Regional Transportation Authority of Pima County
Single Audit Reporting Package
Year Ended June 30, 2020

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REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY

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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, 2020, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2020, and, the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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 December 7, 2020, 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 solely 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 effectiveness of the Regional Transportation Authority of Pima County's 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. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 7, 2020

As management of the Regional Transportation Authority of Pima County (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

Financial Highlights

The financial statements which follow the Management's Discussion and Analysis provide these significant key financial highlights for the current fiscal year as follows:

- The Authority's net position increase of $41.0 million to a deficit position of $48.5 million at year end was due to current year excise taxes exceeding current year project distributions.

- General revenues accounted for $99.4 million in revenue or 99 percent of total current fiscal year revenues, and primarily consisted of excise taxes. Program specific revenue in the form of capital grants and contributions accounted for $1.2 million or one percent of total current fiscal year revenues.

- The Authority had approximately $59.6 million in expenses, a decrease of 12 percent from the prior year due primarily to fewer project distribution as the result of project delays. Expenses primarily consisted of $48.2 million in project distributions, $9.5 million in interest expense, and $1.4 million in administrative expenses.

- The General Fund had $100.6 million in current fiscal year revenues and $79.3 million in expenditures. The General Fund's fund balance increased from $98.6 million at the prior fiscal year end to $119.8 million at the end of the current fiscal year due to current year excise taxes exceeding current year project distributions.

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 accrual basis of accounting is used for government-wide financial statements.

Overview of Financial Statements

The statement of net position presents information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources with the difference 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.

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, administrative expenses, depreciation, and interest on long-term debt.

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 use the modified accrual basis of accounting and 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 reconciling amounts to facilitate this comparison between governmental funds and governmental activities at Note 2.

Overview of Financial Statements

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 and deferred outflows totaled $123.9 million and liabilities totaled $172.4 million as of June 30, 2020. At the end of the current fiscal year, the Authority reported a deficit net position of $48.5 million due to total project distributions exceeding total revenues collected. The same situation held true in the prior fiscal year. The following table presents a summary of the Authority's net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	As of June 30, 2020	As of June 30, 2019
Current assets	$ 120,473,448	$ 98,821,780
Capital assets, net	892,743	1,362,132
Total assets	121,366,191	100,183,912
Deferred outflows of resources	2,494,048	2,909,723
Current liabilities	1,010,534	716,160
Long-term liabilities	171,374,452	191,917,407
Total liabilities	172,384,986	192,633,567
Net position:		
Investment in capital assets	892,743	1,362,132
Unrestricted	(49,417,490)	(90,902,064)
Total net position	$ (48,524,747)	$ (89,539,932)

The Authority's financial position is the product of several financial transactions including the net result of activities, acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The principal retirement of $21.2 million of bonds is a significant current year transaction that had an impact on the Statement of Net Position.

Financial Analysis of the Authority

Changes in Net Position – The Authority's total revenues for the current fiscal year were $100.6 million. The total cost of all programs and services was $59.6 million.

The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019
Revenues:		
Program revenues:		
Capital grants and contributions	$ 1,244,055	$ 1,970,821
General revenues:		
Excise taxes	90,452,927	86,849,994
Other local	6,566,290	6,369,672
Investment income	2,341,843	2,146,473
Total revenues	100,605,115	97,336,960
Expenses:		
Project distributions	48,238,359	65,095,000
Administrative	1,352,593	1,410,259
Depreciation expense	469,387	453,022
Interest on long-term debt	9,529,591	455,876
Total expenses	59,589,930	67,414,157
Change in net position	41,015,185	29,922,803
Beginning net position	(89,539,932)	(119,462,735)
Ending net position	$ (48,524,747)	$ (89,539,932)

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

- There was a $3.6 million increase in excise taxes revenue due to economic growth.
- The $16.9 million decrease in project distributions expenses resulted from several project delays.

Governmental Funds – The focus of the Authority's General Fund is to provide information on near-term inflows, outflows, and balances of spendable resources. The increase in fund balance of $21.2 million to $119.8 million as of fiscal year end was the result of excise taxes exceeding project distributions. General Fund revenues increased $3.5 million as a result of additional excise taxes due to economic growth. General Fund expenditures decreased $6.8 million as a result of several project delays.

Budgetary Highlights

The adopted budget for the current fiscal year forecasted excise tax collections in the amount of $86.0 million. Actual collections were $90.5 million, $4.5 million more than planned.

As of the end of the current fiscal year, the Authority had committed over $131.6 million to various projects approved for funding by the Authority Board. The expenditure budget adopted for the current fiscal year was $163.0 million. This budget proved to be ambitious, resulting in a $83.6 million favorable variance caused by an anticipation of high construction and roadway costs.

Through the end of the fiscal year, 870 Authority projects have been completed, another 53 projects are under construction, and 39 projects are in design.

Roadway Elements – The budget expected $93.9 million in expenditures on the 19 Roadway Element projects underway. Actual expenditures were $22.9 million, $71.1 million less than budgeted. The variance is largely due to several project delays.

Safety Element – Expenditures in the Safety Element were budgeted at $3.0 million. Actual expenditures were $1.2 million because of several intersection projects. Some Safety Element projects are tied to Roadway Element projects that have a corresponding relationship.

Environmental and Economic Vitality Element – The budget anticipated the expenditure of $7.9 million on projects. Actual expenditures were significantly less at $1.6 million, primarily because of extended project for wildlife crossing structures for 5 years.

Transit Element – Transit Element expenditures were budgeted to not exceed $26.7 million. Transit expenditures amounted to $22.6 million during the fiscal year.

Administration – By statute and pursuant to an executed Memorandum of Understanding, the Pima Association of Governments (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 the greater of $300,000, adjusted annually for inflation or one percent of excise taxes collected. For the current year, the Authority remitted $818,030 to PAG.

Capital Assets and Debt Administration

Capital Assets. At year end, the Authority had invested $3.1 million in capital assets, comprised of vehicles. This amount represents a net decrease prior to depreciation of $356,000 from the prior fiscal year, due to sale of busses. Total depreciation expense for the current fiscal year was $469,389. The net capital asset balance was $892,743 at June 30, 2020, and $1,362,132 at June 30, 2019. Additional information on the Authority's capital assets can be found in Note 5.

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. At year end, $151.0 million of the bonds were outstanding, with $22.2 million due within one year. Long-term debt decreased by $21.2 million. Additional information on the Authority's long-term debt can be found in Notes 6 and 7.

Economic Factors and Next Year's Budget

The proposed budget for fiscal year 2020-21 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 2019-20 and 2020-21 (the amounts are in the thousands).

Industry Sector	FY20	%	FY21	%
Communications & Utilities	$ 8,800	10%	$ 8,000	10%
Restaurants & Bars	9,700	11%	9,100	11%
Real & Personal Property Rentals	8,000	9%	7,500	9%
Contracting/Construction	8,800	10%	8,200	10%
Retail	50,700	57%	47,300	57%
Hotel/Motel	1,900	2%	1,800	2%
All Other	1,500	1%	1,400	1%
Total	$ 89,400	100%	$ 83,300	100%

Economic Factors and Next Year's Budget

The Authority is projecting that $83.3 million will be collected during the period July 1, 2020, through June 30, 2021. Retail trade is predicted to contribute $47.3 million or 57 percent, while Communications and Utilities, and Restaurants and Bars are expected to generate $8.0 million and $9.1 million, respectively. Contracting/Construction is forecasted to decrease, comprising 10 percent of total sales tax revenues, or $8.2 million, partially driven by state legislative changes. The industry projections are consistent with current economic trends, given the COVID 19 pandemic and associated economic impacts.

With the adoption of the fiscal year 2020-21 budget, the Authority has developed a reimbursement management reserve of approximately 10 percent of annual excise tax revenues in order to ensure the Authority has sufficient financial resources. These reserve funds will not be programmed for expenditure.

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; 1 East Broadway, Suite 401; Tucson, AZ 85701 (520.792.1093).

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Current assets:			
Cash and investments	$ 102,315,334	$	$ 102,315,334
Excise tax receivable	15,904,560		15,904,560
Due from federal government	609,110		609,110
Due from county government	1,619,444		1,619,444
Other assets	25,000		25,000
Total current assets	120,473,448		120,473,448
Noncurrent assets:			
Capital assets, depreciable, net		892,743	892,743
Total noncurrent assets		892,743	892,743
Total assets	120,473,448	892,743	121,366,191
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding		2,494,048	2,494,048
LIABILITIES			
Current liabilities:			
Accounts payable	1,665		1,665
Accrued liabilities	379,765		379,765
Accrued interest payable		629,104	629,104
Revenue bonds payable		22,195,000	22,195,000
Total current liabilities	381,430	22,824,104	23,205,534
Noncurrent liabilities:			
Revenue bonds premium		20,389,452	20,389,452
Revenue bonds payable		128,790,000	128,790,000
Total noncurrent liabilities		149,179,452	149,179,452
Total liabilities	381,430	172,003,556	172,384,986
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - intergovernmental	302,193	(302,193)	
FUND BALANCES/NET POSITION			
Fund balances:			
Restricted	119,789,825	(119,789,825)	
Total fund balances	119,789,825	(119,789,825)	
Total liabilities, deferred inflows of resources and fund balances	$ 120,473,448		
Net position:			
Investment in capital assets		892,743	892,743
Unrestricted		(49,417,490)	(49,417,490)
Total net position		$ (48,524,747)	$ (48,524,747)

The notes to the financial statements are an integral part of this statement.

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, 2020

	General Fund	Adjustments	Statement of Activities
Expenditures/expenses			
Current -			
Regional transportation projects - project distributions	$ 48,238,359	$	$ 48,238,359
Regional transportation projects - administrative	1,352,593		1,352,593
Depreciation expense		469,389	469,389
Debt service -			
Principal retirement	21,150,000	(21,150,000)	
Interest and fiscal charges	8,593,925	935,664	9,529,589
Total expenditures/expenses	79,334,877	(19,744,947)	59,589,930
Program revenues			
Capital grants and contributions	1,201,806	42,249	1,244,055
Total program revenues	1,201,806	42,249	1,244,055
General revenues			
Excise taxes	90,452,927		90,452,927
Other local	6,566,290		6,566,290
Investment income	2,341,843		2,341,843
Total general revenues	99,361,060		99,361,060
Excess (deficiency) of revenues over expenditures	21,227,989	(21,227,989)	
Change in net position		41,015,185	41,015,185
Fund balance/net position:			
Beginning of year	98,561,836	(188,101,768)	(89,539,932)
End of year	$ 119,789,825	$ (168,314,572)	$ (48,524,747)

The notes to the financial statements are an integral part of this statement.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Variance with Final Budget Positive
	Original & Final	Actual	(Negative)
Revenues:			
Excise taxes	$ 85,968,000	$ 90,452,927	$ 4,484,927
Federal grants and aid	1,504,000	1,201,806	(302,194)
Other local	6,467,000	6,566,290	99,290
Investment income	412,000	2,341,843	1,929,843
Total revenues	94,351,000	100,562,866	6,211,866
Expenditures:			
Current -			
Roadway Elements	93,944,000	22,874,768	71,069,232
Safety Elements			
Intersections	306,000	6,000	300,000
Elderly & Pedestrian	698,000	306,186	391,814
Transit Corridor Bus Pullouts	1,571,000	501,229	1,069,771
Signal Technology	469,000	419,165	49,835
Total Safety Elements	3,044,000	1,232,580	1,811,420
Environmental & Economic Vitality Elements	7,858,000	1,556,159	6,301,841
Transit Elements	26,747,000	22,574,852	4,172,148
Subtotal	131,593,000	48,238,359	83,354,641
Administration	1,615,000	1,352,593	262,407
Debt Service	29,744,000	29,743,925	75
Total expenditures	162,952,000	79,334,877	83,617,123
Changes in fund balance	(68,601,000)	21,227,989	(89,828,989)
Fund balance, beginning of year		98,561,836	(98,561,836)
Fund balance, end of year	$ (68,601,000)	$ 119,789,825	$ (188,390,825)

The notes to the financial statements are an integral part of this statement.

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.

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.

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. Furthermore, there are no component units combined with the Authority for financial presentation purposes, and the Authority is not included in any other governmental reporting entity. Consequently, the Authority's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 include only the General Fund. Since the fund financial statements are presented on a different basis of accounting 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 2. The reported information includes all of the nonfiduciary activities of the Authority. 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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.

E. Investment Income

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the estimated useful life from three to seven years.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may 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.

In addition to liabilities, the statement of financial position may 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.

H. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Net Position Flow Assumption

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

J. 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 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Additional detail for the adjustments to the governmental funds follows:

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total governmental fund balances		**$ 119,789,825**
Amounts reported for *governmental activities* in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		892,743
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		302,193
Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		2,494,048
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable	(629,104)	
Revenue bonds premium	(20,389,452)	
Revenue bonds payable	(150,985,000)	(172,003,556)
Net position of governmental activities		**$ (48,524,747)**

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance* to the *Statement of Activities*

Changes in fund balances - total governmental funds	**$ 21,227,989**
Amounts reported for *governmental activities* in the Statement of Activities are different because:	
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	42,249
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.	(469,389)
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	21,150,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(935,664)
Changes in net position of governmental activities	**$ 41,015,185**

NOTE 3 – 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. In accordance with A.R.S. §48-5302, all fund balance of the Authority is restricted for roadway, safety, environmental and economic vitality, and transit improvement purposes.

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.

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 been restricted, committed, or assigned.

NOTE 3 – FUND BALANCE CLASSIFICATIONS

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 4 – CASH AND INVESTMENTS

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 statue.

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 is required by Arizona statute to participate in the pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that the Authority's public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable deposit insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program. At year end, the carrying amount of the Authority's deposits was $551,238 and the bank balance was $2.1 million. At year end, $1.6 million of the Authority's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the Authority's name.

Fair Value Measurements. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4 – CASH AND INVESTMENTS

The State Treasurer's investment pool 7 is an external investment pools with no regulatory oversight. The pool as an investment company is not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end the Authority's investments included the following:

			Investment Maturities (in Years)		
Investment Type	Category	Fair Value	Less than 1	1-5	Concentration of Credit Risk
Money Market Funds	Level 1	$ 41,356,279	$ 41,356,279	$	41%
U.S. Treasuries	Level 1	52,667,348	47,559,536	5,107,812	52%
U.S. Agencies					
Federal Home Loan Bank	Level 2	2,590,000		2,590,000	3%
Federal National Mortgage Association	Level 2	2,568,500		2,568,500	3%
			$ 88,915,815	$ 10,266,312	
State Treasurer's investment pool 7	Not Applicable	2,581,969	44 days average maturities		3%
Total		$ 101,764,096			

Interest Rate Risk. The Authority's investment policy limits investment maturities to five 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 Money Market Funds were rated Aaa by Moody's Investors Service and AAA by Standard & Poor's. The Authority's investments in U.S. Treasuries and U.S. Agencies were rated Aaa or P-1 by Moody's Investors Services and AA+ or A-1+ by Standard & Poor's. The State Treasurer's investment pool 7 had a weighted average rating of AAA 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.

NOTE 4 – CASH AND INVESTMENTS

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.

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, being depreciated				
Vehicles	$ 3,449,756	$	$ 356,000	$ 3,093,756
Total capital assets being depreciated	3,449,756		356,000	3,093,756
Less accumulated depreciation for:				
Vehicles	(2,087,624)	(469,389)	(356,000)	(2,201,013)
Total accumulated depreciation	(2,087,624)	(469,389)	(356,000)	(2,201,013)
Total capital assets, being depreciated, net	1,362,132	(469,389)		892,743
Governmental activities capital assets, net	$ 1,362,132	$ (469,389)	$	$ 892,743

NOTE 6 – 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 §42-6106 of Arizona Revised Statutes. The bonds are payable from excise tax collections.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2020	Due Within One Year
Excise tax revenue bonds					
Series 2011	$ 136,480,000	5.00%	6/1/21	$ 9,715,000	$ 9,715,000
Series 2014	130,095,000	5.00%	6/1/21-26	73,925,000	10,870,000
Refunding Bonds, Series 2017	68,880,000	5.00%	6/1/21-26	67,345,000	1,610,000
Total				$ 150,985,000	$22,195,000

NOTE 6 – REVENUE BONDS PAYABLE

The Authority has pledged future excise taxes to repay outstanding Transportation Excise Tax Revenue and Revenue Refunding Bonds of $151.0 million as of June 30, 2020. 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 36 percent of excise taxes. The total principal and interest to be paid on the bonds is $178.5 million. Total excise taxes pledged in fiscal year 2020 amounted to $29.7 million.

Defeased Debt – In prior years, the Authority defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At year end, $56.4 million of defeased bonds are still outstanding.

Annual debt service requirements to maturity on the revenue bonds at year end are summarized as follows:

	Governmental Activities		
Year ending June 30:	Principal	Interest	Total
2021	$ 22,195,000	$ 7,549,250	$ 29,744,250
2022	23,310,000	6,439,500	29,749,500
2023	24,475,000	5,274,000	29,749,000
2024	25,695,000	4,050,250	29,745,250
2025	26,980,000	2,765,500	29,745,500
2026	28,330,000	1,416,500	29,746,500
Total	$ 150,985,000	$ 27,495,000	$ 178,480,000

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	$ 172,135,000	$	$ 21,150,000	$ 150,985,000	$ 22,195,000
Revenue bonds premium	24,588,750		4,199,298	20,389,452	
Governmental activity long-term liabilities	$ 196,723,750	$	$ 25,349,298	$ 171,374,452	$ 22,195,000

NOTE 8 – 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 the greater of $300,000, adjusted annually for inflation, or one percent of excise taxes. For the current year, the Authority remitted $818,030 to PAG.

Certain member governments received reimbursement distributions for eligible project costs.

Member Governments	Services billed for during the fiscal year
City of Tucson	$ 41,684,910
Pima County	1,099,999
Town of Marana	59,089
Town of Sahuarita	43,251
Town of Oro Valley	14,226,205
Totals	$ 57,113,454

NOTE 9 – 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 Pima Association of Governments for all risks of loss, including property and liability, workers' compensation and employee health and accident insurance. There were no anticipated claims losses resulting from these risks during any of the past three fiscal years.

NOTE 10 – BUDGETARY BASIS OF ACCOUNTING

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

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 governmental activities and General Fund of Regional Transportation Authority of Pima County, as of and for the year ended June 30, 2020, 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 December 7, 2020.

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) as a basis for designing 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 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 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 financial statements. 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. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 7, 2020

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

Independent Auditor's Report

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 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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2020.

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 compliance 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities and General Fund of Regional Transportation Authority of Pima County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Regional Transportation Authority of Pima County's basic financial statements. We issued our report thereon dated December 7, 2020, 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 the Uniform Guidance 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. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 7, 2020

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

Federal Awarding Agency/Program Title	*Federal CFDA Number*	*Additional Award Identification (Optional)*	*Name of Funder Pass-Through Entity*	*Identifying Number Assigned By Funder Pass-Through Entity*	*Federal Expenditures*	*Federal Program Total*	*Cluster Name*	*Cluster Total*
DEPARTMENT OF TRANSPORTATION								
HIGHWAY PLANNING AND CONSTRUCTION	*20.205*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*GRT-18-0007107-T*	*$21,453*	*$21,453*	*HIGHWAY PLANNING AND CONSTRUCTION CLUSTER*	*$21,453*
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM	*20.509*		*ARIZONA DEPARTMENT OF TRANSPORTATION*	*GRT-18-0007107-T*	*$551,246*	*$1,223,412*	*N/A*	*$0*
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM	*20.509*	*COVID-19*	*ARIZONA DEPARTMENT OF TRANSPORTATION*	*GRT-18-0007107-T*	*$672,166*	*$1,223,412*	*N/A*	*$0*
TOTAL DEPARTMENT OF TRANSPORTATION					$1,244,865			
TOTAL EXPENDITURE OF FEDERAL AWARDS					$1,244,865			

Please Note:
Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2019 - 6/30/2020

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Regional Transportation Authority of Pima County under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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. 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate
The auditee did not use the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers
The program titles and CFDA numbers were obtained from the federal or pass-through grantor or through beta.sam.gov. If the three-digit CFDA extension is unknown, there is a U followed by a two-digit number in the CFDA extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

REGIONAL TRANSPORTATION AUTHORITY OF PIMA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:
- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

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

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program

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

Auditee qualified as low-risk auditee: Yes

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

Findings and Questioned Costs Related to Federal Awards: No

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