

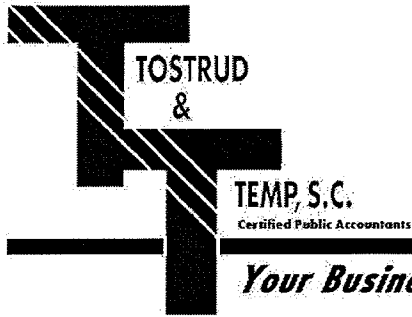
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DELAWARE, DUBUQUE AND JACKSON COUNTY
REGIONAL TRANSIT AUTHORITY

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the Delaware, Dubuque and Jackson County Regional Transit Authority ("Regional Transit Authority"), (a nonprofit organization), which are comprised of the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Transit Authority as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and other supplemental information as listed in the table of contents is presented for purposes of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 22, 2019, on our consideration of the Regional Transit 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 Regional Transit Authority's internal control over financial reporting and compliance.

Rostlund + Temp, S. C.

October 22, 2019

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 869,692	\$ 690,788
Investments	407,254	400,000
Accounts receivable		
Trade	146,996	296,448
Grants	41,644	33,411
Accrued interest receivable	3,757	2,792
Prepaid expenses	893	49,306
	<hr/>	<hr/>
Total current assets	1,470,236	1,472,745
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	<u>1,878,946</u>	<u>1,790,500</u>
	<hr/>	<hr/>
Total assets	<u>\$ 3,349,182</u>	<u>\$ 3,263,245</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable		
Trade	\$ 77,581	\$ 28,466
Related party	63,510	63,510
Accrued liabilities		
Payroll and paid time off	39,534	38,751
Payroll taxes and benefits	1,383	1,584
Unearned revenue	1,447	1,652
	<hr/>	<hr/>
Total current liabilities	183,455	133,963
	<hr/>	<hr/>
Total liabilities	183,455	133,963
 NET ASSETS		
Net assets without donor restrictions		
Board designated	761,307	849,758
Undesignated	2,404,420	2,279,524
Total net assets	<u>3,165,727</u>	<u>3,129,282</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 3,349,182</u>	<u>\$ 3,263,245</u>

The accompanying notes are an integral part of these statements.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2019 and 2018

	2019	2018
REVENUE AND OTHER SUPPORT		
Grants and contracts		
Federal grants	\$ 428,844	\$ 430,592
State grants	338,910	311,693
Transportation contracts	1,175,618	1,671,792
Program fees	76,549	73,767
Contributions	65,257	100
Replacement capital	7,644	7,967
Gain (loss) on disposal of assets	3,979	1,500
Miscellaneous income	21,251	28,939
Interest	10,443	4,796
Total revenue and other support	2,128,495	2,531,146
 EXPENSES		
Program services		
Operating	1,087,484	1,070,845
Maintenance	588,893	532,678
Volunteers	3,984	4,023
Supporting services		
Management and general	411,689	333,602
Total expenses	2,092,050	1,941,148
 Increase in net assets	36,445	589,998
 Net assets at beginning of year	3,129,282	2,539,284
 Net assets at end of year	\$ 3,165,727	\$ 3,129,282

Note: All net assets are without donor restrictions.

The accompanying notes are an integral part of these statements.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in Cash		
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 36,445	\$ 589,998
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	248,757	148,156
Land donation	(65,250)	-
Increase (decrease) in cash due to changes in:		
Investments	(7,254)	(400,000)
Accounts receivable	141,219	(57,177)
Accrued interest	(965)	(2,792)
Prepaid expenses	48,413	28,152
Accounts payable	49,115	9,768
Accrued liabilities	582	(1,593)
Unearned revenue	(205)	(856)
Net cash provided by operating activities	450,857	313,656
Cash flows from investing activities		
Equipment and vehicles purchased	(271,953)	(647,510)
Proceeds from sale/transfer of equipment	-	1,500
Net cash used in investing activities	(271,953)	(646,010)
Net increase (decrease) in cash	178,904	(332,354)
Cash at beginning of year	690,788	1,023,142
Cash at end of year	\$ 869,692	\$ 690,788

The accompanying notes are an integral part of these statements.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019
(with comparative totals for 2018)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2019	2018
Payroll	\$ 489,466	\$ -	\$ -	\$ -	\$ 489,466	\$ 482,092
Payroll taxes	37,079	-	-	-	37,079	36,822
Employee benefits	51,845	-	-	-	51,845	75,197
Total compensation	578,390	-	-	-	578,390	594,111
Communications	-	18,571	-	-	18,571	20,473
Computer support	-	-	-	27,002	27,002	28,547
Contracted services	509,094	-	-	257,799	766,893	692,764
Education/conferences	-	-	-	1,765	1,765	1,163
Employee recognition	-	-	-	1,842	1,842	1,662
Gas/oil	-	119,145	-	-	119,145	112,990
Insurance						
Liability/umbrella	-	32,622	-	-	32,622	33,304
Vehicle	-	90,391	-	-	90,391	107,037
Marketing & recruiting	-	-	-	6,158	6,158	8,318
Meals	-	-	3,984	-	3,984	4,023
Professional services	-	-	-	8,313	8,313	10,167
Organization dues	-	-	-	3,511	3,511	4,816
Repair & maintenance						
Facility/general	-	28,472	-	-	28,472	21,588
Vehicle	-	88,730	-	-	88,730	103,257
Rent	-	-	-	18,000	18,000	18,000
Service charges	-	-	-	356	356	397
Software support	-	-	-	496	496	2,268
Telephone	-	-	-	5,669	5,669	5,503
Transportation	-	-	-	-	-	-
Utilities	-	11,089	-	-	11,089	10,410
Depreciation	-	199,006	-	49,751	248,757	148,156
Other expenses	-	867	-	31,027	31,894	12,194
	509,094	588,893	3,984	411,689	1,513,660	1,347,037
Total expenses	\$ 1,087,484	\$ 588,893	\$ 3,984	\$ 411,689	\$ 2,092,050	\$ 1,941,148

The accompanying notes are an integral part of this statement.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2018
(with comparative totals for 2017)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2018	2017
Payroll	\$ 482,092	\$ -	\$ -	\$ -	\$ 482,092	\$ 500,610
Payroll taxes	36,822	-	-	-	36,822	37,869
Employee benefits	75,197	-	-	-	75,197	87,115
Total compensation	<u>594,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,111</u>	<u>625,594</u>
Communications	-	20,473	-	-	20,473	13,484
Computer support	-	-	-	28,547	28,547	26,558
Contracted services	476,734	-	-	216,030	692,764	627,400
Education/conferences	-	-	-	1,163	1,163	2,790
Employee recognition	-	-	-	1,662	1,662	1,655
Gas/oil	-	112,990	-	-	112,990	101,305
Insurance						
Liability/umbrella	-	33,304	-	-	33,304	29,887
Vehicle	-	107,037	-	-	107,037	86,361
Marketing & recruiting	-	-	-	8,318	8,318	5,741
Meals	-	-	4,023	-	4,023	124
Professional services	-	-	-	10,167	10,167	6,695
Organization dues	-	-	-	4,816	4,816	2,835
Repair & maintenance						
Facility/general	-	21,588	-	-	21,588	12,359
Vehicle	-	103,257	-	-	103,257	138,091
Rent	-	-	-	18,000	18,000	18,000
Service charges	-	-	-	397	397	432
Software support	-	-	-	2,268	2,268	-
Telephone	-	-	-	5,503	5,503	5,488
Transportation	-	-	-	-	-	7,858
Utilities	-	10,410	-	-	10,410	10,488
Depreciation	-	118,525	-	29,631	148,156	116,151
Other expenses	-	5,094	-	7,100	12,194	17,697
	<u>476,734</u>	<u>532,678</u>	<u>4,023</u>	<u>333,602</u>	<u>1,347,037</u>	<u>1,231,399</u>
Total expenses	<u>\$ 1,070,845</u>	<u>\$ 532,678</u>	<u>\$ 4,023</u>	<u>\$ 333,602</u>	<u>\$ 1,941,148</u>	<u>\$ 1,856,993</u>

The accompanying notes are an integral part of this statement.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Delaware, Dubuque and Jackson County Regional Transit Authority ("Regional Transit Authority") was formed to improve, consolidate, and coordinate transportation services in the State of Iowa Planning Area VIII (excluding the city of Dubuque). During the past year, the Regional Transit Authority received significant revenue from contracts for transportation services, as well as, the State of Iowa transit operation assistance grant, U.S. DOT Section 16 Rural Transit Operating Assistance grant, federal capital equipment grants and passenger fares.

1. Basis of Accounting

The Regional Transit Authority the accrual method of accounting which recognizes income when earned and expenses when incurred.

2. Income Tax Status

The Regional Transit Authority is a nonprofit corporation, exempt from taxation on its income under Section 501(c)(3) of the Internal Revenue Code. The Regional Transit Authority, however, would not be exempt from income taxes on any unrelated business income it may receive.

3. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives principally using the straight-line method.

4. Property and Equipment

Property and equipment are stated at cost. Major expenses for new or used property and upgrades which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included as income or expense, as appropriate. When assets which were acquired with federal grant assistance are sold, the Regional Transit Authority must remit a portion of the gross sales price equal to the federal participation percentage, net of sales costs, to the federal government.

Depreciation is provided on the straight-line method over estimated useful service lives of the assets as follows:

	<u>Years</u>
Vehicles and equipment	5
Office furniture	5
Software	3
Solar energy equipment	25
Buildings and improvements	39

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- CONTINUED

5. Accounts Receivable

Accounts receivable consist of amounts due on transportation contracts from various agencies. The Regional Transit Authority does not maintain an allowance for estimated uncollectible accounts. The Authority has determined the uncollectible accounts are immaterial and when an account is determined to be uncollectible, it is deducted from the accounts receivable and charged to expense.

6. Donated Materials and Services

The Regional Transit Authority records the value of donated goods or services when there is an objective basis available to measure their value. The Regional Transit Authority receives donated services from a variety of unpaid volunteers who assist the Regional Transit Authority in carrying out various transportation services. However, no amounts have been recognized as income or expense in the current year financial statements for these services because they neither create or enhance a nonfinancial asset nor require specialized skills in accordance with professional standards.

During fiscal year end June 30, 2019 \$65,249 was recognized as donated income received from the City of Earlville for half of the cost of the land for the future replacement of the transit storage facility.

7. Cash and Cash Equivalents

The Regional Transit Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

8. Investments

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

9. Prepaid expenses

Prepaid expenses at year-end consist of prepaid insurances and contracted software technical support services.

10. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
- CONTINUED

11. Compensated Absences

Employees under contract with the Regional Transit Authority accumulate vacation, sick and holiday hours for subsequent use or for payment upon termination, retirement or death. This paid time off is accumulated at a rate that is based on employment category and years of continuous service. The maximum that can be accrued is 280 hours by a full-time employee or 180 hours by a part-time employee. Upon termination of employment, the Regional Transit Authority pays for unused hours at the terminated employee's current pay rate. This liability is accrued on the Statement of Financial Position.

12. Net Assets

All assets have been recorded and reported as either with or without donor restricted net assets.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Authority. The Authority's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Authority or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

13. Deferred Revenues/Refundable Advances

The Authority records grant awards accounted for as exchange transactions as deferred revenues/refundable advances until related services are performed, at which time they are recognized as revenue.

14. Cost Allocations

Certain expenses are attributable to more than one program or supporting function. Depreciation is allocated 75% to program services and 25% to management and general. Contracted services are allocated between operating and management and general based on estimates of time and effort.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE B - CASH AND INVESTMENTS

The Regional Transit Authority maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Regional Transit Authority has not experienced any losses in such accounts. The Regional Transit Authority believes it is not exposed to any significant credit risk on cash.

Cash as of June 30, 2019, is classified in the accompanying financial statements as follows:

Statement of financial position:

Cash	\$ <u>869,692</u>
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Cash and investments as of June 30, 2019 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 523,331	\$ 526,385
Savings and money market accounts	<u>346,361</u>	<u>346,361</u>
	<u>\$ 869,692</u>	<u>\$ 872,746</u>

Investments Authorized by the Authority's Investment Policy

The Regional Transit Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Regional Transit Authority and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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. As of June 30, 2019, the weighted average maturity of the investments in certificates of deposit is one month.

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 Regional Transit Authority did not hold any investments in obligations rated by a nationally recognized statistical rating organization during the past fiscal year.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE B - CASH AND INVESTMENTS - CONTINUED

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 Regional Transit Authority's deposits at June 30, 2019 were entirely covered by FDIC insurance, collateralized with securities or letters of credit held by the Regional Transit Authority or the Regional Transit Authority's agent in the Regional Transit Authority's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Iowa Code. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

NOTE C - ADMINISTRATIVE CONTRACT

The East Central Intergovernmental Association (ECIA) has been contracted to provide management services for the Regional Transit Authority. This contract has the option to renew upon the approval of the Board of Directors. The Board of Directors voted to renew this contract effective March 18, 2015 for five years which covers fiscal years ending in 2016, 2017, 2018, 2019, and 2020. Payments to ECIA for the years ended June 30, 2019 and 2018 were \$257,799 and \$216,030, respectively.

NOTE D - OTHER POST-EMPLOYMENT BENEFITS

The Regional Transit 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 sick and 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.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE E - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment during the current year were as follows:

	Balances 6/30/18	Additions	Removals	Balances 6/30/19
<i>Not depreciated</i>				
Construction in progress	\$ 35,000	\$ -	\$ 35,000	\$ -
Land	174,074	103,857	-	277,931
<i>Depreciated</i>				
Land improvements	19,538	-	-	19,538
Building	1,107,856	-	-	1,107,856
Building improvements	11,990	-	-	11,990
Equipment	272,812	104,696	121,299	256,209
Furniture	8,010	-	4,529	3,481
Software	79,113	-	-	79,113
Solar	61,696	-	-	61,696
Vehicles	2,143,961	163,651	245,214	2,062,398
	<u>3,914,050</u>	<u>372,204</u>	<u>406,042</u>	<u>3,880,212</u>
<i>Less accumulated depreciation</i>				
Land improvements	(15,680)	(1,683)		(17,363)
Building	(315,293)	(28,406)		(343,699)
Building improvements	(794)	(308)		(1,102)
Equipment	(220,579)	(15,094)	(121,299)	(357,972)
Furniture	(8,010)		(4,529)	(12,539)
Software	(79,113)			(79,113)
Solar	(6,581)	(2,468)		(9,049)
Vehicles	(1,477,500)	(200,799)	(245,214)	(1,923,513)
Total accumulated depreciation	<u>(2,123,550)</u>	<u>(248,758)</u>	<u>(371,042)</u>	<u>(2,001,266)</u>
Property and equipment, net	<u>\$ 1,790,500</u>	<u>\$ 123,446</u>	<u>\$ 35,000</u>	<u>\$ 1,878,946</u>

NOTE F - NOTES PAYABLE

The Regional Transit Authority had no notes payable as of June 30, 2019.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE G - EMPLOYEE RETIREMENT PLAN

All eligible Regional Transit Authority employees may participate in the RTA 401(k) Plan. The Plan is tax qualified under Section 401(k) of the Internal Revenue Code and all contributions, by or on behalf of employees, is tax deferred until time of withdrawal. Contributions are not required, but employees may elect to make voluntary contributions within the prescribed limits of the Internal Revenue Code. The Regional Transit Authority will contribute a matching amount equal to 50% of employee salary deferrals. Employees deferrals up to 10.0% are matched up to 5% by the Regional Transit Authority for the fiscal years ended June 30, 2019 and 2018. The Regional Transit Authority's total payroll for the fiscal years ended June 30, 2019 and 2018 was \$489,466 and \$482,092, respectively. The Regional Transit Authority contributed a matching amount for the fiscal years ended June 30, 2019 and 2018 of \$9,737 and \$10,184, respectively, for the employees who elected to participate.

NOTE H - RELATED PARTY TRANSACTIONS

The Regional Transit Authority, related to the East Central Intergovernmental Association (ECIA) through common management, is provided management services and office space, as noted earlier. ECIA also provides employees to perform dispatch services and act as mobility coordinator. Payments to ECIA for these services at and for the years ended June 30, 2019 and 2018, respectively, are as follows:

	<u>2019</u>	<u>2018</u>
Accounts payable	\$ 91,960	\$ 63,510
Dispatchers and mobility coordinator	\$ 509,059	\$ 476,734

NOTE I - BOARD-DESIGNATED NET ASSETS

The Regional Transit Authority's Board of Directors has designated net assets for capital replacement of \$761,307 and \$849,758 as of June 30, 2019 and June 30, 2018, respectively.

NOTE J - OPERATING LEASES

The Regional Transit Authority has two garage leases, one located in Manchester and the other located in Dyersville. The Manchester monthly lease rate is \$800 per month and expired on June 30, 2019, and it is now a month to month lease. The Dyersville monthly lease rate is \$700 per month which is set to expire September 30, 2019. Both leases were terminated and not renewed as of September 30, 2019. Minimum lease payments to finish out the Dyersville lease in fiscal year 2020 was \$2,100.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2019 and 2018

NOTE K - COMMITMENTS

During the prior fiscal year, the Authority reached an agreement with the City of Earlville to purchase a derelict property and demolish the existing structure on the site. The Authority plans to build a bus storage facility on the property. Per the agreement between the Authority and the City, each paid for one-half of the \$70,000 cost of the property and one-half of the demolition costs, less grant funding. Once the land was ready for construction, the Authority purchased the land from the City of Earlville.

During the current fiscal year, the Authority and City paid for the demolition costs, less grant funding. Total costs for the land and demolition was \$103,857. The Authority's portion of the total cost of the was \$38,607, the remaining portion (\$65,250) was donated by the City of Earlville.

The Authority has also been awarded an Iowa Department of Transportation *Public Transit Infrastructure Grant* for \$329,000 to assist in paying for the cost of building a new bus storage facility. The construction of the bus storage facility was completed by September 30, 2019.

NOTE L - SUBSEQUENT EVENTS

The Regional Transit Authority has evaluated for subsequent events through October 22, 2019, the date on which the financial statements were available to be issued. It was determined no subsequent events needed to be disclosed.

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Authority has financial assets of \$1,465,586 as of June 30, 2019, available within one year of the Statement of Financial Position date to meet cash needs for general expenditure consisting of cash of \$869,692, investments of \$407,254 and accounts receivable of \$188,640. None of the financial assets are subject to donor or other contractual restrictions that make such assets unavailable for general expenditure within one year of the Statement of Financial Position date. The accounts receivables are subject to implied restrictions, but are expected to be collected within one year.

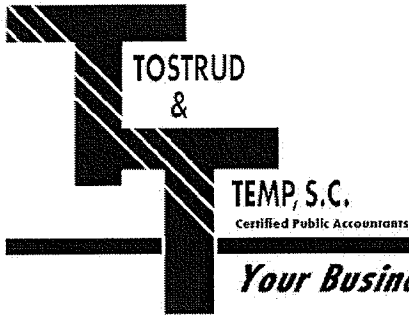
SUPPLEMENTAL INFORMATION

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended June 30, 2019

FEDERAL AWARDS	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2018	Expenditures	Revenue received		Receivable at June 30, 2019
					Grantor	Local	
United States Department of Transportation Federal Transit Administration Non-Urbanized Operating Assistance Project Award number IA-2016-018-01 July 1, 2018 to June 30, 2019	20.509	\$ 334,845	\$ -	\$ 669,690	\$ 334,845	\$ 334,845	\$ -
Non-Urbanized Formula Program (Flex Fund Projects) Award number IA-2016-011-01 May 25, 2017 to May 24, 2019	20.509	288,000	442	407	767	82	-
Rides to Wellness Program Award number 2017-004-080-FY16 February 1, 2017 to July 31, 2019	20.514	100,160	8,326	87,371	36,576	17,477	41,644
New Freedom Assistance Project Award number IA-57-X008 January 1, 2018 to December 31, 2019	20.521	151,057	24,643	36,992	48,746	12,889	-
Bus and Bus Facilities Project Award number IA-85-X032 February 20, 2019 to February 19, 2021	20.526	72,000	-	82,550	66,040	16,510	-
Bus and Bus Facilities Project Award number IA-2016-019-01 February 20, 2019 to February 19, 2021	20.526	72,000	-	82,550	70,166	12,384	-
Total Federal Financial Assistance			\$ 33,411	\$ 959,560	\$ 557,140	\$ 394,187	\$ 41,644
STATE AWARDS	I.D. Number	Program or Award Amount	Receivable at July 1, 2018	Expenditures	Revenue		Receivable at June 30, 2019
					State	Local	
IOWA DEPARTMENT OF TRANSPORTATION Passed through Iowa Department of Transportation for State Transit Assistance State Transit Assistance - Formula Project July 1, 2018 to June 30, 2019	N/A	\$ 340,611	\$ -	\$ 338,910	\$ 338,910	\$ -	\$ -
Total Iowa State Assistance			\$ -	\$ 338,910	\$ 338,910	\$ -	\$ -

Note 1: This statement is prepared using the same basis of accounting as the Regional Transit Authority's financial statements. The Regional Transit Authority uses the accrual basis of accounting.

OTHER REPORTS



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

Board of Directors
Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Delaware, Dubuque and Jackson County Regional Transit Authority (a nonprofit organization), which are comprised of the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Regional Transit 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Regional Transit Authority's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Regional Transit Authority's internal controls.

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

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls 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 Regional Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Trusted & Temp, S. C.

October 22, 2019

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting: Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to the financial statements?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Section II - Financial Statement Findings

None.

Status of Prior Audit Findings

There were no prior-year audit findings.