

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

March 15, 2022

Auditor of State Rob Sand today released the Auditor of State's Independent Statement for Financial Data (IAS-FD) on the Heart of Iowa Regional Transit Agency for the year ended June 30, 2020. Transit agencies must submit the IAS-FD with the National Transit Database (NTD) annual report once every ten years. For the IAS-FD, the auditor must review all financial forms to ensure that the transit agency's accounting system follows the Uniform System of Accounts (USOA), uses accrual accounting or a directly translatable method, and all financial data are compliant with the USOA.

REVIEW FINDINGS:

Sand reported the National Transit Database report included misstated amounts for capital assets, revenues and expenses.

A copy of the report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**AUDITOR OF STATE'S INDEPENDENT STATEMENT FOR FINANCIAL DATA
HEART OF IOWA REGIONAL TRANSIT AGENCY**

JUNE 30, 2020

Heart of Iowa Regional Transit Agency



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Rob Sand
Auditor of State

March 14, 2022

Officials of the Heart of Iowa Regional Transit Agency
Urbandale, Iowa

Dear Board Members:

I am pleased to submit to you the Auditor of State's Independent Statement for Financial Data for the Heart of Iowa Regional Transit Agency for the year ended June 30, 2020. This report includes a finding pertaining to the Heart of Iowa Regional Transit Agency's financial data which resulted from the fiscal year 2020 review.

I appreciate the cooperation and courtesy extended by the officials and employees of the Heart of Iowa Regional Transit Agency throughout the review. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State



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Rob Sand
Auditor of State

Auditor of State's Independent Statement for Financial Data

To the Board Members of the Heart of Iowa Regional Transit Agency:

In connection with our regular audit of the financial statements of the Heart of Iowa Regional Transit Agency for the fiscal year ended June 30, 2020, on which we have reported separately under March 5, 2021, we have also reviewed the reporting forms listed below and included in the report for the fiscal year ended June 30, 2020, required under Title 49 U.S.C. 5335(a), for conformity in all material respects with the requirements of the Federal Transit Administration (FTA) as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA). Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the reporting forms referred to above. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures, either for the purpose for which this report has been requested or for any other purpose. Our review for this purpose included such tests of the accounting records and such other procedures as we considered necessary in the circumstances. We did not make a detailed examination such as would be required to determine that each transaction has been recorded in accordance with the USOA.

The accounting system from which this NTD report is derived is other than the accounting system prescribed by the USOA but uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA. The same internal accounting system has been adopted and was used to compile this NTD report.

Financial Forms on which audited data are reported:

Sources of Funds – Funds Earned and Funds Expended form
Uses of Capital form
Operating Expenses forms

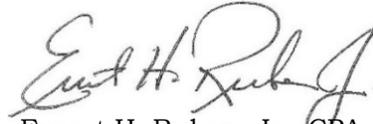
A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the subject matter is in accordance with (or based on) the criteria, in all material respects, in order to express an opinion. Accordingly, we do not express an opinion. We believe our review provides a reasonable basis for our conclusion.

Basis for Modified Conclusion

That Heart of Iowa Regional Transit Agency's NTD report to the National Transit Database included misstated amounts for capital assets, revenues and expenses.

Based on our review, except for the effects of the matter discussed in the preceding paragraph, we did not become aware of any material modifications that should be made to the reporting forms identified above, submitted for the fiscal year ended June 30, 2020 and previously submitted by the Heart of Iowa Regional Transit Agency to the NTD and these reports conform in all material respects with the accounting requirements of FTA as set forth in its USOA.

This report is intended solely for the information and use of the management of the Federal Transit Administration and the Heart of Iowa Regional Transit Agency and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, appearing to read "Ernest H. Ruben, Jr.", written in a cursive style.

Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

March 14, 2022

Heart of Iowa Regional Transit Agency

Finding Related to Review of the IAS-FD

For the fiscal year ended June 30, 2020

National Transit Database Report – The Heart of Iowa Regional Transit Agency’s transit system’s NTD report to the National Transit Database overstated capital assets by \$295,996, overstated Agency revenues by \$73,262 and overstated Agency expenses by \$259,353.

Recommendation – The Heart of Iowa Regional Transit Agency should ensure all capital assets, revenues and expenses are identified and properly reported in the transit system’s annual NTD report.

Response – HIRTA contracted with a 3rd part HR firm (Oasis) for part of 2018-2019 and as part of the contract they processed our payroll. We ended the agreement in 2019; however, since we report our NTD stats on a fiscal year, part of the fiscal year 2020 payroll data was with Oasis and part was done in-house. After we terminated the contract with Oasis, HIRTA no longer had access to the payroll information. Each individual employee could still contact them and receive their own information. Unfortunately, as the employer, HIRTA could not. HIRTA had limited payroll expense breakdown provided during the contract period with Oasis; however, we provided the most accurate information we could with the data available.

The misstatements for capital assets, revenues and expenses were not intentionally reported in the NTD to be misleading. This was our first time reporting directly to NTD; therefore, we had a learning curve, coupled by being short staffed, learning how to work through all our annual reports, including our financial audit remotely, all while managing a global pandemic and keeping staff safe as they were on the frontlines. Unfortunately, errors in reporting to NTD happened. We have learned through this process that we need to ensure our annual audit and annual NTD reporting match.

Conclusion – Response accepted.

Heart of Iowa Regional Transit Agency

Staff

This review was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Tammy A. Hollingsworth, CIA, Manager