

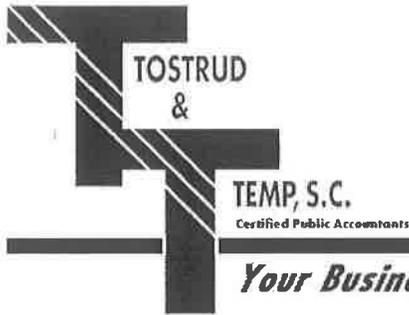
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

DELAWARE, DUBUQUE AND JACKSON COUNTY  
REGIONAL TRANSIT AUTHORITY

June 30, 2020 and 2019

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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, 2020 and 2019 and the related statements of activities, functional expenses, and cash flows for the years 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years 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 26, 2020, 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.



October 26, 2020

Delaware, Dubuque and Jackson County  
Regional Transit Authority  
Dubuque, Iowa  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 818,359	\$ 869,692
Investments	416,572	407,254
Accounts receivable		
Trade	43,686	146,996
Grants	137,138	41,644
Accrued interest receivable	2,825	3,757
Prepaid expenses	<u>32,807</u>	<u>893</u>
Total current assets	1,451,387	1,470,236
<b>PROPERTY AND EQUIPMENT</b>		
Net of accumulated depreciation	<u>2,059,466</u>	<u>1,878,946</u>
Total assets	<u>\$ 3,510,853</u>	<u>\$ 3,349,182</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable		
Trade	\$ 7,537	\$ 77,581
Related party	47,245	63,510
Accrued liabilities		
Payroll and paid time off	30,581	39,534
Payroll taxes and benefits	918	1,383
Unearned revenue	<u>-</u>	<u>1,447</u>
Total current liabilities	<u>86,281</u>	<u>183,455</u>
Total liabilities	86,281	183,455
<b>NET ASSETS</b>		
Net assets without donor restrictions		
Board designated	771,666	761,307
Undesignated	2,652,906	2,404,420
Total net assets	<u>3,424,572</u>	<u>3,165,727</u>
Total liabilities and net assets	<u>\$ 3,510,853</u>	<u>\$ 3,349,182</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, 2020 and 2019

	2020	2019
<b>REVENUE AND OTHER SUPPORT</b>		
Grants and contracts		
Federal grants	\$ 508,141	\$ 428,844
State grants	645,373	338,910
Transportation contracts	794,810	1,175,618
Program fees	36,474	76,549
Contributions	14	65,257
Replacement capital	9,426	7,644
Gain (loss) on disposal of assets	-	3,979
Miscellaneous income	34,757	21,251
Interest	500	10,443
Total revenue and other support	2,029,495	2,128,495
<b>EXPENSES</b>		
Program services		
Operating	627,936	1,087,484
Maintenance	512,409	588,893
Volunteers	4,082	3,984
Supporting services		
Management and general	626,223	411,689
Total expenses	1,770,650	2,092,050
Increase in net assets	258,845	36,445
<b>Net assets at beginning of year</b>	<b>3,165,727</b>	<b>3,129,282</b>
<b>Net assets at end of year</b>	<b>\$ 3,424,572</b>	<b>\$ 3,165,727</b>

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, 2020 and 2019

	2020	2019
Increase (decrease) in Cash		
<b>Cash flows from operating activities</b>		
Increase (decrease) in net assets	\$ 258,845	\$ 36,445
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	258,573	248,757
Land donation	-	(65,250)
Increase (decrease) in cash due to changes in:		
Investments	(9,318)	(7,254)
Accounts receivable	7,816	141,219
Accrued interest	932	(965)
Prepaid expenses	(31,914)	48,413
Accounts payable	(86,309)	49,115
Accrued liabilities	(9,418)	582
Unearned revenue	(1,447)	(205)
Net cash provided by operating activities	387,760	450,857
<b>Cash flows from investing activities</b>		
Equipment and vehicles purchased	(439,093)	(271,953)
Proceeds from sale/transfer of equipment	-	-
Net cash used in investing activities	(439,093)	(271,953)
Net increase (decrease) in cash	(51,333)	178,904
<b>Cash at beginning of year</b>	869,692	690,788
<b>Cash at end of year</b>	\$ 818,359	\$ 869,692

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, 2020  
(with comparative totals for 2019)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2020	2019
Payroll	\$ 384,708	\$ -	\$ -	\$ -	\$ 384,708	\$ 489,466
Payroll taxes	29,493	-	-	-	29,493	37,079
Employee benefits	55,874	-	-	-	55,874	51,845
Total compensation	<u>470,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470,075</u>	<u>578,390</u>
Communications	-	8,831	-	-	8,831	18,571
Computer support	-	-	-	26,518	26,518	27,002
Contracted services	157,861	-	-	493,103	650,964	766,893
Education/conferences	-	-	-	9,492	9,492	1,765
Employee recognition	-	-	-	2,375	2,375	1,842
Gas/oil	-	80,741	-	-	80,741	119,145
Insurance						
Liability/umbrella	-	27,392	766	-	28,158	32,622
Vehicle	-	97,319	-	-	97,319	90,391
Marketing & recruiting	-	-	-	3,706	3,706	6,158
Meals	-	-	320	-	320	3,984
Professional services	-	-	-	7,485	7,485	8,313
Organization dues	-	-	-	3,766	3,766	3,511
Repair & maintenance						
Facility/general	-	16,465	-	-	16,465	28,472
Vehicle	-	63,797	-	-	63,797	88,730
Rent	-	-	-	4,500	4,500	18,000
Service charges	-	-	-	-	-	356
Software support	-	-	-	660	660	496
Telephone	-	-	-	4,867	4,867	5,669
Transportation	-	-	2,996	-	2,996	-
Utilities	-	9,440	-	-	9,440	11,089
Depreciation	-	206,858	-	51,715	258,573	248,757
Other expenses	-	1,566	-	18,036	19,602	31,894
	<u>157,861</u>	<u>512,409</u>	<u>4,082</u>	<u>626,223</u>	<u>1,300,575</u>	<u>1,513,660</u>
<b>Total expenses</b>	<u>\$ 627,936</u>	<u>\$ 512,409</u>	<u>\$ 4,082</u>	<u>\$ 626,223</u>	<u>\$ 1,770,650</u>	<u>\$ 2,092,050</u>

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, 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	<u>578,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,390</u>	<u>594,111</u>
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
	<u>509,094</u>	<u>588,893</u>	<u>3,984</u>	<u>411,689</u>	<u>1,513,660</u>	<u>1,347,037</u>
<b>Total expenses</b>	<u>\$ 1,087,484</u>	<u>\$ 588,893</u>	<u>\$ 3,984</u>	<u>\$ 411,689</u>	<u>\$ 2,092,050</u>	<u>\$ 1,941,148</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, 2020 and 2019

**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 uses the accrual basis 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. Capital Assets**

Capital assets 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 for 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, 2020 and 2019

**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 will be deducted from 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, 2020, \$14 was recognized as donation income.

**7. Cash and Cash Equivalents**

The Regional Transit Authority considers all unrestricted highly liquid investments with an initial maturity of three months or less from the statement of financial position date 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, 2020 and 2019

**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 any unused hours at the terminated employee's current pay rate. This liability is accrued on the Statement of Financial Position.

**12. Net Assets**

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

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/or 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, whereby 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 or goods are received, at which time such awards 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, 2020 and 2019

**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, 2020, is classified in the accompanying financial statements as follows:

Statement of financial position:

Cash	\$ <u>818,359</u>
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Cash and investments as of June 30, 2020 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 463,265	\$ 464,399
Savings and money market accounts	<u>355,094</u>	<u>355,094</u>
	<u>\$ 818,359</u>	<u>\$ 819,493</u>

Investments at June 30, 2020 consist of one certificate of deposit in the amount of \$416,572, which matured in August 2020.

**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, 2020, 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, 2020 and 2019

**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, 2020 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, 2020 and 2019 were \$493,103 and \$257,799, 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, 2020 and 2019

**NOTE E - PROPERTY AND EQUIPMENT**

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

	Balances 6/30/19	Additions	Removals	Balances 6/30/20
<i>Not depreciated</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	277,931	-	-	277,931
<i>Depreciated</i>				
Land improvements	19,538	-	-	19,538
Building	1,107,856	428,536	-	1,536,392
Building improvements	11,990	-	-	11,990
Equipment	256,209	10,557	4,145	262,621
Furniture	3,481	-	-	3,481
Software	79,113	-	8,450	70,663
Solar	61,696	-	-	61,696
Vehicles	2,062,398	-	630	2,061,768
	<u>3,880,212</u>	<u>439,093</u>	<u>13,225</u>	<u>4,306,080</u>
<i>Less accumulated depreciation</i>				
Land improvements	(17,363)	(1,684)	-	(19,047)
Building	(343,699)	(36,648)	-	(380,347)
Building improvements	(1,102)	(307)	-	(1,409)
Equipment	(114,374)	(23,622)	(4,145)	(133,851)
Furniture	(3,481)	-	-	(3,481)
Software	(79,113)	-	(8,450)	(70,663)
Solar	(9,049)	(2,468)	-	(11,517)
Vehicles	(1,433,085)	(193,844)	(630)	(1,626,299)
Total accumulated depreciation	<u>(2,001,266)</u>	<u>(258,573)</u>	<u>(13,225)</u>	<u>(2,246,614)</u>
Property and equipment, net	<u>\$ 1,878,946</u>	<u>\$ 180,520</u>	<u>\$ -</u>	<u>\$ 2,059,466</u>

**NOTE F - NOTES PAYABLE**

The Regional Transit Authority had no notes payable as of June 30, 2020.

Delaware, Dubuque and Jackson County  
Regional Transit Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2020 and 2019

**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, 2020 and 2019. The Regional Transit Authority's total payroll for the fiscal years ended June 30, 2020 and 2019 was \$384,708 and \$489,466, respectively. The Regional Transit Authority contributed a matching amount for the fiscal years ended June 30, 2020 and 2019 of \$7,833 and \$9,737, 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 mobility coordination. Grant funding for the mobility coordinator position ended in fiscal year ended 2019 and the position was funded as part of the Administrative Contract in fiscal year ended 2020. The dispatch staff was reduced from 3 to 2 as the lead dispatcher became Operations Manager and was also funded through the Administrative Contract. The dispatchers were furloughed for the last two months of fiscal year 2020 due to Covid-19. Payments to ECIA for these services at and for the years ended June 30, 2020 and 2019, respectively, are as follows.

	2020	2019
Accounts payable	\$ 47,245	\$ 63,510
Dispatchers and mobility coordinator	\$ 157,861	\$ 509,094

**NOTE I - BOARD-DESIGNATED NET ASSETS**

The Regional Transit Authority's Board of Directors has designated net assets for capital replacement of \$771,666 and \$761,307 as of June 30, 2020 and June 30, 2019, respectively.

**NOTE J - OPERATING LEASES**

The Regional Transit Authority had two garage leases, one located in Manchester and the other located in Dyersville. The Manchester monthly lease rate was \$800. The Dyersville monthly lease rate was \$700 per month. Both leases expired September 30, 2019, and both operations were moved to the new Earlville building beginning October 1, 2019.

Delaware, Dubuque and Jackson County  
Regional Transit Authority  
Dubuque, Iowa  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
June 30, 2020 and 2019

**NOTE K - EARLVILLE BUS GARAGE FACILITY**

During a 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 immediate prior 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 project was \$38,607, and the remaining portion (\$65,250) was donated by the City of Earlville.

The Authority was 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 26, 2020, the date on which the financial statements were available to be issued. The Authority has been awarded federal emergency grant of \$992,294 due to the Covid-19 pandemic, of which \$855,856 remains to be spent at June 30, 2020.

**NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Authority has financial assets of \$1,451,387 as of June 30, 2020, available within one year of the Statement of Financial Position date to meet cash needs for general expenses consisting of cash of \$818,359, investments of \$416,572 and account and interest receivables of \$183,649. The account receivables are subject to implied restrictions, but are expected to be collected within one year.

	2020	2019
Current assets	\$ 1,451,387	\$ 1,470,236
Less:		
Prepaid expenses	32,807	893
Board designated net assets	771,666	761,307
	804,473	762,200
Available financial assets	\$ 646,914	\$ 708,036

**SUPPLEMENTAL INFORMATION**

Delaware, Dubuque and Jackson County  
Regional Transit Authority  
Dubuque, Iowa  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year ended June 30, 2020

<b>FEDERAL AWARDS</b>	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2019	Expenditures	Revenue		Receivable at June 30, 2020
					Grantor	Local	
United States Department of Transportation Federal Transit Administration Non-Urbanized Operating Assistance Project Award number 2019-024-00-080-SFY20 July 1, 2019 to June 30, 2020	20.509	\$ 364,376	\$ -	\$ 728,752	\$ 364,376	\$ 364,376	\$ -
Rides to Wellness Program Award number 2017-004-080-FY16 February 1, 2017 to July 31, 2019	20.514	\$ 100,160	41,644	10,760	48,271	4,133	-
CARES Act Award number 2020-010-00-FY20 January 20, 2020 to June 30, 2023	20.509	\$ 992,294	-	137,138	-	-	137,138
Total Federal Financial Assistance			\$ 41,644	\$ 876,650	\$ 412,647	\$ 368,509	\$ 137,138
<b>STATE AWARDS</b>	I.D. Number	Program or Award Amount	Receivable at July 1, 2019	Expenditures	Revenue		Receivable at June 30, 2020
					State	Local	
IOWA DEPARTMENT OF TRANSPORTATION Transportation for State Transit Assistance State Transit Assistance - Formula Project Award number STA-FORM-080-FY20 July 1, 2019 to June 30, 2020	N/A	\$ 297,757	\$ -	\$ 316,373	\$ 316,373	\$ -	\$ -
IOWA DEPARTMENT OF TRANSPORTATION Public Transit Infrastructure Grant Project Bus and Bus Facilities Project Award number STA-IG-080-FY19 July 10, 2018 - July 9, 2020	N/A	\$ 329,000	-	426,564	329,000	97,564	-
Total Iowa State Assistance			\$ -	\$ 742,937	\$ 645,373	\$ 97,564	\$ -

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.

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

**OTHER REPORTS**



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INDEPENDENT AUDITOR'S REPORT ON 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, 2020, 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 26, 2020.

**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.

*Trotter & Temp, S.C.*

October 26, 2020

Delaware, Dubuque and Jackson County  
Regional Transit Authority  
Dubuque, Iowa  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year ended June 30, 2020

**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.