

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

**EAST CENTRAL  
INTERGOVERNMENTAL ASSOCIATION  
DUBUQUE, IOWA**

**JUNE 30, 2015**

T A B L E O F C O N T E N T S

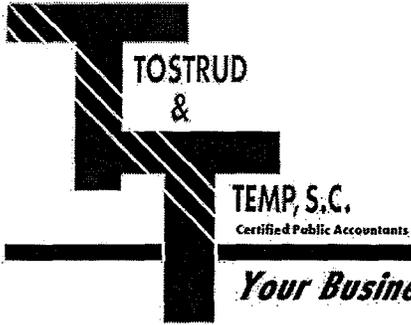
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## INDEPENDENT AUDITOR'S REPORT

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, 2015, 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, 2015, 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.

### ***Change in Accounting Principle***

As described in Note N to the financial statements, for the year ended June 30, 2015, the Association adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and other schedules identified in the Required Supplementary Information section 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 4, 2015 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.

*Testaud & Kemp, S.C.*

November 4, 2015

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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, 2015. 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. Copies of the ECIA affiliated audits can be found at [www.ecia.org](http://www.ecia.org). We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis.

As recovery programs from the 2008 and 2011 floods continued to close out in FY 2015, ECIA turned to new programs to increase its diversity within the region. After several years of negotiation, the IBM Smarter Travel initiative began in FY 2015. The project has progressed on schedule and over 350 volunteers participated by downloading an app on their phones to track their daily commuting patterns. In the area of community and economic development ECIA became involved in the Parks to People program in Jackson, Jones and Dubuque Counties. ECIA staff are very involved in all aspects of this initiative from fundraising, to grant writing, to project management. ECIA has also become involved in the Maquoketa Betterment activities serving as the group's grant writing staff searching for funds to implement their priority projects in downtown Maquoketa.

The employment and training programs saw the reauthorization of the Workforce Investment Act (WIA) program and staff prepared for the implementation of the new Workforce Innovation and Opportunity Act (WIOA) program. The Eastern Iowa Regional Housing Corporation, an ECIA affiliate, launched two new programs in FY 2015 – the Housing Trust Fund and the Tenant Based Rental Assistance Program. With the addition of these two new programs, an additional \$1.4 million has been brought into the region to improve and create new housing opportunities.

As we look to fiscal 2016, it is likely that grant funding will continue to decrease. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to receive lower funding levels. Community development block grants and workforce development programs are experiencing decreases in funding. We continue to monitor these programs and their funding levels. It is important that ECIA continues to seek input from our member governments and adapts to the needs of our communities as we strive to work collaboratively with our members and other partners.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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**FINANCIAL HIGHLIGHTS**

- The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position was restated from \$421,821 to \$(2,010,952) to retroactively report the Association's share of the net pension liability from the Iowa Public Employee Retirement System as of the June 30, 2013 measurement date and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. See Notes E and N for more information.
- ECIA's net position increased by \$265,515, or 13.2%, over the fiscal 2014 restated amount.
- As of the close of the fiscal year, ECIA's fund balance was \$651,096, an increase of \$41,947 in comparison with the prior year.
- Total revenues increased 21.6%, or \$1.62 million, and total expenditures increased 22.1% or \$1.65 million from fiscal 2014 to fiscal 2015. This was primarily due to an increase in Federal funding related to the IBM Smarter Travel project, which was subsequently passed through to IBM on behalf of the City of Dubuque, and the New Production multi-family rehab project funding which was passed through to Southeast Iowa Regional Planning Commission (SEIRPC), our partner Council of Governments in southern Iowa.

**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.**

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- A reconciliation between the full accrual basis accounting statement (Statement of Activities) 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. As reflected in the following table, ECIA's net position increased by \$265,515 over the fiscal 2014 restated amount. The analysis that follows illustrates the changes in the components that make up net position.

**CONDENSED STATEMENT OF NET POSITION**

	<b>2015</b>	<b>2014 (Restated)</b>	<b>NET CHANGE</b>
Cash and investments	375,830	431,902	(56,072)
Other Current Assets	920,198	594,836	325,362
Capital Assets	1,123,487	1,119,257	4,230
Total Assets	2,419,515	2,145,995	273,520
 Deferred Outflows of Resources	 334,589	 241,476	 93,113
Current Liabilities	699,237	466,136	233,101
Long-Term Liabilities	2,866,141	3,932,287	(1,066,146)
Total Liabilities	3,565,378	4,398,423	(833,045)
 Deferred Inflows of Resources	 934,163	 0	 934,163
Unrestricted	(1,745,437)	(2,010,952)	265,515
Total Net Position	(1,745,437)	(2,010,952)	265,515

Total assets increased \$273,520 to \$2,419,515. This included a decrease in cash of \$56,072 due to the timing of the receipt of grant funding at year-end, an increase of \$95,383 in accounts receivable, an increase of \$236,791 in grants receivable, a decrease of \$6,812 in prepaid expenses and an increase of \$4,230 in net depreciable assets.

As previously noted, ECIA implemented GASB Statement 68 this year. With the new reporting change, ECIA is allocated its proportionate share of the Iowa Public Employees' Retirement System (IPERS) net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. A restatement to record

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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the effects of the new reporting guidance decreased beginning net position by \$2,432,773. Decisions regarding the allocations are made by the administrators of the pension plan, not by ECIA management.

Current liabilities include the portion of the note payable on the ECIA facility and vehicle loans due within one year, accounts payable, unearned grant revenue, prepaid membership fees and accrued liability for compensated absences. The increase of approximately \$233,000 in this category was due to the timing of the receipt of accounts payable invoices and included an invoice for \$213,559 related to the IBM project that was received near the end of the fiscal year.

The long-term liability line item reflects the note payable on the ECIA facility, a loan to purchase an agency vehicle, ECIA's accrued liability for post employment benefit plans and ECIA's proportionate share of the net pension liability. Of the total decrease of \$1,066,146 in this line item, \$1,035,358 is attributable to a decrease in ECIA's share of the net pension liability. The remaining decrease is due to principal payments made on the ECIA building loan offset by the addition of a new vehicle loan and an increase in the accrued liability for post employment benefit plans.

Of the total outstanding debt balance, \$54,305 is classified as current and \$2,866,141 as long-term.

**ANALYSIS OF REVENUES AND EXPENDITURES**

In FY 2015 and FY 2014, total revenues were \$9,118,805 and \$7,497,256 respectively, an increase of approximately \$1.62 million or 21.6%. Total expenditures for the same period increased \$1.65 million or 22.1%. A comparison of income and expenditures is outlined in the following table.

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

	2015	2014	NET CHANGE	PERCENT CHANGE
<b>REVENUES</b>				
Federal	5,011,794	3,598,933	1,412,861	39.3
State of Iowa	36,421	41,914	(5,493)	(13.1)
State of Wisconsin	243	243	0	0.0
Membership Fees	115,351	111,373	3,978	3.6
Fees and assessments	922,619	877,477	45,142	5.1
EIRHA	1,530,886	1,400,991	129,895	9.3
CDBG Admin	231,233	275,815	(44,582)	(16.2)
ECIA Business Growth	261,676	265,272	(3,596)	(1.4)
Workforce Investment Act	378,008	290,622	87,386	30.1
EIRUSS	61,828	85,332	(23,504)	(27.5)
RTA	524,806	504,632	20,174	4.0
Interest	728	748	(20)	(2.7)
Miscellaneous	43,212	43,904	(692)	(1.6)
<b>Total Revenues</b>	<b>9,118,805</b>	<b>7,497,256</b>	<b>1,621,549</b>	<b>21.6</b>

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

	2015	2014	NET CHANGE	PERCENT CHANGE
<b>EXPENDITURES</b>				
Salaries, wages and benefits	3,872,170	3,827,046	45,124	1.2
Operating materials	14,586	0	14,586	100.0
Office supplies	48,604	35,208	13,396	38.0
Conference and training	56,959	35,053	21,906	62.5
Business travel	110,978	107,786	3,192	3.0
Printing	20,365	20,741	(376)	(1.8)
Equip rental and maint	6,596	6,281	315	5.0
Office maintenance	5,069	4,616	453	9.8
Insurance and bonding	43,237	31,239	11,998	38.4
Dues and subscriptions	20,743	19,288	1,455	7.5
Telephone	35,998	34,282	1,716	5.0
Postage	28,523	27,991	532	1.9
Rent	1,026	12,312	(11,286)	(91.7)
Utilities	22,459	19,381	3,078	15.9
Advertising	5,201	5,361	(160)	(3.0)
Professional fees	55,456	65,060	(9,604)	(14.8)
Marketing	22,763	11,529	11,234	97.4
Equipment purchases	37,383	0	37,383	100.0
Long-term debt principal	62,613	55,042	7,571	13.8
Interest Expense	42,381	56,322	(13,941)	(24.8)
Miscellaneous	12,790	4,289	8,501	198.2
Pass through grant expense	4,135,283	2,747,673	1,387,610	50.5
WIA program costs	439,619	326,737	112,882	34.5
<b>Total Expenditures</b>	<b>9,100,802</b>	<b>7,453,237</b>	<b>1,647,565</b>	<b>22.1</b>
<b>Excess of Revenues over Expenditures</b>	<b>18,003</b>	<b>44,019</b>	<b>(26,016)</b>	<b>(59.1)</b>
Proceeds From Long-term Borrowing	23,944	0	23,944	
Proceeds From Sale of Fixed Assets	0	6,000	(6,000)	(100.0)
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	<b>41,947</b>	<b>50,019</b>	<b>(8,072)</b>	<b>(16.1)</b>
<b>Beginning Fund Balance</b>	<b>609,149</b>	<b>559,130</b>	<b>50,019</b>	
<b>Ending Fund Balance</b>	<b>651,096</b>	<b>609,149</b>	<b>41,947</b>	<b>6.9</b>

Federal funding increased by \$1.4 million primarily due to the increased activity in the Jumpstart program as funds for the NP5 and NP6 Multi-family Rental Unit Production programs were passed through to SEIRPC. Approximately \$2.3 million was passed through in FY15, an increase of approximately \$800,000 over the previous year. The remainder of the Federal funding increase was due to the implementation of the IBM Smarter Travel project. Funding received from the State of Iowa decreased by approximately \$5,500 due to reduced funding for Prosperity Eastern Iowa regional economic development efforts. EIRHA income increased \$130,000 as the Housing

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Authority added an additional Housing Specialist to their staff in June 2014 to assist with the added housing programs. CDBG administration income decreased \$45,000 as the flood related grants ended and fewer block grants were awarded. Income from the WIA program increased by \$87,000 due the addition of the Quad Graphics National Emergency Grant and the Youth Career Connect Grant. EIRUSS admin income decreased \$24,000 as the Leisure Lake wastewater project was completed and less administration time was required.

The expenditure of \$14,500 for operating materials in FY15 was for volunteer recruitment for the IBM Smarter Travel Project. Office supplies expense increased \$13,000 due to purchases of \$6,100 in computers and software under the USDA RCDI training grant, \$4,800 for the purchase of dual computer monitors for 10 staff and approximately \$2,100 for energy efficient light bulbs. Conference and training expense increased approximately \$22,000 as staff were encouraged to pursue more training in FY15. Conference and related travel expense had been limited in FY14 due to funding cuts. Office maintenance increased due to the replacement of mulch with landscaping rock. Insurance and bonding increased \$12,000 due to an increase in premiums for professional liability and employment practice insurance. Utility expense increased approximately \$3,000 as janitorial service was increased to two times per week in FY15.

Professional fees decreased \$9,600 due to a decrease in legal fees as well as a decrease in expense for temporary help for front office coverage. Rent decreased as the employment & training program began paying rent directly rather than ECIA paying the cost and subsequently charging it back to the program. Marketing decreased by approximately \$11,000 due to decreased PEI grant funding from the State of Iowa in FY15. Equipment purchases in FY15 included a color copier (\$6,900), a portion of the new security system for the building (\$2,700), a portion of a new computer server (\$3,800) and a new agency vehicle (\$23,900). Principal payments on long-term debt increased \$7,600 as ECIA began making additional principal payments on the building loan in June, 2014. Interest expense decreased due to the inclusion of \$13,000 in refinancing fees on the building loan in FY14 expense. Miscellaneous expense increased approximately \$8,500 due to 40<sup>th</sup> Anniversary expense of \$2,800, Wellness program incentives of \$2,700, teambuilding expense of \$1,900 and Workforce membership fees of \$1,000.

Pass through grant expenses increased approximately \$1.4 million due to the activity in the NP5 and NP6 Federal Jumpstart programs as well as the IBM Smarter Travel project. WIA program costs increased approximately \$113,000 as a result of the addition of the Quad Graphics NEG and Youth Career Connect grant. Proceeds from long-term borrowing increased as ECIA secured a \$23,944 loan for the purchase of a new agency vehicle. Proceeds from the sale of fixed assets decreased as no agency vehicles were sold during the fiscal year.

#### **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."

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The ECIA Council approved one budget amendment in May 2015. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$5,199,635 was increased to \$8,379,034, an increase of approximately \$3.2 million. This was primarily due to an increase in the federally funded Jumpstart programs and IBM Smart Transit project.
- The original expenditure budget of \$5,153,082 was increased to \$8,362,903, an increase of \$3.2 million. This increase was also primarily due to the increase in Jumpstart program activity and the IBM project as funds were passed through ECIA to SEIRPC and IBM.

The salary/benefit expense budget was increased by \$273,000 due to the addition of three staff hired after the start of the fiscal year. The office supplies budget was increased \$9,500 due to the purchase of computers and dual monitors. The conference and training budget was increased by \$17,000 as the limit on conferences and trainings that had been in place in FY14 was lifted. The printing budget was increased \$5,800 due to an increase in photocopies made for the housing program enrollment packets mailed to potential program participants under the Tenant Based Rental Assistance Program (TBRA). The equipment rental and maintenance budget was increased \$500 due to the service contract on the new color copier. The insurance budget was increased by \$8,500 due to higher than anticipated renewal rates for professional liability and employment practices insurance. The dues and subscriptions budget was reduced by \$2,000 as actual expense was slightly lower than originally anticipated. The budget for rent was decreased by \$11,000 as WIA began paying rent directly. The utility budget was increased by \$3,300 as utility costs were trending higher in FY15. The advertising budget was reduced by \$1,000 as the agency's advertising needs were less than anticipated. The professional fees budget was reduced by \$7,200 due to lower than anticipated legal fees. The marketing budget was increased by \$7,500 due to PEI sponsorship of career fairs and veteran recruitment activities. The equipment budget was increased by \$18,000 as the decision was made to purchase a new agency vehicle prior to fiscal yearend. The miscellaneous expense budget was increased by \$7,200 due to 40<sup>th</sup> anniversary and wellness/teambuilding expenses. Pass-through grant expense was increased by \$2.9 million due to the increase in Jumpstart program and IBM Smarter Travel project activity. The budget for proceeds from long-term borrowing was increased to \$20,000 in anticipation of borrowing money for the purchase of the new vehicle.

## **RESULTS OF OPERATIONS**

ECIA's management was pleased with the operating results for the fiscal year ending June 30, 2015. The amended budget anticipated an increase in fund balance of \$36,131. Actual results of operations reflected an increase in fund balance of \$41,947.

Operating revenues were approximately \$300,000 or 3.5% higher than budgeted. Operating expenditures were approximately \$298,000 or 3.4% higher than budgeted. Proceeds from long-term borrowing were approximately \$3,900 more than budgeted. The following table details the components of these variances:

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
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**COMPARISON OF BUDGET VS. ACTUAL**

	BUDGET	ACTUAL	VARIANCE	PERCENT
<b>REVENUES</b>				
Federal	4,350,919	4,572,175	221,256	4.8
State of Iowa	11,765	36,421	24,656	67.7
State of Wisconsin	243	243	0	0.0
Membership Fees	115,350	115,351	1	0.0
Fees and assessments	760,999	922,619	161,620	17.5
EIRHA	1,539,708	1,530,886	(8,822)	(0.6)
CDBG/EDSA Admin	377,582	231,233	(146,349)	(63.3)
ECIA Business Growth	228,276	261,676	33,400	12.8
Workforce Investment Act	382,863	378,008	(4,855)	(1.3)
EIRUSS	65,858	61,828	(4,030)	(6.5)
Regional Transit Authority	504,416	524,806	20,390	3.9
Interest	686	728	42	5.8
Miscellaneous	40,369	43,212	2,843	6.6
<b>Total Revenues</b>	<b>8,379,034</b>	<b>8,679,186</b>	<b>300,152</b>	<b>3.5</b>
<b>EXPENDITURES</b>				
Salaries, wages and benefits	3,880,545	3,872,170	(8,375)	(0.2)
Operating materials	0	14,586	14,586	100.0
Office supplies & operating materials	46,556	48,604	2,048	4.2
Conference and training	44,424	56,959	12,535	22.0
Business travel	105,655	110,978	5,323	4.8
Printing	25,773	20,365	(5,408)	(26.6)
Equip rental and maint	6,220	6,596	376	5.7
Insurance and bonding	42,477	43,237	760	1.8
Dues and subscriptions	20,000	20,743	743	3.6
Telephone	36,639	35,998	(641)	(1.8)
Postage	29,321	28,523	(798)	(2.8)
Rent	1,026	1,026	0	0.0
Utilities	24,268	22,459	(1,809)	(8.1)
Maintenance	5,000	5,069	69	1.4
Advertising	5,000	5,201	201	3.9
Professional fees	53,807	55,456	1,649	3.0
Marketing	17,500	22,763	5,263	23.1
Equipment purchases	33,218	37,383	4,165	11.1
Long-term debt principal	62,452	62,613	161	0.3
Interest expense	42,808	42,381	(427)	(1.0)
Miscellaneous	14,714	12,790	(1,924)	(15.0)
Pass-through grant expense	3,865,500	4,135,283	269,783	6.5
<b>Total Expenditures</b>	<b>8,362,903</b>	<b>8,661,183</b>	<b>298,280</b>	<b>3.4</b>
<b>OTHER INCOME</b>				
Proceeds from Long Term Borrowing	20,000	23,944	3,944	16.5
<b>Excess of Revenues over Expenditures</b>	<b>36,131</b>	<b>41,947</b>	<b>5,816</b>	<b>13.9</b>

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of June 30, 2015, ECIA had \$1,123,487 invested in capital assets (net of depreciation), including a building, land, office furniture and equipment and agency vehicles. Total outstanding notes payable was \$1,150,205, which represents the outstanding balance of the Economic Development Revenue Note used to fund the building and one loan used to purchase an agency vehicle. 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.

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

ECIA's management and Council considered many factors when setting the fiscal year 2016 budget and the fees that will be charged for services, endeavoring to keep costs low for our members, while covering staff and overhead costs. Local, State and Federal economic conditions are key indicators for resource availability and ECIA will continue to monitor these conditions as we move ahead into the new fiscal year.

Membership fees will increase from \$.58 to \$.60 per capita in Fiscal 2016. As they did in FY15, DMATS and RPA members have again agreed to pay half of the local match required by their respective programs, dividing the match between counties and communities. The hourly billing rates for all staff will increase by 1% to keep pace with increases in staff and overhead costs. The management of the Jule transit system will be transitioned back to the City of Dubuque in FY16, however ECIA staff will still be actively involved in the City's Intermodal Facility and Bus Maintenance and Storage Facility projects.

ECIA will rebrand its wellness program into a wellbeing program as the focus shifts to include financial health, safety, stress management, team building and community involvement in addition to physical health. Management believes this approach will do more 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 2016, we will continue to work collaboratively, developing new and building on already successful partnerships, while the staff at ECIA remains committed to building strong and healthy communities and making our region a great place to live and work.

**FINANCIAL CONTACT**

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

**BASIC FINANCIAL STATEMENTS**

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF NET POSITION**  
June 30, 2015

	Governmental Activities
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and investments	\$ 375,830
Accounts receivable	547,882
Grants receivable	359,482
Prepaid fees and expenses	12,834
Total current assets	1,296,028
<b>Noncurrent assets</b>	
Land (non depreciable)	214,432
Property and equipment	1,337,558
Less: accumulated depreciation	(428,503)
Total capital assets, net of depreciation	1,123,487
Total noncurrent assets	1,123,487
Total assets	2,419,515
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension plan	334,589
Total assets and deferred outflows of resources	\$ 2,754,104
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Current portion of long-term obligations	\$ 54,305
Accounts payable	247,702
Unearned revenue	
Grants	24,475
Prepaid memberships	9,463
Accrued liabilities	
Vacation and holiday pay	255,300
Other	107,992
Total current liabilities	699,237
<b>Noncurrent liabilities</b>	
Noncurrent portion of long-term obligations	2,866,141
Total liabilities	3,565,378
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension plan	934,163
<b>NET POSITION</b>	
Net investment in capital assets	-
Unrestricted	(1,745,437)
Total net position	(1,745,437)
Total liabilities, deferred inflows of resources and net position	\$ 2,754,104

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, 2015

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Salaries, wages and fringe benefits	\$ 3,345,563	\$ 1,518,973	\$ 1,918,840	\$ -
Operating materials	14,586	6,622	8,366	-
Office supplies	47,100	21,385	27,014	-
Conferences and training	52,891	24,014	30,336	-
Business travel	98,674	44,801	56,594	-
Printing	18,931	8,595	10,858	-
Equipment rental and maintenance	6,593	2,993	3,781	-
Office maintenance	5,068	2,301	2,907	-
Insurance and bonding	39,382	17,880	22,587	-
Dues and subscriptions	19,161	8,700	10,990	-
Telephone	34,904	15,847	20,019	-
Postage	28,441	12,913	16,312	-
Rent	-	-	-	-
Utilities	22,451	10,193	12,877	-
Advertising	4,440	2,016	2,547	-
Professional fees	51,157	23,227	29,341	-
Marketing	22,763	10,335	13,056	-
Depreciation	33,153	15,052	19,015	-
Interest expense	42,364	19,234	24,298	-
Pass through grant expense	4,135,283	1,877,526	2,371,784	-
Miscellaneous	12,758	5,792	7,317	-
WIA program costs	439,619	-	439,619	-
<b>Total governmental activities</b>	<b>\$ 8,475,282</b>	<b>\$ 3,648,399</b>	<b>\$ 5,048,458</b>	<b>\$ -</b>
<b>General revenues</b>				
Interest				728
Miscellaneous				43,212
Gain on sale of fixed assets				-
<b>Total general revenues</b>				<b>43,940</b>
<b>Change in net position</b>				<b>265,515</b>
<b>Net position at beginning of year - as restated</b>				<b>(2,010,952)</b>
<b>Net position at end of year</b>				<b>\$ (1,745,437)</b>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	ECIA	WIA	
	General	Special	
	Fund	Revenue	
	Fund	Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 358,325	\$ 17,505	\$ 375,830
Accounts receivable	547,882	-	547,882
Grants receivable	309,276	50,206	359,482
Due from other funds	56,926	-	56,926
Prepaid fees and expenses	12,407	427	12,834
Total assets	\$ 1,284,816	\$ 68,138	\$ 1,352,954
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$ 239,435	\$ 8,267	\$ 247,702
Accrued liabilities			
Vacation and other pay	252,564	2,736	255,300
Other	107,783	209	107,992
Unearned revenue			
Unearned grant revenue	24,475	-	24,475
Prepaid memberships	9,463	-	9,463
Due to other funds	-	56,926	56,926
Total liabilities	633,720	68,138	701,858
 <b>Fund balance</b>			
Unrestricted			
Committed - building			
maintenance	70,000	-	70,000
Unassigned	581,096	-	581,096
Total fund balance	651,096	-	651,096
	\$ 1,284,816	\$ 68,138	\$ 1,352,954

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, 2015

Fund balance - governmental funds \$ 651,096

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	\$ 1,551,990	
Governmental accumulated depreciation	<u>(428,503)</u>	1,123,487

Deferred outflows of resources represent consumption of net position that apply to future periods and therefore are not reported in the fund statements.

Deferred outflows of resources consist of:		
Pension plan		334,589

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:

Net pension liability	(1,638,891)	
Vested employee benefits	(131,350)	
General obligation debt	<u>(1,150,205)</u>	(2,920,446)

Deferred inflows of resources are acquisitions of net position that are applicable to future reporting periods and therefore are not reported in the fund statements.

Deferred inflows of resources consist of:		
Pension plan		<u>(934,163)</u>

<b>Total net position - governmental activities</b>		<b>\$ <u>(1,745,437)</u></b>
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The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the year ended June 30, 2015

	ECIA	WIA	Total
	General Fund	Special Revenue Fund	
<b>Revenues</b>			
Federal	\$ 4,572,175	\$ 439,619	\$ 5,011,794
State of Iowa	36,421	-	36,421
State of Wisconsin	243	-	243
Membership fees	115,351	-	115,351
Fees and assessments	922,619	-	922,619
Economic Development Set-Aside and CDBG grant administration	231,233	-	231,233
Agency service billings			
ECIA Business Growth	261,676	-	261,676
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,530,886	-	1,530,886
Workforce Investment Act (WIA) and related programs	378,008	-	378,008
Regional Transit Authority	524,806	-	524,806
EIRUSS	61,828	-	61,828
Interest	728	-	728
Miscellaneous	43,212	-	43,212
<b>Total revenues</b>	<b>8,679,186</b>	<b>439,619</b>	<b>9,118,805</b>
<b>Expenditures</b>			
Salaries, wages and fringe benefits	3,872,170	-	3,872,170
Operating materials	14,586	-	14,586
Office supplies	48,604	-	48,604
Conferences and training	56,959	-	56,959
Business travel	110,978	-	110,978
Printing	20,365	-	20,365
Equipment rental and maintenance	6,596	-	6,596
Office maintenance	5,069	-	5,069
Insurance and bonding	43,237	-	43,237
Dues and subscriptions	20,743	-	20,743
Telephone	35,998	-	35,998
Postage	28,523	-	28,523
Rent	1,026	-	1,026
Utilities	22,459	-	22,459
Advertising	5,201	-	5,201

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, 2015

	<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	\$ 55,456	\$ -	\$ 55,456
Marketing	22,763	-	22,763
Equipment purchases	37,383	-	37,383
Long-term debt principal	62,613	-	62,613
Interest expense	42,381	-	42,381
Pass through grant expense	4,135,283	-	4,135,283
Miscellaneous	12,790	-	12,790
Program and administrative costs	-	439,619	439,619
	<u>8,661,183</u>	<u>439,619</u>	<u>9,100,802</u>
 Total expenditures			
Excess of revenues over expenditures	18,003	-	18,003
 <b>Other financing sources</b>			
Proceeds from note payable	23,944	-	23,944
	<u>41,947</u>	<u>-</u>	<u>41,947</u>
Change in fund balance			
Fund balance at beginning of year	609,149	-	609,149
	<u>609,149</u>	<u>-</u>	<u>609,149</u>
Fund balance at end of year	\$ <u>651,096</u>	\$ <u>-</u>	\$ <u>651,096</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, 2015

Net change in fund balances - total governmental funds \$ 41,947

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	\$ 37,383	
Depreciation expense reported in the statement of activities	<u>(33,153)</u>	4,230

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	8,397	
Special termination benefits earned in current year	<u>(22,036)</u>	(13,639)
Amounts paid are less than amounts earned by		

In the governmental funds, pension expense is reported when due. In the statement of activities, pension expense is accrued based on the reported amount of net pension liability (asset).

Net change in net pension liability (asset)		194,308
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revenue in the governmental funds, but are reported as long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:		(23,944)
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:		<u>62,613</u>
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Change in net position - governmental activities		<u>\$ 265,515</u>
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The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**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., Eastern Iowa Regional Housing Authority, the Eastern Iowa Regional Utility Service Systems Commission, or the Delaware, Dubuque and Jackson County Regional Transit 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, 2015

**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, 2015

**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, 2015

**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 incurred on the fund statements.

**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, 2015

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

**12. Subsequent Events**

The Association has evaluated subsequent events through November 4, 2015, 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, 2015

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

	Total Governmental Funds	Long-term Revenue/ Expenses	Capital Related Items	Long-term Debt Transactions	Inter-fund Transactions	Statement of Activities Total
<b>Revenues and other sources</b>						
Federal	\$ 5,011,794	\$ -	\$ -	\$ -	\$ -	\$ 5,011,794
State of Iowa	36,421	-	-	-	-	36,421
State of Wisconsin	243	-	-	-	-	243
Membership fees	115,351	-	-	-	-	115,351
Fees and assessments	922,619	-	-	-	-	922,619
Economic Development Set-Aside and CDBG grant administration	231,233	-	-	-	-	231,233
Agency service billings						
ECIA Business Growth	261,676	-	-	-	-	261,676
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,530,886	-	-	-	-	1,530,886
Workforce Investment Act (WIA) and related programs	378,008	-	-	-	(378,008)	-
Regional Transit Authority	524,806	-	-	-	-	524,806
EIRUSS	61,828	-	-	-	-	61,828
Interest	728	-	-	-	-	728
Miscellaneous	43,212	-	-	-	-	43,212
Proceeds from note payable	23,944	-	-	(23,944)	-	-
Gain on sale of fixed assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>9,142,749</b>	<b>-</b>	<b>-</b>	<b>(23,944)</b>	<b>(378,008)</b>	<b>8,740,797</b>
<b>Expenditures</b>						
Salaries, wages and fringe benefits	3,872,170	(180,669)	-	-	(345,938)	3,345,563
Operating materials	14,586	-	-	-	-	14,586
Office supplies	48,604	-	-	-	(1,504)	47,100
Conferences and training	56,959	-	-	-	(4,068)	52,891
Business travel	110,978	-	-	-	(12,304)	98,674
Printing	20,365	-	-	-	(1,434)	18,931
Equipment rental and maintenance	6,596	-	-	-	(3)	6,593
Office maintenance	5,069	-	-	-	(1)	5,068
Insurance and bonding	43,237	-	-	-	(3,855)	39,382
Dues and subscriptions	20,743	-	-	-	(1,582)	19,161
Telephone	35,998	-	-	-	(1,094)	34,904
Postage	28,523	-	-	-	(82)	28,441
Rent	1,026	-	-	-	(1,026)	-
Utilities	22,459	-	-	-	(8)	22,451
Advertising	5,201	-	-	-	(761)	4,440
Professional fees	55,456	-	-	-	(4,299)	51,157
Marketing	22,763	-	-	-	-	22,763
Depreciation	-	-	33,153	-	-	33,153
Equipment purchases	37,383	-	(37,383)	-	-	-
Long-term debt principal	62,613	-	-	(62,613)	-	-
Interest expense	42,381	-	-	-	(17)	42,364
Pass through grant expense	4,135,283	-	-	-	-	4,135,283
Miscellaneous	12,790	-	-	-	(32)	12,758
WIA program costs	439,619	-	-	-	-	439,619
<b>Total expenditures</b>	<b>9,100,802</b>	<b>(180,669)</b>	<b>(4,230)</b>	<b>(62,613)</b>	<b>(378,008)</b>	<b>8,475,282</b>
<b>Net change for the year</b>	<b>\$ 41,947</b>	<b>\$ 180,669</b>	<b>\$ 4,230</b>	<b>\$ 38,669</b>	<b>\$ -</b>	<b>\$ 265,515</b>

East Central Intergovernmental Association  
 Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 June 30, 2015

**NOTE C - CASH DEPOSITS**

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and investments \$ 375,830

Cash and investments as of June 30, 2015 consist of the following:

	Carrying Amount	Bank Balance
Petty cash	\$ 75	\$ -
Investment checking/savings and money market accounts	375,755	455,132
	\$ 375,830	\$ 455,132

**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  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2015

**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, 2015 the Association's deposits of \$134,988 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, 2015, the Association had the following accounts and grants receivable outstanding:

**Accounts Receivable**

Eastern Iowa Regional Housing Authority	\$ 104,802
Eastern Iowa Regional Partnership, LLP	502
Eastern Iowa Regional Housing Corp.	16,815
Eastern Iowa Development Corp.	8,069
E.I.R.U.S.S	16,184
Local contract charges	97,993
E.C.I.A. Business Growth, Inc.	24,319
Regional Transit Authority	45,397
Asbury EIRP, LLLP	1,308
Other	<u>232,493</u>
Total	\$ <u>547,882</u>

East Central Intergovernmental Association  
 Dubuque, Iowa  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 June 30, 2015

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

<b>Grants Receivable - ECIA</b>	
Iowa DOT - FHWA planning	\$ 26,450
Iowa DOT - MPO	209,947
Iowa DOT - ICAAP	42,398
Wisconsin DOT - MPO	3,994
Illinois DOT	301
USDA - RCDI	16,364
EDA Grant	9,822
	309,276
 <b>Grants Receivable - WIA</b>	
WIA Grants	50,206
Total grants receivable	\$ 359,482

**NOTE E - PENSION AND RETIREMENT BENEFITS**

Plan Description. IPERS membership is mandatory for employees of the Association, except for those covered by another retirement system. Employees of the Association are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2015

**NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED**

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

East Central Intergovernmental Association  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2015

NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Association contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the Association contributed 10.14 percent for a total rate of 16.80 percent.

The Association's total contributions to IPERS for the year ended June 30, 2015 were \$244,449.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Association reported a liability of \$1,638,891 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Association's proportion of the net pension liability was based on the Association's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Association's collective proportion was .040496 percent which was a decrease of .006735 percent from its proportion measured as of June 30, 2013.

East Central Intergovernmental Association  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2015

**NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED**

For the year ended June 30, 2015, the Association recognized pension expense of \$122,667. At June 30, 2015, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,812	\$ -
Changes of assumptions	72,328	-
Net difference between projected and actual earnings on pension plan investments	-	625,026
Changes in proportion and differences between Association contributions and proportionate share of contributions	-	309,137
Association contributions subsequent to the measurement date	244,449	-
	\$ 334,589	\$ 934,163

\$244,449 reported as deferred outflows of resources related to pensions resulting from the Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2016	\$ 17,072	\$ 176,925
2017	17,072	176,925
2018	17,072	176,925
2019	17,072	176,925
2020	17,072	176,925
Thereafter	4,780	49,539
	\$ 90,140	\$ 934,163

East Central Intergovernmental Association  
 Dubuque, Iowa  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 June 30, 2015

**NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED**

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum
Rate of salary increase (effective June 30, 2010)	4.00-17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15%	6.76
Private Equity	13%	11.34
Real Estate	8%	3.52
Core Plus Fixed Income	28%	2.06
Credit Opportunities	5%	3.67
TIPS	5%	1.92
Other Real Assets	2%	6.27
Cash	1%	-0.69
Total	100%	

East Central Intergovernmental Association  
 Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 June 30, 2015

**NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED**

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Association will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Association's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.5)
Association's proportionate share of the net pension liability	\$3,096,638	\$1,638,891	\$408,401

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2015, the Association reported payables to the defined benefit pension plan of \$48,769 for legally required employer contributions and \$19,501 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**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, 2015 is as follows:

East Central Intergovernmental Association  
 Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 June 30, 2015

**NOTE F - COMPENSATED ABSENCES - CONTINUED**

Sick leave \$ 537,030

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.

**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 also signed a lease to rent a mailing machine through July 31, 2017, payable in quarterly payments of \$311.28.

Future minimum lease payments are as follows:

June 30, 2016	\$	13,557	
2017		13,557	
2018		5,234	
	\$	32,348	

**NOTE H - FIXED ASSETS**

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

	Balance at <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2015</u>
Land (non-depreciable)	\$ 214,432	\$ -	\$ -	\$ 214,432
Land improvements	11,121	-	-	11,121
Building	1,052,275	-	-	1,052,275
Equipment and furniture	<u>278,964</u>	<u>37,383</u>	<u>42,185</u>	<u>274,162</u>
Subtotal	1,556,792	37,383	42,185	1,551,990
Less accumulated depreciation				
Land improvements	10,870	251	-	11,121
Building	156,610	26,307	-	182,917
Equipment and furniture	<u>270,055</u>	<u>6,595</u>	<u>42,185</u>	<u>234,465</u>
	<u>437,535</u>	<u>33,153</u>	<u>42,185</u>	<u>428,503</u>
Total	<u>\$ 1,119,257</u>	<u>\$ 4,230</u>	<u>\$ -</u>	<u>\$ 1,123,487</u>

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2015

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

Long-term debt transactions for the year ended June 30, 2015 are as follows:

	Balance at July 1, 2014 (As Restated)	Additions	Deletions	Balance at June 30, 2015
Notes payable	\$ 1,188,874	\$ 23,944	\$ 62,613	\$ 1,150,205
Pension plan	2,674,249	-	1,035,358	1,638,891
Vested employee benefits	117,711	22,036	8,397	131,350
	<u>\$ 3,980,834</u>	<u>\$ 45,980</u>	<u>\$ 1,106,368</u>	<u>\$ 2,920,446</u>

Long-term notes payable at June 30, 2015 are comprised of the following:

<u>Description</u>	<u>Balance at June 30, 2015</u>	<u>Due Within One Year</u>
\$23,944 commercial loan from DuTrac Community Credit Union dated May 28, 2015 and due in monthly installments of \$423, including interest at 2.24% per annum until June 2020.	\$ 23,944	\$ 4,575
\$1,392,281 Economic Development Revenue Note, Series 2007 dated October 5, 2007 and due in monthly installments of \$7,363, including interest at 3.5% per annum until October 1, 2032.	<u>1,126,261</u>	<u>49,730</u>
Total	<u>\$ 1,150,205</u>	<u>\$ 54,305</u>

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2015

**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, 2015, are as follows:

Year ended June 30,	Principal	Interest	Total
2016	\$ 54,305	\$ 39,127	\$ 93,432
2017	56,189	27,244	83,433
2018	58,127	35,306	93,433
2019	60,132	33,300	93,432
2020	62,170	31,225	93,395
2021-2025	317,957	123,827	441,784
2026-2030	378,666	63,114	441,780
2031-2033	162,659	5,723	168,382
	<u>\$ 1,150,205</u>	<u>\$ 358,866</u>	<u>\$ 1,509,071</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 was one retiree receiving benefits and five employees were eligible to receive benefits in the fiscal year ended June 30, 2015.

*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 9.00% in 2016 with a one-half percent per 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

East Central Intergovernmental Association  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2015

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

on an open group, with 30 years of amortization remaining as of June 30, 2015. 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)	\$ 22,006
Adjustment to the ARC	(4,678)
Interest on net pension obligation	4,708
Annual pension cost (expense)	22,036
Pension payments made	(8,397)
Increase in net pension obligation	13,639
Net pension obligation - beginning of year	117,711
Net pension obligation - end of year	\$ 131,350

*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 38 for information on funding status and progress.

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
6/30/2015	\$ 22,036	38.11%	\$ 131,350
6/30/2014	21,278	24.63%	117,711
6/30/2013	21,270	41.96%	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  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2015

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

The Association had a balance of \$0 on a line of credit at June 30, 2015. The line of credit, dated July 1, 2014, has a credit limit of \$600,000 and matured June 30, 2015. The line of credit was extended through June 30, 2016. 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, 2015 was 4.5%. The Association had interest expense of \$1,383 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, 2015:

General Fund	
Operating materials	\$ 14,586
Office supplies	2,048
Conferences and training	12,535
Business travel	5,323
Equipment rental and maintenance	376
Office maintenance	69
Insurance and bonding	760
Dues and subscriptions	743
Advertising	201
Professional fees	1,649
Marketing	5,263
Equipment purchases	4,165
Long-term debt principal	161
Pass-through grant expense	269,783
Workforce Investment Act	
Program costs	33,885

**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.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2015

**NOTE N - RESTATEMENT OF NET POSITION**

During the year, the Association implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. By implementing Statement No. 68, the Association restated its net position as of July 1, 2014 as follows:

	<u>Governmental Activities</u>	<u>Total Association</u>	
Balance at beginning of year	\$ 421,821	\$ 421,821	
Net pension liability	(2,674,249)	(2,674,249)	
Deferred outflows of resources - pension plan	<u>241,476</u>	<u>241,476</u>	
	<u>(2,432,773)</u>	<u>(2,432,773)</u>	
Balance at beginning of year - as restated	\$ <u>(2,010,952)</u>	\$ <u>(2,010,952)</u>	

**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, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Other Post-employment Benefits</u>						
6/30/2015	\$ -	\$ 179,490	\$ 179,490	0.00%	\$ 3,010,333	5.96%
6/30/2014	\$ -	\$ 167,560	\$ 167,560	0.00%	\$ 2,380,725	7.04%
6/30/2013	\$ -	\$ 167,560	\$ 167,560	0.00%	\$ 2,837,529	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  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ASSOCIATION'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY (ASSET)**  
**Iowa Public Employees' Retirement System**  
Year ended June 30, 2015

	2015
Association's proportion of the net pension liability (asset)	.040496%
Association's proportionate share of the net pension liability (asset)	\$1,638,891
Association's covered-employee payroll	\$2,704,405
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.61%

\*The amounts presented for the fiscal year were determined as of the net pension liability measurement date (prior fiscal year-end date).

East Central Intergovernmental Association  
Dubuque, Iowa  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ASSOCIATION CONTRIBUTIONS**  
**Iowa Public Employees' Retirement System**  
Year ended June 30, 2015

	2015
Contractually required contributions	\$ 241,476
Contributions in relation to the contractually required contributions	\$ 241,476
Contribution deficiency (excess)	\$ -
Association's covered-employee payroll	\$2,704,405
Contributions as a percentage of covered-employee payroll	8.93%

\*The amounts presented for the fiscal year were determined as of the net pension liability measurement date (prior fiscal year-end date).

**Notes to Required Supplementary Information**  
**for the Year Ended June 30, 2015**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in the Iowa Public Employees' Retirement System.

*Changes of assumptions.* There were no changes in the assumptions.

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, 2015

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
<b>Revenues</b>				
Federal	\$ 1,403,021	\$ 4,350,919	\$ 4,572,175	\$ 221,256
State of Iowa	9,000	11,765	36,421	24,656
State of Wisconsin	243	243	243	-
Membership fees	115,350	115,350	115,351	1
Fees and assessments	735,542	760,999	922,619	161,620
Economic Development Set-Aside and CDBG grant administration	265,038	377,582	231,233	(146,349)
Agency service billings				
ECIA Business Growth	306,695	228,276	261,676	33,400
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,461,709	1,539,708	1,530,886	(8,822)
Workforce Investment Act (WIA) and related programs	332,430	382,863	378,008	(4,855)
Regional Transit Authority	500,607	504,416	524,806	20,390
EIRUSS	29,000	65,858	61,828	(4,030)
Interest	1,000	686	728	42
Miscellaneous	40,000	40,369	43,212	2,843
<b>Total revenues</b>	<b>5,199,635</b>	<b>8,379,034</b>	<b>8,679,186</b>	<b>300,152</b>
<b>Expenditures</b>				
Salaries, wages and fringe benefits	3,607,834	3,880,545	3,872,170	8,375
Operating materials			14,586	(14,586)
Office supplies	37,000	46,556	48,604	(2,048)
Conferences and training	27,500	44,424	56,959	(12,535)
Business travel	112,242	105,655	110,978	(5,323)
Printing	20,000	25,773	20,365	5,408
Equipment rental and maintenance	5,700	6,220	6,596	(376)
Office maintenance	5,000	5,000	5,069	(69)
Insurance and bonding	34,000	42,477	43,237	(760)
Dues and subscriptions	22,000	20,000	20,743	(743)
Telephone	35,000	36,639	35,998	641
Postage	29,000	29,321	28,523	798
Rent	12,000	1,026	1,026	-
Utilities	21,000	24,268	22,459	1,809
Advertising	6,000	5,000	5,201	(201)
Professional fees	61,000	53,807	55,456	(1,649)
Marketing	10,000	17,500	22,763	(5,263)
Equipment purchases	15,000	33,218	37,383	(4,165)
Long-term debt principal	42,306	62,452	62,613	(161)
Interest expense	43,000	42,808	42,381	427
Pass-through grant expense	1,000,000	3,865,500	4,135,283	(269,783)
Miscellaneous	7,500	14,714	12,790	1,924
<b>Total expenditures</b>	<b>5,153,082</b>	<b>8,362,903</b>	<b>8,661,183</b>	<b>(298,280)</b>
<b>Excess of revenues over expenditures</b>	<b>46,553</b>	<b>16,131</b>	<b>18,003</b>	<b>1,872</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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
<b>Other income</b>				
Proceeds from note payable	\$ -	\$ 20,000	\$ 23,944	\$ 3,944
	<u>-</u>	<u>20,000</u>	<u>23,944</u>	<u>3,944</u>
 Change in fund balance	 46,553	 36,131	 41,947	 5,816
 Fund balance at beginning of year	 609,149	 609,149	 609,149	 -
 Fund balance at end of year	 <u>\$ 655,702</u>	 <u>\$ 645,280</u>	 <u>\$ 651,096</u>	 <u>\$ 5,816</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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
<b>Revenues</b>				
Workforce Investment Act (WIA) and related programs	\$ 300,000	\$ 405,734	\$ 439,619	\$ 33,885
Total revenues	300,000	405,734	439,619	33,885
<b>Expenditures</b>				
Administrative expenses	34,241	34,241	34,241	-
Program costs	265,759	371,493	405,378	(33,885)
Total expenditures	300,000	405,734	439,619	(33,885)
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, 2015

		30	35	36	40	45	50	51	55	56	57	58	65
	Totals	FHWA and Section 8 Transportation	IBM VMT Project	Bus Storage Facility	General Technical Assistance	ECIA Business Growth	Economic Development Grant	USDA RCDI	EIRHA	EIRHC	EIRHC TBRA	Housing Trust Fund	Tax Credit Housing Programs
<b>REVENUES</b>													
Federal	\$ 4,572,175	\$ 429,774	\$ 705,246	\$ -	\$ -	\$ -	\$ 80,518	\$ 36,740	\$ -	\$ -	\$ -	\$ -	\$ -
State of Iowa	36,421	-	-	-	-	-	36,421	-	-	-	-	-	-
State of Wisconsin	243	243	-	-	-	-	-	-	-	-	-	-	-
Membership fees	115,351	16,400	-	-	11,042	-	26,972	14,241	-	-	-	-	-
Fees and assessments	922,619	37,068	177,414	30,000	186,999	823	91,691	-	-	-	-	-	21,960
Economic Development Set-Aside and CDBG grant administration	231,233	-	-	-	-	-	-	-	-	-	-	-	-
Agency service billings													
ECIA Business Growth	261,676	-	-	-	-	244,176	-	17,500	-	-	-	-	-
EIRHA/EIRHC	1,530,886	-	-	-	-	-	-	5,000	1,354,429	9,777	66,743	18,554	-
Workforce Investment Act (WIA) and related programs	378,008	-	-	-	-	-	-	-	-	-	-	-	-
Regional Transit Authority	524,806	-	-	-	-	-	-	-	-	-	-	-	-
EIRUSS	61,828	-	-	-	-	-	-	-	-	-	-	-	-
Interest	728	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from note payable	23,944	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	43,212	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>8,703,130</b>	<b>483,485</b>	<b>882,660</b>	<b>30,000</b>	<b>198,041</b>	<b>244,999</b>	<b>235,602</b>	<b>73,481</b>	<b>1,354,429</b>	<b>9,777</b>	<b>66,743</b>	<b>18,554</b>	<b>21,960</b>
<b>EXPENDITURES</b>													
Salaries, wages & fringe benefits	3,872,170	167,186	84,589	26,755	162,623	210,824	175,569	58,011	1,211,087	8,929	57,940	16,864	20,648
Operating materials	14,586	51	14,535	-	-	-	-	-	-	-	-	-	-
Office supplies	48,604	1,776	740	266	1,848	2,325	2,416	6,673	14,417	39	505	157	93
Conferences and training	56,959	6,109	3,707	127	6,609	1,488	8,846	2,949	6,661	44	313	97	124
Business travel	110,978	6,802	1,080	236	9,856	6,266	4,460	1,560	12,157	75	436	102	136
Printing	20,365	762	1,236	178	1,425	1,133	1,179	184	6,256	47	290	15	104
Equipment rental and maintenance	6,596	398	191	65	412	493	479	106	1,802	11	113	41	-
Office maintenance	5,069	321	69	74	250	337	467	34	1,473	10	104	9	-
Insurance and bonding	43,237	1,893	935	311	1,724	2,328	2,268	516	13,455	99	622	179	220
Dues and subscriptions	20,743	1,016	310	150	816	2,940	1,582	135	5,390	42	313	29	106
Telephone	35,998	1,940	727	97	649	2,630	1,694	180	13,487	17	201	75	-
Postage	28,523	425	150	27	471	714	314	58	17,992	159	2,610	25	437
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	1,026	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	22,459	1,406	622	234	1,176	1,641	1,637	354	6,227	39	446	125	-
Advertising	5,201	178	15	10	37	302	414	9	742	3	14	11	8
Professional fees	55,456	2,428	1,561	367	4,207	3,178	3,733	990	13,716	81	755	219	84
Marketing	22,763	-	-	-	-	-	22,763	-	-	-	-	-	-
Depreciation	33,153	427	149	45	267	760	335	83	1,320	8	87	35	-
Equipment purchases	37,383	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt principal	62,613	3,729	1,811	633	3,412	4,609	4,452	981	16,941	104	1,184	349	-
Interest expense	42,381	2,480	2,282	425	2,259	3,031	2,994	658	11,306	70	810	222	-
Pass thru grant expense	4,135,283	284,158	767,951	-	-	-	-	-	-	-	-	-	-
Miscellaneous	12,790	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>8,694,336</b>	<b>483,485</b>	<b>882,660</b>	<b>30,000</b>	<b>198,041</b>	<b>244,999</b>	<b>235,602</b>	<b>73,481</b>	<b>1,354,429</b>	<b>9,777</b>	<b>66,743</b>	<b>18,554</b>	<b>21,960</b>
Excess of revenues over (under) expenditures	\$ 8,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015

	66	80	85	90	100	121	122	123	124	125	185	200	300	400	410
	EIRHC Housing Counseling	Regional Transit RPA/STP	CDBG Admin- istration	General	WIA	H1B	Bridges to Healthcare	Quad Graphics	Youth Career Connect	Career Link	Pass Through Grants	EDSA PFSA	Eastern Iowa Utility Service Systems	Regional Transit Authority	The Jule
<b>REVENUES</b>															
Federal	\$ -	\$ 103,686	\$ 132,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,382	\$ 3,067,460	\$ -	\$ -	\$ -	\$ -
State of Iowa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership fees	-	7,576	-	39,120	-	-	-	-	-	-	-	-	-	-	-
Fees and assessments	-	18,347	-	-	-	-	-	-	-	-	-	4,684	-	-	353,633
Economic Development Set-Aside and CDBG grant administration	-	-	231,233	-	-	-	-	-	-	-	-	-	-	-	-
Agency service billings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ECIA Business Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EIRHA/EIRHC	76,383	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce Investment Act (WIA) and related programs	-	-	-	-	276,927	30,764	14,870	23,086	32,361	-	-	-	-	-	-
Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	524,806	-
EIRUSS	-	-	-	-	-	-	-	-	-	-	-	-	61,828	-	-
Interest	-	-	-	728	-	-	-	-	-	-	-	-	-	-	-
Proceeds from note payable	-	-	-	23,944	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	43,212	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>76,383</b>	<b>129,609</b>	<b>363,602</b>	<b>107,004</b>	<b>276,927</b>	<b>30,764</b>	<b>14,870</b>	<b>23,086</b>	<b>32,361</b>	<b>16,382</b>	<b>3,067,460</b>	<b>4,684</b>	<b>61,828</b>	<b>524,806</b>	<b>353,633</b>
<b>EXPENDITURES</b>															
Salaries, wages & fringe benefits	67,557	107,812	306,887	-	249,043	30,631	14,765	22,262	29,237	387	-	4,249	51,434	456,076	330,805
Operating materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	658	1,481	4,263	-	1,355	-	-	-	149	-	-	34	794	8,027	588
Conferences and training	435	2,342	3,657	-	3,791	16	10	106	145	-	-	12	260	6,181	2,930
Business travel	1,865	6,533	14,257	19,340	10,676	24	21	189	1,394	-	-	25	2,406	7,350	3,732
Printing	241	471	1,529	-	1,288	16	12	91	27	-	-	18	271	2,074	1,518
Equipment rental and maintenance	162	228	725	-	-	-	-	-	3	-	-	9	121	1,063	174
Office maintenance	82	239	601	-	-	-	-	-	1	-	-	16	149	779	54
Insurance and bonding	754	1,093	3,485	-	3,235	34	19	271	296	-	-	42	554	5,081	3,823
Dues and subscriptions	247	848	1,604	-	1,438	13	13	72	46	-	-	24	277	1,976	1,356
Telephone	262	1,319	3,650	-	885	-	-	-	209	-	-	15	751	5,332	1,878
Postage	99	201	1,618	-	79	-	-	-	3	-	-	-	1,197	1,807	137
Property tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	988	17	21	-	-	-	-	-	-	-	-
Utilities	508	823	2,512	-	-	-	-	-	8	-	-	35	421	3,624	621
Advertising	15	534	1,119	-	71	-	1	3	686	-	-	2	253	689	85
Professional fees	937	1,818	5,693	-	4,078	13	8	92	108	-	-	54	990	7,306	3,040
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	122	171	597	27,688	-	-	-	-	3	-	-	8	86	823	139
Equipment purchases	-	-	-	37,383	-	-	-	-	-	-	-	-	-	-	-
Long-term debt principal	1,474	2,206	6,843	1,009	-	-	-	-	29	-	-	83	1,118	9,983	1,663
Interest expense	965	1,490	4,562	-	-	-	-	-	17	-	281	58	746	6,635	1,090
Pass thru grant expense	-	-	-	-	-	-	-	-	-	15,995	3,067,179	-	-	-	-
Miscellaneous	-	-	-	12,790	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>76,383</b>	<b>129,609</b>	<b>363,602</b>	<b>98,210</b>	<b>276,927</b>	<b>30,764</b>	<b>14,870</b>	<b>23,086</b>	<b>32,361</b>	<b>16,382</b>	<b>3,067,460</b>	<b>4,684</b>	<b>61,828</b>	<b>524,806</b>	<b>353,633</b>
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 8,794	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015

	30	80
	FHWA and FTA Section 8 Transportation 15MPO-ECIA	Regional Transit RPA 15RPA-08
<b>REVENUES</b>		
Federal - Planning	\$ 429,774	\$ 103,686
State of Wisconsin	243	-
Membership fees	16,400	7,576
Fees and assessments	37,068	18,347
Total revenues	483,485	129,609
<b>EXPENDITURES</b>		
Salaries, wages and fringe benefits	167,186	107,812
Operating materials	51	-
Office supplies	1,776	1,481
Conferences and training	6,109	2,342
Business travel	6,802	6,533
Printing	762	471
Equipment rental and maintenance	398	228
Office maintenance	321	239
Insurance and bonding	1,893	1,093
Dues and subscriptions	1,016	848
Telephone	1,940	1,319
Postage	425	201
Utilities	1,406	823
Advertising	178	534
Professional fees	2,428	1,818
Depreciation	427	171
Long-term debt principal	3,729	2,206
Interest expense	2,480	1,490
Pass through grant expense	284,158	-
Total expenditures	483,485	129,609
Add qualifying matching expenses paid by the City of Dubuque	71,040	-
Expense basis for computation of Federal participation in project cost	554,525	129,609
Federal or state participation percentage	80%	80%
Computed project grant earned	\$ 443,620	\$ 103,687
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:		
	\$ 429,774	\$ 103,686
Therefore, the grants earned equal:	\$ 429,774	\$ 103,686

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, 2015

50

	United States Department of Commerce Economic Development Planning Grant					EDA Advanced Manufacturing Grant	JULE Transit Marketing Grant	Collabor- ative Marketing State	Collabor- ative Marketing Other	Total Economic Development
	05-83-05318.01			05-83-05318.02						
	Prior Audit 1/1-6/30/14	Current Year 7/1-12/31/14	Total 1/1-12/31/14	Current Year 1/1-6/30/15	Total Fiscal Year					
<b>REVENUES</b>										
Federal - EDA	\$ 38,867	\$ 23,133	\$ 62,000	\$ 40,822	\$ 63,955	\$ 16,563	\$ -	\$ -	\$ -	\$ 80,518
State of Iowa - Planning	-	-	-	-	-	-	-	24,656	-	24,656
State of Iowa - Other	2,294	9,471	11,765	2,294	11,765	-	-	-	-	11,765
Membership fees	30,746	-	30,746	26,972	26,972	-	-	-	-	26,972
Fees and assessments	615	-	615	-	-	-	55,578	-	36,113	91,691
Total revenues	72,522	32,604	105,126	70,088	102,692	16,563	55,578	24,656	36,113	235,602
<b>EXPENDITURES</b>										
Salaries, wages and fringe benefits	65,541	39,007	104,548	64,502	103,509	13,849	47,568	1,893	8,750	175,569
Office supplies	934	557	1,491	1,148	1,705	193	518	-	-	2,416
Conferences and training	1,793	1,067	2,860	4,016	5,083	499	1,306	-	1,958	8,846
Business travel	1,272	757	2,029	2,175	2,932	346	996	-	186	4,460
Printing	455	271	726	464	735	135	309	-	-	1,179
Equipment rental and maintenance	216	129	345	192	321	47	111	-	-	479
Office maintenance	129	77	206	172	249	72	146	-	-	467
Insurance and bonding	720	529	1,249	1,000	1,529	190	549	-	-	2,268
Dues and subscriptions	422	251	673	783	1,034	89	459	-	-	1,582
Telephone	551	328	879	876	1,204	90	400	-	-	1,694
Postage	51	148	199	79	227	13	74	-	-	314
Utilities	638	380	1,018	718	1,098	144	395	-	-	1,637
Advertising	838	281	1,119	61	342	8	64	-	-	414
Professional fees	626	373	999	2,331	2,704	254	775	-	-	3,733
Marketing and pass through grant expense	-	-	-	-	-	-	-	22,763	-	22,763
Depreciation	213	127	340	113	240	23	72	-	-	335
Long-term debt principal	1,399	1,358	2,757	1,643	3,001	362	1,089	-	-	4,452
Interest expense	1,938	628	2,566	1,370	1,998	249	747	-	-	2,994
Total expenditures	77,736	46,268	124,004	81,643	127,911	16,563	55,578	24,656	10,894	235,602
Add qualifying matching expenses	-	-	-	-	-	16,563	-	13,738	-	-
Add in-kind matching expenses	-	-	-	-	-	-	-	-	-	-
Expense basis for computation of federal and/or state participation in project cost	77,736	46,268	124,004	81,643	127,911	33,126	55,578	38,394	10,894	
Federal or state participation percentage	50%	50%	50%	50%	50%	50%	0%	66%	0%	
Computed project grant earned	\$ 38,868	\$ 23,133	\$ 62,002	\$ 40,822	\$ 63,955	\$ 16,563	\$ -	\$ 25,340	\$ -	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:			\$ 62,000	\$ 40,822	\$ 63,955	\$ 16,563	\$ -	\$ 24,656	\$ -	
Therefore, the grants earned equal:			\$ 62,000	\$ 40,822	\$ 63,955	\$ 16,563	\$ -	\$ 24,656	\$ -	

East Central Intergovernmental Association  
Dubuque, Iowa  
**BALANCE SHEET - BY CONTRACT -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
June 30, 2015

Pass-through Entity:	Upper Explorerland Regional Planning Commission	Northeast Iowa Community College										
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement											
Contract Period:	7/1/14 - 6/30/15	4/1/12 - 10/1/11 - 3/31/16 9/30/14										
Program:	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%; text-align: center;">Admini- stration</td> <td style="width: 10%; text-align: center;">Adult Formula</td> <td style="width: 10%; text-align: center;">Youth in School Formula</td> <td style="width: 10%; text-align: center;">Youth Out of School Formula</td> <td style="width: 10%; text-align: center;">Quad Graphics SEG</td> <td style="width: 10%; text-align: center;">Youth Career Connect</td> <td style="width: 10%; text-align: center;">Dislocated Worker Formula</td> <td style="width: 10%; text-align: center;">H1B</td> <td style="width: 10%; text-align: center;">Bridges to Healthcare</td> <td style="width: 10%; text-align: center;">Total</td> </tr> </table>	Admini- stration	Adult Formula	Youth in School Formula	Youth Out of School Formula	Quad Graphics SEG	Youth Career Connect	Dislocated Worker Formula	H1B	Bridges to Healthcare	Total	
Admini- stration	Adult Formula	Youth in School Formula	Youth Out of School Formula	Quad Graphics SEG	Youth Career Connect	Dislocated Worker Formula	H1B	Bridges to Healthcare	Total			
<b>Assets</b>												
Cash	\$ -	\$ 5,136	\$ 1,570	\$ 2,954	\$ -	\$ -	\$ -	\$ 10,718	\$ -	\$ 20,378		
Grants receivable	1,291	4,748	5,337	2,876	5,045	18,107	10,802	2,000	-	50,206		
Due from other funds	46	-	-	-	-	-	-	-	-	46		
Prepaid expenses	-	117	86	22	-	-	202	-	-	427		
	<u>\$ 1,337</u>	<u>\$ 10,001</u>	<u>\$ 6,993</u>	<u>\$ 5,852</u>	<u>\$ 5,045</u>	<u>\$ 18,107</u>	<u>\$ 11,004</u>	<u>\$ 12,718</u>	<u>\$ -</u>	<u>\$ 71,057</u>		
<b>Liabilities and Fund Balance</b>												
Bank overdraft	\$ 1,255	\$ -	\$ -	\$ -	\$ 1,467	\$ 38	\$ 113	\$ -	\$ -	\$ 2,873		
Accounts payable	82	2,495	448	1,901	257	533	2,523	28	-	8,267		
Due to other funds	-	7,506	3,600	3,951	3,321	17,536	8,368	12,690	-	56,972		
Accrued liabilities												
Vacation and other pay	-	-	2,736	-	-	-	-	-	-	2,736		
Other	-	-	209	-	-	-	-	-	-	209		
Total liabilities	<u>1,337</u>	<u>10,001</u>	<u>6,993</u>	<u>5,852</u>	<u>5,045</u>	<u>18,107</u>	<u>11,004</u>	<u>12,718</u>	<u>-</u>	<u>71,057</u>		
Fund balance	-	-	-	-	-	-	-	-	-	-		
	<u>\$ 1,337</u>	<u>\$ 10,001</u>	<u>\$ 6,993</u>	<u>\$ 5,852</u>	<u>\$ 5,045</u>	<u>\$ 18,107</u>	<u>\$ 11,004</u>	<u>\$ 12,718</u>	<u>\$ -</u>	<u>\$ 71,057</u>		

East Central Intergovernmental Association  
 Dubuque, Iowa  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**WORKFORCE INVESTMENT ACT (WIA)**  
 For the year ended June 30, 2015

Pass-through Entity:	Upper Explorerland Regional Planning Commission						Northeast Iowa Community College			
Contract Number:	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement									
Contract Period:	7/1/14 - 6/30/15						4/1/12 - 3/31/16	10/1/11 - 9/30/14		
Program:	Admini- stration	Adult Formula	Youth in School Formula	Youth Out of School Formula	Quad Graphics SEG	Youth Career Connect	Dislocated Worker Formula	H1B	Bridges to Healthcare	Totals
<b>Revenues</b>										
Grants	\$ 34,241	\$ 102,180	\$ 35,485	\$ 65,796	\$ 24,977	\$ 35,288	\$ 95,652	\$ 31,000	\$ 15,000	\$ 439,619
<b>Expenditures</b>										
Administration	34,241	-	-	-	-	-	-	-	-	34,241
Training related and support services	-	786	2,121	3,425	-	-	1,473	-	-	7,805
Direct training services	-	101,394	33,364	62,371	24,977	35,288	94,179	31,000	15,000	397,573
Total expenditures	34,241	102,180	35,485	65,796	24,977	35,288	95,652	31,000	15,000	439,619
Excess of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
For the year ended June 30, 2015

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
<b>Direct</b>			
United States Department of Agriculture Rural Community Development Initiative	10.446		\$ 36,740
United States Department of Commerce EDA Planning Grant	11.302	05-83-05318.01 05-83-05318.02	23,133 40,822 <hr/> 63,955
			<hr/> 100,695
<b>Indirect:</b>			
United States Department of Commerce Passed through Southwestern Wisconsin Regional Planning Commission Local Technical Assistance	11.303	06-06-05877	16,563
United States Department of Labor Passed through Upper Explorerland Regional Planning Commission Workforce Investment Act Cluster			
Administration	17.258	UERPC/ECIA Contract	34,241
Adult Formula	17.258	UERPC/ECIA Contract	102,180
Youth In School Formula	17.259	UERPC/ECIA Contract	35,485
Youth Out of School Formula	17.259	UERPC/ECIA Contract	65,796
Youth Career Connect	17.274	UERPC/ECIA Contract	35,288
Quad Graphics SEG	17.278	UERPC/ECIA Contract	24,977
Dislocated Worker Formula	17.278	UERPC/ECIA Contract	95,652
			<hr/> 393,619
Passed through Northeast Iowa Community College Workforce Investment Act			
H1B Technical Skills Training	17.268		31,000
Trade Adjustment Assistance Community College Career and Training Grant (ARRA)	17.282		15,000
			<hr/> 46,000
<b>Total United States Department of Labor</b>			<b>439,619</b>

East Central Intergovernmental Association  
Dubuque, Iowa  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED**  
For the year ended June 30, 2015

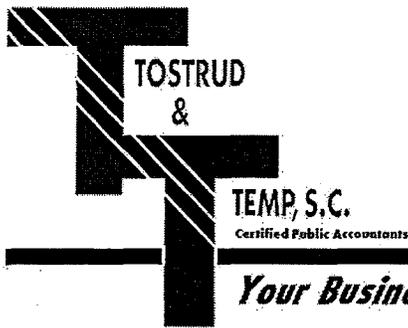
<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
<b>United States Department of Housing and Urban Development</b>			
Passed through Dubuque County Jumpstart Program	14.228 *	08-DRH-004/204	3,123,036
Passed through Iowa Economic Development Authority Career Link	14.228 *	14-CRL-001	16,382
Passed through the Iowa Finance Authority Home Investment Partnership Program	14.239	11-HM-112 11-HM-114	57,499 19,294 <hr/> 76,793
<b>Total United States Department of Housing and Urban Development</b>			<hr/> 3,216,211
<b>United States Department of Transportation</b>			
Passed through Iowa Department of Transportation (Major Program)			
FHWA - Highway planning and construction	20.205 *	2012-ICAAP-09	989,404
FHWA - Planning	20.205 *	15-MPO-ECIA	83,906
FTA 5305d	20.505	15-MPO-ECIA	46,434
FHWA SPR NEW - RPA	20.505	15-RPA-08	77,993
FTA 5305e - RPA	20.515	15-RPA-08	25,693
			<hr/> 1,223,430
Passed through Illinois Depart- ment of Transportation IL Hwy Planning Research	20.205 *	IDOT Contract	11,525
Passed through Wisconsin Depart- ment of Transportation FHWA Planning	20.515	WisDOT Contract	3,751
<b>Total United States Department of Transportation</b>			<hr/> 1,238,706
<b>Total Indirect</b>			<hr/> 4,911,099
<b>Total Federal Financial Assistance</b>			<hr/> <b>\$ 5,011,794</b> <hr/>

\* - Major Program

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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***Your Business Safety Net***

**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, 2015, 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 4, 2015.

**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**

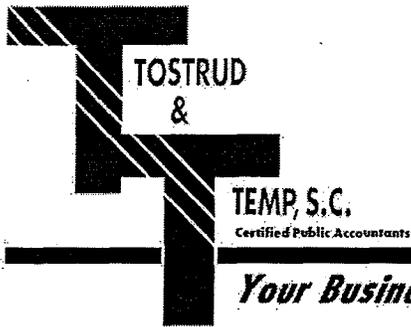
As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

*Robert + Kemp, S.C.*

November 4, 2015



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*Your Business Safety Net*

**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, 2015. 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, 2015.

## 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 4, 2015

East Central Intergovernmental Association  
 Dubuque, Iowa  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2015

**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>
14.228	Jumpstart Program
20.205	Federal Highway Planning and Construction

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