

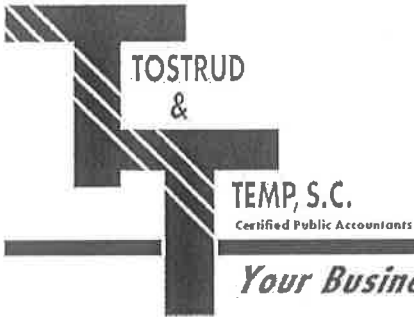
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

DELAWARE, DUBUQUE AND JACKSON COUNTY
REGIONAL TRANSIT AUTHORITY

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Delaware, Dubuque and Jackson County Regional Transit Authority as of June 30, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Regional Transit Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Transit Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Regional Transit Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Regional Transit Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 20, 2023, 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 solely 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 effectiveness of the Regional Transit Authority's 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 20, 2023

FINANCIAL STATEMENTS

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 1,894,187	\$ 1,171,147
Accounts receivable		
Trade	177,190	187,575
Grants	263,969	198,193
Prepaid expenses	<u>4,105</u>	<u>4,105</u>
Total current assets	2,339,451	1,561,020
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	<u>1,856,662</u>	<u>2,052,499</u>
Total assets	<u>\$ 4,196,113</u>	<u>\$ 3,613,519</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable		
Trade	\$ 87,883	\$ 83,209
Related party	71,721	68,106
Accrued liabilities		
Payroll and paid time off	36,566	52,872
Payroll taxes and benefits	5,320	7,438
Unearned service revenue	-	800
Unearned grant revenue	<u>527</u>	<u>-</u>
Total current liabilities	<u>202,017</u>	<u>212,425</u>
Total liabilities	202,017	212,425
NET ASSETS		
Net assets without donor restrictions		
Board designated	1,316,158	705,653
Undesignated	<u>2,677,938</u>	<u>2,695,441</u>
Total net assets	<u>3,994,096</u>	<u>3,401,094</u>
Total liabilities and net assets	<u>\$ 4,196,113</u>	<u>\$ 3,613,519</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, 2023 and 2022

	2023	2022
REVENUE AND OTHER SUPPORT		
Grants and contracts		
Federal grants	\$ 1,207,383	\$ 315,922
State grants	394,793	379,825
Transportation contracts	1,143,904	1,156,841
Other local grants	20,577	14,575
Program fees	25,478	29,119
Contributions	10	-
Replacement capital	10,505	5,848
Gain (loss) on disposal of assets	-	1,972
Miscellaneous income	22,979	42,743
Interest	396	331
Total revenue and other support	2,826,025	1,947,176
 EXPENSES		
Program services		
Operating	840,998	714,695
Maintenance	678,674	743,487
Volunteers	7,066	6,794
Supporting services		
Management and general	706,285	740,561
Total expenses	2,233,023	2,205,537
 Increase (decrease) in net assets	593,002	(258,361)
 Net assets at beginning of year	3,401,094	3,659,455
 Net assets at end of year	\$ 3,994,096	\$ 3,401,094

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, 2023 and 2022

	2023	2022
Increase in Cash		
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 593,002	\$ (258,361)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	306,727	331,724
Proceeds from sale of equipment	-	(1,972)
Increase (decrease) in cash due to changes in:		
Accounts receivable	(55,391)	66,870
Prepaid expenses	-	28,962
Accounts payable	8,289	59,939
Accrued liabilities	(18,424)	19,383
Unearned service revenue	(800)	(9,800)
Unearned grant revenue	527	-
Net cash provided by operating activities	833,930	236,745
Cash flows from capital and investing activities		
Equipment and vehicles purchased	(110,890)	(61,803)
Proceeds from sale/transfer of equipment	-	1,972
Net cash used in investing activities	(110,890)	(59,831)
Net increase in cash	723,040	176,914
Cash at beginning of year	1,171,147	994,233
Cash at end of year	\$ 1,894,187	\$ 1,171,147

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, 2023
(with comparative totals for 2022)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2023	2022
Payroll	\$ 535,417	\$ -	\$ -	\$ -	\$ 535,417	\$ 469,259
Payroll taxes	40,572	-	-	-	40,572	34,885
Employee benefits	56,892	-	-	-	56,892	46,958
Total compensation	<u>632,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,881</u>	<u>551,102</u>
Communications	-	15,284	-	-	15,284	8,548
Computer support	-	-	-	-	-	26,588
Contracted services	208,117	-	-	555,035	763,152	720,223
Education/conferences	-	-	-	8,280	8,280	3,886
Employee recognition	-	-	-	2,487	2,487	2,753
Gas/oil	-	177,479	-	-	177,479	175,809
Insurance						
Liability/umbrella	-	52,732	-	-	52,732	50,743
Vehicle	-	74,496	-	-	74,496	104,854
Marketing & recruiting	-	-	-	1,251	1,251	5,688
Professional services	-	-	-	10,915	10,915	8,540
Organization dues	-	-	-	3,710	3,710	4,724
Repair & maintenance						
Facility/general	-	21,869	-	-	21,869	21,751
Vehicle	-	77,163	-	-	77,163	99,503
Software support	-	-	-	5,087	5,087	1,943
Telephone	-	-	-	5,575	5,575	4,941
Transportation	-	-	7,066	-	7,066	6,794
Utilities	-	13,334	-	-	13,334	13,615
Depreciation	-	245,382	-	61,345	306,727	331,724
Bad debt expense	-	-	-	-	-	6,040
Other expenses	-	935	-	52,600	53,535	55,768
	<u>208,117</u>	<u>678,674</u>	<u>7,066</u>	<u>706,285</u>	<u>1,600,142</u>	<u>1,654,435</u>
 Total expenses	 \$ <u>840,998</u>	 \$ <u>678,674</u>	 \$ <u>7,066</u>	 \$ <u>706,285</u>	 \$ <u>2,233,023</u>	 \$ <u>2,205,537</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, 2022
(with comparative totals for 2021)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2022	2021
Payroll	\$ 469,259	\$ -	\$ -	\$ -	\$ 469,259	\$ 337,391
Payroll taxes	34,885	-	-	-	34,885	25,929
Employee benefits	46,958	-	-	-	46,958	56,085
Total compensation	<u>551,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>551,102</u>	<u>419,405</u>
Communications	-	8,548	-	-	8,548	7,989
Computer support	-	-	-	26,588	26,588	26,990
Contracted services	157,553	-	-	562,670	720,223	569,381
Education/conferences	-	-	-	3,886	3,886	876
Employee recognition	-	-	-	2,753	2,753	812
Gas/oil	-	175,809	-	-	175,809	78,083
Insurance						
Liability/umbrella	-	50,743	-	-	50,743	48,453
Vehicle	-	104,854	-	-	104,854	69,679
Marketing & recruiting	-	-	-	5,688	5,688	6,265
Meals	-	-	-	-	-	3,215
Professional services	-	-	-	8,540	8,540	7,430
Organization dues	-	-	-	4,724	4,724	2,429
Repair & maintenance						
Facility/general	-	21,751	-	-	21,751	25,674
Vehicle	-	99,503	-	-	99,503	38,664
Software support	-	-	-	1,943	1,943	385
Telephone	-	-	-	4,941	4,941	4,627
Transportation	-	-	6,794	-	6,794	-
Utilities	-	13,615	-	-	13,615	9,233
Depreciation	-	265,379	-	66,345	331,724	290,520
Bad debt expense	6,040	-	-	-	6,040	-
Other expenses	-	3,285	-	52,483	55,768	21,120
	<u>163,593</u>	<u>743,487</u>	<u>6,794</u>	<u>740,561</u>	<u>1,654,435</u>	<u>1,211,825</u>
Total expenses	<u>\$ 714,695</u>	<u>\$ 743,487</u>	<u>\$ 6,794</u>	<u>\$ 740,561</u>	<u>\$ 2,205,537</u>	<u>\$ 1,631,230</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, 2023 and 2022

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	4
Furniture and equipment	3-10
Software	3-5
Solar energy equipment	25
Buildings	40
Land and building improvements	5-20

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

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 years end June 30, 2023 and June 30, 2022, \$10 and \$0, respectively, was recognized as donation income.

7. Revenue Recognition

The Regional Transit Authority recognizes contract revenue, non-contract revenue and fare revenue for transportation services when the service is provided. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. All contracted services and non-contract services revenue received prior to the commencement of the fiscal year are deferred to the applicable period.

The Regional Transit Authority records donated services at the respective fair value of the services received. See above for information relating to contributed nonfinancial assets.

The Regional Transit Authority recognizes grants which are more contribution-like in nature when cash, securities, or other assets (an unconditional promise to give or a notification of a beneficial interest) are received. Conditional promises to give - that is those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. A large portion of the Regional Transit Authority's revenue is driven from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Regional Transit Authority has incurred the expenditures in compliance with specific contract or grant provisions.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

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

7. Revenue Recognition - Continued

Unearned grant revenue is recorded when the Regional Transit Authority has received grant funds that have not yet been spent. Revenue will be recognized as the Regional Transit Authority incurs eligible expenditures. The Regional Transit Authority's unearned grant revenue balances at June 30, 2023 and 2022 were \$527 and \$0, respectively.

Unearned service revenue is recorded on the statement of financial position when clients prepay for services that have not been provided. Revenue will be recorded when rides occur. The Regional Transit Authority's unearned service revenue balances at June 30, 2023 and 2022 were \$0 and \$800, respectively.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Revenues that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which contributions are recognized. When a donor restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets expended in accordance with donor restrictions.

The accounts receivable balances at June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Accounts receivable		
Trade	\$ 177,190	\$ 187,575
Grants	263,969	198,193
	<u>\$ 441,159</u>	<u>\$ 385,768</u>

8. 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.

9. Investments

The Authority has no investments as of June 30, 2023.

10. Prepaid expenses

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

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

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

11. 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.

12. 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.

13. 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.

14. Deferred Revenues/Refundable Advances

The Authority records grant awards and bus advertising receipts 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.

15. 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, 2023 and 2022

NOTE B - CASH AND INVESTMENTS

The Regional Transit Authority maintains cash balances at two financial institutions located in the Dubuque area. At June 30, 2022, \$1,400,556 of the Corporation's deposits were in excess of Federal Deposit Insurance Corporation (FDIC) coverage. There were times during the year that the Corporation's deposits exceeded the FDIC coverage and the Corporation was relying on the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The Corporation has not experienced any losses in uninsured accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

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 May 10, 2021 for five years which covers fiscal years ending in 2022, 2023, 2024, 2025, and 2026. Payments to ECIA for the years ended June 30, 2023 and 2022 were \$555,035 and \$562,670, 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, 2023 and 2022

NOTE E - PROPERTY AND EQUIPMENT

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

	Balances 6/30/22	Additions	Removals	Balances 6/30/23
<i>Not depreciated</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	277,931	-	-	277,931
<i>Depreciated</i>				
Land improvements	19,538	-	-	19,538
Building	1,536,392	-	-	1,536,392
Building improvements	11,990	-	-	11,990
Equipment	237,780	-	8,572	229,208
Furniture	1,916	-	-	1,916
Software	130,373	110,890	66,445	174,818
Solar	61,696	-	-	61,696
Vehicles	2,245,570	-	-	2,245,570
	<u>4,523,186</u>	<u>110,890</u>	<u>75,017</u>	<u>4,559,059</u>
<i>Less accumulated depreciation</i>				
Land improvements	(19,538)	-	-	(19,538)
Building	(459,136)	(39,395)	-	(498,531)
Building improvements	(2,024)	(307)	-	(2,331)
Equipment	(152,208)	(16,762)	(8,572)	(160,398)
Furniture	(1,916)	-	-	(1,916)
Software	(70,663)	(34,120)	(66,445)	(38,338)
Solar	(16,452)	(2,468)	-	(18,920)
Vehicles	(1,748,750)	(213,675)	-	(1,962,425)
Total accumulated depreciation	<u>(2,470,687)</u>	<u>(306,727)</u>	<u>(75,017)</u>	<u>(2,702,397)</u>
Property and equipment, net	<u>\$ 2,052,499</u>	<u>\$ (195,837)</u>	<u>\$ -</u>	<u>\$ 1,856,662</u>

NOTE F - NOTES PAYABLE

The Regional Transit Authority had no notes payable as of June 30, 2023.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

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, 2023 and 2022. The Regional Transit Authority's total payroll for the fiscal years ended June 30, 2023 and 2022 was \$535,417 and \$469,259, respectively. The Regional Transit Authority contributed a matching amount for the fiscal years ended June 30, 2023 and 2022 of \$5,279 and \$5,916, 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 2022 and the position was funded as part of the Administrative Contract in fiscal year ended 2023. The dispatch staff was reduced from 2 to 1 as the part-time dispatcher retired and was also funded through the Administrative Contract. The dispatchers were furloughed for part of fiscal year 2022 due to Covid-19. Payments to ECIA for these services at and for the years ended June 30, 2023 and 2022, respectively, are as follows.

	2023	2022
Accounts payable	\$ 71,721	\$ 68,106
Dispatchers and mobility coordinator	\$ 151,821	\$ 157,553

NOTE I - BOARD-DESIGNATED NET ASSETS

The Regional Transit Authority's Board of Directors has designated net assets for capital replacement of \$1,316,158 and \$705,653 as of June 30, 2023 and June 30, 2022, respectively.

NOTE J - SUBSEQUENT EVENTS

The Regional Transit Authority has evaluated for subsequent events through October 20, 2023, the date on which the financial statements were available to be issued. There are no material subsequent events to report.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023 and 2022

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Authority has financial assets of \$2,339,451 as of June 30, 2023, available within one year of the Statement of Financial Position date to meet cash needs for general expenses consisting of cash of \$1,894,187, account receivables and prepaid expenses of \$445,264. The account receivables are subject to implied restrictions, but are expected to be collected within one year.

	2023	2022
Current assets	\$ 2,339,451	\$ 1,561,020
Less:		
Prepaid expenses	4,105	4,105
Board designated net assets	1,316,158	705,653
	1,320,263	709,758
Available financial assets	\$ 1,019,188	\$ 851,262

SUPPLEMENTAL INFORMATION

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended June 30, 2023

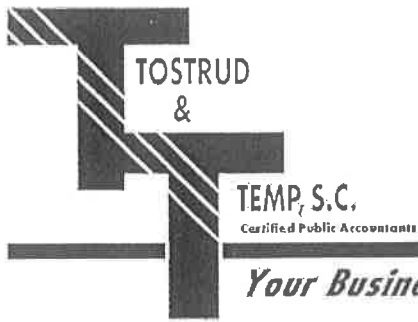
FEDERAL AWARDS	Federal Catalog Number	Program or Award Amount	Receivable at June 30, 2022	Expenditures	Revenue		Receivable at June 30, 2023
					Grantor	Local	
FTA Non-Urban Operating Assistance Project Award number 2019-024-02-SFY22 July 1, 2021 through December 31, 2024	20.509	\$ 314,928	\$ -	\$ 274,497	\$ 10,528	\$ -	\$ 263,969
CRRSAA - Rural Area Formula Award number 2021-015-00-FY21 January 1, 2020 through June 30, 2024	20.509	\$ 441,372	-	441,372	441,372	-	-
CARES Act Award number 2020-010-00-FY20 January 20, 2020 to June 30, 2023	20.509	\$ 992,294	103,155	328,568	432,250	-	(527)
ARPA - Rural Area Formula Award number IA-2022-009-00-FY22 July 1, 2021 to June 30, 2023	20.509	\$ 162,946	-	162,946	162,946	-	-
Region 8 RTA Regional Coordination - A Technical Solution to Coordinating Regional Transportation, Creating Efficiency in Service Award number IA-2021-007-01 February 23, 2021 to June 30, 2023	20.530	\$ 120,000	<u>61,673</u>	<u>-</u>	<u>61,673</u>	<u>-</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 164,828</u>	<u>\$ 1,207,383</u>	<u>\$ 1,108,769</u>	<u>\$ -</u>	<u>\$ 263,442</u>
STATE AWARDS	I.D. Number	Program or Award Amount	Receivable at June 30, 2022	Expenditures	Revenue		Receivable at June 30, 2023
					State	Local	
IOWA DEPARTMENT OF TRANSPORTATION State Transit Assistance - Formula Project Award number STA-FORM-080-SFY23 July 1, 2022 to June 30, 2023	N/A	\$ 394,793	<u>\$ -</u>	<u>\$ 394,793</u>	<u>\$ 394,793</u>	<u>\$ -</u>	<u>\$ -</u>
Total Iowa State Assistance			<u>\$ -</u>	<u>\$ 394,793</u>	<u>\$ 394,793</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: This statement is prepared using the same basis of accounting as the Regional Transit Authority's (RTA) financial statements. The RTA 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*. RTA has elected not to use the 10% de minimis indirect rate.

Note 3: There are no subrecipients of any of the grant awards.

OTHER REPORTS



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Your Business Safety Net

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, 2023, 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 20, 2023.

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

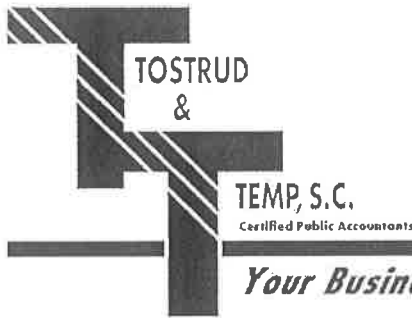
As part of obtaining reasonable assurance about whether the Regional Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

Tostrud + Temp, S.C.

October 20, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Delaware, Dubuque and Jackson County Regional Transit Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Regional Transit Authority's major federal programs for the year ended June 30, 2023. The Regional Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Regional Transit Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Regional Transit Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Regional Transit Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Regional Transit Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Regional Transit Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Regional Transit Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ABC Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Regional Transit Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Regional Transit Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Trostud + Temp, S.C.

October 20, 2023

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2023

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? yes no
 Significant deficiency(ies) identified
 considered to be material weaknesses? yes none identified

Noncompliance material to the financial
 statements? yes none identified

Federal Awards

Internal control over compliance:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not
 considered to be material weaknesses? yes none reported

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

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

Identification of major federal program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas and Tribal Transit Program

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

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Findings and Questioned Costs

None

Status of Prior Audit Findings

There were no prior findings.