3,857,137	127,429	13,785	12,058	-	12,058	4,482,062
Other operating revenue	7,964	-	27,975	-	-	1,295	415,763	417,058	452,997
Total operating revenue	<u>665,922</u>	<u>124,000</u>	<u>3,885,112</u>	<u>127,429</u>	<u>13,785</u>	<u>38,658</u>	<u>415,763</u>	<u>454,421</u>	<u>5,270,669</u>
<b>Operating expense</b>									
Administration	236,435	-	524,288	-	-	5,410	114,945	120,355	881,078
Tenant services	1,128	-	151,406	127,429	13,785	-	-	-	293,748
Utilities	85,720	-	-	-	-	5,630	-	5,630	91,350
Ordinary maintenance and operations	371,536	-	5,000	-	-	11,840	685	12,525	389,061
General expense	78,825	-	6,332	-	-	1,490	-	1,490	86,647
Housing assistance payments	-	-	3,228,390	-	-	-	-	-	3,228,390
Depreciation	342,980	727	7,087	-	-	8,325	1,736	10,061	360,855
Total operating expense	<u>1,116,624</u>	<u>727</u>	<u>3,922,503</u>	<u>127,429</u>	<u>13,785</u>	<u>32,695</u>	<u>117,366</u>	<u>150,061</u>	<u>5,331,129</u>
Operating income (loss)	(450,702)	123,273	(37,391)	-	-	5,963	298,397	304,360	(60,460)
<b>Non-operating revenue (expense)</b>									
Interest income	2,308	-	1,500	-	-	95	1,681	1,776	5,584
Interest expense	-	-	-	-	-	(12,260)	-	(12,260)	(12,260)
Total non-operating revenue (expense)	<u>2,308</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>(12,165)</u>	<u>1,681</u>	<u>(10,484)</u>	<u>(6,676)</u>
Change in net assets before transfers and capital grants	(448,394)	123,273	(35,891)	-	-	(6,202)	300,078	293,876	(67,136)
HUD capital grants	-	65,051	-	-	-	-	-	-	65,051
Operating transfer	124,000	(124,000)	-	-	-	19,680	(19,680)	-	-
Equity transfer	64,324	(64,324)	-	-	-	-	-	-	-
Prior period adjustment	-	-	(554)	-	-	308	-	308	(246)
Change in net assets	(260,070)	-	(36,445)	-	-	13,786	280,398	294,184	(2,331)
Net assets at beginning of year	<u>5,370,622</u>	<u>-</u>	<u>544,907</u>	<u>-</u>	<u>-</u>	<u>4,162</u>	<u>461,244</u>	<u>465,406</u>	<u>6,380,935</u>
Net assets at end of year	<u>\$ 5,110,552</u>	<u>\$ -</u>	<u>\$ 508,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,948</u>	<u>\$ 741,642</u>	<u>\$ 759,590</u>	<u>\$ 6,378,604</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS BY PROGRAM**  
Year ended June 30, 2012

Increase (Decrease) in Cash and Cash Equivalents	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Housing Counseling Assistance Program	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
<b>Cash flows from operating activities</b>									
Cash received from tenants	\$ 317,435	\$ -	\$ -	\$ -	\$ -	\$ 24,969	\$ -	\$ 24,969	\$ 342,404
Cash payments to vendors and suppliers	(423,631)	-	(195,204)	(11,968)	-	(22,011)	(17,877)	(39,888)	(670,691)
Cash payments to landlords	-	-	(3,228,390)	-	-	-	-	-	(3,228,390)
Cash payments to employees	(368,671)	-	(546,131)	(119,921)	(12,128)	(2,157)	(94,195)	(96,352)	(1,143,203)
Grants received from governmental units	347,653	124,000	3,817,853	127,985	7,902	12,058	-	12,058	4,437,451
Other income received	7,915	-	24,810	-	-	1,295	450,279	451,574	484,299
Net cash provided by (used in) operating activities	(119,299)	124,000	(127,062)	(3,904)	(4,226)	14,154	338,207	352,361	221,870
<b>Cash flows from non-capital financing activities</b>									
Operating transfers	124,000	(124,000)	-	-	-	-	-	-	-
<b>Cash flows from capital and related financing activities</b>									
Capital expenditures	-	(65,051)	-	-	-	(15,605)	-	(15,605)	(80,656)
Net cost of assets held for sale	(664)	-	-	-	-	-	-	-	(664)
Net increase notes receivable	2,270	-	-	-	-	-	-	-	2,270
HUD capital grants received	-	65,051	-	-	-	-	-	-	65,051
Net transfers between programs	(8,130)	-	-	3,904	4,226	19,680	(19,680)	-	-
Prior period adjustment	-	-	(554)	-	-	308	-	308	(246)
Principal payments on notes payable	-	-	-	-	-	(2,820)	-	(2,820)	(2,820)
Interest paid	-	-	-	-	-	(12,261)	-	(12,261)	(12,261)
Net cash provided by (used in) capital and related financing activities	(6,524)	-	(554)	3,904	4,226	(10,698)	(19,680)	(30,378)	(29,326)
<b>Cash flows from investing activities</b>									
Interest income received	2,308	-	1,500	-	-	95	1,681	1,776	5,584
Net cash provided by (used in) investing activities	2,308	-	1,500	-	-	95	1,681	1,776	5,584
Net increase (decrease) in cash and cash equivalents	485	-	(126,116)	-	-	3,551	320,208	323,759	198,128
Cash and cash equivalents at beginning of year	364,674	-	674,290	-	-	57,060	355,054	412,114	1,451,078
Cash and cash equivalents at end of year	<u>\$ 365,159</u>	<u>\$ -</u>	<u>\$ 548,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,611</u>	<u>\$ 675,262</u>	<u>\$ 735,873</u>	<u>\$ 1,649,206</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities</b>									
Operating income (loss)	\$ (450,702)	\$ 123,273	\$ (37,391)	\$ -	\$ -	\$ 5,963	\$ 298,397	\$ 304,360	\$ (60,460)
Adjustments to reconcile operating loss to net cash from operating activities:									
Depreciation	342,980	727	7,087	-	-	8,325	1,736	10,061	360,855
(Increase) decrease in accounts receivable	8,586	-	(8,017)	556	(5,883)	-	34,515	34,515	29,757
(Increase) decrease in deferred charges	(149)	-	(2,460)	(4,460)	-	-	-	-	(7,069)
Increase (decrease) in accounts payable	(51,590)	-	(77,220)	-	1,657	202	3,559	3,761	(123,392)
Increase (decrease) in accrued liabilities	2,145	-	7,867	-	-	-	-	-	10,012
Increase (decrease) in deferred credits	(1,505)	-	-	-	-	(336)	-	(336)	(1,841)
Increase (decrease) in other liabilities	30,936	-	(16,928)	-	-	-	-	-	14,008
Total adjustments	<u>331,403</u>	<u>727</u>	<u>(89,671)</u>	<u>(3,904)</u>	<u>(4,226)</u>	<u>8,191</u>	<u>39,810</u>	<u>48,001</u>	<u>282,330</u>
Net cash from operating activities	<u>\$ (119,299)</u>	<u>\$ 124,000</u>	<u>\$ (127,062)</u>	<u>\$ (3,904)</u>	<u>\$ (4,226)</u>	<u>\$ 14,154</u>	<u>\$ 338,207</u>	<u>\$ 352,361</u>	<u>\$ 221,870</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2012

Federal Grantor	Federal C.F.D.A. Number	Accrual Basis Amount
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Low-Rent Public Housing		
Operating subsidy	14.850	\$ 347,653
Capital Fund Program	14.872	189,051
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,857,137
Resident Opportunity and Supportive Services	14.870	127,429
Housing Counseling Assistance Program	14.169	13,785
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Rural Rental Housing Loans	10.415	<u>12,058</u>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ <u><u>4,547,113</u></u></b>

Basis of Presentation

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

\* Denotes major program

Eastern Iowa Regional Housing Authority  
 Dubuque, Iowa  
**STATEMENT AND CERTIFICATION OF  
 CAPITAL FUND PROGRAM COSTS**  
 Year ended June 30, 2012

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

	Project IA05P126
	501-11
Funds approved	\$ 189,051
Funds expended	189,051
Excess	\$ -
Funds advanced	
Capital fund grant	\$ 189,051
Funds expended	189,051
Excess	\$ -

2. The Actual Modernization Cost Certificate (HUD-53001) dated July 2012 as submitted to HUD for approval is in agreement with the PHA's records.
3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

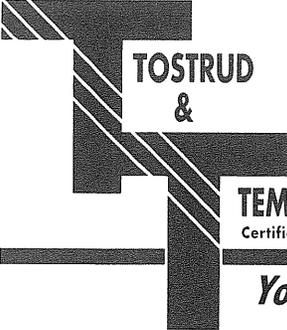
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE**  
June 30, 2012

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Component Units	Resident Opportunity & Supportive Services 14.870	Rural Rental Housing Loans 10.415	Housing Counseling Assistance Program 14.169	Elim	Total
111	Cash - unrestricted	323,289	-	295,318	675,262	-	24,191	-	-	1,318,060
113	Cash - other restricted	-	-	252,856	-	-	34,178	-	-	287,034
114	Cash - tenant security deposits	41,870	-	-	-	-	2,242	-	-	44,112
100	Total cash	365,159	-	548,174	675,262	-	60,611	-	-	1,649,206
122	Accounts receivable - HUD	-	-	4,852	-	5,359	-	-	-	10,211
125	Accounts receivable - miscellaneous	1,196	-	4,552	3,289	-	-	5,883	-	14,920
126	Accounts receivable-tenants-dwelling rents	7,594	-	-	-	-	-	-	-	7,594
126.1	Allowance for doubtful accounts - tenants	(286)	-	-	-	-	-	-	-	(286)
127	Notes receivable - current	2,270	-	-	-	-	-	-	-	2,270
128	Fraud recovery	-	-	8,288	-	-	-	-	-	8,288
128.1	Allowance for doubtful accounts - fraud	-	-	(1,409)	-	-	-	-	-	(1,409)
120	Total receivables, net of allowances for doubtful accounts	10,774	-	16,283	3,289	5,359	-	5,883	-	41,588
142	Prepaid expenses	16,424	-	5,914	-	-	-	-	-	22,338
144	Inter program due from	8,130	-	-	-	-	-	-	(8,130)	-
145	Assets held for sale	8,920	-	-	-	-	-	-	-	8,920
150	Total current assets	409,407	-	570,371	678,551	5,359	60,611	5,883	(8,130)	1,722,052
161	Land	823,786	-	-	-	-	19,664	-	-	843,450
162	Buildings	9,415,133	-	-	-	-	313,461	-	-	9,728,594
163	Furniture, equipment and machinery - dwellings	41,452	-	-	-	-	14,520	-	-	55,972
164	Furniture, equipment and machinery - administration	265,514	-	39,410	8,796	-	2,849	-	-	316,569
165	Leasehold improvements	93,028	-	-	-	-	25,000	-	-	118,028
166	Accumulated depreciation	(5,965,783)	-	(25,902)	(7,424)	-	(132,812)	-	-	(6,131,921)
160	Total fixed assets, net of accumulated depreciation	4,673,130	-	13,508	1,372	-	242,682	-	-	4,930,692
171	Notes receivable - noncurrent	183,774	-	-	-	-	-	-	-	183,774
176	Investments in joint ventures	-	-	-	70,050	-	-	-	-	70,050
180	Total non-current assets	4,856,904	-	13,508	71,422	-	242,682	-	-	5,184,516
190	Total assets	5,266,311	-	583,879	749,973	5,359	303,293	5,883	(8,130)	6,906,568
312	Accounts payable <=90 days	8,205	-	2,432	8,331	1,455	1,230	1,657	-	23,310
321	Accrued wage/payroll taxes payable	2,623	-	7,867	-	-	-	-	-	10,490
325	Accrued interest payable	-	-	-	-	-	14	-	-	14
333	Accounts payable - other government	22,459	-	-	-	-	-	-	-	22,459
341	Tenant security deposits	41,870	-	-	-	-	2,242	-	-	44,112
342	Deferred revenues	9,875	-	-	-	-	339	-	-	10,214
343	Current portion of a long-term debt - capital projects/mortgage revenue bonds	-	-	-	-	-	3,022	-	-	3,022
346	Accrued liabilities other	70,727	-	65,118	-	-	-	-	-	135,845
347	Inter program due to	-	-	-	-	3,904	-	4,226	(8,130)	-
310	Total current liabilities	155,759	-	75,417	8,331	5,359	6,847	5,883	(8,130)	249,466
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	-	-	-	-	-	278,498	-	-	278,498
350	Total noncurrent liabilities	-	-	-	-	-	278,498	-	-	278,498
300	Total liabilities	155,759	-	75,417	8,331	5,359	285,345	5,883	(8,130)	527,964
508.1	Invested in capital assets, net of related debt	4,673,130	-	13,508	1,372	-	(38,838)	-	-	4,649,172
511.1	Restricted	-	-	252,856	-	-	34,178	-	-	287,034
512.1	Unrestricted net assets	437,422	-	242,098	740,270	-	22,608	-	-	1,442,398
513	Total equity/net assets	5,110,552	-	508,462	741,642	-	17,948	-	-	6,378,604
600	Total liabilities and equity/net assets	5,266,311	-	583,879	749,973	5,359	303,293	5,883	(8,130)	6,906,568
70300	Net tenant rental revenue	310,305	-	-	-	-	25,305	-	-	335,610
70400	Tenant revenue - other	6,833	-	-	-	-	1,295	-	-	8,128
70500	Total tenant revenue	317,138	-	-	-	-	26,600	-	-	343,738
70600	HUD PHA operating grants	347,653	124,000	3,857,137	-	127,429	-	13,785	-	4,470,004
70610	Capital grants	-	65,051	-	-	-	-	-	-	65,051
70800	Other government grants	-	-	-	-	-	12,058	-	-	12,058
71100	Investment income - unrestricted	2,308	-	1,017	1,681	-	40	-	-	5,046
71400	Fraud recovery	-	-	4,062	-	-	-	-	-	4,062
71500	Other revenue	1,131	-	23,913	415,763	-	-	-	-	440,807
72000	Investment income - restricted	-	-	483	-	-	55	-	-	538
70000	Total revenue	668,230	189,051	3,886,612	417,444	127,429	38,753	13,785	-	5,341,304

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE - CONTINUED**  
June 30, 2012

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Section 8 Housing Choice Vouchers 14.871	Component Units	Resident Opportunity & Supportive Services 14.870	Rural Rental Housing Loans 10.415	Housing Counseling Assistance Program 14.169	Elim	Total
91100	Administrative salaries	119,902	-	402,592	94,195	-	2,157	-	-	618,846
91200	Auditing fees	3,598	-	3,598	-	-	-	-	-	7,196
91300	Management fee	-	-	-	-	-	1,828	-	-	1,828
91400	Advertising and marketing	3,475	-	227	-	-	1,389	-	-	5,091
91600	Office expenses	19,893	-	24,848	-	-	-	-	-	44,741
91700	Legal expense	866	-	-	-	-	-	-	-	866
91800	Travel	27,930	-	6,372	-	-	6	-	-	34,308
91900	Other	60,771	-	86,651	20,750	-	30	-	-	168,202
91000	Total operating - administration	236,435	-	524,288	114,945	-	5,410	-	-	881,078
92100	Tenant services salaries	-	-	151,406	-	119,981	-	13,785	-	285,172
92400	Tenant services - other	1,128	-	-	-	7,448	-	-	-	8,576
92500	Total tenant services	1,128	-	151,406	-	127,429	-	13,785	-	293,748
93100	Water	17,425	-	-	-	-	1,022	-	-	18,447
93200	Electricity	15,162	-	-	-	-	2,947	-	-	18,109
93300	Gas	30,088	-	-	-	-	-	-	-	30,088
93600	Sewer	23,045	-	-	-	-	1,661	-	-	24,706
93000	Total utilities	85,720	-	-	-	-	5,630	-	-	91,350
94100	Ordinary maintenance & operations - labor	251,392	-	-	-	-	-	-	-	251,392
94200	Ordinary maintenance & operations - materials and other	64,184	-	-	565	-	1,954	-	-	66,703
94300	Ordinary maintenance & operations - contracts	55,960	-	5,000	120	-	9,886	-	-	70,966
94000	Total maintenance	371,536	-	5,000	685	-	11,840	-	-	389,061
96110	Property insurance	16,906	-	79	-	-	1,490	-	-	18,475
96120	Liability insurance	6,519	-	2,100	-	-	-	-	-	8,619
96130	Workmen's compensation	4,034	-	617	-	-	-	-	-	4,651
96100	Total insurance premiums	27,459	-	2,796	-	-	1,490	-	-	31,745
96200	Other general expenses	14,865	-	3,536	-	-	-	-	-	18,401
96300	Payments in lieu of taxes	22,459	-	-	-	-	-	-	-	22,459
96400	Bad debt - tenant rents	14,042	-	-	-	-	-	-	-	14,042
96000	Total other general expense	51,366	-	3,536	-	-	-	-	-	54,902
96710	Interest of mortgage payable	-	-	-	-	-	12,260	-	-	12,260
96700	Interest expense	-	-	-	-	-	12,260	-	-	12,260
96900	Total operating expenses	773,644	-	687,026	115,630	127,429	36,630	13,785	-	1,754,144
97000	Excess operating revenue over operating expenses	(105,414)	189,051	3,199,586	301,814	-	2,123	-	-	3,587,160
97300	Housing assistance payments	-	-	3,228,390	-	-	-	-	-	3,228,390
97400	Depreciation expense	342,980	727	7,087	1,736	-	8,325	-	-	360,855
90000	Total expenses	1,116,624	727	3,922,503	117,366	127,429	44,955	13,785	-	5,343,389
10010	Operating transfers in	124,000	-	-	-	-	19,680	-	-	143,680
10020	Operating transfers out	-	(124,000)	-	(19,680)	-	-	-	-	(143,680)
10100	Total other financing sources (uses)	124,000	(124,000)	-	(19,680)	-	19,680	-	-	-
10000	Excess (deficiency) of operating revenue over (under) expenses	(324,394)	64,324	(35,891)	280,398	-	13,478	-	-	(2,085)
11030	Beginning equity	5,370,622	-	544,907	461,244	-	4,162	-	-	6,380,935
11040	Equity transfers	64,324	(64,324)	(554)	-	-	308	-	-	(246)
11170	Administrative fee equity	-	-	255,606	-	-	-	-	-	255,606
11180	Housing assistance payments equity	-	-	252,856	-	-	-	-	-	252,856
11190	Unit months available	1,968	-	10,596	-	-	120	-	-	12,684
11210	Number of unit months leased	1,941	-	10,228	-	-	117	-	-	12,286

**OTHER REPORTS**

The logo for TOSTRUD & TEMP, S.C. features a stylized graphic of a staircase or a series of steps on the left side. The text "TOSTRUD" is positioned above the graphic, and "&" is centered below it. To the right of the graphic, the text "TEMP, S.C." is displayed in a larger font, with "Certified Public Accountants" written in a smaller font underneath it.

TOSTRUD  
&

TEMP, S.C.  
Certified Public Accountants

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*Your Business Safety Net*

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

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of and for the year ended June 30, 2012 and have issued our report thereon dated October 25, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

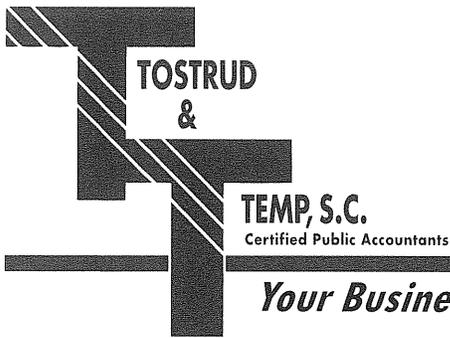
#### **Compliance and Other Matters**

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

This report is intended solely for the information of the Authority's management, and the Board of Commissioners and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

*Tostrud & Temp, S.C.*

October 25, 2012



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

Board of Commissioners  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

**Compliance**

We have audited the compliance of the Eastern Iowa Regional Housing Authority, ("Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material affect on each of its major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report internal control over compliance in accordance with OBM Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

*Tostud, + Temp, SA*

October 25, 2012

Eastern Iowa Regional Housing Authority  
**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(ies) identified? \_\_\_ yes     X no

    Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_ yes     X none reported

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

Federal Awards

Internal control over compliance:

    Significant deficiency(ies) identified? \_\_\_ yes     X no

    Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_ yes     X none reported

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

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

Identification of major federal program:

CFDA Number	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Voucher Program

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

Auditee qualified as a low-risk auditee? X yes     \_\_\_ no

**Section II - Financial Statement Findings**

NONE

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

NONE

**Status of Prior Audit Findings**

There were no prior-year audit findings.