# FINANCIAL STATEMENTS
# AND
# INDEPENDENT AUDITOR'S REPORT

## DELAWARE, DUBUQUE AND JACKSON COUNTY
## REGIONAL TRANSIT AUTHORITY

June 30, 2014 and 2013

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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 comprise the statement of financial position as of June 30, 2014 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, 2014, 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**

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 27, 2014, 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.

Tostrud & Temp, S.C.

October 27, 2014

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

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2014 and 2013

**ASSETS**

| | 2014 | 2013 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash | $ 358,218 | $ 222,324 |
| Accounts receivable | | |
| Trade | 167,996 | 157,211 |
| Grants | 19,541 | 74,571 |
| Prepaid expenses | 41,294 | 38,169 |
| Total current assets | 587,049 | 492,275 |
| **PROPERTY AND EQUIPMENT** | | |
| Net of accumulated depreciation | 1,390,622 | 1,585,719 |
| Total assets | $ 1,977,671 | $ 2,077,994 |

**LIABILITIES AND NET ASSETS**

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Note payable - current portion | $ - | $ 6,066 |
| Accounts payable | | |
| Trade | 41,888 | 30,005 |
| Related party | 49,329 | 43,582 |
| Accrued liabilities | | |
| Payroll and paid time off | 33,306 | 26,926 |
| Payroll taxes and benefits | 2,379 | 988 |
| Unearned revenue | 9,898 | 4,500 |
| Total current liabilities | 136,800 | 112,067 |
| **LONG-TERM LIABILITIES** | | |
| Notes payable, net of current portion | - | - |
| Total liabilities | 136,800 | 112,067 |
| **NET ASSETS** | | |
| Unrestricted | | |
| Board designated | 143,206 | 124,154 |
| Unrestricted | 1,697,665 | 1,841,773 |
| Total net assets | 1,840,871 | 1,965,927 |
| Total liabilities and net assets | $ 1,977,671 | $ 2,077,994 |

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, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **REVENUE AND OTHER SUPPORT** | | |
| Grants and contracts | | |
| Federal grants | $ 409,055 | $ 541,255 |
| State grants | 261,667 | 266,094 |
| Transportation contracts | 865,979 | 830,701 |
| Program fees | 47,236 | 84,556 |
| Contributions | - | 235 |
| Fundraising | 95 | 470 |
| Transit fellowship | 653 | 1,036 |
| Replacement capital | 4,237 | 4,914 |
| Gain (loss) on disposal of assets | 1,350 | (1,414) |
| Miscellaneous income | 34,760 | 5,588 |
| Interest | 623 | 457 |
| Total revenue and other support | 1,625,655 | 1,733,892 |
| **EXPENSES** | | |
| Program services | | |
| Operating | 902,336 | 930,045 |
| Maintenance | 552,322 | 573,485 |
| Volunteers | 15,492 | 10,479 |
| Supporting services | | |
| Management and general | 280,561 | 271,120 |
| Fundraising | - | - |
| Total expenses | 1,750,711 | 1,785,129 |
| Increase (decrease) in net assets | (125,056) | (51,237) |
| **Net assets at beginning of year** | 1,965,927 | 2,017,164 |
| **Net assets at end of year** | $ 1,840,871 | $ 1,965,927 |

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, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Increase (decrease) in net assets | $ (125,056) | $ (51,237) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 235,196 | 257,633 |
| Net loss (gain) on sale of equipment | (1,350) | 1,414 |
| Increase (decrease) in cash due to changes in: | | |
| Accounts receivables | 44,245 | 100,016 |
| Prepaid expenses | (3,125) | (34,951) |
| Accounts payable | 17,630 | (62,940) |
| Accrued liabilities | 7,771 | (5,445) |
| Unearned revenue | 5,398 | 4,500 |
| Net cash provided by operating activities | 180,709 | 208,990 |
| **Cash flows from investing activities** | | |
| Equipment and vehicles purchased | (40,099) | (98,705) |
| Proceeds from sale/transfer of equipment | 1,350 | 600 |
| Net cash used in investing activities | (38,749) | (98,105) |
| **Cash flows from financing activities** | | |
| Debt reduction payments | (6,066) | (6,067) |
| Net cash used in financing activities | (6,066) | (6,067) |
| Net increase (decrease) in cash | 135,894 | 104,818 |
| **Cash at beginning of year** | 222,324 | 117,506 |
| **Cash at end of year** | $ 358,218 | $ 222,324 |

The accompanying notes are an integral part of these statements.

## 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). At the present time, the Regional Transit Authority receives significant revenue from contracts with these agencies as well as the State of Iowa transit operation assistance, U.S. DOT Section 16 Rural Transit Operating Assistance, and passenger fares.

### 1. Basis of Accounting

The Regional Transit Authority uses 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 by the straight-line method.

### 4. Property and Equipment

Property and equipment is stated at cost. Major expenditures for property and those 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 in income. When assets which were acquired with Federal Capital 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 the estimated useful lives of the assets:

| | Years |
|---|---|
| Vehicles and equipment | 5 |
| Office furniture | 5 |
| Software | 3 |
| Building | 39 |

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

### 5. Accounts Receivable

Accounts receivable consists of amounts due on transportation contracts from various agencies. The Regional Transit Authority does not maintain an allowance for estimated uncollectible accounts. 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 in the current year of the accompanying statements for these services because they neither create or enhance a nonfinancial asset or require specialized skills in accordance with professional standards.

### 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. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted by 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.

### 9. 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 140 hours by a part-time employee. Upon termination of employment, the Regional Transit Authority pays for unused hours according to employment category and years of service.

## 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, 2014, is classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of financial position | |
| Cash | $ 358,218 |

Cash and investments as of June 30, 2014 consist of the following:

| | Carrying Amount | Bank Balance |
|---|---|---|
| Demand deposits | $ 232,591 | $ 236,158 |
| Savings and money market accounts | 125,627 | 125,627 |
| | $ 358,218 | $ 361,785 |

### 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 yearend, the Regional Transit Authority did not have any certificates of deposit.

### 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.

## 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, 2014 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 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 June 6, 2012 for three years which covers fiscal years ending 2013, 2014 and 2015.

## 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.

## NOTE E - PROPERTY AND EQUIPMENT

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

| | Balances 6/30/13 | Additions | Removals | Balances 6/30/14 |
|---|---|---|---|---|
| Land | $ 174,074 | $ - | $ - | $ 174,074 |
| Land improvements | 11,120 | - | - | 11,120 |
| Building | 1,107,856 | - | - | 1,107,856 |
| Equipment | 367,948 | 9,984 | 6,412 | 371,520 |
| Furniture | 8,010 | - | - | 8,010 |
| Software | 46,798 | 30,115 | - | 76,913 |
| Vehicles | 1,522,979 | - | 75,087 | 1,447,892 |
| | 3,238,785 | 40,099 | 81,499 | 3,197,385 |
| Less accumulated depreciation | 1,653,066 | 235,196 | 81,499 | 1,806,763 |
| Property and equipment, net | $ 1,585,719 | $ (195,097) | $ - | $ 1,390,622 |

## NOTE F - NOTES PAYABLE

Notes payable at June 30, 2014 consisted of the following:

| | |
|---|---|
| Capital Match Revolving Loan administered by the Iowa Department of Transportation to provide a portion of the local share financing for the GPS routing system installed on their transportation vehicles. The loan agreement calls for no interest charges, due in annual installments with a final payment on December 31, 2013. | $ - |

| | Balances 6/30/13 | Additions | Removals | Balances 6/30/14 |
|---|---|---|---|---|
| Iowa DOT | $ 6,066 | $ - | $ 6,066 | $ - |
| Totals | $ 6,066 | $ - | $ 6,066 | $ - |

## 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 code. The Regional Transit Authority will contribute a matching amount equal to 50% of salary deferrals up to 8.6% of the employee's paid compensation. The Regional Transit Authority's total payroll for the fiscal years ended June 30, 2014 and 2013 was $438,512 and $431,901, respectively. The Regional Transit Authority contributed a matching amount for the fiscal years ended June 30, 2014 and 2013 of $8,609 and $7,858, respectively, for the employees who elected to participate.

## NOTE H - RELATED PARTY

The Regional Transit Authority, related to the East Central Intergovernmental Association through common management, is provided management services and office space. Balances with ECIA at and for the years ended June 30, 2014 and June 30, 2013 are as follows:

| | 2014 | 2013 |
|---|---|---|
| Accounts payable | $ 49,329 | $ 43,582 |
| Management services | $ 500,552 | $ 530,805 |

## NOTE I - BOARD-DESIGNATED NET ASSETS

The Regional Transit Authority's Board of Directors has designated net assets for capital replacement of $143,206 and $124,154 as of June 30, 2014 and June 30, 2013, respectively.

## NOTE J - UNCERTAIN TAX POSITIONS

The Regional Transit Authority has determined there are no uncertain tax positions as of June 30, 2014. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

SUPPLEMENTAL INFORMATION

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
**SCHEDULE OF FUNCTIONAL EXPENSES**
Year ended June 30, 2014
(with comparative totals for 2013)

| | Program Services | | | Management | | Totals | |
|---|---|---|---|---|---|---|---|
| | Operating | Maintenance | Volunteers | and General | Fundraising | 2014 | 2013 |
| Payroll | $ 438,512 | $ - | $ - | $ - | $ - | $ 438,512 | $ 431,901 |
| Payroll taxes | 33,613 | - | - | - | - | 33,613 | 33,025 |
| Employee benefits | 92,265 | - | - | - | - | 92,265 | 95,607 |
| Total compensation | 564,390 | - | - | - | - | 564,390 | 560,533 |
| Advertising | - | - | - | - | - | - | - |
| Bad debt expense | - | - | - | 261 | - | 261 | 713 |
| Communications | - | 13,828 | - | - | - | 13,828 | 14,426 |
| Computer support | - | - | - | 18,964 | - | 18,964 | 5,683 |
| Contracted services | 337,946 | - | - | 161,868 | - | 499,814 | 530,805 |
| Education/conferences | - | - | - | 453 | - | 453 | 3,387 |
| Employee recognition | - | - | - | 963 | - | 963 | 1,188 |
| Gas/oil | - | 163,112 | - | - | - | 163,112 | 169,301 |
| Insurance | | | | | | | |
| Liability/umbrella | - | 21,086 | 647 | - | - | 21,733 | 22,148 |
| Vehicle | - | 41,144 | - | - | - | 41,144 | 36,554 |
| Marketing & recruiting | - | - | - | 6,242 | - | 6,242 | 6,139 |
| Meals | - | - | 247 | - | - | 247 | 233 |
| Professional services | - | - | - | 8,000 | - | 8,000 | 9,195 |
| Office equipment | - | - | - | 471 | - | 471 | 238 |
| Organization dues | - | - | - | 3,090 | - | 3,090 | 2,865 |
| Printing | - | - | - | 94 | - | 94 | 235 |
| Repair & maintenance | | | | | | | |
| Facility/general | - | 4,783 | - | - | - | 4,783 | 5,410 |
| Vehicle | - | 99,001 | - | - | - | 99,001 | 101,877 |
| Rent | - | - | - | 18,000 | - | 18,000 | 16,600 |
| Service charges | - | - | - | 3,000 | - | 3,000 | 645 |
| Software support | - | - | - | - | - | - | - |
| Supplies | - | - | 46 | 223 | - | 269 | 1,412 |
| Telephone | - | - | - | 5,673 | - | 5,673 | 5,525 |
| Transportation | - | - | 11,552 | - | - | 11,552 | 10,088 |
| Utilities | - | 15,977 | - | - | - | 15,977 | 13,793 |
| Depreciation | - | 188,158 | - | 47,038 | - | 235,196 | 257,633 |
| Other expenses | - | 5,233 | 3,000 | 6,221 | - | 14,454 | 8,503 |
| | 337,946 | 552,322 | 15,492 | 280,561 | - | 1,186,321 | 1,224,596 |
| Total expenses | $ 902,336 | $ 552,322 | $ 15,492 | $ 280,561 | $ - | $ 1,750,711 | $ 1,785,129 |

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
**SCHEDULE OF FUNCTIONAL EXPENSES**
Year ended June 30, 2013
(with comparative totals for 2012)

| | Program Services | | | Management | | Totals | |
|---|---|---|---|---|---|---|---|
| | Operating | Maintenance | Volunteers | and General | Fundraising | 2013 | 2012 |
| Payroll | $ 431,901 | $ - | $ - | $ - | $ - | $ 431,901 | $ 468,181 |
| Payroll taxes | 33,025 | - | - | - | - | 33,025 | 35,293 |
| Employee benefits | 95,607 | - | - | - | - | 95,607 | 89,125 |
| Total compensation | 560,533 | - | - | - | - | 560,533 | 592,599 |
| Advertising | - | - | - | - | - | - | 590 |
| Bad debt expense | - | - | - | 713 | - | 713 | 378 |
| Communications | - | 14,426 | - | - | - | 14,426 | 9,016 |
| Computer support | - | - | - | 5,683 | - | 5,683 | 6,000 |
| Contracted services | 369,512 | - | - | 161,293 | - | 530,805 | 512,594 |
| Education/conferences | - | - | - | 3,387 | - | 3,387 | 2,308 |
| Employee recognition | - | - | - | 1,188 | - | 1,188 | 1,960 |
| Gas/oil | - | 169,301 | - | - | - | 169,301 | 200,090 |
| Insurance | | | | | | | |
| Liability/umbrella | - | 22,026 | 122 | - | - | 22,148 | 27,446 |
| Vehicle | - | 36,554 | - | - | - | 36,554 | 33,364 |
| Marketing & recruiting | - | - | - | 6,139 | - | 6,139 | 6,214 |
| Meals | - | - | 233 | - | - | 233 | 211 |
| Professional services | - | - | - | 9,195 | - | 9,195 | 8,087 |
| Office equipment | - | - | - | 238 | - | 238 | - |
| Organization dues | - | - | - | 2,865 | - | 2,865 | 2,961 |
| Printing | - | - | - | 235 | - | 235 | 1,066 |
| Repair & maintenance | | | | | | | |
| Facility/general | - | 5,225 | - | 185 | - | 5,410 | 12,325 |
| Vehicle | - | 101,877 | - | - | - | 101,877 | 99,696 |
| Rent | - | - | - | 16,600 | - | 16,600 | 9,600 |
| Service charges | - | - | - | 645 | - | 645 | 586 |
| Software support | - | - | - | - | - | - | - |
| Supplies | - | - | 36 | 1,376 | - | 1,412 | 711 |
| Telephone | - | - | - | 5,525 | - | 5,525 | 4,792 |
| Transportation | - | - | 10,088 | - | - | 10,088 | 7,822 |
| Utilities | - | 13,793 | - | - | - | 13,793 | 10,981 |
| Depreciation | - | 206,106 | - | 51,527 | - | 257,633 | 241,986 |
| Fundraising expenses | - | - | - | - | - | - | 4,766 |
| Other expenses | - | 4,177 | - | 4,326 | - | 8,503 | 16,119 |
| | 369,512 | 573,485 | 10,479 | 271,120 | - | 1,224,596 | 1,221,669 |
| Total expenses | $ 930,045 | $ 573,485 | $ 10,479 | $ 271,120 | $ - | $ 1,785,129 | $ 1,814,268 |

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year ended June 30, 2014

| FEDERAL AWARDS | Federal Catalog Number | Program or Award Amount | Receivable at July 1, 2013 | Expenditures | Revenue Grantor | Revenue Local | Receivable at June 30, 2014 |
|---|---|---|---|---|---|---|---|
| United States Department of Transportation | | | | | | | |
| Federal Transit Administration - Non-Urban Operating Assistance | 20.509 | | | | | | |
| September 16, 2013 to September 30, 2014 | | $ 33,119 | - | 32,475 | 24,779 | 6,495 | 1,201 |
| July 1, 2013 to June 30, 2014 | | $ 271,753 | - | 543,506 | 271,753 | 271,753 | - |
| October 1, 2012 to December 31, 2014 | | $ 59,770 | 36,010 | 1,412 | 37,139 | 283 | - |
| Job Access/Reverse Commute Project | 20.516 | | | | | | |
| October 1, 2012 to September 30, 2013 | | $ 123,628 | 19,028 | - | 19,028 | | - |
| October 1, 2013 to December 31, 2015 | | $ 221,720 | - | 176,864 | 70,092 | 88,432 | 18,340 |
| New Freedom Assistance Project | 20.521 | | | | | | |
| October 1, 2012 to September 30, 2013 | | $ 110,860 | 19,533 | 43,522 | 41,294 | 21,761 | - |
| | | | 74,571 | 797,779 | 464,085 | 388,724 | 19,541 |
| Total Federal Financial Assistance | | | $ 74,571 | $ 797,779 | $ 464,085 | $ 388,724 | $ 19,541 |

| STATE AWARDS | I.D. Number | Program or Award Amount | Receivable at July 1, 2013 | Expenditures | Revenue State | Revenue Local | Receivable at June 30, 2014 |
|---|---|---|---|---|---|---|---|
| **IOWA DEPARTMENT OF TRANSPORTATION** | | | | | | | |
| Passed through Iowa Department of Transportation for State Transit Assistance | | | | | | | |
| State Transit Assistance - Formula Project | N/A | | | | | | |
| July 1, 2013 to June 30, 2014 | | $ 261,667 | $ - | $ 261,667 | $ 261,667 | $ - | $ - |
| Total Iowa Assistance | | | $ - | $ 261,667 | $ 261,667 | $ - | $ - |

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

TOSTRUD & TEMP, S.C.
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Your Business Safety Net

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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 comprise the statement of financial position as of June 30, 2014, 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 27, 2014.

**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 control. Accordingly, we do not express an opinion on the effectiveness of the Regional Transit Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, 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 control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 control 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 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlewaite & Ramos, S. C.

October 27, 2014

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
**SCHEDULE OF FINDINGS AND RESPONSES**
Year ended June 30, 2014

## Section I - Summary of Auditor's Results

Financial Statements

| | | |
|---|---|---|
| Type of auditor's report issued: | Unqualified | |
| Internal control over financial reporting: | | |
| Significant deficiency(ies) identified? | ___ yes | _X_ no |
| Significant deficiency(ies) identified not considered to be material weaknesses? | ___ yes | _X_ none reported |
| Noncompliance material to the financial statements? | ___ yes | _X_ no |

## Section II - Financial Statement Findings

NONE

## Status of Prior Audit Findings

There were no prior-year audit findings.