

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

**EAST CENTRAL
INTERGOVERNMENTAL ASSOCIATION
DUBUQUE, IOWA**

JUNE 30, 2016

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

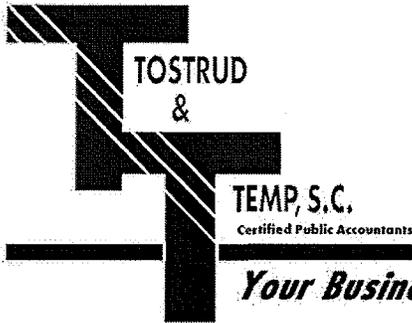
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INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 statements and fund financial statements by program 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 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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 8, 2016 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.

Rostand + Kemp, S. C.

November 8, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. The financial statements of ECIA consist of the operations of ECIA (a planning agency) and Workforce Innovation and Opportunity Act (WIOA) (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. We encourage readers to consider the information presented here in conjunction with ECIA's financial statements, which follow this discussion and analysis.

As many traditional sources of funding continued to decline in FY 2016, ECIA sought out new programs to increase its diversity within the region. The management of the Jule transit system was transitioned back to the City of Dubuque in July, 2015, however ECIA staff remained actively involved in the City's Intermodal Facility and Bus Maintenance and Storage Facility projects. Also, over \$350,000 was secured to implement an eight county, two state freight study to begin in FY 2017.

ECIA staff continued to work with the Jackson County Economic Alliance staff on raising funds for the Parks to People initiative. ECIA staff also worked closely with the City of Dubuque to secure a \$31.5 million HUD Disaster Resiliency grant to assist Bee Branch Watershed homeowners in repairing and "flood-proofing" their homes and for storm water infrastructure improvements. In addition, ECIA secured a \$550,000 Brownfields grant for the region with work to begin in FY 2017.

The employment and training programs saw the reauthorization of the Workforce Investment Act (WIA) program and staff implemented the new Workforce Innovation and Opportunity Act (WIOA) program and successfully secured the management of the program for the next five years.

As we look to fiscal 2017 and a new administration at the federal level, the future of many of our traditional programs is uncertain. We will continue to closely 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
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL HIGHLIGHTS

- ECIA's net position increased by \$125,937, or 7.2%, from June 30, 2015 to June 30, 2016.
- As of the close of the fiscal year, ECIA's fund balance was \$604,038, a decrease of \$47,058 in comparison with the prior year.
- Total revenues increased 23.1%, or \$2.1 million, and total expenditures increased 24.2% or \$2.2 million from fiscal 2015 to fiscal 2016. This was primarily due to an increase in federal New Production program funding for multi-family rehab projects which was subsequently passed through to Southeast Iowa Regional Planning Commission (SEIRPC), our partner Council of Governments in southern Iowa, as well as to Community Housing Initiatives, Inc., a non-profit housing and development group, for a rehab project in Clinton.

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

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

- 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 \$125,937 over the fiscal 2015 amount. The analysis that follows illustrates the changes in the components that make up net position.

CONDENSED STATEMENT OF NET POSITION

	<u>2016</u>	<u>2015</u>	<u>CHANGE</u>
Cash and investments	400,298	375,830	24,468
Other Current Assets	680,901	920,198	(239,297)
Capital Assets	<u>1,110,804</u>	<u>1,123,487</u>	<u>(12,683)</u>
Total assets	2,192,003	2,419,515	(227,512)
Deferred Outflows of Resources	<u>581,434</u>	<u>334,589</u>	<u>246,845</u>
Total assets and deferred outflows of resources	2,773,437	2,754,104	19,333
Current Liabilities	541,332	699,237	(157,905)
Noncurrent Liabilities	<u>3,155,046</u>	<u>2,866,141</u>	<u>288,905</u>
Total Liabilities	3,696,378	3,565,378	131,000
Deferred Inflows of Resources	696,559	934,163	(237,604)
Net Investment in Capital Assets	12,630	(26,718)	39,348
Unrestricted	<u>(1,632,130)</u>	<u>(1,718,719)</u>	<u>86,589</u>
Total Net Position	(1,619,500)	(1,745,437)	125,937

ECIA implemented GASB Statement 68 in fiscal 2015. ECIA is allocated its proportionate share of the Iowa Public Employees' Retirement System (IPERS) net pension asset, deferred outflows of resources, deferred inflows of resources and pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by ECIA management.

Total assets and deferred outflows increased \$19,333 to \$2,773,437. This included an increase in cash of approximately \$24,500, a decrease of approximately \$147,900 in accounts receivable, a decrease of \$95,700 in grants receivable, an increase of \$4,400 in prepaid expenses, a decrease of \$12,700 in net depreciable assets and an increase of \$246,800 in deferred outflows of resources.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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 decrease of approximately \$157,900 in this category was primarily due to a decrease of \$194,000 in accounts payable offset by an increase of \$34,500 in the liability for accrued vacation.

The noncurrent liability line item reflects the Note Payable on the ECIA facility, two loans to purchase agency vehicles, ECIA's accrued liability for post employment benefit plans and ECIA's proportionate share of the net pension liability. The increase of \$288,900 in this line item includes an increase of \$335,200 in ECIA's share of the net pension liability, an increase of \$15,600 in the accrued liability for post-employment benefit plans and a decrease of \$61,900 in notes payable due to principal payments made on the ECIA building loan and car loan, offset by the addition of a new vehicle loan. Of the total outstanding debt balance, \$64,200 is classified as current and \$3,155,000 as noncurrent.

ANALYSIS OF REVENUES AND EXPENDITURES

In FY 2016 and FY 2015, total revenues were \$11,223,237 and \$9,118,805 respectively, an increase of approximately \$2.1 million or 23.1%. Total Expenditures for the same period increased \$2.2 million or 24.2%. A comparison of income and expenditures is outlined in the following table.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2016	2015	NET CHANGE	PERCENT CHANGE
REVENUES				
Federal	7,505,544	5,011,794	2,493,750	49.8
State of Iowa	31,342	36,421	(5,079)	(13.9)
State of Wisconsin	243	243	0	0.0
Membership Fees	119,329	115,351	3,978	3.4
Fees and assessments	544,891	922,619	(377,728)	(40.9)
EIRHA	1,525,738	1,530,886	(5,148)	(0.3)
CDBG Administration	129,027	231,233	(102,206)	(44.2)
ECIA Business Growth	300,500	261,676	38,824	14.8
WIOA	439,279	378,008	61,271	16.2
EIRUSS	45,311	61,828	(16,517)	(26.7)
RTA	539,251	524,806	14,445	2.8
Interest	982	728	254	34.9
Miscellaneous	41,800	43,212	(1,412)	(3.3)
Total Revenues	11,223,237	9,118,805	2,104,432	23.1
EXPENDITURES				
Salaries, wages and benefits	3,676,540	3,872,170	(195,630)	(5.1)
Operating materials	15,740	14,586	1,154	7.9
Office supplies	46,112	48,604	(2,492)	(5.1)
Conference and training	56,440	56,959	(519)	(0.9)
Business travel	112,828	110,978	1,850	1.7
Printing	6,379	20,365	(13,986)	(68.7)
Equipment rental and maintenance	7,445	6,596	849	12.9
Office maintenance	2,468	5,069	(2,601)	(51.3)

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

	2016	2015	NET CHANGE	PERCENT CHANGE
Insurance and bonding	44,304	43,237	1,067	2.5
Dues and subscriptions	17,032	20,743	(3,711)	(17.9)
Telephone	31,370	35,998	(4,628)	(12.9)
Postage	26,025	28,523	(2,498)	(8.8)
Rent	0	1,026	(1,026)	(100.0)
Utilities	21,851	22,459	(608)	(2.7)
Advertising	3,797	5,201	(1,404)	(27.0)
Professional fees	71,945	55,456	16,489	29.7
Marketing	66,299	22,763	43,536	191.3
Equipment purchases	38,604	37,383	1,221	3.3
Long-term debt principal	74,409	62,613	11,796	18.8
Interest Expense	40,113	42,381	(2,268)	(5.4)
Miscellaneous	7,336	12,790	(5,454)	(42.6)
Pass through grant expense	6,416,441	4,135,283	2,281,158	55.2
WIOA program costs	521,896	439,619	82,277	18.7
Total Expenditures	11,305,374	9,100,802	2,204,572	24.2
Excess of Revenues over Expenditures	(82,137)	18,003	(100,140)	(556.2)
Proceeds From Note Payable	22,378	23,944	(1,566)	(6.5)
Proceeds From Sale of Fixed Assets	12,701	0	12,701	100.0
Excess of Revenues and Other Financing Sources over Expend	(47,058)	41,947	(89,005)	(212.2)
Beginning Fund Balance	651,096	609,149	41,947	
Ending Fund Balance	604,038	651,096	(47,058)	(7.2)

Federal funding increased by \$2.5 million primarily due to the increased activity in the Jumpstart program as funds for the NP5 and NP6 Multifamily Rental Unit Production programs were passed through to SEIRPC and CHI, Inc. Approximately \$6 million was passed through in FY16. Funding received from the State of Iowa decreased by approximately \$5,000 due to reduced funding for Prosperity Eastern Iowa regional economic development efforts. Fees and assessments decreased \$377,700 primarily due to the transition of the management of the Jule transit system back to the City of Dubuque. CDBG administration income decreased \$102,200 as fewer block grants were awarded. ECIA Business Growth income increased \$38,800 as staff on loan to the CD department transitioned back to economic development and loan activities. Income from the WIOA program increased by \$61,300 due the addition of the Job Driven National Emergency Grant along with the use of WIOA funding to hire an additional staff person to assist with client intake. EIRUSS administrative income decreased \$16,500 as the Leisure Lake wastewater project was completed and less administration time was required.

Printing expense decreased by \$14,000 as the copy machine contracts were renegotiated in FY16 and copier usage decreased as an effort was made to store documents electronically vs. generating printed copies. Office maintenance decreased as FY15 included a one-time expense to replace mulch with landscaping rock. Dues and subscriptions decreased \$3,700 as ECIA did not renew membership in the American

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Public Transportation Association (\$1,500) which had been a requirement of the Jule management contract as well as a move toward accessing as many publications as possible online rather than subscribing to printed materials. Telephone expense decreased \$4,600 as the number of cell phones decreased with staff reductions. Rent expense decreased to zero as the WIOA office rent is now paid directly by the WIOA program and is included in WIOA program costs. Advertising decreased \$1,400 primarily due to a reduction in public notice publishing as a result of reduced activity in the Community Development department.

Professional fees increased \$16,500 due to a \$6,000 increase in legal fees along with \$3,000 for installation and training for the new Laserfiche document management system as well as increased cost of the T1 line for internet service. Marketing increased by approximately \$43,500 due to pass thru of the \$46,095 EDA Recapitalization grant to the Business Growth revolving loan fund offset by a decrease in PEI marketing activity. Principal payments on long-term debt increased \$11,800 as ECIA made payments on two vehicle loans during FY16. Miscellaneous expense decreased approximately \$5,500 as FY15 expense included 40th Anniversary expense of \$2,800 and Wellness program incentives of \$2,700.

Pass through grant expenses increased approximately \$2.3 million due to the activity in the NP5 and NP6 Federal Jumpstart contract. WIOA program costs increased approximately \$82,300 as a result of the addition of the Job Driven NEG grant and the hiring of an additional staff person to assist with the WIOA Formula grant program. Proceeds from the sale of fixed assets increased as two 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."

The ECIA Council approved one budget amendment in May 2016. Differences between the original budget and the final amended budget can be summarized as follows:

- The original revenue budget of \$6,136,095 was increased to \$11,276,362, an increase of approximately \$5.1 million. This was primarily due to an increase in the federally funded Jumpstart program.
- The original expenditure budget of \$6,132,639 was increased to \$11,336,186, an increase of \$5.2 million. This increase was also primarily due to the increase in Jumpstart program activity as funds were passed through ECIA to SEIRPC and CHI, Inc.

The Salary/benefit expense budget was increased by \$92,900 due to the addition of two staff hired for the WIOA program after the start of the fiscal year. The office supplies budget was increased by \$33,100 due to the purchase of \$16,000 in supplies for the IBM VMT project as well as the purchase of computers and dual monitors for seven staff. The conference and training budget was increased by \$22,000 as staff attended more conference in FY16 than originally anticipated.

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The printing budget was decreased \$12,000 as the copy machine contracts were renegotiated and printer use in general had decreased.

The Equipment rental and maintenance budget was increased \$1,000 due to the service contract on the color copier. The insurance budget was increased by \$2,300 due to higher than anticipated renewal rates for professional liability and employment practices insurance. The dues and subscriptions budget was reduced by \$1,000 as actual expense was slightly lower than originally anticipated. The postage budget was decreased \$3,000 due to lower than anticipated usage. The utility budget was decreased by \$5,000 as utility costs were trending lower in FY16. The advertising budget was reduced by \$1,400 as the agency's advertising needs were less than anticipated.

The Professional fees budget was increased by \$19,000 due to increased legal fees along with the installation of the Laserfiche software and a financial software upgrade. The marketing budget was increased by \$4,000 due to PEI sponsorship of career fairs and veteran recruitment activities. The miscellaneous expense budget was increased primarily due to the disallowance of \$6,600 in previously billed Dubuque HOME grant program staff charges by the Iowa Finance Authority.

Pass-through grant expense was increased by \$5 million due to the increase in Jumpstart program activity. The budget for Proceeds from long-term borrowing was increased to \$22,300 as the vehicle purchased cost more than originally anticipated. Proceeds from sale of fixed assets was decreased by \$7,300 as ECIA was not successful in selling the Ford pickup truck as originally budgeted.

RESULTS OF OPERATIONS

While the amended budget anticipated a decrease in fund balance of \$24,745, the operating results for the fiscal year ending June 30, 2016 reflected an actual decrease of \$47,058. This was a disappointing result; however, this was anticipated as management, with the board's approval, made the decision to carry staff in the Community Development department even though there were not enough billable projects to support their salary and benefits. This was done in anticipation of ECIA's need for trained staff to carry out the FY17 contracts for Maquoketa rental inspections and Dubuque HUD Resiliency grant inspections.

Operating revenues were approximately \$575,000 or 5.4% lower than budgeted. Operating expenditures were approximately \$553,000 or 5.1% lower than budgeted. Both variances were primarily due to the timing of the Jumpstart federal pass through funds. These funds are drawn down as requested by our partners and it is often difficult to anticipate their needs in advance. The following table details the components of these variances:

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

COMPARISON OF BUDGET VS. ACTUAL

	BUDGET	ACTUAL	VARIANCE	PERCENT
REVENUES				
Federal	7,552,630	6,983,648	(568,982)	(8.1)
State of Iowa	11,765	31,342	19,577	62.5
State of Wisconsin	243	243	0	0.0
Membership Fees	119,328	119,329	1	0.0
Fees and assessments	507,958	544,891	36,933	6.8
EIRHA	1,553,905	1,525,738	(28,167)	(1.8)
CDBG/EDSA Admin	189,710	129,027	(60,683)	(47.0)
ECIA Business Growth	283,362	300,500	17,138	5.7
Workforce Investment Act	445,983	439,279	(6,704)	(1.5)
EIRUSS	39,516	45,311	5,795	12.8
Regional Transit Authority	527,407	539,251	11,844	2.2
Interest	1,004	982	(22)	(2.2)
Miscellaneous	43,551	41,800	(1,751)	(4.2)
Total Revenues	11,276,362	10,701,341	(575,021)	(5.4)
EXPENDITURES				
Salaries, wages and benefits	3,649,288	3,676,540	27,252	0.7
Operating materials	0	15,740	15,740	100.0
Office supplies & operating materials	66,200	46,112	(20,088)	(43.6)
Conference and training	54,100	56,440	2,340	4.1
Business travel	113,000	112,828	(172)	(0.2)
Printing	8,000	6,379	(1,621)	(25.4)
Equip rental and maint	6,000	7,445	1,445	19.4
Insurance and bonding	44,300	44,304	4	0.0
Dues and subscriptions	17,000	17,032	32	0.2
Telephone	34,000	31,370	(2,630)	(8.4)
Postage	26,000	26,025	25	0.1
Utilities	19,000	21,851	2,851	13.0
Maintenance	5,000	2,468	(2,532)	(102.6)
Advertising	3,600	3,797	197	5.2
Professional fees	77,000	71,945	(5,055)	(7.0)
Marketing	19,000	66,299	47,299	71.3
Equipment purchases	38,604	38,604	0	0.0
Long-term debt principal	73,000	74,409	1,409	1.9
Interest expense	40,036	40,113	77	0.2
Miscellaneous	14,658	7,336	(7,322)	(99.8)
Pass-through grant expense	7,028,400	6,416,441	(611,959)	(9.5)
Total Expenditures	11,336,186	10,783,478	(552,708)	(5.1)
OTHER INCOME				
Proceeds from Notes Payable	22,378	22,378	0	0.0
Proceeds from Sale of Fixed Assets	12,701	12,701	0	0.0
Excess of Revenues over Expenditures	(24,745)	(47,058)	(22,313)	47.4

**EAST CENTRAL INTERGOVERNMENTAL ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2016, ECIA had \$1,110,804 invested in capital assets (net of depreciation), including a building, land, office furniture and equipment and agency vehicles. Total outstanding debt was \$1,098,174, which represents the outstanding balance of the Economic Development Revenue Note used to fund the building and two loans used to purchase agency vehicles.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

ECIA's management and Council considered many factors when setting the fiscal year 2017 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 \$.60 to \$.62 per capita in Fiscal 2017. As they did in FY16, 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.

ECIA was successful in securing funding for the installation of a solar system. The project is currently underway and should be completed by the end of the calendar year.

As we progress into 2017, 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, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and investments	\$ 400,298
Accounts receivable	399,935
Grants receivable	263,751
Prepaid fees and expenses	17,215
Total current assets	<u>1,081,199</u>
Noncurrent assets	
Land (non depreciable)	214,432
Property and equipment	1,336,191
Less: accumulated depreciation	(439,819)
Total capital assets, net of depreciation	<u>1,110,804</u>
Total noncurrent assets	<u>1,110,804</u>
Total assets	2,192,003
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	581,434
Total assets and deferred outflows of resources	<u>\$ 2,773,437</u>
LIABILITIES	
Current liabilities	
Current portion of long-term obligations	\$ 64,171
Accounts payable	53,709
Unearned revenue	
Grants	17,211
Prepaid memberships	13,520
Accrued liabilities	
Vacation and holiday pay	289,760
Other	102,961
Total current liabilities	<u>541,332</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	<u>3,155,046</u>
Total liabilities	3,696,378
DEFERRED INFLOWS OF RESOURCES	
Pension plan	696,559
NET POSITION	
Net investment in capital assets	12,630
Unrestricted	<u>(1,632,130)</u>
Total net position	<u>(1,619,500)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,773,437</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Salaries, wages and fringe benefits	\$ 3,141,361	\$ 991,748	\$ 2,171,423	\$ 21,810
Operating materials	15,740	4,969	10,880	109
Office supplies	43,835	13,839	30,300	304
Conferences and training	52,506	16,576	36,294	364
Business travel	95,845	30,259	66,252	666
Printing	6,022	1,901	4,163	42
Equipment rental and maintenance	7,382	2,331	5,103	52
Office maintenance	2,443	771	1,689	17
Insurance and bonding	38,609	12,189	26,688	268
Dues and subscriptions	15,426	4,870	10,663	107
Telephone	29,334	9,261	20,277	204
Postage	25,883	8,171	17,891	179
Utilities	21,851	6,898	15,104	151
Advertising	3,608	1,139	2,494	25
Professional fees	71,542	22,586	49,452	496
Marketing	63,306	19,986	43,759	439
Depreciation	51,287	16,192	35,451	356
Interest expense	39,754	12,551	27,479	276
Pass through grant expense	6,416,441	2,025,710	4,435,274	44,543
Miscellaneous	6,651	2,100	4,597	46
WIA program costs	521,896	-	521,896	-
Total governmental activities	\$ 10,670,722	\$ 3,204,047	\$ 7,537,129	70,454
General revenues				
				982
Interest				41,800
Miscellaneous				12,701
Gain on sale of fixed assets				55,483
Total general revenues				125,937
Change in net position				
				(1,745,437)
Net position at beginning of year				
Net position at end of year				\$ (1,619,500)

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>ECIA</u>	<u>WIOA</u>	
	General	Special	
ASSETS	Fund	Revenue	<u>Total</u>
	Fund	Fund	
Cash and investments	\$ 384,014	\$ 16,284	\$ 400,298
Accounts receivable	399,923	12	399,935
Grants receivable	178,857	84,894	263,751
Due from other funds	60,773	-	60,773
Prepaid fees and expenses	16,715	500	17,215
	<u>1,040,282</u>	<u>101,690</u>	<u>1,141,972</u>
Total assets	\$ <u>1,040,282</u>	\$ <u>101,690</u>	\$ <u>1,141,972</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 35,427	\$ 18,282	\$ 53,709
Accrued liabilities			
Vacation and other pay	284,720	5,040	289,760
Other	102,575	386	102,961
Unearned revenue			
Unearned grant revenue	2	17,209	17,211
Prepaid memberships	13,520	-	13,520
Due to other funds	-	60,773	60,773
	<u>436,244</u>	<u>101,690</u>	<u>537,934</u>
Total liabilities	436,244	101,690	537,934
Fund balance			
Unrestricted			
Committed - building maintenance	70,000	-	70,000
Unassigned	534,038	-	534,038
	<u>604,038</u>	<u>-</u>	<u>604,038</u>
Total fund balance	604,038	-	604,038
	<u>\$ 1,040,282</u>	<u>\$ 101,690</u>	<u>\$ 1,141,972</u>

The accompanying notes are an integral part of this statement.

East Central Intergovernmental Association
Dubuque, Iowa
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF NET POSITION
June 30, 2016

Fund balance - governmental funds \$ 604,038

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	\$ 1,550,623	
Governmental accumulated depreciation	<u>(439,819)</u>	1,110,804

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		581,434

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	(1,974,053)	
Vested employee benefits	(146,990)	
General obligation debt	<u>(1,098,174)</u>	(3,219,217)

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>(696,559)</u>

Total net position - governmental activities		\$ <u><u>(1,619,500)</u></u>
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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, 2016

	ECIA	WIOA	Total
	General Fund	Special Revenue Fund	
Revenues			
Federal	\$ 6,983,648	\$ 521,896	\$ 7,505,544
State of Iowa	31,342	-	31,342
State of Wisconsin	243	-	243
Membership fees	119,329	-	119,329
Fees and assessments	544,891	-	544,891
Economic Development Set-Aside and CDBG grant administration	129,027	-	129,027
Agency service billings			
ECIA Business Growth	300,500	-	300,500
Eastern Iowa Regional Housing Authority (EIHRA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,525,738	-	1,525,738
Workforce Innovation and Opportunity Act (WIOA) and related programs	439,279	-	439,279
Regional Transit Authority	539,251	-	539,251
EIRUSS	45,311	-	45,311
Interest	982	-	982
Miscellaneous	41,800	-	41,800
Total revenues	10,701,341	521,896	11,223,237
Expenditures			
Salaries, wages and fringe benefits	3,676,540	-	3,676,540
Operating materials	15,740	-	15,740
Office supplies	46,112	-	46,112
Conferences and training	56,440	-	56,440
Business travel	112,828	-	112,828
Printing	6,379	-	6,379
Equipment rental and maintenance	7,445	-	7,445
Office maintenance	2,468	-	2,468
Insurance and bonding	44,304	-	44,304
Dues and subscriptions	17,032	-	17,032
Telephone	31,370	-	31,370
Postage	26,025	-	26,025
Utilities	21,851	-	21,851
Advertising	3,797	-	3,797

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, 2016

	ECIA	WIA	
	General Fund	Special Revenue Fund	Total
Expenditures - Continued			
Professional fees	\$ 71,945	\$ -	\$ 71,945
Marketing	66,299	-	66,299
Equipment purchases	38,604	-	38,604
Long-term debt principal	74,409	-	74,409
Interest expense	40,113	-	40,113
Pass through grant expense	6,416,441	-	6,416,441
Miscellaneous	7,336	-	7,336
Program and administrative costs	-	521,896	521,896
Total expenditures	10,783,478	521,896	11,305,374
 Excess of revenues over expenditures	 (82,137)	 -	 (82,137)
Other financing sources			
Proceeds from sale of fixed assets	12,701	-	12,701
Proceeds from note payable	22,378	-	22,378
	<u>35,079</u>	<u>-</u>	<u>35,079</u>
 Change in fund balance	 (47,058)	 -	 (47,058)
 Fund balance at beginning of year	 <u>651,096</u>	 <u>-</u>	 <u>651,096</u>
 Fund balance at end of year	 <u>\$ 604,038</u>	 <u>\$ -</u>	 <u>\$ 604,038</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, 2016

Net change in fund balances - total governmental funds \$ (47,058)

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	\$ 38,604	
Depreciation expense reported in the statement of activities	<u>(51,287)</u>	(12,683)

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

Special termination benefits paid in current year	-	
Special termination benefits earned in current year	<u>(15,640)</u>	(15,640)
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.

Net change in net pension liability		149,287
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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:		(22,378)
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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>74,409</u>
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Change in net position - governmental activities		\$ <u>125,937</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, 2016

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 Innovation and Opportunity Act (WIOA) (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, 2016

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, 2016

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, 2016

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 on the fund statements when incurred.

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, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Subsequent Events

The Association has evaluated subsequent events through November 8, 2016, the date on 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 four 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, 2016

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
Revenues and other sources						
Federal	\$ 7,505,544	\$ -	\$ -	\$ -	\$ -	\$ 7,505,544
State of Iowa	31,342	-	-	-	-	31,342
State of Wisconsin	243	-	-	-	-	243
Membership fees	119,329	-	-	-	-	119,329
Fees and assessments	544,891	-	-	-	-	544,891
Economic Development Set-Aside and CDBG grant administration	129,027	-	-	-	-	129,027
Agency service billings						
ECIA Business Growth	300,500	-	-	-	-	300,500
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,525,738	-	-	-	-	1,525,738
Workforce Innovation and Opportunity Act (WIOA) and related programs	439,279	-	-	-	(439,279)	-
Regional Transit Authority	539,251	-	-	-	-	539,251
EIRUSS	45,311	-	-	-	-	45,311
Interest	982	-	-	-	-	982
Miscellaneous	41,800	-	-	-	-	41,800
Proceeds from sale of fixed assets	12,701	-	(12,701)	-	-	-
Proceeds from note payable	22,378	-	-	(22,378)	-	-
Gain on sale of fixed assets	-	-	12,701	-	-	12,701
Total revenues	11,258,316	-	-	(22,378)	(439,279)	10,796,659
Expenditures						
Salaries, wages and fringe benefits	3,676,540	(133,647)	-	-	(401,532)	3,141,361
Operating materials	15,740	-	-	-	-	15,740
Office supplies	46,112	-	-	-	(2,277)	43,835
Conferences and training	56,440	-	-	-	(3,934)	52,506
Business travel	112,828	-	-	-	(16,983)	95,845
Printing	6,379	-	-	-	(357)	6,022
Equipment rental and maintenance	7,445	-	-	-	(63)	7,382
Office maintenance	2,468	-	-	-	(25)	2,443
Insurance and bonding	44,304	-	-	-	(5,695)	38,609
Dues and subscriptions	17,032	-	-	-	(1,606)	15,426
Telephone	31,370	-	-	-	(2,036)	29,334
Postage	26,025	-	-	-	(142)	25,883
Utilities	21,851	-	-	-	-	21,851
Advertising	3,797	-	-	-	(189)	3,608
Professional fees	71,945	-	-	-	(403)	71,542
Marketing	66,299	-	-	-	(2,993)	63,306
Depreciation	-	-	51,287	-	-	51,287
Equipment purchases	38,604	-	(38,604)	-	-	-
Long-term debt principal	74,409	-	-	(74,409)	-	-
Interest expense	40,113	-	-	-	(359)	39,754
Pass through grant expense	6,416,441	-	-	-	-	6,416,441
Miscellaneous	7,336	-	-	-	(685)	6,651
WIA program costs	521,896	-	-	-	-	521,896
Total expenditures	11,305,374	(133,647)	12,683	(74,409)	(439,279)	10,670,722
Net change for the year	\$ (47,058)	\$ 133,647	\$ (12,683)	\$ 52,031	\$ -	\$ 125,937

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE C - CASH DEPOSITS

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ <u>400,298</u>

Cash and investments as of June 30, 2016 consist of the following:

	Carrying Amount	Bank Balance
Petty cash	\$ 58	\$ -
Investment checking/savings and money market accounts	<u>400,240</u>	<u>409,386</u>
	\$ <u>400,298</u>	\$ <u>409,386</u>

Investments Authorized by the Association's Investment Policy

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

Disclosures Relating to Interest Rate Risk

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

Disclosures Relating to Credit Risk

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

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

East Central Intergovernmental Association
 Dubuque, Iowa
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2016

NOTE C - CASH DEPOSITS - CONTINUED

Concentration of Credit Risk - Continued

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, 2016 the Association's deposits of \$89,156 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, 2016, the Association had the following accounts and grants receivable outstanding:

Accounts Receivable - ECIA

Eastern Iowa Regional Housing Authority	\$ 145,919
Eastern Iowa Regional Partnership, LLP	701
Eastern Iowa Regional Housing Corp.	43,235
EIRH Tax Credit Corp	4,560
E.I.R.U.S.S	7,013
Local contract charges	102,251
E.C.I.A. Business Growth, Inc.	17,212
Regional Transit Authority	55,929
Asbury EIRP, LLLP	1,173
Other	<u>21,930</u>

399,923

Accounts Receivable - WIOA

Other	<u>12</u>
Total accounts receivable	<u>\$ 399,935</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE D - ACCOUNTS AND GRANTS RECEIVABLE - CONTINUED

Grants Receivable - ECIA	
Iowa DOT - FHWA planning	\$ 30,976
Iowa DOT - MPO	82,433
Iowa DOT - ICAAP	3,092
Iowa DOT - IBM VMT	9,657
Illinois DOT	2,688
USDA - RCDI	17,964
Iowa Economic Development Authority	2,124
IEDA Regional Marketing Grant	3,758
EDA Grant	<u>26,165</u>
	178,857
Grants Receivable - WIOA	
WIOA Grants	<u>84,894</u>
 Total grants receivable	 \$ <u>263,751</u>

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.

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, any time 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:

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

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.)

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
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

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. Statutes limit the amount rates can increase or decrease each year to 1 percentage point. The 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 2016, 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 14.8 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, 2016 were \$235,631.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the Association reported a liability of \$1,974,053 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Association's collective proportion was .039708 percent which was a decrease of .000788 percent from its proportion measured as of June 30, 2014.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE E - PENSION AND RETIREMENT BENEFITS - CONTINUED

For the year ended June 30, 2016, the Association recognized pension expense of \$86,344. At June 30, 2016, 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	\$ 29,825	\$ -
Changes of assumptions	54,351	-
Net difference between projected and actual earnings on pension plan investments	295,357	459,650
Changes in proportion and differences between Association contributions and proportionate share of contributions	(33,730)	236,909
Association contributions subsequent to the measurement date	235,631	-
	\$ 581,434	\$ 696,559

\$235,631 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:

Year ending June 30,	Amount
2017	\$ (135,013)
2018	(135,013)
2019	(135,011)
2020	55,338
2021	(1,055)
	\$ (350,754)

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2015)	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, 2015 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
Core-plus fixed income	28%	2.04%
Domestic equity	24%	6.29%
International equity	16%	6.75%
Private equity/debt	11%	11.32%
Real estate	8%	3.48%
Credit opportunities	5%	3.63%
U.S. TIPS	5%	1.91%
Other real assets	2%	6.24%
Cash	1%	-0.71%
	<u>100%</u>	

East Central Intergovernmental Association
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2016

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 (8.50%)
Association's proportionate share of the net pension liability	\$3,456,212	\$1,974,053	\$723,005

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.

Payables to the Pension Plan - At June 30, 2016, the Association reported payables to the defined benefit pension plan of \$27,516 for legally required employer contributions and \$18,334 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, 2016 is as follows:

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE F - COMPENSATED ABSENCES - CONTINUED

Sick leave \$ 561,345

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. The Association paid \$13,557 for operating leases in the current year.

Future minimum lease payments are as follows:

June 30, 2017	\$	13,557		
2018		5,234		
		<u>18,791</u>		
	\$	<u>18,791</u>		

NOTE H - FIXED ASSETS

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

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Land (non-depreciable)	\$ 214,432	\$ -	\$ -	\$ 214,432
Land improvements	11,121	7,261	-	18,382
Building	1,052,275	-	-	1,052,275
Equipment and furniture	<u>274,162</u>	<u>31,343</u>	<u>39,971</u>	<u>265,534</u>
Subtotal	1,551,990	38,604	39,971	1,550,623
Less accumulated depreciation				
Land improvements	11,121	1,028	-	12,149
Building	182,917	26,307	-	209,224
Equipment and furniture	<u>234,465</u>	<u>23,952</u>	<u>39,971</u>	<u>218,446</u>
	<u>428,503</u>	<u>51,287</u>	<u>39,971</u>	<u>439,819</u>
Total	<u>\$ 1,123,487</u>	<u>\$ (12,683)</u>	<u>\$ -</u>	<u>\$ 1,110,804</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE I - GENERAL LONG-TERM OBLIGATIONS

Long-term debt transactions for the year ended June 30, 2016 are as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Notes payable	\$ 1,150,205	\$ 22,378	\$ 74,409	\$ 1,098,174
Pension plan	1,638,891	-	(335,162)	1,974,053
Vested employee benefits	131,350	15,640	-	146,990
	<u>\$ 2,920,446</u>	<u>\$ 38,018</u>	<u>\$ (260,753)</u>	<u>\$ 3,219,217</u>

Long-term notes payable at June 30, 2016 are comprised of the following:

<u>Description</u>	<u>Balance at June 30, 2016</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.	\$ 19,373	\$ 4,690
\$22,378 commercial loan from DuTrac Community Credit Union dated August 4, 2015 and due in monthly installments of \$645, including interest at 1.99% per annum until August 2018.	\$ 16,257	\$ 7,485
\$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>1,062,544</u>	<u>51,996</u>
Total	<u>\$ 1,098,174</u>	<u>\$ 64,171</u>

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

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, 2016, are as follows:

Year ended				
June 30,	Principal	Interest	Total	
2017	\$ 64,171	\$ 37,001	\$ 101,172	
2018	66,277	34,896	101,173	
2019	61,803	32,769	94,572	
2020	62,725	30,672	93,397	
2021	59,798	28,559	88,357	
2022-2026	332,446	109,338	441,784	
2027-2031	395,922	45,859	441,781	
2032-2033	55,032	692	55,724	
	<u>\$ 1,098,174</u>	<u>\$ 319,786</u>	<u>\$ 1,417,960</u>	

NOTE J - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Association provides various early retirement benefits to eligible staff. The benefit is determined based on position, longevity and union membership (if applicable). Employees who retire at age 55 or older with 10 years of service and already participating in the health insurance plan at retirement, may remain on the Association's health insurance until the employee is eligible for Medicare. Retirees pay the full cost of the insurance premium with no surviving spouse provisions. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required in Governmental Accounting Standards Board (GASB) Statement No. 45 in the Statement of Activities. There were no retirees receiving benefits and nine employees were eligible to receive benefits in the fiscal year ended June 30, 2016.

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, 2016

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

on an open group, with 29 years of amortization remaining as of June 30, 2016. 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 OPEB Cost and Net OPEB Obligation. The Association's annual OPEB cost and net OPEB obligation for the current year is:

Component	Amount
Annual required contribution (ARC)	\$ 15,606
Adjustment to the ARC	(5,220)
Interest on net OPEB obligation	<u>5,254</u>
Annual OPEB cost (expense)	15,640
OPEB payments made	<u>-</u>
Increase in net OPEB obligation	15,640
Net OPEB obligation - beginning of year	<u>131,350</u>
Net OPEB obligation - end of year	<u>\$ 146,990</u>

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 OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 15,640	0.00%	\$ 146,990
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
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE K - SHORT-TERM NOTES PAYABLE

The Association had a balance of \$0 on a line of credit at June 30, 2016. The line of credit, dated July 1, 2015, had a credit limit of \$600,000 and matured June 30, 2016. The line of credit was not renewed. The line of credit had an interest rate that was variable based on the Wall Street Journal U.S. Prime Rate as published in the Wall Street Journal. The rate at June 30, 2016 was 4.5%. The Association had interest expense of \$1,236 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, 2016:

General Fund		
Salaries, wages and fringe benefits	\$	27,252
Operating materials		15,740
Conferences and training		2,340
Equipment rental and maintenance		1,445
Insurance and bonding		4
Dues and subscriptions		32
Postage		25
Utilities		2,851
Advertising		197
Marketing		47,299
Long-term debt principal		1,409
Interest expense		77
Workforce Innovation and Opportunity Act		
Program costs		25,996

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.

East Central Intergovernmental Association
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2016

NOTE N - COMMITTED FUND BALANCE

The Association has a committed fund balance of \$72,739 as of June 30, 2016. The committed fund balance consists of dollars set aside for the following projects:

Solar panel installation	\$ 47,215
Parking lot resurfacing	<u>25,524</u>
	<u>\$ 72,739</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, 2016

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>						
7/1/2015	\$ -	\$ 137,514	\$ 137,514	0.00%	\$ 2,665,336	5.16%
7/1/2014	\$ -	\$ 179,490	\$ 179,490	0.00%	\$ 3,010,333	5.96%
7/1/2013	\$ -	\$ 167,560	\$ 167,560	0.00%	\$ 2,380,725	7.04%
7/1/2012	\$ -	\$ 167,560	\$ 167,560	0.00%	\$ 2,837,529	5.91%
7/1/2011	\$ -	\$ 201,540	\$ 201,540	0.00%	\$ 2,805,061	7.18%
7/1/2010	\$ -	\$ 201,540	\$ 201,540	0.00%	\$ 2,654,547	7.59%
7/1/2009	\$ -	\$ 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
Last 2 Fiscal Years*

	2016	2015
Association's proportion of the net pension liability (asset)	.039708%	.040496%
Association's proportionate share of the net pension liability (asset)	\$1,974,053	\$1,638,891
Association's covered-employee payroll	\$2,737,381	\$2,704,405
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.19%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

East Central Intergovernmental Association
Dubuque, Iowa
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ASSOCIATION CONTRIBUTIONS
Iowa Public Employees' Retirement System
Last 2 Fiscal Years*

	2016	2015
Contractually required contributions	\$ 244,449	\$ 241,476
Contributions in relation to the contractually required contributions	\$ 244,449	\$ 241,476
Contribution deficiency (excess)	\$ -	\$ -
Association's covered-employee payroll	\$2,737,381	\$2,704,405
Contributions as a percentage of covered-employee payroll	8.93%	8.93%

*The amounts presented for each fiscal year were determined as of June 30.

Notes to Required Supplementary Information
for the Year Ended June 30, 2016

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
Revenues				
Federal	\$ 2,530,492	\$ 7,552,630	\$ 6,983,648	\$ (568,982)
State of Iowa	11,000	11,765	31,342	19,577
State of Wisconsin	243	243	243	-
Membership fees	119,328	119,328	119,329	1
Fees and assessments	345,093	507,958	544,891	36,933
Economic Development Set-Aside and CDBG grant administration	268,177	189,710	129,027	(60,683)
Agency service billings				
ECIA Business Growth	305,467	283,362	300,500	17,138
Eastern Iowa Regional Housing Authority (EIRHA)/ Eastern Iowa Regional Housing Corporation (EIRHC)	1,527,893	1,553,905	1,525,738	(28,167)
Workforce Innovation and Opportunity Act (WIOA) and related programs	430,065	445,983	439,279	(6,704)
Regional Transit Authority	528,500	527,407	539,251	11,844
EIRUSS	30,137	39,516	45,311	5,795
Interest	700	1,004	982	(22)
Miscellaneous	39,000	43,551	41,800	(1,751)
Total revenues	6,136,095	11,276,362	10,701,341	(575,021)
Expenditures				
Salaries, wages and fringe benefits	3,556,333	3,649,288	3,676,540	(27,252)
Operating materials	-	-	15,740	(15,740)
Office supplies	33,100	66,200	46,112	20,088
Conferences and training	32,100	54,100	56,440	(2,340)
Business travel	95,000	113,000	112,828	172
Printing	20,000	8,000	6,379	1,621
Equipment rental and maintenance	5,000	6,000	7,445	(1,445)
Office maintenance	5,000	5,000	2,468	2,532
Insurance and bonding	42,000	44,300	44,304	(4)
Dues and subscriptions	18,000	17,000	17,032	(32)
Telephone	34,000	34,000	31,370	2,630
Postage	29,000	26,000	26,025	(25)
Utilities	24,000	19,000	21,851	(2,851)
Advertising	5,000	3,600	3,797	(197)
Professional fees	58,000	77,000	71,945	5,055
Marketing	15,000	19,000	66,299	(47,299)
Equipment purchases	40,000	38,604	38,604	-
Long-term debt principal	75,900	73,000	74,409	(1,409)
Interest expense	39,206	40,036	40,113	(77)
Pass-through grant expense	2,000,000	7,028,400	6,416,441	611,959
Miscellaneous	6,000	14,658	7,336	7,322
Total expenditures	6,132,639	11,336,186	10,783,478	552,708
Excess of revenues over expenditures	3,456	(59,824)	(82,137)	(22,313)

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Other income				
Proceeds from sale of fixed assets	\$ 20,000	\$ 12,701	\$ 12,701	\$ -
Proceeds from note payable	20,000	22,378	22,378	-
	<u>40,000</u>	<u>35,079</u>	<u>35,079</u>	<u>-</u>
 Change in fund balance	 43,456	 (24,745)	 (47,058)	 (22,313)
 Fund balance at beginning of year	 <u>651,096</u>	 <u>651,096</u>	 <u>651,096</u>	 <u>-</u>
 Fund balance at end of year	 <u>\$ 694,552</u>	 <u>\$ 626,351</u>	 <u>\$ 604,038</u>	 <u>\$ (22,313)</u>

East Central Intergovernmental Association

Dubuque, Iowa

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Amended		
Revenues				
Workforce Innovation and Opportunity Act (WIOA) and related programs	\$ 350,000	\$ 495,900	\$ 521,896	\$ 25,996
Total revenues	350,000	495,900	521,896	25,996
Expenditures				
Administrative expenses	30,817	30,817	30,817	-
Program costs	319,183	465,083	491,079	(25,996)
Total expenditures	350,000	495,900	521,896	(25,996)
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, 2016

		30	35	36	40	42	43	45	50	51	55	56	57	58
	Totals	FHWA and Section 8 Transportation	IBM VMT Project	Bus Storage Facility	General Technical Assistance	Parks to People	HUD Resiliency Project	ECIA Business Growth	Economic Development Grant	USDA RCDI	EIRHA	EIRHC	EIRHC TBRA	Housing Trust Fund
REVENUES														
Federal	\$ 6,983,648	\$ 232,630	\$ 265,547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,272	\$ 57,750	\$ -	\$ -	\$ -	\$ -
State of Iowa	31,342	-	-	-	-	-	-	-	31,342	-	-	-	-	-
State of Wisconsin	243	243	-	-	-	-	-	-	-	-	-	-	-	-
Membership fees	119,329	11,984	-	-	-	-	-	-	74,395	32,950	-	-	-	-
Fees and assessments	544,891	41,932	69,855	15,000	261,753	42,758	22,105	1,301	35,084	2,301	-	-	-	-
Economic Development Set-Aside and CDBG grant administration	129,027	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency service billings														
ECIA Business Growth	300,500	-	-	-	-	-	-	283,000	-	17,500	-	-	-	-
EIRHA/EIRHC	1,525,738	-	-	-	-	-	-	-	-	5,000	1,319,614	11,011	54,119	70,870
Workforce Innovation and Opportunity Act (WIOA) and related programs	439,279	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional Transit Authority	539,251	4,000	-	-	-	-	-	-	-	-	-	-	-	-
EIRUSS	45,311	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	982	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from note payable	22,378	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	12,701	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	41,800	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	10,736,420	290,789	335,402	15,000	261,753	42,758	22,105	284,301	287,093	115,501	1,319,614	11,011	54,119	70,870
EXPENDITURES														
Salaries, wages & fringe benefits	3,676,540	207,942	62,073	13,406	259,925	37,380	19,921	242,824	188,852	94,915	1,175,765	10,103	46,606	63,882
Operating materials	15,740	-	15,740	-	-	-	-	-	-	-	-	-	-	-
Office supplies	46,112	2,336	762	100	2,700	363	131	2,681	2,017	5,532	15,562	65	479	617
Conferences and training	56,440	2,957	6,248	71	2,167	176	93	3,902	10,587	5,273	8,052	41	215	305
Business travel	112,828	8,270	789	100	9,080	1,041	144	7,242	7,960	1,862	12,557	70	365	475
Printing	6,379	130	590	9	1,050	578	14	452	147	62	2,064	7	286	44
Equipment rental and maintenance	7,445	491	130	30	661	80	84	599	530	237	2,285	15	132	163
Office maintenance	2,468	177	36	11	232	26	44	207	184	87	648	4	49	59
Insurance and bonding	44,304	2,350	716	164	3,112	411	237	2,903	2,478	1,024	14,214	124	570	731
Dues and subscriptions	17,032	822	333	77	1,246	156	13	2,964	1,340	226	4,592	50	145	153
Telephone	31,370	1,684	553	59	1,105	173	83	2,758	1,819	364	11,139	28	195	281
Postage	26,025	272	96	13	320	39	17	645	404	82	16,544	34	1,918	96
Utilities	21,851	1,536	501	105	2,013	274	159	1,869	1,605	667	5,915	51	380	480
Advertising	3,797	260	13	2	145	6	2	207	76	14	535	2	9	45
Professional fees	71,945	4,596	1,197	299	5,789	690	304	4,906	4,769	1,737	19,379	151	856	1,089
Marketing	66,299	-	-	-	-	-	-	-	66,299	-	-	-	-	-
Depreciation	51,287	763	184	45	917	111	81	1,199	722	313	2,626	22	166	219
Equipment purchases	38,604	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt principal	74,409	4,483	1,331	312	5,950	766	505	5,558	4,829	1,933	17,194	151	1,089	1,388
Interest expense	40,113	2,737	2,061	197	3,613	488	273	3,385	2,904	1,173	10,543	93	659	843
Pass thru grant expense	6,416,441	48,983	242,049	-	10,000	-	-	-	-	-	-	-	-	-
Miscellaneous	7,336	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	10,834,765	290,789	335,402	15,000	310,025	42,758	22,105	284,301	297,522	115,501	1,319,614	11,011	54,119	70,870
Excess of revenues over (under) expenditures	\$ (98,345)	\$ -	\$ -	\$ -	\$ (48,272)	\$ -	\$ -	\$ -	\$ (10,429)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	65	66	80	85	90	100	111	121	124	125	126	185	200	300	400
	Tax Credit Housing Programs	EIRHC Tax Credit Corp	Regional Transit RPA/STP	CDBG Admin- istration	General	WIA	WIOA	H1B	Career Connect	Career Link	Job Driven NEG	Pass Through Grants	EDSA PFSA	Eastern Iowa Utility Service Systems	Regional Transit Authority
REVENUES															
Federal	\$ -	\$ -	\$ 103,197	\$ 60,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,511	\$ -	\$ 6,066,061	\$ -	\$ -	\$ -
State of Iowa	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State of Wisconsin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Membership fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fees and assessments	25,476	-	25,826	-	-	-	-	-	-	-	-	-	1,500	-	-
Economic Development Set-Aside and CDBG grant administration	-	-	-	129,027	-	-	-	-	-	-	-	-	-	-	-
Agency service billings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ECIA Business Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EIRHA/EIRHC	-	65,124	-	-	-	-	-	-	-	-	-	-	-	-	-
Workforce Innovation and Opportunity Act (WIOA) and related programs	-	-	-	-	-	62,112	254,664	15,219	70,190	-	37,094	-	-	-	-
Regional Transit Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	535,251
EIRUSS	-	-	-	-	-	-	-	-	-	-	-	-	-	45,311	-
Interest	-	-	-	-	982	-	-	-	-	-	-	-	-	-	-
Proceeds from note payable	-	-	-	-	22,378	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	12,701	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	41,800	-	-	-	-	-	-	-	-	-	-
Total revenues	25,476	65,124	129,023	189,707	77,861	62,112	254,664	15,219	70,190	51,511	37,094	6,066,061	1,500	45,311	535,251
EXPENDITURES															
Salaries, wages & fringe benefits	24,117	60,660	108,992	150,255	-	57,993	232,438	13,872	63,645	2,063	33,584	-	1,320	36,424	467,583
Operating materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	-	231	1,420	2,033	-	150	2,017	35	50	-	25	-	30	360	6,416
Conferences and training	107	117	1,680	2,960	-	909	1,881	92	544	9	508	-	4	295	7,247
Business travel	186	1,371	5,179	10,839	19,761	2,253	9,359	644	3,513	19	1,214	-	10	2,161	6,364
Printing	17	21	78	99	-	43	220	10	51	2	33	-	1	24	347
Equipment rental and maintenance	-	80	278	342	-	-	29	12	13	-	9	-	4	88	1,153
Office maintenance	-	29	96	111	-	-	10	6	6	-	3	-	1	32	410
Insurance and bonding	296	350	1,262	1,758	-	-	4,192	195	782	29	526	-	20	409	5,451
Dues and subscriptions	98	122	392	844	-	504	717	19	253	13	113	-	8	122	1,710
Telephone	-	121	1,208	2,635	-	236	818	32	597	12	353	-	6	680	4,431
Postage	511	36	220	1,466	-	24	109	1	5	-	3	-	1	1,812	1,357
Utilities	-	229	844	1,179	-	-	97	25	42	-	25	-	13	266	3,576
Advertising	4	4	548	365	-	-	83	2	13	1	305	-	-	319	837
Professional fees	140	547	2,541	8,933	-	-	2,162	119	460	15	252	-	25	948	10,041
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	103	385	513	41,111	-	50	15	19	-	13	-	5	118	1,587
Equipment purchases	-	-	-	-	38,604	-	-	-	-	-	-	-	-	-	-
Long-term debt principal	-	693	2,425	3,317	10,693	-	296	89	122	-	81	-	32	780	10,392
Interest expense	-	410	1,475	2,058	-	-	186	51	75	-	47	-	20	473	6,349
Pass thru grant expense	-	-	-	-	-	-	-	-	-	49,348	-	6,066,061	-	-	-
Miscellaneous	-	-	-	-	7,336	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,476	65,124	129,023	189,707	117,505	62,112	254,664	15,219	70,190	51,511	37,094	6,066,061	1,500	45,311	535,251
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ (39,644)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	30	80
	FHWA and FTA Section 8 Transportation 16MPO-ECIA	Regional Transit RPA 16RPA-08
REVENUES		
Federal - Planning	\$ 232,630	\$ 103,197
State of Wisconsin	243	-
Membership fees	11,984	-
Fees and assessments	41,932	25,826
Agency service billings		
Regional Transit Authority	4,000	-
Total revenues	290,789	129,023
EXPENDITURES		
Salaries, wages and fringe benefits	207,942	108,992
Operating materials	-	-
Office supplies	2,336	1,420
Conferences and training	2,957	1,680
Business travel	8,270	5,179
Printing	130	78
Equipment rental and maintenance	491	278
Office maintenance	177	96
Insurance and bonding	2,350	1,262
Dues and subscriptions	822	392
Telephone	1,684	1,208
Postage	272	220
Utilities	1,536	844
Advertising	260	548
Professional fees	4,596	2,541
Depreciation	763	385
Long-term debt principal	4,483	2,425
Interest expense	2,737	1,475
Pass through grant expense	48,983	-
Total expenditures	290,789	129,023
Add qualifying matching expenses paid by the City of Dubuque and Dubuque County	9,797	-
Expense basis for computation of Federal participation in project cost	300,586	129,023
Federal or state participation percentage	80%	80%
Computed project grant earned	\$ 240,469	\$ 103,218
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:		
	\$ 232,630	\$ 103,197
Therefore, the grants earned equal:	\$ 232,630	\$ 103,197

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, 2016

50

	United States Department of Commerce Economic Development Planning Grant					05-79-04739	05-06-05707	Collabor- ative Marketing State	Collabor- ative Marketing Other	Total Economic Development
	05-83-05318.02			ED16DEN3020001		EDA	EDA			
	Prior Audit 1/1-6/30/15	Current Year 7/1-12/31/15	Total 1/1-12/31/15	Current Year 1/1-6/30/16	Total Fiscal Year	Recapital- ization Grant	Manchester Grant			
REVENUES										
Federal - EDA	\$ 40,822	\$ 21,177	\$ 61,999	\$ 41,500	\$ 62,677	\$ 46,095	\$ 37,500	\$ -	\$ -	\$ 146,272
State of Iowa - Planning	-	-	-	-	-	-	-	19,577	-	19,577
State of Iowa - Other	2,294	9,471	11,765	2,294	11,765	-	-	-	-	11,765
Membership fees	26,972	69,302	96,274	5,093	74,395	-	-	-	-	74,395
Fees and assessments	-	-	-	-	-	-	-	-	35,084	35,084
Total revenues	70,088	99,950	170,038	48,887	148,837	46,095	37,500	19,577	35,084	287,093
EXPENDITURES										
Salaries, wages and fringe benefits	64,502	78,965	143,467	67,059	146,024	-	33,815	-	9,013	188,852
Office supplies	1,148	1,425	2,573	221	1,646	-	276	-	95	2,017
Conferences and training	4,016	4,917	8,933	4,162	9,079	-	863	-	645	10,587
Business travel	2,175	3,113	5,288	3,502	6,615	-	814	-	531	7,960
Printing	464	118	582	12	130	-	9	-	8	147
Equipment rental and maintenance	192	235	427	241	476	-	33	-	21	530
Office maintenance	172	141	313	6	147	-	1	-	36	184
Insurance and bonding	1,000	1,224	2,224	952	2,176	-	186	-	116	2,478
Dues and subscriptions	783	959	1,742	155	1,114	-	129	-	97	1,340
Telephone	876	1,072	1,948	522	1,594	-	143	-	82	1,819
Postage	79	97	176	254	351	-	40	-	13	404
Utilities	718	879	1,597	530	1,409	-	124	-	72	1,605
Advertising	61	55	116	10	65	-	8	-	3	76
Professional fees	2,331	2,924	5,255	1,203	4,127	-	390	-	252	4,769
Marketing and pass through grant expense	-	-	-	627	627	46,095	-	19,577	-	66,299
Depreciation	113	138	251	456	594	-	68	-	60	722
Long-term debt principal	1,643	2,011	3,654	2,226	4,237	-	372	-	220	4,829
Interest expense	1,370	1,677	3,047	862	2,539	-	229	-	136	2,904
Total expenditures	81,643	99,950	181,593	83,000	182,950	46,095	37,500	19,577	11,400	297,522
Add qualifying matching expenses	-	-	-	-	-	-	14,134	-	-	-
Add in-kind matching expenses	-	-	-	-	-	17,000	41,476	11,452	-	-
Expense basis for computation of federal and/or state participation in project cost	81,643	99,950	181,593	83,000	182,950	63,095	93,110	31,029	11,400	
Federal or state participation percentage	50%	50%	50%	50%	50%	73.057%	46%	66%	0%	
Computed project grant earned	\$ 40,822	\$ 49,974	\$ 90,797	\$ 41,500	\$ 91,474	\$ 46,095	\$ 42,831	\$ 20,479	\$ -	
Pursuant to contracts, the grants may not exceed the lesser of the eligible cost incurred multiplied by the percentage of participation or:			\$ 61,999	\$ 41,500	\$ 62,677	\$ 46,095	\$ 37,500	\$ 19,577	\$ -	
Therefore, the grants earned equal:			\$ 61,999	\$ 41,500	\$ 62,677	\$ 46,095	\$ 37,500	\$ 19,577	\$ -	

East Central Intergovernmental Association
 Dubuque, Iowa
BALANCE SHEET - BY CONTRACT -
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)
 June 30, 2016

Pass-through Entity:	Upper Explorerland Regional Planning Commission										Iowa Workforce Development	Northeast Iowa Community College	
	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement												
Contract Number:	#16W01WIOA										YC-25422- 14-60-A-19	15-W-FR-JF-0-02	
Contract Period:	7/1/15 - 6/30/16										6/12/15 - 6/30/17	4/1/12 - 3/31/16	
Program:	WIA Adult Formula	WIA Youth in School Formula	WIA Youth Out of School Formula	Dislocated Worker Formula	WIOA Admini- stration	WIOA Adult Formula	WIOA in School Formula	WIOA Youth Out of School Formula	WIOA Dislocated Worker Formula	Youth Career Connect	Job Driven NEG	H1B	Total
Assets													
Cash	\$ -	\$ -	\$ -	\$ -	\$ 3,503	\$ -	\$ -	\$ -	\$ 20,509	\$ 2,818	\$ 2,230	\$ 6,163	\$ 35,223
Grants receivable	-	-	-	-	-	17,122	12,403	36,180	-	15,050	4,139	-	84,894
Accounts receivable	-	-	-	-	12	-	-	-	-	-	-	-	12
Prepaid expenses	-	-	-	-	500	-	-	-	-	-	-	-	500
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,015</u>	<u>\$ 17,122</u>	<u>\$ 12,403</u>	<u>\$ 36,180</u>	<u>\$ 20,509</u>	<u>\$ 17,868</u>	<u>\$ 6,369</u>	<u>\$ 6,163</u>	<u>\$ 120,629</u>
Liabilities and Fund Balance													
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,219	\$ 2,312	\$ 14,408	\$ -	\$ -	\$ -	\$ -	\$ 18,939
Accounts payable	-	-	-	-	-	5,076	2,408	8,931	1,446	112	217	92	18,282
Due to other funds	-	-	-	-	1,732	9,827	2,257	12,841	4,137	17,756	6,152	6,071	60,773
Accrued liabilities													
Vacation and other pay	-	-	-	-	-	-	5,040	-	-	-	-	-	5,040
Other	-	-	-	-	-	-	386	-	-	-	-	-	386
Unearned revenue - grants	-	-	-	-	2,283	-	-	-	14,926	-	-	-	17,209
Total liabilities	-	-	-	-	4,015	17,122	12,403	36,180	20,509	17,868	6,369	6,163	120,629
Fund balance	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,015</u>	<u>\$ 17,122</u>	<u>\$ 12,403</u>	<u>\$ 36,180</u>	<u>\$ 20,509</u>	<u>\$ 17,868</u>	<u>\$ 6,369</u>	<u>\$ 6,163</u>	<u>\$ 120,629</u>

East Central Intergovernmental Association
 Dubuque, Iowa
STATEMENT OF REVENUES AND EXPENDITURES -
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)
 For the year ended June 30, 2016

Pass-through Entity:	Upper Explorerland Regional Planning Commission										Iowa Workforce Development	Northeast Iowa Community College	Totals
	East Central Intergovernmental Association and Upper Explorerland Regional Planning Commission Joint Agreement												
Contract Number:	#16W01WIOA										YC-25422-14-60-A-19	15-W-FR-JF-0-02	
Contract Period:	7/1/15 - 6/30/16										6/12/15 - 6/30/17	4/1/12 - 3/31/16	
Program:	WIA Adult Formula	WIA Youth in School Formula	WIA Youth Out of School Formula	WIA Dislocated Worker Formula	WIOA Administration	WIOA Adult Formula	WIOA Youth in School Formula	WIOA Youth Out of School Formula	WIOA Dislocated Worker Formula	Youth Career Connect	Job Driven NEG	H1B	Totals
Revenues													
Grants	\$ 22,938	\$ 2,310	\$ 13,140	\$ 31,533	\$ 30,817	\$ 108,022	\$ 22,903	\$ 90,681	\$ 67,512	\$ 76,001	\$ 40,039	\$ 16,000	\$ 521,896
Expenditures													
Administration	-	-	-	-	30,817	-	-	-	-	-	-	-	30,817
Training related and support services	85	-	378	-	-	2,270	1,889	4,712	771	828	-	-	10,933
Direct training services	22,853	2,310	12,762	31,533	-	105,752	21,014	85,969	66,741	75,173	40,039	16,000	480,146
Total expenditures	22,938	2,310	13,140	31,533	30,817	108,022	22,903	90,681	67,512	76,001	40,039	16,000	521,896
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, 2016

Grantor/Program	Federal CFDA Number	Agency or Pass-Through Grantor's Number	Accrual Basis Program Disbursements	Passed Through to Subrecipients
Direct:				
United States Department of Commerce				
EDA Planning Grant	11.302	05-83-05318.02 ED16DEN3020001	\$ 21,177 41,500	\$ - -
			62,677	-
Local Technical Assistance	11.303	05-06-05707	37,500	-
Economic Adjustment Assistance	11.307	05-79-4739	46,095	-
Total Direct			146,272	-
Indirect:				
United States Department of Agriculture				
Passed through Iowa USDA Rural Development				
Rural Community Development				
Initiative Grant	10.446	16-031-421025428	57,750	-
United States Department of Labor				
Passed through Upper Explorerland				
Regional Planning Commission				
Workforce Investment Act/Workforce Investment				
and Opportunity Act Cluster				
WIA/WIOA Administration	17.258	16-W-01-WI-OA	30,817	-
WIA/WIOA Adult Formula	17.258	16-W-01-WI-OA	130,960	-
WIA/WIOA Youth In				
School Formula	17.259	16-W-01-WI-OA	25,213	-
WIA/WIOA Youth Out				
of School Formula	17.259	16-W-01-WI-OA	103,821	-
WIA/WIOA Dislocated				
Worker Formula	17.278	16-W-01-WI-OA	99,045	-
			389,856	-
Youth Career Connect	17.274	YC-25422-14-60-A-19	76,001	-
			465,857	-
Passed through Northeast Iowa				
Community College				
Workforce Investment Act				
H1B Technical Skills Training	17.268	99UNKNOWN	16,000	-
Passed through Iowa Workforce				
Development Department				
Workforce Investment Act				
Job Driven National				
Emergency Grant (NEG)	17.277	15-W-FR-JD-0-02	40,039	-
Total United States Department of Labor			521,896	-

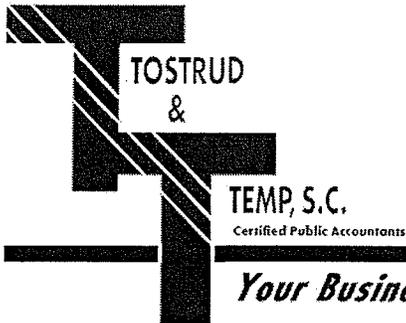
East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE - CONTINUED
For the year ended June 30, 2016

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>	<u>Passed Through to Subrecipients</u>
United States Department of Housing and Urban Development				
Passed through Dubuque County				
Jumpstart Program	14.228	08-DRH-004/204	6,043,081	5,982,401
Careerlink	14.228	14-CRL-001	51,511	49,348
			<u>6,094,592</u>	<u>6,031,749</u>
Passed through the Iowa Finance Authority				
Home Investment Partnership Program	14.239	13-HM-192	83,660	83,660
Total United States Department of Housing and Urban Development			6,178,252	6,115,409
United States Department of Transportation				
Passed through Iowa Department of Transportation (Major Program)				
FHWA - Highway planning and construction	20.205	2012-ICAAP-09	265,547	242,049
FHWA - Planning	20.205	16-MPO-ECIA	184,608	48,983
FTA 5303D	20.505	16-MPO-ECIA	33,520	-
FHWA STP	20.205	16-RPA-08	77,732	-
FTA 5311	20.509	16-RPA-08	2,282	-
FTA 5305e - RPA	20.515	16-RPA-08	23,183	-
			<u>586,872</u>	<u>291,032</u>
Passed through Illinois Depart- ment of Transportation				
IL Hwy Planning Research	20.205	IDOT Contract	10,751	-
Passed through Wisconsin Depart- ment of Transportation				
FHWA Planning	20.515	WisDOT Contract	3,751	-
Total United States Department of Transportation			601,374	291,032
Total Indirect			7,359,272	6,406,441
Total Federal Financial Assistance			<u>\$ 7,505,544</u>	<u>\$ 6,406,441</u>

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

Note 2: Federal Indirect Rate: The Association has an indirect cost allocation plan on file in accordance with the *Uniform Guidance*.

OTHER REPORTS



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

Council Members
East Central Intergovernmental Association
Dubuque, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the East Central Intergovernmental Association (Association), as of and for the year ended June 30, 2016, 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 8, 2016.

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

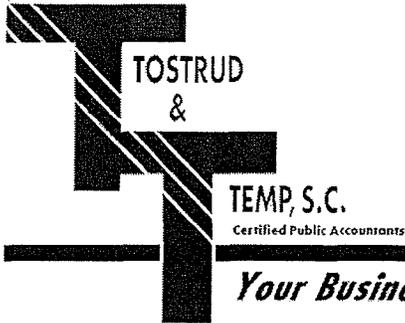
As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Testrud + Kemp, S.C.

November 8, 2016



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Your Business Safety Net

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 OMB 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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 for the year ended June 30, 2016.

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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tristram & Temp, S.C.

November 8, 2016

East Central Intergovernmental Association
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Uniform Guidance? ___ yes X no

Identification of Major Federal Programs

CFDA Number	Name of Federal Program or Cluster
14.228	Jumpstart Program

Dollar threshold used to distinguish
between Type A and Type B programs \$750,000

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