

# *YCIPTA*



## **Yuma County Intergovernmental Public Transportation Authority**

**Yuma, Arizona**

**Comprehensive Annual Financial Report  
For Fiscal Year Ending June 30, 2016**

Prepared by YCIPTA Financial Department

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2016**  
**TABLE OF CONTENTS**

**Introductory Section:**

Transmittal Letter .....	i
Organizational Chart .....	vi
List of Principal Officials.....	vii
Certificate of Achievement.....	viii

**Financial Section:**

Independent Auditors Report.....	1-2
Management’s Discussion and Analysis .....	3-7
(Required Supplementary Information)	
Basic Financial Statements	
Statement of Net Position.....	10
Statement of Revenues, Expenses, and Changes in Net Position .....	11
Statement of Cash Flows.....	12
Notes to the Financial Statements.....	13-26
Required Supplementary Information.....	28-30
Schedule of Contributions.....	29
Schedule of the Proportionate Share of the Net Pension Liabilities .....	29
Notes to RSI.....	30

**Statistical Section:**

Financial Trends:

Net Position by Component .....	32
Change in Net Position.....	33
Revenues .....	34

Expenses .....	35
Revenue Capacity:	
Ridership Data .....	36
Fare Structure .....	37
Demographic and Economic Information:	
Principal Employers & Population Data.....	38
Capital Asset .....	39
Operating Information:	
YCAT Existing Network .....	40
Yuma County Incorporated and Unincorporated Areas .....	41
<b><u>Single Audit Section:</u></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> .....	43
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule Of Expenditures of Federal Awards Required by the Uniform Guidance .....	45
Schedule of Expenditures of Federal Awards .....	48
Notes to the Schedule of Expenditures of Federal Awards .....	49
Schedule of Findings and Questioned Costs .....	50
Corrective Action Plan .....	55

## **INTRODUCTORY SECTION**

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Yuma County Intergovernmental Public Transportation Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Yuma County Intergovernmental Public Transportation Authority (YCIPTA), as of and for the year ended June 30, 2016, and the related notes to the financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yuma County Intergovernmental Public Transportation Authority, as of June 30, 2016, and the change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and net pension liability information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017, on our consideration of Yuma County Intergovernmental Public Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Yuma County Intergovernmental Public Transportation Authority's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
March 21, 2017



## Yuma County Intergovernmental Public Transportation Authority

---

2715 East 14<sup>th</sup> Street, Yuma, AZ 85365-1900, Telephone: 928-539-7076  
Fax: 928-783-0309, email: [info@ycipta.az.gov](mailto:info@ycipta.az.gov), Web: [www.ycipta.az.gov](http://www.ycipta.az.gov)

March 21, 2016

Honorable Chairman and Members of the Board  
Yuma County Intergovernmental Public Transportation Authority  
Yuma, Arizona, 85365

Honorable Members,

In accordance with state and local statutes, the Yuma County Intergovernmental Public Transportation Authority (YCIPTA) hereby submits the Comprehensive Annual Financial Report for the year ending June 30, 2016. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Heinfeld, Meech & Co., P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on YCIPTA's financial statements for the year ended June 30, 2016.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

---

**Yuma County Intergovernmental Public Transportation Authority Board Of Directors**  
Brian Golding, Sr., Chairman – Quechan Indian Tribe, Bill Lee, Vice Chairman – City of Somerton,  
Susan Thorpe – Sec/Treasurer – Yuma County, Greg Wilkinson – City of Yuma,  
Michael Sabath - Northern Arizona University, Dr. Daniel Corr - Arizona Western College,  
Ralph Velez - City of San Luis, Larry Killman – Town of Wellton, Paul Soto – Cocopah Tribe

Shelly Kreger, Transit Director

## **PROFILE OF THE YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY**

Under Arizona Revised Statutes - Title 28 Transportation, an intergovernmental public transportation authority (IPTA) may be organized in any county in Arizona with a population of 200,000 persons or less.

YCIPTA is an IPTA formed on December 13, 2010 by the Yuma County Board of Supervisors to administer, plan, operate and maintain public transit services throughout Yuma County. YCIPTA members include Yuma County, the cities of Yuma, San Luis, Somerton, Town of Wellton, Arizona Western College /Northern Arizona University, and the Cocopah and Quechan Indian Tribes. On September 21, 2010, the Town of Wellton and City of Somerton passed a resolution petitioning the Yuma County Board of Supervisors to form the IPTA.

On October 3 and 20, 2010, respectively, the Cities of San Luis and Yuma passed resolutions asking Yuma County to form the IPTA. On December 6, 2010, Northern Arizona University petitioned Yuma County to join the IPTA. On December 13, 2010, the Yuma County Board of Supervisors held a public hearing and approved the formation of the IPTA. On January 24, 2011, YCIPTA held its first Board of Directors meeting.

On August 16, 2011, Arizona Western College petitioned YCIPTA to become the seventh member agency of the IPTA and was approved by the YCIPTA Board of Directors on August 28, 2011. On October 17, 2011, Cocopah Indian Tribe petitioned YCIPTA to become the eighth member agency of the IPTA and was approved by the YCIPTA Board of Directors on October 28, 2011.

On April 12, 2012, Quechan Indian Tribe petitioned YCIPTA to become the ninth member agency of the IPTA and was approved by the YCIPTA Board of Directors on April 23, 2012. A resolution was passed by the Yuma Metropolitan Planning Organization (YMPO) Executive Board on August 11, 2011 with the intent of transitioning transit operations to YCIPTA in the future. The YMPO Executive Director and YCIPTA Transit Director signed a transfer of services and assets agreement on June 26, 2012, and, as of July 1, 2012, YMPO transferred the ownership and operation of the transit system to YCIPTA.

YCIPTA provides transit service under the YCAT brand, including fixed route, vanpool and YCAT OnCall demand-response bus service throughout Yuma County including the cities of Yuma, San Luis, and Somerton, the Town of Wellton, the Cocopah Indian Reservation, and the Fort Yuma-Quechan Indian Reservation, including the Census-Designated Place (CDP) of Winterhaven across the Colorado River in eastern Imperial County, California. YCAT also serves the unincorporated communities of Gadsden, Fortuna Foothills and Ligurta.

The YCIPTA Board of Directors sets overall policy and direction for the transit system. Nine (9) Board Members represent Yuma County, each municipality, the local community college district, a university and the two Indian tribes. Each member entity receives one vote on the Board of Directors. When financial contributions are discussed, the Board of Directors opted for a weighted voting structure to ensure that members that pay more into the system have fair



representation. In January 2012, YCAT routes were substantially restructured. This restructuring has been successful in nearly doubling YCAT ridership by the end of 2012.

YCAT's success has also prompted local Native American tribes—the Quechan Tribe of the Fort Yuma Indian Reservation, and the Cocopah Indian Tribe, respectively—to fund and contract with YCIPTA to provide shuttles tailored to tribal needs which are also open to the general public.

YCAT service has continued to grow. Services to the Fortuna Foothills area east of the City of Yuma along I-8, and on Yellow Route 95 from the Mexican border at San Luis, via Somerton and the City of Yuma are continued to run service in order to reduce crowding and improve system on-time performance. Turquoise Route 10 has continued to run to provide intercity service three days per week between Yuma, Fort Yuma Indian Reservation, Winterhaven and El Centro, California.

A Transit Director manages YCIPTA. Support staff includes an one Office Clerk, two Office Specialists, Management Analyst, and Financial Services Operations Manager. YCIPTA has agreements with Yuma County for human resources, financial services, and Treasurer. YCIPTA also has agreements with City of Yuma for information technology services.

### **Motto**

See Where It Takes You!

The Mission of YCIPTA describes the main functions of YCIPTA and its role within the Yuma County community. The Mission gives the overall “charge” and purpose of the organization.

All YCIPTA activities relate to one or more aspects of the mission statement:

### **Mission Statement**

The Yuma County Intergovernmental Public Transportation Authority is committed to providing Yuma County with clean, affordable, reliable, efficient and safe public transportation services that aid in economic development, enhance the quality of life and ensures mobility and independence for our community.

### **Vision Statement**

The Yuma County Intergovernmental Public Transportation Authority provides a cost effective public transportation system that improves the environment, air quality and the quality of life for our residents and visitors in the region.

In addition to fixed route bus and ADA paratransit service, YCIPTA also sponsors and administers the YCAT Vanpool Program. YCAT Vanpool provides branded vehicles to groups of 7-15 commuters qualifying for the service. Vans must originate, terminate or travel through Yuma County to be eligible for up to a \$300 per month subsidy per vanpool; the vehicles must

be branded as YCAT Vanpool through V-ride, Inc. The vehicles and subsidies are available on a first come, first served basis. As of June 30, 2016 there are 35 vehicles in the vanpool.

## **ECONOMIC CONDITION AND OUTLOOK**

The Yuma County Intergovernmental Public Transportation Authority's service area centers in Yuma, county seat of Yuma County. Yuma County's population as of the 2010 U.S. Census was 195,751. There are three incorporated cities and one incorporated town in the County. Together these four make up 68% of the County's population.

Primary industry in Yuma County is agriculture, military and tourism. On Interstate 8, more than 6.5 million vehicles per year (18,000 per day) pass through Yuma. At San Luis, another 2.6 million autos and 46,000 commercial vehicles cross annually. Shoppers from Mexico contribute approximately \$160 million annually to Yuma County. Yuma's annual sales continually show healthy increases compared to other parts of Arizona and the nation.

Yuma County is one of the original four counties designated by the First Territorial Legislature. Much of Yuma County is desert land surrounded by rugged mountains. The valley regions, however, contain an abundance of arable land, which is irrigated with Colorado River water. These valley areas have some of the most fertile soils in the world, having received silt and mineral deposits from Colorado and Gila River floods until the rivers were tamed by an intricate series of dams and canals. Yuma County is bordered by California on the West and Mexico on the South. Living close to the Mexican border offers a great opportunity to experience multi-cultural and international business opportunities.

According to the Bureau of Labor Statistics the unemployment rate for Yuma County was 22.2% in June 2016.

From 2000 to 2010, Yuma County has experienced a 22.3% increase in population. Continued growth rates would result in county population increasing from 195,751 residents to a projected 239,451 residents by 2020.

A recent study, titled "Yuma County, Arizona: Growing Business At The Border," locates Yuma strategically in the Desert Pacific Region. This market area reaches Las Vegas to the North, Albuquerque and El Paso to the East, Mazatlan to the South and takes in the entire Baja peninsula north to Los Angeles, California.

## MAJOR INITIATIVES

- Purchased several bus shelters for the City of Yuma Area
- Worked with YMPO to conduct and complete the San Luis Transit Study
- Assisted City of Yuma with Tiger Grant submittal to try and obtain funding for the Hotel Del Sol Multi Model Transit Center.
- Procured a transit operations and maintenance contract that has a term of 3 years with up to 7 one year options to renew
- Rehabilitated the New Flyer buses received from Long Beach Transit.
- Acquired two new 48 ft Gillig Buses.
- Worked with Yuma County regarding amending ARS 42-6106 and SB1250
- Installed new bus stop signs with more information about routes, including installing new info posts
- Updated the YCAT riders guide
- Entered into partnerships with Portable, Practical, Educational Preparation, Inc., AZTEC High School, and Western Counsel Of Governments.
- Received over three million dollars in grants for operations and capital needs

## ACKNOWLEDGMENTS

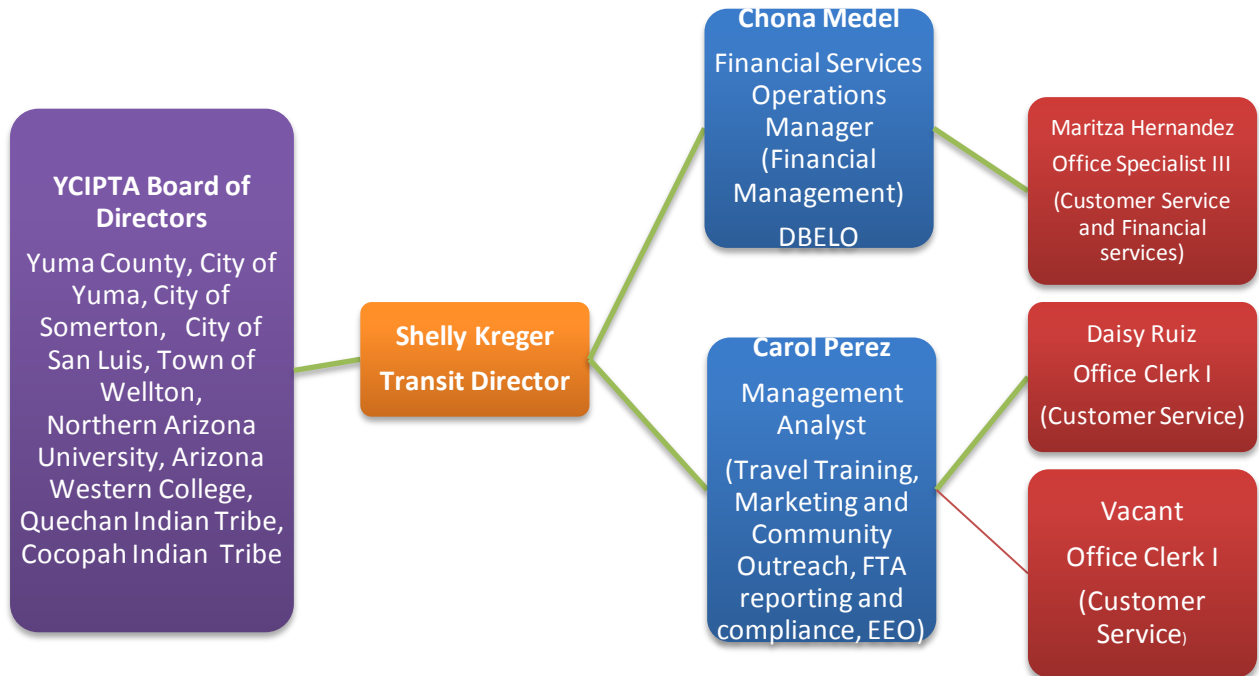
I extend my thanks and appreciation for the cooperation and assistance provided by the members of the Yuma County Intergovernmental Public Transportation's Board of Directors for their interest and support in conducting the financial operations of YCIPTA in a responsible and progressive manner. Special recognition is also due to YCIPTA's administrative staff especially Chona Medel, Financial Services Operations Manager, Carol Perez, Management Analyst, Maritza Hernandez, Office Specialist III, and Daisy Ruiz, Clerk I. It is their combined effort that enabled the timely issuance of this report and continued provision of a quality transportation service product.

Sincerely,



Shelly Kreger  
Transit Director

# Yuma County Intergovernmental Public Transportation Authority Organization Chart



**YCIPTA Board of Directors**

Name	Board Position	Representing Jurisdiction	Position
Brian Golding Sr.	Chairman	Quechan Tribe	Director of Economic
Bill Lee	Vice Chairman	City of Somerton	City Manager
Susan Thorpe	Treasurer/ Secretary	Yuma County	County Administrator
Dr. Daniel Corr	Member	Arizona Western College	President
Greg Wilkinson	Member	City of Yuma	City Administrator
Larry Killman	Member	Town of Wellton	Town Manager
Dr. Michael Sabath	Member	Northern Arizona University	Yuma Associate Vice President/Campus Executive Officer
Paul Soto	Member	Cocopah Tribe	Planning Director
Ralph Velez	Member	City of San Luis	

**YCIPTA Staff**

Shelly Kreger, Transit Director

Chona Medel, Financial Services Operations Manager

Carol Perez, Management Analyst

Maritza Hernandez, Office Specialist III

Daisy Ruiz, Clerk I

Vacant, Clerk I



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Yuma County Intergovernmental  
Public Transportation Authority  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS REPORT



YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDING JUNE 30, 2016

The following discussion and analysis of the financial performance of the Yuma County Intergovernmental Public Transportation Authority (YCIPTA) is intended to provide an overview of YCIPTA's financial activities for the fiscal year ended June 30, 2016.

**FINANCIAL HIGHLIGHTS**

- Net position, as reported in the statement of net position, totaled \$1,404,058 as of June 30, 2016. Of this amount, a deficit unrestricted net position of \$183,652 is reported as of June 30, 2016. Total net position increased by \$718,102, which is attributable to increased federal revenues the during the fiscal year.
- For the year ended June 30, 2016, the combined fare box recovery ratio (the measure of the ability to recover operating costs through fare revenue) for YCIPTA was 10%. This calculation is only fare collection and does not include funds received for local match.
- Fixed Route ridership decreased by 10%, or by approximately 49,669 riders, this year. Overall operating revenues increased by \$12,256 (3%) during the year. Operating expenses decreased by \$313,763 (7%) during the year. The decrease was primarily due to finalizing a long-term agreement with a service provider.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to YCIPTA's financial statements. YCIPTA's financial statements comprise two components: 1) financial statements and, 2) notes to the financial statements. This report also contains required supplementary information in addition to the financial statements themselves.

**Financial statements.** The financial statements are designed to provide readers with a broad view of YCIPTA's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all of YCIPTA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of YCIPTA is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The *statement of cash flows* present information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDING JUNE 30, 2016

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Since YCIPTA's primary function is to provide transportation services to Yuma County citizens and recover costs through Federal Transit Administration (FTA) grants and passenger fares, the financial statements include only business-type activities.

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of YCIPTA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,404,058 at the close of the most recent fiscal year.

The largest portion of YCIPTA's net position reflect the investment in capital assets, net of related debt. Most of the investment in capital assets is comprised of buses, vans, and other vehicles totaling \$2,108,261. Other investment in capital assets includes furniture and equipment, leasehold improvements, and infrastructure, totaling \$818,446.

- The balance in unrestricted net position for the fiscal year ended June 30, 2016 was \$185,308 of which \$718,102 was attributable to operations for the year ending June 30, 2016. Net investments in capital assets increased by \$712,015 of which was attributable to a combination of depreciation expense and the acquisition of assets during the year ending June 30, 2016.

	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Current and other assets	\$1,410,588	\$1,404,928
Capital assets (net)	875,695	1,587,710
Total assets	<u>\$2,286,283</u>	<u>\$2,992,638</u>
Deferred Outflows of Resources	34,892	55,490
Long-term liabilities	290,662	325,962
Other liabilities	1,586,481	1,288,997
Total liabilities	<u>\$1,877,143</u>	<u>\$1,614,959</u>
Deferred Inflows of Resources	52,125	29,112
Net position:		
Net Investments in Capital Assets	875,695	1,587,710
Unrestricted	(493,787)	(183,652)
Total net position	<u>\$ 381,908</u>	<u>\$1,404,058</u>

Capital and operating grants were a major portion of the revenue used to fund transit operations for the fiscal year.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDING JUNE 30, 2016

**FINANCIAL ANALYSIS (CONTINUED)**

	<b>June 30, 2015</b>	<b>June 30, 2016</b>
Revenues:		
Operating revenues:		
Fare box revenues	\$382,255	\$397,011
Turquoise Route 10	9,382	9,417
Advertising revenues	19,114	16,580
Non-operating revenues:		
Federal revenue	2,634,376	\$3,369,314
Transportation Development Act LTF Article 8(c)	15,000	\$172,270
Member fees	516,739	516,739
Other non-operating revenue	534,030	877,217
Total revenues	<u>\$4,110,896</u>	<u>\$5,358,547</u>
Expenses:		
Operating expenses	\$4,391,936	\$4,078,173
Nonoperating expense	248,549	562,272
Total expenses	<u>\$4,640,485</u>	<u>\$4,640,445</u>
Increase (decrease) in net position	(529,589)	718,102
Net position:		
Beginning of the year	911,497	381,908
Net Effect of Prior Period Adjustments, Net Position		<u>304,048</u>
Beginning Restated		<u>685,956</u>
End of the year	<u>\$381,908</u>	<u>\$1,404,058</u>

The following are significant current year transactions that had an impact on the change of net position.

- Total net position increased by \$718,102, which is attributable to increased federal revenues the during the fiscal year.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR YEAR ENDING JUNE 30, 2016

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** YCIPTA's investment in capital assets net of depreciation as of June 30, 2016 amount to \$1,587,710. This investment in capital assets includes leasehold improvements, infrastructure, (bus stops), vehicles, and furniture and equipment. Major capital asset events during the current fiscal year included the following:

- YCIPTA purchased an additional \$903,772 of capital assets during the fiscal year ended June 30, 2016.

	<b>CAPITAL ASSETS (Net of depreciation) 2015</b>	<b>CAPITAL ASSETS (Net of depreciation) 2016</b>
Leasehold improvements	\$ 59,002	\$ 53,870
Infrastructure	373,975	356,879
Vehicles	364,934	1,129,364
Furniture and equipment	77,784	47,597
Total	\$875,695	\$1,587,710

Additional information on YCIPTA's capital assets can be found in Note 4 to the financial statements.

**Long-term debt** - As of June 30, 2016, the only long term debt reported was for pension liability. Additional information on YCIPTA's long term debt can be found in Note 6 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

YCIPTA receives 70% of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 11% of its revenues from member organizations, and 11% from contributions from public entities.

Today, YCAT funding is solely dependent on the ability that it's member agencies can contribute. This can result in radical changes to service delivery on a fiscal year-by-fiscal year basis. YCAT today is only able to afford 36,084 revenue vehicle service hours (RVSH) for the fixed route system and 3,630 RVSH for YCAT OnCall. Any growth would require additional contributions from member agencies, which at this time is not available. Fixing America's Surface Transportation (FAST) Act provides \$2.3 million in Federal funding to the Yuma Urbanized Area and requires a local match in order to use this funding. YCIPTA only has enough capacity to provide approximately \$831,000 in local match funding at this time unless additional eligible local match is found.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR YEAR ENDING JUNE 30, 2016

A potential reliable funding source for YCAT is the establishment of a transit dedicated sales tax which would be applied to certain transactions within the County, applied similarly to current countywide sales tax for the Yuma County Health Services District. Such a tax collection could be submitted for voters' approval only when a change of current statute ARS§42-6106 takes place. YCIPTA is currently working with the County Supervisors Association, Arizona Transit Association, American Public Transportation Association as well as the current YCIPTA member entities, to pass SB1250 which would grant an intergovernmental public transportation authority (IPTA), which has the same boundaries as the county in which it resides, the same authority as a regional transportation authority (RTA) to levy up to a one-half cent transportation excise tax if approved by the voters. YCIPTA has studied the potential of a 1/10 of a percent sales tax (0.10%). YCIPTA intends to form a Community Transit Committee to help start a campaign for a tax. Revenues collected from such a sales tax are estimated to \$2.240 million with 1/10 of a percent sales tax and it is anticipated that this sales tax will eliminate local contributions from municipalities.

The most recent estimates reflect the population of Yuma County continuing to grow; 2% for fiscal year 2016, while the unemployment rate is reported to be 22.2% for the calendar year 2016. Traditionally Yuma County has a very high rate of unemployment, typically in the range of 14% to 21%, due to seasonal field workers. However, due to the national recession, over the last three years the County continues in averaging a 23.3% unemployment rate. We do not anticipate seeing a significant drop in this rate in the foreseeable future. Our observations indicate a very moderate but sustained growth in the economic factors for the local Yuma County economy barring any unforeseen actions by outside forces.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of YCIPTA's finances for all those with an interest in the government's finances. If you have questions concerning any of this information provided in this report or need additional financial information, visit our website at [www.ycipta.az.gov](http://www.ycipta.az.gov) or direct inquires to Chona Medel, Financial Services Operations Manager, 2715 E. 14<sup>th</sup> Street., Yuma, AZ 85365.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **BASIC FINANCIAL STATEMENTS**

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
STATEMENT OF NET POSITION  
JUNE 30, 2016

**ASSETS**

Current Assets:

Cash and investments	\$	546,223
Accounts Receivable		858,705
Total Current Assets		1,404,928

Property and Equipment:

Leasehold improvements		75,512
Infrastructure		415,970
Vehicles		2,108,261
Furniture and equipment		326,964

Total property and equipment		2,926,707
Less: accumulated depreciation		(1,338,997)

Total Property and Equipment - Net		1,587,710
<b>TOTAL ASSETS</b>		<b>2,992,638</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension plan items		55,490
--------------------	--	--------

**LIABILITIES**

Current Liabilities

Accounts payable		1,264,894
Accrued payroll and related expenses		12,779
Other liabilities		498
Compensated absences payable		10,825
Total Current Liabilities		1,288,997

Non Current Liabilities:

Pension liability		325,962
<b>TOTAL LIABILITIES</b>		<b>1,614,959</b>

**DEFERRED INFLOWS OF RESOURCES**

Pension plan items		29,112
--------------------	--	--------

**NET POSITION**

Net investments in capital assets		1,587,710
Unrestricted		(183,652)
<b>TOTAL NET POSITION</b>		<b>\$ 1,404,058</b>

*See accompanying notes to basic financial statements*



YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR YEAR ENDING JUNE 30, 2016

**OPERATING REVENUE**

Charges for services:	
Farebox revenues	\$ 397,011
Turquoise Route 10	9,417
Advertising revenues	16,580
Total Operating Revenue	423,007

**OPERATING EXPENSES**

Contracted operating services	2,662,191
Turquoise Route 10	52,417
Non-vehicle repairs	53,931
Vehicles parts and maintenance	78,341
Occupancy	50,849
Other Transit Services	121,767
Administrative and general	460,973
Depreciation	143,907
Fuel costs	309,173
Other operating expenses	144,624
Total Operating Expenses	4,078,173
Operating Income/(Loss)	(3,655,165)

**NON-OPERATING REVENUES (EXPENSES)**

Grant revenue	
Federal Transit Administration	3,369,314
Member fees	516,739
Contributions From Public Entities	462,253
Investment income	576
Greyhound Ticket Sales	24,105
Other revenues	591
Pension expense	(310)
In-kind revenue	562,272
In-kind expense	(562,272)
Total non-operating revenues (expenses)	4,373,268
Income (loss) before contributions and transfers	718,102

Change in net position	718,102
Net position - beginning, restated	685,956
Net position - ending	\$ 1,404,058

*See accompanying notes to basic financial statements*

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS FOR YEAR ENDING  
JUNE 30, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 758,746
Payments to vendors, contractors and suppliers	(3,703,862)
Payments to employees	<u>(339,746)</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<u>(3,284,862)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Public support funds received	<u>4,292,302</u>
<b>NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>4,292,302</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisitions of property and equipment and other capital expenses	<u>(903,772)</u>
<b>NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(903,772)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	<u>576</u>
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<u>576</u>
<b>Net decrease in cash and cash equivalents</b>	104,245
<b>Cash and cash equivalents at beginning of year</b>	<u>441,978</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 546,223</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>	
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (3,655,165)
Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities	
Depreciation	143,907
Loss on Capital Asset Desposal	37,852
(Increase)/Decrease in:	
Accounts receivable	335,739
Increase/(Decrease) in:	
Accounts payable	741,592
Accrued payroll	2,358
Other accrued liabilities	(881,805)
Compensated absences	<u>(9,338)</u>
<b>NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (3,284,861)</u></u>

*See accompanying notes to basic financial statements*

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The more significant of the YCIPTA's accounting policies are described below.

**A. Reporting Entity**

YCIPTA is a political subdivision of the State of Arizona which was established on December 13, 2010 to manage the operations of the regional public transit system. Prior to the transition of transit operations from Yuma Metropolitan Planning Organization (YMPO) on July 1, 2012, financial activity for YCIPTA was presented on the financial statements of the YMPO.

The membership of the Board of Directors consists of nine members representing Yuma County, the Cities of Yuma, Somerton and San Luis, the Town of Wellton, Northern Arizona University - Yuma, Arizona Western College, Quechan Indian Tribe and the Cocopah Indian Tribe. The Board of Directors acts as policy body to administer, plan, operate and maintain public transit services throughout Yuma County. The Board of Directors also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a single political subdivision because it has a separately governing body that is appointed by its member agencies, is legally separate, and is fiscally independent of its member agencies.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Financial Statements**

The Financial Statements (i.e. the statement of net position, the statement of revenues expenses and changes in net position and the statement of cash flows) report information on all of the activities of the primary government.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Financial Statements are reported using the current economic resources measurement focus and the accrual basis of accounting. Revenues and gains are recorded when earned and expenses and losses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Unearned revenues arise when resources are received by YCIPTA before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

YCIPTA receives operating revenues primarily from passenger fares and advertising revenues. Non-operating revenues include Federal Transit Administration (FTA) grants, member dues from local cities, towns and tribes, and contributions from other public entities.

YCIPTA operating expenses are primarily contractor costs for operating the transit services along with administrative cost. Non-operating expenses would include Greyhound ticket sales.

**D. Cash and cash equivalents**

YCIPTA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**E. Investment Income**

Investment income is composed of interest on bank deposits.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Capital Assets**

Capital assets are defined by YCIPTA as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	3 - 10 years
Leasehold improvements	5 - 30 years
Vehicles	5 years
Infrastructure	30 years

YCIPTA uses the "full-month" convention where a full month's depreciation is recorded in the month of acquisition, and equal amounts are recorded in each subsequent month over the life of the asset.

**G. Use of Restricted/Unrestricted Resources**

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

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Compensated Absences**

All regular full-time employees of YCIPTA are entitled to paid time off for vacation; personal or family illness or injury; medical and dental appointments; personal business; and holidays not observed by YCIPTA. Annual leave begins to accrue immediately on employment according to the following schedule:

0 to 1 year	24 days per year
2 to 3 years	25 days per year
4 to 9 years	28 days per year
10 to 15 years	31 days per year
16 to 20 years	32 days per year
20 and up	33 days per year
Transit Director	33 days per year

Part-time employees accrue a proportional amount of paid time off, depending on whether they are one-quarter time, one-half time, or three-quarters time. Employees who terminate will be paid for unused paid time off up to 400 hours for benefit eligible employees and 200 hours for employees who are not benefit eligible, at the termination of employment and at the employee's current rate of pay.

The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the statement of net position.

**I. Estimates**

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Pensions**

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

**Cash** – The captions and amounts of cash and investments on the Statement of Net Position consist of the following:

Petty cash	\$300
Cash in bank	\$146,050
Cash on deposit with the County Treasurer	<u>\$399,873</u>
Total cash and cash equivalents	<u><u>\$546,223</u></u>

*Custodial Credit Risk.* For deposits, custodial credit risk is the risk that in the event of a bank failure, YCIPTA's deposits may not be returned to YCIPTA. YCIPTA currently does not have a deposit policy for custodial credit risk. At June 30, 2016, the carrying amount of the YCIPTA's deposits was \$146,050, and the bank balance was \$155,637. The YCIPTA's deposits were entirely covered by Federal depository insurance.

The majority of YCIPTA's funds are held in the Yuma County Treasurer. The Yuma County Treasurer pursues a portfolio management strategy giving highest priority to a) safety of principal; b) sufficient liquidity to meet the needs of the county, its subdivisions and school districts; and then c) return on investments. To accomplish this the Yuma County Treasurer invests with the Arizona State Treasurer.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)**

Investments must be made in accordance with Arizona Revised Statutes ARS 35-323 which specifies a maximum maturity of five years and lists specific eligible investments. Currently, all county funds are pooled and invested to anticipate the cash flow needs for the county.

The Yuma County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the Yuma County Treasury investment pool approximates the value of the participants' shares in the pool and the participants' shares are not identified with specific investments.

**NOTE 3 – RECEIVABLES – ACCOUNTS AND INTERGOVERNMENTAL**

Accounts receivable consists primarily of amounts due from other governments including amounts relating to grants, member dues, and contributions from public entities. As of June 30, 2016, accounts receivable totaled \$858,705, of which receivables from other governments consisted of the following:

FTA Grant Funds	\$788,804
Due from other governments	<u>\$69,901</u>
Total due from other governments	<u>\$858,705</u>

Management considers all accounts receivable at June 30, 2016, to be fully collectible; therefore, no allowance for doubtful accounts was recorded.



YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 4 - CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year ended June 30, 2016, follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>Capital assets, depreciated</b>				
Leashold improvements	\$ 75,512	\$ -	\$ -	75,512
Infrastructure	415,970	-	-	415,970
Vehicles	1,256,689	903,772	(52,200)	2,108,261
Furniture and equipment	326,964	-	-	326,964
Total capital assets, depreciated	<u>2,075,135</u>	<u>903,772</u>	<u>(52,200)</u>	<u>2,926,707</u>
Less accumulated depreciation for:				
Leashold improvements	(16,510)	(5,132)	-	(21,642)
Infrastructure	(41,995)	(17,096)	-	(59,091)
Vehicles	(891,755)	(91,492)	(4,350)	(978,897)
Furniture and equipment	(249,180)	(30,187)	-	(279,367)
Total accumulated depreciation	<u>(1,199,440)</u>	<u>(143,907)</u>	<u>(4,350)</u>	<u>(1,338,997)</u>
Total capital assets, net	<u>\$ 875,695</u>	<u>\$ 759,865</u>	<u>\$ (56,550)</u>	<u>\$ 1,587,710</u>

Depreciation expense for the fiscal year was \$143,907.

**NOTE 5 - OBLIGATIONS UNDER LEASES**

YCIPTA leases a bus facility under the provisions of a month-to-month lease agreement classified as an operating lease for accounting purposes. Rental expenses under the terms of the operating lease totaled \$50,400 for the year ended June 30, 2016.

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Pension Obligation	\$282,041	\$43,921		\$325,962
Compensated Absences	\$20,163	\$12,260	\$21,597	\$10,825

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 7 - ECONOMIC DEPENDENCY**

YCIPTA received 70% percent of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 11% percent of its revenues from dues paid by its member organizations, and 6% percent of its revenues in contributions from public entities.

**NOTE 8 - RISK MANAGEMENT**

The Authority was unable to obtain insurance for workers' health at a cost considered to be economically justifiable. Therefore, the Authority joined the Yuma Area Benefits Consortium, together with other entities in the area. The consortium is a public entity risk pool that accounts for the risk financing of certain benefits and losses, for its four member entities. The Authority pays annual premiums based on actuarial estimates of the amounts needed to pay prior and current year claims. The consortium uses reinsurance agreements to reduce its exposure to large losses.

YCIPTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

YCIPTA carried commercial insurance for all risks of loss, including property and liability, and workers' compensation insurance. Settled claims resulting from these risks are not expected to exceeded commercial insurance coverage.

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description.** YCIPTA has been contributing to a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System (ASRS). The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2 and 2.1.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

The ASRS has determined that YCIPTA and its employees qualify to participate in the System.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Benefits Provided.** The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and age requirement to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% of 2.3%
*with actuarially reduced benefits		

Retirement benefits for members who joined the ASRS prior to September 13, 2013 are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefits is determined by the retirement benefit options chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions.** In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll and the Authority was required by statute to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active member's annual covered payroll.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Contributions (continued).** The Authority’s contributions to the pension plan for the year ended June 30, 2016 were \$25,290. The YCIPTA’s contributions for the current year and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Year Ended June 30, 2016	\$1,360	\$280
Year Ended June 30, 2015	\$1,114	\$227
Year Ended June 30, 2014	\$1,158	\$428

**Pension Liability.** At June 30, 2016, YCIPTA reported a liability of \$325,962 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The YCIPTA’s proportion of the net pension liability was based on a projection of YCIPTA’s long term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, YCIPTA’s proportion was 0.002090 percent, which was an increase of .000184 from its proportion measured as of June 30, 2014.

**Pension Expense and Deferred Outflows/Inflows of Resources.** For the year ended June 30, 2016, YCIPTA recognized pension expense of \$310 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$8,895	\$17,081
Changes of assumptions of other inputs	-	-
Net difference between projected and actual earning on pension plan investments		\$10,446
Changes in proportions and differences between contributions and proportionate share of contributions	\$21,305	\$1,585
Contributions subsequent to the measurement date	\$25,290	
Total	<u>\$55,490</u>	<u>\$29,112</u>

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The deferred outflows resources related to pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:

2017	\$ 1,547
2018	(2,389)
2019	(5,612)
2020	7,542

**Actuarial Assumptions.** The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Asset valuation	Fair value
Discount rate	8.0%
Projected salary increases	3.0%-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 9 – PENSIONS AND OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Actuarial Assumptions (continued).** The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (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.

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	Target Allocation	Long-Term Expected Real Rate of Return
Equity	58%	6.79%
Fixed Income	25%	3.70%
Real Estate	8%	4.25%
Commodities	2%	3.93%
Multi-Asset	5%	3.41%

**Discount Rate.** The discount rate used to measure the ASRS total pension liability was 8.0 percent, which is less than the long-term expected rate of return 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR YEAR ENDING JUNE 30, 2016

**NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage –point lower or 1-percentage point higher than the current rate:

	<b>1% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1% Increase (9.0%)</b>
Proportionate share of the net pension liability	\$427,121	\$325,962	\$256,634

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

**NOTE 10 – IN KIND REVENUES AND EXPENSES**

YCIPTA is party to various intergovernmental agreements with Yuma County. Under the terms of the agreement, Yuma County is to provide Treasurer and financial services to YCIPTA, including maintaining a public transportation authority fund consisting of all monies received by YCIPTA. In-Kind revenue also consist of Quechan Tribe, Greyhound and City of Yuma In-Kind Contributions for various services. For the year ending June 30, 2016, the value of these services was estimated to be \$770,108 of which \$562,272 was used.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 11- BEGINNING NET POSITION RESTATEMENT**

The July 1, 2015, net position does not agree to the prior year financial statements due to correction of errors related to accounts receivable. Adjustments were made in error which caused double reversals of accounts receivables to be made. Based on above, journal entries were made for \$304,048 to restate the net position and accounts receivable.

	<u>Statement of Activities</u>
Net Position, June 30, 2015, as previously reported	\$381,908
Correction of Account Receivable	<u>304,048</u>
Net Position, July 1, 2015, as restated	<u>\$685,956</u>



**THIS PAGE INTENTIONALLY LEFT BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ARIZONA STATE RETIREMENT SYSTEM  
LAST TWO YEARS**

	2015	2016
YCIPTA's proportion of the net pension liability (asset)	0.19%	0.20%
YCIPTA's proportionate share of the net pension liability (asset)	\$282,041	\$325,962
YCIPTA's covered-employee payroll	\$244,312	\$238,340
YCIPTA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.6%	73.1%
ASRS net position as a percentage of the total pension liability	69.49%	68.59%

**SCHEDULE OF CONTRIBUTIONS  
ARIZONA STATE RETIREMENT SYSTEM  
LAST TWO YEARS**

	2015	2016
Actuarially determined contribution	\$20,558	\$25,290
Contributions in relations to the actuarially determined contribution	\$20,558	\$25,290
Contribution deficiency (excess)	0.00	0.00
YCIPTA's covered-employee payroll	\$238,340	\$233,092
Contributions as a percentage of covered-employee payroll	8%	11%

*See accompany notes to basic financial statements.*

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDING JUNE 30, 2016

**NOTE 1 – PENSION PLAN SCHEDULES**

**Actuarial Assumptions for Valuations Performed.** The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuations. The actuarial assumptions used are disclosed in the notes to the financial statements.

**Factors that Affect Trends.** The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the five year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2014, actuarial valuations. The study did not include an analysis of the assumed investment rate of return.

## STATISTICAL SECTION

This part of the Yuma County Intergovernmental Public Transportation Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the authority's overall financial health.

<b><u>INDEX</u></b>	<b><u>Page</u></b>
---------------------	--------------------

<b>Financial Trends</b>	<b>32-33</b>
-------------------------	--------------

*These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time.*

<b>Revenue Capacity</b>	<b>34</b>
-------------------------	-----------

*These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.*

### **Debt Capacity**

*YCIPTA does not have any outstanding debt so therefore debt capacity information is not presented.*

<b>Operation Information</b>	<b>35-37</b>
------------------------------	--------------

*These schedules contain service and infrastructure data to help the reader understand how the information in the authority's financial report relates to the services the authority provides and the activities it performs*

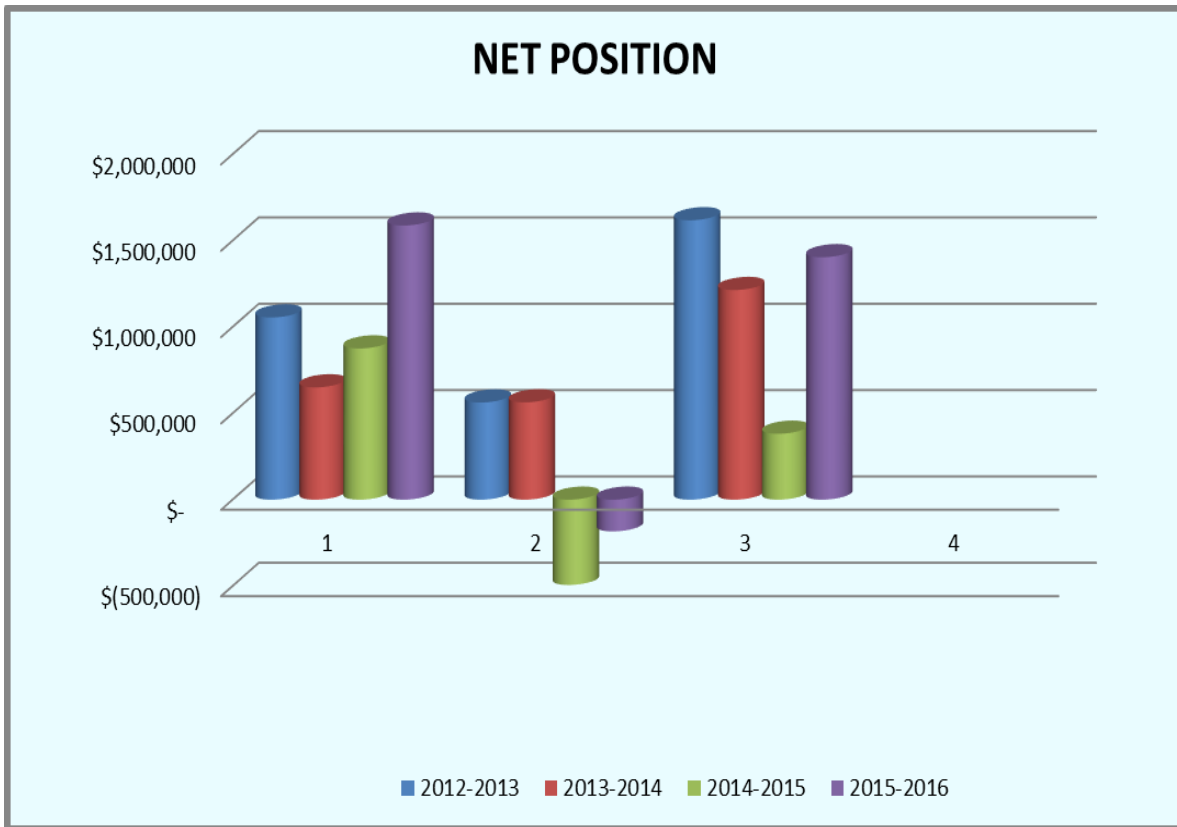
<b>Demographic and Economic Information</b>	<b>38</b>
---------------------------------------------	-----------

*These schedules offer demographic and economic data to help the reader understand the environment within which the authority's financial activities take place.*

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
NET POSITION**

**LAST FOUR FISCAL YEARS**

<b>Fiscal Year</b>	<b>Net Investment in Capital</b>		<b>Total Net Assets</b>
	<b>Assets</b>	<b>Unrestricted</b>	
2012-2013	\$ 1,055,241	\$ 562,770	\$ 1,618,011
2013-2014	\$ 650,351	\$ 563,637	\$ 1,213,988
2014-2015	\$ 875,695	\$ (493,787)	\$ 381,908
2015-2016	\$ 1,587,710	\$ (183,652)	\$ 1,404,058

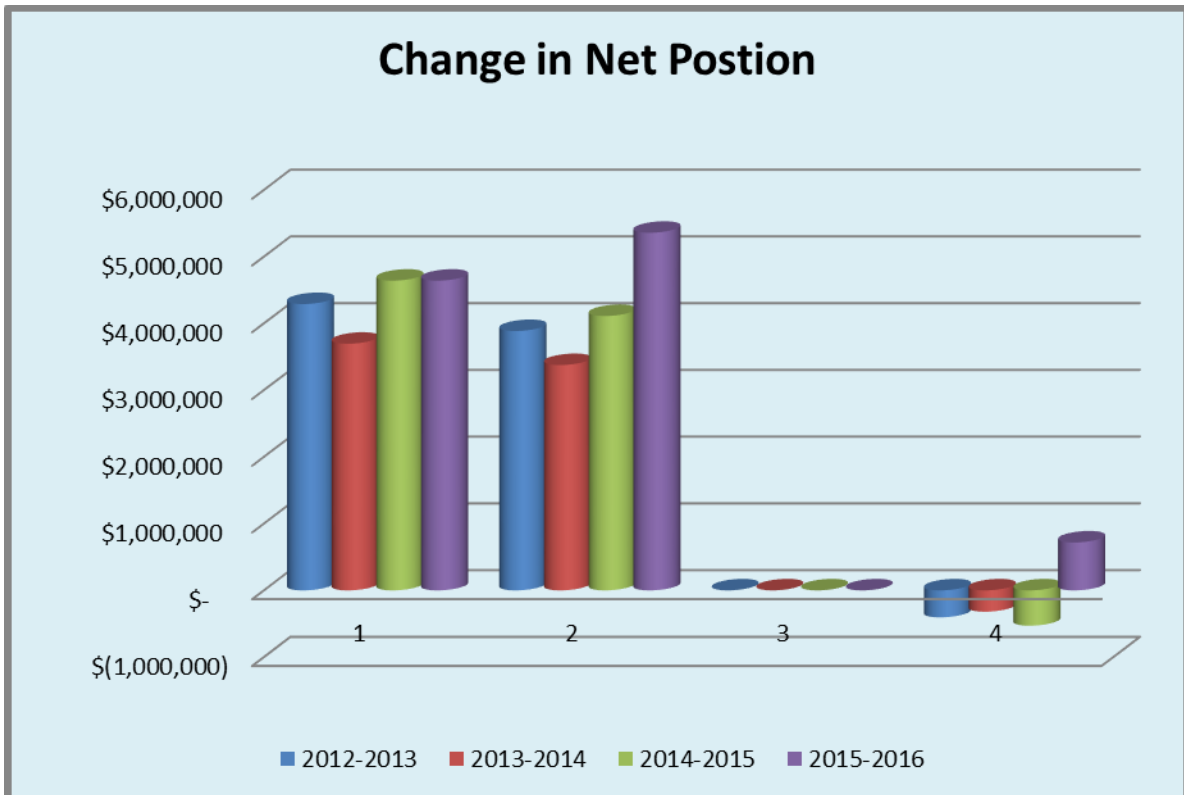


Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

Note: Less than ten years of data is presented as the YCIPTA operations began in fiscal year 2013.

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
CHANGE IN NET POSITION  
LAST FOUR FISCAL YEARS**

<b>Fiscal Year</b>	<b>Expenses</b>	<b>Revenues</b>	<b>Capital Contributions</b>	<b>Changes in Net Position</b>
2012-2013	\$ 4,290,293	\$ 3,886,270	\$ -	\$ (404,023)
2013-2014	\$ 3,695,987	\$ 3,376,381	\$ -	\$ (319,606)
2014-2015	\$ 4,640,485	\$ 4,110,896	\$ -	\$ (529,589)
2015-2016	\$ 4,640,445	\$ 5,358,547	\$ -	\$ 718,102



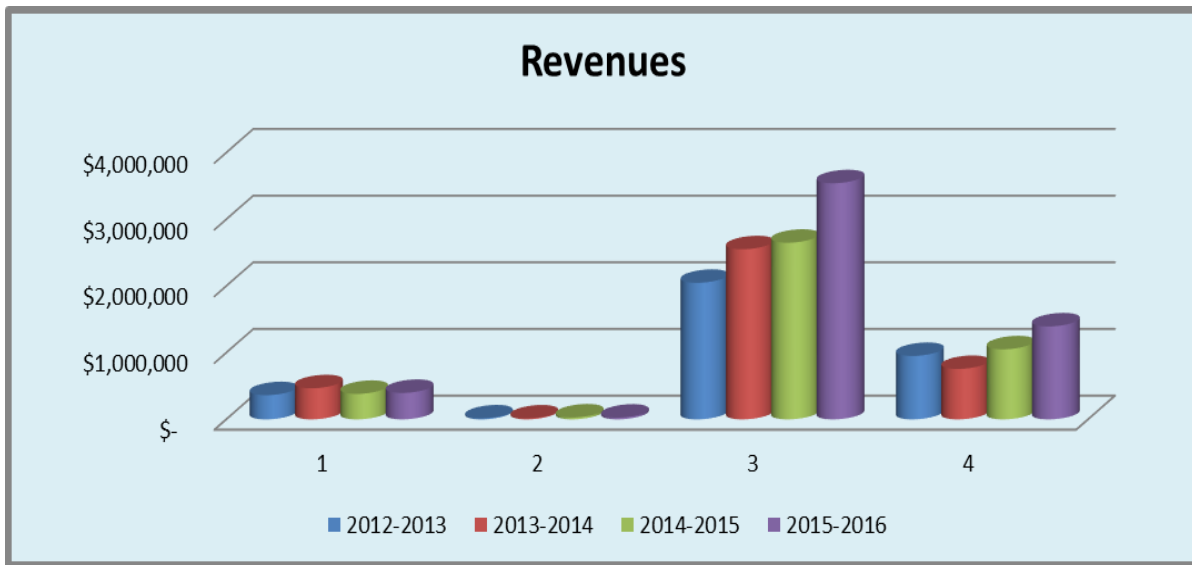
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

Note: Less than ten years of data is presented as the YCIPTA operations began in fiscal year 2013.

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
REVENUES**

**LAST FOUR FISCAL YEARS**

<b>Fiscal Year</b>	<b>Fares</b>	<b>Other Operating Revenue</b>	<b>Intergovernmental Revenue</b>	<b>Other Non-Operating Revenue</b>	<b>Total Revenue</b>
2012-2013	\$ 362,713	\$ 14,497	\$ 2,047,855	\$ 951,316	\$ 3,376,381
2013-2014	\$ 466,965	\$ 13,570	\$ 2,551,482	\$ 756,359	\$ 3,788,376
2014-2015	\$ 382,255	\$ 28,496	\$ 2,649,376	\$ 1,050,769	\$ 4,110,896
2015-2016	\$ 397,011	\$ 25,996	\$ 3,541,584	\$ 1,393,956	\$ 5,358,547



Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

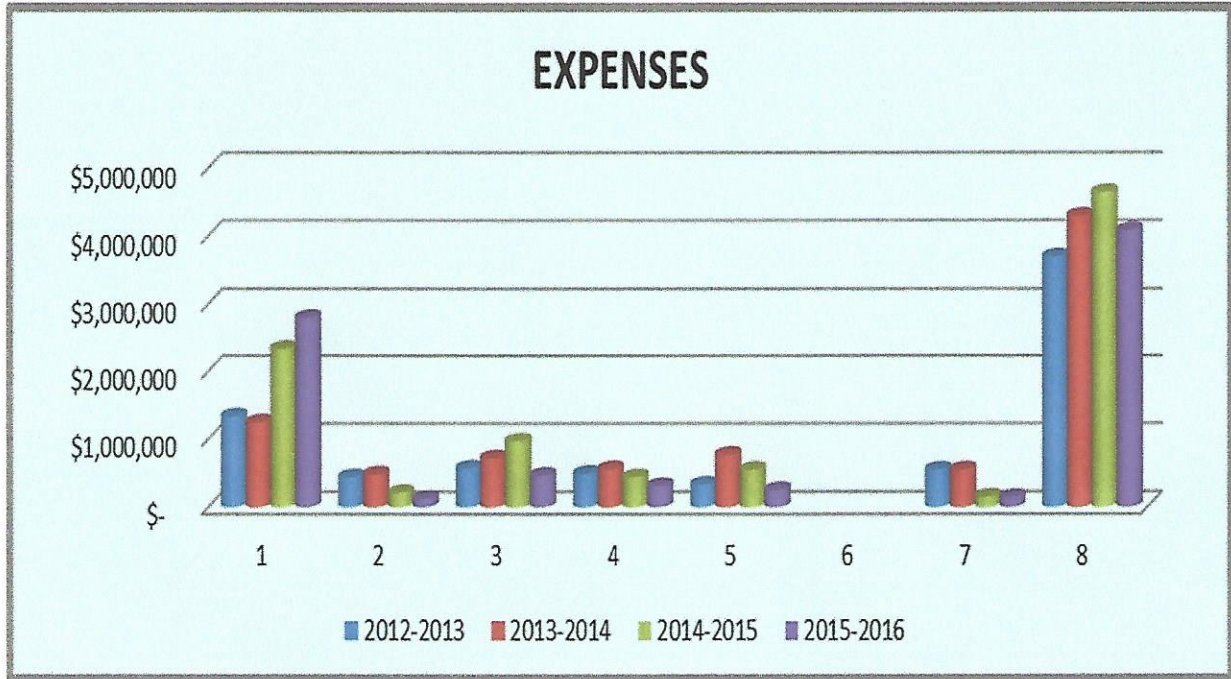
Note: Less than ten years of data is presented as the YCIPTA operations began in fiscal year 2013.



**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
EXPENSES**

**LAST FOUR FISCAL YEARS**

Fiscal Year	Purchased Transportation	Other Transit Services	Administrative and General	Fuel	Other Operating	Depreciation	Total Expenses
2012-2013	\$ 1,331,514	\$ 436,177	\$ 565,800	\$ 489,025	\$ 329,135	\$ 544,336	\$ 3,695,987
2013-2014	\$ 1,241,939	\$ 476,026	\$ 711,944	\$ 554,080	\$ 762,800	\$ 543,504	\$ 4,290,293
2014-2015	\$ 2,333,624	\$ 209,943	\$ 964,498	\$ 438,335	\$ 545,933	\$ 148,152	\$ 4,640,485
2015-2016	\$ 2,792,949	\$ 121,767	\$ 460,973	\$ 309,173	\$ 249,404	\$ 143,907	\$ 4,078,173



Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

Note: Less than ten years of data is presented as the YCIPTA operations began in fiscal year 2013.

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
COMPARISON OF SYSTEM RIDERSHIP DATA**

**LAST FOUR FISCAL YEARS**

<b>Route</b>	<b>2012 - 2013 Ridership</b>	<b>Route</b>	<b>2013 - 2014 Ridership</b>	<b>2014-2015 Ridership</b>	<b>2015-2016 Ridership</b>	<b>Increase or (Decrease)</b>
<b>1</b>	37339	<b>1</b>	42581	4026	-	-100%
<b>2</b>	47909	<b>2</b>	54418	44655	44,306	-1%
<b>3</b>	5196	<b>3</b>	11494	9066	8,773	-3%
<b>4</b>	43165	<b>4</b>	54010	64267	58,639	-9%
<b>5</b>	11597	<b>5</b>	15532	16793	17,042	1%
<b>6</b>	12517	<b>6</b>	8643	46107	44,675	-3%
<b>6A</b>	4700	<b>6A</b>	14246	0	-	0%
<b>7</b>	19886	<b>7</b>	20621		-	0%
<b>8</b>	1831	<b>8</b>	1738	1832	3,552	94%
			94		-	0%
<b>9</b>	10892	<b>9</b>	14035	16248	15,587	-4%
<b>10</b>	1026	<b>10</b>	2651	5597	3,070	-45%
		<b>13</b>	4621	202	-	-100%
<b>95</b>	176214	<b>95</b>	214031	241263	225,402	-7%
<b>Other</b>	5250	<b>Other</b>	3233	5467	3,709	-32%
<b>DAR</b>	3591	<b>DAR</b>	7323			0%
<b>YCAT OnCall</b>	3520	<b>YCAT OnCall</b>	7209	6124	7505	23%
<b>YCAT Vanpool</b>	0	<b>YCAT Vanpool</b>	53032	28372	8090	-71%
	384633		529512	490019	440350	-10%

Source: Yuma County Intergovernmental Public Transportation Authority Annual Performance Report

Note: Less than ten years of data is presented as the YCIPTA operations began in fiscal year 2013.

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
FARE STRUCTURE**

Description	<b>Basic</b> -Ages 19-64 years old -Youth ages 5-18 years old without student ID	<b>Discount</b> -Seniors age 65 & older -Persons with Disabilities -Medicare Card Holders -ADA Certified -Student ages 5-18 years old with school ID	<b>Express</b> -Commuter routes for all fare categories
One Way	\$2.00	\$1.00	\$5.00
One Way (Using Smart)	\$1.75	\$0.75	\$4.00
Day YCATPass	\$5.00 <i>(valued at 2.50 trips)</i>	\$2.50 <i>(valued at 2.50 trips)</i>	\$12.50 <i>(valued at 2.50 trips)</i>
Day YCATPass (Using Smart)	\$3.50 <i>(valued at 1.75 trips)</i>	\$1.75 <i>(valued at 1.75 trips)</i>	\$10.00 <i>(valued at 2.50 trips)</i>
10-Ride YCATPass (Use	\$17.50 <i>(valued at \$1.75 per ride)</i>	\$7.50 <i>(valued at 75 cents per ride)</i>	\$45.00 <i>(valued at \$4.50 per ride)</i>
10-Day YCATPass	\$35.00 <i>(valued at \$1.75 per ride)</i>	\$17.50 <i>(valued at \$1.75 per ride)</i>	\$100.00 <i>(valued at \$1.75 per ride)</i>
31-Day YCATPass (Use Smart Card)	\$60.00 <i>(value \$1.50 per ride/20 days/2 trips each)</i>	\$30.00 <i>(value \$0.75 per ride/20 days/2 trips each)</i>	\$150.00 <i>(value \$3.75 per ride/20 days/2 trips each)</i>
Route Deviation Fare on Routes 3, 6, 7, 8 & 10 (in El Centro)	\$2.00	\$2.00	N/A

Source: Yuma County Intergovernmental Public Transportation Authority Annual Performance Report

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
DEMOGRAPHIC STATISTICS  
YUMA COUNTY TOP TEN CIVILIAN EMPLOYERS**

<b>Employer</b>	<b>Activity</b>	<b>Employees</b>	<b>% of Population</b>
1. U.S. Army Proving Ground (Yuma Proving Ground)	Military	2319	1.18%
2. Yuma Regional Medical Center	Health Care	2080	1.06%
3. Yuma Elementary School District #1	Government	1700	0.87%
4. Wal-Mart Stors, Inc.	Retail	1394	0.71%
5. City of Yuma	Government	1388	0.71%
6. Yuma County	Government	1350	0.69%
7. U.S. Marine Corps Air Station (MCAS Yuma)	Military	1350	0.69%
8. Bose Corporation	Manufacturing	1300	0.66%
9. U.S. Border Patrol	Government	920	0.47%
10. ACCT, Advanced Call Center Technologies	Call Center	814	0.42%

According to the Yuma County Chamber of Commerce, there are about 5,500 military personnel stationed at MCAS Yuma at any given time. There are also typically several hundred military personnel assigned to the Yuma Proving Ground, including about 23,000 annual visitors who stay anywhere from a week up to six months depending on the activity.

<b>Community</b>	<b>2010 Population</b>	<b>Area (square miles)</b>	<b>Pop. Density (persons/sq mi)</b>
Yuma County - including cities	195,751	5,514.0	35.5
City of Yuma	93,064	120.3	773.6
City of San Luis	25,505	32	797.0
City of Somerton	12,014	7.3	1,645.0
Town of Wellton*	2,882	2.5*	960.6
Fortuna Foothills	26,265	40.0	656.6
Cocopah Indian Reservation	817	10.0	81.7
Arizona	6,392,017	113,594	56.3
Quechan (Fort Yuma) Indian Res., CA **	2,205	68.8	31.9
Winterhaven, CA Census Designated Place	394	0.24	1,655.0

\* From Wellton 2003 General Plan, Other data from 2010 Census Quick Facts

\*\*A total of 8 Quechan Tribe members live in Arizona, with 2,197 in Imperial County, CA

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY**

**CAPITAL ASSET STATISTICS**

**LAST FOUR YEARS**

	2013	2014	2015	2016
VEHICLES				
NEXTBus Tracking System		24	24	24
Admin/Utility vehicles	5	5	5	5
El Dorado EZ Rider	2	2	2	2
New Flyers	4		3	3
Dodge Caravan			2	2
Amerivan	1	1	1	0
Braun Entervan	2	2	2	1
Chevy Uplander	2	2	2	2
Chevy El Dorado	9	9	9	9
Ford E350	8	8	8	6
Gillig				2
El Dorado MST II	5	5	5	5
INFRASTRUCTURE	33	28	35	35

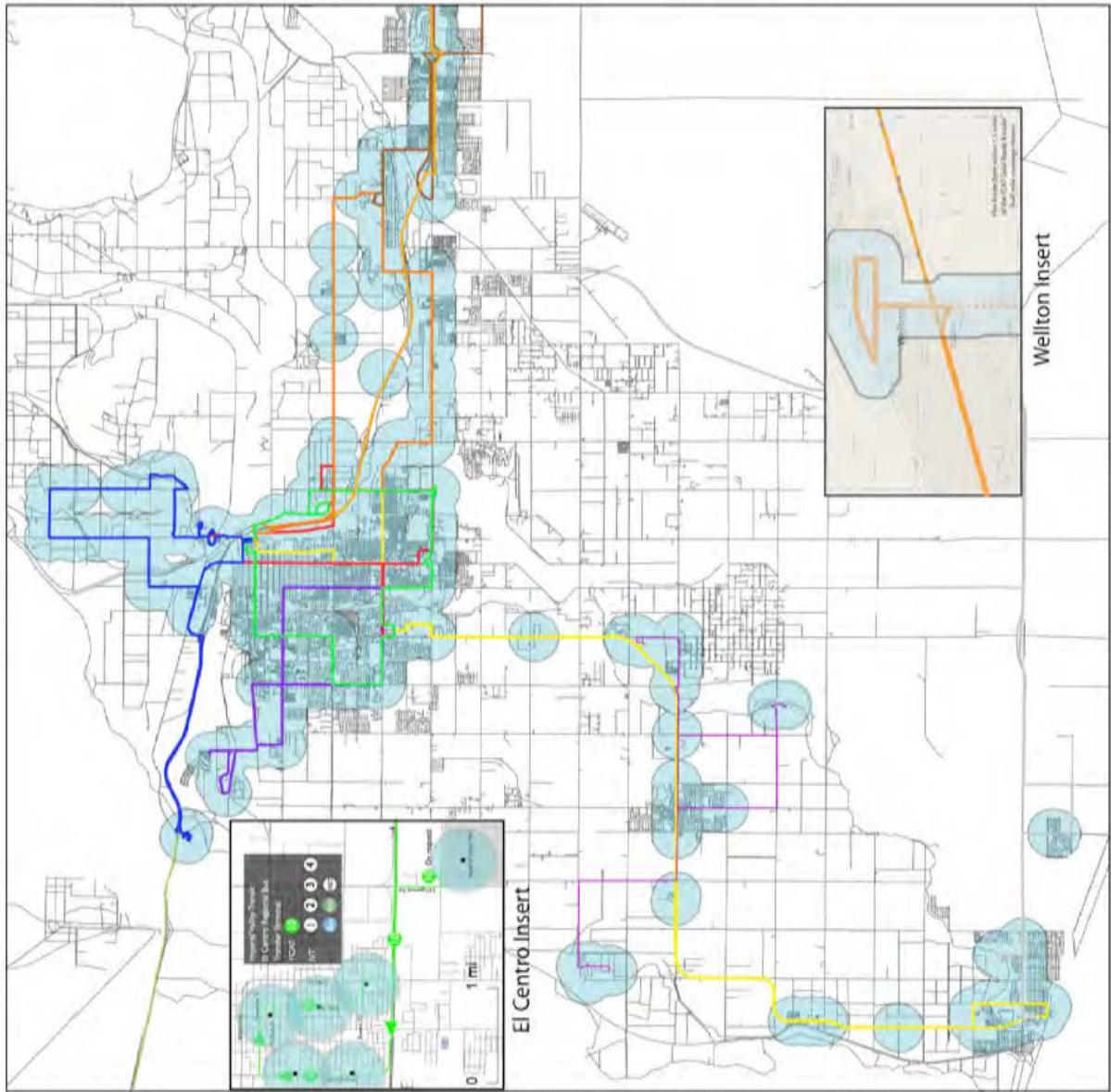
# YCAT Existing Network

Network Coverage, August 2013 Yuma Area  
 Jan 2014, El Centro, Fixed Route Bus Stops only

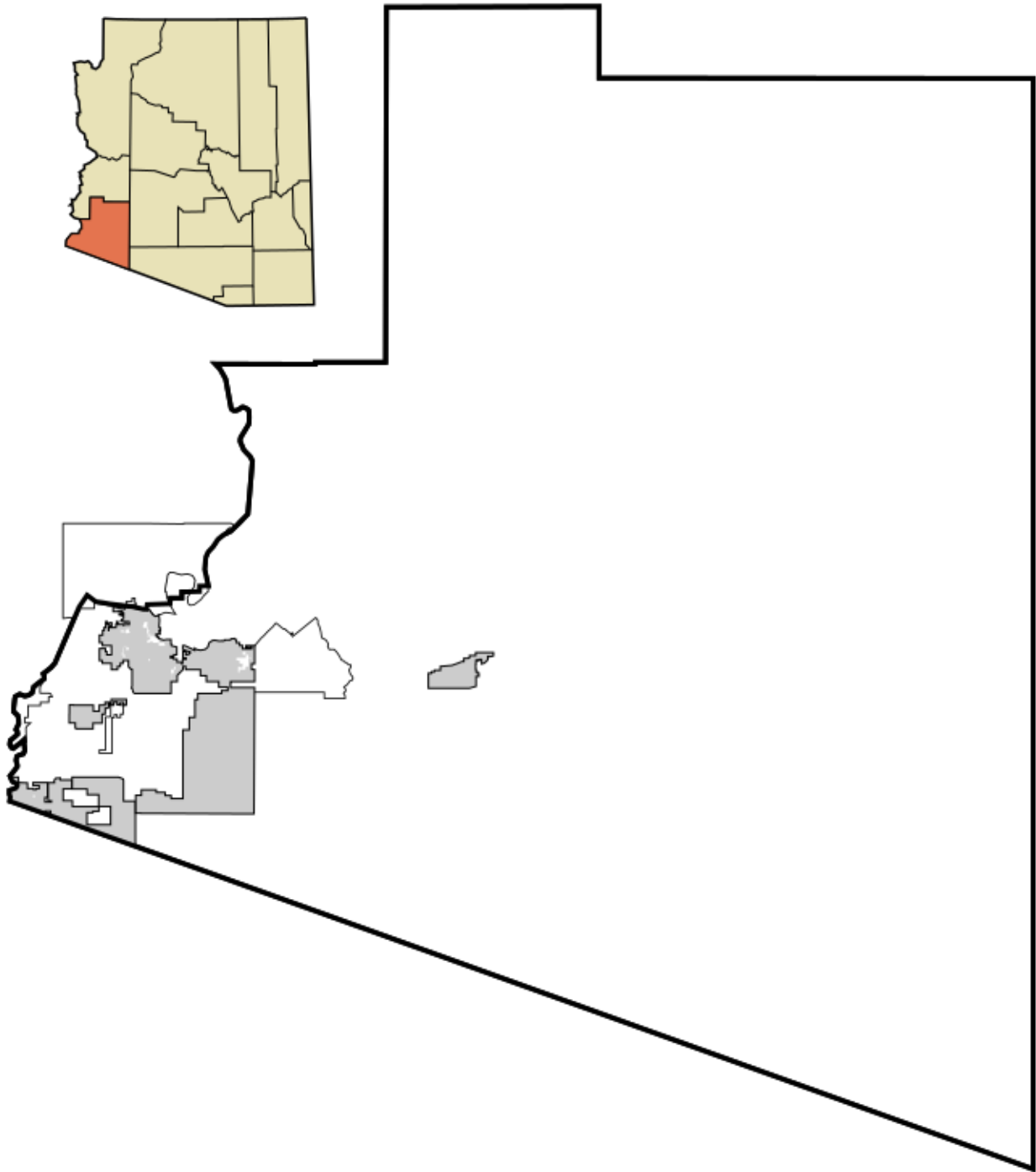
## YCAT Routes

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 95
- 9
- 10

Within 1/2 mile of stop



Yuma County Incorporated and Unincorporated areas



**SINGLE AUDIT SECTION**



**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 Auditor's Report

Board of Directors  
Yuma County Intergovernmental Public Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Yuma County Intergovernmental Public Transportation Authority (YCIPTA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Yuma County Intergovernmental Public Transportation Authority's financial statements, and have issued our report thereon dated March 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yuma County Intergovernmental Public Transportation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yuma County Intergovernmental Public Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Yuma County Intergovernmental Public Transportation Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control that we consider to be a material weakness and another that we consider to be a significant deficiency.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2016-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2016-002 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yuma County Intergovernmental Public Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Yuma County Intergovernmental Public Transportation Authority's Response to Findings

Yuma County Intergovernmental Public Transportation Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Yuma County Intergovernmental Public Transportation Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

#### 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.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
March 21, 2017

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

Independent Auditor's Report

Board of Directors  
Yuma County Intergovernmental Public Transportation Authority

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

We have audited Yuma County Intergovernmental Public Transportation Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yuma County Intergovernmental Public Transportation Authority's major federal programs for the year ended June 30, 2016. Yuma County Intergovernmental Public Transportation Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Yuma County Intergovernmental Public Transportation Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yuma County Intergovernmental Public Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, Yuma County Intergovernmental Public Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

Yuma County Intergovernmental Public Transportation Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Yuma County Intergovernmental Public Transportation Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of Yuma County Intergovernmental Public Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Yuma County Intergovernmental Public Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Yuma County Intergovernmental Public Transportation Authority's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002 that we consider to be a significant deficiency.

Yuma County Intergovernmental Public Transportation Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Yuma County Intergovernmental Public Transportation Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Yuma County Intergovernmental Public Transportation Authority as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Yuma County Intergovernmental Public Transportation Authority's financial statements. We issued our report thereon dated March 21, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements. 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 taken as a whole.

*Heinfeld, Meech & Co., P.C.*

Heinfeld, Meech & Co., P.C.  
Phoenix, Arizona  
March 21, 2017

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Transportation</u></b>			
Direct Programs:			
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X122	\$ 17,476
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X127	178,717
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X132	927,473
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X143	388,211
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-95-X028-02	62,450
			<u>\$ 1,574,327</u>
<b><u>Passed Through Arizona Department of Transportation</u></b>			
Formula Grants For Rural Areas	20.509	JPA 13-058	\$ 1,731,602
Formula Grants For Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	GRT-14-4754-T	53,968
			<u>\$ 1,785,570</u>
<b><u>Passed Through Quechan Indian Tribe</u></b>			
Formula Grants For Rural Areas	20.509	AZ180073/AZ180 072/AZ180052	9,417
			<u>9,417</u>
Total Expenditures of Federal Awards			<u>\$ 3,369,314</u>

*See accompanying notes to Schedule of Expenditures of Federal Awards*

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Yuma County Intergovernmental Public Transportation Authority under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the YCIPTA, it is not intended to and does not present the financial position, changes in net position or cash flows of the YCIPTA.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2016 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

**NOTE 4 – INDIRECT COST RATE**

The Authority has not elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: Yes

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

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 §200.516 of Uniform Guidance: Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit – Formula Grants (Urbanized Area Formula Program)

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

Auditee qualified as low-risk auditee: Yes

**Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes**

**Findings and Questioned Costs Related to Federal Awards: Yes**

**Summary Schedule of Prior Audit Findings required to be reported: No**



**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Finding Number:** FS-2016-001

**Repeat Finding:** No

**Type of Finding:** Material Weakness

**Description:** Revenue and Receivables Recording

CRITERIA

Management is responsible for establishing and maintaining internal controls to ensure that all revenue and receivable transactions are properly recorded in the financial statements in accordance with generally accepted accounting principles (GAAP).

CONDITION

Adequate internal controls were not in place to ensure that all revenue and receivable transactions were properly recorded in the financial statements.

CAUSE

The turnover in personnel contributed to double booking journal entries and a lack of appropriate review procedures over the recording of receivable-related transactions.

EFFECT

Internal controls over revenues and receivables are not adequate to ensure that a misstatement would be prevented and/or detected. A prior period adjustment of \$304,048 was necessary.

CONTEXT

During our review of revenue and receivable records and procedures, we noted the following:

- Accounts receivable was understated by \$304,048 due to double recording of journal entries.
- Fare revenue of \$3,009 earned in fiscal year 2015-16 was not recorded.
- Input into Solutions for Transit was not always accurate and resulted in errors between deposits and expected revenues.

RECOMMENDATION

Management must design and implement effective internal control procedures to ensure revenues and receivables are properly recorded.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan attached.

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Finding Number:** FS-2016-002

**Repeat Finding:** No

**Type of Finding:** Significant Deficiency

**Description:** Internal Controls over Compensated Absences

CRITERIA

Management is responsible for establishing and maintaining internal controls that include the monitoring and reporting of compensated absences.

CONDITION

Management did not follow the Personnel Policies regarding cash payments for paid time off.

CAUSE

Unknown.

EFFECT

Payments of \$10,119 were made that were not in accordance with the Personnel Policies.

CONTEXT

Paid time off cash payouts were made to two employees for a total of \$10,119. These payouts were not approved by the Board or allowed under policy.

RECOMMENDATION

Management should ensure policies and procedures are followed.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan attached.

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

**Finding Number:** 2016-001

**Repeat Finding:** No

**Program Name/CFDA Title:** Federal Transit – Formula Grants (Urbanized Area Formula Program)

**CFDA Number:** 20.507

**Federal Agency:** U.S. Department of Transportation

**Federal Award No.:** AZ-90-X122, AZ-90-X127, AZ-90-X132, AZ-90-X143, AZ-95-X028-02

**Pass-Through Agency:** N/A

**Questioned Costs:** \$ 171,265

**Type of Finding:** Noncompliance

**Compliance Requirement:** Allowable Costs/Costs Principles

CRITERIA

According to Uniform Guidance §200.430, the Standards for Documentation of Personnel Services requires support for the distribution of an employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award, or a Federal award and non-Federal award.

CONDITION

Time and effort documentation of salaries and wages was not prepared for any employees during fiscal year 2015-16.

CAUSE

Adequate monitoring of salary and wage time and effort procedures were not implemented.

EFFECT

Uniform Guidance requirements for compensation – personnel services was not met.

CONTEXT

Salary and wage time and effort documentation was not prepared for all seven employees reviewed for the whole year, resulting in questioned costs of \$171,265.

RECOMMENDATION

Management should review 2 CFR §200.430 and establish procedures to ensure the Standards for Documentation of Personnel Expenses are met.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan attached.

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

**Finding Number:** 2016-002

**Repeat Finding:** No

**Program Name/CFDA Title:** Federal Transit – Formula Grants (Urbanized Area Formula Program)

**CFDA Number:** 20.507

**Federal Agency:** U.S. Department of Transportation

**Federal Award No:** AZ-90-X122. AZ-90-X143

**Pass-Through Agency:** N/A

**Questioned Costs:** N/A

**Type of Finding:** Noncompliance, Significant Deficiency

**Compliance Requirement:** Reporting

CRITERIA

According to the Uniform Guidance, an entity must report eligible reimbursable expenses in a timely manner.

CONDITION

Eligible reimbursable expenses were understated as reported on YCIPTA's Federal Financial Reports.

CAUSE

Annual Federal Financial Reports were completed incorrectly. Timely follow-up revisions were not performed.

EFFECT

Although YCIPTA received reimbursement for all eligible expenses, reportable expenses on the Federal Financial Report were understated.

CONTEXT

Federal share of expenditures as reported on YCIPTA's Federal Financial Report were understated by \$139,267.

RECOMMENDATION

Management should ensure expenses reported on the Federal Financial Reports agree the entity's records.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan attached.



## Yuma County Intergovernmental Public Transportation Authority

---

2715 East 14<sup>th</sup> Street, Yuma, AZ 85365-1900, Telephone: 928-539-7076  
Fax: 928-783-0309, email: [info@ycipta.az.gov](mailto:info@ycipta.az.gov), Web: [www.ycipta.az.gov](http://www.ycipta.az.gov)

March 21, 2017

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each federal award finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Shelly Kreger  
Transit Director

---

**Yuma County Intergovernmental Public Transportation Authority Board Of Directors**  
Greg Wilkinson, Chairman - City of Yuma, Brian Golding, Sr, Vice Chairman – Quechan Tribe,  
Bill Lee – Sec/Treasurer - City of Somerton, James W. Flory - Yuma County,  
Susan Johnstad - Northern Arizona University, Dr. Glenn Mayle - Arizona Western College,  
Robert Eads - City of San Luis, Richard Watenpaugh – Town of Wellton, , Paul Soto – Cocopah Tribe

**YUMA COUNTY INTERGOVERNMENTAL  
PUBLIC TRANSPORTATION AUTHORITY  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2016**

**Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards***

Finding Number: FS-2016-001

Contact Person: Chona Medel, Financial Services Operations Manager

Anticipated Completion Date: July 1, 2016

Planned Corrective Action: Management has had proper internal controls to ensure revenues and receivables are properly recorded. This amount was deemed properly recorded as of fiscal year 2015 and found to be a double entry in the current fiscal year. Currently, receivables are recorded in our accounting system at the time of billing and revenues are recorded at the time of deposit.

Finding Number: FS-2016-002

Contact Person: Shelly Kreger, Transit Director

Anticipated Completion Date: October 24, 2016

Planned Corrective Action: Personnel Policy and Procedures were brought to the Board on June 22, 2016. Changes were needed at this time and the Personnel Policy and Procedures were approved by the Board October 24, 2016. The Personnel Policy and Procedures include the requirements for cash payout of personal time.

**Findings and Questioned Costs Related to Federal Awards**

Finding Number: 2016-001

Program Name/CFDA Title: Federal Transit – Formula Grants (Urbanized Area Formula Program)

CFDA Number: 20.507

Contact Person: Chona Medel, Financial Services Operations Manager

Anticipated Completion Date: April 1, 2017

Planned Corrective Action: Time Sheets were screened and accepted at the end of fiscal year 2015. Time and Effort was classified correctly in YCIPTA's Accounting Software. The timesheets will be revised per the audit recommendation and be implemented as of April 1, 2017.

Finding Number: 2016-002

Program Name/CFDA Title: Federal Transit – Formula Grants (Urbanized Area Formula Program)

CFDA Number: 20.507

Contact Person: Chona Medel, Financial Services Operations Manager

Anticipated Completion Date: March 31, 2017

Planned Corrective Action: Federal Financial Reporting for the two grants were incorrectly calculated due to a formula error. The 4th Quarter will be resubmitted as of March 31, 2017 and staff will reconcile to the Accounting System for future reporting for grants.