

# **Des Moines Area Regional Transit Authority**

Financial Statements and  
Required Supplementary Information

June 30, 2025 and 2024

# Des Moines Area Regional Transit Authority

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Table of Contents  
June 30, 2025 and 2024

	<u>Page</u>
<b>Officials</b>	1
<b>Independent Auditors' Report</b>	2
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	5
<b>Financial Statements</b>	
Balance Sheets	12
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows	15
Notes to Financial Statements	17
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	33
Note to Required Supplementary Information - Budgetary Reporting	34
Schedule of the Authority's Proportionate Share of the Net Pension Liability	35
Schedule of Authority Contributions	36
Notes to Required Supplementary Information - Pension Liability	37
<b>Other Supplementary Information</b>	
Schedules of Revenues, Expenses and Changes in Net Position - Fixed Route Division	38
Schedules of Revenues, Expenses and Changes in Net Position - Mobility Services Division	39
Schedules of Revenues, Expenses and Changes in Net Position - Caravan Division	40
State of Iowa Required Statutory Reporting	41
<b>Report on Federal Awards</b>	
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	42
<b>Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b>	44
Schedule of Expenditures of Federal Awards	47
Notes to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	50

# Des Moines Area Regional Transit Authority

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## Officials

Name and City Position	Representing
<b>Commission</b>	
Dean O'Connor, Mayor	Altoona
Todd Shafer, Council Member	Ankeny
Angela McKenzie, Council Member	Bondurant
Michael McCoy, Council Member	Clive
Connie Boesen, Mayor, Chair	Des Moines
Paula Dierenfeld, Mayor	Johnston
Ross Grooters, Council Member	Pleasant Hill
Angela Connolly, County Supervisor	Polk County
Bridget Montgomery, Council Member, Vice Chair	Urbandale
Russ Trimble, Mayor	West Des Moines
Joseph Jones, Council Member, Secretary/Treasurer	Windsor Heights
<b>Authority</b>	
Amanda Wanke, CEO	

## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Commission of  
Des Moines Area Regional Transit Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Des Moines Area Regional Transit Authority (Des Moines Area Regional Transit Authority), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Des Moines Area Regional Transit Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Des Moines Area Regional Transit Authority as of June 30, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Des Moines Area Regional Transit Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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 Des Moines Area Regional Transit Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Des Moines Area 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 Des Moines Area 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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information and the schedule of expenditures of federal and state 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*, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic 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 February 27, 2026 on our consideration of the Des Moines Area 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 Des Moines Area 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 Des Moines Area Regional Transit Authority's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Madison, Wisconsin  
February 27, 2026

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

This section of the Des Moines Area Regional Transit Authority's (DART) annual financial report provides an overview of financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Independent Auditor's Report on pages 2-4 and DART's financial statements, which begin on page 12.

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### FINANCIAL HIGHLIGHTS

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DART's financial position strengthened in FY2025, with notable changes in assets, liabilities, and net position:

#### Assets and Deferred Outflows

- **Total assets and deferred outflows increased \$13,159,266.**  
This was driven primarily by higher cash and investments, increases in federal grant receivables, and ongoing capital activity related to phase one of a new Operations & Maintenance (O&M) Facility.
- **Capital assets net of accumulated depreciation increased by \$7,827,526.**  
The increase is largely attributed to the active construction on the O&M facility along with along with investments in vehicles, shelters, facility improvements, and shop equipment.
- **Construction in Progress (CIP) totaled \$18,653,524,** reflecting architectural & engineering services, construction, bus shelter installations, vehicle purchases, security projects, as well as shop/garage equipment.
- **Deferred Outflows of Resources totaled \$3,155,478,** primarily related to GASB No. 68 pension reporting requirements for participation in the Iowa Public Employees' Retirement System (IPERS). Please refer to Note 6 for individual items which account for the balance of the Deferred Outflows of Resources.

#### Current Assets

Major changes in current assets include:

- Cash and investments (including restricted): **+\$6,180,629**
- Federal grant receivables: **+\$1,204,996**
- Trade receivables: **-\$144,941**
- Property tax receivables: **-\$442,846**
- Inventories: **-\$81,220**
- Prepaid expenses: **-\$36,796**

#### Liabilities and Deferred Inflows

- **Current liabilities increased by \$3,727,172,** primarily due to higher accounts payable, payroll-related obligations, and self-insurance reserves.
- **Long-term liabilities decreased by \$2,813,927,** driven by favorable actuarial adjustments to the pension liability and a reduction in capital financing obligations.
- **Deferred inflows increased by \$906,488,** reflecting changes in succeeding-year property taxes but offset by decreases in GASB 68 pension components and deferred capital revenue.

See independent auditors' report.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

### Net Position

- **Total net position increased by \$11,339,533**, reflecting strong capital investment and modest growth in restricted and unrestricted resources.

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### OVERVIEW OF FINANCIAL STATEMENTS

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DART's annual report contains four components:

1. **Management's Discussion and Analysis (MD&A)** – this section
2. **Basic Financial Statements** – including balance sheet and statements of revenues, expenses, and changes in net position; and cash flows
3. **Notes to the Financial Statements** – essential detail on policies, assets, liabilities, and programs
4. **Supplementary Information** – additional schedules and summaries

The financial statements provide long-term and short-term insights into DART's financial health, operational results, and capital investment strategy.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

### STATEMENTS OF NET POSITION (SUMMARY)

**Table 1** summarizes DART's net position at year-end:

**Table 1  
Des Moines Area Regional Transit Authority  
Statements of Net Position  
June 30**

	2025	2024	2023
Current and other assets	\$ 76,880,486	\$ 70,315,862	\$ 64,055,936
Capital assets; net of depreciation	<u>65,210,185</u>	<u>57,382,659</u>	<u>55,329,822</u>
<b>Total Assets</b>	<u><b>142,090,671</b></u>	<u><b>127,698,521</b></u>	<u><b>119,385,758</b></u>
 Pension deferred outflows of resources	 <u>3,155,478</u>	 <u>4,388,362</u>	 <u>3,027,325</u>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	 <u><b>\$ 145,246,149</b></u>	 <u><b>\$ 132,086,883</b></u>	 <u><b>\$ 122,413,083</b></u>
 Current liabilities	 \$ 7,181,781	 \$ 3,454,609	 \$ 3,507,487
Long-term liabilities	<u>9,182,949</u>	<u>11,996,876</u>	<u>11,291,887</u>
<b>Total Liabilities</b>	<u><b>16,364,730</b></u>	<u><b>15,451,485</b></u>	<u><b>14,799,374</b></u>
 Pension deferred inflows of resources	 206,820	 233,512	 1,267,484
Deferred advertising lease	-	-	253,759
Deferred capital revenues	1,429,274	1,692,843	1,975,408
Succeeding year property taxes	<u>29,760,287</u>	<u>28,563,538</u>	<u>26,081,140</u>
<b>Deferred Inflows of Resources</b>	<u><b>31,396,381</b></u>	<u><b>30,489,893</b></u>	<u><b>29,577,791</b></u>
 Net investment in capital assets*	 63,031,678	 54,475,354	 51,545,969
Restricted for debt service	1,861,963	51,430	68,070
Unrestricted net position	<u>32,591,397</u>	<u>31,618,721</u>	<u>26,451,879</u>
 <b>Total Net Position</b>	 <u><b>97,485,038</b></u>	 <u><b>86,145,505</b></u>	 <u><b>78,035,918</b></u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	 <u><b>\$ 145,246,149</b></u>	 <u><b>\$ 132,086,883</b></u>	 <u><b>\$ 122,413,083</b></u>

\* The line item "Net Investment in Capital Assets" represents DART's long-term investment in capital assets, net of accumulated depreciation and related debt, and is not available for current operations.

#### Key Observations

- Cash growth and capital investment contributed to higher asset levels.
- Pension-related deferred outflows decreased due to actuarial experience.

See independent auditors' report.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

- Net investment in capital assets increased by \$8.56 million, reflecting continued reinvestment in fleet, facilities, and equipment.

### STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET POSITION

**Table 2**  
**Des Moines Area Regional Transit Authority**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**June 30**

	2025	2024	2023
<b>OPERATING REVENUES</b>			
Passenger fares	\$ 2,183,969	\$ 2,214,355	\$ 2,190,049
Other fares	3,017,007	3,067,235	2,890,291
Advertising income	387,839	424,202	358,795
Total Operating Revenues	5,588,815	5,705,792	5,439,135
<b>NONOPERATING NET REVENUES</b>	38,970,215	38,287,728	43,276,462
Total Revenues	44,559,030	43,993,520	48,715,597
Operating expenses	39,109,720	37,417,424	35,573,099
Depreciation	6,126,289	6,347,814	5,647,450
Total Expenses	45,236,009	43,765,238	41,220,549
Funds received for capital purchases	12,016,512	7,881,305	1,538,002
<b>CHANGE IN NET POSITION</b>	\$ 11,339,533	\$ 8,109,587	\$ 9,033,050

Total revenues increased slightly, while operating revenues decreased despite continued ridership recovery.

#### Operating Revenues

Agency wide operating revenues totaled \$5.59 million, a 2.1% decrease from FY2024. Passenger fares and contract fares performed slightly under prior-year trends as travel patterns continue to normalize. There was a larger reduction in advertising revenue due to vendor staffing changes.

#### Non-Operating Revenues

Nonoperating revenues totaled \$38.97 million, a 1.8% increase, driven by:

- Lower FTA operating assistance (-26.4%) due to exhaustion of remaining COVID relief funds.
- Lower interest income (-7.6%) as interest rates softened.
- Increased property tax revenue (+9.1%) to offset reductions in federal relief funding.
- Reduced state backfill funding (-16.7%) as legislated phase-out continues.
- Increased federal grant funding (+28.6%), including Section 5310 and CMAQ Route 50 support.

See independent auditors' report.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

### Operating Expenses

Operating expenses totaled \$39.11 million, an increase of 4.5%.

Major drivers include:

- Personnel-related costs, reflecting wage adjustments, training investments, and rising benefit costs.
- Insurance and liability costs, up significantly year-over-year.
- Reductions in fuel expenditures (−9.1%) due to favorable strip-pricing contracts.

### By Service Mode

#### Fixed Route

- Ridership increased 6.1%; operating revenue decreased 2.8%.
- Expenses increased **4.8%** due to higher wages, insurance, and equipment repair costs.

#### Mobility Services

- Ridership decreased by 3.0%; operating revenue remained flat year over year.
- Expenses increased **2.4%**, primarily due to higher personnel costs and equipment repair needs.
- Contracted overflow cab service increased **7.8%**, reflecting demand surge.

#### Caravan

- Ridership decreased 7.2%; revenue remained flat.
- Expenses increased **5.9%** due to implementation of a new rider platform and new in-house maintenance capacity.
- Several cost categories (fuel, services) decreased due to reduced service levels.

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## BUDGETARY HIGHLIGHTS

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DART adopts a consolidated budget for all three operating divisions, Fixed Route, Mobility Services, and Caravan.

#### Fixed Route

- Operating revenue exceeded budget by 1.9%, driven by contracted services and access programs.
- Nonoperating revenue exceeded budget by 6.8% due to interest earnings and grant activity.
- Operating expenses came in 4.2% below budget, driven by savings in personnel, services, and insurance.

#### Mobility Services

- Operating revenue exceeded budget by 9.4%, primarily due to strong Polk County funding and fare collection.
- Operating expenses were 4.3% below budget, with savings in personnel and repair parts offsetting higher overflow transportation costs.

See independent auditors' report.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

### Caravan

- Operating revenue was 44.5% below budget, reflective of ongoing restructuring and business model adjustments.
- Operating expenses were 36% below budget, largely due to reduced service levels.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

As of June 30, 2025, DART has invested \$65,210,185 in capital assets, net of depreciation. This amount is an increase of \$7,827,526 from the year prior. DART has a Fixed Route fleet of 105 active revenue vehicles, Mobility Services (including Microtransit) has a fleet of 38 revenue vehicles and Caravan has a fleet of 67 revenue vehicles.

**Table 3  
Des Moines Area Regional Transit Authority  
Capital Assets at Year-end  
(Net of Depreciation)  
June 30**

	2025	2024	2023
Land	\$ 4,879,026	\$ 4,879,026	\$ 1,018,913
Construction in progress	18,653,524	6,232,446	6,558,989
Building and improvements	17,960,214	18,979,522	20,040,495
Revenue vehicles and equipment	21,152,314	25,067,873	26,454,324
Equipment	2,565,107	2,223,792	1,257,101
<b>TOTALS</b>	<b>\$ 65,210,185</b>	<b>\$ 57,382,659</b>	<b>\$ 55,329,822</b>

### Capital Additions

FY2025 investments included:

- Construction in Progress: **\$14,556,987**
- Mobility Services vehicles: **\$1,164,908**
- Shop equipment: **\$207,722**
- Communications and miscellaneous equipment: **\$704,205**

### Construction in Progress (CIP)

CIP increased significantly due to:

- Continued work on the new O&M facility
- Bus shelter installations and facility rehabilitation
- Security upgrades and equipment procurement

See independent auditors' report.

# DES MOINES AREA REGIONAL TRANSIT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2025 (Unaudited)

### Disposals

- FY2025 disposals totaled \$1,483,893 resulted primarily from the retirement of Fixed Route rolling stock, shop equipment and obsolete technology.

### Debt

- Outstanding capital financing associated with the FY2016 fixed-route bus purchase totaled \$2,178,507 at year end.
- See Note 4- Capital Leases on page 27 for further information.

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### OTHER CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

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- **FY2026 Budget:**  
The Commission approved a \$45 million balanced budget, including \$126,750 in reserve use for operating needs and \$950,000 for one-time implementation and process improvement initiatives.
- **O&M Facility Construction:**  
Phase One is expected to be completed near the end of FY2026 and is fully funded with federal and capital reserve dollars.
- **Proterra Fleet Disposition:**  
Early disposition of seven Proterra battery-electric buses was approved by FTA. One unit was retired in FY2025; the remaining six will be disposed of in FY2026, resulting in an estimated \$3.16 million loss on disposal.
- **Bondurant Withdrawal:**  
The City of Bondurant will exit DART effective FY2028. The withdrawal does not materially alter the agency's financial structure.

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### CONTACTING DART'S FINANCIAL MANAGEMENT

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This financial report is designed to provide our customers, government officials and creditors with a general overview of DART's finances and to show DART's accountability for the money it receives. If you have questions about this report or need additional information, contact the Des Moines Area Regional Transit Authority at (515) 283-8134 or write in care of: Finance Director, Des Moines Area Regional Transit, 620 Cherry St, Des Moines, IA 50309.

## **FINANCIAL STATEMENTS**

# Des Moines Area Regional Transit Authority

Balance Sheets

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments	\$ 14,801,012	\$ 12,132,365
Restricted and designated cash and investments	27,367,316	23,855,334
Accounts receivable:		
Trade (net)	202,301	347,242
Grant funds	3,158,905	1,953,909
Accrued Interest receivable	321,763	420,018
Other	(2,365)	14,578
Property taxes receivable:		
Succeeding year	29,697,980	30,000,988
Delinquent	(73,258)	66,580
Inventory	807,922	889,142
Prepaid expenses	598,910	635,706
	<u>76,880,486</u>	<u>70,315,862</u>
<b>Total current assets</b>		
<b>Noncurrent Assets</b>		
Capital assets:		
Plant in service	117,704,730	117,111,790
Construction work in progress	18,653,524	6,232,446
Less accumulated depreciation and amortization	<u>(71,148,069)</u>	<u>(65,961,577)</u>
	<u>65,210,185</u>	<u>57,382,659</u>
<b>Total noncurrent assets</b>		
	<u>65,210,185</u>	<u>57,382,659</u>
<b>Total assets</b>	<u>142,090,671</u>	<u>127,698,521</u>
<b>Deferred Outflows of Resources</b>		
Pension deferred outflows of resources	<u>3,155,478</u>	<u>4,388,362</u>
	<u>3,155,478</u>	<u>4,388,362</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 145,246,149</u>	<u>\$ 132,086,883</u>

See notes to the financial statements

# Des Moines Area Regional Transit Authority

## Balance Sheets

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,087,958	\$ 896,380
Accrued payroll and benefits	1,897,767	1,541,879
Unearned revenue	43,359	31,512
Accrued self insurance claims	403,341	256,040
Current obligations of capital financing	749,356	728,798
	<u>7,181,781</u>	<u>3,454,609</u>
<b>Noncurrent Liabilities</b>		
Pension liability	7,753,798	9,818,369
Capital financing, less current obligations	1,429,151	2,178,507
	<u>9,182,949</u>	<u>11,996,876</u>
Total liabilities	<u>16,364,730</u>	<u>15,451,485</u>
<b>Deferred Inflows of Resources</b>		
Pension deferred inflows of resources	206,820	233,512
Deferred capital revenues	1,429,274	1,692,843
Succeeding year property taxes	29,760,287	28,563,538
	<u>31,396,381</u>	<u>30,489,893</u>
<b>Net Position</b>		
<b>Net Position</b>		
Net investment in capital assets	63,031,678	54,475,354
Restricted for debt service	1,861,963	51,430
Unrestricted	32,591,397	31,618,721
	<u>97,485,038</u>	<u>86,145,505</u>
Total net position	<u>97,485,038</u>	<u>86,145,505</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 145,246,149</u>	<u>\$ 132,086,883</u>

See notes to the financial statements

**Des Moines Area Regional Transit Authority**

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2025 and 2024

	2025			2024	
	Fixed Route	Mobility Services	Caravan	Total	Total
<b>Operating Revenues</b>	\$ 4,593,157	\$ 729,773	\$ 265,885	\$ 5,588,815	\$ 5,705,792
<b>Operating Expenses (Except Depreciation and Amortization)</b>	33,701,954	4,983,886	423,880	39,109,720	37,417,424
Operating income (loss) before depreciation and amortization	(29,108,797)	(4,254,113)	(157,995)	(33,520,905)	(31,711,632)
<b>Depreciation and Amortization</b>	6,126,289	-	-	6,126,289	6,347,814
Operating loss including depreciation and amortization	(35,235,086)	(4,254,113)	(157,995)	(39,647,194)	(38,059,446)
<b>Nonoperating Revenue (Expense)</b>					
Government operating assistance:					
Property tax	24,319,838	4,136,200	107,500	28,563,538	26,193,550
State property tax relief	484,149	-	-	484,149	580,979
ADA subsidy	-	475,000	-	475,000	475,000
FTA operating assistance	4,225,432	27,158	-	4,252,590	5,776,295
IDOT operating assistance	2,255,937	-	-	2,255,937	2,316,700
IDOT special projects	64,317	-	-	64,317	92,441
FTA grant income	785,192	332,959	-	1,118,151	869,214
Gain (loss) on disposition of capital assets	(241,181)	-	-	(241,181)	(117,676)
Interest income	1,474,881	-	-	1,474,881	1,596,636
Miscellaneous income	554,545	-	40,000	594,545	598,938
Interest expense	(71,712)	-	-	(71,712)	(94,349)
Total nonoperating revenue	33,851,398	4,971,317	147,500	38,970,215	38,287,728
Net gain (loss) before capital contributions	\$ (1,383,688)	\$ 717,204	\$ (10,495)	(676,979)	228,282
<b>Capital Contributions</b>				12,016,512	7,881,305
Change in net position				11,339,533	8,109,587
<b>Net Position, Beginning</b>				86,145,505	78,035,918
<b>Net Position, Ending</b>				\$ 97,485,038	\$ 86,145,505

See notes to financial statements

## Des Moines Area Regional Transit Authority

### Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from direct transit fares	\$ 2,272,405	\$2,455,798
Cash received from contracted service sales and miscellaneous income	4,084,686	4,079,485
Cash paid to suppliers for goods and services	(21,182,401)	(19,937,474)
Cash paid to employees for services	(18,194,933)	(18,288,416)
Net cash flows from operating activities	<u>(33,020,243)</u>	<u>(31,690,607)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Federal, state and municipal funds received for capital expenditures	11,078,110	5,976,884
Proceeds on disposition of capital assets	10,875	69,294
Deferred capital revenues received	(263,569)	(282,565)
Principal payments on capital financing	(728,798)	(906,548)
Interest paid on capital financing	(71,712)	(94,349)
Acquisition and construction of capital assets	(10,983,855)	(8,804,825)
Net cash flows from capital and related financing activities	<u>(958,949)</u>	<u>(4,042,110)</u>
<b>Cash Flows From Investing Activities</b>		
Interest received	1,573,136	1,176,618
Net cash flows from investing activities	<u>1,573,136</u>	<u>1,176,618</u>
<b>Cash Flows From Noncapital Financing Activities</b>		
Operating subsidies received from:		
Federal transit administration	5,043,586	9,891,528
State of Iowa	2,380,815	2,342,290
ADA subsidy	475,000	475,000
Property taxes received and municipal assistance	30,687,284	25,510,269
Net cash flows from noncapital financing activities	<u>38,586,685</u>	<u>38,219,088</u>
Net increase in cash and cash equivalents	6,180,629	3,662,989
<b>Cash and Cash Equivalents, Beginning</b>	<u>35,987,699</u>	<u>32,324,710</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 42,168,328</u>	<u>\$ 35,987,699</u>

See notes to financial statements

# Des Moines Area Regional Transit Authority

## Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Loss from operations	\$ (39,647,194)	\$ (38,059,446)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Nonoperating income	594,545	598,938
Noncash items included in operating loss:		
Depreciation and amortization expense	6,126,289	6,347,814
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable, trade	144,941	(10,890)
Accounts receivable, other	16,943	220,130
Inventory	81,220	8,670
Prepaid expenses	36,796	(176,677)
Accounts payable	(30,440)	366,699
Accrued payroll liabilities	355,888	(148,331)
Unearned revenues	11,847	21,313
Pension related deferrals and liabilities	(858,379)	(802,238)
Accrued self insurance claims	147,301	(56,590)
	<u>\$ (33,020,243)</u>	<u>\$ (31,690,607)</u>
<b>Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts</b>		
Cash and investments, current	\$ 14,801,012	\$ 12,132,365
Restricted and designated cash and equivalents	<u>27,367,316</u>	<u>23,855,334</u>
	<u>\$ 42,168,328</u>	<u>\$ 35,987,699</u>

See notes to financial statements

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements  
June 30, 2025 and 2024

## 1. Summary of Significant Accounting Policies

Des Moines Area Regional Transit Authority (the Authority) was formed for the purpose of providing mass transportation for the City of Des Moines, Iowa (the City) and surrounding areas as well as providing commuter services to nearby communities. The Mobility Services division of the Authority is designed to provide specialized transportation services to the elderly, handicapped and low-income individuals. The Caravan division of the Authority is designed to provide workers who are commuting to Des Moines, an economical mode of transportation to work.

The Commission is comprised of twelve member government officials, one from each member government. The member governments comprise the cities of Altoona, Ankeny, Bondurant, Clive, Des Moines, Grimes, Johnston, Pleasant Hill, Polk County, Urbandale, West Des Moines and Windsor Heights.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Authority are described below.

### Reporting Entity

For financial reporting purposes, the Authority has included all funds, organizations, account groups, agencies, boards, commissions and authorities that are not legally separate. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority. The Authority has no component units which meet the GASB criteria.

### Measurement Focus and Basis of Accounting

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred or economic asset is used, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority follows enterprise fund accounting. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires disclosure of essential information about risks related to the government's vulnerabilities due to certain concentrations and constraints. The Authority has evaluated this standard and determined there is no material impact to the financial statements.

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements  
June 30, 2025 and 2024

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

### **Deposits and Investments**

The Authority considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The types of investments allowed are regulated by the State Code of Iowa and are listed in Note 2. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year-end.

### **Accounts Receivable/Payable**

The Authority considers receivables from government units (grant funds) to be fully collectible; accordingly, no such allowance for doubtful accounts from governmental units is present.

### **Property Taxes Receivable**

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Boards of Supervisors. Taxes are levied on March 1 and are due in two installments on or around September 30 and March 31 of the following fiscal year. All unpaid taxes become delinquent on April 1 of the following year. The succeeding year property tax receivable represents taxes certified by the Boards of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Boards of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unearned and will not be recognized as revenue until the year for which it is levied. Current year delinquent property taxes receivable represents taxes collected by the County but not remitted to the Authority at June 30, 2025 and 2024 and unpaid taxes.

### **Inventories**

Inventories of fuel are valued at the lower of cost or market utilizing the first-in, first-out method and charged to expense when used. Inventories of parts and supplies are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

### **Designated Funds**

Assets that are internally set aside for a specific purpose are reported as designated funds. The restrictions do not hold legal constraint but are imposed by either management and/or the Board of Commissioners. Funds within this group are primarily comprised of dollars set aside for capital asset replacement and stabilization funding reserves.

# Des Moines Area Regional Transit Authority

Notes to Financial Statements  
June 30, 2025 and 2024

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by capital financing agreements or by agreements other external parties. A portion of the restricted assets as of June 30, 2025 and June 30, 2024 are receipts from proceeds from prior federal grant funded assets which have specifications of how those proceeds are spent. Other portions are restricted due to third party funding agreements related to the use of these assets. The remaining portion is to be used for payments made on the bus lease liability for members who have paid their portion of the liabilities prior to exiting the Authority.

## Prepaid Expenses

This represents amounts paid for services to be provided in future periods. The Authority had prepayments as of June 30, 2025, representing fiscal 2026 prepaid insurance and software maintenance contracts. The prepayment amounts as of June 30, 2024 represented fiscal 2025 prepaid insurance and software maintenance contracts.

## Capital Assets

Capital assets are stated at cost. The costs of normal maintenance and repair not adding to the value of the assets or materially extending asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Reportable capital assets are defined by the Authority as assets with initial, individual costs in excess of \$5,000 and an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Revenue equipment under capital financing is amortized on the straight-line method over the estimated useful life of the equipment. Estimated lives for the period are as follows:

	<u>Years</u>
Building	5-40
Revenue equipment	4-15
Equipment and software	3-10

## Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. Pension deferred outflows relate to the net pension liability. Details of the account are included in Note 6.

## Accrued Payroll and Benefits

Authority employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. The cost of vacation accumulations is recorded as liabilities and expenses. The accrued payroll and benefits liability has been computed based on rates of pay in effect at June 30, 2025 and 2024.

## Unearned Revenue and Deferred Capital Revenues

Unearned revenue includes payments from caravan participants received in advance for future service. The Authority also has received assets in advance for future use to purchase other capital assets as shown under the deferred inflows of resources.

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements

June 30, 2025 and 2024

In addition, the City remitted accumulated revenues earned from a park and ride facility which was grant funded by an FTA grant received by the Authority passed through to the City during fiscal year 2024. The City stipulated the use of the cash to fund future operating and capital projects. The cash received for operations is reported as unearned revenues and cash received for capital projects is reported as deferred capital revenues. Revenue is recognized in the period in which service is provided. During 2025, the Authority recognized unearned revenue of \$43,360 related to the City's payment made during fiscal year 2024. During 2024, the Authority recognized unearned revenue of \$31,500 related to the City's payment made during fiscal year 2023.

## Accrued Self Insurance Claims

Claims for uninsured losses are reported in the financial statements based upon the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, claims adjustment expenses expected to be incurred in connection with the settlement of unpaid claims are accrued at the time the liability for the underlying claim is recognized.

## Long-Term Obligations

Long-term debt and other obligations, including capital financing, are reported as Authority liabilities. Details on these balances are included in Notes 4 and 5.

## Pension Liability

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary plan net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, investments are reported at fair value. See Note 6 for additional information.

## Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that future time. On an accrual basis, revenue from property taxes are recognized in the period they are intended to finance, which is the year after the taxes are levied. Deferred inflows for capital improvements includes amounts received from selling of grant funding assets and local match portions required by grant funding. Pension deferred inflows relate to the net pension liability. Details of the account are included in Note 6.

## Net Position

Net position is presented in the following components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any financed purchase obligation that is attributable to the acquisition of those assets.

Restricted net position is to be used for purposes set by outside parties.

Unrestricted net position has no externally imposed restrictions on use.

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements  
June 30, 2025 and 2024

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first then unrestricted resources as they are needed.

## Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues are fares charged to passengers for service and contracted service agreements. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. Other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. This includes tax levies, local, state and federal grants and aids, investment income and interest expense.

## Federal and State Grants

Federal and state grants are made available to the Authority for certain operating activities and the acquisition of public transit facilities, planning studies, buses and other transit equipment. Unrestricted operating grants and grants restricted as to purpose, but not contingent on the actual expenditures of funds, are recognized when the right to the funds becomes irrevocable. Where the expenditure of funds is the prime factor for determining the eligibility for the grant proceeds, the grant is recognized at the time when the expense is incurred.

The Federal grants are subject to grantor agency compliance audits. Management believes losses, if any, resulting from those compliance audits are not material to these statements.

## Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the years ended June 30, 2025 and 2024, disbursements did not exceed the amounts budgeted.

## Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Effect of New Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104, *Disclosure of Certain Capital Assets*, and Statement No. 105, *Subsequent Events*. When they become effective, application of these standards may restate portions of these financial statements.

## 2. Deposits and Investments

The Authority's deposits in banks at June 30, 2025 and 2024 were entirely covered by federal depository insurance or 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.

# Des Moines Area Regional Transit Authority

## Notes to Financial Statements

June 30, 2025 and 2024

The 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 Commission; 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.

	<b>Carrying Value at June 30</b>	
	<b>2025</b>	<b>2024</b>
Checking and savings	\$ 37,791,187	\$ 27,818,512
Money market	4,375,091	8,167,137
Petty cash	2,050	2,050
	<u>2,050</u>	<u>2,050</u>
Total cash and investments	<u>\$ 42,168,328</u>	<u>\$ 35,987,699</u>

### Credit and Interest Rate Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

The Authority's policy is to balance security, liquidity and returns with investments.

As of June 30, 2025 and 2024, the Authority did not have investments subject to credit and interest rate risk.

### 3. Capital Assets

Capital assets activity for fiscal years 2025 and 2024 consists of the following:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Capital assets not being depreciated:					
Land	\$ 4,879,026	\$ -	\$ -	\$ -	\$ 4,879,026
Construction in progress	6,232,446	14,556,987	-	(2,135,909)	18,653,524
	<u>11,111,472</u>	<u>14,556,987</u>	<u>-</u>	<u>(2,135,909)</u>	<u>23,532,550</u>
Total capital assets not being depreciated					
Capital assets being depreciated/amortized:					
Buildings	38,242,557	-	-	(2)	38,242,555
Revenue equipment	50,540,259	-	870,553	-	49,669,706
Fare collection equipment	3,580,880	-	-	-	3,580,880
Service cars and trucks	780,210	-	-	-	780,210
Shop and garage equipment	1,026,533	-	74,479	207,722	1,159,776
Furniture and office equipment	1,115,293	-	-	-	1,115,293
Computer equipment and software	2,514,179	-	44,041	-	2,470,138
Miscellaneous equipment	1,617,271	-	6,923	323,205	1,933,553
Communication equipment	5,360,610	-	421,267	381,000	5,320,343
Mobility Services vehicles	5,204,090	-	-	1,164,908	6,368,998
Caravan vehicles	2,250,882	-	66,630	-	2,184,252
	<u>112,232,764</u>	<u>-</u>	<u>1,483,893</u>	<u>2,076,833</u>	<u>112,825,704</u>
Total capital assets being depreciated/amortized					

# Des Moines Area Regional Transit Authority

Notes to Financial Statements  
June 30, 2025 and 2024

	July 1, 2024	Additions	Deletions	Transfers	June 30, 2025
Less accumulated depreciation and amortization:					
Buildings	\$ 19,263,035	\$ 1,019,306	\$ -	\$ -	\$ 20,282,341
Revenue equipment	28,516,887	3,520,431	326,457	-	31,710,861
Fare collection equipment	2,127,064	311,532	-	-	2,438,596
Service cars and trucks	680,237	27,959	-	-	708,196
Shop and garage equipment	781,309	71,147	74,479	-	777,977
Furniture and office equipment	1,115,293	-	-	-	1,115,293
Computer equipment and software	1,876,362	106,916	44,041	-	1,939,237
Miscellaneous equipment	1,153,931	212,723	6,923	-	1,359,731
Communication equipment	4,583,172	151,867	421,267	-	4,313,772
Mobility Services vehicles	3,616,507	701,306	-	-	4,317,813
Caravan vehicles	2,247,780	3,102	66,630	-	2,184,252
	<u>65,961,577</u>	<u>6,126,289</u>	<u>939,797</u>	<u>-</u>	<u>71,148,069</u>
Total accumulated depreciation and amortization					
Total capital assets being depreciated/amortized, net	<u>46,271,187</u>	<u>(6,126,289)</u>	<u>(544,096)</u>	<u>2,076,835</u>	<u>41,677,637</u>
Net capital assets	<u>\$ 57,382,659</u>	<u>\$ 8,430,698</u>	<u>\$ (544,096)</u>	<u>\$ (59,074)</u>	<u>\$ 65,210,185</u>
	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024
Capital assets not being depreciated:					
Land	\$ 1,018,913	\$ 3,860,113	\$ -	\$ -	\$ 4,879,026
Construction in progress	6,558,989	3,994,614	-	(4,321,157)	6,232,446
	<u>7,577,902</u>	<u>7,854,727</u>	<u>-</u>	<u>(4,321,157)</u>	<u>11,111,472</u>
Total capital assets not being depreciated					
Capital assets being depreciated/amortized:					
Buildings	38,244,586	-	2,029	-	38,242,557
Revenue equipment	49,511,914	-	1,056,542	2,084,887	50,540,259
Fare collection equipment	3,580,880	-	-	-	3,580,880
Service cars and trucks	805,601	-	25,391	-	780,210
Shop and garage equipment	864,200	188,102	25,769	-	1,026,533
Furniture and office equipment	1,115,293	-	-	-	1,115,293
Computer equipment and software	2,192,523	321,656	-	-	2,514,179
Miscellaneous equipment	1,534,744	82,527	-	-	1,617,271
Communication equipment	4,666,433	140,609	169,523	723,091	5,360,610
Mobility Services vehicles	4,612,983	-	922,072	1,513,179	5,204,090
Caravan vehicles	2,288,231	-	37,349	-	2,250,882
	<u>109,417,388</u>	<u>732,894</u>	<u>2,238,675</u>	<u>4,321,157</u>	<u>112,232,764</u>
Total capital assets being depreciated/amortized					
Less accumulated depreciation and amortization:					
Buildings	18,204,091	1,060,973	2,029	-	19,263,035
Revenue equipment	25,636,832	3,749,626	869,571	-	28,516,887
Fare collection equipment	1,815,532	311,532	-	-	2,127,064
Service cars and trucks	676,379	29,250	25,392	-	680,237
Shop and garage equipment	762,276	44,802	25,769	-	781,309
Furniture and office equipment	1,115,293	-	-	-	1,115,293
Computer equipment and software	1,730,161	146,201	-	-	1,876,362
Miscellaneous equipment	972,015	181,916	-	-	1,153,931
Communication equipment	4,665,569	87,126	169,523	-	4,583,172

# Des Moines Area Regional Transit Authority

## Notes to Financial Statements

June 30, 2025 and 2024

	July 1, 2023	Additions	Deletions	Transfers	June 30, 2024
Mobility Services vehicles	\$ 3,869,213	\$ 669,366	\$ 922,072	\$ -	\$ 3,616,507
Caravan vehicles	2,218,107	67,022	37,349	-	2,247,780
Total accumulated depreciation and amortization	61,665,468	6,347,814	2,051,705	-	65,961,577
Total capital assets being depreciated/amortized, net	47,751,920	(5,614,920)	186,970	4,321,157	46,271,187
Net capital assets	\$ 55,329,822	\$ 2,239,807	\$ 186,970	\$ -	\$ 57,382,659

Most of these assets were acquired with the assistance of federal funds. Under the terms of those grants, proceeds from the disposition of these assets may be required to be refunded to the federal government in the same proportion that the federal government participated in the cost of acquisition.

At June 30, 2025 and 2024, construction in progress consists of various projects, totaling \$18,653,524 and \$6,232,446, respectively. The majority of these costs relate to the ongoing proposed maintenance facility project.

#### 4. Capital Financing

During fiscal year 2016, the Authority financed the acquisition of 20 buses by means of a capital financing and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The liability under this financing was \$2,178,507 and \$2,907,305 as of June 30, 2025 and 2024, respectively. The obligation is due in monthly installments of \$66,709 through April 2028. The interest rate of the financing was 2.785%. The repayment schedule was updated during fiscal year 2019, as one of the buses was totaled and the insurance proceeds received were used to pay down the outstanding principal on the financing.

A summary of changes in the capital financing during fiscal year 2025 was as follows:

	July 1, 2024	Additions	Deletions	June 30, 2025	Due Within One Year
Capital financing	\$ 2,907,305	\$ -	\$ 728,798	\$ 2,178,507	\$ 749,356

A summary of changes in the capital financing during fiscal year 2024 was as follows:

	July 1, 2023	Additions	Deletions	June 30, 2024	Due Within One Year
Capital financing	\$ 3,813,853	\$ -	\$ 906,548	\$ 2,907,305	\$ 728,798

At June 30, 2025, the future minimum financing payments are as follows:

Years Ending June 30:	Principal	Interest	Total
2026	\$ 749,356	\$ 51,154	\$ 800,510
2027	770,494	30,016	800,510
2028	658,657	8,436	667,093
Total	\$ 2,178,507	\$ 89,606	\$ 2,268,113

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements  
June 30, 2025 and 2024

## 5. Pension and Retirement Benefits

### Iowa Public Employees' Retirement System (IPERS)

#### Plan Description

IPERS membership is mandatory for employees of the Authority, except for those covered by another retirement system. Employees of the Authority are provided with pensions through a cost-sharing multiple employer-defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

#### Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned starting on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

#### Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements  
June 30, 2025 and 2024

## Contributions

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to one-percentage-point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Authority contributed 9.44% of covered payroll, for a total rate of 15.73%. In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Authority contributed 9.44% of covered payroll, for a total rate of 15.73%.

- The Authority's contribution to IPERS for the years ended June 30, 2025 and 2024 were \$1,901,315 and \$1,854,758 respectively, equal to the required contributions for each year.

## Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025 and 2024, the Authority reported a liability of \$7,753,798 and \$9,818,369, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, respectively and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the Authority's collective proportion was 0.209970% which was a decrease of 0.002814% from its proportion measured as of June 30, 2023. At June 30, 2023, the Authority's collective proportion was 0.212784% which was an increase of 0.005543% from its proportion measured as of June 30, 2022.

# Des Moines Area Regional Transit Authority

Notes to Financial Statements  
June 30, 2025 and 2024

For the year ended June 30, 2025 and 2024, the Authority recognized pension expense of \$1,058,770 and \$747,544, respectively. At June 30, 2025 and 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 616,976	\$ 4,817	\$ 830,647	\$ 40,357
Changes of assumptions	-	108	-	156
Net difference between projected and actual earnings on IPERS' investments	96,974	-	909,300	-
Changes in proportion and differences between Authority contribution and proportionate share of contributions	540,213	201,895	809,491	192,999
Authority contributions subsequent to the measurement date	1,901,315	-	1,838,924	-
Total	<u>\$ 3,155,478</u>	<u>\$ 206,820</u>	<u>\$ 4,388,362</u>	<u>\$ 233,512</u>

\$1,901,315 and \$1,838,924 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Years Ending June 30:

2026	\$ (908,377)
2027	2,046,062
2028	170,417
2029	(254,734)
2030	<u>(6,025)</u>
Total	<u>\$ 1,047,343</u>

There were no nonemployer contributing entities at IPERS.

### Actuarial Assumptions

The total pension liability in the June 30, 2025 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

- Rate of inflation (effective June 30, 2017): 2.60% per annum.
- Rates of salary increase (effective June 30, 2017): 3.25% to 16.25% average, including inflation. Rates vary by membership group.
- Long-term investment rate of return (effective June 30, 2017): 7.00% compounded annually, net of investment expense, including inflation.

## Des Moines Area Regional Transit Authority

Notes to Financial Statements

June 30, 2025 and 2024

- Wage Growth (effective June 30, 2017): 3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.
- The actuarial assumptions used in the June 30, 2024 and June 30, 2023 valuations were based on the results of an economic assumption study dated June 16, 2022 and a demographic assumption study dated March 24, 2017.
- Mortality rates for the June 30, 2024 and June 30, 2023 valuations were based on the PubG-2010 Employee and Healthy Annuitant Tables with MP-2021 generational adjustments and RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments, respectively.
- The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

As of June 30, 2024, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	100.0%	

# Des Moines Area Regional Transit Authority

Notes to Financial Statements

June 30, 2025 and 2024

As of June 30, 2023, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

## Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	<b>2025</b>		
	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Authority's proportionate share of the net pension liability	\$ 19,027,681	\$ 7,753,798	\$ (1,688,139)
	<b>2024</b>		
	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Authority's proportionate share of the net pension liability	\$ 20,876,040	\$ 9,818,369	\$ 551,858

# Des Moines Area Regional Transit Authority

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Notes to Financial Statements

June 30, 2025 and 2024

## **IPERS' Fiduciary Net Position**

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

## **Payables to the Pension Plan**

The Authority reported payables to the IPERS of \$130,669 and \$118,111 for legally required Authority contributions and \$135,744 and \$177,187 for legally required employee contributions withheld from employee wages which had not yet remitted to IPERS as of June 30, 2025 and 2024, respectively.

## **6. Defined Contribution Plan (457 Plan)**

The Authority offers a 457 plan (Plan) to all eligible employees who agree to make contributions to the Plan. Participation in the Plan is optional and not a requirement of all employees. Principal Financial administers this defined contribution plan. Amendments to the Plan under \$100,000 can be made at the authority of the General Manager. Any amendments to the Plan that exceed \$100,000 must be approved by the Commission. The Authority provides matching contributions equal to 100% of the first 3% of compensation, which is a maximum of \$2,000 annually. Total expense for the year ended June 30, 2025 and 2024 was \$231,170 and \$189,767, respectively.

## **7. Commitments and Contingencies**

### **Open Contracts**

The Authority has open contracts for approximately \$43,170,976 for various capital projects including construction contracts, architecture and engineering. As of June 30, 2025, approximately \$21,724,249 has been expended.

## **8. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority became a member of the Iowa Communities Assurance Pool (ICAP) in FY2016. ICAP is a public entity risk pool that was established in 1986 and currently has nearly 800 members. The ICAP is a group self-insurance program for Iowa public entities under Iowa Code section 670.7. The Pool is governed by a Board of Directors and, per an administrative agreement entered into in 1986, is administered by York Risk Pooling Services, Inc. Bilbrey Insurance Services, Inc. provides marketing, member services and first-line underwriting, while Public Entity Risk Services of Iowa is responsible for the Pool's claims and loss control.

ICAP seeks the prevention and lessening of losses to its member properties and injuries to persons or properties which might result in claims being made against its participants. It is the intent of the Iowa Communities Assurance Pool to administer a risk management pool and utilize funds contributed by the participants to avert, defend and protect, any participant of ICAP against state liability and loss.

Specifically, risk coverage provided by ICAP for its members include auto liability, general liability, law enforcement liability, public official's liability, excess liability, vehicles, property, equipment breakdown and crime. Each coverage carries a deductible that the Authority is responsible for meeting with each claim. Premium payments are accounted for as current-year expenses in the financial statements of the Authority. The Authority continues to accrue a reserve for accident losses that may occur in a given year and are not closed out by year-end.

# Des Moines Area Regional Transit Authority

## Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, the Authority had established reserves of \$403,341 and \$256,040, respectively, for general liability claims. These estimates are based on insurance adjuster and legal counsel estimates of probable liability and include estimates of claims that have been incurred but not concluded.

The Authority is self-insured with respect to dental insurance. The Authority pays all dental insurance claims incurred by its participants. Management accrues for its expectation of claims payable. The accrual for dental claims payable is included in accrued payroll and benefits.

At June 30, 2025 and 2024, the Authority had established a reserve of \$0 and \$1,704, respectively, for claims which are incurred, but not reported.

The following is a summary of claims paid and liabilities recorded for the years ended June 30, 2025 and 2024:

	2025	
	Dental	General Liability
Accrued claims at beginning of year	\$ 1,704	\$ 256,040
Claims paid	(122,123)	(90,431)
Claims incurred and changes in reserve	120,419	237,732
Accrued claims at end of year	\$ -	403,341

  

	2024	
	Dental	General Liability
Accrued claims at beginning of year	\$ 2,943	\$ 312,630
Claims paid	(111,123)	(213,212)
Claims incurred and changes in reserve	109,884	156,622
Accrued claims at end of year	\$ 1,704	\$ 256,040

## 9. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

### Tax Abatements of Other Entities

Other entities within the Authority provide tax abatements for urban renewal and economic development projects pursuant to Chapters 15 and 403 of the Code of Iowa. Additionally, the City of Ankeny offered an urban revitalization program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

## Des Moines Area Regional Transit Authority

Notes to Financial Statements  
June 30, 2025 and 2024

Property tax revenues of the Authority were reduced by the following amounts for the year ended June 30, 2025 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated 2025</u>
City of Altoona	Urban renewal and economic development	\$ 114,316
City of Ankeny	Urban renewal and economic development projects	80,305
City of Ankeny	Chapter 404 tax abatement program	1,413
City of Bondurant	Urban renewal and economic development projects	2,724
City of Clive	Urban renewal and economic development projects	8,771
City of Des Moines	Urban renewal and economic development projects	381,560
Grimes	Urban renewal and economic development projects	75,426
Johnston	Urban renewal and economic development projects	61,269
Polk County	Urban renewal and economic development projects	17,454
Urbandale	Urban renewal and economic development projects	181,985
West Des Moines	Urban renewal and economic development projects	60,135
Windsor Heights	Urban renewal and economic development	2,503
Total		<u>\$ 987,861</u>

### 10. Subsequent Events

The Authority evaluated subsequent events through the date that the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Des Moines Area Regional Transit Authority**

Budgetary Comparison Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

Required Supplementary Information

Year Ended June 30, 2025

(Unaudited)

	<u>Actual</u>	<b>Adjustment to Budget Basis</b>	<b>Total Actual</b>	<u>Budgeted Amounts</u>		<b>Final to Actual Variance</b>
				<b>Original</b>	<b>Final</b>	
<b>Revenues</b>	\$ 56,888,435	\$ (12,016,512)	\$ 44,871,923	\$ 42,548,235	\$ 42,548,235	\$ 2,323,688
<b>Expenses</b>	<u>45,548,902</u>	<u>(6,126,289)</u>	<u>39,422,613</u>	<u>43,411,100</u>	<u>43,411,100</u>	<u>(3,988,487)</u>
Excess of revenues over expenses	<u>\$ 11,339,533</u>	<u>\$ (5,890,223)</u>	<u>\$ 5,449,310</u>	<u>\$ (862,865)</u>	<u>\$ (862,865)</u>	<u>\$ 6,312,175</u>

See notes to required supplementary information

## **Des Moines Area Regional Transit Authority**

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Note to Required Supplementary Information - Budgetary Reporting  
Year Ended June 30, 2025

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison.

In accordance with the Code of Iowa, the Authority Commission annually adopts a budget following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the budget and appropriations lapse at year-end.

The Authority prepares its annual budget on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The major difference between budget and GAAP bases is that depreciation expense and capital contributions are not included in operating expenditures and operating revenues on budget basis. During the year ended June 30, 2025, expenses did not exceed the amount budgeted.

**Des Moines Area Regional Transit**

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System for the Last Ten Years\*

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Authority's proportion of the net pension liability	0.209970 %	0.212784 %	0.207241 %	0.190192 %	0.196988 %	0.194814 %	0.183765 %	0.179808 %	0.181296 %	0.177566 %
Authority's proportionate share of the net pension liability	\$ 7,753,798	\$ 9,818,369	\$ 8,225,598	\$ 266,633	\$ 13,741,382	\$ 11,356,809	\$ 11,625,462	\$ 11,870,394	\$ 11,306,043	\$ 8,827,578
Authority's covered-employee payroll	20,170,585	20,478,114	18,484,214	17,566,702	15,304,612	15,731,417	14,957,103	13,861,860	13,357,720	12,953,715
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	38.44 %	47.95 %	44.50 %	1.52 %	89.79 %	72.19 %	77.73 %	85.63 %	84.64 %	68.15 %
Plan fiduciary net position as a percentage of the total pension liability	92.30 %	90.13 %	91.40 %	100.81 %	82.90 %	85.45 %	83.62 %	82.21 %	81.82 %	89.54 %

\* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See notes to required supplementary information

## Des Moines Area Regional Transit Authority

Required Supplementary Information

Schedule of Authority Contributions

Iowa Public Employees' Retirement System for the Last Ten Years

Years Ended June 30, 2025 and 2024

<b>Fiscal Year Ended</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Authority's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Payroll</b>
June 30, 2016	1,151,297	1,151,297	\$ -	\$ 12,345,418	9.3 %
June 30, 2017	1,187,850	1,187,850	-	12,953,715	9.2 %
June 30, 2018	1,232,995	1,232,995	-	13,357,720	9.2 %
June 30, 2019	1,408,984	1,408,984	-	13,861,860	10.2 %
June 30, 2020	1,465,498	1,465,498	-	14,957,103	9.8 %
June 30, 2021	1,457,196	1,457,196	-	15,731,417	9.3 %
June 30, 2022	1,655,287	1,655,287	-	15,304,612	10.8 %
June 30, 2023	1,803,333	1,803,333	-	17,566,702	10.3 %
June 30, 2024	1,854,758	1,854,758	-	18,484,214	10.0 %
June 30, 2025	1,901,315	1,901,315	-	20,478,114	9.3 %

See notes to required supplementary information

## **Des Moines Area Regional Transit Authority**

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Notes to Required Supplementary Information - Pension Liability

June 30, 2025

### **Changes of Benefit Terms**

There are no changes in significant benefit terms.

### **Changes of Assumptions**

There are no changes in significant assumptions.

The 2022 valuation implemented the following refinements as a result of an experience study dated June 16, 2022:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates
- Lowered disability rates.
- Adjusted termination rates.

The 2020 valuation implemented the following refinements as a result of an experience study dated December 23, 2020:

- Added marriage assumption, 100% of members are assumed to be married, with males three years older than females.

The 2018 valuation implemented the following refinements as a result of an experience study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

In the 2016 valuation, postretirement mortality changed to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set back two years, females set forward one year and disableds set-forward one year (male-only rates), with no projection of future mortality improvement.

## **OTHER SUPPLEMENTARY INFORMATION**

## Des Moines Area Regional Transit Authority

Schedules of Revenues, Expenses and Changes in Net Position - Fixed Route Division

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Passenger fares	\$ 1,802,501	\$ 1,847,293
Contracted service	2,402,817	2,453,044
Advertising income	387,839	424,202
	<u>4,593,157</u>	<u>4,724,539</u>
<b>Operating Expenses</b>		
Transportation	13,035,989	12,964,209
Vehicle maintenance and fuel	7,302,744	7,095,405
Insurance	1,600,113	1,162,101
General and administration	1,198,825	1,169,577
Accounting	901,029	798,113
Information technology	3,088,642	2,993,719
Planning	1,139,583	869,855
Personnel	804,486	845,915
Customer service	474,339	481,376
Marketing and communications	964,025	873,622
Building and grounds	2,058,240	2,000,181
Training	560,255	360,118
Mobility on demand	27,541	18,316
Safety	221,447	226,705
Business and community partnerships	269,391	276,088
Purchasing and inventory	497,195	458,790
Overhead allocations	(441,890)	(441,890)
	<u>33,701,954</u>	<u>32,152,200</u>
Operating expenses except depreciation	<u>33,701,954</u>	<u>32,152,200</u>
Operating loss before depreciation	(29,108,797)	(27,427,661)
<b>Depreciation and Amortization</b>	<u>6,126,289</u>	<u>6,347,814</u>
Operating loss including depreciation and amortization	<u>(35,235,086)</u>	<u>(33,775,475)</u>
<b>Nonoperating Revenue (Expense)</b>		
Government operating assistance:		
Property tax	24,319,838	24,077,400
State property tax relief	484,149	580,979
FTA operating assistance	4,225,432	4,166,328
IDOT operating assistance	2,255,937	2,316,700
IDOT special projects	64,317	92,441
FTA grant income	785,192	654,910
Gain (loss) on disposition of fixed assets	(241,181)	(117,676)
Interest income	1,474,881	1,596,636
Miscellaneous income	554,545	578,454
Interest expense	(71,712)	(94,349)
	<u>33,851,398</u>	<u>33,851,823</u>
Total other income	<u>33,851,398</u>	<u>33,851,823</u>
Net gain after nonoperating revenues	<u>\$ (1,383,688)</u>	<u>\$ 76,348</u>

## Des Moines Area Regional Transit Authority

Schedules of Revenues, Expenses and Changes in Net Position - Mobility Services Division  
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Service income	\$ 554,544	\$ 614,191
Passenger fares	175,229	105,745
Total operating revenues	<u>729,773</u>	<u>719,936</u>
<b>Operating Expenses</b>		
Wages	2,270,980	2,381,181
Employee benefits	627,127	505,569
Payroll taxes	300,031	302,451
Insurance	128,682	141,156
Fuel and lubricants	312,474	354,945
Maintenance and repairs	375,394	360,295
Contracted services, cabs	322,852	299,609
Other	204,456	77,794
Overhead allocations	441,890	441,890
Total operating expenses	<u>4,983,886</u>	<u>4,864,890</u>
Operating loss before depreciation	(4,254,113)	(4,144,954)
<b>Depreciation</b>	<u>-</u>	<u>-</u>
Operating loss including depreciation	<u>(4,254,113)</u>	<u>(4,144,954)</u>
<b>Nonoperating Revenue (Expense)</b>		
Government operating assistance:		
Property taxes	4,136,200	2,003,740
ADA subsidy	475,000	475,000
FTA operating assistance	27,158	1,609,967
Miscellaneous income	-	20,484
FTA grant income	332,959	214,304
Total other income	<u>4,971,317</u>	<u>4,323,495</u>
Net loss after nonoperating revenue	<u>\$ 717,204</u>	<u>\$ 178,541</u>

## Des Moines Area Regional Transit Authority

Schedules of Revenues, Expenses and Changes in Net Position - Caravan Division

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
Passenger fares	\$ 265,885	\$ 261,317
<b>Operating Expenses</b>		
Wages and benefits	182,414	171,605
Service contracts	-	574
Administrative miscellaneous:	104	101
Insurance	7,035	16,912
Maintenance and repairs	116,683	81,565
Fuels and lubricants	114,526	126,091
Miscellaneous	3,118	3,486
Total operating expenses	<u>423,880</u>	<u>400,334</u>
Operating income before depreciation	(157,995)	(139,017)
<b>Depreciation</b>	<u>-</u>	<u>-</u>
Operating loss including depreciation	<u>(157,995)</u>	<u>(139,017)</u>
<b>Nonoperating Revenue (Expense)</b>		
Government operating assistance:		
Property taxes	107,500	-
FTA operating assistance	-	112,410
Miscellaneous income	40,000	-
Total other income	<u>147,500</u>	<u>112,410</u>
Net loss after nonoperating revenue	<u>\$ (10,495)</u>	<u>\$ (26,607)</u>

## Des Moines Area Regional Transit Authority

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State of Iowa Required Statutory Reporting

Year Ended June 30, 2025

- 2024-A **Certified Budget** - Disbursements during the year ended June 30, 2025 did not exceed the amount budgeted. Chapter 384.20 of the Code of Iowa states, in part, Public monies may not be expended or encumbered except under an annual or continuing appropriation.
- 2024-B **Questionable Disbursements** - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2024-C **Travel Expense** - No disbursements of the Authority money for travel expenses of spouses of Authority officials or employees were noted.
- 2024-D **Business Transactions** - No business transactions between the Authority and Authority officials or employees were noted.
- 2024-E **Bond Coverage** - Surety bond coverage of Authority officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2024-F **Commission Minutes** – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- 2024-G **Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

## **REPORT ON FEDERAL AWARDS**

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Independent Auditors' Report

To the Commission of  
Des Moines Area Regional Transit Authority

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 (*Government Auditing Standards*), the financial statements of Des Moines Area Regional Transit Authority (the Authority), which comprise the Authority's statement of financial position as of June 30, 2025, 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 January 30, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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*.

### **The Authority's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Madison, Wisconsin  
February 27, 2026

**Report on Compliance  
for the Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

To the Commission of  
Des Moines Area Regional Transit Authority

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Des Moines Area Regional Transit Authority's (the Authority) 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 the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended June 30, 2025.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the 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 Authority's federal programs.

## ***Auditors' 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 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 GAAS, *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 Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Authority'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 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 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 Auditors' 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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Authority as of and for the year ended June 30, 2025, and have issued our report thereon dated January 30, 2026, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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.

*Baker Tilly US, LLP*

Madison, Wisconsin  
January 30, 2026

**Des Moines Area Regional Transit Authority**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

<u>Federal Agency/Program or Cluster Title</u>	<u>Passed Through Agency</u>	<u>Federal Assistance Listing Number</u>	<u>Local Agency Contract Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>				
Federal Transit Cluster:				
Federal Transit Formula Grants		20.507	IA-2018-015	\$ 31,061
Federal Transit Formula Grants		20.507	IA-2019-021	166,387
Federal Transit Formula Grants		20.507	IA-2020-037	66,988
Federal Transit Formula Grants		20.507	2022-007	1,959,990
Federal Transit Formula Grants		20.507	2023-038	222,530
Federal Transit Formula Grants		20.507	2024-001	1,832,028
Federal Transit Formula Grants	IDOT*	20.507	CMAQ 2023	52,392
Federal Transit Formula Grants	IDOT*	20.507	CMAQ 2024	92,392
Federal Transit Formula Grants		20.507	2025-015	<u>4,410,408</u>
Total Federal Transit Formula Grants				<u>8,834,176</u>
Bus and Bus Facilities Formula Program		20.526	IA-2024-028	149,285
Bus and Bus Facilities Formula Program		20.526	IA-2023-036	7,956,716
Bus and Bus Facilities Formula Program		20.526	IA-2024-025	<u>198,459</u>
Total Bus and Bus Facilities Formula Program				<u>8,304,460</u>
Total Federal Transit Cluster				<u>17,138,636</u>
Formula Grants for Rural Areas				
Formula Grants for Rural Areas	IDOT*	20.509	2020-010-00-20	27,158
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities		20.513	IA-2023-023	863
Enhanced Mobility of Seniors and Individuals with Disabilities		20.513	IA-2024-009	480,640
Enhanced Mobility of Seniors and Individuals with Disabilities		20.513	IA-2025-006	<u>214,956</u>
Total Transit Services Programs Cluster				<u>696,459</u>
Total Expenditures of Federal Awards				<u>\$ 17,862,253</u>

\* Iowa Department of Transportation

See notes to schedule of expenditures of federal awards

# Des Moines Area Regional Transit Authority

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

## 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Des Moines Area Regional Transit Authority (the Authority) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recorded when the liability is incurred, and revenues are recorded as earned. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

## 3. Description of Major Program

There was one major program for the year ended June 30, 2025 which included the Federal Transit Cluster. The Federal Transit Cluster includes the Federal Transit Formula Grants (ALN 20.507) and Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs (ALN 20.526) awarded by the Federal Transit Administration - U.S. Department of Transportation to the Des Moines Area Regional Transit Authority for the purpose of financing capital projects and supporting public transportation services in urbanized areas.

## 4. Reconciliation to the Financial Statements

The Federal Aid is included in the statement of revenues, expenses and changes in net position as follows:

Federal capital contributions	\$ 12,016,512
FTA operating assistance	4,252,590
FTA grant income	1,118,151
ADA subsidy	<u>475,000</u>
Total	<u>\$ 17,862,253</u>
Federal capital grant contributions	\$ 12,016,512
State and local capital grant contributions	<u>-</u>
Total capital contributions per Basic Financial Statements	<u>\$ 12,016,512</u>

## 5. Indirect Cost Rate

The Authority has not elected to use the applicable indirect cost rate.

# Des Moines Area Regional Transit Authority

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

## Section 1 - Summary of Auditors' Results

### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:                      Unmodified

Internal control over financial reporting:

Material weakness(es) identified?     X     yes            no  
Significant deficiency(ies) identified?            yes     X     none reported

Noncompliance material to financial statements noted?            yes     X     no

### Federal Awards

Internal control over major programs:

Material weakness(es) identified?            yes     X     no  
Significant deficiency(ies) identified?            yes     X     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 section 2 CFR 200.516(a) of the Uniform Guidance?            yes     X     no

Auditee qualified as low-risk auditee?     X     yes            no

Identification of major federal programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.507 & 20.526	Federal Transit Cluster including: Federal Transit Formula Grants & Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs

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

# Des Moines Area Regional Transit Authority

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

## Section II - Financial Statement Findings Required to Be Reported in Accordance With Government Auditing Standards

### Finding 2025-001: Internal Control Over Financial Reporting

*Criteria:* AU-C Section 265, *Communicating Internal Control Related Matters Identified in an Audit*, requires auditors to report a weakness if the Authority is not able to prepare its year-end financial statements, including the statement of cash flows and all footnote disclosures; prepare the schedule of expenditures of federal awards; or has material journal entries.

*Condition:* We, as your auditors, prepared the financial statements. In addition, for fiscal year 2025 we prepared material journal entries as part of the allocation of funds for the purpose of GASB Statement No. 68. This is a repeat finding from the prior year and was number 2024-001.

*Cause:* The accounting department has a limited number of staff and employees do not have the time available or certain specialized expertise required to prepare GAAP financial statements.

*Effect:* Without adequate internal control over financial reporting, the financial statements may not contain all of the required disclosures and account balances if prepared by the Authority. As a result, the annual financial statements as included in this report are not available to the Authority until they are completed by the auditors.

*Recommendation:* We recommend that the Authority review its resources and processes and evaluate the potential benefits associated with increased financial reporting capabilities and reviews.

*Management Response:* DART Leadership continues to review ways to improve independent financial reporting and cash flow preparation in consideration with constrained staffing resources. Steps continue to be taken in order to provide more finished product financial statement inputs and footnote disclosures year over year. It is the goal of the Finance Department to make enough improvements to their contributions that allow for a downgrade of this finding within the next three years.

## Section III - Federal Awards Findings and Questioned Costs

None noted.

## Section IV - Prior Year Findings

Finding 2024-001: Repeated as 2025-001