

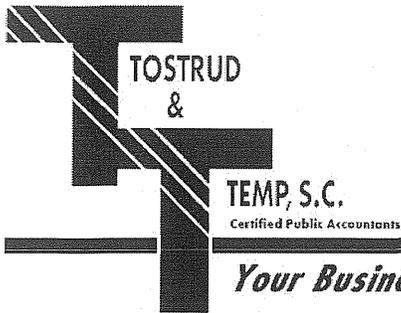
**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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

June 30, 2015 and 2014

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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, 2015 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, 2015, 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 30, 2015, 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 30, 2015

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 496,246	\$ 358,218
Accounts receivable		
Trade	87,898	167,996
Grants	14,847	19,541
Prepaid expenses	<u>47,808</u>	<u>41,294</u>
 Total current assets	 646,799	 587,049
PROPERTY AND EQUIPMENT		
Net of accumulated depreciation	<u>1,364,002</u>	<u>1,390,622</u>
 Total assets	 <u>\$ 2,010,801</u>	 <u>\$ 1,977,671</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable		
Trade	\$ 38,571	\$ 41,888
Related party	45,397	49,329
Accrued liabilities		
Payroll and paid time off	35,443	33,306
Payroll taxes and benefits	3,351	2,379
Unearned revenue	<u>4,642</u>	<u>9,898</u>
 Total current liabilities	 <u>127,404</u>	 <u>136,800</u>
 Total liabilities	 127,404	 136,800
NET ASSETS		
Unrestricted		
Board designated	198,510	143,206
Unrestricted	<u>1,684,887</u>	<u>1,697,665</u>
Total net assets	<u>1,883,397</u>	<u>1,840,871</u>
 Total liabilities and net assets	 <u>\$ 2,010,801</u>	 <u>\$ 1,977,671</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, 2015 and 2014

	2015	2014
REVENUE AND OTHER SUPPORT		
Grants and contracts		
Federal grants	\$ 568,775	\$ 409,055
State grants	272,341	261,667
Transportation contracts	922,322	865,979
Program fees	34,657	47,236
Contributions	90	-
Fundraising	50	95
Transit fellowship	-	653
Replacement capital	4,886	4,237
Gain (loss) on disposal of assets	-	1,350
Miscellaneous income	26,961	34,760
Interest	787	623
Total revenue and other support	1,830,869	1,625,655
 EXPENSES		
Program services		
Operating	945,362	902,336
Maintenance	553,096	552,322
Volunteers	10,871	15,492
Supporting services		
Management and general	279,014	280,561
Total expenses	1,788,343	1,750,711
 Increase (decrease) in net assets	42,526	(125,056)
 Net assets at beginning of year	1,840,871	1,965,927
 Net assets at end of year	\$ 1,883,397	\$ 1,840,871

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, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 42,526	\$ (125,056)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	191,387	235,196
Net loss (gain) on sale of equipment	-	(1,350)
Increase (decrease) in cash due to changes in:		
Accounts receivables	84,792	44,245
Prepaid expenses	(6,514)	(3,125)
Accounts payable	(7,249)	17,630
Accrued liabilities	3,109	7,771
Unearned revenue	(5,256)	5,398
Net cash provided by operating activities	302,795	180,709
Cash flows from investing activities		
Equipment and vehicles purchased	(164,767)	(40,099)
Proceeds from sale/transfer of equipment	-	1,350
Net cash used in investing activities	(164,767)	(38,749)
Cash flows from financing activities		
Debt reduction payments	-	(6,066)
Net cash used in financing activities	-	(6,066)
Net increase (decrease) in cash	138,028	135,894
Cash at beginning of year	358,218	222,324
Cash at end of year	\$ 496,246	\$ 358,218

The accompanying notes are an integral part of these statements.

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

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:

	<u>Years</u>
Vehicles and equipment	5
Office furniture	5
Software	3
Building	39

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2015 and 2014

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.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2015 and 2014

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, 2015, is classified in the accompanying financial statements as follows:

Statement of financial position	
Cash	\$ <u>496,246</u>

Cash and investments as of June 30, 2015 consist of the following:

	Carrying Amount	Bank Balance
Demand deposits	\$ 351,726	\$ 354,148
Savings and money market accounts	<u>144,520</u>	<u>144,520</u>
	\$ <u>496,246</u>	\$ <u>498,668</u>

Investments Authorized by the Authority's Investment Policy

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of year-end, 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.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2015 and 2014

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, 2015 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 March 18, 2015 for five years which covers fiscal years ending 2016, 2017, 2018, 2019, and 2020.

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, 2015 and 2014

NOTE E - PROPERTY AND EQUIPMENT

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

	Balances 6/30/14	Additions	Removals	Balances 6/30/15
Land	\$ 174,074	\$ -	\$ -	\$ 174,074
Land improvements	11,120	-	-	11,120
Building	1,107,856	-	-	1,107,856
Equipment	371,520	17,374	26,657	362,237
Furniture	8,010	-	-	8,010
Software	76,913	2,200	-	79,113
Vehicles	1,447,892	145,193	-	1,593,085
	<u>3,197,385</u>	<u>164,767</u>	<u>26,657</u>	<u>3,335,495</u>
Less accumulated depreciation	1,806,763	191,387	26,657	1,971,493
Property and equipment, net	<u>\$ 1,390,622</u>	<u>\$ (26,620)</u>	<u>\$ -</u>	<u>\$ 1,364,002</u>

NOTE F - 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 10.0% and 8.6% for fiscal years ended June 30, 2015 and 2014, respectively, of the employee's paid compensation. The Regional Transit Authority's total payroll for the fiscal years ended June 30, 2015 and 2014 was \$464,356 and \$438,512, respectively. The Regional Transit Authority contributed a matching amount for the fiscal years ended June 30, 2015 and 2014 of \$10,862 and \$8,609, respectively, for the employees who elected to participate.

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2015 and 2014

NOTE G - 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, 2015 and June 30, 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Accounts payable	\$ 45,397	\$ 49,329
Management services	\$ 522,291	\$ 500,552

NOTE H - BOARD-DESIGNATED NET ASSETS

The Regional Transit Authority's Board of Directors has designated net assets for capital replacement of \$198,510 and \$143,206 as of June 30, 2015 and June 30, 2014, respectively.

NOTE I - UNCERTAIN TAX POSITIONS

The Regional Transit Authority has determined there are no uncertain tax positions as of June 30, 2015. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

NOTE J - LEASES

The Regional Transit Authority has two garage leases, one located in Manchester and the other located in Dyersville. The Manchester lease's monthly rate is \$800 per month and expires December 31, 2016. The Dyersville lease's monthly rate is \$700 per month and expires August 31, 2018. Minimum lease payments are as follows:

June 30, 2016	\$ 13,200
June 30, 2017	8,400
June 30, 2018	8,400
June 30, 2019	1,400

SUPPLEMENTAL INFORMATION

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2015
(with comparative totals for 2014)

	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2015	2014
Payroll	\$ 464,356	\$ -	\$ -	\$ -	\$ 464,356	\$ 438,512
Payroll taxes	35,445	-	-	-	35,445	33,613
Employee benefits	95,963	-	-	-	95,963	92,265
Total compensation	<u>595,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>595,764</u>	<u>564,390</u>
Bad debt expense	-	-	-	-	-	261
Communications	-	14,925	-	-	14,925	13,828
Computer support	-	-	-	19,966	19,966	18,964
Contracted services	349,598	-	-	172,617	522,215	499,814
Education/conferences	-	-	-	626	626	453
Employee recognition	-	-	-	1,490	1,490	963
Gas/oil	-	129,802	-	-	129,802	163,112
Insurance						
Liability/umbrella	-	21,400	695	-	22,095	21,733
Vehicle	-	48,602	-	-	48,602	41,144
Marketing & recruiting	-	-	-	6,218	6,218	6,242
Meals	-	-	142	-	142	247
Professional services	-	-	-	8,367	8,367	8,000
Office equipment	-	-	-	236	236	471
Organization dues	-	-	-	2,819	2,819	3,090
Printing	-	-	-	147	147	94
Repair & maintenance						
Facility/general	-	6,458	-	-	6,458	4,783
Vehicle	-	162,909	-	-	162,909	99,001
Rent	-	-	-	18,000	18,000	18,000
Service charges	-	-	-	659	659	3,000
Software support	-	-	-	-	-	-
Supplies	-	-	44	306	350	269
Telephone	-	-	-	5,046	5,046	5,673
Transportation	-	-	9,990	-	9,990	11,552
Utilities	-	13,999	-	-	13,999	15,977
Depreciation	-	153,110	-	38,277	191,387	235,196
Other expenses	-	1,891	-	4,240	6,131	14,454
	<u>349,598</u>	<u>553,096</u>	<u>10,871</u>	<u>279,014</u>	<u>1,192,579</u>	<u>1,186,321</u>
Total expenses	<u>\$ 945,362</u>	<u>\$ 553,096</u>	<u>\$ 10,871</u>	<u>\$ 279,014</u>	<u>\$ 1,788,343</u>	<u>\$ 1,750,711</u>

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

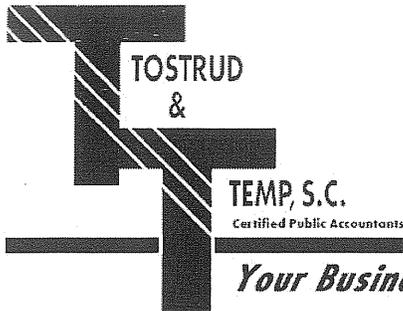
	Program Services			Management and General	Totals	
	Operating	Maintenance	Volunteers		2014	2013
Payroll	\$ 438,512	\$ -	\$ -	\$ -	\$ 438,512	\$ 431,901
Payroll taxes	33,613	-	-	-	33,613	33,025
Employee benefits	92,265	-	-	-	92,265	95,607
Total compensation	<u>564,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,390</u>	<u>560,533</u>
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
	<u>337,946</u>	<u>552,322</u>	<u>15,492</u>	<u>280,561</u>	<u>1,186,321</u>	<u>1,224,596</u>
Total expenses	\$ <u>902,336</u>	\$ <u>552,322</u>	\$ <u>15,492</u>	\$ <u>280,561</u>	\$ <u>1,750,711</u>	\$ <u>1,785,129</u>

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year ended June 30, 2015

FEDERAL AWARDS	Federal Catalog Number	Program or Award Amount	Receivable at July 1, 2014	Expenditures	Revenue		Receivable at June 30, 2015
					Grantor	Local	
United States Department of Transportation							
Federal Transit Administration - Non-Urban Operating Assistance							
October 1, 2013 to June 30, 2016	20.509	\$ 64,000		73,491	58,793	14,698	-
July 1, 2014 to June 30, 2015		\$ 329,033	-	658,066	329,033	329,033	-
October 1, 2012 to December 31, 2014		\$ 59,770	-	15,581	12,464	3,117	-
Job Access/Reverse Commute Project							
October 1, 2013 to December 31, 2015	20.516	\$ 221,720	18,340	134,430	111,037	26,886	14,847
Bus and Bus Facilities Project							
October 1, 2013 to June 30, 2015	20.526	\$ 68,000	-	71,695	60,941	10,754	-
			<u>74,571</u>	<u>953,263</u>	<u>572,268</u>	<u>384,488</u>	<u>14,847</u>
Total Federal Financial Assistance			\$ <u>74,571</u>	\$ <u>953,263</u>	\$ <u>572,268</u>	\$ <u>384,488</u>	\$ <u>14,847</u>
STATE AWARDS							
	I.D. Number	Program or Award Amount	Receivable at July 1, 2014	Expenditures	Revenue		Receivable at June 30, 2015
					State	Local	
IOWA DEPARTMENT OF TRANSPORTATION							
Passed through Iowa Department of Transportation for State Transit Assistance							
State Transit Assistance - Formula Project							
July 1, 2013 to June 30, 2014	N/A	\$ 272,341	\$ -	\$ 272,341	\$ 272,341	\$ -	\$ -
Total Iowa Assistance			\$ -	\$ <u>272,341</u>	\$ <u>272,341</u>	\$ -	\$ -

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



609 S. 4th Street, Suite B
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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, 2015, 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 30, 2015.

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

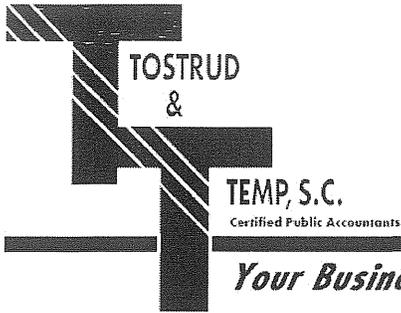
As part of obtaining reasonable assurance about whether the Regional Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

Tostred & Temp, S.C.

October 30, 2015



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Delaware, Dubuque and Jackson County Regional Transit Authority's compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2013. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations (OMB Circular A-133). Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on the major federal programs, occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance 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, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Testrud & Temp, S.C.

October 30, 2015

Delaware, Dubuque and Jackson County
Regional Transit Authority
Dubuque, Iowa
SCHEDULE OF FINDINGS AND RESPONSES
Year ended June 30, 2015

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 no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to the financial statements? yes no

Federal Awards

Internal control over compliance:

Significant deficiency(ies) 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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 Section .510(1)? yes no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

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-year audit findings.