

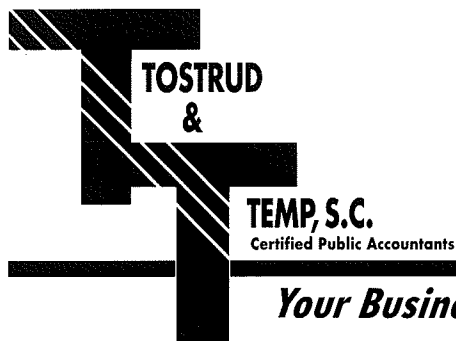
**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

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

**June 30, 2016**

# T A B L E   O F   C O N T E N T S

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</b>	6
<b>FINANCIAL SECTION</b>	
STATEMENT OF NET POSITION	15
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	16
STATEMENT OF CASH FLOWS	17
NOTES TO FINANCIAL STATEMENTS	19
<b>SUPPLEMENTAL DATA</b>	
COMBINING STATEMENT OF NET POSITION	28
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	29
COMBINING STATEMENT OF CASH FLOWS	30
COMBINING STATEMENT OF NET POSITION - EIRHC	32
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - EIRHC	33
COMBINING STATEMENT OF CASH FLOWS - EIRHC	34
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	36
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS	38
FINANCIAL DATA SCHEDULE	39
<b>OTHER REPORTS</b>	
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 <u>GOVERNMENT AUDITING STANDARDS</u>	42
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE	44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	46



609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

## ***Your Business Safety Net***

### **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited the accompanying proprietary fund statement of net position of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa ("Authority"), as of and for the year ended June 30, 2016, and the proprietary fund statements of revenues, expenses and changes in net position, cash flows and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa as of June 30, 2016, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-13 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 we performed do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Report on Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the Authority's basic financial statements. The combining financial statements and statement and certification of actual modernization costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 financial statements, the statement and certification of actual modernization costs, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, the statement and certification of actual modernization costs, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Further, the financial data schedules are presented for purposes of additional analysis as required by Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above described supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required By Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

*Trotter & Tamm, S.C.*

October 26, 2016

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

This section of the Eastern Iowa Regional Housing Authority, Dubuque, Iowa's annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on June 30, 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

**FINANCIAL HIGHLIGHTS**

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of June 30, 2016 was \$4,775,728. The net position decreased by \$454,027 from the prior year.
- The Authority had a net decrease of \$217,266 in the Low Rent Public Housing and Capital Fund Programs, \$176,228 net decrease in the Section 8 Housing Choice Voucher Program, \$3,832 net decrease in the Rural Rental Housing Loans Program, \$1,656 net decrease in Business Activities, \$77 net increase in Home Investment Partnership Program (Tenant Based Rental Assistance), and a \$55,122 net decrease in Component Units (Eastern Iowa Regional Housing Corporation - EIRHC).
- Revenues for the Authority were \$6,832,954 for the year ended June 30, 2016. This was an increase of \$418,514 or 6.5% over the prior year.
- Expenses for the Authority were \$7,286,981 for the year ended June 30, 2016. This was an increase of \$449,695 or 6.6% over the prior year.
- Rental revenue for the Authority was \$382,607 for the year ended June 30, 2016, a decrease of \$23,021 or 5.7% from the prior year. Intergovernmental revenue for the Authority was \$6,130,688 for the year ended June 30, 2016, an increase of \$362,122 or 6.3% over the prior year. Revenue reported from HUD capital grants for the year ended June 30, 2016 was \$32,888, an increase of \$2,504 or 8.2% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED**

**Required Financial Statements**

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

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

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

**Notes to the Financial Statements**

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

**Supplemental Information**

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2016 and is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table on the following page, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,775,728 at the close of the year ended June 30, 2016 down from \$5,229,755 in fiscal year 2015. The decrease in net position of \$454,027 was due to the reasons noted below.

- Current and other assets include cash, investments, receivables, prepaid expenses, and assets held for sale. Of the \$245,329 decrease in this category, cash and investments decreased \$381,123, receivables increased \$136,937, prepaid expenses increased \$1,285, and assets held for sale decreased \$2,428.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**FINANCIAL ANALYSIS - CONTINUED**

- Non-current assets decreased \$188,409 due to a decrease in capital assets. Capital assets decreased because current year depreciation expense exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Asset and Debt Administration" of this analysis.
- Current liabilities include accounts payable, tenant security deposits, unearned revenue, and current portion of long-term debt. The decrease in this category of \$24,228 was mainly due to a decrease in unearned revenue of \$81,113, which was partially offset by an increase in accounts payable and other accrued liabilities of \$24,595 and an increase in accrued wages of \$37,169.
- Non-current liabilities increased \$44,517 due to an increase in FSS Escrow Payable of \$48,295, which was partially offset by a \$3,778 decrease in long-term portion of mortgage payable.

The unrestricted net position was \$1,126,172 as of June 30, 2016. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays, excluding housing assistance payments, for six months. Restricted net position was \$46,825 as of June 30, 2016. This amount may only be used in the Rural Rental Housing program for replacement reserve expenses. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**CONDENSED STATEMENTS OF NET POSITION**

		FY 2016	FY 2015	Dollar Change	Percent Change
Current and other assets	\$	1,589,366	\$ 1,834,695	\$ (245,329)	-13.4%
Non-current assets		3,941,159	4,129,568	(188,409)	-4.6%
Total Assets		<u>5,530,525</u>	<u>5,964,263</u>	<u>(433,738)</u>	<u>-7.3%</u>
Current liabilities		317,371	341,599	(24,228)	-7.1%
Non-current liabilities		437,426	392,909	44,517	11.3%
Total Liabilities		<u>754,797</u>	<u>734,508</u>	<u>20,289</u>	<u>2.8%</u>
Net Position					
Net investment in capital assets		3,602,731	3,787,631	(184,900)	-4.9%
Restricted		46,825	230,672	(183,847)	-79.7%
Unrestricted		1,126,172	1,211,452	(85,280)	-7.0%
Total Net Position	\$	<u>4,775,728</u>	<u>5,229,755</u>	<u>(454,027)</u>	<u>-8.7%</u>

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



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**FINANCIAL ANALYSIS - CONTINUED**

The 2015 approved capital grant (501-15) totals \$172,560 and was 100.0% expended as of June 30, 2016. The following is a summary of individual grant line items, budget amount, percent expended as of 6/30/16, and development account:

<u>Line No.</u>	<u>Amount</u>	<u>Percent</u>	<u>Development Account</u>
1406	\$137,862	100.0%	Operations
1408	\$ 650	100.0%	Management Improvements
1410	\$ 10,000	100.0%	Administration
1460	\$ 17,776	100.0%	Dwelling Structures
1465	\$ 6,272	100.0%	Dwelling Equipment

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

As can be seen in the table on the following page, total revenues increased \$418,514 due to the reasons noted below.

- Rental revenue decreased \$23,021 or 5.7% mainly due to a decrease in the average rent charge per unit under lease of \$12.19 or 6.2%.
- Intergovernmental revenue increased \$362,122 primarily due to a \$409,891 increase in funding for the Home Investment Partnership Program (Tenant Based Rental Assistance). EIRHA also had a \$96,728 increase in funding for the Family Self Sufficiency Program and a \$152,292 decrease in funding for the Housing Choice Voucher program.
- Other operating revenue increased \$50,925 or 24.5% from FY 2015 mostly due to a \$103,969 increase in State/local program income, which was partially offset by a \$64,997 decrease in other revenue from Component Units. EIRHA also had a \$12,726 increase in revenue from FSS escrow forfeitures in the Housing Choice Voucher program.
- Interest income decreased \$455 from FY 2015.
- HUD capital grants increased \$2,504 from FY 2015. The Agency is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. Revenue from HUD capital grants during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- EIRHA had a gain on disposal of capital assets of \$26,439 in FY 2016.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**FINANCIAL ANALYSIS – CONTINUED**

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental income	\$ 382,607	\$ 405,628	\$ (23,021)	-5.7%
Intergovernmental revenue	6,130,688	5,768,566	362,122	6.3%
Other operating revenue	258,770	207,845	50,925	24.5%
General revenues				
Interest income	1,562	2,017	(455)	-22.6%
HUD capital grants	32,888	30,384	2,504	8.2%
Gain (loss) on disposal of capital assets	26,439	-	26,439	100.0%
Total Revenues	<u>6,832,954</u>	<u>6,414,440</u>	<u>418,514</u>	<u>6.5%</u>
<b>Expenses</b>				
Administrative	1,052,019	1,086,862	(34,843)	-3.2%
Tenant services	308,630	272,350	36,280	13.3%
Utilities	95,158	107,289	(12,131)	-11.3%
Ordinary maintenance & operations	394,791	421,894	(27,103)	-6.4%
General expense	192,733	156,173	36,560	23.4%
Interest expense	19,173	19,045	128	0.7%
Housing assistance payments	4,896,636	4,434,207	462,429	10.4%
Depreciation	327,841	339,366	(11,525)	-3.4%
Casualty losses, non-capitalized	-	100	(100)	-100.0%
Total Expenses	<u>7,286,981</u>	<u>6,837,286</u>	<u>449,695</u>	<u>6.6%</u>
Excess (deficiency) before prior period adjustments	(454,027)	(422,846)	(31,181)	
Prior period adjustments	-	-	-	
Change in net position	<u>(454,027)</u>	<u>(422,846)</u>	<u>(31,181)</u>	
Beginning net position	<u>5,229,755</u>	<u>5,652,601</u>	<u>(422,846)</u>	
Ending net position \$	<u><u>4,775,728</u></u>	<u><u>5,229,755</u></u>	<u><u>(454,027)</u></u>	

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**FINANCIAL ANALYSIS – CONTINUED**

Total expenses increased by \$449,695 due to the reasons noted below.

- Administrative expenses decreased \$34,843 or 3.2% from FY 2015. This was primarily due to a decrease in administrative salaries of \$15,084 or 2.0% and a decrease in office expenses of \$19,660 or 49.9%.
- EIRHA had tenant service expenses of \$308,630 in FY 2016 for the Authority's FSS, ROSS and Housing Counseling Assistance programs. This represented an increase of \$36,280 or 13.3% from FY 2015, primarily due to an increase in tenant service salaries of \$36,600 or 13.5%.
- Utilities decreased \$12,131 or 11.3% from FY 2015 mainly due to a decrease in gas of \$13,216 or 32.4%, which was partially offset by an increase in sewer of \$1,263 or 5.0%.
- Ordinary maintenance & operations decreased \$27,103 or 6.4% due to a decrease in maintenance labor of \$11,369 or 4.1% and a decrease in contracted maintenance services of \$17,343 or 20.2%. This was partially offset by an increase in maintenance materials of \$1,609 or 2.9%. Contracted maintenance services decreased in large part due to lower than anticipated snow removal costs.
- General expenses increased \$36,560 or 23.4% from FY 2015 mostly due to a \$30,829 increase in other general expenses for EIRHA's State/Local Program. EIRHA also had a \$7,613 increase in bad debt expense in FY 2016.
- Interest expense increased \$128 or 0.7% from FY 2015.
- Housing assistance payments increased \$462,429 or 10.4% primarily due to an increase in funding for the Home Investment Partnership Program. EIRHA assisted 111 voucher holders in FY 2016 with this program compared to 96 voucher holders in FY 2015. For the Housing Choice Voucher program EIRHA had an increase in average housing assistance payment per voucher leased of \$34.05 or 9.8%.
- The Authority had an \$11,525 or 3.4% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.
- The Authority had a \$100 casualty loss in FY 2015.

EIRHA currently owns and manages 164 public housing units. These units are located in Dyersville, Bellevue, Manchester, Colesburg, Miles, Sabula, DeWitt, Holy Cross, Hopkinton, Worthington, Delmar, Preston, Peosta, and Wheatland. Overall, the projects maintain a 98.48% occupancy level. There are 85 units of elderly and 79 units of family. The family housing is scattered site single family homes and duplexes. Currently EIRHA has 4 four-bedroom units, 30 three-bedroom units, 46 two-bedroom units, and 84 one-bedroom units.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

**FINANCIAL ANALYSIS – CONTINUED**

EIRHA is authorized to assist 983 households with the Housing Choice Voucher Rental Assistance Program. Of the 983 vouchers, the City of Maquoketa is given priority to their original 156 vouchers under their Annual Contributions Contract that EIRHA assumed. From July 1, 2015 through June 30, 2016, EIRHA served 149 families in the City of Maquoketa. In July 2014 EIRHA received an additional 100 vouchers from the City of Bettendorf. From July 1, 2015 through June 30, 2016, EIRHA served 166 families in the City of Bettendorf. The Section 8 lease up rate for FY 2016 was 91.53%, down from 99.60% in the prior year. EIRHA expended \$3,913,134 or 100.0% of housing assistance received from HUD during FY 2016.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The Eastern Iowa Regional Housing Authority, Dubuque, Iowa's net investment in capital assets as of June 30, 2016 amounts to \$3,602,731. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, net of accumulated depreciation and related debt.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 4.6% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$139,430 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$327,839. Additional information on the Authority's capital assets can be found in the notes to the financial statements of this report.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$4,059,518	\$139,430	\$(327,839)	\$3,871,109

**Debt Administration** - The USDA project has several mortgages that were used to purchase land and buildings for the Rural Rental Housing Assistance Program. Total mortgage debt as of June 30, 2016 is \$268,378, down from \$271,887 in FY 2015. Additional information on the Authority's long-term debt can be found in the notes to the financial statements of this report.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
Year Ended June 30, 2016

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2017 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate.

The Authority is eligible to receive \$2,037,702 for housing assistance payments for the months of July through December 2016 in the Housing Choice Voucher Program. The Authority has \$297,735 available in Held-Held Program Reserves to be used for housing assistance payments. Based on the average housing assistance payment per unit of \$380.76 for FY 2016, the Authority will have sufficient funding and reserves to lease 100.0% of its authorized vouchers from July through December 2016. HUD has not established funding levels for the remaining six months of next fiscal year. Administrative fees for the Housing Choice Voucher program will be based on actual utilization in FY 2017 and adjusted for pro-ration which is currently at 83.941%.

**REQUEST FOR INFORMATION**

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

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

**FINANCIAL SECTION**

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF NET POSITION**  
June 30, 2016

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 872,233
Cash and cash equivalents - restricted	265,567
Accounts receivable	
Tenants, net of allowance	10,576
Other, net of allowance	48,468
Due from other governments	181,550
Prepaid expense	29,783
Assets held for sale	181,189
Total current assets	<u>1,589,366</u>

**NONCURRENT ASSETS**

Capital assets, net of accumulated depreciation	3,871,109
Investment in joint ventures	70,050
Total noncurrent assets	<u>3,941,159</u>

**TOTAL ASSETS**

\$ 5,530,525

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts payable	\$ 80,357
Accrued payroll and payroll taxes	120,635
Accrued liabilities - other	18,146
Accrued interest payable	344
Unearned revenues	23,461
Due to other governments	24,893
Tenant's security deposits	45,541
Current portion of notes payable	3,994
Total current liabilities	<u>317,371</u>

**NONCURRENT LIABILITIES**

Tenant's FSS escrow	173,042
Notes payable, net of current portion	264,384
Total noncurrent liabilities	<u>437,426</u>
Total liabilities	754,797

**NET POSITION**

Net investment in capital assets	3,602,731
Restricted	46,825
Unrestricted	1,126,172
Total net position	<u>4,775,728</u>

**TOTAL LIABILITIES AND NET POSITION**

\$ 5,530,525

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
Year ended June 30, 2016

**OPERATING REVENUE**

Rental income	\$ 382,607
Operating grants	6,120,411
Other operating revenue	258,770
Total operating revenue	<u>6,761,788</u>

**OPERATING EXPENSE**

Administration	1,052,019
Tenant services	308,630
Utilities	95,158
Maintenance and operations	394,791
General expense	192,733
Housing assistance payments	4,896,636
Depreciation	327,841
Total operating expense	<u>7,267,808</u>

Operating loss (506,020)

**NONOPERATING REVENUE (EXPENSE)**

Interest income	1,562
Interest subsidy	10,277
Interest expense	(19,173)
Gain (loss) on disposal of assets	26,439
Net nonoperating expense	<u>19,105</u>

Change in net position before capital grants (486,915)

**CAPITAL GRANTS**

32,888

Change in net position (454,027)

**NET POSITION AT BEGINNING OF YEAR**

5,229,755

**NET POSITION AT END OF YEAR**

\$ 4,775,728

The accompanying notes are an integral part of this statement.



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2016

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from tenants	\$ 372,686
Cash received from operating grants	5,957,699
Other income received	227,499
Cash payments to vendors	(686,843)
Cash payments to employees	(1,267,169)
Cash payments for housing assistance	(4,896,636)
Net cash (used in) operating activities	<u>(292,764)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Aquisition of capital assets	(115,432)
Net cost of assets held for sale	2,439
Net change in notes receivable	2,428
HUD capital grants received	32,888
Principal paid	(3,509)
Interest paid	(8,735)
Net cash (used in) capital and related financing activities	<u>(89,921)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	<u>1,562</u>
Net decrease in cash and cash equivalents	(381,123)

<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,518,923</u>
---	------------------

<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,137,800</u></u>
---	----------------------------

**RECONCILIATION OF CASH AND CASH EQUIVALENTS  
PER STATEMENT OF CASH FLOWS TO THE  
STATEMENT OF NET POSITION**

Cash and cash equivalents	872,233
Cash and cash equivalents - restricted	265,567
Cash and cash equivalents per the Statement of Net Position	<u><u>1,137,800</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT OF CASH FLOWS - CONTINUED**  
Year ended June 30, 2016

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

Operating income (loss)	\$ (506,020)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	327,841
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(6,294)
Due from other governments	(130,643)
Prepaid expense	(1,285)
Increase (decrease) in liabilities	
Accounts payable	28,714
Accrued liabilities	33,050
Unearned revenue	(81,113)
Due to other governments	(2,417)
Tenant's security deposits	(2,892)
Tenant's FSS escrow	48,295
Net cash (used in) operating activities	\$ <u>(292,764)</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

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

**1. Reporting Entity**

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

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

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

**2. Basis of Presentation**

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

The Authority has the following lone proprietary fund:

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

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

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

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

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

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

**4. Cash and Cash Equivalents**

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

**5. Cash and Cash Equivalents - Restricted**

Restricted cash and cash equivalents are segregated resources spent for unspent housing assistance payments, tenant security deposits, tenant self-sufficiency (FSS) deposits and replacement reserve deposits.

**6. Investments**

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

**7. Accounts Receivable**

Accounts receivable-tenants have been shown at net of allowance for doubtful accounts of \$244 and accounts receivable - other has been shown at net of allowance for doubtful accounts of \$364.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

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

**8. Property and Equipment**

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

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

**9. Budgetary Process**

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

**10. Estimates**

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

**11. Concentration of Revenues**

The Authority received approximately 90% of its total operating revenues from the federal government. This revenue is subject to federal government budget appropriations and potential funding reductions.

**12. Subsequent Events**

The Authority has evaluated subsequent events through October 26, 2016, the date on which the financial statements were available to be issued.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

**NOTE B - CASH AND INVESTMENTS**

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

Statement of net position

Cash and cash equivalents	\$ 872,233
Cash - restricted	<u>265,567</u>
	<u>\$ 1,137,800</u>

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

	Carrying Amount	Bank Balance
Business interest, savings and money market accounts	\$ <u>1,137,800</u>	\$ <u>1,143,748</u>
	<u>\$ 1,137,800</u>	<u>\$ 1,143,748</u>

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

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

**Disclosures Relating to Interest Rate Risk**

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

**Disclosures Relating to Credit Risk**

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

**NOTE B - CASH AND INVESTMENTS - CONTINUED**

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party. The Authority's deposits at June 30, 2016 were entirely covered by FDIC insurance or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. Amounts in excess of FDIC insurance varied during the fiscal 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

**NOTE C - INVESTMENT IN JOINT VENTURE**

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

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

**NOTE D - CAPITAL ASSETS**

A summary of changes in capital assets for the Housing Authority is as follows:

	Balance 06/30/15	Additions	Retirements	Balance 06/30/16
<b>Public Housing/CFP</b>				
Land (non-depreciable)	\$ 823,786	\$ -	\$ -	\$ 823,786
Depreciable capital assets:				
Capital Fund	30,384	32,888	30,384	32,888
Land improvements	93,028	11,037	-	104,065
Buildings and improvements	9,524,976	61,123	-	9,586,099
Furniture & Equipment				
Dwellings	43,129	10,702	1,709	52,122
Administration	273,396	34,133	27,242	280,287
	<u>9,964,913</u>	<u>149,883</u>	<u>59,335</u>	<u>10,055,461</u>
	10,788,699	149,883	59,335	10,879,247
Accumulated depreciation:				
Capital Fund	1,190	1,461	1,190	1,461
Land improvements	40,021	7,755	-	47,776
Buildings and improvements	6,638,827	285,517	-	6,924,344
Furniture & equipment	-	-	-	-
Dwellings	36,715	3,157	-	39,872
Administration	256,048	14,087	27,242	242,893
	<u>6,972,801</u>	<u>311,977</u>	<u>28,432</u>	<u>7,256,346</u>
Net capital assets	3,815,898	(162,094)	30,903	3,622,901
<b>Section 8 Housing Choice Vouchers</b>				
Depreciable capital assets:				
Furniture & Equipment	44,793	21,642	17,194	49,241
Accumulated depreciation:				
Furniture & equipment	40,709	4,721	17,194	28,236
Net capital assets	<u>4,084</u>	<u>16,921</u>	<u>-</u>	<u>21,005</u>
<b>EIRHC - USDA Housing</b>				
Land (non-depreciable)	19,664	-	-	19,664
Depreciable capital assets:				
Land improvements	10,975	-	-	10,975
Buildings and improvements	332,361	-	-	332,361
Furniture & Equipment				
Dwellings	16,970	-	-	16,970
Administration	399	-	-	399
	<u>360,705</u>	<u>-</u>	<u>-</u>	<u>360,705</u>
	380,369	-	-	380,369
Accumulated depreciation:				
Land improvements	2,948	-	-	2,948
Buildings and improvements	139,600	8,702	-	148,302
Furniture & Equipment				
Dwellings	15,821	269	-	16,090
Administration	399	-	-	399
	<u>158,768</u>	<u>8,971</u>	<u>-</u>	<u>167,739</u>
Net capital assets	221,601	(8,971)	-	212,630
<b>EIRHC - Tax Credit Programs</b>				
Depreciable capital assets:				
Furniture & Equipment	26,954	-	-	26,954
Accumulated depreciation:				
Furniture & Equipment	9,019	3,362	-	12,381
Net capital assets	<u>17,935</u>	<u>(3,362)</u>	<u>-</u>	<u>14,573</u>
Total net capital assets	\$ <u>4,059,518</u>	\$ <u>(157,506)</u>	\$ <u>30,903</u>	\$ <u>3,871,109</u>



Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

**NOTE E - NOTES PAYABLE**

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

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
Notes payable	\$ 271,887	\$ -	\$ 3,509	\$ 268,378

Notes payable for EIRHC are payable to United States Department of Agriculture, Rural Housing Services (USDA-RHS). The following mortgage notes payable to USDA-RHS at June 30, 2016 are as follows:

6.50% first mortgage note payable	\$ 164,117
7.25% first mortgage note payable	104,261
	268,378
Less current maturities	3,994
LONG-TERM OBLIGATIONS	<u>\$ 264,384</u>

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

Principal and interest maturities on notes payable are as follows:

Year ended June 30,	EIRHC - Rural Development	
	Principal	Interest
2017	\$ 3,994	\$ 18,526
2018	4,282	18,238
2019	4,591	17,929
2020	4,922	17,598
2021	5,278	17,242
2022-2026	32,691	79,911
2027-2031	46,345	66,257
2032-2036	65,722	46,880
2037-2041	80,601	19,526
2042-2044	19,952	1,703
Totals	<u>\$ 268,378</u>	<u>\$ 303,810</u>

**NOTE F - RELATED PARTY**

The Eastern Iowa Regional Housing Authority, related to the East Central Intergovernmental Association (ECIA) through common management, pays ECIA for management services and office space. During the year ended June 30, 2016, the Eastern Iowa Regional Housing Authority paid East Central Intergovernmental Association \$1,319,614 for such services.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2016

**NOTE G - CONTINGENT LIABILITY**

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

Name	Ownership Percent	Outstanding Liabilities at 12-31-15
Eastern Iowa Regional Partnership, L.L.L.P., Peosta, Iowa	.01%	\$ 1,315,363
Asbury E.I.R.P., L.L.L.P., Asbury, Iowa	.01%	\$ 1,836,007

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

For the Statement of Net Assets, the following individual program interfund receivable and payable balances at June 30, 2016, which are within business-type activities, are netted and eliminated.

<u>Program</u>	<u>Due From</u>	<u>Due To</u>
Low Rent Public Housing	\$ 7,860	\$ -
ROSS FSS Program	-	7,860
Totals	<u>\$ 7,860</u>	<u>\$ 7,860</u>

**NOTE I - RISK MANAGEMENT**

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

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

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

**NOTE K - RESTRICTED CASH AND RESTRICTED NET POSITION**

The Authority has total restricted cash of \$265,567 and restricted net position of \$46,825 at June 30, 2016. Restricted cash includes tenants' FSS escrow accounts totaling \$173,042, tenant security deposits of \$45,541, unearned ROSS FSS grant revenue of \$159, and USDA Housing Program Replacement Reserve of \$46,825. Restricted net position represents USDA replacement reserve for USDA approved expenditures.

**SUPPLEMENTAL DATA**

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF NET POSITION**  
June 30, 2016

ASSETS	Public Housing	Housing Choice Vouchers	ROSS FSS/ESS Program	Housing Counseling Assistance Program	Business Activities	EIRHC	Elimination Entry	Total
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 128,879	\$ 24,369	\$ -	\$ -	\$ -	\$ 718,985	\$ -	\$ 872,233
Cash and cash equivalents - restricted	92,940	122,961	-	-	400	49,266	-	265,567
Accounts receivable								
Tenants, net of allowance	10,495	-	-	-	-	81	-	10,576
Other, net of allowance	-	1,779	-	-	-	46,689	-	48,468
Due from other governments	-	134,730	7,860	-	-	38,960	-	181,550
Due from other programs	7,860	-	-	-	-	-	(7,860)	-
Prepaid expense	18,264	10,191	-	-	-	1,328	-	29,783
Assets held for sale	-	-	-	-	181,189	-	-	181,189
Total current assets	<u>258,438</u>	<u>294,030</u>	<u>7,860</u>	<u>-</u>	<u>181,589</u>	<u>855,309</u>	<u>(7,860)</u>	<u>1,589,366</u>
<b>NONCURRENT ASSETS</b>								
Capital assets, net	3,622,901	21,005	-	-	-	227,203	-	3,871,109
Investment in joint ventures	-	-	-	-	-	70,050	-	70,050
Total noncurrent assets	<u>3,622,901</u>	<u>21,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,253</u>	<u>-</u>	<u>3,941,159</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,881,339</u>	<u>\$ 315,035</u>	<u>\$ 7,860</u>	<u>\$ -</u>	<u>\$ 181,589</u>	<u>\$ 1,152,562</u>	<u>\$ (7,860)</u>	<u>\$ 5,530,525</u>
<b>LIABILITIES AND NET POSITION</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable	\$ 19,013	\$ 11,695	\$ -	\$ -	\$ -	\$ 49,649	\$ -	\$ 80,357
Accrued payroll and payroll taxes	20,467	68,681	-	-	-	31,487	-	120,635
Accrued liabilities - other	18,146	-	-	-	-	-	-	18,146
Accrued interest payable	-	-	-	-	-	344	-	344
Unearned revenue	13,523	6,789	-	-	-	3,149	-	23,461
Due to other governments	24,893	-	-	-	-	-	-	24,893
Due to other programs	-	-	7,860	-	-	-	(7,860)	-
Tenants' security deposits	42,700	-	-	-	400	2,441	-	45,541
Notes payable - current	-	-	-	-	-	3,994	-	3,994
Total current liabilities	<u>138,742</u>	<u>87,165</u>	<u>7,860</u>	<u>-</u>	<u>400</u>	<u>91,064</u>	<u>(7,860)</u>	<u>317,371</u>
<b>NONCURRENT LIABILITIES</b>								
Tenants' FSS escrow	50,081	122,961	-	-	-	-	-	173,042
Notes payable	-	-	-	-	-	264,384	-	264,384
Total noncurrent liabilities	<u>50,081</u>	<u>122,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,384</u>	<u>-</u>	<u>437,426</u>
Total liabilities	<u>188,823</u>	<u>210,126</u>	<u>7,860</u>	<u>-</u>	<u>400</u>	<u>355,448</u>	<u>(7,860)</u>	<u>754,797</u>
<b>NET POSITION</b>								
Net investment in capital assets	3,622,901	21,005	-	-	-	(41,175)	-	3,602,731
Restricted	-	-	-	-	-	46,825	-	46,825
Unrestricted	69,615	83,904	-	-	181,189	791,464	-	1,126,172
Total net position	<u>3,692,516</u>	<u>104,909</u>	<u>-</u>	<u>-</u>	<u>181,189</u>	<u>797,114</u>	<u>-</u>	<u>4,775,728</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,881,339</u>	<u>\$ 315,035</u>	<u>\$ 7,860</u>	<u>\$ -</u>	<u>\$ 181,589</u>	<u>\$ 1,152,562</u>	<u>\$ (7,860)</u>	<u>\$ 5,530,525</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
Year ended June 30, 2016

	Public Housing	Capital Fund	Housing Choice Vouchers	ROSS FSS/ESS Program	Housing Counseling Assistance Program	Business Activities	EIRHC	Total
<b>OPERATING REVENUE</b>								
Rental income	\$ 335,729	\$ -	\$ -	\$ -	\$ -	\$ 18,010	\$ 28,868	\$ 382,607
Operating grants	333,529	139,672	4,483,810	291,784	16,591	-	855,025	6,120,411
Other operating revenue	9,159	-	17,759	-	-	-	231,852	258,770
Total operating revenue	<u>678,417</u>	<u>139,672</u>	<u>4,501,569</u>	<u>291,784</u>	<u>16,591</u>	<u>18,010</u>	<u>1,115,745</u>	<u>6,761,788</u>
<b>OPERATING EXPENSE</b>								
Administration	283,980	-	556,258	-	-	-	211,781	1,052,019
Tenant services	255	-	-	291,784	16,591	-	-	308,630
Utilities	86,799	-	-	-	-	2,145	6,214	95,158
Maintenance and operations	383,417	-	-	-	-	488	10,886	394,791
General expense	82,112	-	15,868	-	-	340	94,413	192,733
Housing assistance payments	-	-	4,111,057	-	-	-	785,579	4,896,636
Depreciation	310,787	-	4,721	-	-	-	12,333	327,841
Total operating expense	<u>1,147,350</u>	<u>-</u>	<u>4,687,904</u>	<u>291,784</u>	<u>16,591</u>	<u>2,973</u>	<u>1,121,206</u>	<u>7,267,808</u>
Operating income (loss)	(468,933)	139,672	(186,335)	-	-	15,037	(5,461)	(506,020)
<b>NONOPERATING REVENUE (EXPENSE)</b>								
Interest income	75	-	107	-	-	-	1,380	1,562
Interest subsidy	-	-	-	-	-	-	10,277	10,277
Interest expense	-	-	-	-	-	-	(19,173)	(19,173)
Operating transfers	204,704	(139,672)	-	-	-	(19,132)	(45,900)	-
Gain (loss) on disposal of capital assets	14,000	-	10,000	-	-	2,439	-	26,439
Net nonoperating revenue (expense)	218,779	(139,672)	10,107	-	-	(16,693)	(53,416)	19,105
Change in net position before capital grants	(250,154)	-	(176,228)	-	-	(1,656)	(58,877)	(486,915)
<b>CAPITAL GRANTS</b>	<u>-</u>	<u>32,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,888</u>
Change in net position	(250,154)	32,888	(176,228)	-	-	(1,656)	(58,877)	(454,027)
<b>NET POSITION AT BEGINNING OF YEAR</b>	3,909,782	-	281,137	-	-	182,845	855,991	5,229,755
Equity transfer in (out)	32,888	(32,888)	-	-	-	-	-	-
	<u>32,888</u>	<u>(32,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 3,692,516</u>	<u>\$ -</u>	<u>\$ 104,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,189</u>	<u>\$ 797,114</u>	<u>\$ 4,775,728</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF CASH FLOWS**  
Year ended June 30, 2016

	Public Housing	Capital Fund	Housing Choice Vouchers	ROSS FSS/ESS Program	Housing Counseling Assistance Program	Business Activities	EIRHC	Elimination Entry	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Cash received from tenants	\$ 342,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,211	\$ -	\$ 372,686
Cash received from operating grants	333,529	139,672	4,379,950	291,784	16,591	-	796,173	-	5,957,699
Other income received	9,159	-	17,759	-	-	18,010	182,571	-	227,499
Cash payments to vendors	(418,091)	-	(103,960)	(13,953)	-	(3,470)	(147,369)	-	(686,843)
Cash payments to employees	(415,608)	-	(415,872)	(277,831)	(16,591)	-	(141,267)	-	(1,267,169)
Cash payments for housing assistance	-	-	(4,111,057)	-	-	-	(785,579)	-	(4,896,636)
Net cash provided by (used in) operating activities	(148,536)	139,672	(233,180)	-	-	14,540	(65,260)	-	(292,764)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Aquisition of capital assets	(70,902)	(32,888)	(11,642)	-	-	-	-	-	(115,432)
Net proceeds from sale of assets	-	-	-	-	-	2,439	-	-	2,439
Net change in assets held for sale	-	-	-	-	-	2,428	-	-	2,428
HUD capital grants received	-	32,888	-	-	-	-	-	-	32,888
Principal payments on notes payable	-	-	-	-	-	-	(3,509)	-	(3,509)
Interest paid	-	-	-	-	-	-	(8,735)	-	(8,735)
Net cash provided by (used in) capital and related financing activities	(70,902)	-	(11,642)	-	-	4,867	(12,244)	-	(89,921)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Operating transfers	204,704	(139,672)	-	-	-	(19,132)	(45,900)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Interest income received	75	-	107	-	-	-	1,380	-	1,562
Net increase (decrease) in cash and cash equivalents	(14,659)	-	(244,715)	-	-	275	(122,024)	-	(381,123)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>236,478</u>	<u>-</u>	<u>392,045</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>890,275</u>	<u>-</u>	<u>1,518,923</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 221,819</u>	<u>\$ -</u>	<u>\$ 147,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 768,251</u>	<u>\$ -</u>	<u>\$ 1,137,800</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>									
Cash and cash equivalents	\$ 128,879	\$ -	\$ 24,369	\$ -	\$ -	\$ -	\$ 718,985	\$ -	\$ 872,233
Cash and cash equivalents - restricted	92,940	-	122,961	-	-	400	49,266	-	265,567
Cash and cash equivalents per the Statement of Net Position	<u>\$ 221,819</u>	<u>\$ -</u>	<u>\$ 147,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 768,251</u>	<u>\$ -</u>	<u>\$ 1,137,800</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF CASH FLOWS - CONTINUED**  
Year ended June 30, 2016

	Public Housing	Capital Fund	Housing Choice Vouchers	ROSS FSS/ESS Grant	Housing Counseling Assistance	Business Activities	EIRHC	Elimination Entry	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>									
Operating income (loss)	\$ (468,933)	\$ 139,672	\$ (186,335)	\$ -	-	\$ 15,037	\$ (5,461)	\$ -	\$ (506,020)
Adjustments to reconcile operating income (loss) to net cash from operating activities:									
Depreciation	310,787	-	4,721	-	-	-	12,333	-	327,841
Changes in assets and liabilities									
(Increase) decrease in assets									
Accounts receivable	1,026	-	2,753	-	-	-	(10,073)	-	(6,294)
Due from other governments	-	-	(107,123)	(1,728)	-	-	(21,792)	-	(130,643)
Due from other programs	(956)	-	-	-	-	-	-	956	-
Prepaid expense	1,961	-	(3,136)	-	-	-	(110)	-	(1,285)
Increase (decrease) in liabilities									
Accounts payable	2,460	-	4,797	-	-	-	21,457	-	28,714
Accrued liabilities	(14,098)	-	23,807	-	-	-	23,341	-	33,050
Unearned revenue	489	-	3,263	-	-	-	(84,865)	-	(81,113)
Due to other governments	(2,417)	-	-	-	-	-	-	-	(2,417)
Due to other programs	-	-	-	1,728	-	(772)	-	(956)	-
Tenant's security deposits	(3,077)	-	-	-	-	275	(90)	-	(2,892)
Tenant's FSS escrow	24,222	-	24,073	-	-	-	-	-	48,295
Net cash provided by (used in) operating activities	<u>\$ (148,536)</u>	<u>\$ 139,672</u>	<u>\$ (233,180)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,540</u>	<u>\$ (65,260)</u>	<u>\$ -</u>	<u>\$ (292,764)</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF NET POSITION - EIRHC**  
June 30, 2016

ASSETS	USDA Housing Program	Tax Credit Program	Home Investment Partnership Program	Housing Trust Fund	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 6,282	\$ 704,045	\$ 271	\$ 8,387	\$ 718,985
Cash and cash equivalents - restricted	49,266	-	-	-	49,266
Accounts receivable					
Tenants	81	-	-	-	81
Other	-	46,689	-	-	46,689
Due from other governments	-	-	11,834	27,126	38,960
Prepaid expense	1,328	-	-	-	1,328
Total current assets	<u>56,957</u>	<u>750,734</u>	<u>12,105</u>	<u>35,513</u>	<u>855,309</u>
<b>NONCURRENT ASSETS</b>					
Capital assets, net	212,630	14,573	-	-	227,203
Investment in joint ventures	-	70,050	-	-	70,050
Total noncurrent assets	<u>212,630</u>	<u>84,623</u>	<u>-</u>	<u>-</u>	<u>297,253</u>
<b>TOTAL ASSETS</b>	<u>\$ 269,587</u>	<u>\$ 835,357</u>	<u>\$ 12,105</u>	<u>\$ 35,513</u>	<u>\$ 1,152,562</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 335	\$ 4,787	\$ 12,014	\$ 32,513	\$ 49,649
Accrued payroll and payroll taxes	-	31,487	-	-	31,487
Accrued interest payable	344	-	-	-	344
Unearned revenue	149	-	-	3,000	3,149
Tenants' security deposits	2,441	-	-	-	2,441
Notes payable - current	3,994	-	-	-	3,994
Total current liabilities	<u>7,263</u>	<u>36,274</u>	<u>12,014</u>	<u>35,513</u>	<u>91,064</u>
<b>NONCURRENT LIABILITIES</b>					
Notes payable	<u>264,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,384</u>
Total liabilities	<u>271,647</u>	<u>36,274</u>	<u>12,014</u>	<u>35,513</u>	<u>355,448</u>
<b>NET POSITION</b>					
Net investment in capital assets	(55,748)	14,573	-	-	(41,175)
Restricted	46,825	-	-	-	46,825
Unrestricted	6,863	784,510	91	-	791,464
Total net position (deficiency)	<u>(2,060)</u>	<u>799,083</u>	<u>91</u>	<u>-</u>	<u>797,114</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 269,587</u>	<u>\$ 835,357</u>	<u>\$ 12,105</u>	<u>\$ 35,513</u>	<u>\$ 1,152,562</u>



Eastern Iowa Regional Housing Authority

Dubuque, Iowa

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - EIRHC

Year ended June 30, 2016

	USDA Housing Program	Tax Credit Program	Home Investment Partnership Program	Housing Trust Fund	Total
<b>OPERATING REVENUE</b>					
Rental income	\$ 28,868	\$ -	\$ -	\$ -	\$ 28,868
Operating grants	9,506	-	845,519	-	855,025
Other operating revenue	2,905	44,622	-	184,325	231,852
Total operating revenue	41,279	44,622	845,519	184,325	1,115,745
<b>OPERATING EXPENSE</b>					
Administration	6,140	72,703	59,941	72,997	211,781
Utilities	6,214	-	-	-	6,214
Maintenance and operations	10,886	-	-	-	10,886
General expense	4,046	24,939	-	65,428	94,413
Housing assistance payments	-	-	785,579	-	785,579
Depreciation	8,971	3,362	-	-	12,333
Total operating expense	36,257	101,004	845,520	138,425	1,121,206
Operating income (loss)	5,022	(56,382)	(1)	45,900	(5,461)
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Interest income	42	1,260	78	-	1,380
Interest subsidy	10,277	-	-	-	10,277
Interest expense	(19,173)	-	-	-	(19,173)
Operating transfers	-	-	-	(45,900)	(45,900)
Net nonoperating revenue	(8,854)	1,260	78	(45,900)	(53,416)
Change in net position	(3,832)	(55,122)	77	-	(58,877)
<b>NET POSITION AT BEGINNING OF YEAR</b>	1,772	854,205	14	-	855,991
<b>NET POSITION (DEFICIENCY) AT END OF YEAR</b>	<u>\$ (2,060)</u>	<u>\$ 799,083</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 797,114</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF CASH FLOWS - EIRHC**  
Year ended June 30, 2016

	USDA Housing Program	Tax Credit Program	Home Investment Partnership Program	Housing Trust Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from tenants	\$ 30,211	\$ -	\$ -	\$ -	\$ 30,211
Cash received from operating grants	9,506	-	786,667	-	796,173
Other income received	1,500	44,622	-	136,449	182,571
Cash payments to vendors	(24,683)	(51,200)	(14,909)	(56,577)	(147,369)
Cash payments to employees	(3,632)	(30,392)	(54,119)	(53,124)	(141,267)
Cash payments for housing assistance	-	-	(785,579)	-	(785,579)
Net cash provided by (used in) operating activities	12,902	(36,970)	(67,940)	26,748	(65,260)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on notes payable	(3,509)	-	-	-	(3,509)
Interest paid	(8,735)	-	-	-	(8,735)
Net cash provided by (used in) capital and related financing activities	(12,244)	-	-	-	(12,244)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers	-	-	-	(45,900)	(45,900)
Net cash provided by (used in) noncapital financing activities	-	-	-	(45,900)	(45,900)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income received	42	1,260	78	-	1,380
Net increase (decrease) in cash and cash equivalents	700	(35,710)	(67,862)	(19,152)	(122,024)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	54,848	739,755	68,133	27,539	890,275
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 55,548</u>	<u>\$ 704,045</u>	<u>\$ 271</u>	<u>\$ 8,387</u>	<u>\$ 768,251</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>					
Cash and cash equivalents	\$ 6,282	\$ 704,045	\$ 271	\$ 8,387	\$ 718,985
Cash and cash equivalents - restricted	49,266	-	-	-	49,266
Cash and cash equivalents per the Statement of Net Position	<u>\$ 55,548</u>	<u>\$ 704,045</u>	<u>\$ 271</u>	<u>\$ 8,387</u>	<u>\$ 768,251</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**COMBINING STATEMENT OF CASH FLOWS - EIRHC - CONTINUED**  
Year ended June 30, 2016

	USDA Housing Program	Tax Credit Program	Home Investment Partnership Program	Housing Trust Fund	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 5,022	\$ (56,382)	\$ (1)	\$ 45,900	\$ (5,461)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	8,971	3,362	-	-	12,333
Changes in assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	(81)	(9,992)	-	-	(10,073)
Due from other governments	-	-	5,334	(27,126)	(21,792)
Prepaid expense	(110)	-	-	-	(110)
Increase (decrease) in liabilities					
Accounts payable	(881)	(5,445)	(941)	28,724	21,457
Accrued liabilities	-	31,487	(8,146)	-	23,341
Unearned revenue	71	-	(64,186)	(20,750)	(84,865)
Tenant's security deposits	(90)	-	-	-	(90)
Net cash provided by (used in) operating activities	\$ <u>12,902</u>	\$ <u>(36,970)</u>	\$ <u>(67,940)</u>	\$ <u>26,748</u>	\$ <u>(65,260)</u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2016

Federal Grantor Award Number	Federal Catalog Number	Award Amount	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - DIRECT PROGRAMS</b>			
Housing Choice Vouchers IA126	14.871	\$ 4,483,810	\$ 4,483,810
Public and Indian Housing IA12600116J	14.850	333,529	333,529
Public Housing Capital Fund IA05P126 501-15	14.872	172,560	172,560
Resident Opportunity and Supportive Services - Service Coordinators IARPS019A014	14.870	84,525	84,525
Family Self-Sufficiency Program Coordinators IA126FSH570A015	14.896	207,259	207,259
Housing Counseling Assistance Program HC150821014	14.169	16,591	16,591
Home Investment Partnership Program 15-HM-504	14.239	845,519	<u>845,519</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			6,143,793
<b>U.S. DEPARTMENT OF AGRICULTURE - DIRECT PROGRAMS</b>			
Rural Rental Housing Loans Interest Subsidy Loan Total 10.415	10.415		10,277 <u>268,378</u> 278,655
Rural Rental Assistance Payments	10.427		<u>9,506</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>288,161</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 6,431,954</u></u>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**  
Year ended June 30, 2016

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Eastern Iowa Regional Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

**Summary of Significant Accounting Policies**

Expenditures presented on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Disclosure of Other Forms of Assistance**

The Eastern Iowa Regional Housing Corporation has guaranteed debt in Rural Rental Housing loans in the amount of \$268,378 as of June 30, 2016.

The Eastern Iowa Regional Housing Corporation had non-cash assistance in the form of interest subsidy in the amount of \$10,277 from Rural Rental Housing loans during the fiscal year ending June 30, 2016.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
June 30, 2016

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned projects are as follows:

	<u>Project IA05P126</u> <u>501-14</u>
Funds approved	\$ 172,560
Funds expended	<u>172,560</u>
Excess (deficiency) of funds approved	\$ <u><u>-</u></u>
HUD grants	\$ 172,560
Funds expended	<u>172,560</u>
Excess (deficiency) of funds expended	\$ <u><u>-</u></u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated July 2016, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
**FINANCIAL DATA SCHEDULE**  
June 30, 2016

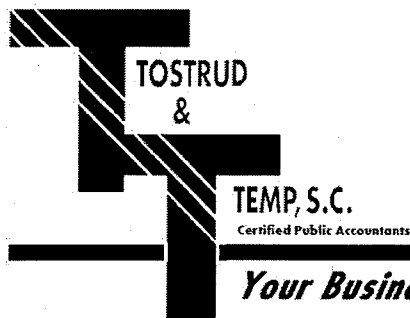
Line Item Number	Account Description	Public Housing 14.850	Capital Funds 14.872	Family Self- Sufficiency Program 14.896	Housing Counseling Assistance 14.169	Rural Rental Housing Loans 10.415	Rural Rental Assistance Payments 10.427	Resident Opportunity & Support Services 14.870	Housing Choice Vouchers 14.871	6.2 Component Unit-Blended	Home Investment Partnership Program 14.239	State/Local (HTF)	Business Activities	BLIM	Total
111	Cash - unrestricted	128,879	-	-	-	6,282	-	-	24,369	704,045	271	8,387	-	-	872,233
113	Cash - other restricted	50,081	-	159	-	46,825	-	-	122,961	-	-	-	-	-	220,026
114	Cash - tenant security deposits	42,700	-	-	-	2,441	-	-	-	-	-	-	400	-	45,541
100	<b>Total cash</b>	<b>221,660</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>55,548</b>	<b>-</b>	<b>-</b>	<b>147,330</b>	<b>704,045</b>	<b>271</b>	<b>8,387</b>	<b>400</b>	<b>-</b>	<b>1,137,800</b>
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	7,860	134,730	-	11,834	-	-	-	154,424
124	Accounts receivable - other government	-	-	-	-	-	-	-	-	-	-	27,126	-	-	27,126
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	46,689	-	-	-	-	46,689
126	Accounts receivable - tenants	4,130	-	-	-	81	-	-	-	-	-	-	-	-	4,211
126.1	Allowance for doubtful accounts - tenants	(244)	-	-	-	-	-	-	-	-	-	-	-	-	(244)
128	Fraud recovery	6,609	-	-	-	-	-	-	2,143	-	-	-	-	-	8,752
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	(364)	-	-	-	-	-	(364)
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>10,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>7,860</b>	<b>136,509</b>	<b>46,689</b>	<b>11,834</b>	<b>27,126</b>	<b>-</b>	<b>-</b>	<b>240,594</b>
142	Prepaid expenses	18,264	-	-	-	1,328	-	-	10,191	-	-	-	-	-	29,783
144	Inter program due from	7,860	-	-	-	-	-	-	-	-	-	-	-	(7,860)	-
145	Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	181,189	-	181,189
150	<b>Total current assets</b>	<b>258,279</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>56,957</b>	<b>-</b>	<b>7,860</b>	<b>294,030</b>	<b>750,734</b>	<b>12,105</b>	<b>35,513</b>	<b>181,589</b>	<b>(7,860)</b>	<b>1,589,366</b>
161	Land	823,786	-	-	-	19,664	-	-	-	-	-	-	-	-	843,450
162	Buildings	9,613,876	-	-	-	332,361	-	-	-	-	-	-	-	-	9,946,237
163	Furniture, equipment and machinery - dwellings	54,952	-	-	-	16,970	-	-	-	-	-	-	-	-	71,922
164	Furniture, equipment and machinery - admin	282,568	-	-	-	399	-	-	49,241	26,954	-	-	-	-	359,162
165	Leasehold improvements	104,065	-	-	-	10,975	-	-	-	-	-	-	-	-	115,040
166	Accumulated depreciation	(7,256,346)	-	-	-	(167,739)	-	-	(28,236)	(12,381)	-	-	-	-	(7,464,702)
160	<b>Total fixed assets, net of accumulated depreciation</b>	<b>3,622,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,630</b>	<b>-</b>	<b>-</b>	<b>21,005</b>	<b>14,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,871,109</b>
176	Investments in joint ventures	-	-	-	-	-	-	-	-	70,050	-	-	-	-	70,050
180	<b>Total non-current assets</b>	<b>3,622,901</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>212,630</b>	<b>-</b>	<b>-</b>	<b>21,005</b>	<b>84,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,941,159</b>
190	<b>Total assets</b>	<b>3,881,180</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>269,587</b>	<b>-</b>	<b>7,860</b>	<b>315,035</b>	<b>835,357</b>	<b>12,105</b>	<b>35,513</b>	<b>181,589</b>	<b>(7,860)</b>	<b>5,530,525</b>
312	Accounts payable <=90 days	19,013	-	-	-	335	-	-	11,695	4,787	12,014	32,513	-	-	80,357
321	Accrued wage/payroll taxes payable	20,467	-	-	-	-	-	-	68,681	31,487	-	-	-	-	120,635
325	Accrued interest payable	-	-	-	-	344	-	-	-	-	-	-	-	-	344
333	Accounts payable - other government	24,893	-	-	-	-	-	-	-	-	-	-	-	-	24,893
341	Tenant security deposits	42,700	-	-	-	2,441	-	-	-	-	-	-	400	-	45,541
342	Unearned revenue	13,364	-	159	-	149	-	-	6,789	-	-	3,000	-	-	23,461
343	Current portion of long-term debt	-	-	-	-	3,994	-	-	-	-	-	-	-	-	3,994
346	Accrued liabilities - other	18,146	-	-	-	-	-	-	-	-	-	-	-	-	18,146
347	Inter program due to	-	-	-	-	-	-	7,860	-	-	-	-	-	(7,860)	-
310	<b>Total current liabilities</b>	<b>138,583</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>7,263</b>	<b>-</b>	<b>7,860</b>	<b>87,165</b>	<b>36,274</b>	<b>12,014</b>	<b>35,513</b>	<b>400</b>	<b>(7,860)</b>	<b>317,371</b>
351	Long-term debt, net of current portion	-	-	-	-	264,384	-	-	-	-	-	-	-	-	264,384
353	Non-current liabilities - other	50,081	-	-	-	-	-	-	122,961	-	-	-	-	-	173,042
350	<b>Total noncurrent liabilities</b>	<b>50,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264,384</b>	<b>-</b>	<b>-</b>	<b>122,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,426</b>
300	<b>Total liabilities</b>	<b>188,664</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>271,647</b>	<b>-</b>	<b>7,860</b>	<b>210,126</b>	<b>36,274</b>	<b>12,014</b>	<b>35,513</b>	<b>400</b>	<b>(7,860)</b>	<b>754,797</b>
508.1	Invested in capital assets, net of related debt	3,622,901	-	-	-	(55,748)	-	-	21,005	14,573	-	-	-	-	3,602,731
511.1	Restricted	-	-	-	-	46,825	-	-	-	-	-	-	-	-	46,825
512.1	Unrestricted net assets	69,615	-	-	-	6,863	-	-	83,904	784,510	91	-	181,189	-	1,126,172
513	<b>Total equity/net assets</b>	<b>3,692,516</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,060)</b>	<b>-</b>	<b>-</b>	<b>104,909</b>	<b>799,083</b>	<b>91</b>	<b>-</b>	<b>181,189</b>	<b>-</b>	<b>4,775,728</b>
600	<b>Total liabilities and equity/net assets</b>	<b>3,881,180</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>269,587</b>	<b>-</b>	<b>7,860</b>	<b>315,035</b>	<b>835,357</b>	<b>12,105</b>	<b>35,513</b>	<b>181,589</b>	<b>(7,860)</b>	<b>5,530,525</b>
70300	Net tenant rental revenue	335,729	-	-	-	28,868	-	-	-	-	-	-	18,010	-	382,607
70400	Tenant revenue - other	8,308	-	-	-	1,405	-	-	-	-	-	-	-	-	9,713
70500	<b>Total tenant revenue</b>	<b>344,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,010</b>	<b>-</b>	<b>392,320</b>
70600	HUD PHA operating grants	333,529	139,672	207,259	16,591	-	-	84,525	4,483,810	-	845,519	-	-	-	6,110,905
70610	Capital grants	-	32,888	-	-	-	-	-	-	-	-	-	-	-	32,888
70800	Other government grants	-	-	-	-	10,277	9,506	-	-	-	-	152,248	-	-	172,031
71100	Investment income - unrestricted	75	-	-	-	-	-	-	107	1,260	78	-	-	-	1,520
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-	-	-	-	144,301	-	144,301
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-	-	-	(141,862)	-	(141,862)
71400	Fraud recovery	-	-	-	-	-	-	-	2,097	-	-	-	-	-	2,097
71500	Other revenue	851	-	-	-	1,500	-	-	15,662	44,622	-	32,077	-	-	94,712
71600	Gain or loss on sale of capital assets	14,000	-	-	-	-	-	-	10,000	-	-	-	-	-	24,000
72000	Investment income - restricted	-	-	-	-	42	-	-	-	-	-	-	-	-	42
70000	<b>Total revenue</b>	<b>692,492</b>	<b>172,560</b>	<b>207,259</b>	<b>16,591</b>	<b>42,092</b>	<b>9,506</b>	<b>84,525</b>	<b>4,511,676</b>	<b>45,882</b>	<b>845,597</b>	<b>184,325</b>	<b>20,449</b>	<b>-</b>	<b>6,832,954</b>

Eastern Iowa Regional Housing Authority  
Dubuque, Iowa  
FINANCIAL DATA SCHEDULE - CONTINUED  
June 30, 2016

Line Item Number	Account Description	Public Housing 14.850	Capital Funds 14.872	Family Self- Sufficiency Program 14.896	Housing Counseling Assistance 14.169	Rural Rental Housing Loans 10.415	Rural Rental Assistance Payments 10.427	Resident Opportunity & Support Services 14.870	Housing Choice Vouchers 14.871	6.2 Component Unit-Blended	Home Investment Partnership Program 14.239	State/Local (HTF)	Business Activities	ELIM	Total
91100	Administrative salaries	168,166	-	-	-	1,307	-	-	435,736	61,879	17,439	64,846	-	-	749,373
91200	Auditing fees	3,990	-	-	-	1,095	-	-	3,990	-	-	-	-	-	9,075
91300	Management fee	-	-	-	-	3,547	-	-	-	-	-	-	-	-	3,547
91400	Advertising and marketing	341	-	-	-	46	-	-	38	-	-	-	-	-	425
91600	Office expenses	4,515	-	-	-	88	-	-	15,149	-	-	-	-	-	19,752
91700	Legal expense	3,114	-	-	-	-	-	-	-	-	-	-	-	-	3,114
91800	Travel	19,521	-	-	-	36	-	-	6,576	-	-	-	-	-	26,133
91900	Other	84,333	-	-	-	21	-	-	94,769	10,824	42,502	8,151	-	-	240,600
91000	Total operating - administration	283,980	-	-	-	6,140	-	-	556,258	72,703	59,941	72,997	-	-	1,052,019
92100	Tenant services salaries	-	-	207,259	16,591	-	-	84,525	-	-	-	-	-	-	308,375
92400	Tenant services - other	255	-	-	-	-	-	-	-	-	-	-	-	-	255
92500	Total tenant services	255	-	207,259	16,591	-	-	84,525	-	-	-	-	-	-	308,630
93100	Water	19,592	-	-	-	950	-	-	-	-	-	-	-	-	20,542
93200	Electricity	14,965	-	-	-	3,307	-	-	-	-	-	-	-	-	18,272
93300	Gas	27,518	-	-	-	-	-	-	-	-	-	-	-	-	27,518
93600	Sewer	24,724	-	-	-	1,957	-	-	-	-	-	-	-	-	26,681
93800	Other utilities expense	-	-	-	-	-	-	-	-	-	-	-	2,145	-	2,145
93000	Total utilities	86,799	-	-	-	6,214	-	-	-	-	-	-	2,145	-	95,158
94100	Ordinary maintenance & operations - labor	266,711	-	-	-	2,324	-	-	-	-	-	-	-	-	269,035
94200	Ordinary maintenance & operations - materials	55,933	-	-	-	1,301	-	-	-	-	-	-	-	-	57,234
94300	Ordinary maintenance & operations - contracts	60,773	-	-	-	7,261	-	-	-	-	-	-	488	-	68,522
94000	Total maintenance	383,417	-	-	-	10,886	-	-	-	-	-	-	488	-	394,791
96110	Property insurance	21,902	-	-	-	2,546	-	-	3,248	-	-	-	340	-	28,036
96120	Liability insurance	4,491	-	-	-	-	-	-	4,633	-	-	-	-	-	9,124
96130	All other insurance	5,028	-	-	-	-	-	-	957	-	-	-	-	-	5,985
96100	Total insurance premiums	31,421	-	-	-	2,546	-	-	8,838	-	-	-	340	-	43,145
96200	Other general expenses	16,782	-	-	-	1,500	-	-	4,277	24,939	-	65,428	-	-	112,926
96300	Payments in lieu of taxes	24,893	-	-	-	-	-	-	-	-	-	-	-	-	24,893
96400	Bad debt - tenant rents	9,016	-	-	-	-	-	-	-	-	-	-	-	-	9,016
96600	Bad debt - other	-	-	-	-	-	-	-	2,753	-	-	-	-	-	2,753
96000	Total other general expense	50,691	-	-	-	1,500	-	-	7,030	24,939	-	65,428	-	-	149,588
96710	Interest of mortgage payable	-	-	-	-	19,173	-	-	-	-	-	-	-	-	19,173
96900	Total operating expenses	836,563	-	207,259	16,591	46,459	-	84,525	572,126	97,642	59,941	138,425	2,973	-	2,062,504
97000	Excess operating revenue over operating expenses	(144,071)	172,560	-	-	(4,367)	9,506	-	3,939,550	(51,760)	785,656	45,900	17,476	-	4,770,450
97300	Housing assistance payments	-	-	-	-	-	-	-	4,111,057	-	785,579	-	-	-	4,896,636
37350	HAP portability - in	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation expense	310,787	-	-	-	8,971	-	-	4,721	3,362	-	-	-	-	327,841
90000	Total expenses	1,147,350	-	207,259	16,591	55,430	-	84,525	4,687,904	101,004	845,520	138,425	2,973	-	7,286,981
10010	Operating transfers in	204,704	-	-	-	9,506	-	-	-	-	-	-	-	(214,210)	-
10020	Operating transfers out	-	(139,672)	-	-	-	(9,506)	-	-	-	-	(45,900)	(19,132)	214,210	-
10100	Total other financing sources (uses)	204,704	(139,672)	-	-	9,506	(9,506)	-	-	-	-	(45,900)	(19,132)	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(250,154)	32,888	-	-	(3,832)	-	-	(176,228)	(55,122)	77	-	(1,656)	-	(454,027)
11020	Required annual debt principal payments	-	-	-	-	3,510	-	-	-	-	-	-	-	-	3,510
11030	Beginning equity	3,909,782	-	-	-	1,772	-	-	281,137	854,205	14	-	182,845	-	5,229,755
11040	Equity transfers	32,888	(32,888)	-	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	104,909	-	-	-	-	-	104,909
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit months available	1,968	-	-	-	120	-	-	11,227	-	1,398	-	24	-	14,737
11210	Number of unit months leased	1,938	-	-	-	120	-	-	10,797	-	1,353	-	24	-	14,232



**OTHER REPORTS**



609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

***Your Business Safety Net***

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

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Eastern Iowa Regional Housing Authority ("Authority"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon October 26, 2016.

**Internal Control Over Financial Reporting**

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

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

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

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

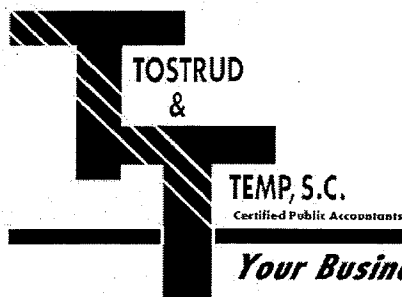
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on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

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

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

*Tatrud & Temp, S.C.*

October 26, 2016



609 S. 4th Street, Suite B  
La Crosse, WI 54601  
Phone: 608-784-8060  
Fax: 608-784-8167

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

Board of Directors  
Eastern Iowa Regional Housing Authority  
Dubuque, Iowa

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

We have audited the Eastern Iowa Regional Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 compliance requirements referred to above, that could have a material effect on the major federal programs, occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

#### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Testered & Tamps, J.C.*  
October 26, 2016

Eastern Iowa Regional Housing Authority  
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(ies) identified?

\_\_\_ yes X no

Significant deficiency(ies) identified not  
considered to be material weaknesses?

\_\_\_ yes X none reported

Noncompliance material to the financial statements?

\_\_\_ yes X no

Federal Awards

Internal control over compliance:

Significant deficiency(ies) identified?

\_\_\_ yes X no

Significant deficiency(ies) identified not  
considered to be material weaknesses?

\_\_\_ yes X none reported

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

Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with the Uniform  
Guidance

\_\_\_ yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

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 Findings and Questioned Costs**

None

**Status of Prior Audit Findings**

There were no prior-year audit findings.