

YCIPTA



Yuma County Intergovernmental Public Transportation Authority

Yuma, Arizona

**Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2015**

Prepared by YCIPTA Financial Department

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
Comprehensive Annual Financial Report
Year Ended June 30, 2015
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INTRODUCTORY SECTION



Yuma County Intergovernmental Public Transportation Authority

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December 1, 2015

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, 2015. 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, 2015.

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
Robert L. Pickels, Chairman - Yuma County, Greg Wilkinson, Vice Chairman - City of Yuma,
Brian Golding, Sr, Secretary-Treasurer – Quechan Tribe, Susan Johnstad - Northern Arizona University,
Dr. Glenn Mayle - Arizona Western College, Ralph Velez - City of San Luis,
Richard Watenpaugh – Town of Wellton, Bill Lee – City of Somerton, Paul Soto – Cocopah Tribe
Shelly Kreger, Interim Transit Director

PROFILE OF THE YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY

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

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

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

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

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

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

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

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

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

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

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

Motto

See Where It Takes You!

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

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

Mission Statement

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

Vision Statement

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

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

be branded as YCAT Vanpool through YCIPTA's two contractors for the program, Enterprise Rideshare and vRide. The vehicles and subsidies are available on a first come, first served basis. As of June 30, 2015 there are 23 vehicles in the vanpool.

ECONOMIC CONDITION AND OUTLOOK

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

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

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

According to the Bureau of Labor Statistics the unemployment rate for Yuma County was 29% in June 2015.

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

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

MAJOR INITIATIVES

- Increased passenger trips from 1,450 to 2,500 an average weekday
- Finalized the Five Year Short Range Transit Plan
- Procured a transit operations and maintenance contract that has a term of 3 years with up to 7 one year options to renew
- Rehabilitated the New Flyer buses received from Long Beach Transit.
- Implemented SARA Rides One Call-One Click Mobility Management Center in partnership with Saguaro Foundation
- Completed the Transit Tax Study
- Worked with Yuma County regarding amending ARS 42-6106
- Installed new bus stop signs with more information about routes, including installing new info posts
- Implemented the Lifeline Transit Pass Program with funds from Arizona Community Foundation Commission.
- Redesigned the riders guide into a book format
- Entered into partnerships with WACOG, YCAA, and Yuma County Emergency Management
- Received over two million dollars in grants for operations and capital needs

ACKNOWLEDGMENTS

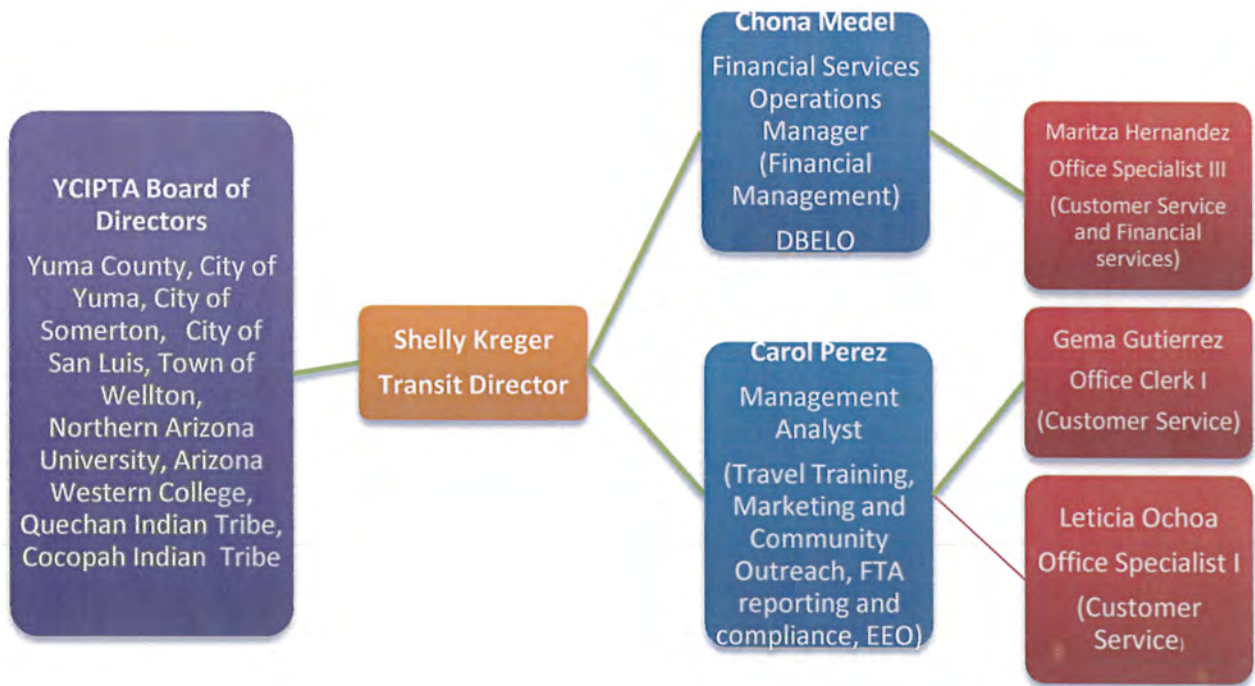
I extend my thanks and appreciation for the cooperation and assistance provided by the members of the Yuma County Intergovernmental Public Transportation's Board of Directors for their interest and support in conducting the financial operations of YCIPTA in a responsible and progressive manner. Special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

Sincerely,



Shelly Kreger
Transit Director

Yuma County Intergovernmental Public Transportation Authority Organization Chart



YCIPTA Board of Directors

| Name | Board Position | Representing Jurisdiction | Position |
|--------------------|----------------|-----------------------------|--|
| Greg Wilkinson | Chairman | City of Yuma | City Administrator |
| Brian Golding Sr. | Vice Chairman | Quechan Tribe | Director of Economic Development |
| Dr. Michael Sabath | Member | Northern Arizona University | Yuma Associate Vice President/Campus Executive Officer |
| Dr. Glenn Mayle | Member | Arizona Western College | President |
| Vacant | Member | City of San Luis | City Manager |
| Bill Lee | Member | City of Somerton | City Manager |
| James W. Flory | Member | Yuma County | Interim County Administrator |
| Paul Soto | Member | Cocopah Tribe | Planning Director |
| Richard Watenpaugh | Member | Town of Wellton | Town Manager |

YCIPTA Staff

Shelly Kreger, Transit Director

Chona Medel, Financial Services Operations Manager

Carol Perez, Management Analyst

Maritza Hernandez, Office Specialist III

Leticia Ochoa, Office Specialist I

Gema Gutierrez, Clerk I

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, 2015, 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 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, 2015, 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.

Change in Accounting Principle

As described in Note 1, YCIPTA implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

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 basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The Introductory Section, Statistical Section and YCIPTA and Imperial County Transportation Commission Schedule of Fixed Rate, Farebox Revenue and Net Subsidy are presented for purposes of additional analysis and are not a required part of the financial statements.

The YCIPTA and Imperial County Transportation Commission Schedule of Fixed Rate, Farebox Revenue and Net Subsidy 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic 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 1, 2015, 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.
CPAs and Business Consultants

December 1, 2015

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDING JUNE 30, 2015

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, 2015.

FINANCIAL HIGHLIGHTS

- Net position, as reported in the statement of net position, totaled \$381,908 as of June 30, 2015. Of this amount, a deficit unrestricted net position of \$493,787 is reported as of June 30, 2015. Total net position decreased by \$529,589, which is attributable to the implementation of pension standards during the fiscal year.
- For the year ended June 30, 2015, 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 7%, or by approximately 39,493 riders, this year. Overall operating revenues decreased by \$69,784 (14.5%) during the year. Operating expenses increased by \$101,643 (2.4%) during the year. The increase was primarily due to an increase in fuel fleet maintenance and purchases of machinery and equipment.

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 other 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, 2015

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 \$381,908 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 \$1,256,689. Other investment in capital assets includes furniture and equipment, leasehold improvements, and infrastructure, totaling \$818,446.

- The balance in unrestricted net position for the fiscal year ended June 30, 2015 was a deficit of \$493,787 of which \$529,589 was attributable to operations for the year ending June 30, 2015. Net investments in capital assets increased by \$225,343 of which was attributable to a combination of depreciation expense and the acquisition of assets during the year ending June 30, 2015.

| | June 30, 2014 | June 30, 2015 |
|-----------------------------------|---------------|---------------|
| Current and other assets | \$ 1,744,559 | \$1,410,588 |
| Capital assets (net) | 650,351 | 875,695 |
| Total assets | 2,394,910 | 2,286,283 |
| Deferred Outflows of Resources | | 34,892 |
| Long-term liabilities | 15,217 | 290,662 |
| Other liabilities | 1,165,705 | 1,586,481 |
| Total liabilities | 1,180,922 | \$1,877,143 |
| Deferred Inflows of Resources | | 52,125.00 |
| Net position: | | |
| Net Investments in Capital Assets | 650,351 | 875,695 |
| Unrestricted | 563,637 | (493,787) |
| Total net position | \$ 1,213,988 | \$ 381,908 |

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, 2015

FINANCIAL ANALYSIS (CONTINUED)

| | <u>June 30, 2014</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Revenues: | | |
| Operating revenues: | | |
| Fare box revenues | \$ 462,860 | \$382,255 |
| Turquoise Route 10 | 4,105 | \$9,382 |
| Advertising revenues | 13,570 | \$19,114 |
| Non-operating revenues: | | |
| Federal revenue | 2,540,980 | 2,634,376 |
| Transportation Development Act LTF Article 8(c) | 10,502 | \$15,000 |
| Member fees | 516,739 | 516,739 |
| Other non-operating revenue | 773,707 | 534,030 |
| Total revenues | <u>4,322,463</u> | <u>4,110,896</u> |
| Expenses: | | |
| Operating expenses | 4,290,293 | 4,391,936 |
| Nonoperating expenses | 436,193 | 248,549 |
| Total expenses | <u>4,726,486</u> | <u>4,640,485</u> |
| Increase (decrease) in net position | (404,023) | (529,589) |
| Net position: | | |
| Beginning of the year | 1,618,011 | 911,497 |
| End of the year | <u>\$ 1,213,988</u> | <u>\$ 381,908</u> |

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

- Total net position decreased by \$529,589, which is attributable to the implementation of pension standards during the fiscal year.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR YEAR ENDING JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. YCIPTA's investment in capital assets net of depreciation as of June 30, 2015 amount to \$875,695. 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 \$373,496 of capital assets during the fiscal year ended June 30, 2015.

| | CAPITAL ASSETS (Net of depreciation) 2014 | CAPITAL ASSETS (Net of depreciation) 2015 |
|-------------------------|--|--|
| Leasehold improvements | \$ 64,134 | \$59,002 |
| Infrastructure | 292,561 | 373,975 |
| Vehicles | 134,875 | 364,934 |
| Furniture and equipment | 158,781 | 77,784 |
| Total | \$ 650,351 | \$875,695 |

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

Long-term debt. As of June 30, 2015, the only long term debt reported was for compensated absences payable to employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

YCIPTA receives 65% of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 13% of its revenues from member organizations, and 9% from contributions from public entities. Additional information on YCIPTA's long term debt can be found in Note 6 to the financial statements.

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. Moving Ahead for Progress in the 21st Century (MAP-21) provides \$2.1 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 \$822,000 in local match funding at this time unless additional eligible local match is found.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDING JUNE 30, 2015

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 would be submitted to voter's approval. YCIPTA is studying a potential tax of 1/10 of a percent sales tax (0.10%). YCIPTA intends to form a Community Transit Committee to help start a campaign for a tax. Revenues collected from such a sales tax are estimated to \$2.240 million with 1/10 of a percent sales tax and it is anticipated that this sales tax will eliminate local contributions from municipalities.

The most recent estimates reflect the population of Yuma County continuing to grow; 2% for fiscal year 2015, while the unemployment rate is reported to be 29.4% for the calendar year 2015. Traditionally Yuma County has a very high rate of unemployment, typically in the range of 14% to 16%, due to seasonal field workers. However, due to the national recession, over the last three years the County continues in averaging a 27.7% 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, 2015

ASSETS

Current Assets:

| | |
|----------------------|------------|
| Cash and investments | \$ 441,978 |
| Accounts Receivable | 968,610 |
| Total Current Assets | 1,410,588 |

Property and Equipment:

| | |
|-------------------------|-----------|
| Leasehold improvements | 75,512 |
| Infrastructure | 415,970 |
| Vehicles | 1,256,689 |
| Furniture and equipment | 326,964 |
| | 2,075,135 |

| | |
|--------------------------------|-------------|
| Total property and equipment | 2,075,135 |
| Less: accumulated depreciation | (1,199,440) |
| | 875,695 |

| | |
|------------------------------------|---------|
| Total Property and Equipment - Net | 875,695 |
|------------------------------------|---------|

| | |
|---------------------|------------------|
| TOTAL ASSETS | 2,286,283 |
|---------------------|------------------|

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------|--------|
| Pension plan items | 34,892 |
|--------------------|--------|

LIABILITIES

Current Liabilities

| | |
|--------------------------------------|-----------|
| Accounts payable | 523,302 |
| Accrued payroll and related expenses | 10,421 |
| Registered Warrants Payable | 881,681 |
| Other liabilities | 622 |
| Due to other Governments | 158,913 |
| Compensated absences payable | 11,542 |
| | 1,586,481 |

| | |
|---------------------------|-----------|
| Total Current Liabilities | 1,586,481 |
|---------------------------|-----------|

Non Current Liabilities:

| | |
|------------------------------|---------|
| Pension liability | 282,041 |
| Compensated absences payable | 8,621 |
| | 290,662 |

| | |
|--------------------------|------------------|
| TOTAL LIABILITIES | 1,877,143 |
|--------------------------|------------------|

DEFERRED INFLOWS OF RESOURCES

| | |
|--------------------|--------|
| Pension plan items | 52,125 |
|--------------------|--------|

NET POSITION

| | |
|-----------------------------------|-----------|
| Net investments in capital assets | 875,695 |
| Unrestricted | (493,787) |
| | 381,908 |

| | |
|---------------------------|-------------------|
| TOTAL NET POSITION | \$ 381,908 |
|---------------------------|-------------------|

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, 2015

OPERATING REVENUE

| | |
|-------------------------|----------------|
| Charges for services: | |
| Farebox revenues | \$ 382,255 |
| Turquoise Route 10 | 9,382 |
| Advertising revenues | 19,114 |
| Total Operating Revenue | <u>410,751</u> |

OPERATING EXPENSES

| | |
|--------------------------------|--------------------|
| Contracted operating services | 2,019,883 |
| Turquoise Route 10 | 15,000 |
| Non-vehicle repairs | 133,676 |
| Vehicles parts and maintenance | 298,741 |
| Occupancy | 50,400 |
| Other Transit Services | 209,943 |
| Administrative and general | 780,422 |
| Depreciation | 148,152 |
| Fuel costs | 438,335 |
| Other operating expenses | 297,384 |
| Total Operating Expenses | <u>4,391,936</u> |
| Operating Income/(Loss) | <u>(3,981,185)</u> |

NON-OPERATING REVENUES (EXPENSES)

| | |
|---|------------------|
| Grant revenue | |
| Federal Transit Administration | 2,634,376 |
| Other Intergovernmental Revenues - TDA - LTF, Article 8 (c) | 15,000 |
| Member fees | 516,739 |
| Contributions From Public Entities | 243,768 |
| Investment income | 748 |
| Greyhound Ticket Sales | 35,865 |
| Other revenues | 1,883 |
| Pension expense | 3,217 |
| In-kind revenue | 248,549 |
| In-kind expense | (248,549) |
| Total non-operating revenues (expenses) | <u>3,451,596</u> |
| Income (loss) before contributions and transfers | <u>(529,589)</u> |

| | |
|------------------------|-----------|
| Change in net position | (529,589) |
|------------------------|-----------|

| | |
|---------------------------------------|----------------|
| Net position - beginning, as restated | <u>911,497</u> |
|---------------------------------------|----------------|

| | |
|-----------------------|-------------------|
| Net position - ending | <u>\$ 381,908</u> |
|-----------------------|-------------------|

See accompanying notes to basic financial statements

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS FOR YEAR ENDING JUNE 30, 2015

| | |
|--|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 356,184 |
| Payments to vendors, contractors and suppliers | (3,679,467) |
| Payments to employees | <u>(309,049)</u> |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES | <u>(3,632,332)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Public support funds received | <u>4,004,301</u> |
| NET CASH PROVIDED/(USED) BY NONCAPITAL FINANCING ACTIVITIES | <u>4,004,301</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisitions of property and equipment and other capital expenses | <u>(363,498)</u> |
| NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(363,498)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest received on investments | <u>748</u> |
| NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES | <u>748</u> |
| Net decrease in cash and cash equivalents | 9,219 |
| Cash and cash equivalents at beginning of year | <u>432,759</u> |
| Cash and cash equivalents at end of year | <u>\$ 441,978</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES | |
| Operating income (loss) | \$ (3,981,185) |
| Adjustments to reconcile operating income (loss) to net cash provided/(used) by operating activities | |
| Depreciation | 148,152 |
| (Increase)/Decrease in: | |
| Accounts receivable | (54,567) |
| Increase/(Decrease) in: | |
| Accounts payable | (618,854) |
| Accrued payroll | 5,735 |
| Other accrued liabilities | 882,303 |
| Compensated absences | <u>(13,916)</u> |
| NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES | <u>\$ (3,632,332)</u> |

See accompanying notes to basic financial statements

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2015

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.

During the year ended June 30, 2015, YCIPTA implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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, 2015

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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

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

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

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

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

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

G. Use of Restricted/Unrestricted Resources

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

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2015

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, 2015

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 Assets consist of the following:

| | |
|--|------------------|
| Petty cash | \$200 |
| Cash in bank | \$ 433,810 |
| Cash on deposit with the County Treasurer | <u>\$ 7,968</u> |
| Total cash and cash equivalents | <u>\$441,978</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, 2015, the carrying amount of the YCIPTA's deposits was \$433,810, and the bank balance was \$480,925. 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 YCIPTA's name, with the exception of \$39,328, which was uninsured and uncollateralized.

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, 2015

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

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

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

NOTE 3 – RECEIVABLES – ACCOUNTS AND INTERGOVERNMENTAL

Accounts receivable consists primarily of amounts due from other governments including amounts relating to grants, member dues, and contributions from public entities. As of June 30, 2015, accounts receivable totaled \$968,610, of which receivables from other governments consisted of the following:

| | |
|----------------------------------|------------------|
| FTA Grant Funds | \$867,018 |
| Due from other governments | <u>\$101,592</u> |
| Total due from other governments | <u>\$968,610</u> |

Management considers all accounts receivable at June 30, 2015, 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, 2015

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2015, follows:

| | Balance June 30, 2014 | Additions | Deletions | Balance June 30, 2015 |
|--|-----------------------------|-----------------------|-------------------|-----------------------------|
| Capital assets, depreciated | | | | |
| Leashold improvements | \$ 75,512 | \$ - | \$ - | \$ 75,512 |
| Infrastructure | 320,381 | 95,589 | - | 415,970 |
| Vehicles | 1,015,334 | 277,907 | 36,552 | 1,256,689 |
| Furniture and equipment | 326,964 | - | - | 326,964 |
| Total capital assets, depreciated | <u>1,738,191</u> | <u>373,496</u> | <u>36,552</u> | <u>2,075,135</u> |
| Less accumulated depreciation for: | | | | |
| Leashold improvements | (11,378) | (5,132) | - | (16,510) |
| Infrastructure | (27,820) | (14,175) | - | (41,995) |
| Vehicles | (880,459) | (47,848) | 36,552 | (891,755) |
| Furniture and equipment | (168,183) | (80,997) | - | (249,180) |
| Total accumulated depreciation | <u>(1,087,840)</u> | <u>(148,152)</u> | <u>-</u> | <u>(1,199,440)</u> |
| Total capital assets, net | <u>\$ 650,351</u> | <u>\$ 225,344</u> | <u>\$ -</u> | <u>\$ 875,695</u> |

Depreciation expense for the fiscal year was \$148,152.

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, 2015.

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

| | Beginning | | Ending | | Due Within |
|----------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|
| | Balance | Additions | Reductions | Balance | One Year |
| Compensated absences | \$ 34,079 | \$24,175 | \$38,091 | \$ 20,163 | \$11,542 |
| Pension Obligation | \$302,491 | | \$20,450 | \$282,041 | |
| TOTAL | <u>\$336,570</u> | <u>\$24,175</u> | <u>\$58,450</u> | <u>\$302,204</u> | <u>\$11,542</u> |

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2015

NOTE 7 - ECONOMIC DEPENDENCY

YCIPTA received 59% percent of its revenues from the Federal Transit Administration either directly or passed through the Arizona Department of Transportation, 13% percent of its revenues from dues paid by its member organizations, and 11% 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, workers' compensation, and employee health and accident 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, 2015

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 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll and the Authority was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active member's annual covered payroll.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDING JUNE 30, 2015

NOTE 9 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions (continued). The Authority's contributions to the pension plan for the year ended June 30, 2015 were \$20,558. 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, 2015 | \$1,114 | \$227 |
| Year Ended June 30, 2014 | \$1,158 | \$428 |
| Year Ended June 30, 2013 | \$1,191 | \$411 |

Pension Liability. At June 30, 2015, YCIPTA reported a liability of \$282,041 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014. 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, 2014, YCIPTA's proportion was 0.001906 percent.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, YCIPTA recognized pension expense of \$17,341 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 | \$14,334 | |
| Changes of assumptions of other inputs | - | - |
| Net difference between projected and actual earning on pension plan investments | | \$49,320 |
| Changes in proportions and differences between contributions and proportionate share of contributions | | \$2,805 |
| Contributions subsequent to the measurement date | \$20,558 | |
| Total | <u>\$34,892</u> | <u>\$52,125</u> |

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDING JUNE 30, 2015

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, 2016. 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:

| | |
|------|------------|
| 2016 | \$ (7,317) |
| 2017 | (7,317) |
| 2018 | (10,826) |
| 2019 | (12,331) |

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

| | |
|-----------------------------|-------------------|
| Actuarial valuation date | June 30, 2013 |
| Actuarial roll forward date | June 30, 2014 |
| Actuarial cost method | Entry age normal |
| Asset valuation | Fair value |
| Discount rate | 8.0% |
| Projected salary increases | 3.0%-6.75% |
| Inflation | 3.0% |
| Permanent base increases | Included |
| Mortality rates | 1994 GAM Scale BB |

The actuarial assumptions used in the June 30, 2013 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, 2015

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

Actuarial Assumptions (continued). The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------|-------------------|--|
| Equity | 63% | 7.03% |
| Fixed Income | 25% | 3.2% |
| Real Estate | 8% | 4.75% |
| Commodities | 4% | 4.50% |

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

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR YEAR ENDING JUNE 30, 2015

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 | \$356,485 | \$282,041 | \$241,651 |

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.

Beginning Net Position Restatement. The implementation of GASB Statement NO. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014 has been restated as follows for this change in account principle:

| | <u>Statement of Activities</u> |
|---|--------------------------------|
| Net position, June 30, 2014, as previously reported | \$1,213,988 |
| Net pension liability | \$302,491 |
| Net position, July 1, 2014 as restated | <u>\$911,497</u> |

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, 2015, the value of these services was estimated to be \$343,955 of which \$248,549 was used.

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDING JUNE 30, 2015

NOTE 11 – CURRENT LIABILITY

Cocopah Indian Tribe overpaid YCIPTA for the contributions of Tribal funded route.

| | |
|-------------------------|-----------|
| Due to other government | \$158,913 |
|-------------------------|-----------|

Additionally, At June 30, 2015 YCIPTA had registered warrants of \$881,681 with the Yuma County Treasurer. The balance is expected to be paid in full in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015**

| | 2015 |
|---|-----------|
| YCIPTA's proportion of the net pension liability (asset) | 0.19% |
| YCIPTA's proportionate share of the net pension liability (asset) | \$282,041 |
| YCIPTA's covered-employee payroll | \$244,312 |
| YCIPTA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 1.15% |
| ASRS net position as a percentage of the total pension liability | 69.49% |

**SCHEDULE OF CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2015**

| | 2015 |
|---|-----------|
| Actuarially determined contribution | \$20,558 |
| Contributions in relations to the actuarially determined contribution | \$20,558 |
| Contribution deficiency (excess) | 0.00 |
| YCIPTA's covered-employee payroll | \$238,340 |
| Contributions as a percentage of covered-employee payroll | 0.08% |

YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDING JUNE 30, 2015

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, 2013, 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 valuations. The study did not include an analysis of the assumed investment rate of return.

OTHER SUPPLEMENTARY INFORMATION

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY AND
IMPERIAL COUNTY TRANSPORTATION COMMISSION STATEMENT OF FIXED RATE,
FAREBOX REVENUE AND NET SUBSIDY JULY 1, 2014 THROUGH JUNE 30, 2015**

| Date | Base Cost | Farebox | Net Subsidy | ICTC Net Subsidy | Quechan Net Subsidy | Net Cost and Total Paid by YCIPTA |
|--------------|-------------------|------------------|-------------------|------------------|---------------------|-----------------------------------|
| 7/1/2014 | \$ 34,978 | \$ 1,898 | \$ 33,080 | \$ 1,250 | \$ 19,360 | \$ 12,470 |
| 8/1/2014 | \$ 26,574 | \$ 1,493 | \$ 25,081 | \$ 1,250 | \$ 17,960 | \$ 5,872 |
| 9/1/2014 | \$ 24,912 | \$ 1,847 | \$ 23,065 | \$ 1,250 | \$ 16,554 | \$ 5,262 |
| 10/1/2014 | \$ 24,054 | \$ 2,588 | \$ 21,466 | \$ 1,250 | \$ 17,842 | \$ 2,374 |
| 11/1/2014 | \$ 21,579 | \$ 1,127 | \$ 20,452 | \$ 1,250 | \$ 15,119 | \$ 4,084 |
| 12/1/2014 | \$ 27,320 | \$ 1,458 | \$ 25,862 | \$ 1,250 | \$ 17,312 | \$ 7,300 |
| 1/1/2015 | \$ 27,347 | \$ 1,936 | \$ 25,412 | \$ 1,250 | \$ 16,085 | \$ 8,077 |
| 2/1/2015 | \$ 25,205 | \$ 1,767 | \$ 23,438 | \$ 1,250 | \$ 14,887 | \$ 7,301 |
| 3/1/2015 | \$ 29,212 | \$ 1,862 | \$ 27,350 | \$ 1,250 | \$ 17,293 | \$ 8,807 |
| 4/1/2015 | \$ 27,735 | \$ 1,688 | \$ 26,047 | \$ 1,250 | \$ 15,243 | \$ 9,553 |
| 5/1/2015 | \$ 26,833 | \$ 1,729 | \$ 25,104 | \$ 1,250 | \$ 3,500 | \$ 20,354 |
| 6/1/2015 | \$ 27,316 | \$ 1,795 | \$ 25,521 | \$ 1,250 | \$ 294 | \$ 23,977 |
| Total | \$ 323,065 | \$ 21,187 | \$ 301,879 | \$ 15,000 | \$ 171,448 | \$ 115,430 |

| | | | |
|----------------------------|-------------------|------------------|-------------------|
| Base Cost and Base Subsidy | <u>\$ 323,065</u> | <u>\$ 21,187</u> | <u>\$ 301,879</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| | |
|--------------------------|-------------------|
| Operating Costs | \$ 323,065 |
| Depreciation | \$ (68,812) |
| Adjusted Operating Costs | <u>\$ 254,253</u> |

| | |
|------------------------|-------|
| Farebox Ratio Actual | 8.3% |
| Farebox Ratio Contract | 18.0% |

**YUMA COUNTY INTERGOVERNMENTAL PUBLIC TRANSPORTATION AUTHORITY
TURQUOISE ROUTE 10 – INTERSTATE 8/ EI CENTRO OPERATION
JULY 1, 2014 THROUGH JUNE 30, 2015**

ACCOUNTANTS' NOTES

PURPOSE

The purpose of this schedule pertains to the service contract between the Imperial County Transportation Commission (ICTC), Quechan Indian Tribe and Yuma County Intergovernmental Public Transportation Authority (YCIPTA) and was to provide an independent assessment of compliance with certain contract requirements during the period July 1, 2014 through June 30, 2015.

FARE REVENUES

The transit service contract for the Turquoise Route 10 and Blue Route 5 provided by YCIPTA states that the farebox ratio of fare revenue divided by operating costs shall be maintained at or above eighteen percent (18.0%) for YCAT Turquoise Route 10.

For the YCAT Turquoise Route 10, the actual farebox recovery ratio was over nine percent (9.2%); (\$5,892 fare revenue divided by \$63,763 adjusted operating costs).

For the YCAT Blue Route 5, the actual farebox recovery ratio was at eight percent (8%); (\$15,295 fare revenue divided by \$190,490 adjusted operating costs).

ICTC SUBSIDY

The service contract, entered with ICTC, Quechan Indian Tribe and YCIPTA, states that the compensation for the Turquoise Route 10 and Blue Route 5 for the period of July 1, 2014 through June 30, 2015 is identified as the operating cost at a YCIPTA established rate of \$91.66 per revenue hour, less the fare revenue collected for a net subsidy not to exceed \$15,000. Actual costs minus fare revenue for the year reported to ICTC were \$301,879 in operational expense with \$15,000 subsidized by ICTC, \$171,448 subsidized by Quechan Indian Tribe and \$115,430 subsidized by YCIPTA.

ICTC uses Transportation Development Act (TDA) Local Transportation Fund (LTF) Article 8(c) funding to support YCAT Turquoise Route 10 and Blue Route 5.

FARE BOX REVENUE

California Code of Regulations (CCR) Title 21 Section 6633.2 (a) requires that YCIPTA through ICTC as the Transit Operator to earn at least twenty percent of fare revenues over operating costs for urbanized areas. Since YCAT Turquoise Route 10 and Blue Route 5 operates between two urban areas and travels through rural areas, ICTC, as the regional transportation planning agency has established in the service contract with YCIPTA a farebox recovery ratio of 18%. YCIPTA is not in compliance with the farebox revenue requirement in the twelve month period as established by ICTC.

Since the Turquoise Route 10 has been determined to be a “demonstration route” by ICTC, per (CCR) Title 21, Section 6633.8, the route has two full fiscal years to meet the farebox recovery ratio standard. This is the last year this route is considered a demonstration route.

As per (CCR) Title 21, Sections 6633.8 and 6619.1, YCIPTA shall file to ICTC, a report to exclude any transit service that is defined as an “extension of service” from the farebox recovery ratio requirement provided that the extension of service has been in operation for less than two full fiscal years. The two-year extension of services exclusion applies until two years after the end of the fiscal year in which the extension of services was put into operation.

TRANSIT SERVICES PROVIDED

YCIPTA contracted with a transit provider National Express to provide the Turquoise Route 10 and Blue Route 5 as part of the other Yuma County Area Transit (YCAT) family of services.

EXCESS TDA REVENUES

Pursuant to CCR Title 21 Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund in the amount which exceeds the claimant’s capital and operating costs less the required fare, local support and the amount received during the year. Net excess at June 30, 2015 were:

| Operating Revenue | 2015 |
|---|-------------|
| TDA Deferred Excess Revenue | \$0.00 |
| Revenue | |
| TDA-LTF8 (c) | \$15,000 |
| Other Operating Revenues | \$286,878 |
| Fares | \$21,187 |
| Interest | \$0.00 |
| Total Available | \$323,065 |
| Less: | |
| Operating Cost | \$323,065 |
| Net TDA-LTF 8 (c) Excess Deferred Revenue | \$0.00 |

Funds which have been received from ICTC by YCIPTA cannot be held in their own account for more than three years minus the time such monies remain reserved in the LTF. YCIPTA is in compliance with the CCR Title 21 Section 6634.

STATISTICAL SECTION

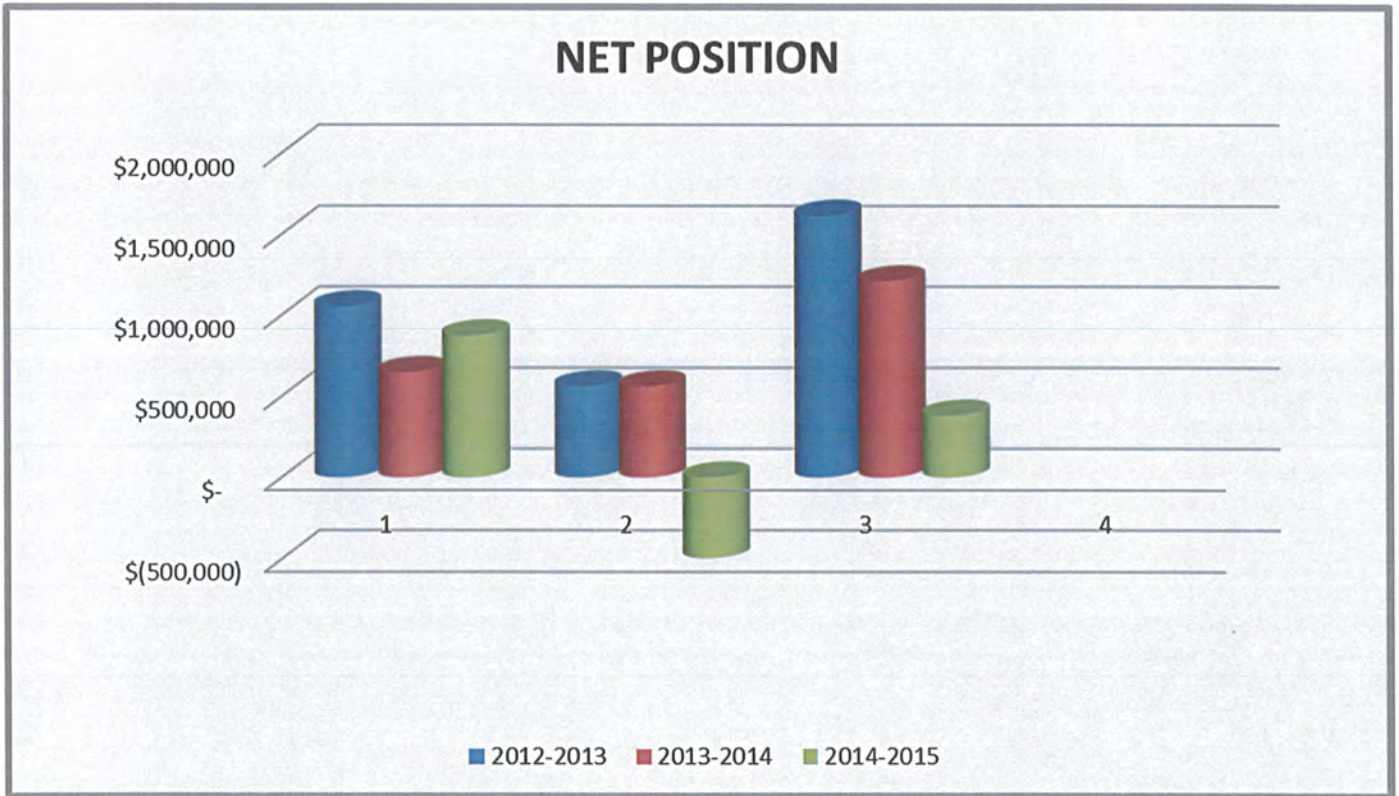
This part of the Yuma County Intergovernmental Public Transportation Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the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

| <u>INDEX</u> | <u>Page</u> |
|---|-------------|
| Financial Trends | 35 |
| <i>These schedules contain trend information to help the reader understand how the authority's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 37 |
| <i>These schedules contain information to help the reader assess the authority's most significant local revenue consideration, namely ridership and fare box revenue.</i> | |
| Debt Capacity | |
| <i>YCIPTA does not have any outstanding debt so therefore debt capacity information is not presented</i> | |
| Demographic and Economic Information | 41 |
| <i>These schedules offer demographic and economic data to help the reader understand the environment within which the authority's financial activities take place.</i> | |
| Operating Information | 42 |
| <i>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.</i> | |

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

LAST THREE FISCAL YEARS

| Fiscal Year | Invested in Capital Assets | Unrestricted | Total Net 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 |



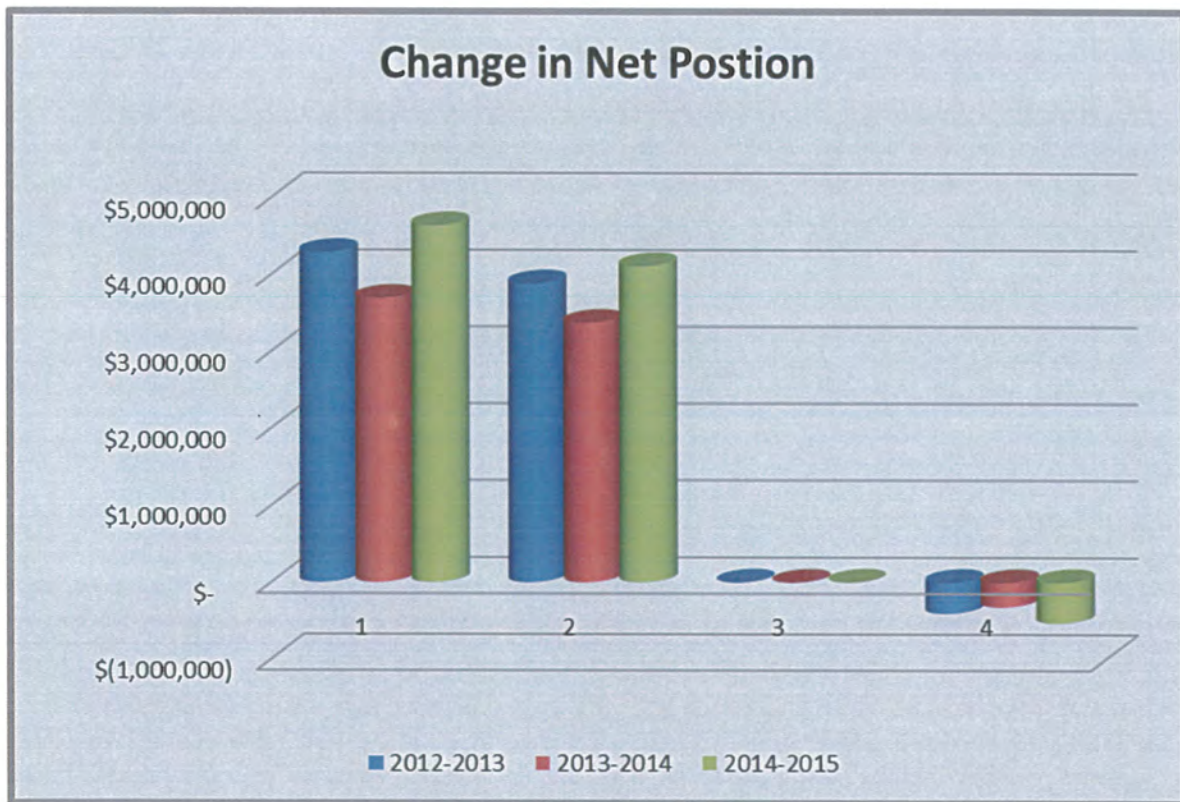
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 THREE 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) |



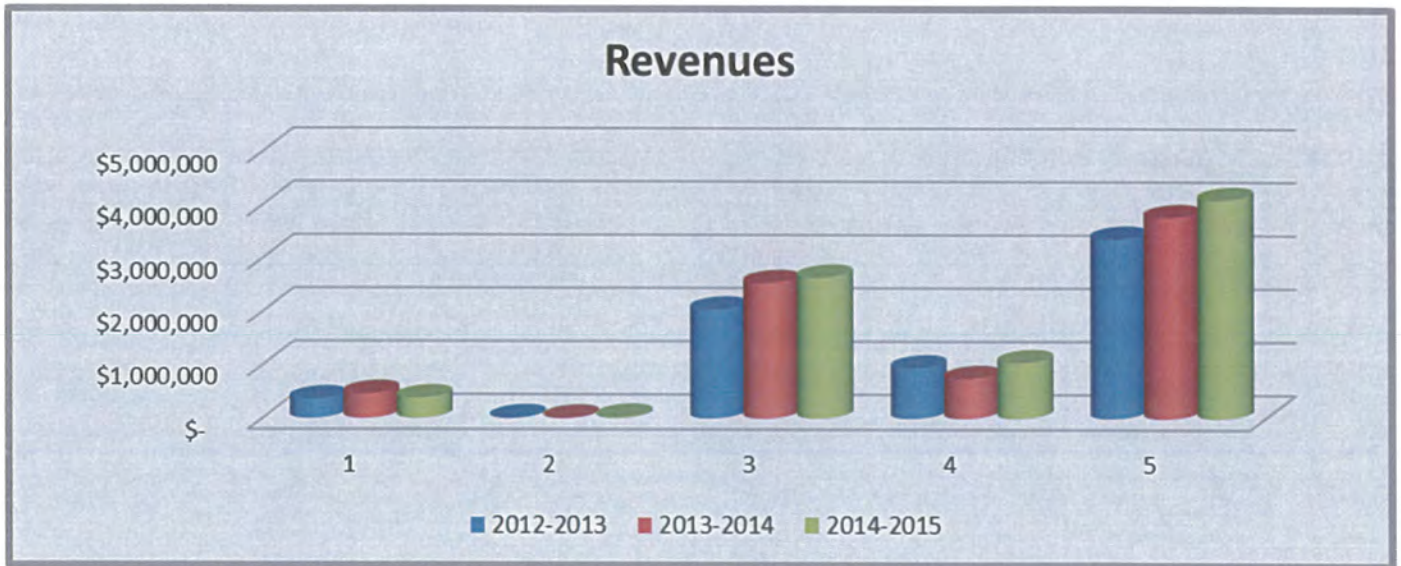
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 THREE 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 |



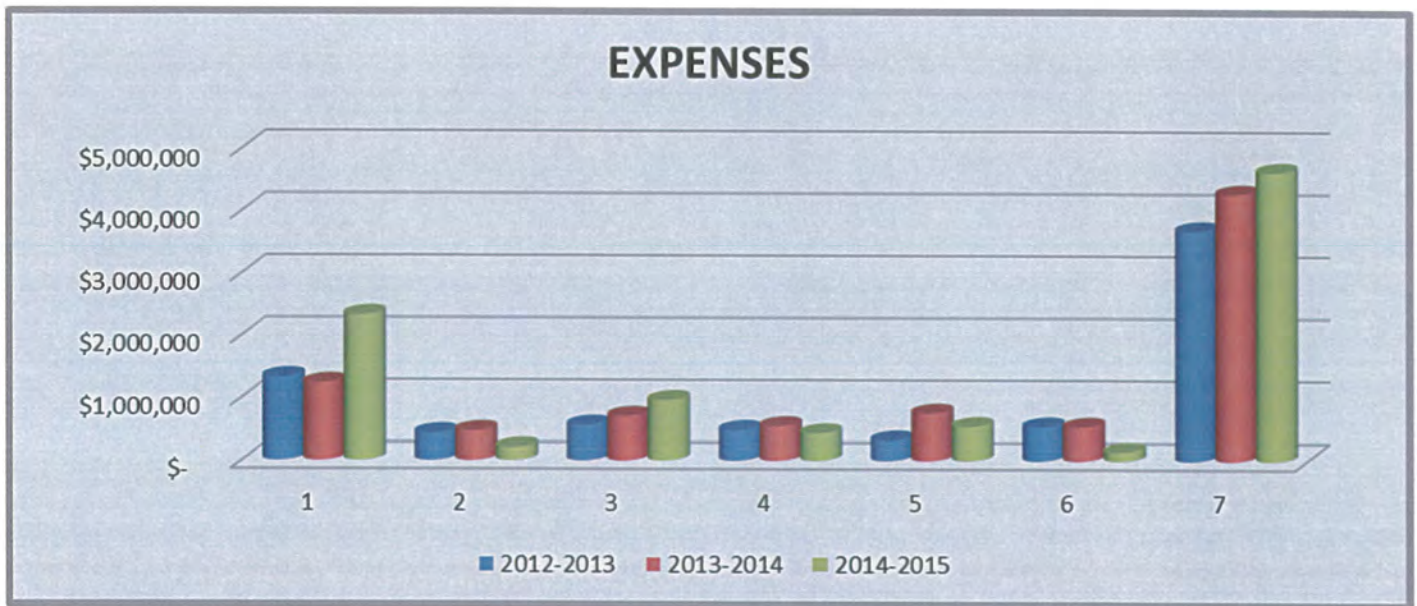
Source: Yuma County Intergovernmental Public Transportation Authority Financial Statements

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 THREE 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 |



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 THREE FISCAL YEARS

| Route | 2012 - 2013 Ridership | Route | 2013 - 2014 Ridership | 2014-2015 Ridership | Increase or (Decrease) |
|---------------------|----------------------------------|---------------------|----------------------------------|--------------------------------|-----------------------------------|
| 1 | 37339 | 1 | 42581 | 4026 | -91% |
| 2 | 47909 | 2 | 54418 | 44655 | -18% |
| 3 | 5196 | 3 | 11494 | 9066 | -21% |
| 4 | 43165 | 4 | 54010 | 64267 | 19% |
| 5 | 11597 | 5 | 15532 | 16793 | 8% |
| 6 | 12517 | 6 | 8643 | 46107 | 433% |
| 6A | 4700 | 6A | 14246 | 0 | |
| 7 | 19886 | 7 | 20621 | | 0% |
| 8 | 1831 | 8 | 1738 | 1832 | 5% |
| | | | 94 | | -100% |
| 9 | 10892 | 9 | 14035 | 16248 | 16% |
| 10 | 1026 | 10 | 2651 | 5597 | 111% |
| | | | 4621 | 202 | -96% |
| 95 | 176214 | 95 | 214031 | 241263 | 13% |
| Other | 5250 | Other | 3233 | 5467 | 69% |
| DAR | 3591 | DAR | 7323 | | |
| YCAT OnCall | 3520 | YCAT OnCall | 7209 | 6124 | -15% |
| YCAT Vanpool | 0 | YCAT Vanpool | 53032 | 28372 | -47% |
| | <u>384633</u> | | <u>529512</u> | <u>490019</u> | <u>-7%</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. U.S. Army Proving Ground (Yuma Proving Ground) | Military | 2319 | 1.18% |
| 2. Yuma Regional Medical Center | Health Care | 2080 | 1.06% |
| 3. Yuma Elementary School District #1 | Government | 1700 | 0.87% |
| 4. Wal-Mart Stors, Inc. | Retail | 1394 | 0.71% |
| 5. City of Yuma | Government | 1388 | 0.71% |
| 6. Yuma County | Government | 1350 | 0.69% |
| 7. U.S. Marine Corps Air Station (MCAS Yuma) | Military | 1350 | 0.69% |
| 8. Bose Corporation | Manufacturing | 1300 | 0.66% |
| 9. U.S. Border Patrol | Government | 920 | 0.47% |
| 10. ACCT, Advanced Call Center Technologies | Call Center | 814 | 0.42% |

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

| 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 THREE YEARS

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

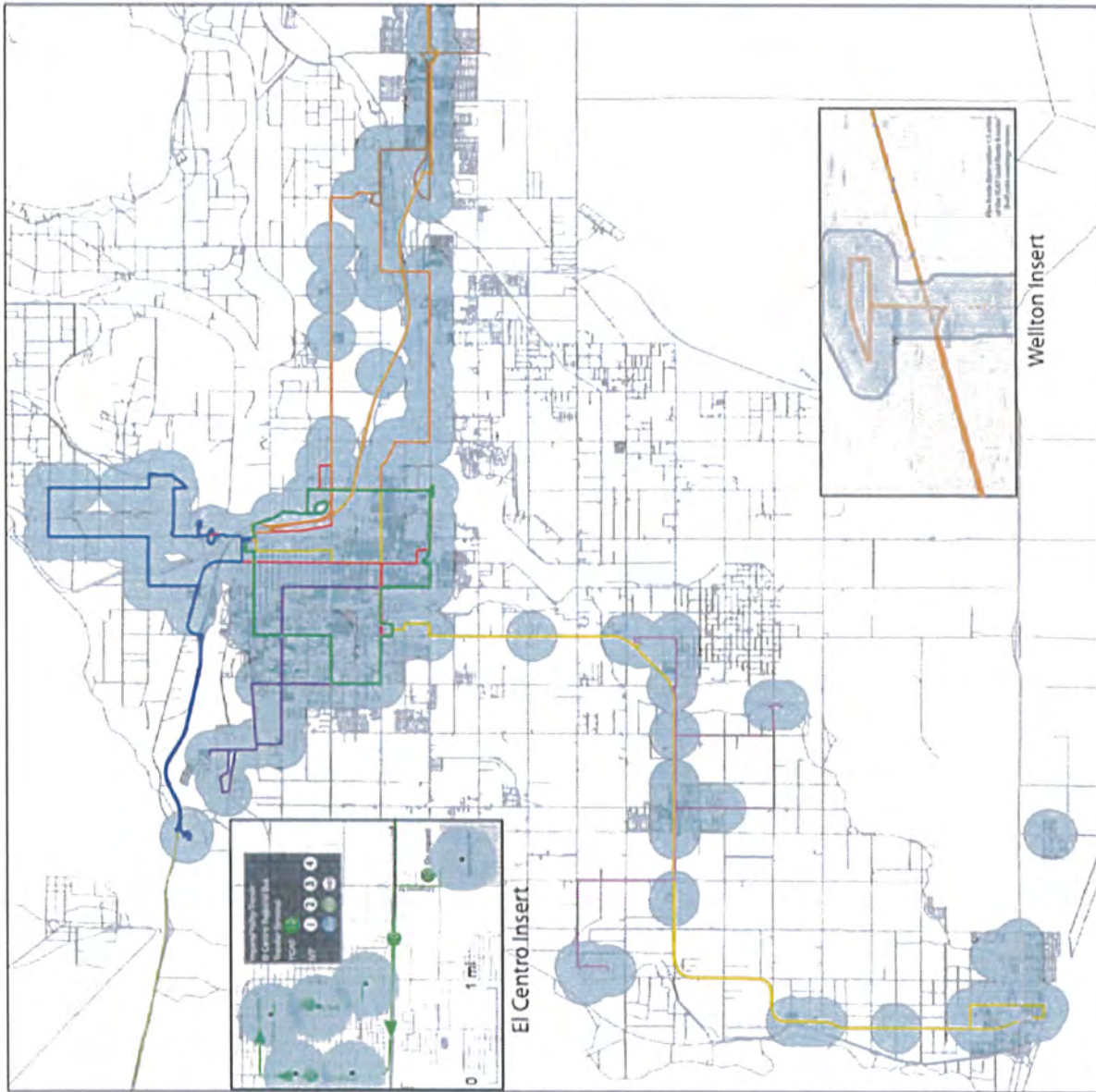
YCAT Existing Network

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

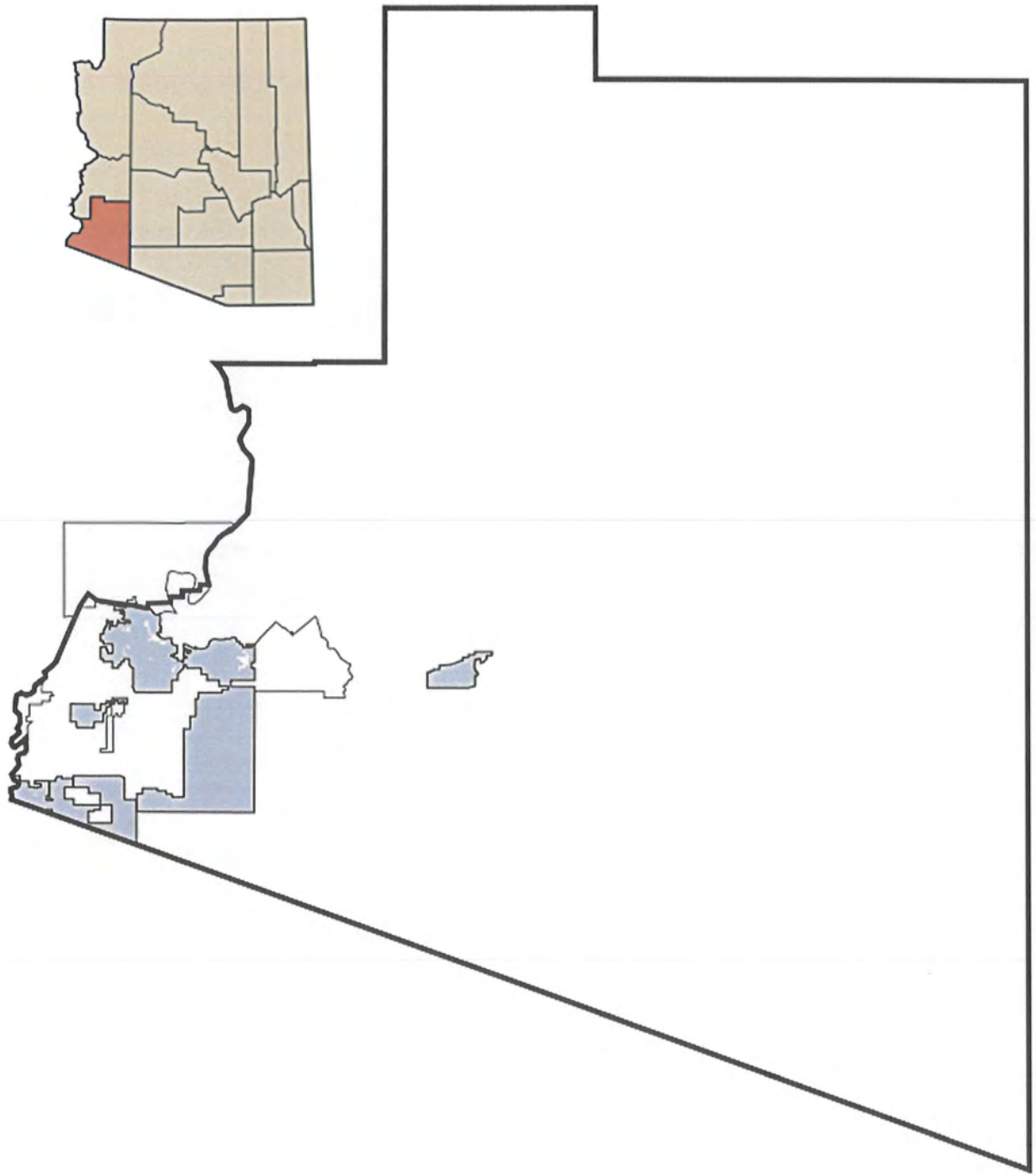
YCAT Routes

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

Within 1/2 mile of stop



Yuma County Incorporated and Unincorporated areas



SINGLE AUDIT SECTION

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

Independent Auditor's Report

Board of Directors
Yuma County Intergovernmental Public Transportation Authority

We have audited, in accordance with 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 of Yuma County Intergovernmental Public Transportation Authority (YCIPTA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Yuma County Intergovernmental Public Transportation Authority's basic financial statements, and have issued our report thereon dated December 1, 2015. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 68, as amended by Statement No. 71.

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.
CPAs and Business Consultants

December 1, 2015



**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 OMB Circular A-133**

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, 2015. Yuma County Intergovernmental Public Transportation Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the of Yuma County Intergovernmental Public Transportation Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Yuma County Intergovernmental Public Transportation Authority's basic financial statements. We issued our report thereon dated December 1, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 1, 2015

**YUMA COUNTY INTERGOVERNEMENTAL PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| <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 | \$ 493,238 |
| Federal Transit - Formula Grants (Urbanized Area Formula Program) | 20.507 | AZ-90-X132 | 735,966 |
| Federal Transit - Formula Grants (Urbanized Area Formula Program) | 20.507 | AZ-95-X028-02 | 81,851 |
| Federal Transit - Formula Grants (Urbanized Area Formula Program) | 20.507 | AZ-95-X019 | 40,467 |
| | | | <u>1,351,522</u> |
| <u>Passed Through Arizona Department of Transportation</u> | | | |
| Formula Grants For Rural Areas | 20.509 | JPA 13-058 | 872,826 |
| Job Access and Reverse Commute Program | 20.516 | JPA 13-088 | 97,834 |
| Formula Grants For Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | GRT-14-4754-T | 89,762 |
| | | | <u>1,060,422</u> |
| <u>Passed Through Quechan Indian Tribe</u> | | | |
| Formula Grants For Rural Areas | 20.509 | AZ-18-X052/X057 | 185,757 |
| <u>Passed Through Cocopah Indian Tribe</u> | | | |
| Formula Grants For Rural Areas | 20.509 | AZ-18-X074 | 37,000 |
| | | | <u>222,757</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 2,634,701</u> |

**YUMA COUNTY INTERGOVERNMENTAL
PUBLIC TRANSPORTATION AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

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, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

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 OMB cost principles circular, 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 2015 *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.

**YUMA COUNTY INTERGOVERNMENTAL
PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes X 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) |
| 20.509 | Formula Grants for Rural Areas |

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

Auditee qualified as low-risk auditee? yes X no

**YUMA COUNTY INTERGOVERNMENTAL
PUBLIC TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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

None reported.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**YUMA COUNTY INTERGOVERNMENTAL
PUBLIC TRANSPORTATION AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

Status of Federal Award Findings and Questioned Costs

The Authority had no findings or questioned costs related to federal awards noted in prior audits that require a status.