

YCIPTA



Yuma County Intergovernmental Public Transportation Authority

Yuma, Arizona

**Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2017**

Prepared by YCIPTA Financial Department

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
Comprehensive Annual Financial Report**

Year Ended June 30, 2017

TABLE OF CONTENTS

Introductory Section:

Transmittal Letter.....i

Organizational Chart.....viii

List of Principal Officials.....ix

Certificate of Achievement.....x

Financial Section:

Independent Auditors Report.....1-2

Management’s Discussion and Analysis.....3-7
(Required Supplementary Information)

Basic Financial Statements

 Statement of Net Position10

 Statement of Revenues, Expenses,
 and Changes in Net Position.....11

 Statement of Cash Flows.....12

 Notes to the Financial Statements13-26

Required Supplementary Information28-30

 Schedule of Contributions.....29

 Schedule of the Proportionate Share of the Net Pension Liabilities.....29

 Notes to RSI30

Statistical Section:

Financial Trends:

Net Position by Component32

Change in Net Position33

Revenues34

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
<u>Single Audit Section:</u>	
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>	43-44
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	45-47
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.....	51-52

INTRODUCTORY SECTION



Yuma County Intergovernmental Public Transportation Authority

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December 28, 2017

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, 2017. 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, 2017.

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.

In 2014, YCIPTA restructured the bus routes to eliminate one way loops and make trip times faster, adopted a new Five Year Short Range Transit Plan, procured a new long term operations and maintenance contractor, implemented YCATPass, an electronic smart card system, started libraries on the buses in partnership with the local library district, implemented a new look for buses and bus stop signs, started adding more passenger amenities and adopted a strategic plan to guide the future of the authority.

With the Yuma Regional Transit Study completed by Arizona Department of Transportation (ADOT) and Yuma County, Five Year Short Range Transit Plan completed by ADOT, YCIPTA and YMPO, the formation of YCIPTA, the addition of funding from Arizona Western College, Northern Arizona University, Quechan Indian Tribe and the restoration of funding from the City of Yuma, YCAT is looking to the future for stability and the opportunity to continue to improve services within southwestern Yuma and eastern Imperial Counties. YCIPTA is a focused transportation authority with one goal - to operate transit services efficiently and effectively. New innovations such as a future transit tax, a new maintenance and operations facility and the development of the Yuma Multimodal Transit Center will help grow public transit to new heights in the next several years.

Both demand-response and fixed-route service is administered and funded by YCIPTA and its member agencies, and operated by a private contractor. YCAT Vanpool is operated by Enterprise Leasing of Phoenix, LLC and they own the vans used for this program. YCAT OnCall is operated by the same private contractor as the fixed route service. YCIPTA owns all vehicles for fixed-route and demand response service and leases the East 14th Street and Atlantic Avenue maintenance facility.

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.

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 two days per week between Yuma, Fort Yuma Indian Reservation, Winterhaven and El Centro, California.

A Transit Director manages YCIPTA. Support staff includes an Two 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 Enterprise Leasing Company of Phoenix, LLC. The vehicles and subsidies are available on a first come, first served basis. As of June 30, 2017, there are 36 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. Undisputedly, agriculture is the number one industry for Yuma County. According to a 2013 University of Arizona study, agriculture produces an estimated \$2.5 billion a year into the Yuma economy. This is due to our rich soil (sediments deposited by the Colorado River over millions of years), progressive farmers (who explore and utilize the latest theories and technology in their fields), sufficient labor (highly skilled and motivated work force) and senior rights to irrigation water.

Lettuce is the largest winter crop in Yuma, but there are over 175 different crops grown in the Yuma area year-round. The list includes alfalfa, Bermuda grass seed, cotton, dates, lemons,

melons and wheat. Desert Durum accounts for 95% of wheat grown in Yuma County, and about two-thirds of that is exported to Italy for use in making premium pastas.

The United States Military has been in Yuma for over 150 years. Today, it is the second largest industry in Yuma County as we are home to the Yuma Proving Ground and the Marine Corps Air Station – Yuma.

The U.S. Army first came to the area in 1851, and established Fort Yuma on Indian Hill. The installation overlooked the Yuma Crossing, the aptly named low spot in the Colorado River, and it allowed for the establishment of the town site of what would later become Yuma. In 1864 the Army put up the Quartermaster Depot along the river. From here the Army oversaw the distribution of supplies to soldiers in the West.

MCAS has the F-35, and Yuma Proving Ground is also having the opening of the U.S. Army John F. Kennedy Special Warfare Center and School. The purpose of this facility will allow special forces troops to train for air operations requiring free falls from airplanes. The facility opened in January of 2014 and, at 75 feet tall, is the largest in the world.

Tourism is the third biggest industry in Yuma County. According to documents obtained by the Yuma Visitor's Bureau, 2014 saw \$664.7 million in Direct Travel Spending. That income created 5,920 jobs, generated \$15.6 million in earnings and \$46.2 million in additional taxes.

At the peak of our winter visitor season, February, it is estimated we have about 80,000 visitors. February is the peak of the season as many places on the continent are experiencing some of their coldest temperatures. The City of Yuma's year-round population is about 95,000. Adding another 80,000 is a big seasonal influx of people to the community.

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 \$2.2 billion 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 2010 estimates, the Yuma Metropolitan Statistical Area (MSA) population totals 204,195 resulting in a growth of 27.6% between 2000 and the current year. Over the next five years, the population is projected to grow by 10.3%.

The City of Yuma has grown 23.11% and the Town of Wellton 8.53%. A large portion of the growth has been within the communities of San Luis and Somerton. Between 2000 and 2010, San Luis grew by 68.83% while Somerton grew by 67.18%.

The Greater Yuma Economic Development Council states that Yuma County has a labor force of 85,409 people, with an unemployment rate of 18.6%.

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, Mazatlán to the South and takes in the entire Baja peninsula North to Los Angeles, California.

MAJOR INITIATIVES

- Assisted City of Yuma with Tiger Grant submittal to try and obtain funding for the Hotel Del Sol Multi Model Transit Center.
- Conducted Maintenance Audits.
- Coordination with Town of Quartzite for transit services.
- Participated in a Transportation Research Board (TRB) project – Transit Idea 79 Project. Implementation of Smart Card Automatic Fare Collection (AFC) Technology in Small Transit Agencies for Standards Development.
- Received two 40ft. Gillig buses.
- Worked with Yuma County regarding amending ARS 42-6106 and SB1250
- Purchased and installed seven new bus stop shelters and signs with more information about routes, including installing new info posts.
- Participated in a U.S. Department of Homeland Security Targeted Baseline Assessment and Security Enhancement (BASE) Review.
- Partnered with Yuma County in the Yuma Region – Imagery Acquisition Consortium Project.
- Continued partnerships with Portable, Practical, Educational Preparation, Inc., AZTEC High School, Western Arizona Council Of Governments, Yuma Union High School District, Yuma County Department of Economic Security, Yuma Private Industry Council (YPIC), Arizona Western College (AWC), Northern Arizona University (NAU) and University of Arizona (U of A), Imperial County Transportation Commission (ICTC), Quechan Indian Tribe, Cocopah Indian Tribe, and all other member entities.
- Received three million dollars in grants for operations and capital needs

ACKNOWLEDGMENTS

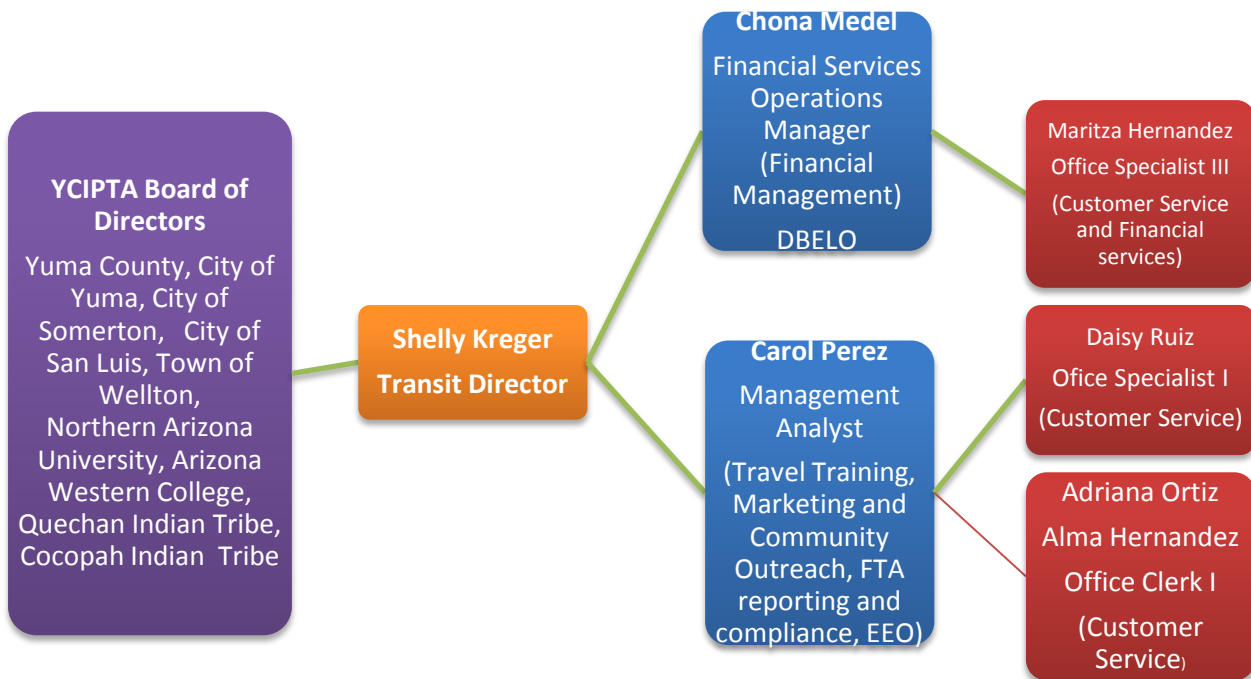
I extend my thanks and appreciation for the cooperation and assistance provided by the members of the Yuma County Intergovernmental Public Transportation's Board of Directors for their interest and support in conducting the financial operations of YCIPTA in a responsible and progressive manner. Special 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, Daisy Ruiz, Office Specialist I. Alma Hernandez, Clerk 1 and Adriana Ortiz, 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,

A handwritten signature in cursive script, appearing to read "Shelly Kreger".

Shelly Kreger
Transit Director

Yuma County Intergovernmental Public Transportation Authority Organization Chart



YCIPTA Board of Directors

Name	Board Position	Representing Jurisdiction	Position
Bill Lee	Chairman	City of Somerton	City Manager
Susan Thorpe	Vice Chair	Yuma County	County Administrator
Larry Killman	Treasurer/ Secretary	Town of Wellton	Town Manager
Dr. Daniel Corr	Member	Arizona Western College	President
Greg Wilkinson	Member	City of Yuma	City Administrator
Brian Golding Sr.	Member	Quechan Indian Tribe	Director of Economic Development
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, Office Specialist I

Adriana Ortiz, Clerk I

Alma Hernandez, Clerk I



Government Finance Officers Association

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**Yuma County Intergovernmental
Public Transportation Authority
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS REPORT

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, 2017, 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, 2017, 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 December 28, 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
December 28, 2017

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDING JUNE 30, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- Net position, as reported in the statement of net position, totaled \$870,706 as of June 30, 2017. Total net position decreased by \$533,352, which is attributable to increase expenditures during the fiscal year.
- For the year ended June 30, 2017, 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 6%, or by approximately 31,305 riders, this year. Overall operating revenues increased by \$25,532 (6%) during the year. Operating expenses increased by \$250,404 (6%) during the year.

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, 2017

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 \$870,706 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 \$1,000,437. Other investment in capital assets includes furniture and equipment, leasehold improvements, and infrastructure, totaling \$423,806.

- The balance in unrestricted net position for the fiscal year ended June 30, 2017 was (\$553,536) of which a negative amount of \$533,352 was attributable to operations for the year ending June 30, 2017. Net investments in capital assets decreased by \$163,468 if which was attributable to a combination of depreciation expense during the year ending June 30, 2017.

	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Current and other assets	\$1,404,928	\$676,841
Capital assets (net)	1,587,710	1,424,242
Total assets	<u>\$2,992,638</u>	<u>\$2,101,083</u>
Deferred Outflows of Resources	55,490	129,068
Long-term liabilities	325,962	401,911
Other liabilities	1,288,997	908,254
Total liabilities	<u>\$1,614,959</u>	<u>\$1,310,165</u>
Deferred Inflows of Resources	29,112	49,280
Net position:		
Net Investments in Capital Assets	1,587,710	1,424,242
Unrestricted	(183,652)	(553,536)
Total net position	<u><u>\$1,404,058</u></u>	<u><u>\$870,706</u></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, 2017

FINANCIAL ANALYSIS (CONTINUED)

	June 30, 2016	June 30, 2017
Revenues:		
Operating revenues:		
Fare box revenues	\$397,011	\$427,761
Turquoise Route 10	9,417	0
Advertising revenues	16,580	20,598
Non-operating revenues:		
Federal revenue	\$3,369,314	\$2,377,363
Transportation Development Act LTF Article 8(c)	172,270	0
Member fees	516,739	516,739
Other non-operating revenue	877,217	1,008,238
Total revenues	<u>\$5,358,547</u>	<u>\$4,350,699</u>
Expenses:		
Operating expenses	\$4,078,173	\$4,328,577
Nonoperating expense	562,272	555,474
Total expenses	<u>\$4,640,445</u>	<u>\$4,884,051</u>
Increase (decrease) in net position	718,102	(533,352)
Net position:		
Beginning of the year	381,908	1,404,058
Net Effect of Prior Period Adjustments, Net Position	304,048	0
Beginning of the year	<u>685,956</u>	<u>1,404,058</u>
End of the year	<u>\$1,404,058</u>	<u>\$870,706</u>

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

- Total net position decreased by \$533,352, which is attributable to increase in expenditures during the fiscal year.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR YEAR ENDING JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. YCIPTA's investment in capital assets net of depreciation as of June 30, 2017 amount to \$1,424,242. 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 \$77,047 of capital assets during the fiscal year ended June 30, 2017.

	CAPITAL ASSETS (Net of depreciation) 2016	CAPITAL ASSETS (Net of depreciation) 2017
Leasehold improvements	\$ 53,870	\$ 50,243
Infrastructure	356,879	347,903
Vehicles	1,129,364	1,000,437
Furniture and equipment	47,597	25,660
Total	\$1,587,710	\$1,424,242

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

Long-term debt - As of June 30, 2017, 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 55% of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 12% of its revenues from member organizations, and 10 % 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 \$770,108 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, 2017

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; 1.6% for fiscal year 2017, while the unemployment rate is reported to be 18.6% for the fiscal year 2017. Traditionally Yuma County has a very high rate of unemployment, typically in the range of 14% to 25.5%, 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 or direct inquires to Chona Medel, Financial Services Operations Manager, 2715 E. 14th Street., Yuma, AZ 85365.

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BASIC FINANCIAL STATEMENTS

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS

Current Assets:

Cash and investments	\$ 123,909
Accounts Receivable	552,932
Total Current Assets	676,841

Property and Equipment:

Leasehold improvements	75,512
Infrastructure	424,516
Vehicles	2,113,897
Furniture and equipment	335,964

Total property and equipment	2,949,889
Less: accumulated depreciation	(1,525,647)

Total Property and Equipment - Net	1,424,242
TOTAL ASSETS	2,101,083

DEFERRED OUTFLOWS OF RESOURCES

Pension plan items	129,068
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LIABILITIES

Current Liabilities

Accounts payable	294,936
Accrued payroll and related expenses	16,019
Registered Warrants Payable	584,523
Other liabilities	544
Compensated absences payable	12,232
Total Current Liabilities	908,254

Non Current Liabilities:

Pension liability	401,911
TOTAL LIABILITIES	1,310,165

DEFERRED INFLOWS OF RESOURCES

Pension plan items	49,280
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NET POSITION

Net investments in capital assets	1,424,242
Unrestricted	(553,536)
TOTAL NET POSITION	\$ 870,706

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, 2017

OPERATING REVENUE

Charges for services:	
Farebox revenues	\$ 427,761
Advertising revenues	20,598
Total Operating Revenue	<u>448,359</u>

OPERATING EXPENSES

Contracted operating services	2,759,519
Non-vehicle repairs	84,914
Vehicles parts and maintenance	26,820
Occupancy	50,400
Other Transit Services	136,200
Administrative and general	499,163
Depreciation	213,582
Fuel costs	335,283
Other operating expenses	222,696
Total Operating Expenses	<u>4,328,577</u>
Operating Income/(Loss)	<u>(3,880,218)</u>

NON-OPERATING REVENUES (EXPENSES)

Grant revenue	
Federal Transit Administration	2,377,363
Member fees	516,739
Contributions From Public Entities	428,402
Investment income	1,277
Greyhound Ticket Sales	31,563
Other revenues	14,061
Pension expense	(22,539)
In-kind revenue	532,935
In-kind expense	(532,935)
Total non-operating revenues (expenses)	<u>3,346,866</u>
Income (loss) before contributions and transfers	<u>(533,352)</u>

Change in net position	(533,352)
Net position - beginning	<u>1,404,058</u>
Net position - ending	<u>\$ 870,706</u>

See accompanying notes to basic financial statements

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS FOR YEAR ENDING
JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 482,996
Payments to vendors, contractors and suppliers	(4,695,469)
Payments to employees	<u>(357,860)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>(4,570,333)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Public support funds received	<u>4,223,788</u>
NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>4,223,788</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisitions of property and equipment and other capital expenses	<u>(77,046)</u>
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(77,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>1,277</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	<u>1,277</u>
Net decrease in cash and cash equivalents	(422,314)
Cash and cash equivalents at beginning of year	<u>546,223</u>
Cash and cash equivalents at end of year	<u>\$ 123,909</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO	
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (3,880,218)
Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities	
Depreciation	213,582
Loss on Capital Asset Disposal	26,932
(Increase)/Decrease in:	
Accounts receivable	34,636
Increase/(Decrease) in:	
Accounts payable	(969,958)
Accrued payroll	3,240
Other accrued liabilities	46
Compensated absences	<u>1,407</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	<u>\$ (4,570,333)</u>

See accompanying notes to basic financial statements

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2017

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, 2017

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, 2017

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 acquisition 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, 2017

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, 2017

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	<u>\$123,609</u>
Total cash and cash equivalents	<u><u>\$123,909</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, 2017, the carrying amount of the YCIPTA's deposits was \$123,609 and the bank balance was \$614,162. The YCIPTA's deposits were entirely covered by Federal depository insurance or by collateral held by the pledging financial institution's trust department or agent but not in Yuma County Intergovernmental Transportation Authority's name.

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, 2017

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. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

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, 2017, accounts receivable totaled \$552,932, of which receivables from other governments consisted of the following:

FTA Grant Funds	\$517,668
Due from other governments	<u>\$ 35,265</u>
Total due from other governments	<u>\$552,932</u>

Management considers all accounts receivable at June 30, 2017, 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, 2017

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2017, follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets, depreciated				
Leashold improvements	\$ 75,512	\$ -	\$ -	75,512
Infrastructure	415,970	8,547	-	424,517
Vehicles	2,108,261	59,500	(53,864)	2,113,897
Furniture and equipment	326,964	9,000	-	335,964
Total capital assets, depreciated	<u>2,926,707</u>	<u>77,047</u>	<u>(53,864)</u>	<u>2,949,890</u>
Less accumulated depreciation for:				
Leashold improvements	(21,642)	(3,627)	-	(25,269)
Infrastructure	(59,091)	(17,523)	-	(76,614)
Vehicles	(978,897)	(161,495)	(26,932)	(1,113,460)
Furniture and equipment	(279,367)	(30,937)	-	(310,304)
Total accumulated depreciation	<u>(1,338,997)</u>	<u>(213,582)</u>	<u>(26,932)</u>	<u>(1,525,647)</u>
Total capital assets, net	<u>\$ 1,587,710</u>	<u>\$ (136,536)</u>	<u>\$ (26,932)</u>	<u>\$ 1,424,242</u>

Depreciation expense for the fiscal year was \$213,582.

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, 2017.

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Pension Obligation	\$325,962	\$75,949		\$401,911
Compensated Absences	\$10,825	\$32,290	\$30,884	\$12,232

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2017

NOTE 7 - ECONOMIC DEPENDENCY

YCIPTA received 55% percent of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 12% percent of its revenues from dues paid by its member organizations, and 10% 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.

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, 2017

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 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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, 2017

NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions (continued). The Authority’s contributions to the pension plan for the year ended June 30, 2017 were \$26,473. 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, 2017	\$1,375	\$344
Year Ended June 30, 2016	\$1,360	\$280
Year Ended June 30, 2015	\$1,114	\$227

Pension Liability. At June 30, 2017, YCIPTA reported a liability of \$401,911 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. 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, 2016, YCIPTA’s proportion was 0.00249 percent, which was an increase of .0004 from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources. Yuma County Intergovernmental Public Transportation Authority had deferred outflows and inflows of resources related to the net pension liability of retirement benefits. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. For the year ended June 30, 2017, YCIPTA recognized pension expense of \$22,539 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	\$2,442	\$27,649
Changes of assumptions of other inputs	-	\$21,264
Net difference between projected and actual earning on pension plan investments	43,554	-
Changes in proportions and differences between contributions and proportionate share of contributions	\$56,599	\$367
Contributions subsequent to the measurement date	\$26,473	
Total	<u>\$129,068</u>	<u>\$49,280</u>

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDING JUNE 30, 2017

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, 2018. 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:

2018	\$ 10,850
2019	8,418
2020	21,834
2021	12,212

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

Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
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, 2015 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, 2017

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 8.75 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%	6.73%
Fixed Income	25%	3.70%
Real Estate	10%	4.25%
Commodities	2%	3.84%
Multi-Asset	5%	3.41%

Discount Rate. The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return 8.75 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, 2017

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:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Proportionate share of the net pension liability	\$512,467	\$401,911	\$313,269

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.

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, 2017, the value of these services was estimated to be \$723,333 of which \$532,935 was used.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2017

NOTE 11- CURRENT LIABILTY

At June 30, 2017 YCIPTA had registered warrants of \$584,523 with the Yuma County Treasurer. The balance is expected to be paid in full in the next fiscal year.

NOTE 12 – SUBSEQUENT EVENT

On August 16, 2017 YCIPTA acquired two vehicles (ARBOC Spirit of Liberty Bus) under the provisions of a long-term lease agreement classified as a capital lease. The total present value of the minimum lease payments of \$650,300 is payable over the next 5 years. Revenues from the General Fund will be used to pay the capital lease obligations.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2016	2017
YCIPTA's proportion of the net pension liability (asset)	0.19%	0.20%	0.25%
YCIPTA's proportionate share of the net pension liability (asset)	\$282,041	\$325,962	\$401,911
YCIPTA's covered-employee payroll	\$170,710	\$188,779	\$233,092
YCIPTA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.2%	172.7%	172.4%
ASRS net position as a percentage of the total pension liability	69.49%	68.59%	67.06%

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

	2015	2016	2017
Actuarially determined contribution	\$20,558	\$25,290	\$26,473
Contributions in relations to the actuarially determined contribution	\$20,558	\$25,290	\$26,473
Contribution deficiency (excess)	0.00	0.00	0.00
YCIPTA's covered-employee payroll	\$188,779	\$233,092	\$245,575
Contributions as a percentage of covered-employee payroll	10.89%	10.85%	10.78%

See accompany notes to required supplementary information.

Note: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDING JUNE 30, 2017

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, 2015, valuation was 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, 2015, actuarial valuations. The study did not include an analysis of the assumed investment rate of return.

Changes in Accounting Principle. For the year ended June 30, 2017, the Yuma County Intergovernmental Public Transportation Authority implemented the provisions of GASB Statement No. 82, *Pension Issues*. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

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.

<u>INDEX</u>	<u>Page</u>
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Financial Trends	32-35
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These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time.

Revenue Capacity	36-37
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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.

Demographic and Economic Information	38-39
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These schedules offer demographic and economic data to help the reader understand the environment within which the authority's financial activities take place.

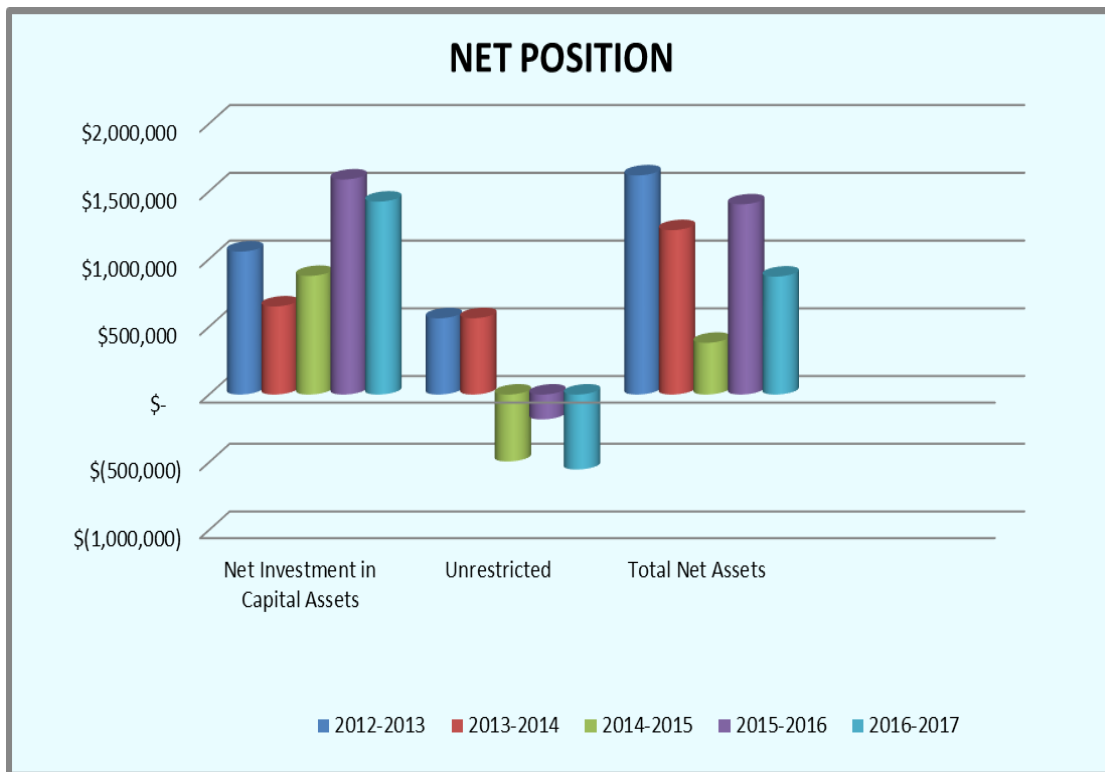
Operation Information	40-41
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These schedules contain service and infrastructure data to help the reader understand how the information in the authority's financial report relates to the services the authority provides and the activities it performs

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

LAST FIVE FISCAL YEARS

Fiscal Year	Net Investment in Capital		Unrestricted	Total Net Assets
	Assets			
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
2016-2017	\$ 1,424,242	\$	(553,536)	\$ 870,706

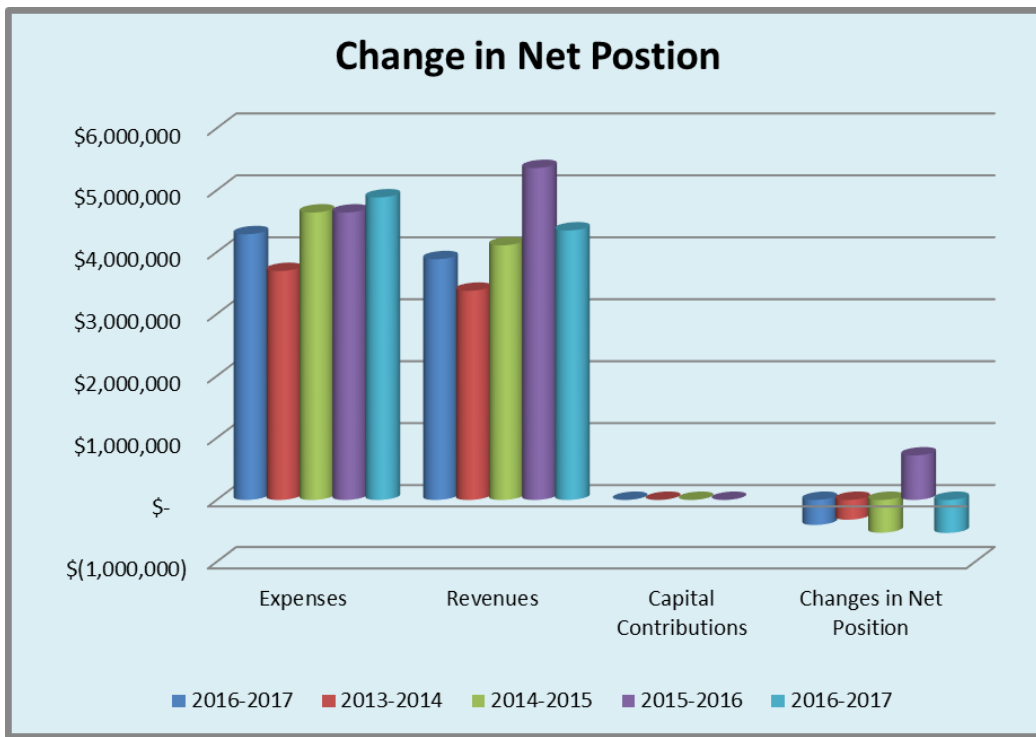


Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 FIVE FISCAL YEARS**

Fiscal Year	Expenses	Revenues	Capital Contributions	Changes in Net Position
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
2016-2017	\$ 4,884,051	\$ 4,350,699	\$ -	\$ (533,352)



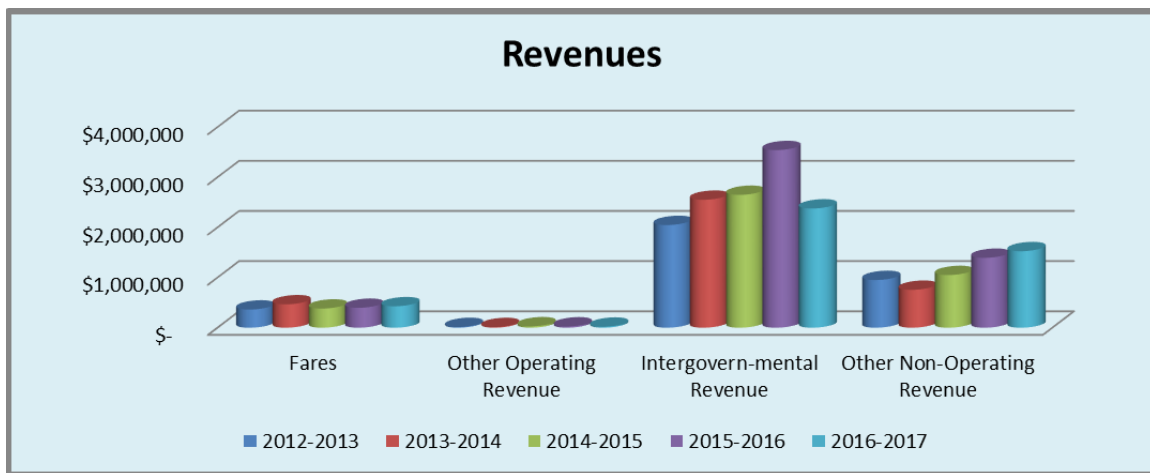
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 FIVE FISCAL YEARS

Fiscal Year	Fares	Other Operating Revenue	Intergovernmental Revenue	Other Non-Operating Revenue	Total Revenue
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
2016-2017	\$ 427,761	\$ 20,598	\$ 2,377,363	\$ 1,524,977	\$ 4,350,699



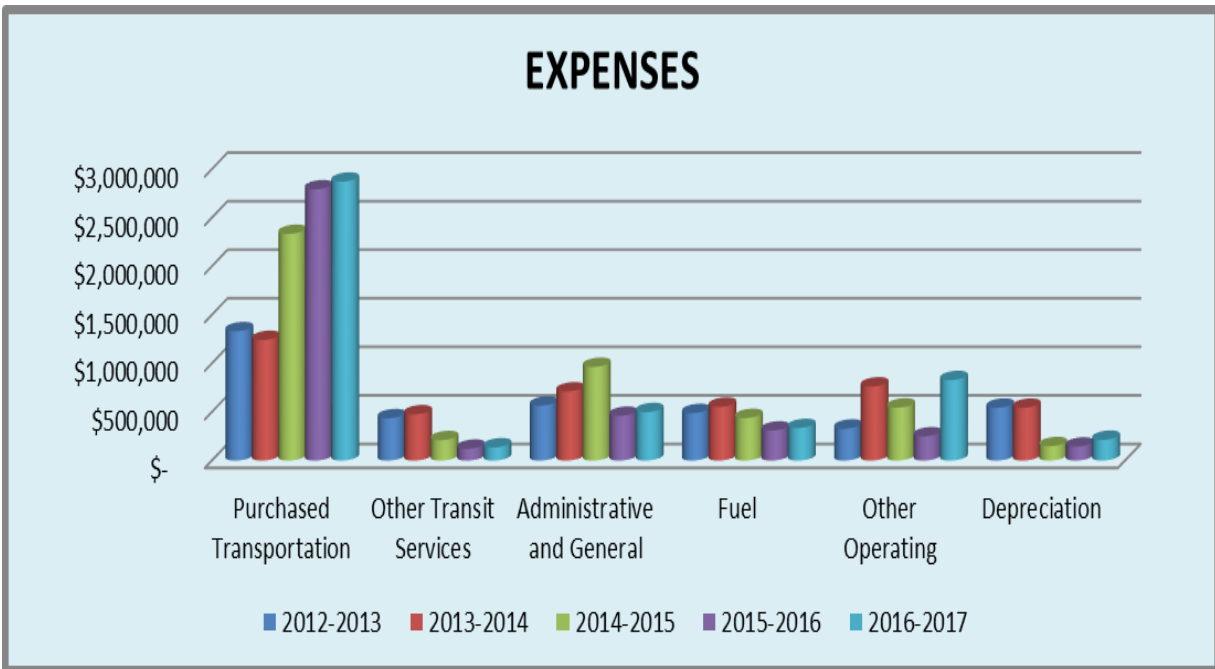
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 FIVE 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
2016-2017	\$ 2,871,253	\$ 136,200	\$ 499,163	\$ 335,283	\$ 828,570	\$ 213,582	\$ 4,884,051



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 FIVE FISCAL YEARS

Route	2012 - 2013 Ridership	Route	2013 - 2014 Ridership	2014-2015 Ridership	2015-2016 Ridership	2016-2017 Ridership	Increase or (Decrease)
1	37339	1	42581	4026	-	-	0%
2	47909	2	54418	44655	44,306	35,059	-21%
3	5196	3	11494	9066	8,773	8,185	-6%
4	43165	4	54010	64267	58,639	27,954	-48%
5	11597	5	15532	16793	17,042	16,609	-3%
6	12517	6	8643	46107	44,675	44,652	0%
6A	4700	6A	14246	0	-	-	0%
7	19886	7	20621		-	-	0%
8	1831	8	1738	1832	3,552	3,115	-24%
8A		8A	94		-	-	0%
9	10892	9	14035	16248	15,587	12,487	-19%
10	1026	10	2651	5597	3,070	1,793	-23%
13		13	4621	202	-	-	0%
95	176214	95	214031	241263	225,402	230,642	2%
Other	5250	Other	3233	5467	3,709	3,023	-13%
DAR	3591	DAR	7323				0%
YCAT OnCall	3520	YCAT OnCall	7209	6124	7505	8680	19%
YCAT Vanpool	0	YCAT Vanpool	53032	28372	65434	74190	31%
	<u>384633</u>		<u>529512</u>	<u>490019</u>	<u>497694</u>	<u>466389</u>	<u>-6%</u>

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	Basic -Ages 19-64 years old -Youth ages 5-18 years old without student ID	Discount -Seniors age 65 & older -Persons with Disabilities -Medicare Card Holders -ADA Certified -Student ages 5-18 years old with school ID	Express -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**

Employer	Activity	Employees	% of Population
1. Marine Air Corps Station Yuma	Military	4723	2.41%
2. U.S Army Proving Grounds (Yuma Proving Ground)	Military	2510	1.28%
3. Yuma Regional Medical Center	Health Care	1991	1.02%
4. Yuma Elementary District Yuma #1	Education	1400	0.72%
5. Yuma County	Government	1336	0.68%
6. Date Pac, LLC	Manufacturing	1275	0.65%
7. TRAX	Government	1262	0.64%
8. City of Yuma	Government	1200	0.61%
9. US Border Patrol	Government	1000	0.51%
10. Yuma Union High School District #70	Education	1000	0.51%

Source: Yuma County Chamber of Commerce

According to the Yuma Marine Corps Air Station, they are the busiest air station in the Marine Corps and the third busiest in the Navel service. The MCAS Air Station currently hosts 100 units form U.S. and NATO forces totaling 14,000 personnel. There are also over 2,000 Yuma County residents who work at the Yuma Proving Ground several hundred military personnel assigned to the Yuma Proving Ground, including about several thousands of annual visitors who stay anywhere from a week up to six months depending on the activity.

Community	2010 Population	Area (square miles)	Pop. Density (persons/sq mi)
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 FIVE YEARS

	2013	2014	2015	2016	2017
VEHICLES					
NEXTBus Tracking System		24	24	24	24
Admin/Utility vehicles	5	5	5	5	5
El Dorado EZ Rider	2	2	2	2	2
New Flyers	4		3	3	3
Dodge Caravan			2	2	2
Amerivan	1	1	1	0	0
Braun Entervan	2	2	2	1	1
Chevy Uplander	2	2	2	2	2
Chevy El Dorado	9	9	9	9	9
Ford E350	8	8	8	6	6
Gillig				2	2
El Dorado MST II	5	5	5	5	5
INFRASTRUCTURE	33	28	35	35	36

Source: YCIPTA Annual Inventory Listing

YCAT Existing Network

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

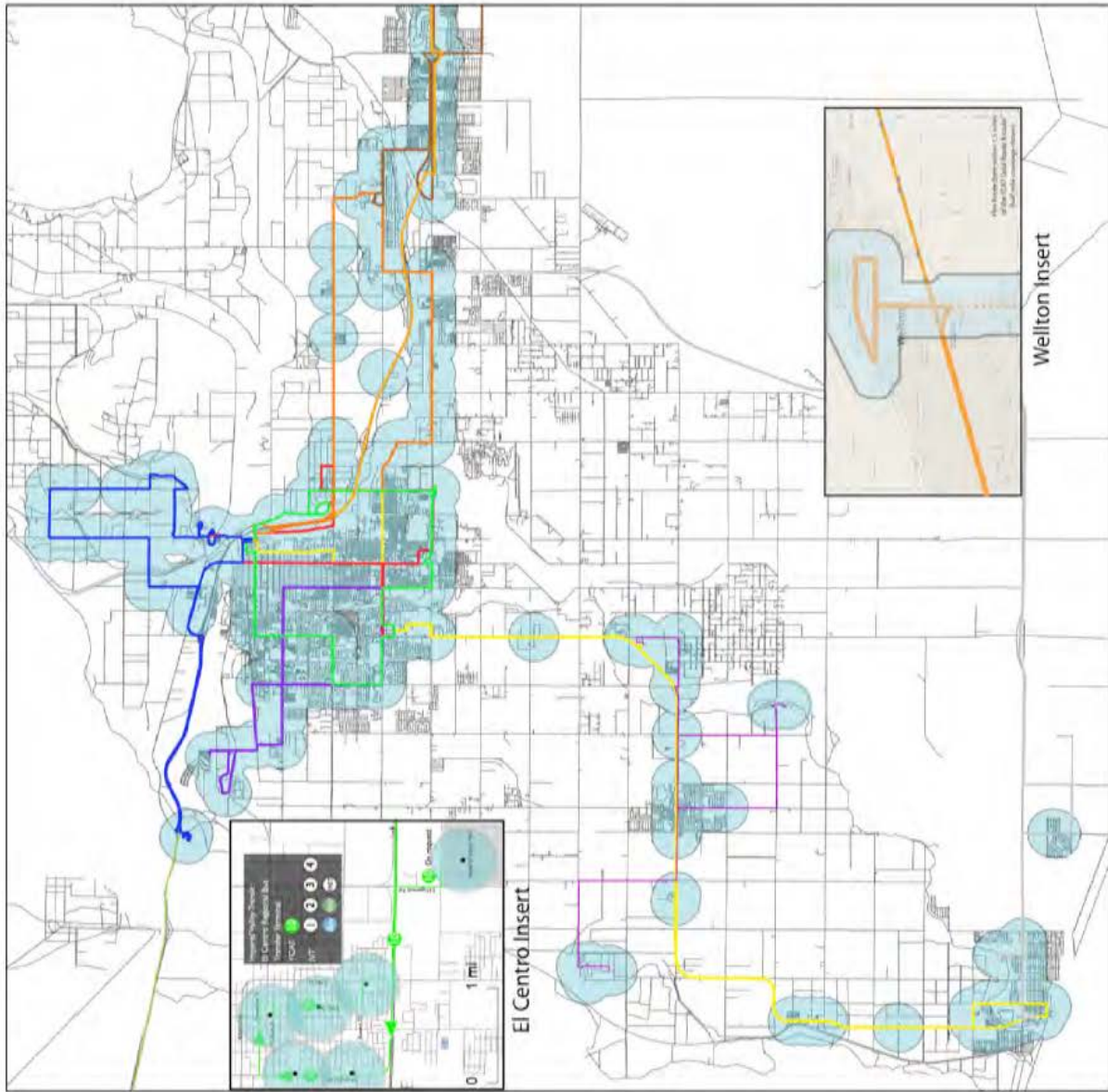
YCAT Routes

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

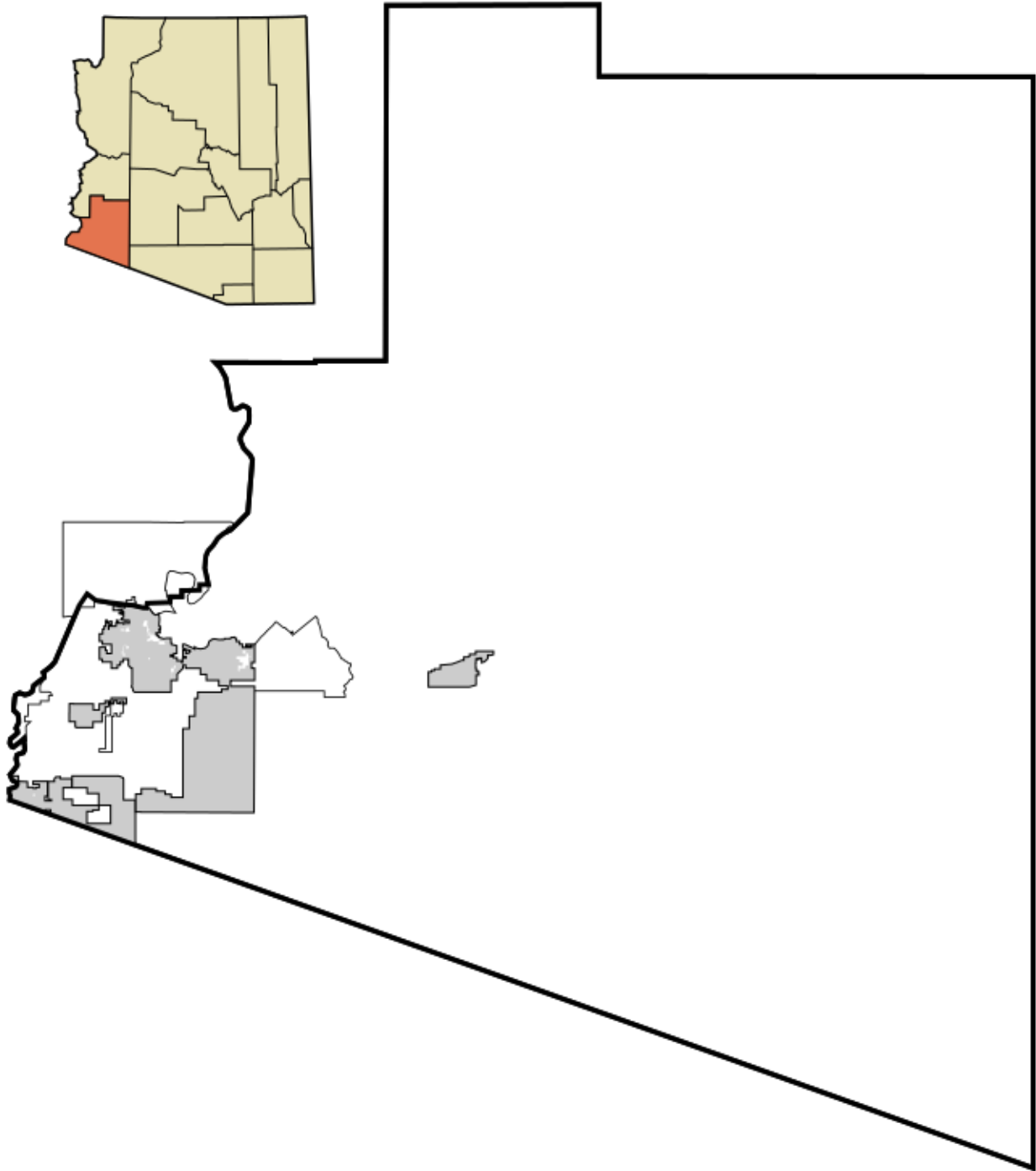
Within 1/2 mile of stop



**JARRETT
 WALKER
 + ASSOCIATES**
 Let's think about transit!



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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Yuma County Intergovernmental Public Transportation Authority (YCIPTA), as of and for the year ended June 30, 2017, 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 December 28, 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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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
December 28, 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, 2017. 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 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, 2017.

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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the Yuma County Intergovernmental Public Transportation Authority as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 28, 2017

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X127	\$ 44,999
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X132	251,203
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	AZ-90-X143	1,042,390
			<u>\$ 1,338,592</u>
<u>Passed Through Arizona Department of Transportation</u>			
Formula Grants For Rural Areas	20.509	JPA 13-058	\$ 952,372
<u>Passed Through Quechan Indian Tribe</u>			
Formula Grants For Rural Areas	20.509	CA-2016-052- 00/A12AP01372	<u>68,539</u> 1,020,912
<u>Passed Through Arizona Department of Transportation</u>			
Mobility of Seniors and Individuals with Disabilities	20.513	GRT-16-0006107- T	<u>17,859</u>
Total Expenditures of Federal Awards			<u>\$ 2,377,363</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, 2017**

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, 2017. 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 2017 *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 YCIPTA 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, 2017**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- 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: No

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: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: Yes



Yuma County Intergovernmental Public Transportation Authority

2715 East 14th Street, Yuma, AZ 85365-1900, Telephone: 928-539-7076

Fax: 928-783-0309, email: info@ycipta.az.gov, Web: www.yciptaz.gov

December 28, 2017

To Whom It May Concern:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The status for each finding included in the prior year audit's Schedule of Findings and Questioned Costs has been provided.

Sincerely,

Shelly Kreger
Transit Director

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

**YUMA COUNTY INTERGOVERNMENTAL
PUBLIC TRANSPORTATION AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

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

Finding Number: FS-2016-001
Status: Fully corrected.

Finding Number: FS-2016-002
Status: Fully corrected.

Status of 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
Status: Fully corrected.

Finding Number: 2016-002
Program Name/CFDA Title: Federal Transit – Formula Grants (Urbanized Area Formula Program)
Status: Fully corrected.