

**REGIONAL TRANSPORTATION
AUTHORITY OF PIMA COUNTY
SINGLE AUDIT REPORTING PACKAGE
FISCAL YEAR ENDED JUNE 30, 2013**

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Regional Transportation Authority of Pima County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and General Fund of the Regional Transportation Authority of Pima County (Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic 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 opinions 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Regional Transportation Authority of Pima County, as of June 30, 2013, and the respective changes in financial position the respective budgetary comparison for the General Fund for thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 1, the Authority implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2013, which represent changes in accounting principles. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, on our consideration of Regional Transportation Authority of Pima County'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 Regional Transportation Authority of Pima County's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

October 23, 2013

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

As management of the Regional Transportation Authority of Pima County, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the financial statements and the notes thereto. The discussion that follows emphasizes the Authority's financial activity from the current fiscal year.

Financial Highlights

The financial statements which follow the Management's Discussion and Analysis provide these significant key financial highlights for 2012-13 as follows:

- The Authority's net position decreased \$22.3 million to a deficit position of \$11.6 million at year end was due to current project distributions exceeding revenues collected.
- General revenues accounted for \$77.5 million in revenue and primarily consisted of excise taxes. Program specific revenue in the form of capital grants and contributions accounted for \$811,301 of total current fiscal year revenues.
- The General Fund had \$94.7 million in project distributions and \$646,396 in administrative expenses during the year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) General Fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources 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 the Authority is improving or deteriorating.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Overview of Financial Statements (Cont'd)

The statement of activities presents information showing how the Authority's 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 time of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the Authority that are principally supported by excise taxes. The governmental activities of the Authority include project distributions and administrative expenses.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund of the Authority is a governmental fund.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities; however, as there were no adjustments required for the current year's audit, these reconciliations are not included in the basic financial statements.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Overview of Financial Statements (Concl'd)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Financial Analysis of the Authority

Net position may serve over time as a useful indicator of financial position. In the case of the Authority, assets totaled \$124.2 million and liabilities totaled \$136.0 million as of June 30, 2013. At year end, the Authority reported a deficit net position of \$11.6 due to current project distributions exceeding revenues collected. The deficit is expected to be reduced in future years.

	As of June 30, 2013	As of June 30, 2012 (as restated)
Current and other assets	\$ 124,158,247	\$ 156,439,691
Capital assets, net	261,023	249,477
Total assets	<u>124,419,270</u>	<u>156,689,168</u>
Current and other liabilities	902,319	3,036,027
Long-term liabilities	135,131,487	142,952,755
Total liabilities	<u>136,033,806</u>	<u>145,988,782</u>
Net position:		
Unrestricted	(11,614,536)	
Restricted		10,700,386
Total net position	<u>\$ (11,614,536)</u>	<u>\$ 10,700,386</u>

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Financial Analysis of the Authority (Concl'd)

Changes in Net Position – The Authority's total revenues for the current fiscal year were \$78.3 million. The total cost of all programs and services was \$100.6 million.

The following table presents a summary of the changes in net position for the current fiscal year.

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012 (as restated)
Revenues:		
Program revenues:		
Capital grants and contributions	\$ 811,301	\$ 810,466
General revenues:		
Excise taxes	71,163,459	67,849,758
Other local	5,966,202	4,503,545
Investment income	327,415	535,542
Total revenues	<u>78,268,377</u>	<u>73,699,311</u>
Expenses:		
Project distributions	94,663,963	98,777,975
Administrative	646,396	692,739
Depreciation expense	91,630	84,752
Interest on long-term debt	5,181,310	6,019,303
Total expenses	<u>100,583,299</u>	<u>105,574,769</u>
Decrease in net position	(22,314,922)	(31,875,458)
Beginning net position	10,700,386	42,575,844
Ending net position	<u><u>\$(11,614,536)</u></u>	<u><u>\$ 10,700,386</u></u>

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Budgetary Highlights

The adopted budget for fiscal year 2012-13 forecasted excise tax collections in the amount of \$68.9 million. Actual collections were \$2.3 million more than budgeted.

As of year-end, the RTA had committed over \$737.5 million to various projects approved for funding by the RTA Board. The expenditure budget adopted for the current fiscal year was \$218.2 million. This budget proved to be extremely ambitious, resulting in a \$109.8 million favorable variance caused by delays in various projects due to restricted matching funds from the jurisdictions and delays in implementation. Expenditure rates are expected to be similar in the next fiscal year as the other RTA Roadway Element projects continue and the Modern Streetcar Program finishes testing.

Through the end of the fiscal year, 599 RTA projects have been implemented, 506 are complete, and another 93 projects underway.

Roadway Elements – The budget expected \$108.4 million in expenditures on the 20 Roadway Element projects underway. Actual expenditures were nearly \$55.1 million, \$53.3 million less than budgeted. The variance is largely due to project construction commitment delays.

Safety Element – Expenditures in the Safety Element were budgeted at \$9.5 million. Actual expenditures were \$5.5 million because of broad based project delays.

Environmental and Economic Vitality Element – The budget anticipated the expenditure of \$12.2 million on projects. Actual expenditures were significantly less at \$2.7 million, primarily because of a delay in a wildlife crossing.

Transit Element – Transit Element expenditures were budgeted to not exceed \$74.6 million. Transit expenditures amounted to \$31.5 million during the fiscal year. While operating funds increased over prior year, the delay in the delivery of the Modern Streetcar pushed out construction and operating expenditures another year.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Capital Assets and Debt Administration

Capital Assets. During the year ended June 30, 2013, the Authority did not purchase capital assets.

Debt Administration. The Authority may issue special obligation revenue bonds payable from and secured by Transportation Excise Tax collections for the purposes authorized in §42-6106 of the Arizona Revised Statutes. On April 7, 2011 the Authority adopted a resolution to issue \$136,480,000 in Series 2011 Transportation Excise Tax Revenue Bonds dated May 24, 2011. At year end \$122.6 million of the bonds were outstanding, with \$7.1 million due within one year. The revenue bonds have been rated AA by Standard & Poor's Ratings Services, and Aa3 by Moody's Investors Service. Additional information on the Authority's long-term debt can be found in Notes 5 and 6.

Economic Factors and Next Year's Budget

The proposed budget for fiscal year 2013-14 was prepared using conservative revenue projections and expenditure assumptions based upon cash flow projections provided by the jurisdictions.

The following table represents the estimated revenue amounts for fiscal years 2012-13 and 2013-14 (the amounts are in the thousands).

<u>Industry Sector</u>	<u>FY13</u>	<u>%</u>	<u>FY14</u>	<u>%</u>
Communications & Utilities	\$ 8,900	13%	9,400	13%
Restaurants & Bars	7,200	10%	7,600	10%
Real & Personal Property Rentals	6,100	9%	6,400	9%
Contracting/Construction	8,200	12%	8,500	12%
Retail	35,600	52%	37,400	52%
Hotel/Motel	1,700	2%	1,800	2%
All Other	1,200	2%	1,200	2%
Total	<u>\$ 68,900</u>	<u>100%</u>	<u>72,300</u>	<u>100%</u>

RTA is projecting that \$72.3 million will be collected during the period July 1, 2013, through June 30, 2014. Retail trade is predicted to contribute \$37.4 million or 51.7%, while Communications and Utilities, and Restaurants and Bars are expected to generate \$9.4 million and \$7.6 million, respectively. Contracting/Construction is forecasted to increase, comprising 11.7% of total sales tax revenues, or \$8.5 million. The industry projections are consistent with current economic trends.

Approximately \$917,000 in interest earnings is expected to be generated from the RTA's idle cash investments. This assumes a declining cash balance ending the year with an ending balance of \$75.1 million. The budget anticipates bonding for \$75.0 million to finance the RTA's expenditure levels for 2013-14. The interest rate on cash balances was conservatively estimated to be 0.10%.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Contacting the Authority's Financial Management

This financial report is designed to provide our citizens and benefactors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Regional Transportation Authority, 177 N. Church Ave., Suite 405, Tucson, AZ 85701 (520.792.1093).

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2013

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 110,340,785		\$ 110,340,785
Excise tax receivable	12,142,469		12,142,469
Due from federal government	164,695		164,695
Due from other governments	1,497,548		1,497,548
Other assets	12,750		12,750
Total current assets	124,158,247		124,158,247
Noncurrent assets:			
Capital assets, depreciable, net		261,023	261,023
Total noncurrent assets		261,023	261,023
Total assets	124,158,247	261,023	124,419,270
<u>LIABILITIES</u>			
Current liabilities:			
Project distributions payable	406,158		406,158
Accrued interest expense		496,161	496,161
Revenue bonds payable		7,065,000	7,065,000
Total current liabilities	406,158	7,561,161	7,967,319
Noncurrent liabilities:			
Bond issuance premium		12,496,487	12,496,487
Revenue bonds payable		115,570,000	115,570,000
Total noncurrent liabilities		128,066,487	128,066,487
Total liabilities	406,158	135,627,648	136,033,806
<u>FUND BALANCES/NET POSITION</u>			
Fund balances:			
Restricted	123,752,089	123,752,089	
Total fund balances	123,752,089	123,752,089	
Total liabilities and fund balances	\$ 124,158,247		
Net position:			
Restricted		(11,614,536)	(11,614,536)
Total net position		\$ (11,614,536)	\$ (11,614,536)

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2013

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Current -			
Regional transportation projects - project distributions	\$ 94,663,963		\$ 94,663,963
Regional transportation projects - administrative	646,396		646,396
Depreciation expense		91,630	91,630
Capital expenditures	103,176	(103,176)	
Debt Service -			
Principal retirement	6,860,000	(6,860,000)	
Interest and fiscal charges	6,159,728	(978,418)	5,181,310
Total expenditures/expenses	108,433,263	(7,849,964)	100,583,299
Program revenues			
Capital grants and contributions	811,301		811,301
Total program revenues	811,301		811,301
General revenues			
Excise taxes	71,163,459		71,163,459
Other local	5,966,202		5,966,202
Investment income	327,415		327,415
Total general revenues	77,457,076		77,457,076
Excess (deficiency) of revenues over expenditures	(30,164,886)	30,164,886	
Change in net position		(22,314,922)	(22,314,922)
Fund balance/net position:			
Beginning of year, as restated	153,916,975	(143,216,589)	10,700,386
End of year	\$ 123,752,089	\$ (135,366,625)	\$ (11,614,536)

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	
Revenues:			
Excise tax deposits	\$ 68,900,000	\$ 71,163,459	\$ 2,263,459
Federal grants and aid		811,301	811,301
Other local	11,606,000	5,966,202	(5,639,798)
Interest earnings	695,000	327,415	(367,585)
Total Revenues	<u>81,201,000</u>	<u>78,268,377</u>	<u>(2,932,623)</u>
Expenditures:			
Roadway Elements	108,414,000	55,115,834	53,298,166
Safety Elements			
Intersections	4,000,000	2,161,047	1,838,953
Elderly & Pedestrian	1,315,000	1,070,650	244,350
Transit Corridor Bus Pullouts	2,685,000	1,516,397	1,168,603
At-grade Railroad & Bridge Deficiencies	1,000,000	255,584	744,416
Signal Technology	500,000	494,014	5,986
Total Safety Elements	<u>9,500,000</u>	<u>5,497,692</u>	<u>4,002,308</u>
Environmental & Economic Vitality Elements	12,160,000	2,698,479	9,461,521
Transit Elements			
Operating	19,734,000	31,351,958	(11,617,958)
Capital	54,900,000	103,176	54,796,824
Total Transit Elements	<u>74,634,000</u>	<u>31,455,134</u>	<u>43,178,866</u>
Subtotal	204,708,000	94,767,139	109,940,861
Debt Service Expenditures	12,797,000	13,019,728	(222,728)
Administration	<u>730,000</u>	<u>646,396</u>	<u>83,604</u>
Total expenditures	218,235,000	108,433,263	109,801,737
Changes in fund balance	(137,034,000)	(30,164,886)	(106,869,114)
Fund balance, beginning of year	145,936,000	153,916,975	(7,980,975)
Fund balance, end of year	<u>\$ 8,902,000</u>	<u>\$ 123,752,089</u>	<u>\$ (114,850,089)</u>

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Regional Transportation Authority of Pima County (Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government 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, 2013, the Authority implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

During the year ended June 30, 2013, the Authority adopted and early implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The more significant of the Authority's accounting principles are described below.

A. Reporting Entity

The Authority was established on August 25, 2004, as a political subdivision of the State of Arizona, to develop a 20 year multi-modal plan with roadway improvements, safety improvements, environmental and economic vitality improvements, and transit improvements within Pima County, Arizona. The Authority formally commenced financial operations on May 16, 2006.

Under State law, the Authority is authorized to levy a ½-cent excise tax collected over the next 20 years for purposes of implementing the 20 year multi-modal plan as approved by voters on May 16, 2006. The Authority is not authorized to levy property taxes. The Authority may issue bonds backed by excise taxes. The Authority is not subject to federal income taxes.

The Authority is governed by a nine-member board consisting of representatives from the Town of Marana, City of South Tucson, City of Tucson, Pima County, Town of Oro Valley, Town of Sahuarita, Pascua Yaqui Tribe, Tohono O'odham Nation, and the Arizona State Transportation Board. Under existing statutes, the Board's duties and powers include, but are not limited to, the implementation of the 20 year multi-modal plan. The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Authority is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Consequently, the Authority's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable. The Authority is not included as a part of another governmental reporting entity.

B. Government-Wide and Fund Financial Statements

The financial statements combine the presentation of the government-wide financial statements (i.e., the statement of net position and the statement of activities) and the fund financial statements. The fund financial statements currently only include the General Fund. Since the fund financial statements are presented on a different basis than the government-wide financial statements, the adjustments column is presented to demonstrate the conversion of the fund financial statements to the government wide financial statements. A description of the adjustments posted is provided in Note 3. The reported information includes all of the nonfiduciary activities of the Authority and its component units. These statements are to distinguish between the governmental and business-type activities of the Authority. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Excise taxes, investment income and other items not included among program revenues are reported instead as general revenues.

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Excise taxes are recognized as revenues in the year for which they are collected by the fiscal agent. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements; however, the effect of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Excise taxes and investment income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues also arise when resources are received by the Authority before it has claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

All receivables are shown net of an allowance for uncollectibles. Receivables that will not be collected within the available period are reported as unavailable revenue on the governmental fund financial statements.

The Authority reports the following major governmental fund:

General Fund – The General Fund accounts for all resources used to finance Authority operations.

D. Investments

Investments are reported at fair market value. Securities traded on national or international exchanges are valued at the last reported market price at current exchange rates. Investments that do not have an established market price are reported at estimated fair market value.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Investment Income

Investment income is composed of interest and net changes in the fair market value of applicable investments.

F. Capital Assets

Capital assets include vehicles, which are reported in the government-wide financial statements.

Capital assets are defined by the Authority 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 estimated useful life of five years.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority did not have any items that qualified for reporting in this category.

H. Net Position Flow Assumption

In the government-wide fund financial statements the Authority applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

I. Use of 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.

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications. Although the Authority does not use all of the fund balance classifications, a description of each classification follows.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Authority does not have a formal policy or procedures for the utilization of committed fund balance, accordingly, no committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or a management official delegated that authority by the formal Board action. The Authority does not have a formal policy or procedures for the utilization of assigned fund balance, accordingly, no assigned fund balance amounts are reported.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

The Authority applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

NOTE 3 – GOVERNMENT-WIDE ADJUSTMENTS

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. The government-wide adjustments column is necessary to convert the fund financial statements to the government-wide financial statements. The adjustments presented were made to include consideration for capital asset activity and convert the fund balance of the fund financial statements to net position for consistency with the government-wide basis of accounting.

NOTE 4 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Authority's deposits may not be returned to the Authority. The Authority does not have a deposit policy for custodial credit risk; however, the Authority's cash management practices eliminate the need for said policy. At year end, the carrying amount of the Authority's deposits was a deficit of \$223,248 and the bank balance was \$728,311.

Arizona Revised Statutes (A.R.S.) authorize the Authority to invest and reinvest public monies in securities and deposits with a maximum maturity of five years. All public monies shall be invested in eligible investments. Eligible investments are the State Treasurer's local government investment pools, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, towns, school districts and special districts as specified by statute.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

At year end the Authority's investments included the following.

Investment Type	Fair Market Value	Investment Maturities (in Years)		Concentration of Credit Risk
		Less than 1	1-5	
Money market – U.S. Treasuries	\$ 10,879,575	\$ 10,879,575	\$	10%
U.S. Agencies:				
Federal Home Loan Mortgage Corporation	20,878,309		20,878,309	19%
Federal Home Loan Bank	29,918,033	29,918,033		27%
Federal National Mortgage Association	42,949,376	9,204,547	33,744,779	39%
		<u>\$ 50,002,155</u>	<u>\$ 54,623,088</u>	10%
State Treasurer's investment pool 7	<u>5,938,790</u>	25 days average maturities		5%
Total	<u>\$ 110,564,083</u>			

Interest Rate Risk. The Authority's investment policy limits investment maturities to 5 years as a means of managing its exposure to fair market value losses arising from increasing interest rates.

Credit Risk. The Authority's investments in U.S. Agencies were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The State Treasurer's investment pool 7 had a weighted average rating of AA+ at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Concentration of Credit Risk. The Authority places no limit on the amount the Authority may invest in any one issuer.

Custodial Credit Risk – Investments. To control custodial credit risk, A.R.S. and the Authority's investment policy requires all securities and collateral to be held by an independent third party custodian in the Authority's name. The custodian provides the Authority with monthly market values along with original safekeeping receipts. The Authority's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the Authority's portion is not identified with specific investments and is not subject to custodial risk.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – REVENUE BONDS PAYABLE

Transportation Excise Tax Revenue Bonds provide the Authority with funds for design, right-of-way purchase, construction, operation, maintenance and contiguous open space preservation purchase compatible with local environmental ordinance of, and within the expenditure limits for, each element of the regional transportation plan, all as provided in Section 42-6106 of Arizona Revised Statutes. The bonds are payable from excise tax collections.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2013</u>	<u>Due Within One Year</u>
Excise tax revenue bonds					
Series 2011	\$136,480,000	3.00-5.00%	6/1/26	\$ 122,635,000	\$7,065,000
Total				<u>\$ 122,635,000</u>	<u>\$7,065,000</u>

The Authority has pledged future excise taxes to repay outstanding Transportation Excise Tax Revenue Bonds of \$122.6 million as of June 30, 2013. The bonds are payable solely from excise taxes and are payable through 2026. Total annual principal and interest payment for all excise tax revenue bonds are expected to require less than 20 percent of gross revenues. The total principal and interest to be paid on the bonds is \$170.1 million. Total excise taxes pledged in fiscal year 2013 amounted to \$65.1 million.

Annual debt service requirements to maturity on the revenue bonds and deferred premium are summarized as follows.

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,065,000	\$ 5,953,928	\$ 13,018,928
2015	7,340,000	5,683,028	13,023,028
2016	7,630,000	5,389,926	13,019,926
2017	8,010,000	5,009,028	13,019,028
2018	8,410,000	4,612,090	13,022,090
2019-23	48,720,000	17,191,425	65,911,425
2024-26	35,460,000	3,603,245	39,063,245
Total	<u>\$122,635,000</u>	<u>\$47,442,670</u>	<u>\$170,077,670</u>

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 129,495,000	\$	\$ 6,860,000	\$ 122,635,000	\$ 7,065,000
Deferred bond premium	13,457,755		961,268	12,496,487	
Governmental activity long-term liabilities	<u>\$ 142,952,755</u>	<u>\$</u>	<u>\$ 7,821,268</u>	<u>\$135,131,487</u>	<u>\$ 7,065,000</u>

NOTE 7 – RELATED PARTY TRANSACTIONS

The members of the Authority’s board consist of the members of the Pima Association of Government’s (PAG) Regional Council. As board members, these individuals influence the financial activities of the Authority through voting authority. In addition, pursuant to an executed memorandum of understanding, PAG provides professional and administrative staff and resources to the Authority in order for it to accomplish the responsibilities. In consideration, PAG receives an annual amount of \$300,000, adjusted annually for inflation. For the current year, the Authority remitted \$330,960 to PAG.

Certain member governments received reimbursement distributions for eligible project costs.

Member Governments	Services billed for during the fiscal year
City of Tucson	\$ 47,749,334
Pima County	27,827,605
Town of Marana	1,211,423
City of South Tucson	79,990
Town of Sahuarita	8,654,101
Tohono O’odham Nation	1,096,414
Town of Oro Valley	33,373
Totals	<u>\$ 86,652,240</u>

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. The Authority carries commercial insurance maintained by PAG for all risks of loss, including property and liability, workers’ compensation and employee health and accident insurance. There were no claims resulting from these risks during the fiscal year.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the Authority is prepared on the modified accrual basis of accounting.

NOTE 10 – RESTATEMENT

The July 1, 2012, net position does not agree to the prior year financial statements for the elimination of deferred bond issuance costs that are required to be recorded as a current period expense in the year of issuance as required by GASB Statement No. 65.

	<u>Statement of Activities</u>
Net position, June 30, 2012, as previously reported	\$ 11,552,813
Reclassification of deferred bond issuance costs	<u>852,427</u>
Net position, July 1, 2012, as restated	<u>\$ 10,700,386</u>

SINGLE AUDIT SECTION

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**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

Members of the Board
Regional Transportation Authority of Pima County

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 financial statements of the governmental activities and General Fund of Regional Transportation Authority of Pima County, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Regional Transportation Authority of Pima County's basic financial statements, and have issued our report thereon dated October 23, 2013. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statements No. 63 and No. 65.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional Transportation Authority of Pima County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional Transportation Authority of Pima County's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional Transportation Authority of Pima County'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 Authority'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 Regional Transportation Authority of Pima County'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

October 23, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

Members of the Board
Regional Transportation Authority of Pima County

Report on Compliance for Each Major Federal Program

We have audited Regional Transportation Authority of Pima County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Regional Transportation Authority of Pima County's major federal programs for the year ended June 30, 2013. Regional Transportation Authority of Pima County'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 Regional Transportation Authority of Pima County'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 Regional Transportation Authority of Pima County'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 Regional Transportation Authority of Pima County's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional Transportation Authority of Pima County 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, 2013.

Report on Internal Control Over Compliance

Management of Regional Transportation Authority of Pima County is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Regional Transportation Authority of Pima County'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 Regional Transportation Authority of Pima County'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 governmental activities and General Fund of Regional Transportation Authority of Pima County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Regional Transportation Authority of Pima County's basic financial statements. We have issued our report thereon dated October 23, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 financial statements taken as a whole.

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

October 23, 2013

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through Arizona Department of Transportation: Formula Grants for Other than Urbanized Areas	20.509	JPA 012-017	<u>\$ 811,301</u>
Total U.S. Department of Transportation			<u>811,301</u>
Total Expenditures of Federal Awards			<u><u>\$ 811,301</u></u>

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Regional Transportation Authority of Pima County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2013 *Catalog of Federal Domestic Assistance*.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

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>
20.509	Formula Grants for Other than Urbanized Areas

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

Auditee qualified as low-risk auditee? X yes no

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

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

None reported.

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None reported.

**REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013**

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.