

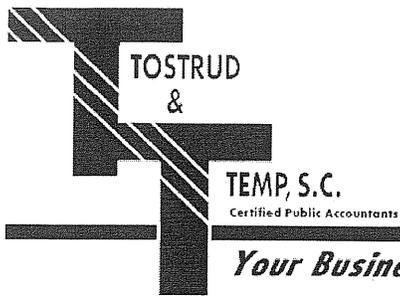
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eastern Iowa Regional Housing Authority
Dubuque, Iowa

Report On the Financial Statements

We have audited the accompanying proprietary fund statement of net position of the Eastern Iowa Regional Housing Authority ("Authority"), as of and for the year ended June 30, 2013, and the proprietary fund statements of revenues, expenses and changes in net position, and cash flows and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

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 entity'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 business-type activities of the Authority, as of June 30, 2013, and the respective changes in financial position and cash flows thereof 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 on pages 5-11 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 Authority's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements 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, the combining fund financial 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 October 16, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, 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 Authority's internal control over financial reporting and compliance.

Tootrud & Temp, S.C.

October 16, 2013

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2013

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2013 was \$5,906,422. The net position decreased by \$472,182 from the prior year.
- The Authority had a net decrease of \$328,658 in the Low Rent Public Housing and Capital Fund Programs, \$194,522 net decrease in the Section 8 Housing Choice Voucher Program, \$3,611 net decrease in the Rural Rental Housing Loans Program, \$9,347 net decrease in Business Activities, and a \$63,956 net increase in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$5,101,763 for the year ended June 30, 2013. This was a decrease of \$239,541 or 4.5% from the prior year.
- Expenses for the Authority were \$5,573,576 for the year ended June 30, 2013. This was an increase of \$230,187 or 4.3% over the prior year.
- Rental revenue for the Authority was \$365,592 for the year ended June 30, 2013, an increase of \$29,982 or 8.9% over the prior year. Intergovernmental revenue for the Authority was \$4,400,126 for the year ended June 30, 2013, a decrease of \$81,936 or 1.8% from the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2013 was \$78,539, an increase of \$13,488 or 20.7% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
June 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2013 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,906,422 at the close of the year ended June 30, 2013 down from \$6,378,604 in fiscal year 2012. The decrease in net position of \$472,182 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$186,125 decrease in this category, cash and investments decreased \$169,069, receivables decreased \$10,654, prepaid expenses increased \$1,868, and assets held for sale decreased \$8,270.

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
 June 30, 2013

FINANCIAL ANALYSIS - CONTINUED

- Non-current assets decreased \$260,165 mainly due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Asset and Debt Administration" of this analysis.
- Current liabilities include accounts payable, tenant security deposits, deferred revenue, and current portion of long-term debt. The increase in this category of \$29,107 was mainly due to an increase in accrued wages and payroll taxes payable of \$45,135 and an increase in unearned revenues of \$14,478. This was partially offset by a decrease in family self-sufficiency escrow payable of \$33,985.
- Non-current liabilities decreased \$3,215 due to principal payments applied to long-term debt.

The unrestricted net position was \$1,304,163 as of June 30, 2013. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays, excluding housing assistance payments, for eight months. The restricted assets were \$208,021 as of June 30, 2013. Of this amount, \$155,657 may only be used in the Housing Choice Voucher program for housing assistance payments and \$52,364 may only be used in the Rural Rental Housing program for replacement reserve expenses. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

CONDENSED STATEMENTS OF NET POSITION

	FY 2013	FY 2012	Dollar Change	Percent Change
Current and other assets	\$ 1,535,927	\$ 1,722,052	\$ (186,125)	-10.8%
Noncurrent assets	4,924,351	5,184,516	(260,165)	-5.0%
Total assets	6,460,278	6,906,568	(446,290)	-6.5%
Current liabilities	278,573	249,466	29,107	11.7%
Noncurrent liabilities	275,283	278,498	(3,215)	-1.2%
Total liabilities	553,856	527,964	25,892	4.9%
Net position				
Net investment in capital assets	4,394,238	4,649,172	(254,934)	-5.5%
Restricted	208,021	287,034	(79,013)	-27.5%
Unrestricted	1,304,163	1,442,398	(138,235)	-9.6%
Total net position	\$ 5,906,422	\$ 6,378,604	\$ (472,182)	-7.4%

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

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
 June 30, 2013

FINANCIAL ANALYSIS - CONTINUED

The 2012 approved capital grant (501-12) totals \$174,159 and was 100.0% expended as of June 30, 2013. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/13, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$ 95,020	100.0%	Operations
1410	\$ 7,105	100.0%	Administration
1460	\$ 67,858	100.0%	Dwelling Structures
1465	\$ 1,676	100.0%	Dwelling Equipment
1475	\$ 2,500	100.0%	Non-Dwelling Equipment

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

As can be seen in the table on the following page, total revenues decreased \$239,541 due to the reasons noted below.

- Rental revenue increased \$29,982 or 8.9% mainly due to an increase in the average rent charge per unit under lease of \$14.05 or 8.6%.
- Of the \$81,936 decrease in intergovernmental revenue, public housing operating subsidy received from HUD decreased \$22,156, capital fund grants used for operating expenditures decreased \$28,380, funding for housing choice voucher program decreased \$55,787, revenue from resident opportunity supportive services increased \$19,959, rural rental housing assistance increased \$7,533, and comprehensive housing counseling grant decreased \$3,105.
- Other operating revenue decreased \$196,067 or 43.3% from FY 2012 mostly due to a \$192,319 decrease in other revenue from Component Units.
- Interest income decreased \$1,118 or 20.0% due to a decrease in cash and investments and lower interest rates on deposit accounts.
- HUD capital grants increased \$13,488 from FY 2012. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Net proceeds from disposition of assets held for sale were \$(3,890) in FY 2013. In FY 2013 the Authority sold one home (610 S. Niagra) for \$123,730 at a loss of \$3,890.

Total expenses increased by \$230,187 due to the reasons noted below.

- Administrative expenses increased \$53,281 or 6.0% over FY 2012. This was primarily due to an increase in administrative salaries of \$69,314 or 11.2%.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
June 30, 2013

FINANCIAL ANALYSIS – CONTINUED

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

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental income	\$ 365,592	\$ 335,610	\$ 29,982	8.9%
Intergovernmental revenue	4,400,126	4,482,062	(81,936)	-1.8%
Other operating revenue	256,930	452,997	(196,067)	-43.3%
General revenues				
Interest income	4,466	5,584	(1,118)	-20.0%
HUD capital grants	78,539	65,051	13,488	20.7%
Net proceeds from assets held for sale	(3,890)	-	(3,890)	-100.0%
Total revenues	<u>5,101,763</u>	<u>5,341,304</u>	<u>(239,541)</u>	<u>-4.5%</u>
Expenses				
Administrative	934,359	881,078	53,281	6.0%
Tenant services	333,700	293,748	39,952	13.6%
Utilities	87,767	91,350	(3,583)	-3.9%
Ordinary maintenance & operations	412,900	389,061	23,839	6.1%
General expense	113,115	86,647	26,468	30.5%
Interest expense	20,149	12,260	7,889	64.3%
Housing assistance payments	3,312,822	3,228,390	84,432	2.6%
Depreciation	358,677	360,855	(2,178)	-0.6%
Casualty losses, non-capitalized	87	-	87	100.0%
Total expenses	<u>5,573,576</u>	<u>5,343,389</u>	<u>230,187</u>	<u>4.3%</u>
Excess (deficiency) before prior period adjustments	(471,813)	(2,085)	(469,728)	
Prior period adjustments	(369)	(246)	(123)	
Change in net position	<u>(472,182)</u>	<u>(2,331)</u>	<u>(469,851)</u>	
Beginning net position	<u>6,378,604</u>	<u>6,380,935</u>	<u>(2,331)</u>	
Ending net position	<u>\$ 5,906,422</u>	<u>\$ 6,378,604</u>	<u>\$ (472,182)</u>	

- Tenant services increased \$39,952 or 13.6% from FY 2012 due to an increase in tenant service salaries of \$34,114 or 12.0% and an increase in other tenant services of \$5,838 or 68.1%.
- Of the \$3,583 decrease in utilities, water decreased \$171 or 1.0%, electricity increased \$226 or 1.2%, gas decreased \$5,020 or 16.7%, and sewer increased \$1,382 or 5.6%.
- Ordinary maintenance & operations increased \$23,839 or 6.1% due to an increase in maintenance labor of \$16,390 or 6.5% and an increase in contracted maintenance services of \$13,701 or 19.0% which was partially offset by a decrease in maintenance materials of \$6,252 or 9.4%.
- Of the \$26,468 increase in general expense, general insurance increased \$3,845 or 12.1%, other general expenses increased \$29,137, payments in lieu of taxes increased \$3,338, and bad debt expense decreased \$9,852.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
June 30, 2013

FINANCIAL ANALYSIS – CONTINUED

- Interest expense increased \$7,889 or 64.3% from FY 2012.
- Housing assistance payments increased \$84,432 or 2.6% primarily due to a 2.2% increase in number of Section 8 vouchers issued and outstanding during FY 2013. The Authority also had an increase in average housing assistance payment per voucher leased of \$1.41 or 0.4%.
- The Authority had a \$2,178 or 0.6% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.
- The Authority had an \$87 casualty loss in FY 2013 for damage to one of the Authority's vehicles.

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

EIRHA is authorized to assist 883 households with the Housing Choice Voucher Rental Assistance Program. Of the 883 vouchers, the city of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2012 through June 30, 2013, EIRHA served 193 families in the city of Maquoketa. The Section 8 lease up rate for FY 2013 was 98.61%, up from 96.53% in the prior year. EIRHA expended \$3,312,822 or 100.0% of housing assistance received from HUD during FY 2013.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa's net investment in capital assets as of June 30, 2013 amounts to \$4,394,238. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation and related debt.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 5.2% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$100,980 for the year. Of this amount \$78,539 was used from HUD capital grants, \$3,046 was used from Public Housing residual receipts, \$3,046 was used from Section 8 Administrative Fees, and \$16,349 was used from Component Units residual receipts. The Authority has various contract commitments with

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - CONTINUED
 June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION - CONTINUED

contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$358,677. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Net Loss on Disposal	Ending
Capital assets	\$4,930,692	\$100,980	\$(358,677)	\$(0)	\$4,672,995

Debt Administration - The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2013 is \$278,757, down from \$281,520 in FY 2012. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Authority considered many factors when approving the fiscal year 2014 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$1,698,213 for housing assistance payments for the months of July through December 2013 in the Housing Choice Voucher Program. The Authority also has \$155,657 available in HAP Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$317.05 for FY 2013, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July through December 2013. HUD has not established funding levels for the remaining six months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2014 and adjusted for pro-ration which is currently at 68.146%.

REQUEST FOR INFORMATION

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

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

FINANCIAL SECTION

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,182,016
Cash - restricted		298,121
Accounts receivable		
Tenants, net of allowance		3,336
HUD		1,222
Other		24,007
Notes receivable - current		2,369
Prepaid expense		24,206
Assets held for sale		650
Total current assets		1,535,927

NONCURRENT ASSETS

Capital assets, net of accumulated depreciation		4,672,995
Notes receivable - noncurrent		181,306
Investment in joint ventures		70,050
Total noncurrent assets		4,924,351

TOTAL ASSETS

\$ 6,460,278

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Notes payable - current	\$	3,240
Accounts payable		
Vendors		27,146
Security deposits		45,282
HUD		389
Accrued liabilities		
Salaries and payroll taxes		54,403
Payments in lieu of taxes		25,797
Interest payable		405
Unearned revenues		24,692
Other current liabilities		96,985
Total current liabilities		278,339

NONCURRENT LIABILITIES

Notes payable, net of current portion		275,517
Total noncurrent liabilities		275,517
Total liabilities		553,856

NET POSITION

Invested in capital assets - net of related debt		4,394,238
Restricted		208,021
Unrestricted		1,304,163
Total net position		5,906,422

TOTAL LIABILITIES AND NET POSITION

\$ 6,460,278

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended June 30, 2013

OPERATING REVENUE	
Rental income	\$ 365,592
Intergovernmental revenue	4,400,126
Other operating revenue	256,930
Total operating revenue	<u>5,022,648</u>
OPERATING EXPENSE	
Administration	934,359
Tenant services	333,700
Utilities	87,767
Ordinary maintenance and operations	412,650
General expense	113,115
Extraordinary maintenance	87
Housing assistance payments	3,313,191
Depreciation	358,677
Total operating expense	<u>5,553,546</u>
Operating loss	(530,898)
NONOPERATING REVENUE (EXPENSE)	
Interest income	4,466
Interest expense	(20,149)
Loss on sale of home	(4,140)
Total nonoperating expense	<u>(19,823)</u>
Change in net position before capital grants	(550,721)
CAPITAL GRANTS	
HUD capital grants	<u>78,539</u>
CHANGE IN NET POSITION	(472,182)
NET POSITION AT BEGINNING OF YEAR	<u>6,378,604</u>
NET POSITION AT END OF YEAR	<u>\$ 5,906,422</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year ended June 30, 2013

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 375,108
Cash payments to vendors and suppliers	(637,956)
Cash payments to landlords	(3,313,191)
Cash payments to employees	(1,231,316)
Grants received from governmental units	4,429,291
Other income received	242,992
Net cash used in operating activities	<u>(135,072)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures	(100,980)
Net cost of assets held for sale	(119,600)
Proceeds from sale of assets	123,730
Net change in notes receivable	2,369
HUD capital grants received	78,539
Principal payments on notes payable	(2,763)
Interest paid	(19,758)
Net cash used in capital and related financing activities	<u>(38,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income received	4,466
Net cash provided by investing activities	<u>4,466</u>
Net decrease in cash and cash equivalents	(169,069)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,649,206</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,480,137</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH FROM OPERATING ACTIVITIES**

Operating loss	\$ (530,898)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	358,677
Increase (decrease) in cash due to changes in:	
Accounts receivable	10,752
Prepaid expense	(1,868)
Accounts payable	5,395
Accrued liabilities	47,251
Deferred credits	14,478
Other liabilities	(38,859)
Total adjustments	<u>395,826</u>
Net cash used in operating activities	<u><u>\$ (135,072)</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

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

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

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

2. Basis of Presentation

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

The Authority has the following proprietary fund:

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

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus and Basis of Accounting

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

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

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

4. Cash Equivalents

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

5. Investments

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

6. Accounts Receivable

Accounts receivable-tenants have been shown at net of allowance for doubtful accounts of \$62 and accounts receivable-other has been shown at net of allowance for doubtful accounts of \$1,843.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Property and Equipment

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

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

8. Budgetary Process

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

9. Estimates

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

10. Concentration of Revenues

The Authority received approximately 88% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

11. Subsequent Events

The Authority has evaluated subsequent events through October 16, 2013, the date which the financial statements were available to be issued.

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2013

NOTE B - CASH AND INVESTMENTS

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

Statement of net position	
Cash and cash equivalents	\$ 1,182,016
Cash - restricted	298,121
	\$ 1,480,137

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

	Carrying Amount	Bank Balance
Business interest, savings and money market accounts	\$ 1,480,137	\$ 1,483,787
	\$ 1,480,137	\$ 1,483,787

Investments Authorized by the Authority's Investment Policy

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

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

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

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE B - CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2013 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Authority or the Authority's agent in the Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

NOTE C - INVESTMENT IN JOINT VENTURE

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

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE D - PROPERTY AND EQUIPMENT

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

Public Housing/CFP	Balance June 30, 2012	Additions & Adjustments	Deletions & Adjustments	Balance June 30, 2013
<i>Capital assets not being depreciated</i>				
Land	\$ 823,786	\$ -	\$ -	\$ 823,786
<i>Capital assets being depreciated</i>				
Land improvement	93,028	-	-	93,028
Buildings	9,415,133	74,362	-	9,489,495
Equipment	306,966	7,222	-	314,188
	9,815,127	81,584	-	9,896,711
	10,638,913	81,584	-	10,720,497
Less accumulated depreciation	5,965,783	342,743	-	6,308,526
Subtotal	4,673,130	(261,159)	-	4,411,971
 Section 8 Housing Choice Vouchers				
<i>Capital assets being depreciated</i>				
Equipment	39,410	3,046	-	42,456
Less accumulated depreciation	25,902	5,800	-	31,702
Subtotal	13,508	(2,754)	-	10,754
 EIRHC - USDA Housing				
<i>Capital assets not being depreciated</i>				
Land	19,664	-	-	19,664
<i>Capital assets being depreciated</i>				
Buildings	313,461	-	-	313,461
Building improvements	17,369	-	-	17,369
Furniture and equipment	25,000	-	-	25,000
	375,494	-	-	375,494
Less accumulated depreciation	132,812	8,483	-	141,295
Subtotal	242,682	(8,483)	-	234,199
 EIRHC - Tax Credit Programs				
<i>Capital assets being depreciated</i>				
Furniture and equipment	8,796	16,349	-	25,145
Less accumulated depreciation	7,424	1,650	-	9,074
Subtotal	1,372	14,699	-	16,071
Total	\$ 4,930,692	\$ (257,697)	\$ -	\$ 4,672,995

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE E - NOTES PAYABLE

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

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
Notes payable	\$ 281,520	\$ -	\$ 2,763	\$ 278,757

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2013 are as follows:

6.5% first mortgage note payable	\$ 170,842
7.25% first mortgage note payable	<u>107,915</u>
	278,757
Less current maturities	<u>3,240</u>
 LONG-TERM OBLIGATIONS	 <u>\$ 275,517</u>

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

Principal and interest maturities on notes payable are as follows:

Year ended June 30,	EIRHC - Rural Development	
	Principal	Interest
2013	\$ 3,240	\$ 19,280
2014	3,474	19,046
2015	3,725	18,795
2016	3,994	18,526
2017	4,282	18,238
2018-2022	26,518	86,084
2023-2027	37,587	75,015
2028-2032	53,293	59,309
2033-2037	75,584	37,018
2038-2042	61,675	9,653
2043-2044	<u>5,385</u>	<u>29</u>
Totals	<u>\$ 278,757</u>	<u>\$ 360,993</u>

NOTE F - RELATED PARTY

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. During the year ended June 30, 2013, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,433,091 for such services.

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2013

NOTE G - CONTINGENT LIABILITY

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

Name	Ownership Percent	Outstanding Liabilities at 12-31-12
Eastern Iowa Regional Partnership, L.L.L.P., Peosta, Iowa	.01%	\$ 1,367,772
Asbury E.I.R.P., L.L.L.P., Asbury, Iowa	.01%	\$ 1,884,578

NOTE H - RISK MANAGEMENT

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

NOTE I - OTHER POST-EMPLOYMENT BENEFITS

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

NOTE J - RESTRICTED ASSETS

The Authority has restricted cash and net position of \$298,121 at June 30, 2013. Restricted assets represent excess Housing Choice Voucher HAP funding that may only be used for housing assistance payments and USDA reserve accounts for capital improvements.

SUPPLEMENTAL DATA

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF NET POSITION BY PROGRAM
June 30, 2013

ASSETS	Low Rent Public Housing	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Housing Counseling Assistance Program	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
CURRENT ASSETS									
Cash and cash equivalents	\$ 253,667	\$ 199,839	\$ -	\$ -	\$ -	\$ 11,083	\$ 717,427	\$ 728,510	\$ 1,182,016
Cash - restricted	16,108	229,649	-	-	-	52,364	-	52,364	298,121
Accounts receivable									
Tenants, net of allowance	3,013	-	-	-	-	323	-	323	3,336
HUD	-	-	1,222	-	-	-	-	-	1,222
Other	-	8,997	-	-	1,848	-	13,162	13,162	24,007
Notes receivable - current	-	-	-	-	2,369	-	-	-	2,369
Prepaid expense	17,842	6,364	-	-	-	-	-	-	24,206
Assets held for sale	-	-	-	-	650	-	-	-	650
Total current assets	<u>290,630</u>	<u>444,849</u>	<u>1,222</u>	<u>-</u>	<u>4,867</u>	<u>63,770</u>	<u>730,589</u>	<u>794,359</u>	<u>1,535,927</u>
NONCURRENT ASSETS									
Capital assets, net of accumulated depreciation	4,411,971	10,754	-	-	-	234,199	16,071	250,270	4,672,995
Notes receivable - noncurrent	-	-	-	-	181,306	-	-	-	181,306
Investment in joint ventures	-	-	-	-	-	-	70,050	70,050	70,050
Total noncurrent assets	<u>4,411,971</u>	<u>10,754</u>	<u>-</u>	<u>-</u>	<u>181,306</u>	<u>234,199</u>	<u>86,121</u>	<u>320,320</u>	<u>4,924,351</u>
TOTAL ASSETS	<u>\$ 4,702,601</u>	<u>\$ 455,603</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 186,173</u>	<u>\$ 297,969</u>	<u>\$ 816,710</u>	<u>\$ 1,114,679</u>	<u>\$ 6,460,278</u>
LIABILITIES AND NET POSITION									
CURRENT LIABILITIES									
Notes payable - current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,240	\$ -	\$ 3,240	\$ 3,240
Accounts payable									
Vendors	8,178	5,301	1,222	-	-	1,333	11,112	12,445	27,146
Security deposits	42,231	-	-	-	-	3,051	-	3,051	45,282
HUD	-	389	-	-	-	-	-	-	389
Accrued liabilities									
Salaries and payroll taxes	7,104	47,299	-	-	-	-	-	-	54,403
Payments in lieu of taxes	25,797	-	-	-	-	-	-	-	25,797
Interest payable	-	-	-	-	-	405	-	405	405
Unearned revenues	9,924	14,682	-	-	-	86	-	86	24,692
Other current liabilities	22,993	73,992	-	-	-	-	-	-	96,985
Total current liabilities	<u>116,227</u>	<u>141,663</u>	<u>1,222</u>	<u>-</u>	<u>-</u>	<u>8,115</u>	<u>11,112</u>	<u>19,227</u>	<u>278,339</u>
NONCURRENT LIABILITIES									
Notes payable, net of current portion	-	-	-	-	-	275,517	-	275,517	275,517
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,517</u>	<u>-</u>	<u>275,517</u>	<u>275,517</u>
Total liabilities	<u>116,227</u>	<u>141,663</u>	<u>1,222</u>	<u>-</u>	<u>-</u>	<u>283,632</u>	<u>11,112</u>	<u>294,744</u>	<u>553,856</u>
NET POSITION									
Invested in capital assets - net of related debt	4,411,971	10,754	-	-	-	(44,558)	16,071	(28,487)	4,394,238
Restricted	-	155,657	-	-	-	52,364	-	52,364	208,021
Unrestricted	174,403	147,529	-	-	186,173	6,531	789,527	796,058	1,304,163
Total net position	<u>4,586,374</u>	<u>313,940</u>	<u>-</u>	<u>-</u>	<u>186,173</u>	<u>14,337</u>	<u>805,598</u>	<u>819,935</u>	<u>5,906,422</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,702,601</u>	<u>\$ 455,603</u>	<u>\$ 1,222</u>	<u>\$ -</u>	<u>\$ 186,173</u>	<u>\$ 297,969</u>	<u>\$ 816,710</u>	<u>\$ 1,114,679</u>	<u>\$ 6,460,278</u>

Eastern Iowa Regional Housing Authority

Dubuque, Iowa

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

BY PROGRAM

Year ended June 30, 2013

	Low Rent Public Housing	Public Housing Capital Fund	Section 8 Housing Choice Vouchers	Resident Opportunity & Supportive Services	Housing Counseling Assistance Program	Business Activities	USDA Housing Programs	EIRHC Tax Credit Programs	Subtotal	Total
OPERATING REVENUE										
Rental income	\$ 339,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,525	\$ -	\$ 26,525	\$ 365,592
Intergovernmental revenue	325,497	95,620	3,801,350	147,388	10,680	-	19,591	-	19,591	4,400,126
Other operating revenue	5,401	-	19,422	-	-	-	8,663	223,444	232,107	256,930
Total operating revenue	<u>669,965</u>	<u>95,620</u>	<u>3,820,772</u>	<u>147,388</u>	<u>10,680</u>	<u>-</u>	<u>54,779</u>	<u>223,444</u>	<u>278,223</u>	<u>5,022,648</u>
OPERATING EXPENSE										
Administration	283,117	-	505,003	-	-	-	6,168	140,071	146,239	934,359
Tenant services	1,044	-	174,588	147,388	10,680	-	-	-	-	333,700
Utilities	81,098	-	-	-	-	-	6,669	-	6,669	87,767
Ordinary maintenance and operations	397,433	-	5,068	-	-	-	7,888	2,261	10,149	412,650
General expense	74,709	-	11,970	-	-	-	9,113	17,323	26,436	113,115
Extraordinary maintenance	-	-	87	-	-	-	-	-	-	87
Housing assistance payments	-	-	3,313,191	-	-	-	-	-	-	3,313,191
Depreciation	342,744	-	5,800	-	-	-	8,483	1,650	10,133	358,677
Total operating expense	<u>1,180,145</u>	<u>-</u>	<u>4,015,707</u>	<u>147,388</u>	<u>10,680</u>	<u>-</u>	<u>38,321</u>	<u>161,305</u>	<u>199,626</u>	<u>5,553,546</u>
Operating income (loss)	(510,180)	95,620	(194,935)	-	-	-	16,458	62,139	78,597	(530,898)
NONOPERATING REVENUE (EXPENSE)										
Interest income	330	-	413	-	-	1,826	80	1,817	1,897	4,466
Interest expense	-	-	-	-	-	-	(20,149)	-	(20,149)	(20,149)
Loss on sale of home	-	-	-	-	-	(4,140)	-	-	-	(4,140)
Total nonoperating revenue (expense)	<u>330</u>	<u>-</u>	<u>413</u>	<u>-</u>	<u>-</u>	<u>(2,314)</u>	<u>(20,069)</u>	<u>1,817</u>	<u>(18,252)</u>	<u>(19,823)</u>
Change in net position before transfers and capital grants	(509,850)	95,620	(194,522)	-	-	(2,314)	(3,611)	63,956	60,345	(550,721)
TRANSFERS AND CAPITAL GRANTS										
HUD capital grants	-	78,539	-	-	-	-	-	-	-	78,539
Operating transfer	102,653	(95,620)	-	-	-	(7,033)	-	-	-	-
Equity transfer	78,539	(78,539)	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION	(328,658)	-	(194,522)	-	-	(9,347)	(3,611)	63,956	60,345	(472,182)
NET POSITION AT BEGINNING OF YEAR	<u>4,915,032</u>	<u>-</u>	<u>508,462</u>	<u>-</u>	<u>-</u>	<u>195,520</u>	<u>17,948</u>	<u>741,642</u>	<u>759,590</u>	<u>6,378,604</u>
NET POSITION AT END OF YEAR	<u>\$ 4,586,374</u>	<u>\$ -</u>	<u>\$ 313,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,173</u>	<u>\$ 14,337</u>	<u>\$ 805,598</u>	<u>\$ 819,935</u>	<u>\$ 5,906,422</u>

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
STATEMENT OF CASH FLOWS BY PROGRAM
Year ended June 30, 2013

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	Low Rent	Public	Section 8	Resident	Housing	Business	EIRHC		Subtotal	Total
	Public Housing	Housing Capital Fund	Housing Choice Vouchers	Opportunity & Supportive Services	Counseling Assistance Program		USDA Housing Programs	Tax Credit Programs		
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash received from tenants	\$ 348,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,047	\$ -	\$ 27,047	\$ 375,108
Cash payments to vendors and suppliers	(455,601)	-	(121,718)	(13,603)	(1,657)	(652)	(26,262)	(18,463)	(44,725)	(637,956)
Cash payments to landlords	-	-	(3,313,191)	-	-	-	-	-	-	(3,313,191)
Cash payments to employees	(422,048)	-	(523,495)	(134,018)	(10,680)	-	(2,664)	(138,411)	(141,075)	(1,231,316)
Grants received from governmental units	325,497	95,620	3,820,495	151,525	16,563	-	19,591	-	19,591	4,429,291
Other income received	-	-	21,856	-	-	-	7,565	213,571	221,136	242,992
Net cash provided by (used in) operating activities	(204,091)	95,620	(116,053)	3,904	4,226	(652)	25,277	56,697	81,974	(135,072)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Operating transfers	102,653	(95,620)	-	-	-	(7,033)	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Capital expenditures	(3,046)	(78,539)	(3,046)	-	-	-	-	(16,349)	(16,349)	(100,980)
Net cost of assets held for sale	-	-	-	-	-	(119,600)	-	-	-	(119,600)
Proceeds from sale of assets	-	-	-	-	-	123,730	-	-	-	123,730
Net change in notes receivable	-	-	-	-	-	2,369	-	-	-	2,369
HUD capital grants received	-	78,539	-	-	-	-	-	-	-	78,539
Net transfers between programs	8,770	-	-	(3,904)	(4,226)	(640)	-	-	-	-
Principal payments on notes payable	-	-	-	-	-	-	(2,763)	-	(2,763)	(2,763)
Interest paid	-	-	-	-	-	-	(19,758)	-	(19,758)	(19,758)
Net cash provided by (used in) capital and related financing activities	5,724	-	(3,046)	(3,904)	(4,226)	5,859	(22,521)	(16,349)	(38,870)	(38,463)
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest income received	330	-	413	-	-	1,826	80	1,817	1,897	4,466
Net cash provided by (used in) investing activities	330	-	413	-	-	1,826	80	1,817	1,897	4,466
Net increase (decrease) in cash and cash equivalents	(95,384)	-	(118,686)	-	-	-	2,836	42,165	45,001	(169,069)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>365,159</u>	<u>-</u>	<u>548,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,611</u>	<u>675,262</u>	<u>735,873</u>	<u>1,649,206</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 269,775</u>	<u>\$ -</u>	<u>\$ 429,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,447</u>	<u>\$ 717,427</u>	<u>\$ 780,874</u>	<u>\$ 1,480,137</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES										
Operating income (loss)	\$ (510,180)	\$ 95,620	\$ (194,935)	\$ -	\$ -	\$ -	\$ 16,458	\$ 62,139	\$ 78,597	\$ (530,898)
Adjustments to reconcile operating income (loss) to net cash from operating activities:										
Depreciation	342,744	-	5,800	-	-	-	8,483	1,650	10,133	358,677
Increase (decrease) in cash due to changes in:										
Accounts receivable	4,294	-	7,286	4,137	5,883	(652)	(323)	(9,873)	(10,196)	10,752
Prepaid expense	(1,418)	-	(450)	-	-	-	-	-	-	(1,868)
Accounts payable	334	-	3,258	(233)	(1,657)	-	912	2,781	3,693	5,395
Accrued liabilities	7,819	-	39,432	-	-	-	-	-	-	47,251
Deferred credits	49	-	14,682	-	-	-	(253)	-	(253)	14,478
Other liabilities	(47,733)	-	8,874	-	-	-	-	-	-	(38,859)
Total adjustments	<u>306,089</u>	<u>-</u>	<u>78,882</u>	<u>3,904</u>	<u>4,226</u>	<u>(652)</u>	<u>8,819</u>	<u>(5,442)</u>	<u>3,377</u>	<u>395,826</u>
Net cash from operating activities	<u>\$ (204,091)</u>	<u>\$ 95,620</u>	<u>\$ (116,053)</u>	<u>\$ 3,904</u>	<u>\$ 4,226</u>	<u>\$ (652)</u>	<u>\$ 25,277</u>	<u>\$ 56,697</u>	<u>\$ 81,974</u>	<u>\$ (135,072)</u>

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

<u>Federal Grantor</u>	<u>Federal C.F.D.A. Number</u>	<u>Accrual Basis Amount</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Low-Rent Public Housing		
Operating subsidy	14.850	\$ 325,497
Capital Fund Program	14.872	174,159
Housing Assistance Payment Program		
Housing Choice Vouchers	*14.871	3,801,350
Resident Opportunity and Supportive Services	14.870	147,388
Housing Counseling Assistance Program	14.169	10,680
U.S. DEPARTMENT OF AGRICULTURE		
Rural Rental Housing Loans	10.415	<u>19,591</u>
TOTAL FEDERAL AWARDS		\$ <u><u>4,478,665</u></u>

Basis of Presentation

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

* Denotes major program

Eastern Iowa Regional Housing Authority
 Dubuque, Iowa
**STATEMENT AND CERTIFICATION OF
 CAPITAL FUND PROGRAM COSTS**
 June 30, 2013

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

	Project IA05P126
	501-12
Funds approved	\$ 174,159
Funds expended	174,159
Excess	\$ -
Funds advanced	
Capital fund grant	\$ 174,159
Funds expended	174,159
Excess	\$ -

2. The Actual Modernization Cost Certificate (HUD-53001) dated July 2013 as submitted to HUD for approval is in agreement with the PHA's records.
3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

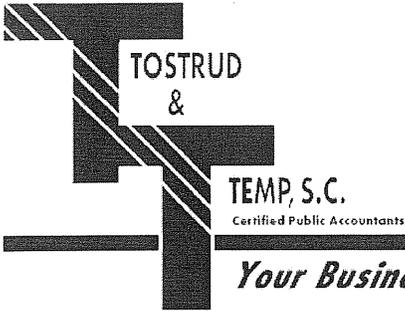
Eastern Iowa Regional Housing Authority
Dubuque, Iowa
FINANCIAL DATA SCHEDULE
June 30, 2013

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Resident Opportunity & Supportive Services 14.870	Housing Choice Vouchers 14.871	Housing Counseling Assistance Program 14.169	Rural Rental Housing Loans 10.415	Component Units	Business Activities	Total
111	Cash - unrestricted	211,436	-	-	199,839	-	8,032	717,427	-	1,136,734
113	Cash - other restricted	16,108	-	-	229,649	-	52,364	-	-	298,121
114	Cash - tenant security deposits	42,231	-	-	-	-	3,051	-	-	45,282
100	Total cash	269,775	-	-	429,488	-	63,447	717,427	-	1,480,137
122	Accounts receivable - HUD other projects	-	-	1,222	-	-	-	-	-	1,222
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	13,162	1,848	15,010
126	Accounts receivable - tenants	3,075	-	-	-	-	323	-	-	3,398
126.1	Allowance for doubtful accounts - tenants	(62)	-	-	-	-	-	-	-	(62)
127	Notes receivable - current	-	-	-	-	-	-	-	2,369	2,369
128	Fraud recovery	-	-	-	10,840	-	-	-	-	10,840
128.1	Allowance for doubtful accounts - fraud	-	-	-	(1,843)	-	-	-	-	(1,843)
120	Total receivables, net of allowance for doubtful accounts	3,013	-	1,222	8,997	-	323	13,162	4,217	30,934
142	Prepaid expenses	17,842	-	-	6,364	-	-	-	-	24,206
145	Assets held for sale	-	-	-	-	-	-	-	650	650
150	Total current assets	290,630	-	1,222	444,849	-	63,770	730,589	4,867	1,535,927
161	Land	823,786	-	-	-	-	19,664	-	-	843,450
162	Buildings	9,489,495	-	-	-	-	313,461	-	-	9,802,956
163	Furniture, equipment and machinery - dwellings	43,129	-	-	-	-	14,520	-	-	57,649
164	Furniture, equipment and machinery - administration	271,059	-	-	42,456	-	2,849	25,145	-	341,509
165	Leasehold improvements	93,028	-	-	-	-	25,000	-	-	118,028
166	Accumulated depreciation	(6,308,526)	-	-	(31,702)	-	(141,295)	(9,074)	-	(6,490,597)
160	Total fixed assets, net of accumulated depreciation	4,411,971	-	-	10,754	-	234,199	16,071	-	4,672,995
171	Notes receivable - noncurrent	-	-	-	-	-	-	-	181,306	181,306
176	Investments in joint ventures	-	-	-	-	-	-	70,050	-	70,050
180	Total non-current assets	4,411,971	-	-	10,754	-	234,199	86,121	181,306	4,924,351
190	Total assets	4,702,601	-	1,222	455,603	-	297,969	816,710	186,173	6,460,278
312	Accounts payable <=90 days	8,178	-	-	5,301	-	1,333	11,112	-	25,924
313	Accounts payable >90 days	-	-	1,222	-	-	-	-	-	1,222
321	Accrued wage/payroll taxes payable	7,104	-	-	47,299	-	-	-	-	54,403
325	Accrued interest payable	-	-	-	-	-	405	-	-	405
331	Accounts payable - HUD PHA programs	-	-	-	389	-	-	-	-	389
333	Accounts payable - other government	25,797	-	-	-	-	-	-	-	25,797
341	Tenant security deposits	42,231	-	-	-	-	3,051	-	-	45,282
342	Deferred revenues	9,924	-	-	14,682	-	86	-	-	24,692
343	Current portion of a long-term debt	-	-	-	-	-	3,240	-	-	3,240
346	Accrued liabilities other	22,993	-	-	73,992	-	-	-	-	96,985
310	Total current liabilities	116,227	-	1,222	141,663	-	8,115	11,112	-	278,339
351	Long-term debt, net of current portion	-	-	-	-	-	275,517	-	-	275,517
350	Total noncurrent liabilities	-	-	-	-	-	275,517	-	-	275,517
300	Total liabilities	116,227	-	1,222	141,663	-	283,632	11,112	-	553,856
508.1	Invested in capital assets, net of related debt	4,411,971	-	-	10,754	-	(44,558)	16,071	-	4,394,238
511.1	Restricted	-	-	-	155,657	-	52,364	-	-	208,021
512.1	Unrestricted net assets	174,403	-	-	147,529	-	6,531	789,527	186,173	1,304,163
513	Total equity/net assets	4,586,374	-	-	313,940	-	14,337	805,598	186,173	5,906,422
600	Total liabilities and equity/net assets	4,702,601	-	1,222	455,603	-	297,969	816,710	186,173	6,460,278
70300	Net tenant rental revenue	339,067	-	-	-	-	26,525	-	-	365,592
70400	Tenant revenue - other	5,401	-	-	-	-	1,098	-	-	6,499
70500	Total tenant revenue	344,468	-	-	-	-	27,623	-	-	372,091
70600	HUD PHA operating grants	325,497	95,620	147,388	3,801,350	10,680	-	-	-	4,380,535
70610	Capital grants	78,539	-	-	-	-	-	-	-	78,539
70800	Other government grants	-	-	-	-	-	19,591	-	-	19,591
71100	Investment income - unrestricted	330	-	-	413	-	31	1,817	1,826	4,417
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	123,730	123,730
71310	Cost of sale of assets	-	-	-	-	-	-	-	(127,870)	(127,870)
71400	Fraud recovery	-	-	-	5,285	-	-	-	-	5,285
71500	Other revenue	-	-	-	14,137	-	7,565	223,444	-	245,146
72000	Investment income - restricted	-	-	-	-	-	49	-	-	49
70000	Total revenue	748,834	95,620	147,388	3,821,185	10,680	54,859	225,261	(2,314)	5,101,513

Eastern Iowa Regional Housing Authority
Dubuque, Iowa
FINANCIAL DATA SCHEDULE - CONTINUED
June 30, 2013

Line Item Number	Account Description	Low-Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Resident Opportunity & Supportive Services 14.870	Housing Choice Vouchers 14.871	Housing Counseling Assistance Program 14.169	Rural Rental Housing Loans 10.415	Component Units	Business Activities	Total
91100	Administrative salaries	158,747	-	-	388,338	-	2,664	138,411	-	688,160
91200	Auditing fees	4,425	-	-	4,425	-	-	-	-	8,850
91300	Management fee	-	-	-	-	-	1,543	-	-	1,543
91400	Advertising and marketing	806	-	-	228	-	1,834	-	-	2,868
91600	Office expenses	14,717	-	-	22,725	-	87	283	-	37,812
91700	Legal expense	2,224	-	-	1,061	-	-	-	-	3,285
91800	Travel	26,153	-	-	5,437	-	17	-	-	31,607
91900	Other	76,045	-	-	82,788	-	23	1,377	-	160,233
91000	Total operating - administration	283,117	-	-	505,002	-	6,168	140,071	-	934,358
92100	Tenant services salaries	-	-	134,018	174,589	10,680	-	-	-	319,287
92400	Tenant services - other	1,044	-	13,370	-	-	-	-	-	14,414
92500	Total tenant services	1,044	-	147,388	174,589	10,680	-	-	-	333,701
93100	Water	17,229	-	-	-	-	1,047	-	-	18,276
93200	Electricity	14,617	-	-	-	-	3,718	-	-	18,335
93300	Gas	25,068	-	-	-	-	-	-	-	25,068
93600	Sewer	24,184	-	-	-	-	1,904	-	-	26,088
93000	Total utilities	81,098	-	-	-	-	6,669	-	-	87,767
94100	Ordinary maintenance & operations - labor	267,782	-	-	-	-	-	-	-	267,782
94200	Ordinary maintenance & operations - materials	59,291	-	-	-	-	809	351	-	60,451
94300	Ordinary maintenance & operations - contracts	70,360	-	-	5,068	-	7,079	1,910	-	84,417
94000	Total maintenance	397,433	-	-	5,068	-	7,888	2,261	-	412,650
96110	Property insurance	19,715	-	-	-	-	1,947	-	-	21,662
96120	Liability insurance	4,519	-	-	4,100	-	-	-	-	8,619
96140	Workmen's compensation	4,385	-	-	-	-	-	-	-	4,385
96130	All other insurance	-	-	-	924	-	-	-	-	924
96100	Total insurance premiums	28,619	-	-	5,024	-	1,947	-	-	35,590
96200	Other general expenses	16,103	-	-	6,946	-	7,166	17,323	-	47,538
96300	Payments in lieu of taxes	25,797	-	-	-	-	-	-	-	25,797
96400	Bad debt - tenant rents	4,190	-	-	-	-	-	-	-	4,190
96000	Total other general expense	46,090	-	-	6,946	-	7,166	17,323	-	77,525
96710	Interest of mortgage payable	-	-	-	-	-	20,149	-	-	20,149
96900	Total operating expenses	837,401	-	147,388	696,629	10,680	49,987	159,655	-	1,901,740
97000	Excess operating revenue over operating expenses	(88,567)	95,620	-	3,124,556	-	4,872	65,606	(2,314)	3,199,773
97200	Casualty losses - mom-capitalized	-	-	-	87	-	-	-	-	87
97300	Housing assistance payments	-	-	-	3,313,191	-	-	-	-	3,313,191
97400	Depreciation expense	342,744	-	-	5,800	-	8,483	1,650	-	358,677
90000	Total expenses	1,180,145	-	147,388	4,015,707	10,680	58,470	161,305	-	5,573,695
10010	Operating transfers in	102,653	-	-	-	-	-	-	-	102,653
10020	Operating transfers out	-	(95,620)	-	-	-	-	-	(7,033)	(102,653)
10100	Total other financing sources (uses)	102,653	(95,620)	-	-	-	-	-	(7,033)	-
10000	Excess (deficiency) of operating revenue over (under) expenses	(328,658)	-	-	(194,522)	-	(3,611)	63,956	(9,347)	(472,182)
11030	Beginning equity	4,915,032	-	-	508,462	-	17,948	741,642	195,520	6,378,604
11040	Equity transfers	77,436	(77,436)	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	158,283	-	-	-	-	158,283
11180	Housing assistance payments equity	-	-	-	155,657	-	-	-	-	155,657
11190	Unit months available	1,968	-	-	10,596	-	120	-	-	12,684
11210	Number of unit months leased	1,946	-	-	10,449	-	118	-	-	12,513

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**

Board of Directors
Eastern Iowa Regional Housing Authority
Dubuque, Iowa

We have audited, 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, the financial statements of the Eastern Iowa Regional Housing Authority, which comprise the proprietary fund statement of net position as of June 30, 2013, and the related proprietary fund statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon October 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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

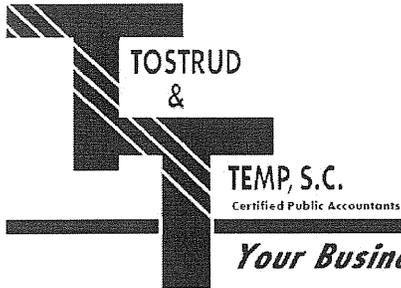
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tostud & Temp, S.C.

October 16, 2013



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

Board of Directors
Eastern Iowa Regional Housing Authority
Dubuque, Iowa 54773

Report on Compliance for Each Major Federal Program

We have audited the Eastern Iowa Regional Housing Authority's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 Authority'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 Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority 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 Authority 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 Authority'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 Authority'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.

Tostrud & Temp, S.C.

October 16, 2013

Eastern Iowa Regional Housing Authority
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(ies) identified? yes no
 Significant deficiency(ies) identified not
 considered to be material weaknesses? yes none reported

Noncompliance material to the financial statements? yes no

Federal Awards

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

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

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

Identification of major federal program:

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

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

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

NONE

Section III - Federal Findings and Questioned Costs

NONE

Status of Prior Audit Findings

There were no prior-year audit findings.