

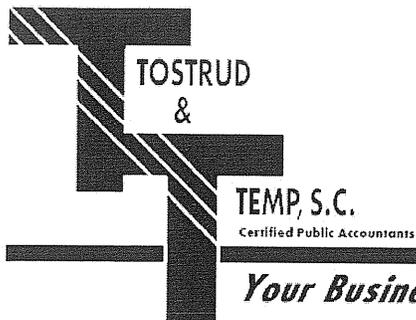
**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**EAST CENTRAL  
INTERGOVERNMENTAL ASSOCIATION  
DUBUQUE, IOWA**

**JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Council Members  
East Central Intergovernmental  
Association  
Dubuque, Iowa 52002

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Central Intergovernmental Association (Association) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation

of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Association, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6.1 - 6.9 and 31 - 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining statements and fund financial statements by program, the schedule of expenditures of federal awards, and other supporting schedules as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion these schedules and statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated November 13, 2013 on our consideration of the 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, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control over financial reporting and compliance.



November 13, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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, 2013. 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 2013 was another year filled with new challenges and opportunities. Funding cuts in the WIA program led to the elimination of three staff positions at the end of FY2012. In August, 2012, the State of Iowa made the decision to take over management of the Promise Jobs program, leading to the elimination of three additional staff positions. We continued to provide down payment assistance, as well as housing counseling, for low to moderate income households through the New Production (NP) program. Thirty-six households were assisted during the year providing over \$1.1 million in down payment assistance to new homebuyers. We also oversaw the completion of the ARC Transfer Center, implementation of the Jule ITS technology project and creation of the Nightrider, a new college student/evening service in downtown Dubuque. ECIA's Transportation entity, Dubuque Metropolitan Transportation Study (DMATS) received a \$1.6M grant as part of the IBM Smarter Travel project. The project is a partnership with IBM, the City of Dubuque, Jule Transit and DMATS. While the project was to begin in FY2013, due to lengthy contract negotiations and numerous delays, the project has been moved into FY2014. The loss of this project in FY2013 had a negative impact on ECIA's overall budget since there was funding in the budget for Transportation Department Staffing. We also saw a decrease in the flood funding pass-through this fiscal year. The flood funding from the 2008 and 2011 funding cycles has decreased, with programs projected to phase out in FY2014 and FY2015.

As we look to fiscal 2014 and the celebration of ECIA's fortieth anniversary, it is important that ECIA continues to be the resource for fulfilling the needs of our members. We will continue to strive to maximize the return on investment of our member communities and bring additional dollars and resources to our region.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**FINANCIAL HIGHLIGHTS**

- The assets of ECIA exceeded its liabilities at June 30, 2013 by \$380,332 (net position). This amount may be used to meet ECIA's ongoing obligations to member communities and creditors.
- ECIA's net position increased by 4.0%, or \$14,771, from June 30, 2012 to June 30, 2013.
- As of the close of the fiscal year, ECIA's fund balance was \$559,130, an increase of \$42,960 in comparison with the prior year.
- Total revenues decreased 28.6%, or \$3,139,465, from fiscal 2012 to fiscal 2013. This was primarily due to a decrease in funding received through the federal Jumpstart program. This program, which is nearing completion, included home repair, small rental rehab, interim mortgage assistance and down payment assistance. Total expenditures decreased 28.6%, or \$3,118,385 from fiscal 2012 to fiscal 2013. This was also primarily due to the Jumpstart program. Approximately \$1.1 million was expended in the ECIA region and \$579,000 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 Position – This statement presents information on all of ECIA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position.
- 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, 2013**

- 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 POSITION**

As previously noted, net position may serve over time as a useful indicator of ECIA's financial position. ECIA's net position increased by \$14,771 from a year ago. The analysis that follows illustrates the changes in the components that make up net position.

**CONDENSED STATEMENT OF NET POSITION**

|                        | <u>2013</u>      | <u>2012</u>      | <u>NET<br/>CHANGE</u> | <u>PERCENT<br/>CHANGE</u> |
|------------------------|------------------|------------------|-----------------------|---------------------------|
| Cash and investments   | 206,669          | 323,802          | (117,133)             | (36.2)                    |
| Other Current Assets   | 1,019,211        | 1,004,487        | 14,724                | 1.5                       |
| Capital Assets         | 1,166,792        | 1,242,367        | (75,575)              | (6.1)                     |
| Total Assets           | <u>2,392,672</u> | <u>2,570,656</u> | <u>(177,984)</u>      | <u>(6.9)</u>              |
| Current Liabilities    | 720,378          | 872,946          | (152,568)             | (17.5)                    |
| Noncurrent Liabilities | 1,291,962        | 1,332,149        | (40,187)              | (3.0)                     |
| Total Liabilities      | <u>2,012,340</u> | <u>2,205,095</u> | <u>(192,755)</u>      | <u>(8.7)</u>              |
| Unrestricted           | 380,332          | 365,561          | 14,771                | 4.0                       |
| Total Net position     | <u>380,332</u>   | <u>365,561</u>   | <u>14,771</u>         | <u>4.0</u>                |

Total assets decreased by 6.9%, from \$2,570,656 in FY 2012 to \$2,392,672 in FY 2013. This was primarily attributable to a \$117,000 decrease in cash resulting from a \$28,000 decrease in WIA program cash on hand due to decreased grant activity along with an \$89,000 decrease in ECIA general fund cash due to the timing of collection of accounts receivable.

Accounts & Grants Receivable increased from \$959,845 in FY 2012 to \$995,586 in FY 2013 primarily due to the timing of the payment of invoices by the Housing Authority. Prepaid fees decreased approximately \$21,000 primarily due to the RTA paying insurance expense directly in FY 2013 vs. ECIA prepaying the insurance in FY 2012.

Current liabilities decreased from \$872,946 in FY2012 to \$720,378 in FY2013. This decrease is primarily due to a decrease in deferred grant revenue from the EDA Recapitalization Grant. Funds were received in June 2012 and expended in July 2012.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

The noncurrent liability line item reflects the loan for the purchase of 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, \$53,628 is classified as current and \$1,291,962 as long-term.

**ANALYSIS OF REVENUES AND EXPENDITURES**

In FY 2013 and FY 2012, total revenues were \$7,835,371 and \$10,974,836 respectively, a decrease of approximately \$3.1 million or 28.6%. Total Expenditures for the same period also decreased \$3.1 million or 28.6%. A comparison of income and expenditures is outlined in the following table.

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

|                                       | 2013      | 2012       | NET<br>CHANGE | PERCENT<br>CHANGE |
|---------------------------------------|-----------|------------|---------------|-------------------|
| <b>REVENUES</b>                       |           |            |               |                   |
| Federal                               | 3,209,465 | 5,975,998  | (2,766,533)   | (46.3)            |
| State of Iowa                         | 38,380    | 238,954    | (200,574)     | (83.9)            |
| State of Wisconsin                    | 190       | 788        | (598)         | (75.9)            |
| Membership Fees                       | 104,995   | 99,835     | 5,160         | 5.2               |
| Fees and assessments                  | 914,068   | 918,719    | (4,651)       | (0.5)             |
| EIRHA                                 | 1,434,154 | 1,300,891  | 133,263       | 10.2              |
| CDBG Admin                            | 750,004   | 834,550    | (84,546)      | (10.1)            |
| ECIA Business Growth                  | 283,126   | 262,985    | 20,141        | 7.7               |
| Workforce Investment Act              | 409,452   | 695,798    | (286,346)     | (41.2)            |
| EIRUSS                                | 68,986    | 53,813     | 15,173        | 28.2              |
| RTA                                   | 547,480   | 518,058    | 29,422        | 5.7               |
| Interest                              | 486       | 1,057      | (571)         | (54.0)            |
| Miscellaneous                         | 74,585    | 73,390     | 1,195         | 1.6               |
| Total Revenues                        | 7,835,371 | 10,974,836 | (3,139,465)   | (28.6)            |
| <b>EXPENDITURES</b>                   |           |            |               |                   |
| Salaries, wages and benefits          | 4,287,688 | 4,611,511  | (323,823)     | (7.0)             |
| Office supplies & operating materials | 49,455    | 65,681     | (16,226)      | (24.7)            |
| Conference and training               | 58,985    | 74,790     | (15,805)      | (21.1)            |
| Business travel                       | 168,638   | 194,047    | (25,409)      | (13.1)            |
| Printing                              | 23,863    | 18,644     | 5,219         | 28.0              |
| Equip rental and maint                | 4,780     | 7,126      | (2,346)       | (32.9)            |
| Office maintenance                    | 5,008     | 9,649      | (4,641)       | (48.1)            |
| Insurance and bonding                 | 30,466    | 30,717     | (251)         | (0.8)             |
| Dues and subscriptions                | 19,858    | 20,532     | (674)         | (3.3)             |
| Telephone                             | 36,185    | 39,957     | (3,772)       | (9.4)             |
| Postage                               | 31,138    | 35,683     | (4,545)       | (12.7)            |
| Rent                                  | 14,966    | 25,539     | (10,573)      | (41.4)            |
| Utilities                             | 21,227    | 21,088     | 139           | 0.7               |
| Advertising                           | 10,658    | 10,261     | 397           | 3.9               |
| Professional fees                     | 70,862    | 118,022    | (47,160)      | (40.0)            |
| Marketing                             | 43,804    | 25,454     | 18,350        | 72.1              |
| Equipment purchases                   | 21,593    | 30,900     | (9,307)       | (30.1)            |
| Long-term debt principal              | 59,732    | 54,973     | 4,759         | 8.7               |
| Interest Expense                      | 70,214    | 70,839     | (625)         | (0.9)             |

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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

|  | 2013      | 2012       | NET<br>CHANGE | PERCENT<br>CHANGE |
|--|-----------|------------|---------------|-------------------|
| Miscellaneous  | 20,228    | 6,350      | 13,878        | 218.6             |
| Pass through grant expense                                 | 2,054,280 | 4,426,030  | (2,371,750)   | (53.6)            |
| WIA program costs  | 688,783   | 1,013,003  | (324,220)     | (32.0)            |
| Total Expenditures   | 7,792,411 | 10,910,796 | (3,118,385)   | (28.6)            |
| Excess of Revenues over Expenditures                       | 42,960    | 64,040     | (21,080)      | (32.9)            |
| Proceeds From Long-term Borrowing                          | 0         | 17,203     | (17,203)      | (100.0)           |
| Proceeds From Sale of Fixed Assets                         | 0         | 5,902      | (5,902)       | (100.0)           |
| Excess of Revenues and Other Financing Sources over Expend | 42,960    | 87,145     | (44,185)      | (50.7)            |
| Beginning Fund Balance                                     | 516,170   | 429,025    | 87,145        |                   |
| Ending Fund Balance  | 559,130   | 516,170    | 42,960        | 8.3               |

Federal funding decreased by \$2.8 million primarily due to the decreased activity in the Jumpstart program as well as the loss of the Promise Jobs program which was taken over by the State of Iowa in September, 2012. Funding received from the State of Iowa decreased by \$200,000 as the Iowans Helping Iowans and Jumpstart Business flood recovery programs were closed out on June 30, 2012. EIRHA program management income increased \$133,000 primarily due to housing counseling provided as part of the New Production program. CDBG administration income decreased \$85,000 due to the decreased activity in the flood recovery programs. Income from the WIA program decreased by \$286,000 due to the closeout of the National Emergency grant to assist displaced workers at Thermo Fisher Scientific as well as a decrease in formula funding resulting from decreased unemployment in the region. EIRUSS admin income increased \$15,000 primarily due to increased administration time on the Fairview and Leisure Lake wastewater projects. Interest income decreased by \$571 or 54 percent due to lower interest rates as well as a lower cash balance in FY13.

Salaries, wages and benefits decreased \$324,000 primarily due to the staff reductions in the WIA (3 staff) and Promise Jobs (3 staff) programs. Office supplies expense decreased \$16,226 due to the reduction in staff as well as fewer computers replaced in FY13. Conference and training expense decreased approximately \$16,000 and Business travel decreased approximately \$25,000 primarily due to the decrease in staff as well as reduced travel required as the flood recovery programs wind down. Printing increased approximately \$5,000 due to increased use of the color copier. Equipment rental/maintenance decreased \$2,300 due to the cancellation of the service contract on the RTA copier as well as maintenance costs on the ECIA copier in FY12 that were not covered by the service agreement. Office maintenance decreased \$4,600 due to the repaving of the parking lot in FY12. Telephone expense decreased \$3,800 due to a decrease in long distance calls on the office phone lines.

Postage decreased \$4,500 primarily due to a decrease in flood grant related mailings. Rent decreased \$10,500 due to the renegotiation of the lease for WIA staff office space. With the reduction in staff, less office space was needed. Professional fees decreased

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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\$47,000 as ECIA no longer paid for a portion of the WIA IWD Site Coordinator in FY13. Marketing increased by approximately \$18,000 due to an increase in PEI grant funding in FY13. Equipment purchases decreased \$9,300 as no agency vehicles were replaced in FY13. Miscellaneous expense increased approximate \$14,000 due to damage to the ECIA building resulting from a lightning strike. This expense was fully reimbursed by insurance. Pass through grant expenses decreased approximately \$2.4 million due to the decreased activity in the Federal Jumpstart program. WIA program costs decreased \$324,000 as a result of the National Emergency grants ending in FY12.

**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 2013. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$8,454,234 was decreased to \$7,041,531, a decrease of approximately \$1.4 million. This was primarily due to a decrease in Jumpstart program activity.
- The original expenditure budget of \$8,418,450 was decreased to \$7,011,840, a decrease of \$1.4 million. This decrease was also primarily due to the decrease in Jumpstart program activity.

The Salary/benefit expense budget was decreased by \$301,000 due to staff reductions in the WIA and CDBG programs. The office supplies budget was decreased \$17,500 due to the need for fewer supplies as a result of staff reductions. The business travel budget was decreased by \$33,000 primarily due to decreased travel by the Community Development department staff in the administration of the flood related programs along with decreased travel due to staff reductions. The printing budget was increased \$5,500 due to increased photocopy costs. The budget for Equipment rental and maintenance was decreased by \$3,900 due to lower than anticipated costs on equipment rental. The insurance budget was decreased by \$2,700 as premiums were lower than originally anticipated. The budget for dues and subscriptions was decreased by \$6,000 as professional association membership decreased as a result of staff reductions. The telephone budget was reduced by \$5,000 due to decreased long distance usage. The postage budget was reduced by \$8,000 due increased utilization of electronic communication and electronic payment of bills. The budget for rent was decreased \$11,500 due to the renegotiation of the lease with NICC for WIIA office space resulting from staff reductions. The utility budget was decreased \$4,500 as actual utility costs trended lower than anticipated. The advertising budget was increased \$3,500 due to the publication of legal notices. The Professional fees budget was increased \$6,500 due to increased legal fees and a one year contract for use of a grant funding database. The marketing budget was increased by \$37,000 due to additional PEI funding received in

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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FY13. The Equipment budget was reduced by \$37,000 as the decision was made to not replace an agency vehicle and not purchase a high speed scanner as was originally budgeted. 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 interest expense budget was decreased \$8,500 as less money had been drawn on the line of credit throughout the fiscal year. The miscellaneous expense budget was increased by \$11,000 due to the lightning damage to the building. Pass-through grant expense was decreased by \$1 million due to the decrease in Jumpstart program activity.

**RESULTS OF OPERATIONS**

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2013. The amended budget anticipated excess revenue over expenditures of \$29,691. Actual results of operations reflected excess revenues of \$42,960.

Operating revenues were approximately \$105,000 or 1.5% higher than budgeted. Operating expenditures were approximately \$92,000 or 1.3% more than budgeted. The following table details the components of these variances:

**COMPARISON OF BUDGET VS. ACTUAL**

|                                       | BUDGET           | ACTUAL           | VARIANCE       | PERCENT    |
|---------------------------------------|------------------|------------------|----------------|------------|
| <b>REVENUES</b>                       |                  |                  |                |            |
| Federal                               | 2,503,435        | 2,520,682        | 17,247         | 0.7        |
| State of Iowa                         | 10,294           | 38,380           | 28,086         | 73.2       |
| State of Wisconsin                    | 190              | 190              | 0              | 0.0        |
| Membership Fees                       | 104,993          | 104,995          | 2              | 0.0        |
| Fees and assessments                  | 1,019,587        | 914,068          | (105,519)      | (11.5)     |
| EIRHA                                 | 1,267,375        | 1,434,154        | 166,779        | 11.6       |
| CDBG/EDSA Admin                       | 779,379          | 750,004          | (29,375)       | (3.9)      |
| ECIA Business Growth                  | 281,012          | 283,126          | 2,114          | 0.7        |
| Workforce Investment Act              | 402,991          | 409,452          | 6,461          | 1.6        |
| EIRUSS                                | 67,311           | 68,986           | 1,675          | 2.4        |
| Regional Transit Authority            | 534,059          | 547,480          | 13,421         | 2.5        |
| Interest                              | 453              | 486              | 33             | 6.8        |
| Miscellaneous                         | 70,452           | 74,585           | 4,133          | 5.5        |
| <b>Total Revenues</b>                 | <b>7,041,531</b> | <b>7,146,588</b> | <b>105,057</b> | <b>1.5</b> |
| <b>EXPENDITURES</b>                   |                  |                  |                |            |
| Salaries, wages and benefits          | 4,294,590        | 4,287,688        | (6,902)        | (0.2)      |
| Office supplies & operating materials | 55,000           | 49,455           | (5,545)        | (11.2)     |
| Conference and training               | 53,000           | 58,985           | 5,985          | 10.1       |
| Business travel                       | 157,000          | 168,638          | 11,638         | 6.9        |
| Printing                              | 24,000           | 23,863           | (137)          | (0.6)      |
| Equip rental and maint                | 4,584            | 4,780            | 196            | 4.1        |
| Insurance and bonding                 | 30,241           | 30,466           | 225            | 0.7        |
| Dues and subscriptions                | 21,000           | 19,858           | (1,142)        | (5.8)      |
| Telephone                             | 37,000           | 36,185           | (815)          | (2.3)      |
| Postage                               | 32,000           | 31,138           | (862)          | (2.8)      |
| Rent                                  | 15,000           | 14,966           | (34)           | (0.2)      |
| Utilities & Maintenance               | 26,500           | 26,235           | (265)          | (1.0)      |

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**COMPARISON OF BUDGET VS. ACTUAL-CONTINUED**

|   | BUDGET           | ACTUAL           | VARIANCE      | PERCENT     |
|---|------------------|------------------|---------------|-------------|
| Advertising                                 | 12,000           | 10,658           | (1,342)       | (12.6)      |
| Professional fees                           | 65,550           | 70,862           | 5,312         | 7.5         |
| Marketing                                   | 52,000           | 43,804           | (8,196)       | (18.7)      |
| Equipment purchases                         | 2,971            | 21,593           | 18,622        | 86.2        |
| Long-term debt principal                    | 60,000           | 59,732           | (268)         | (0.4)       |
| Interest expense                            | 75,512           | 70,214           | (5,298)       | (7.5)       |
| Miscellaneous                               | 19,400           | 20,228           | 828           | 4.1         |
| Pass-through grant expense                  | 1,974,492        | 2,054,280        | 79,788        | 3.9         |
| <b>Total Expenditures</b>                   | <b>7,011,840</b> | <b>7,103,628</b> | <b>91,788</b> | <b>1.3</b>  |
| <b>Excess of Revenues over Expenditures</b> | <b>29,691</b>    | <b>42,960</b>    | <b>13,269</b> | <b>30.9</b> |

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2013, ECIA had \$1,166,792 invested in capital assets (net of depreciation), including a building, land, office furniture and equipment and agency vehicles. Total outstanding debt was \$1,243,916, which represents the outstanding balance of the Economic Development Revenue Note used to fund the building and the three loans used to purchase agency vehicles. 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 RIIF grant which funded the portion of the building owned by the RTA. ECIA's vested employee benefits were \$101,674 at June 30, 2013.

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

ECIA's management and Council considered many factors when setting the fiscal year 2014 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.

Due to sequestration and the resulting funding cuts across the majority of the ECIA programs, wages have been frozen at FY13 levels. In addition, staff will be furloughed for 52 hours in the first quarter of FY14. Additional furloughs will be considered as changes in funding levels are assessed throughout the year. ECIA has also switched to a High Deductible Health Plan, effective January 1, 2014, in an effort to reduce health insurance costs. Membership fees will increase from \$.54 to \$.56 per capita in Fiscal 2014. The hourly billing rates for all staff will remain the same due to the wage freeze. ECIA will continue to encourage participation in 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.

As we progress into 2014, 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.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

**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 POSITION**  
June 30, 2013

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                                  |                            |
| <b>Current assets</b>                          |                            |
| Cash and investments                           | \$ 206,669                 |
| Accounts receivable                            | 644,199                    |
| Grants receivable                              | 351,387                    |
| Prepaid fees and expenses                      | 23,625                     |
| Total current assets                           | 1,225,880                  |
| <b>Noncurrent assets</b>                       |                            |
| Property and equipment                         |                            |
| Land improvements                              | 11,121                     |
| Building                                       | 1,052,275                  |
| Equipment and furniture                        | 297,997                    |
|  | 1,361,393                  |
| Accumulated depreciation                       | (409,033)                  |
|  | 952,360                    |
| Land   | 214,432                    |
| Total noncurrent assets                        | 1,166,792                  |
| <b>Total assets</b>                            | \$ 2,392,672               |
| <br><b>LIABILITIES</b>                         |                            |
| <b>Current liabilities</b>                     |                            |
| Excess of outstanding checks over bank balance | \$ 1,094                   |
| Current portion of long-term obligations       | 53,628                     |
| Line of credit                                 | 163,999                    |
| Accounts payable                               | 54,804                     |
| Deferred revenue                               |                            |
| Grants   | 104,774                    |
| Prepaid memberships                            | 13,454                     |
| Accrued liabilities                            |                            |
| Vacation and holiday pay                       | 236,938                    |
| Other  | 91,687                     |
| Total current liabilities                      | 720,378                    |
| <b>Noncurrent liabilities</b>                  |                            |
| Noncurrent portion of long-term obligations    | 1,291,962                  |
| Total liabilities                              | 2,012,340                  |
| <br><b>NET POSITION</b>                        |                            |
| Net investment in capital assets               | -                          |
| Unrestricted                                   | 380,332                    |
| Total net position                             | 380,332                    |
| <b>Total liabilities and net position</b>      | \$ 2,392,672               |

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, 2013

| Functions/Programs                  | Expenses     | Program Revenues        |  |  | Net Revenue<br>(Expense) and<br>Changes in<br>Net Position |
|-------------------------------------|--------------|-------------------------|--|--|--|
|                                     |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                 |
| <b>Governmental activities</b>      |              |                         |  |  |  |
| Salaries, wages and fringe benefits | \$ 3,948,193 | \$ 2,409,673            | \$ 1,503,105                             | \$ -                                   | \$ (35,415)  |
| Office supplies                     | 47,200       | 28,807                  | 17,969                                   | -                                      | (424)  |
| Conferences and training            | 56,942       | 34,753                  | 21,678                                   | -                                      | (511)  |
| Business travel                     | 145,004      | 88,499                  | 55,204                                   | -                                      | (1,301)  |
| Printing                            | 21,701       | 13,245                  | 8,262                                    | -                                      | (194)  |
| Equipment rental and maintenance    | 4,482        | 2,735                   | 1,706                                    | -                                      | (41)   |
| Office maintenance                  | 5,001        | 3,052                   | 1,904                                    | -                                      | (45)   |
| Insurance and bonding               | 27,053       | 16,511                  | 10,299                                   | -                                      | (243)  |
| Dues and subscriptions              | 16,949       | 10,344                  | 6,453                                    | -                                      | (152)  |
| Telephone                           | 35,538       | 21,690                  | 13,530                                   | -                                      | (318)  |
| Postage                             | 30,242       | 18,457                  | 11,513                                   | -                                      | (272)  |
| Rent                                | 2,065        | 1,260                   | 786                                      | -                                      | (19)   |
| Utilities                           | 21,185       | 12,930                  | 8,065                                    | -                                      | (190)  |
| Advertising                         | 10,597       | 6,468                   | 4,034                                    | -                                      | (95)   |
| Professional fees                   | 64,752       | 39,520                  | 24,652                                   | -                                      | (580)  |
| Marketing                           | 43,804       | 26,735                  | 16,676                                   | -                                      | (393)  |
| Depreciation                        | 97,168       | 59,304                  | 36,993                                   | -                                      | (871)  |
| Interest expense                    | 70,086       | 42,775                  | 26,682                                   | -                                      | (629)  |
| Pass through grant expense          | 2,054,280    | 1,253,774               | 782,079                                  | -                                      | (18,427)   |
| Miscellaneous                       | 20,123       | 12,282                  | 7,661                                    | -                                      | (180)  |
| WIA program costs                   | 688,783      | -                       | 688,783                                  | -                                      | -  |
| Total governmental activities       | \$ 7,411,148 | \$ 4,102,814            | \$ 3,248,034                             | \$ -                                   | (60,300)   |
| <b>General revenues</b>             |              |                         |  |  |  |
|                                     |              |                         |  |  | 486  |
|                                     |              |                         |  |  | 74,585   |
|                                     |              |                         |  |  | 75,071   |
| <b>Change in net position</b>       |              |                         |  |  |  |
|                                     |              |                         |  |  | 14,771   |
|                                     |              |                         |  |  | 365,561  |
|                                     |              |                         |  |  | \$ 380,332   |

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2013

|   | ECIA             | WIA           |                  |
|---|------------------|---------------|------------------|
|   | General          | Special       |                  |
|   | Fund             | Revenue       |                  |
| <b>ASSETS</b>                                     |                  | Fund          | Total            |
| Cash and investments                              | \$ 195,418       | \$ 11,251     | \$ 206,669       |
| Accounts receivable                               | 644,199          | -             | 644,199          |
| Grants receivable                                 | 297,431          | 53,956        | 351,387          |
| Due from other funds                              | 39,108           | -             | 39,108           |
| Prepaid fees and expenses                         | 23,625           | -             | 23,625           |
| <br>Total assets                                  | <br>\$ 1,199,781 | <br>\$ 65,207 | <br>\$ 1,264,988 |
| <br><b>LIABILITIES AND FUND BALANCE</b>           |                  |               |                  |
| <b>Liabilities</b>                                |                  |               |                  |
| Excess of outstanding checks<br>over bank balance | \$ -             | \$ 1,094      | \$ 1,094         |
| Line of credit                                    | 163,999          | -             | 163,999          |
| Accounts payable                                  | 29,799           | 25,005        | 54,804           |
| Accrued liabilities                               |                  |               |                  |
| Vacation and other pay                            | 236,938          | -             | 236,938          |
| Other   | 91,687           | -             | 91,687           |
| Unearned revenue                                  |                  |               |                  |
| Unearned grant revenue                            | 104,774          | -             | 104,774          |
| Prepaid memberships                               | 13,454           | -             | 13,454           |
| Due to other funds                                | -                | 39,108        | 39,108           |
| <br>Total liabilities                             | <br>640,651      | <br>65,207    | <br>705,858      |
| <br><b>Fund balance</b>                           |                  |               |                  |
| Unrestricted                                      |                  |               |                  |
| Committed - building<br>maintenance               | 50,000           | -             | 50,000           |
| Unassigned  | 509,130          | -             | 509,130          |
| <br>Total fund balance                            | <br>559,130      | <br>-         | <br>559,130      |
|   | \$ 1,199,781     | \$ 65,207     | \$ 1,264,988     |

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 POSITION**  
June 30, 2013

Fund balance - governmental funds \$ 559,130

Total net position reported for governmental activities in the statement of net position 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 position are as follows:

|                                       |              |           |
|---------------------------------------|--------------|-----------|
| Governmental capital assets           | \$ 1,575,825 |           |
| Governmental accumulated depreciation | (409,033)    | 1,166,792 |
|                                       |              |           |

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 position that are not reported in the funds balance sheet are as follows:

|                          |             |             |
|--------------------------|-------------|-------------|
| Vested employee benefits | (101,674)   |             |
| General obligation debt  | (1,243,916) | (1,345,590) |
|                          |             |             |

|   |  |                                 |
|---|--|---------------------------------|
| <b>Total net position - governmental activities</b> |  | <b>\$ <u><u>380,332</u></u></b> |
|---|--|---------------------------------|

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, 2013

|   | ECIA         | WIA        |              |
|---|--------------|------------|--------------|
|   | General      | Special    |              |
|   | Fund         | Revenue    |              |
|   | Fund         | Fund       | Total        |
| <b>Revenues</b>   |              |            |              |
| Federal   | \$ 2,520,682 | \$ 688,783 | \$ 3,209,465 |
| State of Iowa   | 38,380       | -          | 38,380       |
| State of Wisconsin  | 190          | -          | 190          |
| Membership fees   | 104,995      | -          | 104,995      |
| Fees and assessments  | 914,068      | -          | 914,068      |
| Economic Development Set-Aside<br>and CDBG grant administration   | 750,004      | -          | 750,004      |
| Agency service billings   |              |            |              |
| ECIA Business Growth  | 283,126      | -          | 283,126      |
| Eastern Iowa Regional<br>Housing Authority (EIHRA)/<br>Eastern Iowa Regional<br>Housing Corporation (EIRHC) | 1,434,154    | -          | 1,434,154    |
| Workforce Investment Act (WIA)<br>and related programs  | 409,452      | -          | 409,452      |
| Regional Transit Authority  | 547,480      | -          | 547,480      |
| EIRUSS  | 68,986       | -          | 68,986       |
| Interest  | 486          | -          | 486          |
| Miscellaneous   | 74,585       | -          | 74,585       |
|   |              |            |              |
| Total revenues  | 7,146,588    | 688,783    | 7,835,371    |
| <b>Expenditures</b>   |              |            |              |
| Salaries, wages and fringe benefits   | 4,287,688    | -          | 4,287,688    |
| Office supplies   | 49,455       | -          | 49,455       |
| Conferences and training  | 58,985       | -          | 58,985       |
| Business travel   | 168,638      | -          | 168,638      |
| Printing  | 23,863       | -          | 23,863       |
| Equipment rental and maintenance  | 4,780        | -          | 4,780        |
| Office maintenance  | 5,008        | -          | 5,008        |
| Insurance and bonding   | 30,466       | -          | 30,466       |
| Dues and subscriptions  | 19,858       | -          | 19,858       |
| Telephone   | 36,185       | -          | 36,185       |
| Postage   | 31,138       | -          | 31,138       |
| Rent  | 14,966       | -          | 14,966       |
| Utilities   | 21,227       | -          | 21,227       |
| Advertising   | 10,658       | -          | 10,658       |

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, 2013

|   | <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   | \$ 70,862             | \$ -            | \$ 70,862             |
| Marketing   | 43,804                | -               | 43,804                |
| Equipment purchases   | 21,593                | -               | 21,593                |
| Long-term debt principal  | 59,732                | -               | 59,732                |
| Interest expense  | 70,214                | -               | 70,214                |
| Pass through grant expense  | 2,054,280             | -               | 2,054,280             |
| Miscellaneous   | 20,228                | -               | 20,228                |
| Program and administrative costs  | -                     | 688,783         | 688,783               |
|   | <u>7,103,628</u>      | <u>688,783</u>  | <u>7,792,411</u>      |
| <br>Total expenditures  |                       |                 |                       |
|   | 7,103,628             | 688,783         | 7,792,411             |
| <br>Excess of revenues over<br>expenditures                               | <br>42,960            | <br>-           | <br>42,960            |
| <br><b>Other financing sources</b>  |                       |                 |                       |
| Proceeds from sale of fixed assets  | -                     | -               | -                     |
| Proceeds from long-term borrowing   | -                     | -               | -                     |
| Total other financing sources   | <u>-</u>              | <u>-</u>        | <u>-</u>              |
| <br>Excess of revenues and other<br>financing source over<br>expenditures | <br>42,960            | <br>-           | <br>42,960            |
| <br>Fund balance at beginning of year                                     | <br><u>516,170</u>    | <br><u>-</u>    | <br><u>516,170</u>    |
| <br>Fund balance at end of year   | <br><u>\$ 559,130</u> | <br><u>\$ -</u> | <br><u>\$ 559,130</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, 2013

**Net change in fund balances - total governmental funds** \$ 42,960

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 position 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      | \$ 21,593 |          |
| Depreciation expense reported in the statement of activities | (97,168)  |          |
|  | (75,575)  | (75,575) |

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 | (12,346) |          |
| Amounts paid are less than amounts earned by        | (12,346) | (12,346) |

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 position and does not affect the statement of activities.

|   |  |        |
|---|--|--------|
| The amount of long-term debt principal payments in the current year is: |  | 59,732 |
|---|--|--------|

|   |  |                         |
|---|--|-------------------------|
| <b>Change in net position - governmental activities</b> |  | <b>\$ <u>14,771</u></b> |
|---|--|-------------------------|

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**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 Position 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, 2013

**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, 2013

**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 position 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 Position 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, 2013

**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, 2013

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

**12. Subsequent Events**

The Association has evaluated subsequent events through November 13, 2013, 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 Position 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 Position, 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, 2013

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

|   | Total<br>Governmental<br>Funds | Long-term<br>Revenue/<br>Expenses | Capital<br>Related<br>Items | Long-term<br>Debt<br>Transactions | Inter-fund<br>Transactions | Statement of<br>Activities<br>Total |
|---|--------------------------------|-----------------------------------|-----------------------------|-----------------------------------|----------------------------|-------------------------------------|
| <b>Revenues and other sources</b>   |                                |                                   |                             |                                   |                            |                                     |
| Federal   | \$ 3,209,465                   | \$ -                              | \$ -                        | \$ -                              | \$ -                       | \$ 3,209,465                        |
| State of Iowa   | 38,380                         | -                                 | -                           | -                                 | -                          | 38,380                              |
| State of Wisconsin  | 190                            | -                                 | -                           | -                                 | -                          | 190                                 |
| Membership fees   | 104,995                        | -                                 | -                           | -                                 | -                          | 104,995                             |
| Fees and assessments  | 914,068                        | -                                 | -                           | -                                 | -                          | 914,068                             |
| Economic Development Set-Aside<br>and CDBG grant administration   | 750,004                        | -                                 | -                           | -                                 | -                          | 750,004                             |
| Agency service billings   |                                |                                   |                             |                                   |                            |                                     |
| ECIA Business Growth  | 283,126                        | -                                 | -                           | -                                 | -                          | 283,126                             |
| Eastern Iowa Regional<br>Housing Authority (EIRHA)/<br>Eastern Iowa Regional<br>Housing Corporation (EIRHC) | 1,434,154                      | -                                 | -                           | -                                 | -                          | 1,434,154                           |
| Workforce Investment Act (WIA)<br>and related programs  | 409,452                        | -                                 | -                           | -                                 | (409,452)                  | -                                   |
| Regional Transit Authority  | 547,480                        | -                                 | -                           | -                                 | -                          | 547,480                             |
| EIRUSS  | 68,986                         | -                                 | -                           | -                                 | -                          | 68,986                              |
| Interest  | 486                            | -                                 | -                           | -                                 | -                          | 486                                 |
| Miscellaneous   | 74,585                         | -                                 | -                           | -                                 | -                          | 74,585                              |
| <b>Total revenues</b>   | <b>7,835,371</b>               | <b>-</b>                          | <b>-</b>                    | <b>-</b>                          | <b>(409,452)</b>           | <b>7,425,919</b>                    |
| <b>Expenditures</b>   |                                |                                   |                             |                                   |                            |                                     |
| Salaries, wages and fringe<br>benefits  | 4,287,688                      | 12,346                            | -                           | -                                 | (351,841)                  | 3,948,193                           |
| Office supplies   | 49,455                         | -                                 | -                           | -                                 | (2,255)                    | 47,200                              |
| Conferences and training  | 58,985                         | -                                 | -                           | -                                 | (2,043)                    | 56,942                              |
| Business travel   | 168,638                        | -                                 | -                           | -                                 | (23,634)                   | 145,004                             |
| Printing  | 23,863                         | -                                 | -                           | -                                 | (2,162)                    | 21,701                              |
| Equipment rental and<br>maintenance   | 4,780                          | -                                 | -                           | -                                 | (298)                      | 4,482                               |
| Office maintenance  | 5,008                          | -                                 | -                           | -                                 | (7)                        | 5,001                               |
| Insurance and bonding   | 30,466                         | -                                 | -                           | -                                 | (3,413)                    | 27,053                              |
| Dues and subscriptions  | 19,858                         | -                                 | -                           | -                                 | (2,909)                    | 16,949                              |
| Telephone   | 36,185                         | -                                 | -                           | -                                 | (647)                      | 35,538                              |
| Postage   | 31,138                         | -                                 | -                           | -                                 | (896)                      | 30,242                              |
| Rent  | 14,966                         | -                                 | -                           | -                                 | (12,901)                   | 2,065                               |
| Utilities   | 21,227                         | -                                 | -                           | -                                 | (42)                       | 21,185                              |
| Advertising   | 10,658                         | -                                 | -                           | -                                 | (61)                       | 10,597                              |
| Professional fees   | 70,862                         | -                                 | -                           | -                                 | (6,110)                    | 64,752                              |
| Marketing   | 43,804                         | -                                 | -                           | -                                 | -                          | 43,804                              |
| Depreciation  | -                              | -                                 | 97,168                      | -                                 | -                          | 97,168                              |
| Equipment purchases   | 21,593                         | -                                 | (21,593)                    | -                                 | -                          | -                                   |
| Long-term debt principal  | 59,732                         | -                                 | -                           | (59,732)                          | -                          | -                                   |
| Interest expense  | 70,214                         | -                                 | -                           | -                                 | (128)                      | 70,086                              |
| Pass through grant expense  | 2,054,280                      | -                                 | -                           | -                                 | -                          | 2,054,280                           |
| Miscellaneous   | 20,228                         | -                                 | -                           | -                                 | (105)                      | 20,123                              |
| WIA program costs   | 688,783                        | -                                 | -                           | -                                 | -                          | 688,783                             |
| <b>Total expenditures</b>   | <b>7,792,411</b>               | <b>12,346</b>                     | <b>75,575</b>               | <b>(59,732)</b>                   | <b>(409,452)</b>           | <b>7,411,148</b>                    |
| <b>Net change for the year</b>  | <b>\$ 42,960</b>               | <b>\$ (12,346)</b>                | <b>\$ (75,575)</b>          | <b>\$ 59,732</b>                  | <b>\$ -</b>                | <b>\$ 14,771</b>                    |

East Central Intergovernmental Association  
 Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 June 30, 2013

**NOTE C - CASH DEPOSITS**

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

|   |                   |
|---|-------------------|
| Statement of Net Position                       |                   |
| Cash and investments                            | \$ 206,669        |
| Excess of outstanding<br>cash over bank balance | <u>(1,094)</u>    |
| Net cash and investments                        | <u>\$ 205,575</u> |

Cash and investments as of June 30, 2013 consist of the following:

|  | Carrying<br>Amount | Bank<br>Balance   |
|--|--------------------|-------------------|
| Petty cash   | \$ 75              | \$ -              |
| Investment checking/savings<br>and money market accounts | <u>205,500</u>     | <u>297,427</u>    |
|  | <u>\$ 205,575</u>  | <u>\$ 297,427</u> |

**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 accounting principles generally accepted in the United States of America. 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, 2013

**NOTE C - CASH DEPOSITS - CONTINUED**

**Concentration of Credit Risk**

Concentration of credit risk is defined 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. At June 30, 2013 the Association's deposits of \$20,131 that were in excess of FDIC insurance were covered 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. Amounts in excess of FDIC insurance varied during the year.

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, 2013, the Association had the following accounts and grants receivable outstanding:

**Accounts Receivable**

|   |                   |
|---|-------------------|
| Eastern Iowa Regional Housing Authority | \$ 61,118         |
| Eastern Iowa Regional Partnership, LLP  | 648               |
| Eastern Iowa Regional Housing Corp.     | 622               |
| Eastern Iowa Development Corp.          | 11,011            |
| E.I.R.U.S.S                             | 23,953            |
| Local contract charges                  | 208,219           |
| E.C.I.A. Business Growth, Inc.          | 21,094            |
| Regional Transit Authority              | 43,582            |
| Asbury EIRP, LLLP                       | 709               |
| Other                                   | <u>273,243</u>    |
| Total                                   | <u>\$ 644,199</u> |

East Central Intergovernmental Association  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2013

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

|                                    |                   |
|------------------------------------|-------------------|
| <b>Grants Receivable - ECIA</b>    |                   |
| Iowa DOT - FHWA planning           | \$ 32,037         |
| Iowa DOT - MPO                     | 64,397            |
| Iowa DOT - ICAAP                   | 95,747            |
| Wisconsin DOT - MPO                | 13,577            |
| Illinois DOT                       | 6,286             |
| Jumpstart                          | 75,433            |
| EDA Grant                          | <u>9,954</u>      |
|                                    | 297,431           |
| <br><b>Grants Receivable - WIA</b> |                   |
| WIA Grants                         | <u>53,956</u>     |
| Total grants receivable            | <u>\$ 351,387</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 5.78% of their annual salary and the Association is required to contribute 8.67% 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, 2013 of \$264,849 is equal to the required contribution for the year. The Association's contributions for the years ended June 30, 2012 and 2011 were \$270,234 and \$207,791, 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, 2013 is as follows:

|            |                   |
|------------|-------------------|
| Sick leave | \$ <u>564,767</u> |
|------------|-------------------|

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, 2013

**NOTE G - OPERATING LEASE COMMITMENTS**

The Association has modified a lease to rent office space in Dubuque from September 1, 2013 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, 2013. 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, 2014 | \$ | 12,727        |
| 2015          |    | 12,727        |
| 2016          |    | 12,727        |
| 2017          |    | 12,727        |
| 2018          |    | 5,130         |
|               | \$ | <u>56,038</u> |

**NOTE H - FIXED ASSETS**

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

|                                  | Balance at<br>July 1, 2012 | Additions          | Deletions    | Balance at<br>June 30, 2013 |
|----------------------------------|----------------------------|--------------------|--------------|-----------------------------|
| Land (non-depreciable)           | \$ 214,432                 | \$ -               | \$ -         | \$ 214,432                  |
| Land improvements                | 11,121                     | -                  | -            | 11,121                      |
| Building                         | 1,052,275                  | -                  | -            | 1,052,275                   |
| Equipment and<br>furniture       | <u>277,451</u>             | <u>21,593</u>      | <u>1,047</u> | <u>297,997</u>              |
| Subtotal                         | 1,555,279                  | 21,593             | 1,047        | 1,575,825                   |
| Less accumulated<br>depreciation |                            |                    |              |                             |
| Land improvements                | 7,617                      | 2,224              | -            | 9,841                       |
| Building                         | 103,996                    | 26,307             | -            | 130,303                     |
| Equipment and<br>furniture       | <u>201,299</u>             | <u>68,637</u>      | <u>1,047</u> | <u>268,889</u>              |
|                                  | <u>312,912</u>             | <u>97,168</u>      | <u>1,047</u> | <u>409,033</u>              |
| Total                            | <u>\$ 1,242,367</u>        | <u>\$ (75,575)</u> | <u>\$ -</u>  | <u>\$ 1,166,792</u>         |

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2013

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

Long-term debt transactions for the year ended June 30, 2013 are as follows:

|                             | Balance at<br>July 1, 2012 | Additions        | Deletions        | Balance at<br>June 30, 2013 |
|-----------------------------|----------------------------|------------------|------------------|-----------------------------|
| Notes payable               | \$ 1,303,648               | \$ -             | \$ 59,732        | \$ 1,243,916                |
| Vested employee<br>benefits | 89,328                     | 21,270           | 8,924            | 101,674                     |
|                             | <u>\$ 1,392,976</u>        | <u>\$ 21,270</u> | <u>\$ 68,656</u> | <u>\$ 1,345,590</u>         |

Long-term notes payable at June 30, 2013 is comprised of the following:

| <u>Description</u>   | <u>Balance at<br/>June 30, 2013</u> | <u>Due Within<br/>One Year</u> |
|--|-------------------------------------|--------------------------------|
| \$16,243 commercial loan from DuTrac<br>Community Credit Union dated August 23,<br>2010 and due in monthly installments of<br>\$478, including interest at 3.74% per<br>annum until August 25, 2013.     | 942                                 | 942                            |
| \$14,163 commercial loan from DuTrac<br>Community Credit Union dated November 29,<br>2010 and due in monthly installments of<br>\$417, including interest at 3.74% per<br>annum until November 25, 2013. | 2,041                               | 2,041                          |
| \$17,203 commercial loan from DuTrac<br>Community Credit Union dated August 10,<br>2011 and due in monthly installments of<br>\$506, including interest at 3.74% per<br>annum until August 10, 2014.     | 6,922                               | 5,914                          |
| \$1,392,281 Economic Development<br>Revenue Note, Series 2007 dated<br>October 5, 2007 and due in monthly<br>installments of \$7,363, including<br>interest at 3.5% per annum until<br>October 1, 2032.  | <u>1,234,011</u>                    | <u>44,731</u>                  |
| Total  | <u>\$ 1,243,916</u>                 | <u>\$ 53,628</u>               |

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2013

**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, 2013, are as follows:

| Year ended |                     |                   |                     |  |
|------------|---------------------|-------------------|---------------------|--|
| June 30,   | Principal           | Interest          | Total               |  |
| 2014       | \$ 53,628           | \$ 45,007         | \$ 98,635           |  |
| 2015       | 47,917              | 41,451            | 89,368              |  |
| 2016       | 48,492              | 39,864            | 88,356              |  |
| 2017       | 50,350              | 38,006            | 88,356              |  |
| 2018       | 52,166              | 36,190            | 88,356              |  |
| 2019-2023  | 290,352             | 151,431           | 441,783             |  |
| 2024-2028  | 346,618             | 95,165            | 441,783             |  |
| 2029-2033  | 354,393             | 28,486            | 382,879             |  |
|            | <u>\$ 1,243,916</u> | <u>\$ 475,600</u> | <u>\$ 1,719,516</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, 2013.

*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 2014 with a one-half percent per

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2013

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

year decrease annually until leveling off in 2024 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 (ARC)         | \$ 21,247  |
| Adjustment to the ARC                      | (3,550)    |
| Interest on net pension obligation         | 3,573      |
| Annual pension cost (expense)              | 21,270     |
| Pension payments made                      | (8,924)    |
| Increase in net pension obligation         | 12,346     |
| Net pension obligation - beginning of year | 89,328     |
| Net pension obligation - end of year       | \$ 101,674 |

*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 30 for information on funding status and progress.

| Fiscal<br>Year<br>Ended | Annual<br>Pension Cost | Percentage of<br>Annual<br>Pension Cost<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------|------------------------|--|------------------------------|
| 6/30/2013               | \$ 21,270              | 0.00%  | \$ 101,674                   |
| 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, 2013

**NOTE K - SHORT-TERM NOTES PAYABLE**

The Association had a balance of \$163,999 on a line of credit at June 30, 2013. The line of credit, dated September 16, 2012, has a credit limit of \$600,000 and matures September 15, 2013. The line of credit has an interest rate that is variable based on the Wall Street Journal U.S. Prime Rate as published in the Wall Street Journal. The rate at June 30, 2013 was 4.5%. The Association had interest expense of \$4,255 on short-term borrowing in the current year.

**NOTE L - 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, 2013:

|                                  |    |         |
|----------------------------------|----|---------|
| General Fund                     |    |         |
| Conferences and training         | \$ | 5,985   |
| Business travel                  |    | 11,638  |
| Equipment rental and maintenance |    | 196     |
| Insurance and bonding            |    | 225     |
| Utilities                        |    | 4,727   |
| Professional fees                |    | 5,312   |
| Equipment purchases              |    | 18,622  |
| Pass-through grant expense       |    | 79,788  |
| Miscellaneous                    |    | 828     |
| Workforce Investment Act         |    |         |
| Program costs                    |    | 188,783 |

**NOTE M - 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

East Central Intergovernmental Association  
Dubuque, Iowa

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

Year ended June 30, 2013

| Actuarial<br>Valuation<br>Date        | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>( c ) | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|---------------------------------------|--|---|--------------------------|--------------------------|-----------------------------|---|
| <u>Other Post-employment Benefits</u> |  |   |                          |                          |                             |   |
| 6/30/2013                             | \$ -                                   | \$ 167,560  | \$ 167,560               | 0.00%                    | \$ 2,837,528                | 5.91%   |
| 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, 2013

|   | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|------------------|---|
|   | Original         | Amended          |                  |   |
| <b>Revenues</b>   |                  |                  |                  |   |
| Federal   | \$ 3,786,865     | \$ 2,503,435     | \$ 2,520,682     | \$ 17,247   |
| State of Iowa   | 9,000            | 10,294           | 38,380           | 28,086  |
| State of Wisconsin  | 190              | 190              | 190              | -   |
| Membership fees   | 104,993          | 104,993          | 104,995          | 2   |
| Fees and assessments  | 1,137,065        | 1,019,587        | 914,068          | (105,519)   |
| Economic Development Set-Aside<br>and CDBG grant administration   | 858,095          | 779,379          | 750,004          | (29,375)  |
| Agency service billings   |                  |                  |                  |   |
| ECIA Business Growth  | 310,335          | 281,012          | 283,126          | 2,114   |
| Eastern Iowa Regional<br>Housing Authority (EIRHA)/<br>Eastern Iowa Regional<br>Housing Corporation (EIRHC) | 1,186,461        | 1,267,375        | 1,434,154        | 166,779   |
| Workforce Investment Act (WIA)<br>and related programs  | 375,619          | 402,991          | 409,452          | 6,461   |
| Regional Transit Authority  | 545,664          | 534,059          | 547,480          | 13,421  |
| EIRUSS  | 81,932           | 67,311           | 68,986           | 1,675   |
| Interest  | 1,015            | 453              | 486              | 33  |
| Miscellaneous   | 57,000           | 70,452           | 74,585           | 4,133   |
| <b>Total revenues</b>   | <b>8,454,234</b> | <b>7,041,531</b> | <b>7,146,588</b> | <b>105,057</b>  |
| <b>Expenditures</b>   |                  |                  |                  |   |
| Salaries, wages and fringe<br>benefits  | 4,596,000        | 4,294,590        | 4,287,688        | 6,902   |
| Office supplies   | 72,500           | 55,000           | 49,455           | 5,545   |
| Conferences and training  | 58,450           | 53,000           | 58,985           | (5,985)   |
| Business travel   | 190,000          | 157,000          | 168,638          | (11,638)  |
| Printing  | 18,500           | 24,000           | 23,863           | 137   |
| Equipment rental and<br>maintenance   | 8,500            | 4,584            | 4,780            | (196)   |
| Office maintenance  | 10,000           | 10,000           | 5,008            | 4,992   |
| Insurance and bonding   | 33,000           | 30,241           | 30,466           | (225)   |
| Dues and subscriptions  | 27,000           | 21,000           | 19,858           | 1,142   |
| Telephone   | 42,000           | 37,000           | 36,185           | 815   |
| Postage   | 40,000           | 32,000           | 31,138           | 862   |
| Rent  | 26,500           | 15,000           | 14,966           | 34  |
| Utilities   | 21,000           | 16,500           | 21,227           | (4,727)   |
| Advertising   | 8,500            | 12,000           | 10,658           | 1,342   |
| Professional fees   | 59,000           | 65,550           | 70,862           | (5,312)   |
| Marketing   | 15,000           | 52,000           | 43,804           | 8,196   |
| Equipment purchases   | 40,500           | 2,971            | 21,593           | (18,622)  |
| Long-term debt principal  | 60,000           | 60,000           | 59,732           | 268   |
| Interest expense  | 84,000           | 75,512           | 70,214           | 5,298   |
| Pass-through grant expense  | 3,000,000        | 1,974,492        | 2,054,280        | (79,788)  |
| Miscellaneous   | 8,000            | 19,400           | 20,228           | (828)   |
| <b>Total expenditures</b>   | <b>8,418,450</b> | <b>7,011,840</b> | <b>7,103,628</b> | <b>(91,788)</b>   |
| <b>Excess of revenues over<br/>expenditures</b>   | <b>35,784</b>    | <b>29,691</b>    | <b>42,960</b>    | <b>13,269</b>   |

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, 2013

|   | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|-------------------------|-------------------|-------------------|---|
|   | <u>Original</u>         | <u>Amended</u>    |                   |   |
| <b>Other income</b>   |                         |                   |                   |   |
| Proceeds from sale<br>of fixed assets                               | \$ 4,000                | \$ -              | \$ -              | \$ -  |
| Proceeds of long-term<br>borrowing                                  | 22,000                  | -                 | -                 | -   |
|   | <u>26,000</u>           | <u>-</u>          | <u>-</u>          | <u>-</u>  |
| Excess of revenues and other<br>income over (under)<br>expenditures | 61,784                  | 29,691            | 42,960            | 13,269  |
| Fund balance at beginning<br>of year                                | <u>516,170</u>          | <u>516,170</u>    | <u>516,170</u>    | <u>-</u>  |
| Fund balance at end of year   | <u>\$ 577,954</u>       | <u>\$ 545,861</u> | <u>\$ 559,130</u> | <u>\$ 13,269</u>  |

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, 2013

|   | <u>Budgeted Amounts</u> |                |               | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|-------------------------|----------------|---------------|---|
|   | <u>Original</u>         | <u>Amended</u> | <u>Actual</u> |   |
| <b>Revenues</b>                                     |                         |                |               |   |
| Workforce Investment Act (WIA) and related programs | \$ 750,000              | \$ 500,000     | \$ 688,783    | \$ 188,783  |
| Total revenues                                      | 750,000                 | 500,000        | 688,783       | 188,783   |
| <b>Expenditures</b>                                 |                         |                |               |   |
| Administrative expenses                             | 49,664                  | 49,664         | 49,664        | -   |
| Program costs                                       | 700,336                 | 450,336        | 639,119       | (188,783)   |
| Total expenditures                                  | 750,000                 | 500,000        | 688,783       | (188,783)   |
| Excess of revenues over expenditures                | -                       | -              | -             | -   |
| Fund balance at beginning of year                   | -                       | -              | -             | -   |
| Fund balance at end of year                         | \$ -                    | \$ -           | \$ -          | \$ -  |

**OTHER SUPPLEMENTARY INFORMATION**

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, 2013

|   | Totals       | 30<br>FHWA and<br>Section 8<br>Transportation | 40<br>General<br>Technical<br>Assistance | 45<br>ECIA<br>Business<br>Growth | 50<br>Economic<br>Development<br>Grant | 55<br>EIRHA | 56<br>EIRHC | 65<br>Tax Credit<br>Housing<br>Programs | 66<br>EIHRC<br>Housing<br>Counseling | 67<br>IFA<br>Tax Credit<br>Compliance | 75<br>Promise<br>Jobs | 80<br>Regional<br>Transit<br>RPA/STP |
|---|--------------|---|--|----------------------------------|--|-------------|-------------|---|--------------------------------------|---------------------------------------|-----------------------|--------------------------------------|
| <b>REVENUES</b>   |              |   |  |                                  |  |             |             |   |                                      |                                       |                       |                                      |
| Federal   | \$ 2,520,682 | \$ 268,842                                    | \$ -                                     | \$ -                             | \$ 106,128                             | \$ -        | \$ -        | \$ -                                    | \$ -                                 | \$ -                                  | \$ 54,726             | \$ 169,716                           |
| State of Iowa   | 38,380       | -   | -  | -                                | 38,380                                 | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| State of Wisconsin  | 190          | 190   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Membership fees   | 104,995      | 26,313  | 21,998                                   | -                                | 16,605                                 | -           | -           | -                                       | -                                    | -                                     | -                     | 22,996                               |
| Fees and assessments  | 914,068      | 133,370                                       | 184,181                                  | 4,107                            | 93,733                                 | -           | -           | 10,023                                  | -                                    | 11,550                                | -                     | 33,363                               |
| Economic Development Set-Aside<br>and CDBG grant administration | 750,004      | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Agency service billings   |              |   |  |                                  |  |             |             |   |                                      |                                       |                       |                                      |
| ECIA Business Growth  | 283,126      | -   | -  | 283,126                          | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| EIRHA/EIRHC   | 1,434,154    | -   | -  | -                                | -                                      | 1,273,504   | 6,585       | -                                       | 154,065                              | -                                     | -                     | -                                    |
| Workforce Investment Act (WIA)<br>and related programs          | 409,452      | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Regional Transit Authority                                      | 547,480      | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| EIRUSS  | 68,986       | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Interest  | 486          | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Miscellaneous   | 74,585       | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Total revenues  | 7,146,588    | 428,715                                       | 206,179                                  | 287,233                          | 254,846                                | 1,273,504   | 6,585       | 10,023                                  | 154,065                              | 11,550                                | 54,726                | 226,075                              |
| <b>EXPENDITURES</b>   |              |   |  |                                  |  |             |             |   |                                      |                                       |                       |                                      |
| Salaries, wages & fringe benefits                               | 4,287,688    | 291,445                                       | 180,153                                  | 245,474                          | 177,118                                | 1,141,370   | 6,033       | 9,413                                   | 139,123                              | 9,440                                 | 48,868                | 126,093                              |
| Office supplies   | 49,455       | 3,943   | 2,076                                    | 3,171                            | 1,682                                  | 14,560      | 33          | -                                       | 1,568                                | 76                                    | 178                   | 2,405                                |
| Conferences and training  | 58,985       | 11,891  | 1,155                                    | 4,778                            | 4,537                                  | 3,860       | 23          | 41                                      | 455                                  | 11                                    | 522                   | 3,446                                |
| Business travel   | 168,638      | 10,349  | 7,192                                    | 7,478                            | 5,116                                  | 15,326      | 38          | 58                                      | 863                                  | 654                                   | 958                   | 5,400                                |
| Printing  | 23,863       | 1,860   | 981                                      | 1,385                            | 889                                    | 6,584       | 30          | 45                                      | 691                                  | 43                                    | 282                   | 550                                  |
| Equipment rental and maintenance                                | 4,780        | 416   | 255                                      | 357                              | 251                                    | 1,001       | 6           | -                                       | 200                                  | 12                                    | 41                    | 211                                  |
| Office maintenance  | 5,008        | 520   | 300                                      | 408                              | 279                                    | 1,098       | 6           | -                                       | 233                                  | 16                                    | -                     | 164                                  |
| Insurance and bonding   | 30,466       | 2,065   | 1,222                                    | 1,661                            | 1,260                                  | 7,913       | 41          | 66                                      | 971                                  | 72                                    | 214                   | 859                                  |
| Dues and subscriptions  | 19,858       | 941   | 564                                      | 2,946                            | 1,063                                  | 3,652       | 26          | 38                                      | 490                                  | 83                                    | 600                   | 485                                  |
| Telephone   | 36,185       | 2,320   | 500                                      | 2,430                            | 726                                    | 12,481      | 9           | -                                       | 314                                  | 22                                    | 218                   | 1,773                                |
| Postage   | 31,138       | 527   | 264                                      | 814                              | 805                                    | 18,162      | 32          | 308                                     | 209                                  | 42                                    | -                     | 265                                  |
| Property taxes  | -            | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Rent  | 14,966       | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | 2,065                 | -                                    |
| Utilities   | 21,227       | 2,089   | 1,207                                    | 1,687                            | 1,208                                  | 4,802       | 27          | -                                       | 965                                  | 62                                    | -                     | 854                                  |
| Advertising   | 10,658       | 205   | 34                                       | 223                              | 5,436                                  | 682         | 52          | 1                                       | 25                                   | 1                                     | 9                     | 777                                  |
| Professional fees   | 70,862       | 6,718   | 3,292                                    | 4,354                            | 3,607                                  | 14,689      | 74          | 53                                      | 2,460                                | 570                                   | 771                   | 3,285                                |
| Marketing   | 43,804       | -   | -  | -                                | 43,804                                 | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Depreciation  | 97,168       | 1,990   | 1,085                                    | 1,898                            | 1,089                                  | 4,238       | 24          | -                                       | 854                                  | 61                                    | -                     | 19,429                               |
| Equipment purchases   | 21,593       | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Long-term debt principal  | 59,732       | 3,558   | 2,109                                    | 2,921                            | 2,134                                  | 8,258       | 47          | -                                       | 1,645                                | 122                                   | -                     | 1,511                                |
| Interest expense  | 70,214       | 6,407   | 3,790                                    | 5,248                            | 3,842                                  | 14,828      | 84          | -                                       | 2,999                                | 222                                   | -                     | 2,699                                |
| Pass thru grant expense   | 2,054,280    | 81,471  | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | 55,869                               |
| Miscellaneous   | 20,228       | -   | -  | -                                | -                                      | -           | -           | -                                       | -                                    | -                                     | -                     | -                                    |
| Total expenditures  | 7,200,796    | 428,715                                       | 206,179                                  | 287,233                          | 254,846                                | 1,273,504   | 6,585       | 10,023                                  | 154,065                              | 11,509                                | 54,726                | 226,075                              |
| Excess of revenues over<br>(under) expenditures                 | \$ (54,208)  | \$ -  | \$ -                                     | \$ -                             | \$ -                                   | \$ -        | \$ -        | \$ -                                    | \$ -                                 | \$ 41                                 | \$ -                  | \$ -                                 |

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, 2013

|   | 85                          | 90          | 100     | 122                         | 123                 | 145           | 185                              | 300   | 400                              | 410         |
|---|-----------------------------|-------------|---------|-----------------------------|---------------------|---------------|----------------------------------|---|----------------------------------|-------------|
|   | CDBG<br>Admin-<br>istration | General     | WIA     | Bridges<br>to<br>Healthcare | Quad<br>Graphics EI | SESP<br>Grant | Jumpstart<br>Federal<br>Projects | Eastern Iowa<br>Utility<br>Service<br>Systems | Regional<br>Transit<br>Authority | The<br>July |
| <b>REVENUES</b>   |                             |             |         |                             |                     |               |                                  |   |                                  |             |
| Federal   | \$ -                        | \$ -        | \$ -    | \$ -                        | \$ -                | \$ -          | \$ 1,921,270                     | \$ -  | \$ -                             | \$ -        |
| State of Iowa   | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| State of Wisconsin  | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Membership fees   | -                           | 17,083      | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Fees and assessments  | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | 443,741     |
| Economic Development Set-Aside<br>and CDBG grant administration | 750,004                     | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Agency service billings   | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| ECIA Business Growth  | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| EIRHA/EIRHC   | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Workforce Investment Act (WIA)<br>and related programs          | -                           | -           | 354,424 | 42,000                      | 7,873               | 5,155         | -                                | -   | -                                | -           |
| Regional Transit Authority                                      | -                           | -           | -       | -                           | -                   | -             | -                                | -   | 547,480                          | -           |
| EIRUSS  | -                           | -           | -       | -                           | -                   | -             | -                                | 68,986  | -                                | -           |
| Interest  | -                           | 486         | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Miscellaneous   | -                           | 74,585      | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Total revenues  | 750,004                     | 92,154      | 354,424 | 42,000                      | 7,873               | 5,155         | 1,921,270                        | 68,986  | 547,480                          | 443,741     |
| <b>EXPENDITURES</b>   |                             |             |         |                             |                     |               |                                  |   |                                  |             |
| Salaries, wages & fringe benefits                               | 626,098                     | -           | 299,199 | 40,756                      | 7,252               | 4,634         | -                                | 57,836  | 472,709                          | 404,674     |
| Office supplies   | 8,460                       | -           | 2,167   | 7                           | 19                  | 62            | -                                | 1,549   | 5,029                            | 2,470       |
| Conferences and training  | 3,392                       | -           | 1,969   | 27                          | 21                  | 26            | -                                | 209   | 13,552                           | 9,070       |
| Business travel   | 44,081                      | 24,291      | 23,009  | 381                         | 210                 | 34            | -                                | 2,505   | 8,684                            | 12,011      |
| Printing  | 3,675                       | -           | 2,038   | 69                          | 30                  | 25            | -                                | 267   | 2,413                            | 2,006       |
| Equipment rental and maintenance                                | 893                         | -           | 291     | 1                           | -                   | 6             | -                                | 84  | 679                              | 76          |
| Office maintenance  | 951                         | -           | -       | 2                           | -                   | 5             | -                                | 90  | 840                              | 96          |
| Insurance and bonding   | 4,259                       | -           | 3,221   | 103                         | 51                  | 38            | -                                | 381   | 3,257                            | 2,812       |
| Dues and subscriptions  | 2,698                       | -           | 2,850   | 34                          | 5                   | 20            | -                                | 169   | 1,697                            | 1,497       |
| Telephone   | 7,195                       | -           | 630     | 6                           | -                   | 11            | -                                | 883   | 4,358                            | 2,309       |
| Postage   | 5,652                       | -           | 884     | 2                           | -                   | 10            | -                                | 841   | 2,140                            | 181         |
| Property tax expense  | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Rent  | -                           | -           | 12,217  | 455                         | 229                 | -             | -                                | -   | -                                | -           |
| Utilities   | 4,278                       | -           | -       | 8                           | -                   | 34            | -                                | 390   | 3,236                            | 380         |
| Advertising   | 1,488                       | -           | 57      | 2                           | 2                   | -             | -                                | 294   | 681                              | 689         |
| Professional fees   | 11,550                      | -           | 5,892   | 99                          | 54                  | 65            | -                                | 1,250   | 8,785                            | 3,294       |
| Marketing   | -                           | -           | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Depreciation  | 4,710                       | 57,295      | -       | 7                           | -                   | 29            | -                                | 347   | 3,774                            | 338         |
| Equipment purchases   | -                           | 21,593      | -       | -                           | -                   | -             | -                                | -   | -                                | -           |
| Long-term debt principal  | 7,372                       | 23,071      | -       | 15                          | -                   | 54            | -                                | 675   | 5,587                            | 653         |
| Interest expense  | 13,252                      | -           | -       | 26                          | -                   | 102           | 4,255                            | 1,216   | 10,059                           | 1,185       |
| Pass thru grant expense   | -                           | -           | -       | -                           | -                   | -             | 1,916,940                        | -   | -                                | -           |
| Miscellaneous   | -                           | 20,153      | -       | -                           | -                   | -             | 75                               | -   | -                                | -           |
| Total expenditures  | 750,004                     | 146,403     | 354,424 | 42,000                      | 7,873               | 5,155         | 1,921,270                        | 68,986  | 547,480                          | 443,741     |
| Excess of revenues over<br>(under) expenditures                 | \$ -                        | \$ (54,249) | \$ -    | \$ -                        | \$ -                | \$ -          | \$ -                             | \$ -  | \$ -                             | \$ -        |

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, 2013

|   | 30  | 80                                     |
|---|---|--|
|   | FHWA and<br>FTA Section 8<br>Transportation<br>12MPO-ECIA | Regional<br>Transit<br>RPA<br>12RPA-08 |
| <b>REVENUES</b>   |   |  |
| Federal - Planning  | \$ 268,842  | \$ 169,716                             |
| State of Wisconsin  | 190   | -                                      |
| Membership fees   | 26,313  | 22,996                                 |
| Fees and assessments  | 133,370   | 33,363                                 |
| Total revenues  | 428,715   | 226,075                                |
| <b>EXPENDITURES</b>   |   |  |
| Salaries, wages and fringe benefits   | 291,445   | 126,093                                |
| Office supplies   | 3,943   | 2,405                                  |
| Conferences and training  | 11,891  | 3,446                                  |
| Business travel   | 10,349  | 5,400                                  |
| Printing  | 1,860   | 550                                    |
| Equipment rental and maintenance  | 416   | 211                                    |
| Office maintenance  | 520   | 164                                    |
| Insurance and bonding   | 2,065   | 859                                    |
| Dues and subscriptions  | 941   | 485                                    |
| Telephone   | 2,320   | 1,773                                  |
| Postage   | 527   | 265                                    |
| Utilities   | 2,089   | 854                                    |
| Advertising   | 205   | 777                                    |
| Professional fees   | 6,718   | 3,285                                  |
| Depreciation  | 1,990   | 19,429                                 |
| Long-term debt principal  | 3,558   | 1,511                                  |
| Interest expense  | 6,407   | 2,699                                  |
| Pass through grant expense  | 81,471  | 55,869                                 |
| Total expenditures  | 428,715   | 226,075                                |
| Federal or state participation percentage   | 80%   | 80%                                    |
| Computed project grant earned   | \$ 342,972  | \$ 180,860                             |
| Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or: | \$ 268,842  | \$ 169,716                             |
| Therefore, the grants earned equal:   | \$ 268,842  | \$ 169,716                             |

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, 2013

50

|  | United States Department of Commerce<br>Economic Development Planning Grant |                              |                       |                             |                      |                                   |                  |  |  |                                  |
|--|---|------------------------------|-----------------------|-----------------------------|----------------------|-----------------------------------|------------------|--|--|----------------------------------|
|  | 50-83-04962-02  |                              |                       | 05-83-05318                 |                      | EDA<br>Reengage-<br>ment<br>Grant | ICAAP<br>Grant   | Collabor-<br>ative<br>Marketing<br>State | Collabor-<br>ative<br>Marketing<br>Other | Total<br>Economic<br>Development |
|  | Prior Audit<br>1/1-6/30/12  | Current Year<br>7/1-12/31/12 | Total<br>1/1-12/31/12 | Current Year<br>1/1-6/30/13 | Total<br>Fiscal Year |                                   |                  |  |  |                                  |
| <b>REVENUES</b>  |   |                              |                       |                             |                      |                                   |                  |  |  |                                  |
| Federal - EDA  | \$ 40,818   | \$ 21,183                    | \$ 62,001             | \$ 37,854                   | \$ 59,037            | \$ 35,124                         | \$ -             | \$ -                                     | \$ -                                     | \$ 94,161                        |
| Federal - FTA  | -   | -                            | -                     | -                           | -                    | -                                 | 11,967           | -  | -  | 11,967                           |
| State of Iowa - Planning   | -   | -                            | -                     | -                           | -                    | -                                 | -                | 28,086                                   | -  | 28,086                           |
| State of Iowa - Other  | 2,294   | 8,000                        | 10,294                | 2,294                       | 10,294               | -                                 | -                | -  | -  | 10,294                           |
| Membership fees  | 23,933  | -                            | 23,933                | 16,605                      | 16,605               | -                                 | -                | -  | -  | 16,605                           |
| Fees and assessments   | 4,444   | 920                          | 5,364                 | 2,000                       | 2,920                | -                                 | 5,878            | -  | 84,935                                   | 93,733                           |
| Total revenues   | <u>71,489</u>   | <u>30,103</u>                | <u>101,592</u>        | <u>58,753</u>               | <u>88,856</u>        | <u>35,124</u>                     | <u>17,845</u>    | <u>28,086</u>                            | <u>84,935</u>                            | <u>254,846</u>                   |
| <b>EXPENDITURES</b>  |   |                              |                       |                             |                      |                                   |                  |  |  |                                  |
| Salaries, wages and fringe benefits  | 64,665  | 32,883                       | 97,548                | 58,264                      | 91,147               | 36,932                            | 12,440           | 15,349                                   | 21,250                                   | 177,118                          |
| Office supplies  | 1,194   | 897                          | 2,091                 | 471                         | 1,368                | 314                               | -                | -  | -  | 1,682                            |
| Conferences and training   | 6,648   | 3,211                        | 9,859                 | 479                         | 3,690                | 847                               | -                | -  | -  | 4,537                            |
| Business travel  | 2,618   | 1,034                        | 3,652                 | 2,742                       | 3,776                | 949                               | 391              | -  | -  | 5,116                            |
| Printing   | 267   | 365                          | 632                   | 358                         | 723                  | 166                               | -                | -  | -  | 889                              |
| Equipment rental and maintenance   | 107   | 98                           | 205                   | 106                         | 204                  | 47                                | -                | -  | -  | 251                              |
| Office maintenance   | 369   | 103                          | 472                   | 124                         | 227                  | 52                                | -                | -  | -  | 279                              |
| Insurance and bonding  | 463   | 501                          | 964                   | 524                         | 1,025                | 235                               | -                | -  | -  | 1,260                            |
| Dues and subscriptions   | 214   | 316                          | 530                   | 549                         | 865                  | 198                               | -                | -  | -  | 1,063                            |
| Telephone  | 341   | 177                          | 518                   | 413                         | 590                  | 136                               | -                | -  | -  | 726                              |
| Postage  | 330   | 197                          | 527                   | 458                         | 655                  | 150                               | -                | -  | -  | 805                              |
| Utilities  | 460   | 436                          | 896                   | 546                         | 982                  | 226                               | -                | -  | -  | 1,208                            |
| Advertising  | 168   | 14                           | 182                   | 11                          | 25                   | 6                                 | 5,405            | -  | -  | 5,436                            |
| Professional fees  | 1,056   | 237                          | 1,293                 | 2,697                       | 2,934                | 673                               | -                | -  | -  | 3,607                            |
| Marketing and pass through grant expense   | -   | -                            | -                     | -                           | -                    | 13,000                            | -                | 12,737                                   | 18,067                                   | 43,804                           |
| Depreciation   | 423   | 423                          | 846                   | 463                         | 886                  | 203                               | -                | -  | -  | 1,089                            |
| Long-term debt principal   | 814   | 819                          | 1,633                 | 917                         | 1,736                | 398                               | -                | -  | -  | 2,134                            |
| Interest expense   | 1,498   | 1,537                        | 3,035                 | 1,588                       | 3,125                | 717                               | -                | -  | -  | 3,842                            |
| Total expenditures   | <u>81,635</u>   | <u>43,248</u>                | <u>124,883</u>        | <u>70,710</u>               | <u>113,958</u>       | <u>55,249</u>                     | <u>18,236</u>    | <u>28,086</u>                            | <u>39,317</u>                            | <u>254,846</u>                   |
| Add qualifying matching expenses   | -   | -                            | -                     | -                           | -                    | -                                 | -                | 8,300                                    | -  | -                                |
| Add in-kind matching expenses  | -   | -                            | -                     | 5,000                       | 5,000                | 15,000                            | -                | 10,369                                   | -  | -                                |
| Expense basis for computation of<br>federal and/or state participation<br>in project cost  | 81,635  | 43,248                       | 124,883               | 75,710                      | 118,958              | 70,249                            | 18,236           | 46,755                                   | 39,317                                   |                                  |
| Federal or state participation<br>percentage   | <u>50%</u>  | <u>50%</u>                   | <u>50%</u>            | <u>50%</u>                  | <u>50%</u>           | <u>50%</u>                        | <u>80%</u>       | <u>66%</u>                               | <u>0%</u>                                |                                  |
| Computed project grant earned  | <u>\$ 40,818</u>  | <u>\$ 21,624</u>             | <u>\$ 62,442</u>      | <u>\$ 37,855</u>            | <u>\$ 59,478</u>     | <u>\$ 35,125</u>                  | <u>\$ 14,589</u> | <u>\$ 30,858</u>                         | <u>\$ -</u>                              |                                  |
| Pursuant to contracts, the grants may<br>not exceed the lesser of the eligible<br>cost incurred multiplied by the<br>percentage of participation or: |   |                              | \$ 62,001             | \$ 37,854                   | \$ 59,037            | \$ 35,124                         | \$ 11,967        | \$ 28,086                                | \$ -                                     |                                  |
| Therefore, the grants earned equal:  |   |                              | <u>\$ 62,001</u>      | <u>\$ 37,854</u>            | <u>\$ 59,037</u>     | <u>\$ 35,124</u>                  | <u>\$ 11,967</u> | <u>\$ 28,086</u>                         | <u>\$ -</u>                              |                                  |

East Central Intergovernmental Association  
Dubuque, Iowa  
**BALANCE SHEET - BY CONTRACT -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
June 30, 2013

|  |   |                  |                               |                                   |                                 |                        |  |  |                        |           |
|--|---|------------------|-------------------------------|-----------------------------------|---------------------------------|------------------------|--|--|------------------------|-----------|
| Pass-through Entity:                                 | Upper Explorerland Regional Planning Commission   |                  |                               |                                   |                                 |                        | Northeast<br>Iowa Community<br>College | Iowa Workforce<br>Development Department |                        |           |
| Contract Number:                                     | East Central Intergovernmental Association and<br>Upper Explorerland Regional Planning Commission Joint Agreement |                  |                               |                                   |                                 |                        |  | 11-I-PF-<br>EG-0-05                      | 13-W-PF-<br>RR-0-07    |           |
| Contract Period:                                     | 7/1/12 - 6/30/13  |                  |                               |                                   |                                 |                        | 10/1/11 -<br>9/30/14                   | 10/1/10 -<br>1/29/13                     | 3/5/13 -<br>7/16/13    |           |
| Program:   | Admini-<br>stration   | Adult<br>Formula | Youth<br>in School<br>Formula | Youth Out<br>of School<br>Formula | Dislocated<br>Worker<br>Formula | State<br>Set-<br>Aside | Bridges<br>to<br>Healthcare            | State<br>Energy<br>Sector                | Quad<br>Graphics<br>EI | Total     |
| <b>Assets</b>  |   |                  |                               |                                   |                                 |                        |  |  |                        |           |
| Cash   | \$ 1,135  | \$ 1,733         | \$ 1,023                      | \$ -                              | \$ 1,583                        | \$ -                   | \$ 5,777                               | \$ -                                     | \$ -                   | \$ 11,251 |
| Grants receivable                                    | 1,236   | 12,000           | 5,300                         | 15,000                            | 809                             | 1,841                  | 2,000                                  | 10,431                                   | 5,339                  | 53,956    |
|  | \$ 2,371  | \$ 13,733        | \$ 6,323                      | \$ 15,000                         | \$ 2,392                        | \$ 1,841               | \$ 7,777                               | \$ 10,431                                | \$ 5,339               | \$ 65,207 |
| <b>Liabilities and<br/>Fund Balance</b>              |   |                  |                               |                                   |                                 |                        |  |  |                        |           |
| Accounts payable                                     | \$ -  | \$ 2,448         | \$ 2,449                      | \$ 4,307                          | \$ 600                          | \$ -                   | \$ -                                   | \$ 10,431                                | \$ 4,770               | \$ 25,005 |
| Due to other funds                                   | 2,371   | 11,285           | 3,874                         | 9,599                             | 1,792                           | 1,841                  | 7,777                                  | -  | 569                    | 39,108    |
| Excess of outstanding<br>checks over bank<br>balance | -   | -                | -                             | 1,094                             | -                               | -                      | -                                      | -  | -                      | 1,094     |
| Total liabilities                                    | 2,371   | 13,733           | 6,323                         | 15,000                            | 2,392                           | 1,841                  | 7,777                                  | 10,431                                   | 5,339                  | 65,207    |
| Fund balance   | -   | -                | -                             | -                                 | -                               | -                      | -                                      | -  | -                      | -         |
|  | \$ 2,371  | \$ 13,733        | \$ 6,323                      | \$ 15,000                         | \$ 2,392                        | \$ 1,841               | \$ 7,777                               | \$ 10,431                                | \$ 5,339               | \$ 65,207 |

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
For the year ended June 30, 2013

|   |   |                  |                               |                                   |                                 |                        |  |  |                        |            |
|---|---|------------------|-------------------------------|-----------------------------------|---------------------------------|------------------------|--|--|------------------------|------------|
| Pass-through Entity:                            | Upper Explorerland Regional Planning Commission   |                  |                               |                                   |                                 |                        | Northeast<br>Iowa Community<br>College | IA Workforce<br>Development Department |                        |            |
| Contract Number:                                | East Central Intergovernmental Association and<br>Upper Explorerland Regional Planning Commission Joint Agreement |                  |                               |                                   |                                 |                        |  | 11-I-PF-<br>EG-0-05                    | 13-W-PF-<br>RR-0-07    |            |
| Contract Period:                                | 7/1/12 - 6/30/13  |                  |                               |                                   |                                 |                        | 10/1/11 -<br>9/30/14                   | 10/1/10 -<br>1/29/13                   | 3/5/13 -<br>7/16/13    |            |
| Program:  | Admini-<br>stration   | Adult<br>Formula | Youth<br>in School<br>Formula | Youth Out<br>of School<br>Formula | Dislocated<br>Worker<br>Formula | State<br>Set-<br>Aside | Bridges<br>to<br>Healthcare            | State<br>Energy<br>Sector              | Quad<br>Graphics<br>EI | Totals     |
| <b>Revenues</b>                                 |   |                  |                               |                                   |                                 |                        |  |  |                        |            |
| Grants  | \$ 36,636   | \$ 120,451       | \$ 47,810                     | \$ 109,693                        | \$ 119,159                      | \$ 1,841               | \$ 42,000                              | \$ 191,183                             | \$ 20,010              | \$ 688,783 |
| <b>Expenditures</b>                             |   |                  |                               |                                   |                                 |                        |  |  |                        |            |
| Administration                                  | 36,636  | -                | -                             | -                                 | -                               | -                      | -                                      | 5,155                                  | 7,873                  | 49,664     |
| Training related and<br>support services        | -   | 5,076            | 134                           | 2,667                             | 9,055                           | -                      | -                                      | -                                      | -                      | 16,932     |
| Direct training<br>services                     | -   | 115,375          | 47,676                        | 107,026                           | 110,104                         | 1,841                  | 42,000                                 | 186,028                                | 12,137                 | 622,187    |
| Total expenditures                              | 36,636  | 120,451          | 47,810                        | 109,693                           | 119,159                         | 1,841                  | 42,000                                 | 191,183                                | 20,010                 | 688,783    |
| Excess of revenues over<br>(under) expenditures | -   | -                | -                             | -                                 | -                               | -                      | -                                      | -                                      | -                      | -          |
| Fund balance at<br>beginning of year            | -   | -                | -                             | -                                 | -                               | -                      | -                                      | -                                      | -                      | -          |
| Fund balance at<br>end of year                  | \$ -  | \$ -             | \$ -                          | \$ -                              | \$ -                            | \$ -                   | \$ -                                   | \$ -                                   | \$ -                   | \$ -       |

East Central Intergovernmental Association  
Dubuque, Iowa

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

For the year ended June 30, 2013

| <u>Grantor/Program</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Grantor's<br/>Number</u> | <u>Accrual Basis<br/>Program<br/>Disbursements</u> |
|---|------------------------------------|--|--|
| <b>Direct</b>   |                                    |  |  |
| <b>United States Department<br/>    of Commerce</b>                               |                                    |  |  |
| EDA Planning Grant  | 11.302                             | 05-83-04962-02<br>05-83-05318                              | \$ 21,182<br><u>37,855</u><br>59,037               |
| Local Technical Assistance  | 11.303                             | 05-06-05205  | <u>35,124</u>                                      |
| Total United States<br>Department of Commerce                                     |                                    |  | 94,161   |
| <b>Indirect:</b>  |                                    |  |  |
| <b>United States Department<br/>    of Health and Human Services</b>              |                                    |  |  |
| Passed through Upper Explorerland<br>Regional Planning Commission<br>Promise Jobs | 93.558                             | UERPC/ECIA Contract  | <u>54,726</u>                                      |
| Total United States Department<br>of Health and Human Services                    |                                    |  | 54,726   |
| <b>United States Department of Labor</b>  |                                    |  |  |
| Passed through Upper Explorerland<br>Regional Planning Commission                 |                                    |  |  |
| Workforce Investment Act Cluster (Major Programs)                                 |                                    |  |  |
| Administration  | 17.258                             | UERPC/ECIA Contract  | 36,636   |
| Adult Formula   | 17.258                             | UERPC/ECIA Contract  | 120,451  |
| Youth In School Formula   | 17.259                             | UERPC/ECIA Contract  | 47,810   |
| Youth Out of School Formula   | 17.259                             | UERPC/ECIA Contract  | 109,693  |
| Dislocated Worker Formula   | 17.278                             | UERPC/ECIA Contract  | 119,159  |
| State Set Aside   | 17.278                             | UERPC/ECIA Contract  | <u>1,841</u><br>435,590                            |
| Passed through Iowa Workforce<br>Development Department                           |                                    |  |  |
| Workforce Investment Act (Major Programs)   |                                    |  |  |
| State Energy  |                                    |  |  |
| Sector Partnership (SESP)   | 17.275                             |  | 191,183  |
| Incentive - Early Intervention  | 17.278                             |  | <u>20,010</u><br><u>211,193</u>                    |

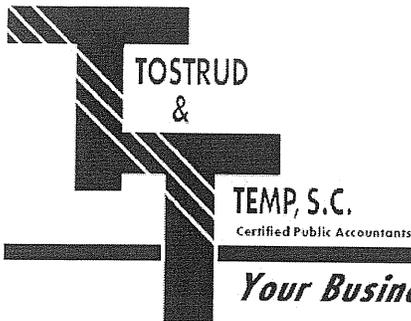
East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED**  
For the year ended June 30, 2013

| <u>Grantor/Program</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Grantor's<br/>Number</u> | <u>Accrual Basis<br/>Program<br/>Disbursements</u> |
|---|------------------------------------|--|--|
| <b>United States Department of Labor -<br/>Continued</b>  |                                    |  |  |
| Passed through Northeast Iowa<br>Community College<br>Workforce Investment Act (Major Programs)<br>Trade Adjustment Assistance<br>Community College Career<br>and Training Grant (ARRA) | 17.282                             |  | 42,000   |
| Total United States Department of Labor   |                                    |  | 688,783  |
| <b>United States Department of<br/>Housing and Urban Development</b>  |                                    |  |  |
| Passed through Rebuild Iowa<br>Office (Major Program)<br>Jumpstart Program  | 14.228                             | 08-DRH-004   | 1,921,270  |
| <b>United States Department<br/>of Transportation</b>   |                                    |  |  |
| Passed through Iowa Department<br>of Transportation<br>FHWA - Highway planning<br>and construction  | 20.205                             | 2012-ICAAP-09  | 93,438   |
| FHWA Planning - RPA   | 20.515                             | 13-RPA-08  | 169,716  |
| FHWA - Planning   | 20.205                             | 13-MPO-ECIA  | 171,663  |
| Passed through Illinois Depart-<br>ment of Transportation<br>IL Hwy Planning Research   | 20.205                             | IDOT Contract  | 9,408  |
| Passed through Wisconsin Depart-<br>ment of Transportation<br>FHWA Planning   | 20.515                             | WisDOT Contract  | 6,300  |
| Total United States Department<br>of Transportation   |                                    |  | 450,525  |
| Total Indirect  |                                    |  | 3,115,304  |
| <b>Total Federal Financial Assistance</b>   |                                    |  | <b>\$ 3,209,465</b>                                |

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**



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

Council Members  
East Central Intergovernmental Association  
Dubuque, Iowa

We have audited, in accordance with the 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, 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 (Association), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated November 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

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

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

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

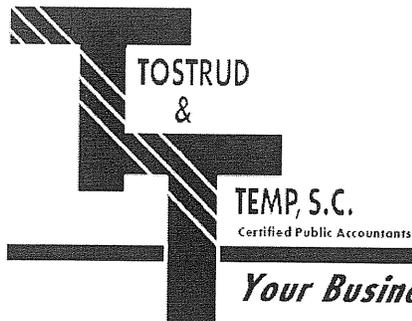
As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

#### **Purpose of this Report**

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

*Trotter & Temp, J. C.*

November 13, 2013



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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

**Report on Compliance for Each Major Federal Program**

We have audited the East Central Intergovernmental Association's (Association) compliance 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 effect on each of the Association's major federal programs for the year ended June 30, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above.

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 Nonprofit Organizations (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on the major federal programs, 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 on compliance with each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



November 13, 2013

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2013

**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, 17.278,<br>17.275 | WIA Cluster   |
| 14.228                            | State Energy Sector Partnership (SESP)<br>Jumpstart 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 and State Award Findings and Questioned Costs**

None

**Section IV - Prior-Period Findings**

None