

**SOUTHERN IOWA
ECONOMIC DEVELOPMENT
ASSOCIATION
OTTUMWA, IOWA**

Independent Auditors' Report
Financial Statements and Supplementary Data
Reports on Compliance and Internal Controls

June 30, 2008

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

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SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

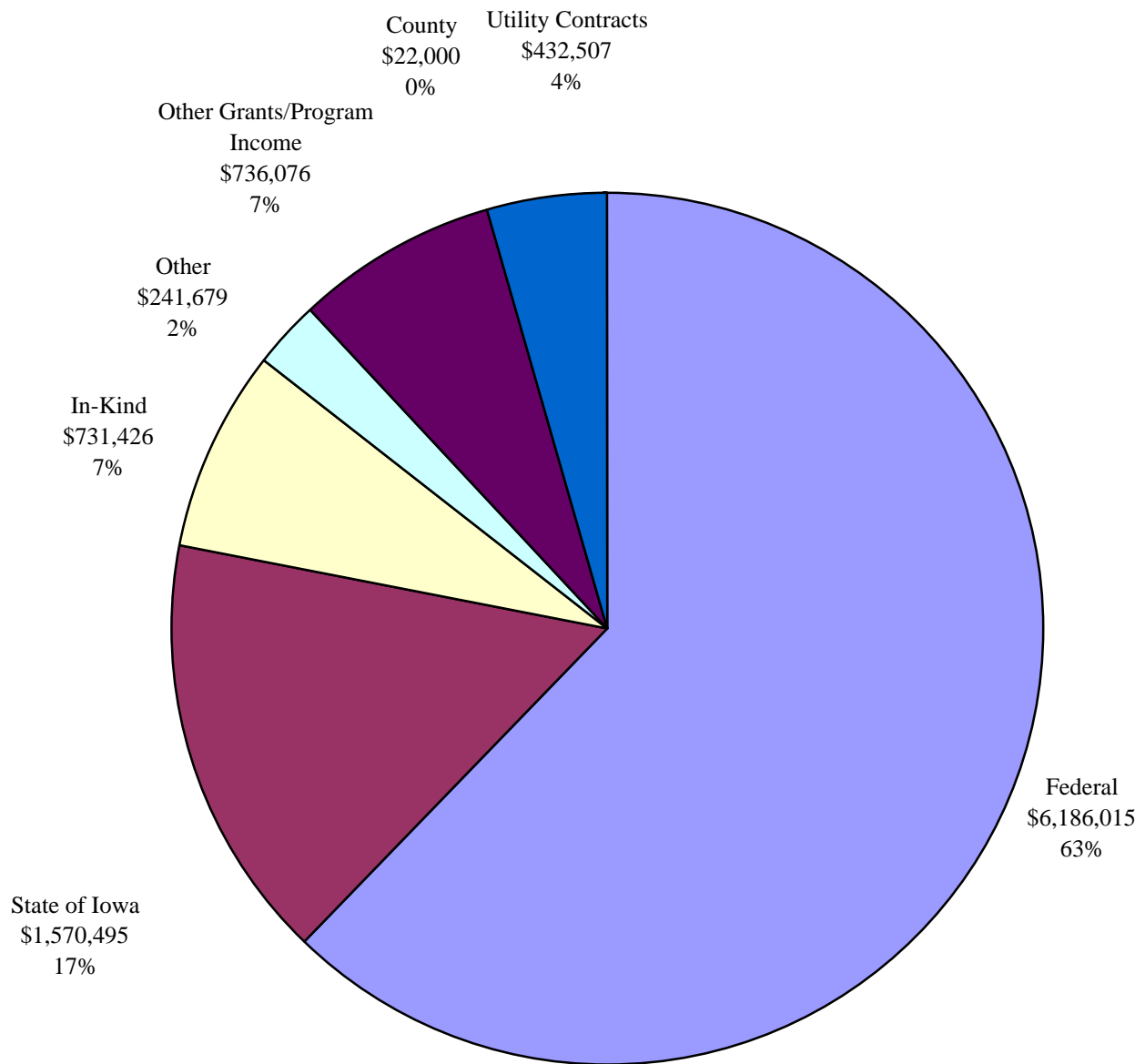
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Introductory

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

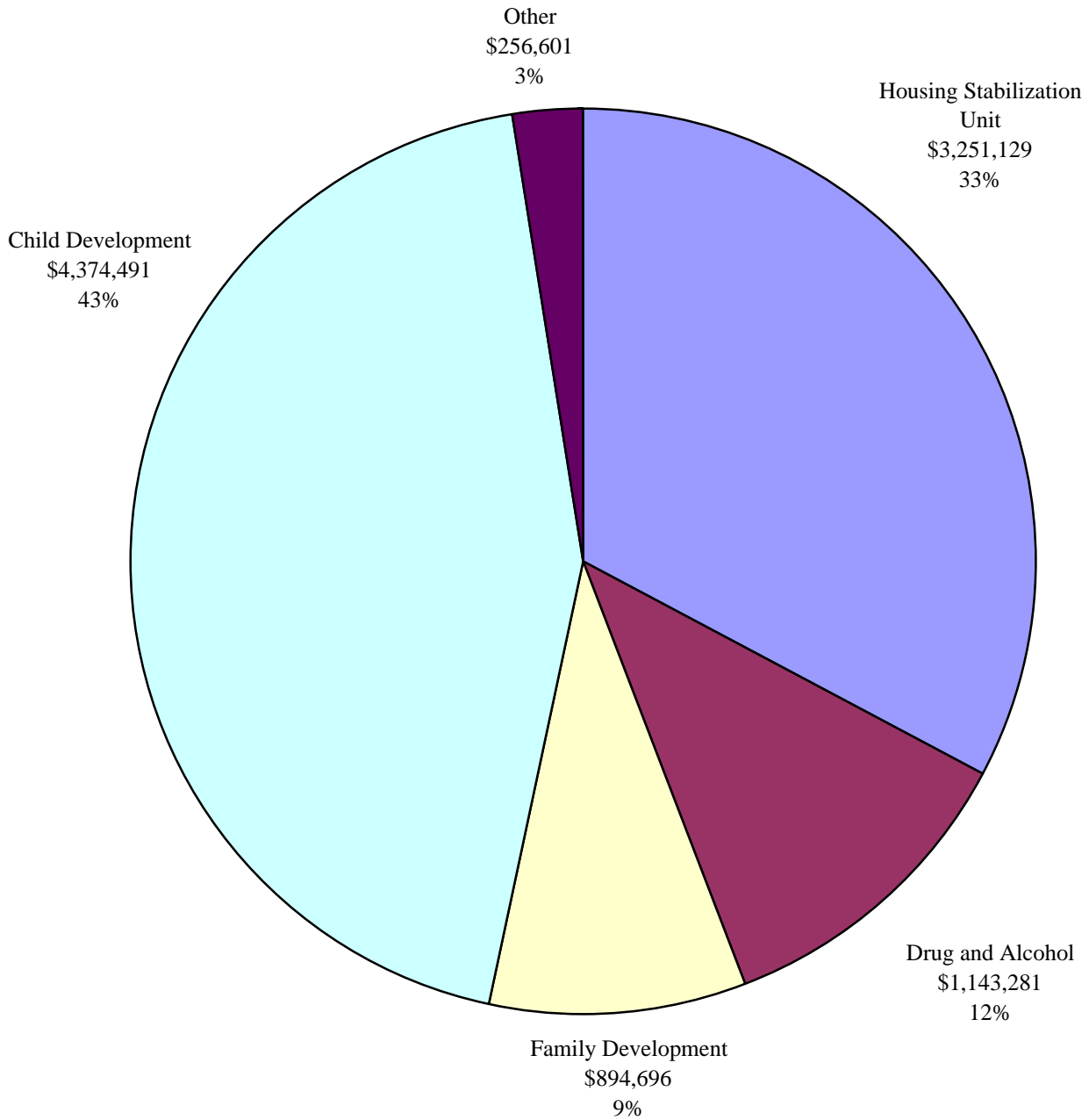
Revenues By Funding Source For Fiscal Year Ending June 30, 2008



Total Revenues By Funding Source \$9,920,198

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

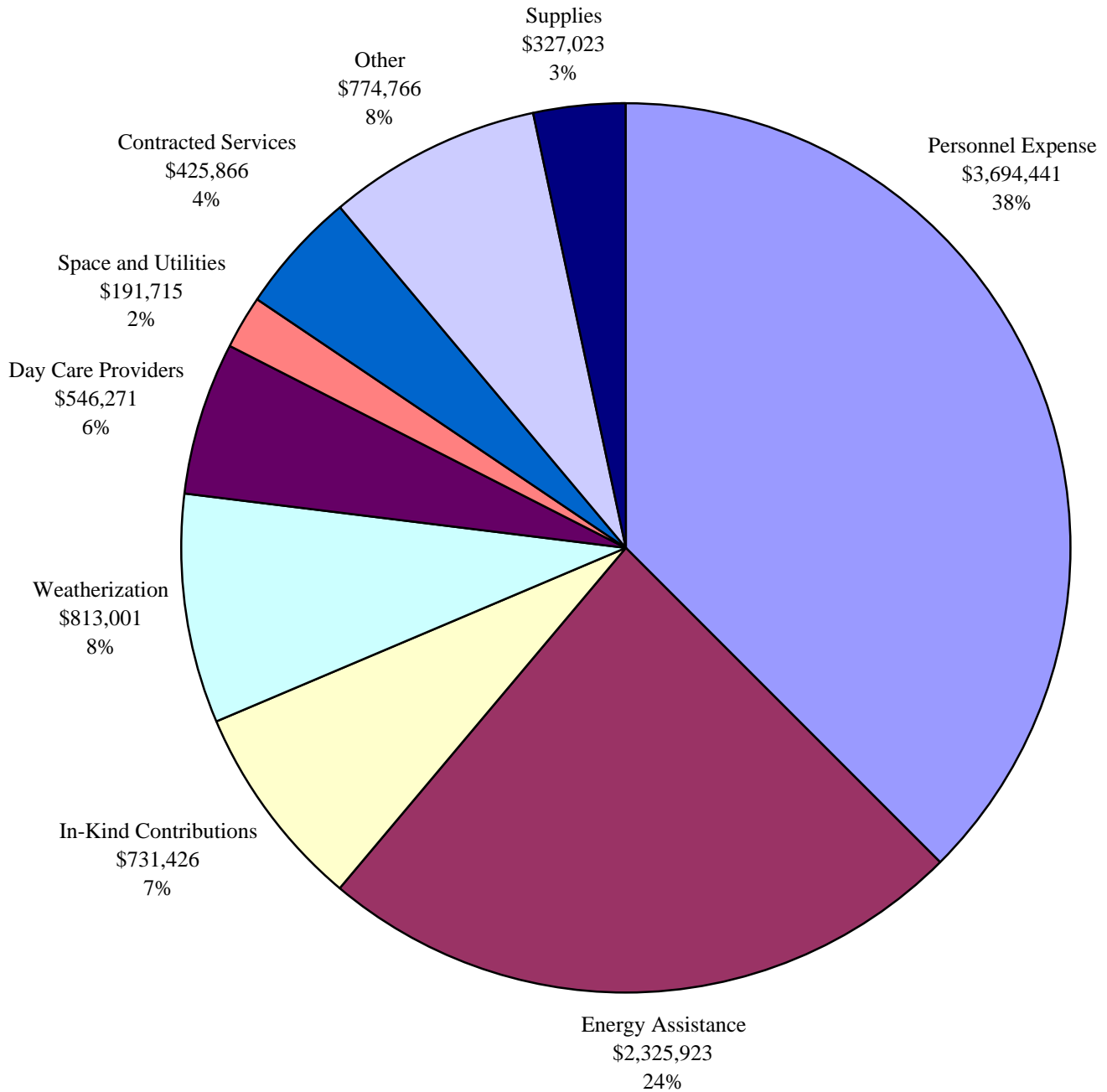
Revenues By Program
For Fiscal Year Ending June 30, 2008



Total Revenues By Program \$9,920,198

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

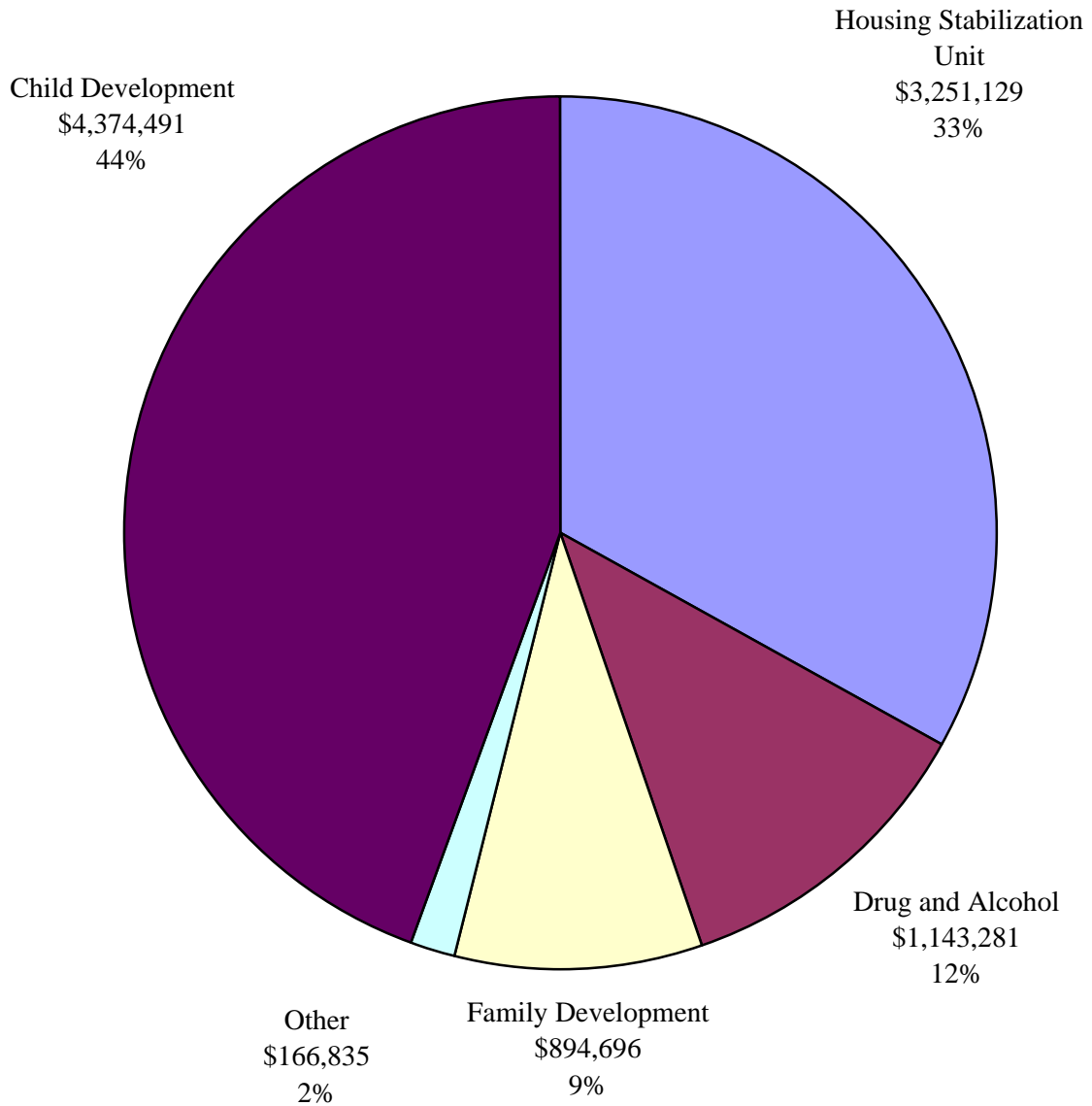
Expenditures By Function For the Fiscal Year Ending June 30, 2008



Total Expenditures by Function \$9,830,432

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Expenditures By Program For the Fiscal Year Ending June 30, 2008



Total Expenditures by Program \$9,830,432

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Financial Statements

June 30, 2008



TD&T Financial Group, P.C.

122 South Main Street
Sigourney, IA 52591
(641) 622-1013
Fax (641) 622-2850
www.tdtpc.com

Additional Offices:
Burlington
Cedar Rapids
Centerville
Fairfield
Mt. Pleasant
Oskaloosa
Ottumwa
Pella

Independent Auditors' Report

Board of Directors
Southern Iowa Economic Development Association
Ottumwa, Iowa

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Southern Iowa Economic Development Association as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in footnote 1 and footnote 12, the Agency has elected not to recognize depreciation on property and equipment, except for one piece of real estate, or accrue compensated absences. In our opinion, accounting principles generally accepted in the United States of America require that depreciation on property and equipment be recognized on all property and equipment and compensated absences be accrued. It was not practical to determine the effects of the unrecorded depreciation on the financial statements.

In our opinion, except for the effects of not recognizing depreciation on all property and equipment or accruing compensated absences, as explained in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Southern Iowa Economic Development Association as of June 30, 2008, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 22, 2008, on our consideration of the Southern Iowa Economic Development Association's internal control over financial reporting and 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 the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule 1, Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The other supplementary data included on pages 1 to 4 and in Schedules 2 to 14 is presented for analysis purposes only and is not a required part of the basic financial statements. Such data has been subjected to the auditing procedures applied in the audit of the aforementioned financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

TDE&T Financial Group, P.C.

Sigourney, Iowa
October 22, 2008

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
 Combined Statement of Financial Position - All Funds
 June 30, 2008

	Admin- istrative <u>Funds</u>	Program <u>Funds</u>	Plant <u>Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 529,965	4,735	405	535,105
Petty cash	50	50	-	100
Receivables:				
Grantor agencies	-	529,684	-	529,684
Other sources	3,420	360	-	3,780
Other funds	34,085	286,225	-	320,310
Prepaid expenses	10,824	53,057	-	63,881
Inventory	2,676	2,492	-	5,168
Property and equipment at cost, net of accumulated depreciation of \$46,968	-	-	371,699	371,699
Total assets	<u>\$ 581,020</u>	<u>876,603</u>	<u>372,104</u>	<u>1,829,727</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 857	98,029	405	99,291
Grantor agencies	25,299	-	-	25,299
Accrued payroll	10,492	93,843	-	104,335
Accrued payroll taxes	3,750	55,457	-	59,207
Other current liabilities	1,701	1,611	-	3,312
Other funds	-	320,310	-	320,310
Deferred revenue	-	307,353	-	307,353
Current portion of notes payable - building	-	-	4,483	4,483
Long-term portion of notes payable - building	-	-	16,408	16,408
Total liabilities	42,099	876,603	21,296	939,998
Net assets:				
Unrestricted	<u>538,921</u>	<u>-</u>	<u>350,808</u>	<u>889,729</u>
Total liabilities and net assets	<u>\$ 581,020</u>	<u>876,603</u>	<u>372,104</u>	<u>1,829,727</u>

See accompanying notes to financial statements.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
 Combined Statement of Activities - All Funds
 For the Year Ended June 30, 2008

	Unrestricted			<u>Total</u>
	<u>Admin- istrative Funds</u>	<u>Program Funds</u>	<u>Plant Fund</u>	
Revenues:				
Governmental funding sources:				
Department of Energy	\$ -	150,049	-	150,049
Department of Health and Human Services	-	5,280,030	-	5,280,030
Department of Agriculture	-	752,843	-	752,843
FEMA	-	3,093	-	3,093
Iowa Department of Human Services	-	796,543	-	796,543
Iowa Department of Public Health	-	773,952	-	773,952
In-kind contributions	-	731,426	-	731,426
Utility Companies	-	432,507	-	432,507
CSBG budgeted co-funding	-	11,409	-	11,409
County contributions	22,000	-	-	22,000
Other sources	74,917	868,723	22,706	966,346
Total revenues	<u>96,917</u>	<u>9,800,575</u>	<u>22,706</u>	<u>9,920,198</u>
Expenditures:				
Weatherization assistance	-	908,936	-	908,936
Low Income Home Energy Assistance	-	2,342,193	-	2,342,193
Head Start	-	2,580,293	-	2,580,293
Child Care Food Program (Day Care Homes)	-	753,083	-	753,083
Other Child Development grants	-	1,041,115	-	1,041,115
Substance Abuse Services grants	-	1,143,281	-	1,143,281
Community Services Block Grant	-	377,900	-	377,900
FaDSS	-	364,818	-	364,818
Other Family Development grants	-	151,978	-	151,978
Administrative/Other	148,892	-	17,943	166,835
Total expenditures	<u>148,892</u>	<u>9,663,597</u>	<u>17,943</u>	<u>9,830,432</u>
Change in net assets	(51,975)	136,978	4,763	89,766
Unrestricted net assets at beginning of year	453,918	-	343,555	797,473
Transfer to administrative funds	136,978	(136,978)	-	-
Net purchases/(disposal) of plant assets	-	-	2,490	2,490
Unrestricted net assets at end of year	<u>\$ 538,921</u>	<u>-</u>	<u>350,808</u>	<u>889,729</u>

See accompanying notes to financial statements.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
 Combined Statement of Functional Expenditures -
 Administrative and Program Funds
 For the Year Ended June 30, 2008

	Unrestricted			<u>Total</u>
	<u>Admin- istrative Funds</u>	<u>Program Funds</u>	<u>Plant Fund</u>	
Salaries and wages	\$ 246,633	2,598,427	-	2,845,060
Fringe benefits	60,507	788,874	-	849,381
Contracted services/consultants	25,128	400,738	-	425,866
Co-funding	-	8,276	-	8,276
Day care provider payments	-	546,271	-	546,271
Energy assistance/administrative	-	2,325,923	-	2,325,923
Food	-	109,884	-	109,884
In-kind contributions	-	731,426	-	731,426
Insurance	3,277	19,474	428	23,179
Other	77,483	318,416	1,116	397,015
Printing, postage and publications	29,348	33,882	21	63,251
Professional expense	22,420	-	-	22,420
Space costs	29,235	146,102	16,378	191,715
Supplies	13,070	313,953	-	327,023
Telephone	4,327	35,094	-	39,421
Travel	8,248	103,072	-	111,320
Weatherization	-	813,001	-	813,001
Total expenditures before allocation of indirect costs	519,676	9,292,813	17,943	9,830,432
Allocation of indirect costs	<u>(370,784)</u>	<u>370,784</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 148,892</u>	<u>9,663,597</u>	<u>17,943</u>	<u>9,830,432</u>

See accompanying notes to financial statements.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
Statement of Cash Flows
For the Year Ended June 30, 2008

Cash flows from operating activities:	
Change in net assets	\$ 89,766
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities:	
Depreciation expense	9,179
(Increase) decrease in:	
Grantor and other receivables	(41,322)
Other funds	20,222
Prepaid expenses	49,728
Inventory	914
Increase (decrease) in:	
Accounts payable	(91,570)
Accrued expenses	17,287
Other funds	(20,222)
Deferred revenue	(1,855)
Net cash provided (used) by operating activities	<u>32,127</u>
Cash flows from investing activities:	
Purchases of equipment	<u>(9,549)</u>
Net cash provided (used) by investing activities	<u>(9,549)</u>
Cash flows from financing activities:	
Payments on notes payable - building	<u>(4,393)</u>
Net cash provided (used) by financing activities	<u>(4,393)</u>
Net change in cash and cash equivalents	18,185
Cash and cash equivalents, beginning of year	<u>517,020</u>
Cash and cash equivalents, end of year	<u>\$ 535,205</u>

See accompanying notes to financial statements.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements June 30, 2008

Note 1 – Summary of Significant Accounting Policies

The significant accounting policies followed by the Southern Iowa Economic Development Association are described below to enhance the usefulness of these annual financial statements to the reader.

Reporting Entity

The Southern Iowa Economic Development Association, a not-for-profit corporation, is a community action agency that serves the Iowa counties of Appanoose, Davis, Jefferson, Keokuk, Lucas, Mahaska, Marion, Monroe, Van Buren, Wapello and Wayne. Southern Iowa Economic Development Association is exempt from income tax under section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

Southern Iowa Economic Development Association administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board for non-profit corporations.

Fund Accounting

The accounts of the Agency are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenditures. The various funds are summarized as follows in the financial statements:

Administrative Fund – The Administrative Fund represents funds derived from local sources such as donations, county match and miscellaneous activities. The Agency's overall management and administrative expenditures are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers. Footnote 7 refers to the funds combined in the Administrative Fund.

Program Funds – Program Funds are used to account for the revenues and expenditures that are contractually restricted by the funding source for specific purposes.

Plant Fund – The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency. The Agency has elected not to report depreciation expense except on the building it owns in Sigourney, Iowa. The space in this building is rented to programs.

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Grant or contract revenue is recognized when earned. The grants and contracts are written on an expenditure reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenditures are incurred. The financial statements present any funds received and not expended as deferred revenue.

Expenditures are recorded when the liability is incurred. Disbursements for the purchase of fixed assets providing future benefits are recorded as expenditures in the program at the time of purchase and capitalized in the plant fund.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, money market funds, and any other highly liquid investments with a maturity of three months or less. Cash paid for interest during the year was \$466.

Receivables from Grantor Agencies

Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 1 – Summary of Significant Accounting Policies (Continued)

Receivables/Payables from Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent certain transactions between funds had not been paid or received as of June 30, 2008, balances of interfund amounts receivable or payable have been recorded.

Inventory

Inventory purchased through vendors is accounted for at the lower of cost (first-in, first-out) or market. Inventory is composed of office supplies and weatherization materials and is recorded as expenditures as it is used rather than when purchased.

Property and Equipment

The Agency reports all property and equipment additions which have extended useful lives as program expenditures to match budgeting methods in the fund purchasing the asset. The Agency then capitalizes in the plant fund, property and equipment with a cost of over \$2,500 as an asset with a related investment in property and equipment net assets. All repairs and general maintenance are recognized as program or administrative expenditures as incurred. No interest costs were capitalized since there were no qualifying assets.

The Agency has elected to not record depreciation for financial reporting purposes in the program funds as their grant budgeting process does not include such. They do however, recognized depreciation for a piece of real estate and its fixtures that was not purchased with program funds. To recognize depreciation expense on property purchased with grant funds would be of no economic benefit.

Deferred Revenue

Deferred revenue represents an excess of cash advances by the funding source over paid or accrued expenditures at year end.

Program Reporting Year Ends

The Southern Iowa Economic Development Association has adopted a fiscal reporting year end of June 30. Certain program grants administered have different program period ending dates based on grantor requirements. All grants ending June 30, 2008 have been included in this annual report and amounts included for these programs are for the twelve month period ending June 30, 2008. This report also includes those grants which end on various dates as specified in the contracts. Therefore, these financial statements include revenue and expenditure statements for two grant periods for certain grants. One covers revenue and expenditure amounts for the partial grant period which began during the current year and one covers the revenues and expenditures for the partial grant year that began during the previous year.

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 1 – Summary of Significant Accounting Policies (Continued)

Indirect Expense Allocation

Expenses relating to the administration of the Agency in general are allocated to the specific program grants based upon a predetermined rate of 13.1% of gross salaries charged to the grant, actual space occupied (rent, utilities), or some other equitable basis depending upon the nature of the expenditure. The predetermined rate is based on a formula developed by the Agency and approved by the Department of Health and Human Services, its oversight agency. Grants whose budgets do not allow for the total indirect cost allocation are co-funded through the CSBG grant.

In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free usage of facilities and equipment as in-kind revenues at the time the services and materials are received within some of the programs. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

Total Column

The total column on the combined statement of financial position, statement of activities and statement of functional expenditures is presented to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. In these financial statements, assets, liabilities, and the reported amount of revenues and expenses involve extensive reliance on management's estimates. Actual results could differ from those estimates.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 2 – Net Cash

Cash and cash overdrafts as presented in Exhibit A include amounts in demand deposits and are composed of the following components:

Cash in bank:	
Agency – checking	\$ 280,662
Agency – savings	149,708
Agency – CD	100,000
I-Care – checking	2,134
Head Start – savings	<u>2,601</u>
	<u>535,105</u>
Petty cash:	
Agency	50
Substance Abuse Services	<u>50</u>
	<u>100</u>
	\$ <u>535,205</u>

The cash balances shown are insured up to the Federal Deposit Insurance Corporation's limit of \$100,000. However, SIEDA's banking institute provides collateral which is assigned to these accounts.

Note 3 – Receivable-Grantor Agencies

Receivable-Grantor Agencies at June 30, 2008 as reported in Exhibit A is composed of the following:

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 3 – Receivable-Grantor Agencies (Continued)

Department of Energy:		
Iowa Department of Human Rights:		
DOE	\$	62,225
Department of Agriculture:		
Iowa Department of Education:		
Day Care Homes		68,169
Department of Health and Human Services:		
Head Start (Direct)		74,920
Iowa Department of Human Rights:		
CSBG		38,594
HEAP		10,784
LIHEAP		13,514
Iowa Department of Public Health:		
Prevention		14,292
Treatment		18,035
Tobacco		10,134
Iowa Department of Human Services:		
FaDSS		2,400
Family Drug Court		10,398
Iowa Department of Human Rights:		
IPL – Weatherization Assistance		16,904
MEC – Weatherization Assistance		52,107
Empowerment Boards:		
ADLM		17,871
Mahaska/Wapello		68,688
Jefferson/Keokuk		14,154
Iowa Division of Vocational Rehab Services:		
Vocational Rehab		1,002
Van Buren County – VCFSS		1,264
ADLM Extended Hours and Recruiter		13,166
Van Buren Extended Hours		4,740
AIM Extended Hours		10,294
Oak Terrace Agreement		1,077
Prevent Child Abuse Iowa		<u>4,952</u>
	\$	<u>529,684</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 4 – Property and Equipment

SIEDA’s policy for capitalizing property and equipment was reviewed and updated during the year ended June 30, 2008. SIEDA does not recognize depreciation on any of its fixed assets except one building they own. Depreciation expense on the building was \$9,179 for the year ended June 30, 2008. The building and fixtures are being depreciated over 40 years.

The following is a detail by program of the equipment and building amount reported in Exhibit A identified to the program it relates to:

	<u>Equipment</u>	<u>Land and Buildings</u>	<u>Total</u>
HEAP Weatherization	\$ 23,871	-	23,871
Department of Health and Human Services – Head Start	37,713	-	37,713
Iowa Department of Substance Abuse – Substance Abuse Services and Alcohol: Treatment	16,126	-	16,126
FaDSS	590	-	590
Agency, net of accumulated depreciation of \$46,968	9,702	254,954	264,656
Parents as Teachers	<u>28,743</u>	<u>-</u>	<u>28,743</u>
	<u>\$ 116,745</u>	<u>254,954</u>	<u>371,699</u>

Equipment and building are reported at original cost or donated value with an offsetting amount of investment in equipment and building net assets.

Note 5 – Line of Credit

As of June 30, 2008, SIEDA has a \$100,000 line of credit secured by all receivables, cash accounts and general intangibles. The interest rate is 1 percent above the Wells Fargo prime rate index, floating. The balance was \$-0- as of June 30, 2008.

Note 6 – Long Term Liabilities

The Agency obtained a long term real estate contract from the City of Sigourney. The contract calls for monthly payments of \$405 and accrues interest of 2 percent per annum. The related building secures the contract. The balance at June 30, 2008, is \$20,891. Final payment is due December 2012.

Principal amounts due during the next five fiscal years are as follows:

2009	\$ 4,483
2010	4,574
2011	4,666
2012	4,760
2013	2,408

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 7 – Administrative Net Assets

Administrative net assets at June 30, 2008 as reported in Exhibit A are composed of the following:

Discretionary Fund	\$ 460,558
Indirect Cost Pool	(88,790)
Head Start – Discretionary Funds	765
Head Start – Health Care Donations	4,159
Head Start – Interest	19
Weatherization – Interest Earned and Program Income	671
Substance Abuse Services – Treatment	141,226
Art Johnson Memorial	300
Parents as Teachers	228
Flood Donations	1,040
FaDSS – Discretionary Funds	1,417
Resource Centers and Emergency Housing	17,278
Emergency Housing	<u>50</u>
	\$ <u>538,921</u>

Note 8 – Provider Relationship

The Agency provides outpatient counseling, education, and substance abuse prevention service to residents of the eleven county area under authorization from the Iowa Department of Public Health, Division of Substance Abuse and Health Promotion. Services are provided under a license which extends through July 13, 2009. Provision of services after that date is contingent upon continued licensure by the Iowa Department of Public Health, Division of Substance Abuse and Health Promotion.

Note 9 – Match Funds Required – Head Start Program

The Head Start grant requires grantee provided support to match Federal funding in the amount of 20% of the total Federal and non-Federal revenues. Based on grant terms for Grant Number 6142(41) for the period December 1, 2006 through November 30, 2007 the grant provided for \$1,917,277 of Federal support and grantee matching support in the amount of \$479,319. Such grantee match requirement of 20% of federal funding was met.

Grant terms for Grant Number 6142(42) for the period December 1, 2007 through November 30, 2008 provided for \$1,917,277 of Federal support and grantee matching support in the amount of \$479,319. At June 30, 2008 matching support had been met.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued) June 30, 2008

Note 10 – Lease of Space

SIEDA leases the space where their offices are located in Ottumwa and several other neighborhood center locations. The office lease has an option to be renewed every five years and is currently renewable February 28, 2011. The space is expensed to the individual programs by a square footage allocation. The resource centers have varying expirations. The current contracts required annual lease payments of \$260,000 for the space leased at June 30, 2008. At June 30, 2008, the lease commitments for each of the next five years are as follows:

2009	\$ 260,000
2010	218,000
2011	150,000
2012	57,000
2013	57,000

Note 11 – Retirement Plan

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.9% of their annual salary and the Agency is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 was \$180,973, \$172,981, and \$164,669, respectively, equal to the required contributions for the year.

Note 12 – Employee Vacation Benefit

Agency employees accumulate vacation leave hours for subsequent use or payment upon termination or retirement. The accumulations are not recognized as expenses until used or paid which is in accordance with grant requirements for allowable costs. As of June 30, 2008 vested unpaid vacation leave for Agency employees was \$123,014.

Note 13 – Economic Dependency

SIEDA is dependent upon federal and state monies to maintain its operations. In the event that grant monies are not available from such sources, SIEDA may not continue as a going concern.

Note 14 – Contingent Liability

SIEDA is contingently liable to grantors for monies received until each grant has been closed by the grantor.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Notes to Financial Statements (Continued)

June 30, 2008

Note 15 – Risk Management

Southern Iowa Economic Development Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no claims from these risks that have exceeded commercial insurance coverage for the past three years.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Supplementary Data

June 30, 2008

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Schedule of Expenditures of Federal Awards
For the Period July 1, 2007 through June 30, 2008

<u>Grant Name/ Federal Grantor/ Pass Through Grantor</u>	<u>CFDA Number/ Grant Period</u>	<u>Grantor Contract Number</u>	<u>Expenditures</u>
Department of Health and Human Services:			
Office of Human Development			
Services (Direct)			
	Head Start, Full Year		
	Part Day and Handicapped		
	/93.600		
	12/01/06 – 11/30/07	07CH6142/41	\$ 832,757
	12/01/07 – 11/30/08	07CH6142/42	1,034,857
			<u>1,867,614</u>
Iowa Department of Human			
Rights, Division of Community			
Action Agencies			
	Home Energy Assistance		
	Program – Weatherization		
	/93.568*		
	01/01/07 – 12/31/07	HEAP-07-15L	231,187
	01/01/08 – 12/31/08	HEAP-08-15L	128,444
	Low Income Home Energy		
	Assistance Program/93.568*		
	10/01/06 – 09/30/07	LIHEAP-07-15-L	174,921
	10/01/07 – 09/30/08	LIHEAP-08-15-L	2,176,009
			<u>2,710,561</u>
	Family Development and Self		
	Sufficiency/93.558		
	07/01/07 – 06/30/08	FaDSS-07-15-FL	<u>196,654</u>

(continued)

* = Major program

See accompanying independent auditors' reports.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Schedule of Expenditures of Federal Awards (Continued)
For the Period July 1, 2007 through June 30, 2008

<u>Grant Name/ Federal Grantor/ Pass Through Grantor</u>	<u>CFDA Number/ Grant Period</u>	<u>Grantor Contract Number</u>	<u>Expenditures</u>
Community Services			
Block Grant/93.569*			
	10/01/05 – 09/30/07	CSBG-06-15-CL	94,138
	10/01/06 – 09/30/08	CSBG-07-15-CL	283,762
	10/01/07 – 09/30/08	CSBG-08-15-CL	-
			<u>377,900</u>
Iowa Department of Public Health, Division of Substance Abuse/ Health Promotion	Prevention/93.959 07/01/07 – 06/30/08	5888CP21	<u>127,301</u>
Total Department of Health and Human Services			<u>5,280,030</u>
Department of Energy:			
Iowa Department of Human Rights, Division of Community Action Agencies	DOE – Weatherization Assistance for Low Income Persons/81.042*		
	04/01/07 – 03/31/08	DOE-07-15L	66,765
	04/01/08 – 03/31/09	DOE-08-15L	<u>83,284</u>
Total Department of Energy			<u>150,049</u>

(continued)

* = Major program

See accompanying independent auditors' reports.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Schedule of Expenditures of Federal Awards (Continued)
For the Period July 1, 2007 through June 30, 2008

<u>Grant Name/ Federal Grantor/ Pass Through Grantor</u>	<u>CFDA Number/ Grant Period</u>	<u>Grantor Contract Number</u>	<u>Expenditures</u>
Department of Agriculture:			
Iowa Department of Education	Child and Adult Care Food Program – Supplemental Food/10.558		
	10/01/06 – 09/30/07	90-8010	12,513
	10/01/07 – 09/30/08	90-8010	98,877
	Child and Adult Care Food Program – Day Care Homes /10.558		
	10/01/06 – 09/30/07	90-8017	167,038
	10/01/07 – 09/30/08	90-8017	<u>474,415</u>
Total Department of Agriculture			<u>752,843</u>
Federal Emergency Management Association	Emergency Food and Shelter Program/83.523	N/A	<u>3,093</u>
			<u>\$ 6,186,015</u>

Basis of presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southern Iowa Economic Development Association and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

* = Major program

See accompanying independent auditors' reports.

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
Combining Schedule of Financial Position - Program Funds
June 30, 2008

	<u>DOE</u>	<u>HEAP</u>	<u>IPL</u>	<u>MEC</u>	<u>Alliant Counseling</u>
Assets					
Cash and cash equivalents	\$ -	-	-	-	-
Petty cash	-	-	-	-	-
Receivables:					
Grantor agencies	62,225	10,784	16,904	52,107	-
Other sources	-	-	-	-	-
Other funds	-	-	-	-	-
Prepaid expenses	1,132	-	-	-	-
Inventory	<u>2,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 65,849</u>	 <u>10,784</u>	 <u>16,904</u>	 <u>52,107</u>	 <u>-</u>
 Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 4,282	1,228	3,750	-	-
Accrued payroll	4,687	-	-	-	-
Accrued payroll taxes	2,337	-	-	-	-
Other current liabilities	-	-	-	-	-
Other funds	48,371	9,556	13,154	52,107	-
Deferred revenue	<u>6,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	65,849	10,784	16,904	52,107	-
 Net assets	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total liabilities and net assets	 <u>\$ 65,849</u>	 <u>10,784</u>	 <u>16,904</u>	 <u>52,107</u>	 <u>-</u>

(continued)

<u>I-Care</u>	<u>Project Helper</u>	<u>Alliant Hometown Cares</u>	<u>I Care Mid-American</u>	<u>Hometown Cares-HACAP</u>	<u>LIHEAP</u>	<u>Head Start</u>	<u>HS Delta Dental</u>
2,134	-	-	-	-	-	2,601	-
-	-	-	-	-	-	-	-
-	-	-	-	-	13,514	74,920	-
-	-	-	-	-	3	-	-
3,094	5,240	3,931	2,296	29,702	-	-	-
-	-	-	-	-	1,483	20,672	-
-	-	-	-	-	-	-	-
<u>5,228</u>	<u>5,240</u>	<u>3,931</u>	<u>2,296</u>	<u>29,702</u>	<u>15,000</u>	<u>98,193</u>	<u>-</u>
-	-	-	-	-	148	5,567	-
-	-	-	-	-	3,200	16,734	-
-	-	-	-	-	1,942	16,973	-
-	-	-	-	-	-	1,611	-
-	-	-	-	-	3,224	57,308	-
<u>5,228</u>	<u>5,240</u>	<u>3,931</u>	<u>2,296</u>	<u>29,702</u>	<u>6,486</u>	<u>-</u>	<u>-</u>
5,228	5,240	3,931	2,296	29,702	15,000	98,193	-
-	-	-	-	-	-	-	-
<u>5,228</u>	<u>5,240</u>	<u>3,931</u>	<u>2,296</u>	<u>29,702</u>	<u>15,000</u>	<u>98,193</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
Combining Schedule of Financial Position - Program Funds (Continued)
June 30, 2008

	Parents as Teachers <u>ADLM</u>	Parents as Teachers <u>Mah/Wap</u>	Parents as Teachers <u>Jeff./Keokuk</u>	BASEC PAT Educator <u>Mah/Wap</u>
Assets				
Cash and cash equivalents	\$ -	-	-	-
Petty cash	-	-	-	-
Receivables:				
Grantor agencies	13,704	13,265	10,584	24,398
Other sources	1	-	-	-
Other funds	-	-	-	-
Prepaid expenses	840	3,233	282	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 14,545</u>	 <u>16,498</u>	 <u>10,866</u>	 <u>24,398</u>
 Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 3,273	314	317	2,547
Accrued payroll	4,421	5,742	2,343	136
Accrued payroll taxes	2,177	3,589	1,144	21
Other current liabilities	-	-	-	-
Other funds	4,674	6,853	7,062	21,694
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	14,545	16,498	10,866	24,398
 Net assets	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total liabilities and net assets	 <u>\$ 14,545</u>	 <u>16,498</u>	 <u>10,866</u>	 <u>24,398</u>

(continued)

<u>Child Care Educator ADLM</u>	<u>Child Care Educator Mah/Wap</u>	<u>Child Care Educator Jeff/Keokuk</u>	<u>Reading is Fun</u>	<u>Youth Mentoring</u>	<u>Infant Message</u>
-	-	-	-	-	-
-	-	-	-	-	-
4,167	31,025	3,570	-	-	-
-	-	-	-	-	-
-	-	-	162	-	-
202	980	387	-	-	-
-	-	-	-	-	-
<u>4,369</u>	<u>32,005</u>	<u>3,957</u>	<u>162</u>	<u>-</u>	<u>-</u>
1,185	6,647	69	-	-	-
1,142	4,068	1,049	-	-	-
533	1,483	524	-	-	-
-	-	-	-	-	-
1,509	19,807	2,315	-	-	-
-	-	-	162	-	-
<u>4,369</u>	<u>32,005</u>	<u>3,957</u>	<u>162</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>4,369</u>	<u>32,005</u>	<u>3,957</u>	<u>162</u>	<u>-</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
Combining Schedule of Financial Position - Program Funds (Continued)
June 30, 2008

	<u>ADLM Child Care Recruiter</u>	<u>ADLM Extended Hours</u>	<u>Jeff/Keokuk Transportation /Ext. Hours</u>	<u>Van Buren Head Start Ext. Hours</u>
Assets				
Cash and cash equivalents	\$ -	-	-	-
Petty cash	-	-	-	-
Receivables:				
Grantor agencies	3,460	9,706	10,294	4,740
Other sources	-	-	-	-
Other funds	-	-	-	-
Prepaid expenses	480	-	-	-
Inventory	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 3,940</u>	<u>9,706</u>	<u>10,294</u>	<u>4,740</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable	\$ 141	-	-	-
Accrued payroll	709	-	-	-
Accrued payroll taxes	140	-	-	-
Other current liabilities	-	-	-	-
Other funds	2,950	9,706	10,294	4,740
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	3,940	9,706	10,294	4,740
Net assets	<hr/>	<hr/>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 3,940</u>	<u>9,706</u>	<u>10,294</u>	<u>4,740</u>

(continued)

<u>Day Care Homes</u>	<u>Drug and Alcohol - Treatment</u>	<u>Drug and Alcohol - Prevention</u>	<u>Drug and Alcohol - Tobacco</u>	<u>CSBG</u>	<u>Van Buren VCFSS</u>	<u>Voc. Rehab.</u>
-	-	-	-	-	-	-
-	50	-	-	-	-	-
68,169	18,035	14,292	10,134	38,594	1,264	1,002
28	5	-	-	11	-	-
-	201,796	-	-	16,862	-	3,165
837	11,995	2,064	616	5,236	-	-
-	-	-	-	-	-	-
<u>69,034</u>	<u>231,881</u>	<u>16,356</u>	<u>10,750</u>	<u>60,703</u>	<u>1,264</u>	<u>4,167</u>
53,061	10,420	353	280	1,439	-	-
2,241	20,602	3,155	2,735	9,916	159	-
1,046	9,993	1,894	1,129	5,270	28	-
-	-	-	-	-	-	-
12,686	-	10,954	6,606	-	1,077	-
-	190,866	-	-	44,078	-	4,167
<u>69,034</u>	<u>231,881</u>	<u>16,356</u>	<u>10,750</u>	<u>60,703</u>	<u>1,264</u>	<u>4,167</u>
-	-	-	-	-	-	-
<u>69,034</u>	<u>231,881</u>	<u>16,356</u>	<u>10,750</u>	<u>60,703</u>	<u>1,264</u>	<u>4,167</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
Combining Schedule of Financial Position - Program Funds (Continued)
June 30, 2008

	<u>FaDSS</u>	<u>Oak Terrace Agreement</u>	<u>Wapello Utility Donation</u>	<u>Prevent Child Abuse Iowa</u>	<u>United Way</u>
Assets					
Cash and cash equivalents	\$ -	-	-	-	-
Petty cash	-	-	-	-	-
Receivables:					
Grantor agencies	2,400	1,077	-	4,952	-
Other sources	134	-	-	178	-
Other funds	10,491	-	-	-	4,885
Prepaid expenses	3,429	-	-	(811)	-
Inventory	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 16,454</u>	<u>1,077</u>	<u>-</u>	<u>4,319</u>	<u>4,885</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 1,841	-	-	81	-
Accrued payroll	9,610	21	-	1,173	-
Accrued payroll taxes	5,003	3	-	228	-
Other current liabilities	-	-	-	-	-
Other funds	-	1,053	-	2,837	-
Deferred revenue	-	-	-	-	4,885
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	16,454	1,077	-	4,319	4,885
Net assets	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 16,454</u>	<u>1,077</u>	<u>-</u>	<u>4,319</u>	<u>4,885</u>

<u>Wapello Co Drug Decat Contract</u>	<u>Mahaska County Wal-Mart Nest</u>	<u>Parenting Wisely</u>	<u>Emergency Food & Shelter Program</u>	<u>Embrace Iowa</u>	<u>ADLM Nest</u>	<u>Total (Memo Only)</u>
-	-	-	-	-	-	4,735
-	-	-	-	-	-	50
10,398	-	-	-	-	-	529,684
-	-	-	-	-	-	360
1,200	389	78	2,473	99	362	286,225
-	-	-	-	-	-	53,057
-	-	-	-	-	-	2,492
<u>11,598</u>	<u>389</u>	<u>78</u>	<u>2,473</u>	<u>99</u>	<u>362</u>	<u>876,603</u>

625	-	-	-	99	362	98,029
-	-	-	-	-	-	93,843
-	-	-	-	-	-	55,457
-	-	-	-	-	-	1,611
9,773	-	-	-	-	-	320,310
<u>1,200</u>	<u>389</u>	<u>78</u>	<u>2,473</u>	<u>-</u>	<u>-</u>	<u>307,353</u>
11,598	389	78	2,473	99	362	876,603
-	-	-	-	-	-	-
<u>11,598</u>	<u>389</u>	<u>78</u>	<u>2,473</u>	<u>99</u>	<u>362</u>	<u>876,603</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Combining Schedule of Activities - Program Funds

For the Year Ended June 30, 2008

	DOE <u>3/31/2008</u>	DOE <u>3/31/2009</u>	HEAP <u>12/31/2007</u>	HEAP <u>12/31/2008</u>	IPL <u>12/31/2007</u>
Revenues:					
Governmental funding sources:					
Department of Energy	\$ 66,765	83,284	-	-	-
Dept. of Health and Human Services	-	-	231,187	128,444	-
Department of Agriculture	-	-	-	-	-
FEMA	-	-	-	-	-
Iowa Department of Human Services	-	-	-	-	-
Iowa Department of Public Health	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Utility Companies	-	-	-	-	97,652
CSBG budgeted co-funding	-	-	-	-	-
Other sources	-	-	200	-	-
Total revenues	<u>66,765</u>	<u>83,284</u>	<u>231,387</u>	<u>128,444</u>	<u>97,652</u>
Expenditures:					
Salaries and wages	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Contracted services/consultants	-	-	-	-	-
Co-funding	-	-	-	-	-
Day care provider payments	-	-	-	-	-
Energy assistance/administrative	-	-	-	-	-
Food	-	-	-	-	-
Indirect costs	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Insurance	-	-	-	-	-
Other	-	-	-	-	-
Space costs	-	-	-	-	-
Supplies	-	-	-	-	-
Telephone	-	-	-	-	-
Travel	-	-	-	-	-
Weatherization	<u>66,765</u>	<u>83,284</u>	<u>231,387</u>	<u>128,444</u>	<u>97,652</u>
Total expenditures	<u>66,765</u>	<u>83,284</u>	<u>231,387</u>	<u>128,444</u>	<u>97,652</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Transfer to administrative funds	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Combining Schedule of Activities - Program Funds (Continued)

For the Year Ended June 30, 2008

	LIHEAP <u>9/30/2007</u>	LIHEAP <u>9/30/2008</u>	Head Start <u>11/30/2007</u>	Head Start <u>11/30/2008</u>	HS Delta <u>Dental</u>
Revenues:					
Governmental funding sources:					
Department of Energy	\$ -	-	-	-	-
Dept. of Health and Human Services	174,921	2,176,009	832,757	1,034,857	-
Department of Agriculture	-	-	-	-	-
FEMA	-	-	-	-	-
Iowa Department of Human Services	-	-	-	-	-
Iowa Department of Public Health	-	-	-	-	-
In-kind contributions	-	-	197,532	502,484	-
Utility Companies	-	-	-	-	-
CSBG budgeted co-funding	700	-	-	-	-
Other sources	800	-	8,678	3,985	414
Total revenues	<u>176,421</u>	<u>2,176,009</u>	<u>1,038,967</u>	<u>1,541,326</u>	<u>414</u>
Expenditures:					
Salaries and wages	-	-	404,665	561,995	-
Fringe benefits	-	-	119,738	188,606	-
Contracted services/consultants	-	-	31,032	31,856	-
Co-funding	-	-	-	-	-
Day care provider payments	-	-	-	-	-
Energy assistance/administrative	166,184	2,176,009	-	-	-
Food	-	-	-	-	-
Indirect costs	-	-	53,011	73,621	-
In-kind contributions	-	-	197,532	502,484	-
Insurance	-	-	-	-	-
Other	-	-	134,549	133,182	-
Space costs	-	-	-	-	-
Supplies	-	-	88,546	36,772	414
Telephone	-	-	-	-	-
Travel	-	-	9,894	12,810	-
Weatherization	-	-	-	-	-
Total expenditures	<u>166,184</u>	<u>2,176,009</u>	<u>1,038,967</u>	<u>1,541,326</u>	<u>414</u>
Change in net assets	10,237	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Transfer to administrative funds	<u>(10,237)</u>	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Combining Schedule of Activities - Program Funds (Continued)

For the Year Ended June 30, 2008

	Reading <u>Is Fun</u>	Appanoose Child Care <u>Recruiter</u>	ADLM Extended <u>Hours</u>	Jeff./Keokuk Transportation <u>Ext. Hours</u>	Van Buren Head Start <u>Ext. Hours</u>
Revenues:					
Governmental funding sources:					
Department of Energy	\$ -	-	-	-	-
Dept. of Health and Human Services	-	-	-	-	-
Department of Agriculture	-	-	-	-	-
FEMA	-	-	-	-	-
Iowa Department of Human Services	-	-	-	-	-
Iowa Department of Public Health	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Utility Companies	-	-	-	-	-
CSBG budgeted co-funding	-	228	-	-	-
Other sources	821	28,102	38,823	27,664	29,151
Total revenues	<u>821</u>	<u>28,330</u>	<u>38,823</u>	<u>27,664</u>	<u>29,151</u>
Expenditures:					
Salaries and wages	-	14,087	24,778	4,419	14,394
Fringe benefits	-	5,830	5,200	1,188	4,621
Contracted services/consultants	-	-	5,599	21,478	8,250
Co-funding	-	-	-	-	-
Day care provider payments	-	-	-	-	-
Energy assistance/administrative	-	-	-	-	-
Food	-	-	-	-	-
Indirect costs	-	1,845	3,246	579	1,886
In-kind contributions	-	-	-	-	-
Insurance	-	-	-	-	-
Other	-	199	-	-	-
Space costs	-	951	-	-	-
Supplies	821	3,656	-	-	-
Telephone	-	294	-	-	-
Travel	-	1,468	-	-	-
Weatherization	-	-	-	-	-
Total expenditures	<u>821</u>	<u>28,330</u>	<u>38,823</u>	<u>27,664</u>	<u>29,151</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Transfer to administrative funds	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Combining Schedule of Activities - Program Funds (Continued)

For the Year Ended June 30, 2008

	<u>CSBG</u> <u>9/30/2007</u>	<u>CSBG</u> <u>9/30/2008</u>	<u>Van Buren</u> <u>VCFSS</u>	<u>Voc.</u> <u>Rehab.</u>	<u>FaDSS</u>
Revenues:					
Governmental funding sources:					
Department of Energy	\$ -	-	-	-	-
Dept. of Health and Human Services	94,138	283,762	-	-	196,654
Department of Agriculture	-	-	-	-	-
FEMA	-	-	-	-	-
Iowa Department of Human Services	-	-	-	-	167,521
Iowa Department of Public Health	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Utility Companies	-	-	-	-	-
CSBG budgeted co-funding	-	-	-	-	643
Other sources	-	-	13,838	28,510	-
Total revenues	<u>94,138</u>	<u>283,762</u>	<u>13,838</u>	<u>28,510</u>	<u>364,818</u>
Expenditures:					
Salaries and wages	51,298	150,027	5,591	81	221,439
Fringe benefits	16,608	49,388	1,789	22	62,367
Contracted services/consultants	-	-	-	28,396	-
Co-funding	-	8,276	-	-	-
Day care provider payments	-	-	-	-	-
Energy assistance/administrative	-	-	-	-	-
Food	-	-	-	-	-
Indirect costs	6,870	19,382	732	11	29,009
In-kind contributions	-	-	-	-	-
Insurance	4,968	-	-	-	-
Other	432	15,236	-	-	5,548
Space costs	7,797	21,947	-	-	11,026
Supplies	1,384	3,109	5,600	-	18,754
Telephone	3,238	8,852	-	-	4,227
Travel	1,543	7,545	126	-	12,448
Weatherization	-	-	-	-	-
Total expenditures	<u>94,138</u>	<u>283,762</u>	<u>13,838</u>	<u>28,510</u>	<u>364,818</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Transfer to administrative funds	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

<u>Oak Terrace</u>	<u>Wapello Co. Utility Donation</u>	<u>Prevent Child Abuse Iowa</u>	<u>Homeless Shelter Operations</u>	<u>United Way</u>	<u>Wapello Co Drug Decat Contract</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,523	500	52,402	7,797	9,451	11,803
<u>1,523</u>	<u>500</u>	<u>52,402</u>	<u>7,797</u>	<u>9,451</u>	<u>11,803</u>
951	-	35,104	3,741	-	-
447	-	8,977	1,462	-	-
-	500	-	-	-	11,803
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
125	-	4,599	490	-	-
-	-	-	-	-	-
-	-	-	266	-	-
-	-	326	15	-	-
-	-	-	1,321	-	-
-	-	2,216	502	9,451	-
-	-	52	-	-	-
-	-	1,128	-	-	-
-	-	-	-	-	-
<u>1,523</u>	<u>500</u>	<u>52,402</u>	<u>7,797</u>	<u>9,451</u>	<u>11,803</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Combining Schedule of Activities - Program Funds (Continued)

For the Year Ended June 30, 2008

	Mahaska County <u>Wal-Mart Nest</u>	Parenting <u>Wisely</u>	<u>FEMA</u>	Embrace <u>Iowa</u>	ADLM <u>Nest</u>
Revenues:					
Governmental funding sources:					
Department of Energy	\$ -	-	-	-	-
Dept. of Health and Human Services	-	-	-	-	-
Department of Agriculture	-	-	-	-	-
FEMA	-	-	3,093	-	-
Iowa Department of Human Services	-	-	-	-	-
Iowa Department of Public Health	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Utility Companies	-	-	-	-	-
CSBG budgeted co-funding	-	-	-	-	-
Other sources	146	1,563	-	10,983	10,369
Total revenues	<u>146</u>	<u>1,563</u>	<u>3,093</u>	<u>10,983</u>	<u>10,369</u>
Expenditures:					
Salaries and wages	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Contracted services/consultants	-	-	-	10,983	-
Co-funding	-	-	-	-	-
Day care provider payments	-	-	-	-	-
Energy assistance/administrative	-	-	-	-	-
Food	-	-	-	-	-
Indirect costs	-	-	-	-	-
In-kind contributions	-	-	-	-	-
Insurance	-	-	-	-	-
Other	-	-	-	-	-
Space costs	-	-	-	-	-
Supplies	146	1,563	3,093	-	10,369
Telephone	-	-	-	-	-
Travel	-	-	-	-	-
Weatherization	-	-	-	-	-
Total expenditures	<u>146</u>	<u>1,563</u>	<u>3,093</u>	<u>10,983</u>	<u>10,369</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Transfer to administrative funds	-	-	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Reclass</u> <u>Indirect</u>	Total (Memo <u>Only)</u>
-	150,049
-	5,280,030
-	752,843
-	3,093
-	796,543
-	773,952
-	731,426
-	432,507
-	11,409
-	<u>868,723</u>
-	<u>9,800,575</u>
-	2,598,427
-	788,874
-	400,738
-	8,276
-	546,271
(16,270)	2,325,923
-	109,884
30,488	370,784
-	731,426
-	19,474
-	352,298
-	146,102
-	313,953
-	35,094
-	103,072
(14,218)	<u>813,001</u>
-	<u>9,663,597</u>
-	136,978
-	-
-	<u>(136,978)</u>
-	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
HOUSING STABILIZATION UNIT
DOE

Schedules of Revenues and Expenses Compared to Budget

	<u>Approved Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract No. DOE-08-15L</u>			
<u>For the Period April 1, 2008 through</u>			
<u>June 30, 2008</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 229,302	83,284	146,018
	<u>229,302</u>	<u>83,284</u>	<u>146,018</u>
Expenses:			
Administration	22,298	12,212	10,086
Support	53,667	15,932	37,735
Health and safety	41,401	10,623	30,778
Labor	55,968	15,299	40,669
Materials	55,968	29,218	26,750
Total expenses	<u>229,302</u>	<u>83,284</u>	<u>146,018</u>
Total	\$ <u>-</u>	<u>-</u>	<u>-</u>
<u>Contract No. DOE-07-15L</u>			
<u>For the Period April 1, 2007 through</u>			
<u>March 31, 2008</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 206,240	206,240	-
Expenses:			
Administration	19,940	8,853	11,087
Support	48,300	48,299	1
Health and safety	37,260	47,126	(9,866)
Labor	50,370	51,275	(905)
Materials	50,370	50,687	(317)
Total expenses	<u>206,240</u>	<u>206,240</u>	<u>-</u>
Total	\$ <u>-</u>	<u>-</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
HOUSING STABILIZATION UNIT
HEAP

Schedules of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
	<u> </u>	<u> </u>	<u> </u>
Contract No. HEAP-08-15L			
For the Period January 1, 2008			
<u>through June 30, 2008</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 295,514	128,444	167,070
Expenses:			
Administration	14,614	10,893	3,721
Support	65,048	27,610	37,438
Health and safety	50,180	43,626	6,554
Labor	67,836	24,251	43,585
Materials	67,836	22,064	45,772
Equipment/training	30,000	-	30,000
Total expenses	<u>295,514</u>	<u>128,444</u>	<u>167,070</u>
Total	\$ <u> -</u>	<u> -</u>	<u> -</u>
Contract No. HEAP-07-15L			
For the Period January 1, 2007			
<u>through December 31, 2007</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 289,664	255,915	33,749
Expenses:			
Administration	14,610	10,496	4,114
Support	65,033	25,909	39,124
Health and safety	50,168	101,616	(51,448)
Labor	67,819	49,629	18,190
Materials	67,819	68,265	(446)
Equipment/training	24,215	-	24,215
Total expenses	<u>289,664</u>	<u>255,915</u>	<u>33,749</u>
Total	\$ <u> -</u>	<u> -</u>	<u> -</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
HOUSING STABILIZATION UNIT
LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Schedules of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
<u>Contract No. LIHEAP-08-15-L</u>			
<u>For the Period October 1, 2007</u>			
<u>through June 30, 2008</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 2,368,082	2,176,009	192,073
Expenses:			
Administration	161,287	157,497	3,790
Regular assistance (net of refunds of \$10,815)	2,020,624	1,891,526	129,098
Energy Crisis Intervention payments furnace repair	119,170	96,049	23,121
Client services	44,801	30,937	13,864
Developmental Assessment & Resolution Program	22,200	-	22,200
Total expenses	<u>2,368,082</u>	<u>2,176,009</u>	<u>192,073</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>
<u>Contract No. LIHEAP-07-15-L</u>			
<u>For the Period October 1, 2006</u>			
<u>through September 30, 2007</u>			
Revenues:			
Grant award – Department of Human Rights	\$ 1,955,899	1,951,563	4,336
Expenses:			
Administration	158,223	158,223	-
Regular assistance (net of refunds of \$14,548)	1,487,922	1,486,186	1,736
Energy Crisis Intervention payments	109,802	109,802	-
Client services	48,950	48,950	-
Developmental Assessment & Resolution Program	29,600	27,000	2,600
Summer deliverable fuel payments	121,402	121,402	-
Total expenses	<u>1,955,899</u>	<u>1,951,563</u>	<u>4,336</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
CHILD DEVELOPMENT DIVISION
DEPARTMENT OF HEALTH AND HUMAN
SERVICES – HEAD START

Schedule of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
Contract No. 07CH6142/42			
For the Period December 1, 2007			
<u>through June 30, 2008</u>			
Revenues:			
Grant award – Department of Health and Human Services	\$ 1,917,277	1,034,857	882,420
Grantee provided support	479,319	502,484	(23,165)
Other income	-	3,985	(3,985)
Total revenues	2,396,596	1,541,326	855,270
Expenses:			
OHD share:			
Head Start full year – part day (CAN No. 2008 G074122):			
Direct costs:			
Personnel	1,086,850	561,995	524,855
Fringe benefits	304,318	188,606	115,712
Travel	3,000	8,694	(5,694)
Equipment	-	-	-
Supplies	40,000	36,772	3,228
Contractual	83,010	31,856	51,154
Other	225,115	133,182	91,933
	1,742,293	961,105	781,188
Indirect costs	149,985	73,621	76,364
	1,892,278	1,034,726	857,552
Head Start Training and Technical Assistance (CAN No. 2008 G074120):			
Direct costs:			
Travel	7,510	4,116	3,394
Contractual	17,489	-	17,489
	24,999	4,116	20,883
Grantee share:			
Grantee (note 9)	479,319	502,484	(23,165)
Total expenses	2,396,596	1,541,326	855,270
Total	\$ -	-	-

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
CHILD DEVELOPMENT DIVISION
DEPARTMENT OF HEALTH AND HUMAN
SERVICES – HEAD START

Schedule of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
Contract No. 07CH6142/41			
For the Period December 1, 2006			
<u>through November 30, 2007</u>			
Revenues:			
Grant award – Department of Health and Human Services	\$ 1,917,277	1,892,424	24,853
Grantee provided support	479,319	703,772	(224,453)
Other income	-	37,554	(37,554)
Total revenues	2,396,596	2,633,750	(237,154)
Expenses:			
OHD share:			
Head Start full year – part day (CAN No. 2007 G074122):			
Direct costs:			
Personnel	1,090,695	1,011,279	79,416
Fringe benefits	294,248	293,448	800
Travel	5,847	8,452	(2,605)
Supplies	42,129	137,343	(95,214)
Contractual	71,011	59,498	11,513
Other	243,307	258,235	(14,928)
	1,747,237	1,768,255	(21,018)
Indirect costs	145,041	136,724	8,317
	1,892,278	1,904,979	(12,701)
Head Start Training and Technical Assistance (CAN No. 2007 G074120):			
Direct costs:			
Travel	5,646	6,719	(1,073)
Contractual	19,353	18,280	1,073
	24,999	24,999	-
Grantee share:			
Grantee (note 9)	479,319	703,772	(224,453)
Total expenses	2,396,596	2,633,750	(237,154)
Total	\$ -	-	-

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
CHILD DEVELOPMENT DIVISION
CHILD AND ADULT CARE FOOD PROGRAM
– DAY CARE HOMES

Schedule of Revenues and Expenses

	Actual
Contract No. 90-8017 For the Period October 1, 2007 <u>Through June 30, 2008</u>	
Revenues:	
Iowa Department of Education	\$ <u>474,415</u>
Expenses:	
Personnel costs	35,625
Fringe benefits	11,590
Travel	2,498
Space costs	922
Supplies	10,107
Printing/copier	1,271
Telephone	189
Postage/freight	1,630
Indirect costs	4,667
Other	1,111
Day care provider payments	404,805
Total expenses	474,415
Total	\$ -

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
CHILD DEVELOPMENT DIVISION
CHILD AND ADULT CARE FOOD PROGRAM
– DAY CARE HOMES

Schedule of Revenues and Expenses

	Actual
Contract No. 90-8017	
For the Period October 1, 2006	
<u>through September 30, 2007</u>	
Revenues:	
Iowa Department of Education	\$ 619,750
Expenses:	
Personnel costs	60,366
Fringe benefits	15,368
Supplies	3,553
Travel	3,864
Space costs	1,241
Printing/copier	3,672
Telephone	429
Other	1,533
Postage and supplies	2,393
Indirect costs	8,227
Day care provider payments	519,344
Total expenses	619,990
Subtotal	(240)
Cofund	240
Total	\$ -

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
SUBSTANCE ABUSE SERVICES
TREATMENT

Schedule of Revenues and Expenses

	Actual
Contract No. SIEDA - DPH	
For the Period July 1, 2007	
<u>through June 30, 2008</u>	
Revenues:	
Grant award – Iowa Division of Substance Abuse:	
Counseling	\$ 630,662
Federal Probation Revenue	48,210
PRI Grant	3,961
OWI Class/Point 05	23,737
8th Judicial	10,658
Mecca Gambling	7,951
Client fees/insurance proceeds	232,491
Other	13,030
Total revenues	970,700
Expenses:	
Salaries	473,206
Fringe benefits	142,645
Contractors	24,379
Equipment	4,678
Other	1,590
Indirect costs	61,989
Insurance	6,092
Postage	4,269
Space	63,663
Supplies	61,061
Telephone	13,339
Travel	20,499
Total expenses	877,410
Transfer to administrative funds	(93,290)
Total	\$ -

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
DRUG AND ALCOHOL SERVICES
PREVENTION

Schedule of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
Contract No. 5888CP21			
For the Period July 1, 2007			
<u>through June 30, 2008</u>			
Revenues:			
Grant award – Iowa Division of Substance Abuse			
– Prevention	\$ 139,082	135,139	3,943
Client fees	-	520	(520)
Miscellaneous income	-	50	(50)
Total revenues	139,082	135,709	3,373
Expenses:			
Salaries and benefits	97,142	97,709	(567)
Other	31,548	28,265	3,283
Indirect costs	10,392	9,735	657
Total expenses	139,082	135,709	3,373
Total	\$ -	-	-

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
FAMILY DEVELOPMENT
COMMUNITY SERVICES BLOCK GRANT

Schedules of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
Contract No. CSBG-07-15-CL			
For the Period October 1, 2006			
<u>Through June 30, 2008</u>			
Revenues:			
Division of Community Action Agencies	\$ 344,158	283,762	60,396
Miscellaneous income	-	-	-
	<u>344,158</u>	<u>283,762</u>	<u>60,396</u>
Expenses:			
Personnel costs	232,652	199,415	33,237
Travel	8,200	7,545	655
Space costs	30,800	19,368	11,432
Consultants/co-funded programs	7,000	8,276	(1,276)
Other costs	41,901	29,776	12,125
Indirect costs	23,605	19,382	4,223
Total expenses	<u>344,158</u>	<u>283,762</u>	<u>60,396</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>
Contract No. CSBG-06-15-CL			
For the Period October 1, 2005			
<u>Through September 30, 2007</u>			
Revenues:			
Division of Community Action Agencies	\$ 344,158	344,158	-
	<u>344,158</u>	<u>344,158</u>	<u>-</u>
Expenses:			
Personnel costs	231,605	234,596	(2,991)
Travel	8,300	9,102	(802)
Space costs	32,700	30,301	2,399
Co-funded programs	7,000	6,865	135
Other costs	39,583	38,441	1,142
Indirect costs	24,970	24,853	117
Total expenses	<u>344,158</u>	<u>344,158</u>	<u>-</u>
Total	<u>\$ -</u>	<u>-</u>	<u>-</u>

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION
 FAMILY DEVELOPMENT
 FAMILY DEVELOPMENT AND
 SELF SUFFICIENCY DEMONSTRATION GRANT

Schedule of Revenues and Expenses Compared to Budget

	Approved Budget	Actual	(Over) Under Budget
Contract No. FaDSS-07-15-FL			
For the Period July 1, 2007			
<u>through June 30, 2008</u>			
Revenues:			
Grant award – Iowa Department of Human Rights	\$ 364,669	364,175	494
Other income (in-kind)	200	200	-
	364,869	364,375	494
Expenses:			
Base:			
Administrative	28,989	29,009	(20)
Salaries	221,293	221,439	(146)
Benefits	60,227	62,368	(2,141)
Travel	10,900	12,448	(1,548)
Space/utilities	10,920	11,026	(106)
Other costs	32,340	27,885	4,455
	364,669	364,175	494
Local funds:			
Third party payments	200	200	-
	364,869	364,375	494
Total expenses			
Total	\$ -	-	-

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Independent Auditors' 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*

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal
Control Over Compliance
in Accordance with OMB Circular A-133

Schedule of Findings and Questioned Costs/
Summary Schedule of Prior Audit Findings

June 30, 2008



122 South Main Street
Sigourney, IA 52591
(641) 622-1013
Fax (641) 622-2850
www.tdtpc.com

TD&T Financial Group, P.C.

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Independent Auditors' 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
Southern Iowa Economic Development Association
Ottumwa, Iowa

We have audited the financial statements of the Southern Iowa Economic Development Association (SIEDA) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008, which was modified due to the omission of the recognition of depreciation of fixed assets and accrued compensated absences. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Southern Iowa Economic Development Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of SIEDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SIEDA's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects SIEDA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood a misstatement of SIEDA's financial statements that is more than inconsequential will not be prevented or detected by SIEDA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of financial statements will not be prevented or detected by SIEDA's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Iowa Economic Development Association'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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Association's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these parties.

TDE&T Financial Group, P.C.

Sigourney, Iowa
October 22, 2008



TD&T Financial Group, P.C.

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Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal
Control Over Compliance
in Accordance with OMB Circular A-133

Board of Directors
Southern Iowa Economic Development Association
Ottumwa, Iowa

Compliance

We have audited the compliance of the Southern Iowa Economic Development Association with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Southern Iowa Economic Development Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Southern Iowa Economic Development Association's management. Our responsibility is to express an opinion on the Southern Iowa Economic Development Association's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Southern Iowa Economic Development Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Southern Iowa Economic Development Association's compliance with those requirements.

In our opinion, the Southern Iowa Economic Development Association complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Southern Iowa Economic Development Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Southern Iowa Economic Development Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Southern Iowa Economic Development Association's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern Iowa Economic Development Association's internal control over compliance.

A control deficiency in the Agency's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects SIEDA's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by SIEDA's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Agency's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily disclose all deficiencies in the Agency's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TD&T Financial Group, P.C.

Sigourney, Iowa
October 22, 2008

SOUTHERN IOWA ECONOMIC DEVELOPMENT ASSOCIATION

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2008

- 1) Summary of auditors' audit results:
 - a) Auditor issued a qualified report on the financial statements due to lack of recognition of depreciation and accrued compensated absences.
 - b) There were no significant deficiencies in internal control reported.
 - c) The audit did not disclose any noncompliance which is material to the financial statements.
 - d) There were no significant deficiencies in internal control over major programs disclosed by the audit.
 - e) Auditor issued an unqualified opinion on compliance with requirements applicable to each major program.
 - f) The audit disclosed no audit findings which the auditor is required to report.
 - g) The following programs were considered to be major programs:
 - i) Low Income Home Energy Assistance Program, CFDA #93.568
 - ii) Community Services Block Grant, CFDA #93.569
 - iii) DOE – Weatherization Assistance for Low Income Persons, CFDA #81.042
 - h) The threshold between a Type A and Type B program was \$300,000.
 - i) The auditee qualified as a low-risk auditee.
- 2) There were no findings related to the financial statements which are required to be reported in accordance with GAGAS.
- 3) There were no findings and questioned costs for Federal awards.

Summary Schedule of Prior Audit Findings

<u>Questioned Program</u>	<u>Findings/Noncompliance</u>	<u>Costs</u>
	None	