

Valley Metro

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012



Regional Public Transportation Authority
Phoenix, Arizona

Valley Metro

Regional Public Transportation Authority

Phoenix, Arizona

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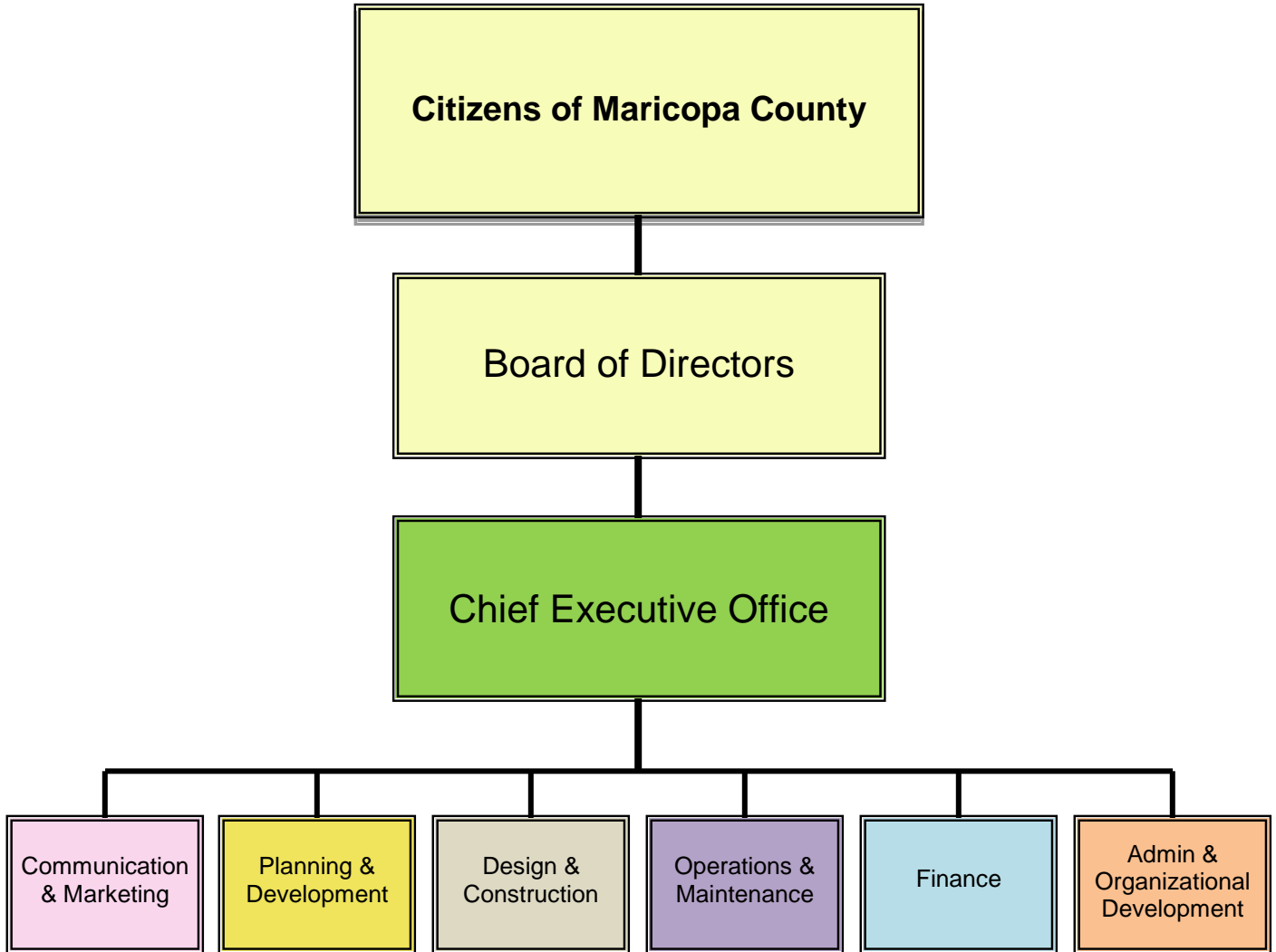
Staff Leadership Team

Stephen R. Banta, Chief Executive Officer
Raymond Abraham, Chief Operations Officer
Hillary Foose, Director Communications & Marketing
Wulf Grote, Director Planning and Development
Carol Ketcherside, Director Admin & Organizational Development
John McCormack, Chief Financial Officer
Jyme Sue McLaren, Chief of Staff
Gardner Tabon, Chief, Safety and Security

Prepared By

Finance Department Staff

Valley Metro
Regional Public Transportation Authority
Organization Chart



Valley Metro
Regional Public Transportation Authority

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Fiscal Year Ended June 30, 2012

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Introductory Section

The Introductory Section includes the Authority's transmittal letter and the Certificate of Achievement for Excellence in Financial Reporting.



December 18, 2012

To Chair and Members of the Valley Metro RPTA Board of Directors:

The comprehensive annual financial report of the Valley Metro Regional Public Transportation Authority (the Authority) for the fiscal year ended June 30, 2012 is hereby submitted as mandated by state statute. The statute requires that the Authority annually issue a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Authority on both a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Authority's activities have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The Authority's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The independent certified public accounting firm of Heinfeld, Meech & Co., P.C., whose report is included herein, has audited the basic financial statements and related notes. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Authority for the fiscal year ended June 30, 2012 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the basic financial statements of the Authority as of and for the fiscal year ended June 30, 2012 are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Valley Metro
Regional Public Transportation Authority
Letter of Transmittal (Continued)

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

Additionally, the Authority is required to have an independent audit of expenditures of federal awards received (Single Audit) by the Authority directly from federal agencies, or passed through to the Authority by other governmental entities during the fiscal year. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with legal requirements having a direct and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards.

As a subrecipient of federal and state financial assistance, the Authority is responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and by the Authority's independent audit firm. As part of the Authority's Single Audit, tests were made of the internal control structure and of its compliance with applicable laws and regulations, including those related to federal awards. Although this testing was not sufficient to support an opinion on the Authority's internal control system or its compliance with laws and regulations, the audit of the Authority's compliance with requirements applicable to each major program and internal control over compliance for the year ended June 30, 2012 resulted in an unqualified opinion of compliance and noted no material weaknesses in internal controls or significant violations of applicable laws and regulations with respect to major programs. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the single audit section of this report.

PROFILE OF THE AUTHORITY

The Authority was established in 1985 along with the passage of a one-half of one percent sales tax increase to fund regional highway and public transportation improvements in Maricopa County, Arizona (the County). The Authority was created to develop a regional transit plan and to develop and operate a regional transit system in the County. The financial reporting entity of the Authority includes all its funds and does not include any component units (i.e., legally separate entities for which the Authority is financially accountable).

The Authority is governed by a sixteen-member Board of Directors consisting of a member of the County Board of Supervisors and the mayors (or their designees) of the member cities and towns. For fiscal year 2011-12, the members included the cities of Avondale, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson, and the Towns of Buckeye, Gilbert and Wickenburg. Any municipality in the County may join the Authority and have one elected official serve on the Board of Directors. A Chief Executive Officer, appointed by the Authority's Board of Directors, is responsible to carry out policy and plan, manage, supervise and coordinate all day-to-day activities. The Authority procures regional bus, dial-a-ride and vanpool services, provides regional transit and capital planning support, coordinates the County's transportation demand management activities, and provides general operational and administrative support to its members.

In February 2012, the Boards of Directors of the Authority and Valley Metro Rail, Inc. (METRO) took action to appoint Mr. Stephen R. Banta as the Chief Executive Officer to manage the two financial entities under a single integrated agency. The Authority and METRO entered into an intergovernmental agreement providing for the single CEO to serve both organizations effective March 1, 2012 with the preservation of both RPTA and METRO Boards of Directors

The annual budget serves as a foundation for the Authority's financial planning and control. Activities of the general fund, special revenue funds and enterprise funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriations) is the total annual appropriated budget. Costs in excess of the total annual appropriated budget require approval of the Board of Directors. Transfers of appropriations between departments require the approval of the Chief Executive Officer. The Authority maintains budgetary control by conducting quarterly evaluations of expenditures against appropriations and through close monitoring of revenues. As demonstrated by the statements included in the financial section of this report, the Authority continues to meet its responsibility for sound financial management.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The Authority serves Maricopa County, which is located in central Arizona. According to the Arizona Department of Commerce, Maricopa County measures 9,222 square miles, 98 square miles of which is water. Twenty-nine percent of this area is owned individually or by corporations, and the U.S. Bureau of Land Management owns 28 percent. The U.S. Forest Service and the State of Arizona each control 11 percent of the County; an additional 16 percent is owned publicly. Almost 5 percent is Indian reservation land. Parts of western Maricopa County have 11 designated Enterprise Zones as well as central and southern areas in the City of Phoenix. The metropolitan area is home to the state capitol and includes the City of Phoenix, population 1.4 million, making it Arizona's major center of political and economic activity. In fact, more than half of the state's population resides in Maricopa County, which is home to 15 institutions of higher learning, including Arizona State University; various cultural attractions; professional baseball (Arizona Diamondbacks), basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals) and hockey (Phoenix Coyotes); and Sky Harbor International Airport one of the top ten busiest airports in the United States with over 1,200 daily flights.

The County has grown from just over 2.1 million residents in 1990 to 3.8 million residents in 2010, an increase of 81 percent in just 20 years. According to the Greater Phoenix Economic Council, population is projected to grow 77 percent by 2030, reaching 6.3 million people

Maricopa County currently accounts for about 60 percent of the state's population and attracts a continual inflow of immigrants seeking new opportunities. The total labor force in Maricopa County grew to almost 1.94 million people in 2010, an increase of over 84 percent since 1990. According to the Greater Phoenix Economic Council, Maricopa County has maintained substantial employment growth over the past decade. State transportation planning projections forecast Maricopa County employment to increase by 75 percent, reaching 3.4 million jobs by 2030.

With the recent economic slowdown, population in Maricopa County decreased by approximately 12%. Despite the recent decrease in population, ridership in public transportation has grown by 22.5% over the last five years. Population is projected to increase and continues to challenge the Authority and the County it serves. Increases in population and fuel prices will continue to lead to increased demands for quality public transportation and improved air quality. With the burgeoning increase in population come concerns about how to manage issues of congestion on the Valley's roadways.

As our region grows, it is important that we maintain a safe transportation system that moves people and goods efficiently, and that attracts high quality workers and businesses to the area. On the positive side, the region has taken two major steps toward improving the transportation system. First, thanks to a November 2004 voter-approved transportation tax initiative (Proposition 400), beginning in January 2006 a revenue stream of over \$95 million annually injects much needed resources into the region's transit network, allowing for the expansion and improvement of the entire system. Second, light rail transit began operating in December 2008, is carrying over 40,000 passengers per day, and has fueled the growth of public transit usage in the Valley.

Major Initiatives

On November 2, 2004, the voters of Maricopa County approved Proposition 400, the continuation of the transportation tax, for a 20-year period, beginning in calendar year 2006. The approximate total vote in favor was 57.5 percent. This was a major milestone in transportation funding and service in the region. The Proposition had unanimous support from the Mayors of all of the cities in the region and the Maricopa County Board of Supervisors, the Maricopa Association of Governments Regional Council, the Authority's Board of Directors and the Arizona Department of Transportation (ADOT). It also had the support of nearly every major business and community agency in the region.

To implement the projects approved with the passage of Proposition 400, staff worked with member agencies and other stakeholders to develop the Transit Life Cycle Program (TLCP). This project included the development of three major program elements: guiding principles, financial model and policies and procedures. The original guiding principles and the 20-year financial model were adopted by the Board in June 2005 and then revised and adopted in April 2010. The original policies for the TLCP were adopted by the Board in October 2005 and have been revised and adopted by the Board in January 2011. The six adopted guiding principles of the TLCP are as follows:

1. A defined and consistent process will be established for allocating funding for projects in the Regional Transportation Plan.
2. A defined and consistent process for Plan amendments and changes will be established.
3. Funding allocations will be regularly monitored and managed.
4. A defined and consistent process will be established to ensure legislated compliance audit, reporting and performance requirements are met.
5. Budgeting and accounting systems will be established to manage Public Transportation Funds (PTF) and monitor and report results.
6. Jurisdictional equity will be maintained.

Numerous meetings of the TLCP executive steering committee, TLCP stakeholders committee and TLCP technical working groups were held over a nine-month period in order to complete this project, which was one of the most successful cooperative transit projects this region has ever undertaken.

Long-term Financial Planning

With the passage of Proposition 400, a new era began for the Authority. For the 20 year period 2006 thru 2025, a significant stream of regional funds will vitalize public transportation in the region. Valley Metro's mission is to put those funds to work to effectively and efficiently serve our member agencies and their residents for the next 20 years. The continuing development of Valley Metro's long term financial plan is integral to the success of public transportation in the region.

For the first time in the history of the Authority, financing using the sale of bonds occurred during FY 2009. The Authority's Board of Directors authorized the issuance of Senior Bonds in an amount not to exceed \$135 million. The actual issuance of bonds (net of unamortized costs) was \$105 million (\$50 million for Bus and \$55 million for Rail) on June 30, 2009. The Authority will use the bond proceeds for the payment or reimbursement of costs of capital expenditures in the regional transportation plan, including without limitation: relocation of utilities relating to the light rail system; planning, acquisition, construction and equipping expansions of the light rail system; bus transit centers and bus/rail transit centers; acquisition of buses and paratransit vehicles; acquisition, construction and equipment of park-and-ride facilities; and related capital costs.

The Authority will undertake a number of key projects during FY 2013 as the agency continues the implementation of TLCP operating and capital projects. The major projects and studies for FY 2013 include the following:

- Long-Range Planning
Update and/or produce information for the Long-Range Transit Plan for Maricopa County, and annual update to the transit element of the Maricopa Association of Governments' (MAG) Regional Transportation Plan (RTP). Provide transit data to MAG in updating the regional travel demand model, provide technical support to MAG on commuter rail planning. Participate in public meetings and open house workshops to solicit public review and comment. Provide for support in the development and administration of stakeholder communications, public meetings, and public outreach as required to collect and analyze opinions and input into system, corridor and capital planning programs, the transit lifecycle program, service adjustments, purchases and other agency programs and projects.
- Short Range Planning
Annual update for the MAG Annual Transportation Report on Prop 400 and preparation of Annual Transit Performance Report. In addition, coordinate with all transit providers and funders in the MAG area on service and route planning activities including Supergrid, Arterial and Freeway Bus Rapid Transit (BRT), Express Bus routes, and Rural Connector routes. Collect and analyze information from operators and area communities to develop a Short Range Transit Program annual update that details regionally funded transit investments that will occur within the five year horizon of the Plan. Fulfill planning requirements of Title VI of the Civil Rights act as outlined in FTA

Circular 4702.1A, addressing how service and project related impacts to minority and low income populations will be addressed, as well as the procedures used to address Title VI-related customer complaints.

- Transit Research and Survey
Develop, implement, and provide analysis for comprehensive transit research surveys and studies. Information from the surveys will be used to produce a database for transit planning purposes, including route evaluation and service adjustments. Survey information derived from the Origins and Destinations Survey will be used to calibrate the MAG travel model insuring that model outputs provide a more accurate projection of mode split and travel behavior. The inclusion of customer satisfaction questions will assist in monitoring the quality of the services provided on an ongoing basis.
- Operations Planning
Provide staff support to Regional Transit Advisory Group (RTAG) on development of recommendations to integrate paratransit operations to improve service to riders and service efficiencies. Provide operations planning assistance to RPTA member agencies upon request.
- Project Management
RPTA provides project management in the implementation of the 20-year capital program identified in the RTP. RPTA is the designated lead agency for development of transit capital and operating projects which are identified in the Regional Transportation Plan and funded through the 1/2 cent sales tax extension authorized by Proposition 400. Project management includes design and construction of facilities and associated support infrastructure.
- Regional Marketing Program
Transit Book Development and Printing: The Transit Book is the primary route and schedule communications vehicle in conjunction with on-line information for Valley Metro bus riders. It is developed and distributed twice a year.

Printed Communications Tools and Signage: Various forms of printed materials are essential for providing transit related information to transit users, non-users, key stakeholders, and partners. This includes brochures, passenger notices, car cards, newsletters, printed guides, kiosk signage, schedules and system maps.

Web Site Design and Navigation: The mission of ValleyMetro.org is to provide up-to-date information needed to use Valley Metro's services, educating the public about what services are available and the benefits of using those services, and promoting alternative modes of transportation in an effort to minimize the impact of single-occupancy vehicle usage in the Valley. With the significant increase in services and information needed to be communicated to the public, ValleyMetro.org requires significant changes to the site design and navigation. Aside from basic Web site navigation features, interactive features such as the Online Trip Planner, the Commuting Cost Calculator and periodic interactive contests will be enhanced for educational purposes and as an incentive to promote the use of alternative modes. ShareTheRide.com is Valley Metro's tool for carpool and vanpool matching, and is linked to ValleyMetro.org. Information for the Valley METRO Rail is also highlighted. Over time the site design and navigation are essential to delivering a "transit portal" for the entire region encompassing all transit modes.

Valley Metro Communications Campaign: Valley Metro and our contracted public relations firm, R&R Partners, plan to continue to implement a campaign designed to promote Valley Metro as the transportation solutions provider that makes the Valley a better place to live, work, play, and visit. This includes public relations support, creative design and development, and various forms of media purchase and placement including print, radio and online advertising.

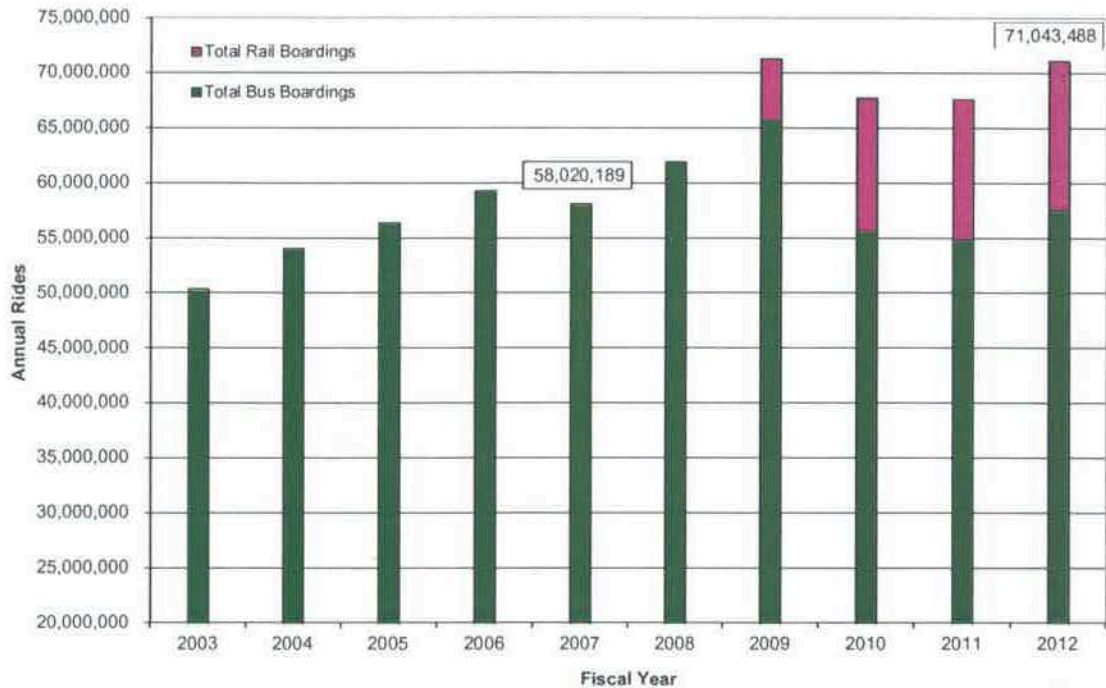
- Regional Transportation Demand Management (TDM) Program
The Regional TDM Program promotes and provides ridesharing and alternative transportation modes services to the general public and over 1,200 Valley employers involved in the Trip Reduction Program. Services include a computerized matching system for carpooling, vanpooling, and bicycle partner opportunities; and assistance with implementing a variety of Transportation Demand Management (TDM) programs such as compressed work weeks and telecommuting programs. The TDM Program oversees and manages regional vanpool services. A public awareness program, the Clean Air Campaign, is administered by Valley Metro. This program is a private/public partnership encouraging participation in alternate modes of transportation, alternate work schedules, and other pollution reducing measures. The TDM Program also oversees regional bicycle and pedestrian safety & education programs.

Valley Metro Operations Initiatives

- Valley Metro Operations
Valley Metro manages fixed route bus, demand response (Dial-a Ride) and vanpool services in cooperation with Member Cities. During fiscal year 2013 the integration of City of Tempe operated bus service will be procured with a single contractor for greater efficiency of operations and consequential cost savings. Dial-a-Ride services have been traditionally provided by a fleet of specialized van-sized vehicles. Valley Metro has initiated a demand response program which will dispatch vehicles which are tailored to the specific customer need. Many Dial-a-Ride trips will be completed in fuel efficient sedans generating substantial savings.
- Customer Service
The Regional Call Center provides bilingual telephone support for regional transit inquiries including trip planning, addressing customer complaints, lost and found inquiries, and light-rail construction mitigation. With increasing ridership and growing call volumes, staff introduced a self-service automated program called NextRide. Customers may use an interactive voice response system, a mobile phone text messaging application, or internet connection to get the next three arrival times of buses or trains serving a particular location. In the first year of existence, the program has delivered over 3 million NextRide responses to customers.
- Growing Ridership
In FY 2012, regional public transportation ridership reached 71 million passengers, growing by 3.4 million riders over last year (5.0%) and 13.0 million riders over the past five years (22.5%).

Valley Metro Regional Bus and Rail Boardings by Fiscal Year
 Fixed Route System

Five Year Growth rate 22.5%



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the fifteenth consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Authority's finance staff. As always, we are appreciative of the support provided by the Board of Directors.

Respectfully submitted,


 Stephen R. Banta
 Chief Executive Officer


 John P. McCormack
 Chief Financial Officer

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Certificate of Achievement for Excellence in Financial Reporting

Presented to
Regional Public Transportation
Authority, Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morinell

President

Jeffrey R. Emer

Executive Director

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Financial Section

The Financial Section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), the basic financial statements (government-wide statements and fund statements), notes to the financial statements, other Required Supplementary Information (RSI) and other financial schedules.

INDEPENDENT AUDITORS' REPORT

Chair and Members of the Board of Directors
Valley Metro Regional Public Transportation Authority

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Valley Metro Regional Public Transportation Authority (the Authority), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Valley Metro Regional Public Transportation Authority, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of Valley Metro Regional Public Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying supplementary information such as the Introductory Section, Other Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Heinfeld, Meech & Co., P.C.

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

December 18, 2012

**Valley Metro
Regional Public Transportation Authority
Management's Discussion and Analysis**

As management of Valley Metro Regional Public Transportation Authority (the Authority), we offer this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2012. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position, (4) identify any material deviations from the financial plan (adopted annual budget) and (5) identify individual fund issues or concerns.

Financial Highlights

- The Authority's total net assets increased \$15.0 million in FY 2012, comprised of a decrease of \$5.1 million in governmental activities and an increase of \$20.1 million in business-type activities. Total net assets of the Authority are \$105.6 million, of which \$97.5 million is unrestricted.
- The governmental activities revenues increased by approximately \$16.4 million (14.9%) over the previous year.
- The business-type activities revenues increased by approximately \$23.8 million (68.8%) from the previous year.
- At June 30, 2012, the Authority's governmental fund balance sheet reported a combined ending fund balance of \$47.4 million, a decrease of \$5.0 million (9.5%) compared to the previous fiscal year.

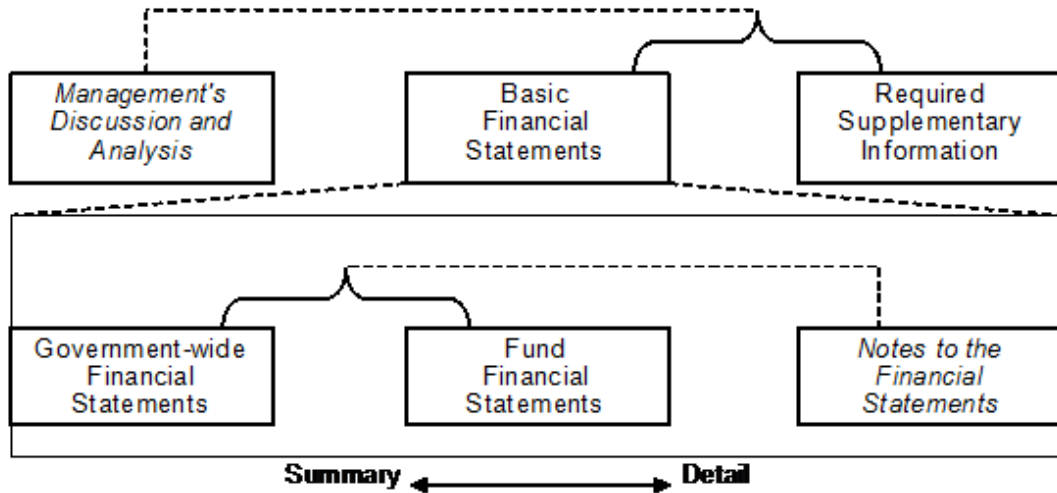
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are presented as follows:

- Government-wide reporting – presents financial statements on a government-wide basis.
- Fund financial statements – presents governmental, proprietary and fiduciary fund financial statements, with the focus on major funds within each fund type.
- Measurement focus for governmental activities – in the government-wide financial statements all activities, including the governmental activities, are reported using the economic resources measurement focus and accrual basis of accounting. The current financial resources focus and modified accrual basis of accounting are followed for the governmental fund financial statements.
- Budgetary reporting – the display of both the original adopted budget and the revised budget in the budgetary comparison schedules is required by GAAP. These schedules are only required for the general fund and major special revenue funds; these statements are presented as part of the basic financial statements, and the Authority has presented this information for the nonmajor special revenue funds and proprietary funds in the combining and individual fund financial statements and schedules section as additional information.
- Required narrative analysis – the financial statements are required to be accompanied by narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

As presented below, the financial section of the Comprehensive Annual Financial Report (CAFR) for the Authority consists of this discussion and analysis, the basic financial statements and required supplementary information (other than MD&A). There are also additional non-required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the general fund and major special revenue funds, and notes to the financial statements.

Required Components of the Comprehensive Annual Financial Report



Government-wide Financial Statements

The government-wide financial statements (see pages 14 - 16) are designed to provide a broad overview of the Authority's finances in a manner similar to those used by private businesses. All of the activities of the Authority, except those of a fiduciary nature, are included in these statements.

The activities of the Authority are broken down into two columns on these statements – governmental activities and business-type activities. A total column for the Authority is also provided.

- The *governmental activities* include the basic services of the Authority including general government (administration), regional planning, transportation demand management and regional customer services. Grants and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities which are transit service operations and light rail transit. These activities are partially supported by user charges and provide substantial benefits, both direct and indirect, to the public at large.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, both current and noncurrent, with the difference between the two reported as net assets. The focus on net assets is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. To assess the overall health of the

Valley Metro
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Management's Discussion and Analysis (Continued)

Authority, other indicators, including non-financial indicators like the Authority's tax base and the condition of its capital assets, should also be considered.

The *statement of activities* presents information showing how the Authority's net assets changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net assets are reported at the time that the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also focuses on both the gross and net costs of the various functions of the Authority, based only on direct functional revenues and expenses. This is designed to show the extent to which the various functions depend on general taxes and revenues for support.

Fund Financial Statements

Also presented are more traditional fund financial statements for governmental funds, proprietary funds and fiduciary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or conditions. Funds are used to ensure and demonstrate compliance with finance-related legal requirements as well as for managerial control to demonstrate fiduciary responsibility over the assets of the Authority.

Governmental funds – Governmental funds are used to account for most of the Authority's basic services. Unlike the governmental activities column on the government-wide financial statement, these fund financial statements (pages 17 - 22) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in looking at the Authority's near-term financial requirements. Since the governmental activities on the statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two statements is provided following the fund financial statements and is also provided in Note 2 (pages 36 - 37).

Proprietary funds – Proprietary funds are used to account for business-type activities of the Authority. Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The proprietary fund financial statements (pages 23 - 25) are prepared using the same long-term focus as the government-wide financial statements. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information (i.e., cash flows).

Notes to the Financial Statements – The notes to the financial statements (pages 27 – 48) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

Required supplementary information other than MD&A – Governments have an option of including the budgetary comparison statements of the general fund and major special revenue funds as either part of the fund financial statements within the basic financial statements or as required supplementary information after the footnotes. The Authority has chosen to present these budgetary statements as part of the basic financial statements.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables and analysis discuss the financial position and changes to the financial position for the Authority as a whole as of and for the year ended June 30, 2012, with comparative information for the previous year.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets as of June 30, 2012 compared to the prior year:

Condensed Statement of Net Assets
As of June 30
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2012	2011	2012	2011	2012	2011	
Current and other assets	\$ 48,029.6	\$ 53,235.3	\$ 75,408.8	\$ 43,424.5	\$ 123,438.4	\$ 96,659.8	27.7%
Noncurrent assets							
Cash and cash equivalents	-	-	23,448.7	33,376.2	23,448.7	33,376.2	-29.7%
Deferred charges	-	-	696.1	756.5	696.1	756.5	-8.0%
Capital assets	1,199.1	1,346.6	85,449.3	93,285.7	86,648.5	94,632.3	-8.4%
Total assets	<u>\$ 49,228.7</u>	<u>\$ 54,581.9</u>	<u>\$ 185,003.0</u>	<u>\$ 170,842.9</u>	<u>\$ 234,231.7</u>	<u>\$ 225,424.8</u>	3.9%
Other liabilities	\$ 1,233.6	\$ 1,486.5	\$ 29,506.3	\$ 29,948.1	\$ 30,739.9	\$ 31,434.6	-2.2%
Long-term liabilities	218.7	247.2	97,686.9	103,161.7	97,905.6	103,408.9	-5.3%
Total liabilities	<u>\$ 1,452.4</u>	<u>\$ 1,733.7</u>	<u>\$ 127,193.1</u>	<u>\$ 133,109.8</u>	<u>\$ 128,645.5</u>	<u>\$ 134,843.5</u>	-4.6%
Net assets:							
Invested in capital assets, net of related debt	\$ 1,199.1	\$ 1,346.6	\$ 6,528.6	\$ 21,322.7	\$ 7,727.8	\$ 22,669.3	-65.9%
Restricted	188.8	178.4	120.7	-	309.4	178.4	73.5%
Unrestricted	46,388.5	51,323.2	51,160.6	16,410.2	97,549.1	67,733.4	44.0%
Total net assets	<u>\$ 47,776.4</u>	<u>\$ 52,848.2</u>	<u>\$ 57,809.9</u>	<u>\$ 37,732.9</u>	<u>\$ 105,586.3</u>	<u>\$ 90,581.1</u>	16.6%

The Authority's total net assets increased \$15.0 million in FY 2012, comprised of a decrease of \$5.1 million in governmental activities and an increase of \$20.1 million in business-type activities. Total net assets of the Authority are \$105.6 million, of which \$97.5 million is unrestricted.

Of the \$105.6 million total net assets, \$7.7 million are the Authority's investment in capital assets net of accumulated depreciation and related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide services to the region's citizens; consequently, it is not the Authority's intention to sell these assets, and they are therefore not available for future spending. The capital assets are reported net of related debt; as discussed in the Capital Assets and Debt Administration section (pages 10 - 11), the Authority has pledged future transportation excise tax revenues to repay the outstanding debt obligations. The capital assets themselves are not intended to be used to liquidate these liabilities.

Approximately \$97.5 million of the Authority's net assets (92.4% of the total) represents unrestricted resources that may be used to meet the Authority's ongoing obligations to citizens, member agencies, contractors and creditors within the respective governmental and business-type activities. The remaining \$0.3 million reflects resources that are subject to external restrictions.

**Valley Metro
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Management's Discussion and Analysis (Continued)**

The governmental activities reported a decrease of \$4.9 million (9.6%) of unrestricted net assets over the prior year largely attributed to a interfund transfers from the Public Transportation Fund to the Transit Service Operations Fund. The Authority purchased bus fleet and bus stop facilities that were funded with a combination of federal and regional PTF funds. During the year, \$28.4 million of the purchased assets were conveyed to Member Cities. The Public Transportation Fund balance was drawn down to cover the local share of the asset purchases.

The significant increase of \$34.8 million of unrestricted net assets over the prior year in business-type activities is due to PTF transfers to the Valley Metro Rail Fund for capital projects to be expended in FY2013 and FY2014.

Changes in Net Assets

The following table compares the revenues and expenses of the Authority for the current and previous fiscal year. The increase (decrease) in net assets for each year represents the extent to which revenues were over (under) expenses during the year.

*Changes in Net Assets
Fiscal year ended June 30
(in thousands of dollars)*

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2012	2011	2012	2011	2012	2011	
REVENUES							
Program revenues:							
Charges for services	\$ 153.4	\$ 189.0	\$ 25,558.8	\$ 23,374.8	\$ 25,712.2	\$ 23,563.8	9.1%
Operating grants and contributions	13,601.9	2,286.9	1,337.1	2,144.5	14,939.0	4,431.4	237.1%
Capital grants and contributions	-	-	31,347.3	8,289.3	31,347.3	8,289.3	278.2%
General revenues:							
Sales taxes	112,353.3	107,111.1	-	-	112,353.3	107,111.1	4.9%
Interest earnings	73.1	79.9	109.8	215.8	182.9	295.7	-38.1%
Other	100.2	233.4	16.6	560.6	116.7	794.0	-85.3%
Total revenues	126,281.9	109,900.3	58,369.6	34,585.0	184,651.6	144,485.3	27.8%
EXPENSES							
Governmental activities:							
Regional planning	1,287.4	2,274.7	-	-	1,287.4	2,274.7	-43.4%
Transportation demand management	1,391.3	1,542.4	-	-	1,391.3	1,542.4	-9.8%
Regional customer services	8,044.5	7,995.4	-	-	8,044.5	7,995.4	0.6%
Administration	1,820.5	1,966.3	-	-	1,820.5	1,966.3	-7.4%
AZ Lottery fund disbursements	10,346.0	-	-	-	10,346.0	-	N/A
Business-type activities:							
Transit service operations	-	-	113,091.6	90,336.8	113,091.6	90,336.8	25.2%
Light rail transit	-	-	33,665.2	66,140.2	33,665.2	66,140.2	-49.1%
Total expenses	22,889.6	13,778.8	146,756.8	156,477.0	169,646.4	170,255.8	-0.4%
Excess (deficit) before transfers	103,392.3	96,121.5	(88,387.2)	(121,892.0)	15,005.1	(25,770.5)	-158.2%
Transfers in (out)	(108,464.1)	(89,250.2)	108,464.1	89,250.2	-	-	N/A
Increase (decrease) in net assets	\$ (5,071.8)	\$ 6,871.3	\$ 20,076.9	\$ (32,641.8)	\$ 15,005.1	\$ (25,770.5)	-158.2%

The largest sources of revenue for the Authority are sales taxes (60.8%). The major funding sources of governmental activities are sales taxes (89.0%) and federal and state grants (10.8%) The major funding sources for business-type activities are federal grants (53.7%) and charges for services to member cities (43.8%).

The Authority's overall revenues increased by \$40.2 million, or 27.8%, compared to last fiscal year. Total revenues of governmental activities increased by \$16.4 million, (14.9%) over the previous year due to increased sales tax revenues from Public Transportation Fund (\$5.3 million) as well as the incorporation of Arizona Lottery Fund revenues (\$11.7 million) which

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Management's Discussion and Analysis (Continued)

were formerly reported as fiduciary funds. All other governmental program revenues decreased by \$0.6 million. Program revenues of business-type activities increased by \$24.4 million, or 72.3%, compared to last fiscal year, which is largely attributable to increases in Federal Transit Administration (FTA) capital grants for bus fleet and facilities.

Spending of the Authority's sales tax revenues is limited to funding those activities necessary to implement the Proposition 400 Transit Life Cycle Program (TLCP). The Public Transportation Fund (PTF) revenues are restricted to the implementation of the transit element of the Regional Transportation Plan (RTP). Regional Area Road Fund (RARF) revenue is limited to fund administration in the General Fund and planning activities.

Business-type activities are the largest users of resources for the Authority with \$146.8 million of expenses (86.5%) which include Transit Service operations and Light Rail Transit lead agency disbursements. Governmental activities expended \$22.9 million, with the largest being AZ Lottery fund disbursements of \$10.3 million and Regional Customer Services of \$8.0 million. Administration, Regional Planning, and Transportation Demand Management activities totaled \$4.5 million for the year.

Total Primary Government expenses decreased by \$0.6 million, or 0.4%, compared to last fiscal year. The governmental expenses increased by \$9.1 million, or 66.1%, over the prior year due to the addition of AZ Lottery fund disbursements \$10.3 million. All other governmental activity expenses were reduced down by \$1.3 million due to conservative spending practices. Business-type activity expenses were decreased by \$9.7 million, or 6.2%, compared to the prior year due to decrease of construction related lead agency disbursements in the Valley Metro Rail Fund, down \$32.5 million, offset by cost increases within the Transit Service Operations Fund, which were up 22.8 million. The increases in business-type activity expenses were primarily due to capital conveyances of bus fleet and bus stop facilities to Member Cities with \$28.4 million expended in FY 2012 versus \$7.7 expended in FY 2011.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

As previously mentioned, the Authority maintains fund accounting to demonstrate compliance with budgetary and legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental Funds

The focus of the governmental funds financial statements (pages 17 – 22) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$47.4 million, a decrease of \$5.0 million, or 9.6%, from the previous year. Of the \$47.4 million total fund balance, the Authority has designated \$0.2 million restricted for special purpose activities the remainder is in unrestricted fund balance in the General Fund (see Note 6 - page 41). Unrestricted fund balance may serve as a useful indicator of a government's net resources available for spending at the end of the year. Of the \$47.4 million fund balance, \$47.2 million is unrestricted.

The General Fund accounts for activities that include regional customer service, financial management and agency administration. In addition to PTF and RARF sales tax revenues of \$112.3 million, in fiscal year 2012, AZ Lottery fund proceeds of \$11.7 million have been added to the General Fund accounts. With the change, General Fund revenues increased \$17.1 million (15.9%) over the previous year, bolstered by the \$5.2 million increase in PTF sales tax

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Management's Discussion and Analysis (Continued)

revenues. The \$107.9 million PTF sales tax revenue represents the sixth full year of earned revenue and increased by \$5.2 million over last year. The sales tax revenue increase was due to the improving economy in the region. Regional Area Road Funds (RARF) sales tax revenues increased slightly by \$41 thousand in FY 2012 to \$4.5 million.

The Transit Planning Fund accounts for activities related to the development of strategies to promote social and economic well-being of the community through the provision of an efficient and effective regional transit system. Revenues decreased \$0.5 million (64.7%) due to the reduction of FTA grant awards received and reduction of service charges for planning services. The expenditures decreased from \$2.3 million to \$1.3 million due to reduced planning activities during the year. Prior to 2006, sales taxes allocated to the Transit Planning Fund were shown as revenues. These monies are now shown as transfers in. Total transfers decreased by 31.0% versus the prior year.

The Transportation Demand Management Fund accounts for activities related to the countywide ridesharing program, trip reduction program and clean air campaign. Revenues decreased 8.9% and expenditures decreased 10.0% from the prior year due to decreases in trip reduction program activities.

Proprietary Funds

The proprietary fund financial statements (pages 23 – 25) are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each enterprise fund is a major fund and is shown discretely on the fund statements.

The Transit Service Operations Fund accounts for the activities related to the operations of local and express bus, paratransit and vanpool services for the region. Net assets increased slightly by \$0.1 million over the prior year to \$25.9 million.

The Valley Metro Rail Fund accounts for staffing and administrative services that are contractually provided by the Authority to Valley Metro Rail, Inc. (VMR) and the PTF sales tax revenues and expenses of such funds related to the Regional Transportation Plan approved light rail projects. Valley Metro Rail, Inc. is a nonprofit corporation organized for the purpose of planning, designing, constructing and operating the light rail transit project in metropolitan Phoenix (see Note 1(a) on page 27). The Valley Metro Rail Fund has net assets of \$31.9 million as of June 30, 2012 as compared to net assets of \$12.0 million at the end of the previous year. In fiscal year 2012 the Valley Metro Rail Fund received 43.2% of the total PTF sales tax revenues distributed to the Authority from the Arizona Department of Revenue, totaling \$46.7 million and received 11.2% of the \$4.5 million RARF sales tax revenue received by the Authority, totaling \$0.5 million. Additionally, the Valley Metro Rail Fund received \$1.8 million of transfers in of 2009 Bond proceeds from the Transit Service Operations Fund for VMR capital expenditure reimbursements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority revised the adopted budget during the fiscal year increasing the General Fund revenues budget from \$108.2 million to \$112.1 million. The primary change was an increase to the Public Transportation Fund revenue from \$103.4 million to \$107.1 million.

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Regional Public Transportation Authority
Management's Discussion and Analysis (Continued)

For the year ended June 30, 2012, actual expenditures were over the adopted budget amounts by \$10.0 million. The variance was attributable to the incorporation of AZ Lottery fund disbursements of \$10.3 million as General Fund expenditures which were not included in the annual budget. In prior year financial reporting, the AZ Lottery fund proceeds and disbursements were reported as fiduciary funds and not included in the general fund transactions. The remaining general fund activities were below budget by \$0.3 million for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Authority had \$86.7 million invested in various capital assets, net of accumulated depreciation, for its governmental and business-type activities. The overall net decrease in the Authority's capital assets for the current fiscal year was 8.4%, a decrease of 10.9% for governmental activities and a decrease of 8.5% for business-type activities for the current year. Major capital asset events in the current year attributing to the decrease included the following:

- Depreciation expense in the current year totaled \$11.5 million, \$11.0 million for business type capital assets and \$0.4 million for governmental activities capital assets. The depreciation expense was the primary reason for the large decrease in governmental activities capital assets.

The following table provides a breakdown of capital assets of the Authority at June 30, 2012 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 7 on pages 42 – 43.

Capital Assets, Net of Accumulated Depreciation
As of June 30
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2012	2011	2012	2011	2012	2011	
Non-depreciable assets:							
Land	\$ -	\$ -	\$ 5,292.0	\$ 5,292.0	5,292.0	\$ 5,292.0	0.0%
Work-in-progress	-	-	2,515.4	2,719.1	2,515.4	2,719.1	-7.5%
Depreciable assets:							
Transit fleet	-	-	55,710.4	62,411.0	55,710.4	62,411.0	-10.7%
Building	-	-	12,226.3	12,517.4	12,226.3	12,517.4	-2.3%
Site improvements	300.4	384.5	6,768.1	6,610.4	7,068.5	6,994.9	1.1%
Computers & software	187.6	317.9	44.1	100.6	231.6	418.6	-44.7%
Equipment	572.6	460.1	2,884.3	3,613.4	3,456.9	4,073.5	-15.1%
Furniture & fixtures	138.6	184.0	8.7	21.8	147.3	205.8	-28.4%
Total assets	\$ 1,199.1	\$ 1,346.5	\$ 85,449.3	\$ 93,285.7	\$ 86,648.5	\$ 94,632.3	-8.4%

Debt Administration

At June 30, 2012, the Authority had total bonded debt outstanding (including unamortized premium) of \$102.4 million related to business-type activities. The Authority has pledged future transportation excise tax revenues to repay this outstanding debt.

	Business-type Activities	
	<u>2012</u>	<u>2011</u>
Revenue bonds payable	\$ 97.8	\$ 100.1
Plus unamortized premium: Bond premium payable	<u>4.6</u>	<u>5.0</u>
Total	<u>\$ 102.4</u>	<u>\$ 105.1</u>

The Authority's current bond ratings on transportation excise revenue tax bonds are AA+ from Standard & Poor's and AA from Fitch.

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 10 on pages 44 - 45.

ECONOMIC FACTORS

RPTA undertook a number of key projects during FY 2012, as the agency continues the implementation of the TLCP operating and capital projects. Funding for these projects and studies comes from a combination of sales tax revenues (Public Transportation Funds [PTF] and Regional Area Road Funds [RARF]) and federal grants.

The key initiatives for fiscal year 2012 included:

- Successfully completed the first five year performance audit of the Transit Element of the Regional Transportation Plan. The State Auditor General remarked that RPTA had instituted an effective performance management system soon after voter approval of Proposition 400.
- Hired a single Chief Executive Officer to manage an integrated RPTA and METRO staff effective March 1, 2012.
- Completed the installation of approximately 7,500 NextRide signs throughout the region so customers can call or text requests for the next bus and train arrival times.
- Instituted the July 2012 Service Change – New Transit Book and revised system map; and improvements to ValleyMetro.org, Customer Communications, and Signage
- Prepared for a pilot program transition for the East Valley Dial-a-Ride program to a brokerage model as a cost savings measure and to reduce travel times for passengers. Under the new program, a contracted broker will dispatch vehicles which are tailored to the specific customer need. Many Dial-a-Ride trips will be completed in fuel efficient sedans generating substantial savings. The pilot program commenced July 1, 2012.

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Management's Discussion and Analysis (Concluded)

The adopted FY 2013 combined operating and capital budget is \$277.1 million (up approximately 19% from fiscal year 2012). The FY 2013 budget includes the seventh full year of projects funded with Proposition 400 PTF sales tax revenues (\$114.6 million). Of the \$114.6 million PTF revenue budgeted, \$52.2 million is for bus operating and bus capital and \$44.2 million is for light rail/high capacity capital. The total operating budget of \$90.9 million represents a \$6.2 million (7%) increase over the fiscal year 2012 operating budget of \$84.7 million. The primary increases are due to greater PTF disbursements to member cities for ADA transit operations. The total capital budget of \$186.3 million represents an \$37.8 million (25%) increase over the fiscal year 2012 capital budget of \$148.4 million. The major reasons for the increases in the capital budget are increasing bus equipment purchases and increasing lead agency distributions to VMR for capital project expenditures. The increases in capital expenses correspond to projects programmed in the Transit Life Cycle Program (TLCP) for fiscal year 2013. The budget is balanced; decreases in net assets other than depreciation charges to capital assets are not anticipated for fiscal year 2013.

FINANCIAL CONTACT

The financial report is designed to provide a general overview of the Authority's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the Authority's Chief Financial Officer, Valley Metro RPTA, 101 N. 1st Avenue, Suite 1300, Phoenix, AZ 85003.

Basic Financial Statements

- **Government-wide Financial Statements**
- **Fund Financial Statements**
- **Notes to the Financial Statements**

Valley Metro
Regional Public Transportation Authority
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 38,227,820	\$ 53,503,741	\$ 91,731,561
Receivables	158,425	-	158,425
Due from other governments	9,632,798	21,902,605	31,535,403
Prepaid Items	10,554	2,500	13,054
Total current assets	<u>48,029,597</u>	<u>75,408,846</u>	<u>123,438,443</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	-	23,448,746	23,448,746
Deferred charges	-	696,083	696,083
Capital assets, not being depreciated	-	7,807,411	7,807,411
Capital assets, net of accumulated depreciation	1,199,127	77,641,923	78,841,050
Total noncurrent assets	<u>1,199,127</u>	<u>109,594,163</u>	<u>110,793,290</u>
Total assets	<u>49,228,724</u>	<u>185,003,009</u>	<u>234,231,733</u>
Liabilities			
Liabilities:			
Current Liabilities			
Accounts payable	283,008	6,556,638	6,839,646
Accrued salaries and benefits	230,195	164,138	394,333
Due to other governments	138,326	14,552,086	14,690,412
Revenue bonds payable	-	5,085,000	5,085,000
Bond interest payable	-	2,577,359	2,577,359
Compensated absences payable	582,109	571,031	1,153,140
Total current liabilities	<u>1,233,638</u>	<u>29,506,252</u>	<u>30,739,890</u>
Noncurrent liabilities:			
Compensated absences payable	218,714	402,428	621,142
Revenue bonds payable, including unamortized premium	-	97,284,446	97,284,446
Total noncurrent liabilities	<u>218,714</u>	<u>97,686,874</u>	<u>97,905,588</u>
Total liabilities	<u>1,452,352</u>	<u>127,193,126</u>	<u>128,645,478</u>
Net Assets			
Invested in capital assets, net of related debt	1,199,127	6,528,635	7,727,762
Restricted for transit planning	100,204	-	100,204
Restricted for transportation demand management	88,588	-	88,588
Restricted for capital outlay	-	120,650	120,650
Unrestricted	46,388,453	51,160,599	97,549,052
Total net assets	<u>\$ 47,776,372</u>	<u>\$ 57,809,884</u>	<u>\$ 105,586,256</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Activities
Fiscal Year June 30, 2012

Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Regional planning:				
Long range	\$ 161,945	\$ 153,445	\$ 589,367	\$ -
Short range	307,283	-	946,643	-
Capital	113,311	-	400,200	-
Program support	704,870	-	-	-
Transportation demand management:				
Trip reduction	779,921	-	-	-
Ridesharing	571,187	-	-	-
Other programs	40,145	-	-	-
Regional customer services:				
Marketing	2,018,631	-	-	-
Call center	3,578,569	-	-	-
Other programs	2,447,288	-	-	-
AZ Lottery fund disbursements	10,345,984	-	11,665,674	-
Administration:				
Executive director's office	992,735	-	-	-
Finance & management services	827,759	-	-	-
Total governmental activities	<u>22,889,628</u>	<u>153,445</u>	<u>13,601,884</u>	<u>-</u>
Business-type activities:				
Transit service operations	113,091,586	15,857,726	1,337,135	31,347,333
Light rail transit	33,665,209	9,701,059	-	-
Total business-type activities	<u>146,756,795</u>	<u>25,558,785</u>	<u>1,337,135</u>	<u>31,347,333</u>
Total primary government	<u>\$ 169,646,423</u>	<u>\$ 25,712,230</u>	<u>\$ 14,939,019</u>	<u>\$ 31,347,333</u>

General revenues:
Sales taxes:
 Public transportation funds
 Regional area road funds
Interest earnings
Other income
Transfers in (out)
 Total general revenues & transfers
 Change in net assets
Net assets - beginning
Net assets - ending

See accompanying notes to the financial statements.

(Continued)

**Net (Expense) Revenues and
Changes in Net Assets**

Governmental Activities	Business Type Activities	Total
\$ 580,867		\$ 580,867
639,360		639,360
286,889		286,889
(704,870)		(704,870)
(779,921)		(779,921)
(571,187)		(571,187)
(40,145)		(40,145)
(2,018,631)		(2,018,631)
(3,578,569)		(3,578,569)
(2,447,288)		(2,447,288)
1,319,690		1,319,690
(992,735)		(992,735)
(827,759)		(827,759)
<u>(9,134,299)</u>		<u>(9,134,299)</u>
-	\$ (64,549,392)	(64,549,392)
-	(23,964,150)	(23,964,150)
-	<u>(88,513,542)</u>	<u>(88,513,542)</u>
\$ (9,134,299)	\$ (88,513,542)	\$ (97,647,841)
107,889,134	-	107,889,134
4,464,196	-	4,464,196
73,104	109,799	182,903
100,154	16,586	116,740
<u>(108,464,090)</u>	<u>108,464,090</u>	<u>-</u>
<u>4,062,498</u>	<u>108,590,475</u>	<u>112,652,973</u>
(5,071,801)	20,076,933	15,005,132
52,848,173	37,732,951	90,581,124
<u>\$ 47,776,372</u>	<u>\$ 57,809,884</u>	<u>\$ 105,586,256</u>

Valley Metro
Regional Public Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2012

Assets	General	Transit Planning	Transportation Demand Management	Total Governmental Funds
Cash and cash equivalents	\$ 38,162,226	\$ 40,143	\$ 25,451	\$ 38,227,820
Receivables	150,405	-	8,020	158,425
Due from other governments	9,233,293	71,906	327,599	9,632,798
Due from other funds	233,030	-	-	233,030
Prepaid Items	10,554	-	-	10,554
Total assets	<u>\$ 47,789,508</u>	<u>\$ 112,049</u>	<u>\$ 361,070</u>	<u>\$ 48,262,627</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 251,841	\$ 8	\$ 31,159	\$ 283,008
Accrued salaries and benefits	210,065	11,837	8,293	230,195
Due to other funds	-	-	233,030	233,030
Due to other governments	138,326	-	-	138,326
Total liabilities	<u>600,232</u>	<u>11,845</u>	<u>272,482</u>	<u>884,559</u>
 Fund balances:				
Nonspendable:				
Prepays	10,554	-	-	10,554
Restricted:	-	100,204	88,588	188,792
Unassigned:	<u>47,178,722</u>	<u>-</u>	<u>-</u>	<u>47,178,722</u>
Total fund balances	<u>47,189,276</u>	<u>100,204</u>	<u>88,588</u>	<u>47,378,068</u>
Total liabilities and fund balances	<u>\$ 47,789,508</u>	<u>\$ 112,049</u>	<u>\$ 361,070</u>	<u>\$ 48,262,627</u>

**Reconciliation of the balance sheet to the statement
of net assets**

Fund balances, total governmental funds balance sheet	\$ 47,378,068
Amounts reported for governmental activities in the statement of net assets are different because:	
Governmental capital assets	4,213,104
Less accumulated depreciation	(3,013,977)
Governmental compensated absences	<u>(800,823)</u>
Net assets of governmental activities, statement of net assets	<u>\$ 47,776,372</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2012

	<u>General</u>	<u>Transit Planning</u>	<u>Transportation Demand Management</u>	<u>Total Governmental Funds</u>
Revenues:				
Sales taxes:				
Public transportation funds	\$ 107,889,134	\$ -	\$ -	\$ 107,889,134
Regional area road funds	4,464,196	-	-	4,464,196
Intergovernmental:				
AZ Lottery fund proceeds	11,665,674	-	-	11,665,674
State & county grants & pass through grants	-	-	400,200	400,200
Federal Transit Administration	292,742	296,625	-	589,367
CMAQ	-	-	946,643	946,643
Charges for services	153,445	-	-	153,445
Interest earnings	73,104	-	-	73,104
Miscellaneous	49,598	-	50,556	100,154
Total revenues	<u>124,587,893</u>	<u>296,625</u>	<u>1,397,399</u>	<u>126,281,917</u>
Expenditures:				
Current:				
Regional planning:				
Long range	-	161,939	-	161,939
Short range	-	307,283	-	307,283
Capital	-	113,311	-	113,311
Program support	-	704,870	-	704,870
Transportation demand management:				
Trip reduction	-	-	779,921	779,921
Ridesharing	-	-	571,187	571,187
Other programs	-	-	40,142	40,142
Regional customer services:				
Marketing	2,018,631	-	-	2,018,631
Call center	3,578,569	-	-	3,578,569
Other programs	2,447,288	-	-	2,447,288
Administration:				
Executive director's office	992,744	-	-	992,744
Finance & management services	453,137	-	-	453,137
AZ Lottery fund disbursements	10,345,984	-	-	10,345,984
Capital outlay	274,580	-	-	274,580
Total expenditures	<u>20,110,933</u>	<u>1,287,403</u>	<u>1,391,250</u>	<u>22,789,586</u>
Excess (deficiency) of revenues over (under) expenditures	104,476,960	(990,778)	6,149	103,492,331
Other financing sources (uses):				
Transfers in	8,962,163	990,776	4,263	9,957,202
Transfers out	(118,421,292)	-	-	(118,421,292)
Total other financing sources (uses)	<u>(109,459,129)</u>	<u>990,776</u>	<u>4,263</u>	<u>(108,464,090)</u>
Net change in fund balances	(4,982,169)	(2)	10,412	(4,971,759)
Fund balance, beginning	52,171,445	100,206	78,176	52,349,827
Fund balance, ending	<u>\$ 47,189,276</u>	<u>\$ 100,204</u>	<u>\$ 88,588</u>	<u>\$ 47,378,068</u>

See accompanying notes to the financial statements.

**Valley Metro
Regional Public Transportation Authority**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Fiscal Year Ended June 30, 2012

Net change in fund balances, total governmental funds \$ (4,971,759)

The change in net assets reported for governmental activities in the statement of different
because:

1. Governmental funds report capital outlays as expenditures. However, in the statement
of activities, the costs of capitalized assets is allocated over their estimated useful lives
and reported as depreciation expense.

This is the amount by which depreciation expense (\$420,353) exceeded capital outlay
expense (\$274,580), net of the loss on capital assets (\$1,707) in the current period. (145,773)

2. In the Statement of Activities, only the gain/loss on the sale of capital assets is
reported, whereas in the governmental funds, the proceeds from the sale increase
financial resources. Thus, the change in net assets differ from the change in fund
balance by the book value of capital assets sold. (1,707)

3. The governmental funds, under the modified accrual basis of accounting, do not
report the unpaid compensated absences as an expenditure or liability, as they are not
paid with expendable available financial resources. In the statement of activities,
however, which is presented on the accrual basis, expenses and liabilities are reported
regardless of when financial resources are used. 47,438

Change in net assets of governmental activities, statement of activities \$ (5,071,801)

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
General Fund
Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Sales taxes:				
Regional area road funds	\$ 4,476,000	\$ 4,464,196	\$ 4,464,196	\$ -
Public Transportation fund	103,400,000	107,100,000	107,889,134	789,134
Intergovernmental:				
AZ Lottery Fund Proceeds	-	271,281	11,665,674	11,394,393
Federal Transit Administration	150,000	122,000	292,742	170,742
Charges for Services	-	-	153,445	153,445
Interest earnings	20,000	20,000	73,104	53,104
Miscellaneous	152,885	152,885	49,598	(103,287)
Total revenues	<u>108,198,885</u>	<u>112,130,362</u>	<u>124,587,893</u>	<u>12,457,531</u>
Expenditures:				
Current:				
Regional Customer Services:				
Marketing	2,154,406	2,154,406	2,018,631	135,775
Call Center	3,718,607	3,768,197	3,578,569	189,628
Other Programs	2,449,047	2,492,047	2,447,288	44,759
AZ Lottery Fund Disbursements	-	-	10,345,984	(10,345,984)
Executive director's office	1,181,579	1,186,579	992,744	193,835
Finance & management services	377,399	377,399	453,137	(75,738)
Capital Outlay	178,000	153,000	274,580	(121,580)
Total expenditures	<u>10,059,038</u>	<u>10,131,628</u>	<u>20,110,933</u>	<u>(9,979,305)</u>
Excess of revenues over expenditures	98,139,847	101,998,734	104,476,960	2,478,226
Other financing uses:				
Transfers in	8,197,175	10,988,034	8,962,163	(2,025,871)
Transfers out	(102,473,521)	(105,384,113)	(118,421,292)	(13,037,179)
Total other financing uses	<u>(94,276,346)</u>	<u>(94,396,079)</u>	<u>(109,459,129)</u>	<u>(15,063,050)</u>
Net change in fund balance	3,863,501	7,602,655	(4,982,169)	(12,584,824)
Fund balance, beginning	52,171,445	52,171,445	52,171,445	-
Fund balance, ending	<u>\$ 56,034,946</u>	<u>\$ 59,774,100</u>	<u>\$ 47,189,276</u>	<u>\$ (12,584,824)</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
Transit Planning Fund
Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental:				
Federal Transit Administration	\$ 274,720	\$ 274,720	296,625	\$ 21,905
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>274,720</u>	<u>274,720</u>	<u>296,625</u>	<u>21,905</u>
Expenditures:				
Current:				
Regional planning:				
Long range	115,546	136,723	161,939	25,216
Short range	455,166	431,666	307,283	(124,383)
Capital	180,188	145,187	113,311	(31,876)
Program support	705,752	693,626	704,870	11,244
Total expenditures	<u>1,456,652</u>	<u>1,407,202</u>	<u>1,287,403</u>	<u>(119,799)</u>
Excess of revenues over expenditures	(1,181,932)	(1,132,482)	(990,778)	141,704
Other financing uses:				
Transfers in	1,181,932	1,132,482	990,776	(141,706)
Total other financing uses	<u>1,181,932</u>	<u>1,132,482</u>	<u>990,776</u>	<u>(141,706)</u>
Net change in fund balance	-	-	(2)	(2)
Fund balance, beginning	<u>100,206</u>	<u>100,206</u>	<u>100,206</u>	<u>-</u>
Fund balance, ending	<u>\$ 100,206</u>	<u>\$ 100,206</u>	<u>\$ 100,204</u>	<u>\$ (2)</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
Transportation Demand Management Fund
Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental:				
State grants & pass through grants	\$ 583,001	\$ 578,001	\$ 400,200	\$ (177,801)
CMAQ	994,000	964,000	946,643	(17,357)
Miscellaneous	-	-	50,556	50,556
Total revenues	<u>1,577,001</u>	<u>1,542,001</u>	<u>1,397,399</u>	<u>(144,602)</u>
Expenditures:				
Current:				
Transportation Demand Management:				
Trip reduction	655,000	620,000	779,921	159,921
Ridesharing	594,000	594,000	571,187	(22,813)
Other programs	346,809	346,809	40,142	(306,667)
Total expenditures	<u>1,595,809</u>	<u>1,560,809</u>	<u>1,391,250</u>	<u>(169,559)</u>
Excess of revenues over expenditures	(18,809)	(18,808)	6,149	24,957
Other financing uses:				
Transfers in	18,809	18,808	4,263	(14,545)
Total other financing uses	<u>18,809</u>	<u>18,808</u>	<u>4,263</u>	<u>(14,545)</u>
Net change in fund balance	0	-	10,412	10,412
Fund balance, beginning	<u>78,176</u>	<u>78,176</u>	<u>78,176</u>	<u>-</u>
Fund balance, ending	<u>\$ 78,176</u>	<u>\$ 78,176</u>	<u>\$ 88,588</u>	<u>\$ 10,412</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 20,829,904	\$ 32,673,836	\$ 53,503,740
Due from other governments	19,941,339	1,961,266	21,902,605
Due from other funds	-	1,019,215	1,019,215
Prepaid Items	2,500	-	2,500
Total current assets	<u>40,773,743</u>	<u>35,654,317</u>	<u>76,428,060</u>
Noncurrent assets			
Restricted cash and cash equivalents	23,448,747	-	23,448,747
Deferred charges	696,083	-	696,083
Capital assets, not being depreciated	7,807,411	-	7,807,411
Capital assets, net of accumulated depreciation	77,641,923	-	77,641,923
Total noncurrent assets	<u>109,594,164</u>	<u>-</u>	<u>109,594,164</u>
Total assets	<u>150,367,907</u>	<u>35,654,317</u>	<u>186,022,224</u>
Liabilities			
Current liabilities:			
Accounts payable	6,556,638	-	6,556,638
Accrued salaries and benefits	16,669	147,469	164,138
Due to other funds	1,019,215	-	1,019,215
Due to other governments	11,831,858	2,720,228	14,552,086
Bond payable - current	5,085,000	-	5,085,000
Bond interest payable	2,577,359	-	2,577,359
Compensated absences payable	69,522	486,614	556,137
Total current liabilities	<u>27,156,261</u>	<u>3,354,311</u>	<u>30,510,573</u>
Noncurrent liabilities:			
Compensated absences payable	52,169	365,153	417,321
Revenue bonds payable, including unamortized premium	97,284,446	-	97,284,446
Total noncurrent liabilities	<u>97,336,615</u>	<u>365,153</u>	<u>97,701,767</u>
Total liabilities	<u>124,492,876</u>	<u>3,719,464</u>	<u>128,212,340</u>
Net Assets			
Invested in capital assets, net of related debt	6,528,635	-	6,528,635
Restricted for capital outlay	120,650	-	120,650
Unrestricted	19,225,746	31,934,853	51,160,599
Total net assets	<u>\$ 25,875,031</u>	<u>\$ 31,934,853</u>	<u>\$ 57,809,884</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Fiscal Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Transit Service Operations</u>	<u>Valley Metro Rail</u>	<u>Total Proprietary Funds</u>
Operating Revenues:			
Charges for services	\$ 15,857,726	\$ 9,701,059	\$ 25,558,785
Miscellaneous	13,055	3,531	16,586
Total operating revenues	<u>15,870,781</u>	<u>9,704,590</u>	<u>25,575,371</u>
Operating Expenses:			
Local & express bus service	42,237,399	-	42,237,399
Light rail staff and administration	-	9,546,161	9,546,161
Paratransit service	10,863,296	-	10,863,296
Vanpool service	749,235	-	749,235
Safety and security	308,911	-	308,911
Administrative and general	121,806	-	121,806
Depreciation	11,025,829	-	11,025,829
Total operating expenses	<u>65,306,476</u>	<u>9,546,161</u>	<u>74,852,637</u>
Operating income (loss)	(49,435,695)	158,429	(49,277,266)
Non-Operating Revenues (Expenses):			
Lead agency disbursements	(14,671,568)	(24,119,048)	(38,790,616)
IRS fuel tax credit	512,860	-	512,860
Interest income	79,323	30,476	109,799
Loss on disposal of capital assets	31,755	-	31,755
AZ Lottery fund proceeds	262,989	-	262,989
Capital conveyance	(28,368,147)	-	(28,368,147)
Interest subsidy	589,923	-	589,923
Interest expense	(4,745,395)	-	(4,745,395)
Bond issuance expense	(60,392)	-	(60,392)
Total non-operating revenues (expenses)	<u>(46,368,652)</u>	<u>(24,088,572)</u>	<u>(70,457,224)</u>
Income (loss) before contributions and transfers	(95,804,347)	(23,930,143)	(119,734,490)
Capital contributions	31,347,333	-	31,347,333
Transfers in	74,909,938	48,969,372	123,879,310
Transfers out	<u>(10,360,738)</u>	<u>(5,054,482)</u>	<u>(15,415,220)</u>
Changes in net assets	92,186	19,984,747	20,076,933
Net assets, beginning	<u>25,782,845</u>	<u>11,950,106</u>	<u>37,732,951</u>
Net assets, ending	<u>\$ 25,875,031</u>	<u>\$ 31,934,853</u>	<u>\$ 57,809,884</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 29,840,735	\$ 14,891,978	\$ 44,732,713
Payments to suppliers	(54,575,116)	(2,541,560)	(57,116,676)
Payments to employees	(1,038,609)	(8,846,896)	(9,885,505)
Net cash provided by (used in) operating activities	(25,772,990)	3,503,522	(22,269,468)
Cash flows from noncapital and related financing activities			
Transfers in - sales taxes	74,909,938	48,969,372	123,879,310
Transfers out	(10,360,738)	(5,054,482)	(15,415,220)
Lead agency disbursements	(14,671,568)	(500,000)	(15,171,568)
AZ Lottery fund proceeds	262,989	-	262,989
Due to/from other funds	(6,708,344)	(1,935,645)	(8,643,989)
Federal alternative fuel tax credit	512,860	-	512,860
Net cash provided by (used in) noncapital and related financing activities	43,945,137	41,479,245	85,424,382
Cash flows from capital and related financing activities			
Purchases of capital assets	(3,157,735)	-	(3,157,735)
Conveyance of capital assets	(28,368,147)	-	(28,368,147)
Principal payments on long-term debt	(2,265,000)	-	(2,265,000)
Lead agency disbursements	-	(23,619,048)	(23,619,048)
Capital contributions	31,347,333	-	31,347,333
Interest subsidy	589,923	-	589,923
Interest paid on capital debt	(5,205,192)	-	(5,205,192)
Net cash provided by (used in) capital and related financing activities	(7,058,818)	(23,619,048)	(30,677,866)
Cash flows from investing activities			
Interest received on investments	79,323	30,476	109,799
Net cash provided by (used in) investing activities	79,323	30,476	109,799
Net increase in cash and cash equivalents	11,192,654	21,394,195	32,586,849
Cash and cash equivalents, beginning of year	33,085,997	11,279,641	44,365,638
Cash and cash equivalents, end of year	<u>\$ 44,278,651</u>	<u>\$ 32,673,836</u>	<u>\$ 76,952,487</u>
From the Proprietary Funds Statement of Net Assets			
Current cash and cash equivalents	20,829,904	32,673,836	53,503,740
Noncurrent cash and cash equivalents	23,448,747	-	23,448,747
Total cash and cash equivalents	<u>\$ 44,278,651</u>	<u>\$ 32,673,836</u>	<u>\$ 76,952,487</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	(49,435,695)	158,429	(49,277,266)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,025,829	-	11,025,829
(Increase) decrease in assets:			
Due from other governments	13,983,009	5,190,919	19,173,928
Increase (decrease) in liabilities:			
Accounts payable	3,332,773	-	3,332,773
Accrued salaries and benefits	2,975	62,162	65,137
Due to other governments	(4,705,830)	(1,976,234)	(6,682,064)
Compensated absences payable	23,949	68,247	92,196
Total adjustments	23,662,705	3,345,093	27,007,798
Net cash provided by (used in) operating activities	<u>\$ (25,772,990)</u>	<u>\$ 3,503,522</u>	<u>\$ (22,269,468)</u>

See accompanying notes to the financial statements.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Regional Public Transportation Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the more significant accounting policies of the Authority is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this financial report.

a. Financial Reporting Entity

The Authority was established under the laws of the State of Arizona in 1985 along with the passage of a one-half of one percent sales tax increase to fund regional highway and public transportation improvements. The Authority was charged with developing a regional transit plan and developing and operating a regional transit system for Maricopa County (the County). In 1993, the Authority's Board of Directors adopted Valley Metro as the identity for the regional transit system. Valley Metro was chosen to give the region's buses a more recognizable identity and to help unify public transit systems in the County.

The Authority is governed by a Board of Directors consisting of a member of the County Board of Supervisors and the mayors (or their designees) of the member cities and towns. For fiscal year 2011-12, the members included the cities of Avondale, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson, and the towns of Buckeye, Gilbert and Queen Creek. A municipality may have one elected official serve on the Authority's Board of Directors by adopting an ordinance declaring its participation.

In October 2002, the city councils of Glendale, Mesa, Phoenix and Tempe approved the formation of a public nonprofit corporation by the name of Valley Metro Rail, Inc. (VMR). The nonprofit corporation was organized for the purpose of planning, designing, constructing and operating the Light Rail Transit Project. In February of 2012, the Board of Directors for the Authority and VMR took action to appoint a single CEO to manage both financial entities under a single integrated agency. The Authority and VMR entered into an intergovernmental agreement providing for the single CEO to serve both organizations effective March 1, 2012.

VMR contracts with the Authority for certain administrative functions, including personnel, administration and financial and accounting services. This activity is recorded in the Authority's Valley Metro Rail Enterprise Fund. The Board of VMR is solely responsible for the governance of VMR, and the Authority's Board of Directors has no responsibility for VMR. VMR is not a component unit of the Authority because the economic resources received by VMR are entirely for the direct benefit of VMR, and the Authority is not entitled to and has no ability to otherwise access any of the economic resources received or held by VMR. However, VMR is a related party of the Authority since the cities who are members of VMR's Board of Directors are also members of the Authority's Board of Directors.

b. Basic Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report on the Authority as a whole, excluding fiduciary activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The government-wide financial statements focus more on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the Authority would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Reservations or designations of net assets imposed by the reporting government, whether by administrative policy or legislative action of the reporting government, are not shown on the government-wide financial statements. Note 6 discusses the internal reservations and designations of fund balances/net assets in the various funds to demonstrate the government's intended use of those net assets.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions and segments of the Authority 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 users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and the other revenues not identifiable with particular functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Basis of Presentation

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following fund categories (further divided by fund type) are used by the Authority:

Governmental Funds

Governmental funds are used to account for the Authority's general government activities. The focus of Governmental Fund measurement, in the fund financial statements, is upon determination of financial position and changes in financial position rather than upon net income. The Authority reports the following major Governmental Funds:

The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Transit Planning Fund accounts for the receipt and expenditure of U.S. Department of Transportation, Federal Transit Administration, Federal Transit Technical Studies grant monies, regional area road fund sales taxes and member cities local match restricted for various planning studies.

The Transportation Demand Management Fund accounts for the receipt and expenditure of various grant monies restricted for activities related to the countywide ridesharing program, trip reduction program and clean air campaign.

Proprietary Funds

Proprietary funds account for activities of the Authority similar to those found in the private sector, where cost recovery and the determination of net income are useful or necessary for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. Currently, enterprise funds are the only type of proprietary funds that the Authority uses.

Enterprise funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has

issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the Authority to establish activity fees or charges to recover the cost of providing services, including capital costs.

The Authority reports the following major enterprise funds:

The Transit Service Operations Fund accounts for the activities related to the operations of local and express bus, dial-a-ride and vanpool services for the region.

The Valley Metro Rail Fund accounts for the activities related to the staffing and administrative services that are contractually provided by the Authority to Valley Metro Rail, Inc. and transfers in of the Public Transportation Fund (PTF) and the Regional Area Road Funds (RARF) sales tax revenues and expenses of such funds related to the Regional Transportation Plan approved light rail projects.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus and modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unrestricted fund balance is a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon thereafter to pay liabilities of the current period. The Authority considers revenues available under modified accrual, if they are earned by June 30 (all eligibility requirements have been met) and the revenue is expected to be collected within six months after year-end. Expenditures are recorded when the related fund liability is incurred.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Authority’s actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements. Additional reconciliations are also provided in Note 2.

When applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33 – *Recipient Reporting for Certain Shared Non-exchange Transactions* (Statement No. 33), receivables and revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

Interest income is recognized on the modified accrual basis. Changes in fair value of investments are recognized in investment income at the end of the year.

Sales taxes, entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. For the governmental fund statements, grant revenue earned but not expected to be received within six months of year end is deferred.

The flow of economic resources measurement focus emphasizes the determination of net income.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

On the proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, i.e., charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items like investment income and interest expense that are not a result of the direct operations of the activity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

e. Budgetary Basis of Accounting

An annual budget of revenues and expenditures is prepared and adopted by the Board of Directors each fiscal year for all funds. The legal level of budgetary control is the total annual appropriated budget. Costs in excess of the total annual appropriated budget require approval of the Board of Directors. Transfers of appropriations between departments require the approval of the Chief Executive Officer. The annual budget is adopted on the modified accrual basis. Encumbrance accounting is used and all appropriations lapse at year end. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

Budgetary comparison statements for the general fund and major special revenue funds must be presented as part of the basic financial statements or as required supplementary information. The Authority has chosen to present this information as part of the basic financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis). Budgetary comparisons for the major enterprise funds are presented in the combining statements following the notes to the financial statements. Where necessary, a reconciliation has been provided of the adjustments required to convert the budgetary revenues and expenditures or changes in net assets on a budgetary basis to revenues and expenditures/expenses or change in net assets on a GAAP basis.

f. Deposits and Investments

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit and the State of Arizona's Local Government Investment Pool (LGIP). Currently the Authority invests only in the LGIP, which is operated by the Arizona State Treasurer's Office, as authorized by Arizona Revised Statutes, §35-326. Arizona Revised Statutes §35-312 and §35-313 regulate authorized investments.

Local Government Investment Pool investments are carried at fair value. The fair value of pooled investments is determined annually and is based on current market prices. The fair value of participants' position in the pool approximates the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawal.

The Authority maintains pooled cash and investments. Income from pooled cash and investments is allocated to the individual funds based on the fund's month end cash balance in relation to the total pooled cash and investments. Authority management has determined that the investment income related to all funds except the Public Transportation Fund and Valley Metro Rail Enterprise Fund should be allocated to the General Fund.

Each fund's equity in the pooled cash and investments is tracked on an ongoing basis. In the event that a certain fund overdraws its share of pooled cash, the overdraft is reported as due to other funds at year end.

g. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

h. Capital Assets

All capital assets, whether owned by governmental activities or business-type activities, must be recorded and depreciated (unless the modified approach is used) in the government-wide financial statements. No long-term assets or depreciation are shown in the governmental fund financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. The Authority has no public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Authority) or capital construction projects. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life (Years)</u>
Equipment	3-20
Vehicles	
Cars and vans	4
Buses greater than 30 feet	10
Buses greater than 40 feet	20
Computers and software	3
Site improvements	16-30
Buildings	46-50

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

i. Transactions Between Funds

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are reported in the fund financial statements as “due to/from other funds”. See Note 5 for further discussion of the interfund receivables/payables at June 30.

Certain transactions occurring between funds that are combined within the same fund type or displayed in the same financial statement column for presentation in these annual financial statements have been eliminated from the financial statements. In the government-wide financial statements, only the net interfund activity and balances between governmental activities and business-type activities are shown (reported as “internal balances”).

j. Receivables

Receivables primarily result from accrued member city service billings and various grants awarded by the Federal Transit Administration and the Federal Highway Administration. The grant receivables are passed through to the Authority and are due from the City of Phoenix, Maricopa Association of Governments, Maricopa County, and the Arizona Department of Transportation as reimbursement for eligible grant expenditures associated with operating, capital projects and capital maintenance.

k. **Compensated Absences**

Employees of the Authority are entitled to 23.6 - 31.5 paid time off days (vacation and sick leave) per calendar year - based on an eight-hour workday, depending upon length of service. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The current portion of the accrued compensated absences liability is based on the average annual amount of leave charged over the preceding three years. Generally, resources from the General Fund are used to liquidate the governmental funds liabilities for compensated absences.

l. **Long-term Obligation**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

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.

m. **Net Assets**

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Authority. Unrestricted net assets are the remaining net assets not included in the previous two categories.

n. **Fund Balances**

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 and spendable fund balances. Spendable fund balances include restricted, committed, assigned and unassigned fund balance classifications.

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the Authority's Board of Directors, which is the highest level of decision-making authority within the Authority. Only RPTA's Board of Directors can remove or change the constraints placed on committed fund balances. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Directors at a Board of Directors meeting. The Board of Directors must commit fund balances before the end of the fiscal year. Assigned fund balances are resources constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Chief Executive Officer or designee to make assignments of resources for a specific purpose. The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred, it is the Authority's policy to use restricted fund balance first, then committed, assigned and unassigned fund balances as resources are available.

o. Cash Equivalents

The Authority considers short-term investments in the State of Arizona's Local Government Investment Pool, mutual fund-money market, U.S. Treasury bills and notes with maturities of three months or less at acquisition date to be cash equivalents.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America necessarily requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting financial period. Actual results could differ from these estimates.

2. Reconciliation of Governmental Fund Financial Statements to Government-Wide 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. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each fund financial statement. Additional reconciliations are provided below.

Reconciliation of Governmental Funds Balance Sheet and the government-wide Statement of Net Assets:

	Total Governmental Funds	Long-term Assets/ Liabilities	Reclassifications for Internal Balances and Eliminations	Statement of Net Assets Totals
Assets				
Cash and cash equivalents	\$ 38,227,820	\$ -	\$ -	\$ 38,227,820
Receivables	158,425	-	-	158,425
Due from other governments	9,632,798	-	-	9,632,798
Due from other funds	233,030	-	(233,030)	-
Prepaid items	10,554	-	-	10,554
Capital assets (net)	-	1,199,127	-	1,199,127
Total assets	<u>\$ 48,262,627</u>	<u>\$ 1,199,127</u>	<u>\$ (233,030)</u>	<u>\$ 49,228,724</u>
Liabilities				
Accounts payable	\$ 283,008	\$ -	\$ -	\$ 283,008
Accrued salaries and benefits	230,195	-	-	230,195
Due to other funds	233,030	-	(233,030)	-
Due to other governments	138,326	-	-	138,326
Compensated absences	-	800,823	-	800,823
Total liabilities	<u>884,559</u>	<u>800,823</u>	<u>(233,030)</u>	<u>1,452,352</u>
Fund Balance/Net Assets				
Total fund balance/net assets	<u>\$ 47,378,068</u>	<u>\$ 398,304</u>	<u>\$ -</u>	<u>\$ 47,776,372</u>

When capital assets that are to be used in governmental activities are purchased, the costs of those assets are reported as expenditures in governmental funds, and thus a reduction in fund balance. However, the statement of net assets includes those capital assets among the assets of the Authority as a whole:

Cost of capital assets	\$ 4,213,104
Accumulated depreciation	<u>(3,013,977)</u>
Capital assets, net	<u>\$ 1,199,127</u>

Interfund transactions between governmental activities of \$233,030 are eliminated in the consolidation of these activities for the statement of net assets.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

Under the modified accrual basis of accounting, the governmental funds do not accrue for unpaid compensated absences in the amount of \$800,823 as a liability, as they are not paid with expendable available financial resources. However, the statement of net assets includes the unpaid compensated absences as long-term liabilities regardless of when financial resources are used, and thus a reduction in net assets.

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities:

	Total Governmental Funds	Capital Purchases	Depreciation and Disposals	Compensated Absences	Statement of Activities Totals
Revenues					
Sales taxes	\$ 112,353,330	\$ -	\$ -	\$ -	\$ 112,353,330
Intergovernmental	13,601,884	-	-	-	13,601,884
Interest earnings	73,104	-	-	-	73,104
Charges for services	153,445	-	-	-	153,445
Miscellaneous	100,154	-	-	-	100,154
Total revenues	<u>126,281,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,281,917</u>
Expenditures/Expenses					
Current:					
Regional planning	1,287,409	-	-	-	1,287,409
Transportation demand management	1,391,253	-	-	-	1,391,253
Regional customer services	7,915,241	-	129,247	-	8,044,488
AZ Lottery fund disbursements	10,345,984	-	-	-	10,345,984
Administration	1,575,119	-	292,813	(47,438)	1,820,494
Capital outlay	274,580	(274,580)	-	-	-
Total expenditures/expenses and other uses	<u>22,789,586</u>	<u>(274,580)</u>	<u>422,060</u>	<u>(47,438)</u>	<u>22,889,628</u>
Other financing uses/changes in net assets					
Transfers in	9,957,202	-	-	-	9,957,202
Transfers out	(118,421,292)	-	-	-	(118,421,292)
Net transfers	<u>(108,464,090)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,464,090)</u>
Net change for the year	<u>\$ (4,971,759)</u>	<u>\$ 274,580</u>	<u>\$ (422,060)</u>	<u>\$ 47,438</u>	<u>\$ (5,071,801)</u>

When capital assets that are to be used in governmental activities are purchased, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of the financial resources expended for capital outlay (\$274,580), whereas net assets decrease by the amounts of disposals and depreciation expense charged for the year (\$422,060).

The governmental funds do not report the change in unpaid compensated absences in the amount of (\$47,438) as expenditures, as they are not paid with expendable available financial resources. However, the statement of net assets includes the change in unpaid compensated absences as accrued expenses regardless of when financial resources are used, and thus a reduction in net assets.

3. Deposits and Investments

The Authority maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the government-wide Statement of Net Assets as "Cash and Investments".

a. Deposits

The carrying amount of the Authority's deposits at June 30, 2012, was \$81,105,635 and the bank ledger balance was \$83,920,575. The difference of \$2,814,940 represents deposits in transit and outstanding checks. Of the bank balance, \$250,000 was covered by federal depository insurance and \$83,670,575 was covered by collateral held by the pledging financial institution in the Authority's name. Cash held with trustee in the amount of \$30,981,067 has federal depository insurance coverage in the amount of \$250,000 and \$30,731,067 was covered by a Tri-Party Collateral Agreement held by the Wells Fargo Bank, N.A., the Bank of New York Mellon, and the Authority.

b. Investments

Interest Rate Risk. As a means of managing its exposure to fair value losses arising from increasing interest rates, the Authority's investment policy provides for matching investment maturities with anticipated cash flow requirements while maintaining an emphasis on liquidity. Unless matched to a specific cash flow requirement, the Authority will not directly invest in securities maturing more than two years from the date of purchase. Historically, the Authority has limited its investments to participation in the State of Arizona's Local Government Investment Pool (LGIP). As of June 30, 2012, the Authority's investments in the LGIP, investing in money market mutual funds, have the weighted average maturities less than 90 days.

Credit Risk. State statutes authorize the Authority to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit and the LGIP. The Authority's investment policy does not further limit its investment choices. The LGIP is operated by the Arizona State Treasurer's Office, as authorized by Arizona Revised Statutes §35-326. Arizona Revised Statutes §35-312 and §35-313 regulate authorized investments. The Authority's investment in the LGIP is stated at fair value, which is the same as the value of the Authority's pool shares. The LGIP does not receive a credit quality rating.

Investments, including investments held by trustee, at June 30, 2012 consist of the following:

State of Arizona Local Government Investment Pool	\$	3,093,605
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Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, provides for disclosures of custodial credit risk associated with investment securities. An exception is provided for investments in external investment pools and for investments in open-ended mutual funds.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

Cash and Investments at June 30, 2012 consist of the following:

Carrying amount of the Authority's deposits	\$ 81,105,635
Investments in the LGIP	3,093,605
Cash and investments with Trustee	30,981,067
Total cash and investments	<u>\$ 115,180,307</u>

4. Receivables and Due from Other Governments

Receivables primarily result from accrued member city service billings and various grants awarded by the Federal Transit Administration and the Federal Highway Administration. The grant receivables are passed through to the Authority and are due from the City of Phoenix, Maricopa Association of Governments, Maricopa County, and the Arizona Department of Transportation as reimbursement for eligible grant expenditures associated with operating, capital projects and capital maintenance.

Due from Other Governments at June 30, 2012 consist of the following:

	<u>Due from Other Governments By Fund Type</u>		
	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
<u>Due from Other Governments</u>			
Arizona State Treasurer-PTF Funds	\$ 9,106,246	\$ -	\$ 9,106,246
AZ Dept of Transportation	81,006	107,364	188,370
City of Mesa	131	386,161	386,293
City of Peoria	-	42,175	42,175
City of Phoenix	183,430	17,472,084	17,655,514
City of Tempe	11,976	1,707,245	1,719,221
Maricopa Assoc. of Governments	96,858	-	96,858
Maricopa County TRP/DOT	151,947	-	151,947
Town of Gilbert	-	226,310	226,310
Valley Metro Rail, Inc.	1,203	1,961,266	1,962,469
Total Due from Other Governments	<u>\$ 9,632,798</u>	<u>\$ 21,902,605</u>	<u>\$ 31,535,403</u>

5. Interfund Receivables/Payables and Interfund Transactions

Interfund receivables and payables within the governmental activities and business-type activities are eliminated for the government-wide financial statements at June 30, 2012. The following interfund receivables and payables are included in the fund financial statements at June 30, 2012:

	Due from other Funds		
	General Fund	Valley Metro Rail	Total
<u>Due to other funds</u>			
Governmental funds:			
Transportation Demand Management	\$ 233,030	\$ -	\$ 233,030
Total governmental funds	<u>233,030</u>	<u>-</u>	<u>233,030</u>
Enterprise funds:			
Transit Service Operations	-	1,019,215	1,019,215
Total enterprise funds	<u>-</u>	<u>1,019,215</u>	<u>1,019,215</u>
Grand totals	<u>\$ 233,030</u>	<u>\$ 1,019,215</u>	<u>\$ 1,252,245</u>

The interfund balances for the governmental funds at June 30, 2012 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to grant and other reimbursements.

The interfund balances within the business-type activities funds are amounts held in the Transit Service Operations Fund for debt service payments to be made by the Valley Metro Rail Fund and short-term loans to cover temporary cash deficits in pooled cash accounts. All interfund balances outstanding at June 30, 2012 are expected to be repaid within one year.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

Interfund transfers are primarily used for transfers of sales tax revenues from the General fund and the Public Transportation fund to the various funds that receive earmarked sales tax revenues. Interfund transfers between the enterprise funds are for transfers of bond proceeds for reimbursements of light rail capital expenditures. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2012.

	Transfers Out			Totals
	General Fund	Transit Service Operations	Valley Metro Rail	
<u>Transfers In</u>				
Governmental funds:				
General	\$ 8,962,163	\$ -	\$ -	\$ 8,962,163
Transit Planning	990,776	-	-	990,776
Transit Demand Management	4,263	-	-	4,263
Total governmental funds	<u>9,957,202</u>	<u>-</u>	<u>-</u>	<u>9,957,202</u>
Enterprise funds:				
Transit Service Operations	69,855,456	-	5,054,482	74,909,938
Valley Metro Rail	38,608,634	10,360,738	-	48,969,372
Total enterprise funds	<u>108,464,090</u>	<u>10,360,738</u>	<u>5,054,482</u>	<u>123,879,310</u>
Grand totals	<u>\$ 118,421,292</u>	<u>\$ 10,360,738</u>	<u>\$ 5,054,482</u>	<u>\$ 133,836,512</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities to the enterprise funds are in the amount \$108,464,090.

6. Fund Balance Classifications

Fund Balance classifications reported in the governmental funds include the following:

	General Fund	Transit Planning	Transportation Demand Management	Totals
Nonspendable				
Prepays	\$ 10,554	\$ -	\$ -	\$ 10,554
Spendable				
Restricted	-	100,204	88,588	188,792
Unassigned	<u>47,178,722</u>	<u>-</u>	<u>-</u>	<u>47,178,722</u>
	<u>\$ 47,189,276</u>	<u>\$ 100,204</u>	<u>\$ 88,588</u>	<u>\$ 47,378,068</u>

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

7. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2012:

	<u>Balances, July 01, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances, June 30, 2012</u>
Governmental activities:				
Depreciable assets:				
Site Improvements	\$ 430,572	\$ -	\$ -	\$ 430,572
Computers & software	2,332,952	34,159	(50,315)	2,316,796
Equipment	767,146	240,421	(32,585)	974,982
Vehicles	134,911	-	-	134,911
Furniture & fixtures	376,337	-	(20,494)	355,843
Total depreciable assets at historical cost	<u>4,041,918</u>	<u>274,580</u>	<u>(103,394)</u>	<u>4,213,104</u>
Less accumulated depreciation for:				
Site Improvements	(46,071)	(84,076)	-	(130,147)
Computers & software	(2,015,016)	(164,537)	50,315	(2,129,238)
Equipment	(307,010)	(126,283)	30,878	(402,415)
Vehicles	(134,914)	-	-	(134,914)
Furniture & fixtures	(192,300)	(45,457)	20,494	(217,263)
Total accumulated depreciation	<u>(2,695,311)</u>	<u>(420,353)</u>	<u>101,687</u>	<u>(3,013,977)</u>
Governmental activities capital assets, net	<u>\$ 1,346,607</u>	<u>\$ (145,773)</u>	<u>\$ (1,707)</u>	<u>\$ 1,199,127</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 5,292,000	\$ -	\$ -	\$ 5,292,000
Work in progress	2,719,141	689,907	(893,637)	2,515,411
Total non-depreciable assets	<u>8,011,141</u>	<u>689,907</u>	<u>(893,637)</u>	<u>7,807,411</u>
Depreciable assets:				
Transit fleet	103,911,625	2,916,802	(3,601,218)	103,227,209
Building	13,390,733	-	-	13,390,733
Site improvements	8,046,479	640,279	-	8,686,758
Computers & software	271,461	-	-	271,461
Equipment	7,000,464	14,509	-	7,014,973
Furniture & fixtures	127,037	-	-	127,037
Total depreciable assets at historical cost	<u>132,747,799</u>	<u>3,571,590</u>	<u>(3,601,218)</u>	<u>132,718,171</u>
Less accumulated depreciation for:				
Transit fleet	(41,500,644)	(9,438,991)	3,422,847	(47,516,788)
Building	(873,309)	(291,103)	-	(1,164,412)
Site improvements	(1,436,115)	(482,554)	-	(1,918,669)
Computers & software	(170,829)	(56,556)	-	(227,385)
Equipment	(3,387,096)	(743,534)	-	(4,130,630)
Furniture & fixtures	(105,274)	(13,090)	-	(118,364)
Total accumulated depreciation	<u>(47,473,267)</u>	<u>(11,025,828)</u>	<u>3,422,847</u>	<u>(55,076,248)</u>
Business-type activities capital assets, net	<u>\$ 93,285,673</u>	<u>\$ (6,764,331)</u>	<u>\$ (1,072,008)</u>	<u>\$ 85,449,334</u>

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

Depreciation expense was charged to the following functions in the basic financial statements:

	<u>Government- Wide</u>	<u>Business- Type</u>
Regional customer services	\$ 129,247	\$ -
Administration	291,106	-
Transit service operations	-	11,025,828
Total depreciation expense	<u>\$ 420,353</u>	<u>\$ 11,025,828</u>

The Authority's enterprise funds in the business-type activities have entered into contracts having remaining construction commitments at June 30, 2012 totaling approximately \$0.6 million. These commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in the accounts payable in the accompanying financial statements.

8. Due to Other Governments

Payables to other governments primarily result from accrued member city billings for transportation services and lead agency disbursements for capital transportation projects which are funded by the Authority.

Due to Other Governments at June 30, 2012 consist of the following:

	<u>Due to Other Governments By Fund Type</u>		
	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
<u>Due to Other Governments</u>			
City of Avondale	\$ -	\$ 136,088	\$ 136,088
City of Chandler	-	84,794	84,794
City of Mesa	-	594,398	594,398
City of Phoenix	138,326	-	138,326
City of Scottsdale	-	205,020	205,020
City of Surprise	-	41,198	41,198
City of Tempe	-	10,701,432	10,701,432
Gila River Indian Community	-	18,124	18,124
Town of Buckeye	-	5,110	5,110
Town of Gilbert	-	45,694	45,694
Valley Metro Rail, Inc.	-	2,720,228	2,720,228
Total Due to Other Governments	<u>\$ 138,326</u>	<u>\$ 14,552,086</u>	<u>\$ 14,690,412</u>

9. Operating Leases

The Authority leases office space under two separate lease agreements. Total rent expenditures were \$955,258 for the fiscal year ended June 30, 2012. The future minimum lease payments under noncancelable and final option of the operating lease at June 30, 2012 were as follows:

<u>June 30</u>	
2013	\$ 957,279
2014	1,037,334
2015	1,117,389
2016	1,141,992
2017	546,439
2018-2022	2,898,897
2023-2026	1,872,423
Total	<u>\$ 9,571,753</u>

10. Long-Term Liabilities

a. Transportation Excise Tax Revenue Bonds

In May 2009, the Board adopted the issuance of transportation revenue bonds, which are specifically for the purpose of payment or reimbursement of the costs of capital projects expenditures in the regional transportation plan. These bonds are payable solely from the revenues received by the Authority from the transportation excise tax revenues collected by the Arizona Department of Revenue. The bonds were issued on June 30, 2009 in two series. Series 2009A consisted of \$73,795,000 transportation excise tax revenue bonds – tax exempt bonds and Series 2009B consisted of \$26,280,000 transportation excise tax revenue bonds – federally taxable Build America Bonds. Annual installments of \$2,265,000 to \$9,260,000 will be made through 2025; interest ranges from 3.25 to 6.46 percent.

The Authority has pledged future transportation excise tax revenues to repay a total of \$100,075,000 in outstanding transportation revenue bonds. Proceeds of the bonds were used for improvements and expansions to the Authority’s bus and light rail projects. The bonds are payable solely from excise tax revenues and are payable through July 1, 2025. For the fiscal year ended June 30, 2012, the revenues available for service of this debt were \$107,889,134 while total debt service requirements were \$5,053,018 interest and \$2,265,000 principal.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2012

Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2012 were as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 5,085,000	\$ 5,053,018	\$ 10,138,018
2014	5,290,000	4,819,068	10,109,068
2015	5,555,000	4,547,943	10,102,943
2016	5,835,000	4,282,006	10,117,006
2017	6,085,000	4,007,593	10,092,593
2018-2022	35,215,000	15,111,715	50,326,715
2023-2026	34,745,000	4,420,798	39,165,798
Total	<u>\$ 97,810,000</u>	<u>\$ 42,242,140</u>	<u>\$ 140,052,140</u>

Year Ending June 30	Issuance Costs	Premium Amortization
2013	\$ 60,392	\$ 414,495
2014	60,392	414,495
2015	60,392	414,495
2016	60,392	414,495
2017	60,392	414,495
2018-2022	301,962	2,072,476
2023-2026	92,160	414,495
Total	<u>\$ 696,083</u>	<u>\$ 4,559,446</u>

The revenue bonds liability activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Amount Due Within One Year
Revenue bonds payable	\$ 100,075,000	\$ -	\$ (2,265,000)	\$ 97,810,000	\$ 5,085,000
Plus: Bond premium	4,973,942	-	(414,496)	4,559,446	-
Total	<u>\$ 105,048,942</u>	<u>\$ -</u>	<u>\$ (2,679,496)</u>	<u>\$ 102,369,446</u>	<u>\$ 5,085,000</u>

b. Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2012 is as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Amount Due Within One Year
Compensated absences:					
Governmental activities	\$ 848,261	\$ 584,509	\$ (631,947)	\$ 800,823	\$ 582,109
Business-type activities	881,263	667,837	(575,641)	973,459	571,031
	<u>\$ 1,729,524</u>	<u>\$ 1,252,346</u>	<u>\$ (1,207,588)</u>	<u>\$ 1,774,282</u>	<u>\$ 1,153,140</u>

11. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority purchases insurance coverage for property, general liability, automobile liability, umbrella liability, commercial crime, public entity employment practices liability, public entity management liability and excess liability. In addition, the Authority purchases workers' compensation, employee life insurance and health and dental insurance coverage for all of its full-time employees. Settled claims for these risks have never exceeded commercial insurance limits and there were no significant changes in insurance coverage from the prior year. Insurance coverage for transit operations is carried by the contracted operators of service; the operators indemnify the Authority for all liability arising from transit operations.

12. Retirement and Pension Plans

a. Plan descriptions

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

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

b. Funding policy

The Arizona State Legislature establishes and may amend active plan members' and the Authority's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the Authority was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The Authority's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

Year ending June 30:	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2012	\$ 1,260,530	\$ 83,182	\$ 30,713
2011	1,104,744	72,342	30,653
2010	1,053,332	83,357	50,520

13. **Contractual and Other Commitments**

a. **Underground Storage Tank Revolving Fund Replenishment**

In fiscal year 1994, the Arizona State Legislature allocated \$6,000,000 to the Authority from the Arizona Area A portion of the underground storage tank revolving fund. Beginning with the first fiscal year and in each subsequent fiscal year that the Authority is allocated at least \$2,000,000 from the Lottery, the amount allocated to the Authority will be reduced by a maximum of \$2,000,000 each fiscal year until a total of \$6,000,000 has been withheld to replenish the underground storage tank revolving fund. In the event the Authority does not receive at least \$2,000,000 from the Lottery in a given year, no amounts will be withheld from the respective year's allocation. The Authority received a Lottery distribution of \$1,760,759 in fiscal year 1998 which is the only year the Authority has received a Lottery distribution.

b. **Commitments**

The Authority has entered into various contracts for the administration and operation of transit services, travel demand management services, and regional transit planning. Commitments under these contracts exist only to the extent that services are requested or provided, and all contracts provide for cancellation without cause.

The outstanding commitments for FY 2012 were for the following projects: the Surprise Park-and-Ride, the Buckeye Park-and-Ride, and Bus Stop Improvements. At June 30, 2012, the Authority had outstanding contractual commitments for these services aggregating approximately \$3.1 million. These commitments have not been recorded in the accompanying financial statements because the member cities either had not incurred the related expenses or had not requested reimbursement for the related expenses. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements.

14. **Contingencies**

As a sub-recipient of federal and state grant monies, amounts passed through or receivable from other agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

15. Related Party Transactions

As mentioned in Note 1 (a), the members of VMR's Board of Directors are also members of the sixteen-member Authority's Board of Directors. VMR contracts with the Authority for certain administrative functions, including personnel, administration, financial and accounting services, purchasing and computer support services. All VMR staff is hired and employed by the Authority but work solely under the direction of the VMR and its Board of Directors, through a contractual agreement with the Authority. For the period ended June 30, 2012, VMR paid \$9,853,944 for services provided by the Authority. At June 30, 2012, the Authority reported \$1,961,266 receivable from VMR and \$2,720,228 payable to VMR.

Other Supplementary Information

Valley Metro
Regional Public Transportation Authority
Schedule of Revenues, Expenses and Changes in Net Assets – Budget to Actual
Transit Service Operations Fund
Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Over (Under)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 19,506,262	\$ 18,274,607	\$ 15,857,726	\$ 2,416,881
Miscellaneous	1,799,664	1,576,212	13,055	1,563,157
Total operating revenues	<u>21,305,926</u>	<u>19,850,819</u>	<u>15,870,781</u>	<u>3,980,038</u>
Operating Expenses:				
Local & express bus service	45,851,933	46,780,085	42,237,399	(4,542,686)
Paratransit service	23,470,799	23,602,503	10,863,296	(12,739,207)
Vanpool service	774,242	789,389	749,235	(40,154)
Safety and security	553,000	553,000	308,911	(244,089)
Administrative and general	21,050	21,050	121,806	100,756
Contingency	941,012	941,012	-	(941,012)
Capital outlay	-	-	3,367,860	3,367,860
Total operating expenses	<u>71,612,037</u>	<u>72,687,039</u>	<u>57,648,507</u>	<u>(15,038,532)</u>
Operating income (loss)	<u>(50,306,111)</u>	<u>(52,836,220)</u>	<u>(41,777,726)</u>	<u>11,058,494</u>
Non-Operating Revenues (Expenses):				
Lead agency disbursements	-	-	(14,671,568)	(14,671,568)
IRS fuel tax credit	1,175,000	825,000	512,860	(312,140)
Interest income	-	-	79,323	79,323
Proceeds from disposition of capital assets	110,000	40,000	-	(40,000)
AZ Lottery Proceeds (Disbursements)	-	271,281	262,989	(8,292)
Capital conveyence	-	-	(28,368,147)	(28,368,147)
Interest subsidy	-	-	589,923	589,923
Debt Service	10,239,718	10,239,718	(4,745,395)	(14,985,113)
Bond issuance expense	-	-	(60,392)	(60,392)
Total nonoperating revenues (expenses)	<u>11,524,718</u>	<u>11,375,999</u>	<u>(46,400,407)</u>	<u>(57,776,406)</u>
Income (loss) before transfers	<u>(38,781,393)</u>	<u>(41,460,221)</u>	<u>(88,178,133)</u>	<u>(46,717,912)</u>
Capital Contributions	53,524,958	31,372,058	31,347,333	(24,725)
Transfers in	69,691,835	57,023,768	74,909,938	17,886,170
Transfers out	<u>(74,195,682)</u>	<u>(36,695,887)</u>	<u>(10,360,738)</u>	<u>26,335,149</u>
Change in net assets budgetary basis	<u>\$ 10,239,718</u>	<u>\$ 10,239,718</u>	<u>\$ 7,718,400</u>	<u>\$ (2,521,318)</u>
Explanation of differences between budgetary basis and GAAP basis				
Excess revenues over expenses - budgetary basis			\$ 7,718,400	
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes			3,367,860	
Depreciation is not a budgeted expense, but is an expense for GAAP purposes			(11,025,829)	
Proceeds from disposition of assets increase financial resources for budgetary basis, but is not a revenue for GAAP basis			31,755	
Changes in net assets per the statement of revenues, expenses and changes in fund net assets			<u>\$ 92,186</u>	

Valley Metro
Regional Public Transportation Authority
Schedule of Revenues, Expenses and Changes in Net Assets – Budget to Actual
Valley Metro Rail Fund
Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 8,965,065	\$ 10,925,028	\$ 9,701,059	\$ 1,223,969
Miscellaneous	-	-	3,531	(3,531)
Total operating revenues	<u>8,965,065</u>	<u>10,925,028</u>	<u>9,704,590</u>	<u>1,220,438</u>
Operating Expenses:				
Light rail staff and administration	<u>8,965,065</u>	<u>10,925,028</u>	<u>9,546,161</u>	<u>1,378,867</u>
Total operating expenses	<u>8,965,065</u>	<u>10,925,028</u>	<u>9,546,161</u>	<u>1,378,867</u>
Operating income (loss)	-	-	158,429	(158,429)
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(39,846,471)	(39,846,471)	(24,119,048)	15,727,423
Interest income	-	-	30,476	30,476
Total nonoperating revenues (expenses)	<u>(39,846,471)</u>	<u>(39,846,471)</u>	<u>(24,088,572)</u>	<u>15,757,899</u>
Income (loss) before transfers	(39,846,471)	(39,846,471)	(23,930,143)	15,916,328
Transfers in	54,950,471	54,950,471	48,969,372	(5,981,099)
Transfers out	<u>(15,104,000)</u>	<u>(15,104,000)</u>	<u>(5,054,482)</u>	<u>10,049,518</u>
Change in net assets - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,984,747</u>	<u>\$ 19,984,747</u>

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Statistical Section

The Statistical Section includes selected financial and demographic information regarding the Authority.

Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health.

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant local revenue source, the sales tax.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Authority's current levels of outstanding debt, the Authority's ability to issue additional debt in the future. There is no statute on the Authority's debt limit on the issuance of bonds. The only limitation is the ability to secure the debts with available excise tax monies.

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Valley Metro
Regional Public Transportation Authority
Net Assets By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 175,418	\$ 199,619	\$ 161,090	\$ 249,177
Restricted	-	-	-	-
Unrestricted	2,303,561	3,300,859	3,300,859	12,224,193
Total governmental activities net asset	<u>\$ 2,478,979</u>	<u>\$ 3,500,478</u>	<u>\$ 3,461,949</u>	<u>\$ 12,473,370</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 14,186,807	\$ 11,497,494	\$ 12,283,769	\$ 27,042,048
Restricted	1,116,356	1,559,108	1,827,192	5,301,289
Unrestricted	943,423	1,250,277	1,299,780	17,159,298
Total business-type activities net assets	<u>\$ 16,246,586</u>	<u>\$ 14,306,879</u>	<u>\$ 15,410,741</u>	<u>\$ 49,502,635</u>
Primary government				
Invested in capital assets, net of related debt	\$ 14,362,225	\$ 11,697,113	\$ 12,444,859	\$ 27,291,225
Restricted	1,116,356	1,559,108	1,827,192	5,301,289
Unrestricted	3,246,984	4,551,136	4,600,639	29,383,491
Total primary government net assets	<u>\$ 18,725,565</u>	<u>\$ 17,807,357</u>	<u>\$ 18,872,690</u>	<u>\$ 61,976,005</u>

<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ 1,362,413	\$ 1,467,040	\$ 1,229,916	\$ 689,786	\$ 1,346,607	\$ 1,199,127
-	-	-	-	178,382	188,792
<u>42,677,444</u>	<u>28,106,773</u>	<u>37,265,160</u>	<u>45,287,115</u>	<u>51,323,184</u>	<u>46,388,453</u>
<u>\$ 44,039,857</u>	<u>\$ 29,573,813</u>	<u>\$ 38,495,076</u>	<u>\$ 45,976,901</u>	<u>\$ 52,848,173</u>	<u>\$ 47,776,372</u>
\$ 47,945,807	\$ 72,537,461	\$ 98,580,060	\$ 106,601,704	\$ 21,322,728	\$ 6,528,635
1,778,889	2,332,524	4,062,157	-	-	120,650
<u>21,142,003</u>	<u>17,991,644</u>	<u>(9,329,497)</u>	<u>(36,226,944)</u>	<u>16,410,223</u>	<u>51,160,599</u>
<u>\$ 70,866,699</u>	<u>\$ 92,861,629</u>	<u>\$ 93,312,720</u>	<u>\$ 70,374,760</u>	<u>\$ 37,732,951</u>	<u>\$ 57,809,884</u>
\$ 49,308,220	\$ 74,004,501	\$ 99,809,976	\$ 107,291,490	\$ 22,669,335	\$ 7,727,762
1,778,889	2,332,524	4,062,157	-	178,382	309,442
<u>63,819,447</u>	<u>46,098,417</u>	<u>27,935,663</u>	<u>9,060,171</u>	<u>67,733,407</u>	<u>97,549,052</u>
<u>\$ 114,906,556</u>	<u>\$ 122,435,442</u>	<u>\$ 131,807,796</u>	<u>\$ 116,351,661</u>	<u>\$ 90,581,124</u>	<u>\$ 105,586,256</u>

Valley Metro
Regional Public Transportation Authority
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>
<u>Expenses</u>				
Governmental activities:				
Regional planning:				
Long range	\$ 367,279	\$ 167,057	\$ 162,287	\$ 187,496
Short range	274,302	242,945	145,690	322,430
Capital	118,161	163,818	236,219	197,256
Program support	43,722	53,199	171,169	534,285
Transportation demand management:				
Trip reduction	820,699	784,056	931,196	865,290
Ridesharing	589,798	656,311	514,977	645,052
Other programs	294,016	267,869	486,102	326,903
Regional customer services:				
Marketing	-	-	-	-
Call center	-	-	-	-
Other programs	-	-	-	-
AZ Lottery Fund Disbursements	-	-	-	-
Administration:	226,215	238,134	400,777	514,158
Executive director's office	207,283	247,948	161,979	207,304
Communications & government relations	91,684	106,305	293,648	549,635
Finance & management services	51,652	51,652	51,652	-
Community funded transportation	94,589	90,972	180,099	-
Capital outlay	<u>3,179,400</u>	<u>3,070,266</u>	<u>3,735,795</u>	<u>4,349,809</u>
Total governmental activities expenses				
Business-type activities:	30,011,849	30,650,723	34,834,292	38,578,007
Transit service operations	4,229,972	4,710,645	5,123,118	5,767,760
Regional customer services	<u>5,033,179</u>	<u>2,982,701</u>	<u>3,667,400</u>	<u>16,909,968</u>
Light rail transit	<u>39,275,000</u>	<u>38,344,069</u>	<u>43,624,810</u>	<u>61,255,735</u>
Total business-type activities expenses				
	<u>\$ 42,454,400</u>	<u>\$ 41,414,335</u>	<u>\$ 47,360,605</u>	<u>\$ 65,605,544</u>
Total primary government expenses				

<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ 403,337	\$ 316,147	\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,945
558,664	735,888	317,886	358,149	1,063,291	307,283
164,722	224,767	154,523	106,185	113,073	113,311
1,298,591	1,113,474	1,183,750	1,049,353	997,203	704,870
719,854	819,553	897,234	1,052,649	909,742	779,921
594,549	592,460	561,620	504,614	590,062	571,187
385,257	373,833	424,091	250,976	42,633	40,145
2,578,094	3,110,366	2,810,408	2,585,192	2,201,863	2,018,631
3,087,948	3,599,018	3,807,893	3,896,440	3,833,319	3,578,569
1,623,744	1,857,934	2,129,063	2,015,543	1,960,196	2,447,288
-	-	-	-	-	10,345,984
1,712,451	1,033,066	1,111,340	1,128,667	1,284,141	992,735
-	-	-	-	-	-
260,965	908,275	799,503	750,461	682,197	827,759
715,001	-	-	-	-	-
-	-	-	-	-	-
<u>14,103,177</u>	<u>14,684,781</u>	<u>14,489,820</u>	<u>14,006,568</u>	<u>13,778,841</u>	<u>22,889,628</u>
60,090,164	96,796,902	99,625,805	93,074,466	90,336,819	113,091,586
-	-	-	-	-	-
<u>63,225,727</u>	<u>65,243,366</u>	<u>70,492,629</u>	<u>60,704,307</u>	<u>66,140,185</u>	<u>33,665,209</u>
<u>123,315,891</u>	<u>162,040,268</u>	<u>170,118,434</u>	<u>153,778,773</u>	<u>156,477,004</u>	<u>146,756,795</u>
<u>\$ 137,419,068</u>	<u>\$ 176,725,049</u>	<u>\$ 184,608,254</u>	<u>\$ 167,785,341</u>	<u>\$ 170,255,845</u>	<u>\$ 169,646,423</u>

Valley Metro
Regional Public Transportation Authority
Changes in Net Assets (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>
Program revenues				
Governmental activities:				
Charges for services	\$ 3,370	\$ 32,501	\$ 49,642	\$ 75,295
Operating grants and contributions	2,259,396	1,949,879	2,288,916	2,358,485
Capital grants and contributions	94,488	92,140	172,438	48,382
Total governmental activities program revenues	<u>2,357,254</u>	<u>2,074,520</u>	<u>2,510,996</u>	<u>2,482,162</u>
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	14,423,963	15,487,044	18,135,892	18,963,733
Paratransit service	4,623,029	4,640,901	5,344,925	4,075,963
Vanpool service	594,796	534,764	526,891	692,342
Other activities	56,957	70,001	49,550	182,809
Regional customer services	3,997,064	4,378,852	4,962,128	3,376,143
Light rail transit	2,569,035	2,982,701	3,667,400	5,209,939
Operating grants and contributions	4,108,637	1,834,067	5,140,813	1,186,038
Capital grants and contributions	609,542	820,223	387,845	17,286,134
Total business-type activities program revenues	<u>30,983,023</u>	<u>30,748,553</u>	<u>38,215,444</u>	<u>50,973,101</u>
Total primary government program revenues	<u>\$ 33,340,277</u>	<u>\$ 32,823,073</u>	<u>\$ 40,726,440</u>	<u>\$ 53,455,263</u>
Net (Expense)/Revenue				
Governmental activities	\$ (822,146)	\$ (995,746)	\$ (1,224,799)	\$ (1,867,647)
Business-type activities	(8,291,977)	(7,595,516)	(5,409,366)	(10,282,634)
Total primary government net expense	<u>\$ (9,114,123)</u>	<u>\$ (8,591,262)</u>	<u>\$ (6,634,165)</u>	<u>\$ (12,150,281)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Sales taxes	\$ 2,587,302	\$ 3,071,725	\$ 1,154,022	\$ 55,084,706
Interest earnings	64,528	83,977	103,981	124,312
Other income	21,603	966	1,047	-
Transfers in (out)	(1,828,543)	(1,139,423)	-	(44,329,950)
Total governmental activities	<u>844,890</u>	<u>2,017,245</u>	<u>1,259,050</u>	<u>10,879,068</u>
Business-type activities:				
Sales taxes	4,914,755	4,516,066	6,559,344	-
Interest earnings	22,702	320	2,774	44,578
Other income	-	-	-	-
Transfers in (out)	1,828,543	1,139,423	-	44,329,950
Total business-type activities:	<u>6,766,000</u>	<u>5,655,809</u>	<u>6,562,118</u>	<u>44,374,528</u>
Total primary government	<u>\$ 7,610,890</u>	<u>\$ 7,673,054</u>	<u>\$ 7,821,168</u>	<u>\$ 55,253,596</u>
Change in net assets:				
Governmental activities	\$ 22,744	\$ 1,021,499	\$ 34,251	\$ 9,011,421
Business-type activities	(1,525,977)	(1,939,707)	1,152,752	34,091,894
Total primary government net expense	<u>\$ (1,503,233)</u>	<u>\$ (918,208)</u>	<u>\$ 1,187,003</u>	<u>\$ 43,103,315</u>

<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ 25,046	\$ -	\$ -	\$ 150,353	\$ 189,000	\$ 153,445
2,494,611	2,062,602	2,632,463	2,055,931	2,286,930	13,601,884
198,777	-	-	-	-	-
<u>2,718,434</u>	<u>2,062,602</u>	<u>2,632,463</u>	<u>2,206,284</u>	<u>2,475,930</u>	<u>13,755,329</u>
20,131,861	19,861,844	19,936,194	15,849,887	9,811,268	10,256,090
2,118,843	2,043,104	3,029,151	2,408,268	2,431,467	2,637,827
685,743	844,115	926,245	864,663	318,945	181,929
36,729	-	-	-	2,611,481	2,781,880
-	-	-	-	-	-
5,565,540	6,421,524	8,614,280	8,130,261	8,201,600	9,701,059
642,313	1,421,891	2,609,156	2,607,770	2,144,496	1,337,135
19,041,093	16,237,008	40,555,599	14,996,556	8,289,329	31,347,333
<u>48,222,122</u>	<u>46,829,486</u>	<u>75,670,625</u>	<u>44,857,405</u>	<u>33,808,586</u>	<u>58,243,253</u>
<u>\$ 50,940,556</u>	<u>\$ 48,892,088</u>	<u>\$ 78,303,088</u>	<u>\$ 47,063,689</u>	<u>\$ 36,284,516</u>	<u>\$ 71,998,582</u>
\$ (11,384,743)	\$ (12,622,179)	\$ (11,857,357)	\$ (11,800,284)	\$ (11,302,911)	\$ (9,134,299)
(75,093,769)	(115,210,782)	(94,447,809)	(108,921,368)	(122,668,418)	(88,513,542)
<u>\$ (86,478,512)</u>	<u>\$ (127,832,961)</u>	<u>\$ (106,305,166)</u>	<u>\$ (120,721,652)</u>	<u>\$ (133,971,329)</u>	<u>\$ (97,647,841)</u>
\$ 134,235,260	\$ 130,490,779	\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330
1,664,357	2,503,935	36,310	231,398	79,874	73,104
-	142,810	75,176	73,531	233,357	100,154
(92,948,387)	(134,981,389)	(92,630,562)	(84,745,330)	(89,250,166)	(108,464,090)
<u>42,951,230</u>	<u>(1,843,865)</u>	<u>20,778,620</u>	<u>19,282,109</u>	<u>18,174,183</u>	<u>4,062,498</u>
-	-	-	-	-	-
945,155	536,116	34,862	587,487	215,800	109,799
2,564,291	1,688,207	2,233,476	650,591	560,643	16,586
92,948,387	134,981,389	92,630,562	84,745,330	89,250,166	108,464,090
96,457,833	137,205,712	94,898,900	85,983,408	90,026,609	108,590,475
<u>\$ 139,409,063</u>	<u>\$ 135,361,847</u>	<u>\$ 115,677,520</u>	<u>\$ 105,265,517</u>	<u>\$ 108,200,792</u>	<u>\$ 112,652,973</u>
\$ 31,566,487	\$ (14,466,044)	\$ 8,921,263	\$ 7,481,825	\$ 6,871,272	\$ (5,071,801)
21,364,064	21,994,930	451,091	(22,937,960)	(32,641,809)	20,076,933
<u>\$ 52,930,551</u>	<u>\$ 7,528,886</u>	<u>\$ 9,372,354</u>	<u>\$ (15,456,135)</u>	<u>\$ (25,770,537)</u>	<u>\$ 15,005,132</u>

Valley Metro
Regional Public Transportation Authority
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	318,191	384,887	350,173	649,225
Unreserved, undesignated	1,985,370	2,915,972	2,950,686	1,638,892
Nonspendable:				
Prepaid Items				
Unassigned				
Total general fund	<u>\$ 2,303,561</u>	<u>\$ 3,300,859</u>	<u>\$ 3,300,859</u>	<u>\$ 2,288,117</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in special revenue funds	-	-	-	-
Unreserved, undesignated, reported in special revenue funds	-	-	-	9,936,076
Nonspendable:				
Prepaid Items				
Restricted				
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,936,076</u>

Note: 2011 was the first year the Authority implemented GASB Statement No. 54.

<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,002,229	233,480	755,184	837,880	-	-
1,433,788	2,888,105	2,882,500	3,852,887	-	-
				6,797	10,554
				52,164,648	47,178,722
<u>\$ 2,436,017</u>	<u>\$ 3,121,585</u>	<u>\$ 3,637,684</u>	<u>\$ 4,690,767</u>	<u>\$ 52,171,445</u>	<u>\$ 47,189,276</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
21,059,001	410,974	-	-	-	-
19,182,426	25,218,669	34,382,659	41,434,228	-	-
				3,372	-
				175,010	188,792
<u>\$ 40,241,427</u>	<u>\$ 25,629,643</u>	<u>\$ 34,382,659</u>	<u>\$ 41,434,228</u>	<u>\$ 178,382</u>	<u>\$ 188,792</u>

Valley Metro
Regional Public Transportation Authority
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>
Revenues				
Sales taxes	\$ 2,587,302	\$ 3,071,725	\$ 1,154,022	\$ 55,084,706
Intergovernmental:				
AZ Lottery Proceeds	-	-	-	-
State & county grants & pass through grants	400,000	400,000	400,000	400,000
Federal Transit Administration	599,460	335,365	526,176	569,622
CMAQ	1,312,424	1,264,654	1,493,178	1,395,577
Other federal grants	42,000	42,000	42,000	41,668
Charges for services	3,370	32,501	49,642	75,295
Interest earnings	64,528	83,977	103,981	124,312
Miscellaneous	21,603	966	1,047	-
Total revenues	<u>5,030,687</u>	<u>5,231,188</u>	<u>3,770,046</u>	<u>57,691,180</u>
Expenditures				
Governmental activities:				
Regional planning:				
Long range	\$ 367,279	\$ 167,057	\$ 162,287	\$ 187,496
Short range	274,302	242,945	145,690	322,430
Capital	118,161	163,818	236,219	197,256
Program support	43,722	53,199	171,169	534,285
Transportation demand management:				
Trip reduction	820,699	784,056	931,196	865,290
Ridesharing	589,798	656,311	514,977	645,052
Other programs	294,016	267,869	486,102	326,903
Regional customer services:				
Marketing	-	-	-	-
Call center	-	-	-	-
Other programs	-	-	-	-
Administration:				
Executive director's office	226,215	238,134	400,777	514,158
Communications & government relations	207,283	247,948	161,979	207,304
Finance & management services	91,684	106,305	293,648	419,571
Community funded transportation	51,652	51,652	51,652	-
AZ Lottery Fund Expenditures	-	-	-	-
Capital outlay	117,333	115,173	214,350	218,151
Total expenditures	<u>3,202,144</u>	<u>3,094,467</u>	<u>3,770,046</u>	<u>4,437,896</u>
Excess of revenues over expenditures	<u>1,828,543</u>	<u>2,136,721</u>	<u>-</u>	<u>53,253,284</u>
Other financing sources (uses)				
Transfers in	-	-	-	814,701
Transfers out	(1,828,543)	(1,139,423)	-	(45,144,651)
Total other financing sources (uses)	<u>(1,828,543)</u>	<u>(1,139,423)</u>	<u>-</u>	<u>(44,329,950)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 997,298</u>	<u>\$ -</u>	<u>\$ 8,923,334</u>

<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ 134,235,260	\$ 130,490,779	\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330
-	-	-	-	-	11,665,674
400,000	422,887	455,671	688,659	635,647	400,200
993,727	268,661	612,190	266,015	799,840	589,367
1,298,056	1,287,054	1,411,497	1,101,257	851,443	946,643
1,604	84,000	-	-	-	-
25,046	-	-	-	189,000	153,445
1,664,357	2,503,935	36,310	231,398	79,874	73,104
-	144,672	228,281	223,988	233,357	100,154
<u>138,618,050</u>	<u>135,201,988</u>	<u>116,041,645</u>	<u>106,233,827</u>	<u>109,900,279</u>	<u>126,281,917</u>
\$ 403,337	\$ 311,129	\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,939
558,664	733,017	317,886	358,149	1,063,291	307,283
164,722	222,439	154,523	106,185	113,073	113,311
1,298,591	1,104,198	1,183,750	1,049,353	997,203	704,870
719,854	816,128	897,234	1,052,649	909,742	779,921
594,549	601,220	561,620	504,614	590,062	571,187
385,257	370,142	424,091	250,976	42,633	40,142
2,578,094	3,084,872	2,810,408	2,585,192	2,201,863	2,018,631
3,087,948	3,563,629	3,807,893	3,896,440	3,833,319	3,578,569
1,511,164	1,380,563	1,733,413	1,662,194	1,815,740	2,447,288
1,712,451	1,030,804	1,111,340	1,128,667	1,284,141	992,744
260,965	-	-	-	-	-
580,415	318,945	462,737	419,178	359,637	453,137
-	-	-	-	-	-
-	-	-	-	-	10,345,984
765,641	1,078,709	384,564	61,909	1,113,456	274,580
<u>14,621,652</u>	<u>14,615,795</u>	<u>14,141,968</u>	<u>13,383,845</u>	<u>14,425,281</u>	<u>22,789,586</u>
<u>123,996,398</u>	<u>120,586,193</u>	<u>101,899,677</u>	<u>92,849,982</u>	<u>95,474,998</u>	<u>103,492,331</u>
9,349,388	11,165,777	9,975,889	9,658,964	1,447,579	9,957,202
<u>(102,892,535)</u>	<u>(146,147,166)</u>	<u>(102,606,451)</u>	<u>(94,404,294)</u>	<u>(90,697,745)</u>	<u>(118,421,292)</u>
<u>(93,543,147)</u>	<u>(134,981,389)</u>	<u>(92,630,562)</u>	<u>(84,745,330)</u>	<u>(89,250,166)</u>	<u>(108,464,090)</u>
<u>\$ 30,453,251</u>	<u>\$ (14,395,196)</u>	<u>\$ 9,269,115</u>	<u>\$ 8,104,652</u>	<u>\$ 6,224,832</u>	<u>\$ (4,971,759)</u>

Valley Metro
Regional Public Transportation Authority
Sales Tax Revenues by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06 (1)</u>
Governmental activities				
Regional area road funds	\$ 2,587,302	\$ 3,071,725	\$ 1,154,022	\$ 3,938,570
Public transportation funds	-	-	-	51,146,136
Total governmental activities sales taxes	<u>\$ 2,587,302</u>	<u>\$ 3,071,725</u>	<u>\$ 1,154,022</u>	<u>\$ 55,084,706</u>
Business-type activities				
Regional area road funds	\$ 4,914,755	\$ 4,516,066	\$ 6,559,344	\$ -
Public transportation funds	-	-	-	-
Total business-type activities sales taxes	<u>\$ 4,914,755</u>	<u>\$ 4,516,066</u>	<u>\$ 6,559,344</u>	<u>\$ -</u>
Primary government				
Regional area road funds	\$ 7,502,057	\$ 7,587,791	\$ 7,713,366	\$ 3,938,570
Public transportation funds	-	-	-	51,146,136
Total primary government sales taxes	<u>\$ 7,502,057</u>	<u>\$ 7,587,791</u>	<u>\$ 7,713,366</u>	<u>\$ 55,084,706</u>

(1) With the implementation of the Public Transportation sales tax in January 2006, several changes to sales tax distributions were made. The regional area road fund sales tax distribution was reduced to one-half of the amount distributed in prior years. The collections of sales taxes under the new statute are distributed 33.3% to the Authority on a monthly basis. During FY 2005/06, only six months of collections of the Public Transportation sales tax were reported.

<u>FY 2006/07 (1)</u>	<u>FY 2007/08 (1)</u>	<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>	<u>FY 2011/12 (1)</u>
\$ 4,047,593	\$ 4,167,168	\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196
130,187,667	126,323,611	109,020,404	99,351,318	102,688,559	107,889,134
<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,047,593	\$ 4,167,168	\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196
130,187,667	126,323,611	109,020,404	99,351,318	102,688,559	107,889,134
<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>

Valley Metro
Regional Public Transportation Authority
 Maricopa County Transportation Excise Tax Revenue Distributions
 Last Ten Fiscal Years
 (in thousands)

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06 (2)</u>
Regional area road funds				
Freeways	\$ 261,219	\$ 281,012	\$ 309,092	\$ 292,487
Regional Public Transportation Authority / Maricopa Association of Governments (1)	7,502	7,588	7,713	7,877
Arterial streets	-	-	-	16,127
Total regional area road fund distributions	<u>268,721</u>	<u>288,600</u>	<u>316,805</u>	<u>316,491</u>
Public transportation funds	-	-	-	51,146
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 268,721</u>	<u>\$ 288,600</u>	<u>\$ 316,805</u>	<u>\$ 367,637</u>

Source: The Maricopa County Transportation Excise Tax Year-End Report prepared by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

Note: The Maricopa County Transportation Excise Tax, often referred to as the "1/2 cent sales tax," is levied upon business activities in Maricopa County, including retail sales, contracting, utilities, rental of real and personal property, restaurant and bar receipts, and other activities. Under Proposition 300 (passed by the voters in 1985 becoming effective on January 1, 1986), the transportation excise tax revenues are deposited in the Maricopa County Regional Area Road Fund (RARF) which is administered by the Arizona Department of Transportation. The revenues deposited into the RARF account are the principal sources of funding for the Regional Freeway System in Maricopa County and the Regional Public Transportation Authority and are dedicated through December 31, 2005. In November 2004, Maricopa County's voters approved Proposition 400, Maricopa County Transportation Excise Tax, which became effective on January 1, 2006, and extends the 1/2 cent sales tax for another 20 years through December 31, 2025. The sales tax extension will be used for construction of new freeways, widening of existing freeways and highways, improvements to the arterial street system, regional bus service and high-capacity transit services such as light rail. The collections of the Maricopa County Transportation Excise Tax are as follows: Freeways 56.2%, Public Transportation Fund 33.3%, and Arterial Streets 10.5%.

(1) The Authority received a portion of the RARF excise tax funds for transit costs through December 31, 2005. On January 1, 2006 these funds are distributed evenly to the Authority and the Maricopa Association of Governments to be used for administrative and planning purposes per Proposition 400. These funds are netted from the Freeway funds.

(2) Distributions are a mix of both Proposition 300 and Proposition 400 collections.

<u>FY 2006/07 (2)</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
\$ 213,119	\$ 205,576	\$ 176,235	\$ 159,604	\$ 165,321	\$ 173,334
8,095	8,334	8,555	8,742	8,845	8,928
41,050	39,832	34,376	31,327	32,379	34,019
<u>262,264</u>	<u>253,742</u>	<u>219,166</u>	<u>199,673</u>	<u>206,545</u>	<u>216,281</u>
130,188	126,324	109,020	99,351	102,689	107,889
<u>\$ 392,452</u>	<u>\$ 380,066</u>	<u>\$ 328,186</u>	<u>\$ 299,024</u>	<u>\$ 309,234</u>	<u>\$ 324,170</u>

Valley Metro
Regional Public Transportation Authority
 Maricopa County Transportation Excise Tax Revenue Collections by Category
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Retail Sales	Contracting	Utilities	Restaurant and Bar	Rental Real Property	Rental Personal Property	Other	Total
2002/03	133,922	38,894	18,485	22,646	25,747	12,834	16,193	268,721
2003/04	144,817	43,524	19,980	24,807	27,163	12,631	15,678	288,600
2004/05	158,179	52,325	20,813	27,191	29,310	12,624	16,363	316,805
2005/06 (1)	182,378	64,822	23,600	30,656	32,949	13,923	19,309	367,637
2006/07 (1)	187,817	73,864	26,697	33,073	36,398	15,053	19,550	392,452
2007/08 (1)	177,845	66,046	28,630	33,021	38,605	15,111	20,808	380,066
2008/09 (1)	153,681	46,865	28,510	30,763	37,757	13,470	17,140	328,186
2009/10 (1)	143,205	28,953	29,385	30,558	35,825	11,983	19,115	299,024
2010/11 (1)	152,003	28,012	29,511	31,729	35,731	11,606	20,643	309,235
2011/12 (1)	162,391	30,513	30,217	34,279	36,415	11,966	18,389	324,170

Source: The Maricopa County Transportation Excise Tax Year-End Report, prepared by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

Note: The Maricopa County Transportation Excise Tax, often referred to as the "1/2 cent sales tax," is levied upon business activities in Maricopa County, including retail sales, contracting, utilities, rental of real and personal property, restaurant and bar receipts, and other activities. Under Proposition 300 (passed by the voters in 1985 becoming effective on January 1, 1986), the transportation excise tax revenues are deposited in the Maricopa County Regional Area Road Fund (RARF) which is administered by the Arizona Department of Transportation. The revenues deposited into the RARF account are the principal sources of funding for the Regional Freeway System in Maricopa County and the Regional Public Transportation Authority and are dedicated through December 31, 2005. In November 2004, Maricopa County's voters approved Proposition 400, Maricopa County Transportation Excise Tax, which became effective on January 1, 2006, and extends the 1/2 cent sales tax for another 20 years through December 31, 2025. The sales tax extension will be used for construction of new freeways, widening of existing freeways and highways, improvements to the arterial street system, regional bus service and high-capacity transit services such as light rail. The collections of the Maricopa County Transportation Excise Tax are as follows: Freeways 56.2%, Public Transportation Fund 33.3%, and Arterial Streets 10.5%.

Note: Information for individual taxpayers is confidential, and state statutes prohibit releasing the information.

(1) Fiscal year collections are a mix of both Proposition 300 and Proposition 400 collections.

Revenue Category Definitions:

Retail Sales	Includes retail sales of automobiles, durable goods and other general merchandise, apparel, building materials, furniture and other tangible personal property. The tax on food was repealed in July 1980.
Contracting	Includes prime contracting and dealership of manufactured buildings and owner-builder operations.
Utilities	Includes producing and/or furnishing to consumers electricity, natural or artificial gas, and water.
Restaurant and Bar	Includes operations of restaurants and drinking establishments.
Rental of Real Property	Includes leasing or renting real property, hotels and motels.
Rental of Personal Property	Includes leasing or renting tangible personal property such as leased vehicles and construction equipment.
Other	Includes intrastate transportation of persons, freight or operations of property, intrastate telecommunication services, intrastate operation of pipelines for oil or natural or artificial gas, job printing, engraving, embossing and publication, publication of newspapers, magazines and other periodicals, operations of amusement places and miscellaneous other revenues.

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Valley Metro
Regional Public Transportation Authority
Arizona Transaction Privilege Tax Excise Tax Rates by Category
Last Ten Fiscal Years

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	49.8400%	50.1800%	49.9300%	49.9300%	47.8600%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Contracting					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	14.4700%	15.0800%	16.5200%	16.5200%	18.8200%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Real Property (including hotels and motels) (1)					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	9.5800%	9.0500%	9.2500%	9.2500%	9.2700%
Transaction Privilege Tax Rate	1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
Transportation Excise Tax Rate	0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
Restaurants and Bars					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	8.4300%	8.6000%	8.5800%	8.5800%	8.4300%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Utilities					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	6.8800%	6.9200%	6.5700%	6.5700%	6.8000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Personal Property					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	4.7800%	4.3800%	3.9800%	3.9800%	3.8400%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Communications					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	3.4500%	3.3400%	3.2000%	3.2000%	2.9300%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Amusements					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	1.1100%	1.0600%	1.0500%	1.0500%	1.0600%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Publishing and Printing					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.7000%	0.6300%	0.6100%	0.6100%	0.5300%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Other					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.7600%	0.7600%	0.3100%	0.3100%	0.4600%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Mining					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Transaction Privilege Tax Rate	3.1250%	3.1250%	3.1250%	3.1250%	3.1250%
Transportation Excise Tax Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%

Source: The Maricopa County Transportation Excise Tax Year-End Report for the applicable fiscal year prepared by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

(1) In 1990 and 1993, legislation reduced the transaction privilege tax rate for real property rentals; however, for transportation excise tax purposes, the rate was retained at its prior level.

<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>
46.8000%	46.8300%	46.8300%	49.1600%	50.1000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
17.4000%	14.2800%	14.2800%	9.0600%	9.4000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
10.1000%	11.5000%	11.5000%	11.5500%	11.2000%
1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
8.7000%	9.3700%	9.3700%	10.2600%	10.6000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
7.5000%	8.6900%	8.6900%	9.5400%	9.3000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
4.0000%	4.1000%	4.1000%	3.7500%	3.7000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
3.3000%	2.9900%	2.9900%	3.2700%	3.1000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.1000%	1.1900%	1.1900%	1.1800%	1.2000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.5000%	0.4900%	0.4900%	0.5200%	0.4000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.6000%	0.5600%	0.5600%	1.7100%	1.0000%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
3.1250%	3.1250%	3.1250%	3.1250%	3.1250%
0.3125%	0.3125%	0.3125%	0.3125%	0.3125%

Valley Metro
Regional Public Transportation Authority
 Transportation Excise Tax Revenue Bonds
 Bond Coverage
 Last Three Fiscal Years

Fiscal Year	Principal	Interest	Total	Pledged Revenue	Coverage
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	18.89
2011	2,265,000	5,245,318	7,510,318	102,688,559	13.67
2012	5,085,000	5,053,018	10,138,018	107,889,134	10.64

Note: On June 30, 2009, the Authority raised \$100,075,000 on bonds issued secured by its portion of the Transportation Excise Tax revenues collected by the Arizona Department of Revenue.

Note: The pledged revenues of the Authority represent future sales taxes to be collected and used to repay the debt outstanding.

Valley Metro
Regional Public Transportation Authority
 Outstanding Debt by Type
 Last Three Fiscal Years

Fiscal Year Ended June 30	Business-type Activities		
	Transportation Excise Tax Revenue Bonds	Percentage of Personal Income	Per Capita
2010	\$ 100,075,000	0.07%	\$ 26.35
2011	100,075,000	0.06%	26.22
2012	97,810,000	0.06%	25.62

Source: The source of this information is the Authority's financial records.

Valley Metro
Regional Public Transportation Authority
 Transportation Excise Tax Revenue Bonds
 Debt Service Revenue and Cost Per Capita
 Last Three Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Cost</u>	<u>Revenue</u>	<u>Maricopa County Population (1)</u>	<u>Cost Per Capita</u>	<u>Revenue Per Capita</u>
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	\$ 4,115,811	\$ 1	\$ 24
2011	2,265,000	5,245,318	7,510,318	102,688,559	3,817,117	2	27
2012	5,085,000	5,053,018	10,138,018	107,889,134	3,817,117	3	28

(1) Source: Maricopa Association of Governments, Resident Population Estimates Documentation

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Valley Metro
Regional Public Transportation Authority
Regional Population Statistics
Last Ten Fiscal Years

	<u>FY 2001/02 (1)</u>	<u>FY 2002/03 (1)</u>	<u>FY 2003/04 (1)</u>	<u>FY 2004/05 (1)</u>	<u>FY 2005/06 (1)</u>
Maricopa County	3,192,125	3,296,250	3,406,170	3,537,630	3,648,545
Avondale	40,445	47,610	54,200	60,490	66,110
Buckeye	N/A	N/A	N/A	N/A	N/A
Chandler	186,875	194,390	209,140	221,555	231,785
El Mirage	11,915	20,645	25,550	28,420	29,630
Gilbert	122,360	133,640	151,975	165,325	178,000
Glendale	224,970	227,495	231,150	234,225	236,030
Goodyear (3)	N/A	N/A	N/A	N/A	N/A
Mesa	414,075	427,550	435,380	448,845	452,355
Peoria	117,200	122,655	126,815	132,805	137,285
Phoenix	1,344,775	1,365,675	1,390,830	1,421,450	1,452,825
Queen Creek (3)	N/A	N/A	N/A	N/A	N/A
Scottsdale	209,960	214,090	218,095	221,980	223,835
Surprise (3)	38,400	45,125	51,885	64,210	78,265
Tempe	159,435	159,425	159,905	161,420	160,735

(1) Source: Maricopa Association of Governments, Resident Population Estimates Documentation

(2) Source: U.S. Census

(3) Data for fiscal years prior to membership of the Authority was not available.

The Regional Public Transportation Authority (“Authority”) was established in 1985 to develop a regional transit plan and to develop and operate a regional transit system in Maricopa County, Arizona. The Authority is governed by a sixteen-member Board of Directors consisting of a member of the Maricopa County Board of Supervisors, and the mayors (or their designees) of the cities of Avondale, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the towns of Buckeye, Gilbert and Queen Creek. Any municipality in Maricopa County may join the Authority and have one elected official serve on the Board of Directors by committing a portion of its local transportation assistance funds to local public transportation.

State legislation designates that 100% of the proceeds from the Arizona State Lottery received by participating municipalities with 300,000 or more in population, known as local transportation assistance funds, must be expended for public transportation in the respective municipalities to maintain a position on the Authority’s Board of Directors. For all other municipalities, the requirement is 33.3% for cities with a population between 60,000 and 300,000 and 75% for cities with less than 60,000 population. Local transportation assistance funds (“LTAF”) and minimum public transportation expenditures for participating municipalities for the last ten years are on the LTAF statistics table.

<u>FY 2006/07 (1)</u>	<u>FY 2007/08 (1)</u>	<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>
3,792,675	3,907,492	3,987,942	4,023,331	3,817,117
72,210	75,256	76,648	76,900	76,238
N/A	N/A	50,143	52,764	50,876
235,450	241,205	244,376	245,087	236,123
32,605	33,583	33,647	33,610	31,797
185,030	203,656	214,820	217,521	208,453
243,540	246,076	248,435	249,197	226,721
49,720	55,954	59,436	61,916	65,275
451,360	456,344	459,682	461,102	439,041
145,135	151,541	155,557	158,709	154,065
1,505,265	1,538,568	1,561,485	1,575,423	1,445,632
18,690	21,363	23,329	24,926	26,361
237,120	240,126	242,337	243,501	217,385
98,140	104,895	108,761	109,482	117,517
165,890	167,871	172,641	174,833	161,719

Valley Metro
Regional Public Transportation Authority
 Top Ten Employers for Maricopa County
 Previous Year and Ten Years Ago

Employer	2011			2002		
	Employees	Rank	% of Total	Employees	Rank	% of Total
State of Arizona	24,200	1	1.50%	59,348	1	3.82%
Banner Health Systems	23,100	2	1.43%	13,973	4	0.90%
Wal-Mart Stores, Inc.	15,000	3	0.93%	13,800	6	0.89%
City of Phoenix	13,500	4	0.84%	12,917	7	0.83%
Maricopa County	13,500	5	0.84%	13,860	5	0.89%
Frys Food Stores	12,600	6	0.78%	9,837	8	0.63%
Bank of America	12,000	7	0.74%			
Wells Fargo & Company	10,100	8	0.63%			
Intel Corporation	10,100	9	0.63%			
Honeywell	8,800	10	0.54%	17,500	2	1.13%
Motorola				15,500	3	1.00%
US Postal Service - Arizona District				9,756	9	0.63%
Raytheon Missile Systems				9,700	10	0.62%
Total for Principal Employers	<u>142,900</u>		<u>8.85%</u>	<u>176,191</u>		<u>11.34%</u>
Total Employment in Maricopa Cty	1,615,100			1,552,400		

Source: Maricopa County Association of Governments, Employer Database (2011)
 Arizona Department of Administration, Current Employment Statistics (CES)
 Phoenix Business Journal Book of Lists

Note: The information for FY 2012 was not available at the time the CAFR was drafted.

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Valley Metro
Regional Public Transportation Authority
Local Transportation Assistance Funds
Last Ten Fiscal Years

	<u>FY 2001/2002</u>	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>
Avondale					
Local transportation assistance funds received	203,685	220,818	252,589	277,421	299,299
Minimum local expenditures required	152,764	165,614	189,442	208,066	99,667
Percentage required	75.0%	75.0%	75.0%	75.0%	33.3%
Buckeye (1)					
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A
Chandler					
Local transportation assistance funds received	1,002,340	1,020,285	1,031,314	1,072,387	1,096,287
Minimum local expenditures required	334,113	340,095	343,771	357,462	365,064
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
El Mirage					
Local transportation assistance funds received	43,192	65,053	109,530	130,312	140,622
Minimum local expenditures required	32,394	48,790	82,148	97,734	105,467
Percentage required	75.0%	75.0%	75.0%	75.0%	75.0%
Gilbert					
Local transportation assistance funds received	622,681	668,051	709,012	778,323	818,025
Minimum local expenditures required	207,560	222,684	236,337	259,441	272,402
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Glendale					
Local transportation assistance funds received	1,242,059	1,228,273	1,206,948	1,186,391	1,158,998
Minimum local expenditures required	414,020	409,424	402,316	395,464	385,946
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Goodyear (1)					
Local transportation assistance funds received	NA	NA	NA	NA	NA
Minimum local expenditures required	NA	NA	NA	NA	NA
Percentage required	NA	NA	NA	NA	NA
Mesa					
Local transportation assistance funds received	2,249,873	2,260,734	2,268,317	2,233,853	2,220,987
Minimum local expenditures required	2,249,873	2,260,734	2,268,317	2,233,853	2,220,987
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%
Peoria					
Local transportation assistance funds received	616,116	639,879	650,732	650,326	657,162
Minimum local expenditures required	205,372	213,293	216,911	216,775	218,835
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Phoenix					
Local transportation assistance funds received	7,498,747	7,342,097	7,245,430	7,138,976	7,033,839
Minimum local expenditures required	7,498,747	7,342,097	7,245,430	7,138,976	7,033,839
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%
Queen Creek (1)					
Local transportation assistance funds received	NA	NA	NA	NA	NA
Minimum local expenditures required	NA	NA	NA	NA	NA
Percentage required	NA	NA	NA	NA	NA
Scottsdale					
Local transportation assistance funds received	1,150,630	1,146,323	1,135,830	1,119,229	1,098,399
Minimum local expenditures required	383,543	382,108	378,610	373,076	365,767
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Surprise (1) (2)					
Local transportation assistance funds received	N/A	N/A	239,405	265,383	317,703
Minimum local expenditures required	N/A	N/A	179,554	88,373	105,795
Percentage required	N/A	N/A	75.0%	33.3%	33.3%
Tempe					
Local transportation assistance funds received	800,415	870,471	845,811	821,152	798,826
Minimum local expenditures required	266,805	290,157	281,937	273,717	266,009
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Tolleson					
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A

Source: State of Arizona, Office of the Treasurer

- (1) Data for fiscal years prior to membership of the Authority was not available.
- (2) Percentages of proceeds designated for expenditures have been revised according to the reported population starting FY2004/05.

The Regional Public Transportation Authority ("Authority") was established in 1985 to develop a regional transit plan and to develop and operate a regional transit system in Maricopa County, Arizona. The Authority is governed by a sixteen-member Board of Directors consisting of a member of the Maricopa County Board of Supervisors, and the mayors (or their designees) of the cities of Avondale, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the towns of Buckeye, Gilbert and Queen Creek. Any municipality in Maricopa County may join the Authority and have one elected official serve on the Board of Directors by committing a portion of its local transportation assistance funds to local public transportation.

State legislation designates that 100% of the proceeds received by participating municipalities with 300,000 or more in population from the Arizona State Lottery, known as local transportation assistance funds, must be expended for public transportation in the respective municipalities to maintain a position on the Authority's Board of Directors. For all other municipalities, the requirement is 33.3% for cities with a population between 60,000 and 300,000 and 75% for cities with less than 60,000 population. Local transportation assistance funds ("LTAF") and minimum public transportation expenditures for participating municipalities for the last ten years are shown above.

- (3) LTAF Program was eliminated in March 2010.

<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011 (3)</u>
317,127	331,478	318,231	185,086	-
105,603	110,382	105,971	61,634	-
33.3%	33.3%	33.3%	33.3%	0.0%
N/A	N/A	171,121	121,083	-
N/A	N/A	128,341	90,812	-
N/A	N/A	75.0%	75.0%	0.0%
1,111,863	1,080,826	1,019,970	590,108	-
370,250	359,915	339,650	196,506	-
33.3%	33.3%	33.3%	33.3%	0.0%
142,134	149,672	142,011	81,249	-
106,600	112,254	106,508	60,937	-
75.0%	75.0%	75.0%	75.0%	0.0%
853,858	849,374	861,189	518,737	-
284,335	282,842	286,776	172,739	-
33.3%	33.3%	33.3%	33.3%	0.0%
1,132,226	1,117,962	1,040,568	599,909	-
377,031	372,281	346,509	199,770	-
33.3%	33.3%	33.3%	33.3%	0.0%
197,755	228,238	236,610	143,523	-
148,316	171,179	177,458	107,642	-
75.0%	75.0%	75.0%	75.0%	0.0%
2,169,928	2,071,953	1,929,717	1,110,018	-
2,169,928	2,071,953	1,929,717	1,110,018	-
100.0%	100.0%	100.0%	100.0%	0.0%
658,598	666,237	640,826	375,639	-
219,313	221,857	213,395	125,088	-
33.3%	33.3%	33.3%	33.3%	0.0%
6,969,140	6,909,870	6,506,059	3,770,600	-
6,969,140	6,909,870	6,506,059	3,770,600	-
100.0%	100.0%	100.0%	100.0%	0.0%
76,224	85,796	91,884	57,536	-
57,168	64,347	68,913	43,152	-
75.0%	75.0%	75.0%	75.0%	0.0%
1,073,727	1,088,492	1,015,408	585,184	-
357,551	362,468	338,131	194,866	-
33.3%	33.3%	33.3%	33.3%	0.0%
375,434	450,508	443,564	262,631	-
125,019	150,019	147,707	87,456	-
33.3%	33.3%	33.3%	33.3%	0.0%
771,039	761,513	709,867	416,885	-
256,756	253,584	236,386	138,823	-
33.3%	33.3%	33.3%	33.3%	0.0%
N/A	N/A	N/A	16,500	-
N/A	N/A	N/A	12,375	-
N/A	N/A	N/A	75.0%	0.0%

Valley Metro
Regional Public Transportation Authority
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1,2)	Income (1,2) (in thousands)	Per Capita Income (1,2)	Median Age (1,3)	School Enrollment (4)	Unemployment Rate (5)
2011	3,817,117	\$ 135,393,497	\$ 27,185	34.8	684,028	8.3%
2010	4,115,811	152,216,281	36,983	36.8	684,510	8.8%
2009	3,987,942	147,912,041	37,090	33.6	683,966	8.1%
2008	3,907,492	143,729,512	36,783	33.7	732,146	4.2%
2007	3,792,675	139,665,253	36,825	33.4	707,771	3.5%
2006	3,648,545	134,339,487	36,820	33.0	689,411	3.6%
2005	3,537,630	120,716,738	34,124	33.0	652,333	4.1%
2004	3,498,587	110,278,789	31,521	33.0	626,461	4.4%
2003	3,388,711	101,378,940	29,917	33.0	600,577	5.2%
2002	3,293,441	96,998,974	29,452	33.0	565,517	5.6%

(1) Calendar year

(2) Source: Arizona Workforce Informer, Labor Market Information, for Maricopa County

Population for fiscal years 2005 through 2010 are estimates from the Department of Economic Security. Personal income for fiscal years 2008 through 2010 were not available. The income amounts provided are estimates based on a 2.91% growth rate.

(3) For years through 2000, median age is based on the 1990 U.S. Census. For 2001 through 2008, median age is based on the 2000 U.S. Census. For 2009 and 2010, median age is from Maricopa Association of Governments Human Services Coordination Transportation Plan, 2009 Update.

(4) Source: Arizona Department of Education, Research and Evaluation Section. School enrollment is based on the census at the start of the school year.

(5) Maricopa County Labor Force and NonFarm Employment.

Valley Metro
Regional Public Transportation Authority
 Full-time Equivalent Employees (FTE) by Function/Program
 Last Ten Fiscal Years

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:										
Regional planning	4.5	4.6	4.5	7.9	7.9	8.1	8.0	8.1	7.7	7.9
Transportation demand management	10.3	10.3	10.3	10.3	9.0	10.5	10.0	10.0	9.0	8.5
Regional customer services	-	4.7	4.7	4.2	71.5	74.6	78.2	78.3	72.9	73.3
Administration	7.9	7.9	8.9	14.8	20.1	22.2	22.2	22.2	20.4	19.5
Total governmental activities FTE	<u>22.6</u>	<u>27.5</u>	<u>28.4</u>	<u>37.1</u>	<u>108.5</u>	<u>115.4</u>	<u>118.5</u>	<u>118.6</u>	<u>110.0</u>	<u>109.1</u>
Business-type activities:										
Transit service operations	6.4	4.5	4.6	4.9	10.5	8.6	8.5	8.4	10.1	10.4
Light rail transit (1)	31.0	33.0	42.0	47.0	51.0	58.0	92.0	96.0	84.0	88.5
Total business-type activities FTE	<u>37.4</u>	<u>37.5</u>	<u>46.6</u>	<u>51.9</u>	<u>61.5</u>	<u>66.6</u>	<u>100.5</u>	<u>104.4</u>	<u>94.1</u>	<u>98.9</u>
Total primary government FTE	<u>60.0</u>	<u>65.0</u>	<u>75.0</u>	<u>89.0</u>	<u>170.0</u>	<u>182.0</u>	<u>219.0</u>	<u>223.0</u>	<u>204.0</u>	<u>208.0</u>

Source: Adopted Valley Metro Operating Budgets for the applicable years.

(1) Light rail transit staff report to the Valley Metro Rail, Inc. Board of Directors.

Valley Metro
Regional Public Transportation Authority
 Operating Indicators by Program – Fixed Route System
 Last Ten Fiscal Years

	<u>FY 2001/2002</u>	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>
Fixed Route System (1)					
City of Phoenix Transit System					
Total boardings	34,642,732	37,543,692	40,427,904	42,909,890	44,182,683
Revenue miles	14,498,806	16,479,011	16,956,333	17,420,722	17,166,702
Revenue hours	941,752	1,089,891	1,115,462	1,146,819	1,166,967
Operating cost	\$ 76,314,996	\$ 90,376,532	\$ 93,661,178	\$ 89,543,836	\$ 93,058,555
Operating cost per boarding	\$ 2.20	\$ 2.41	\$ 2.32	\$ 2.09	\$ 2.11
Farebox recovery ratio	25.5%	23.0%	24.8%	27.0%	26.6%
Regional Public Transportation Authority (2)					
Total boardings	4,979,305	5,688,992	6,503,504	6,203,696	6,484,886
Revenue miles	4,727,196	4,799,475	4,971,133	4,379,307	4,956,352
Revenue hours	321,379	379,892	375,171	276,517	389,349
Operating cost	\$ 17,271,336	\$ 17,059,807	\$ 18,200,836	\$ 16,445,778	\$ 19,613,325
Operating cost per boarding	\$ 3.47	\$ 3.00	\$ 2.80	\$ 2.65	\$ 3.02
Farebox recovery ratio	16.3%	19.7%	18.3%	23.1%	20.7%
City of Tempe					
Total boardings	3,865,511	4,906,953	4,813,237	4,805,598	5,063,284
Revenue miles	3,730,509	3,814,559	3,826,195	3,797,053	3,868,790
Revenue hours	350,657	267,347	314,932	311,852	297,027
Operating cost	\$ 12,485,395	\$ 13,110,640	\$ 14,864,954	\$ 15,738,112	\$ 16,738,459
Operating cost per boarding	\$ 3.23	\$ 2.67	\$ 3.09	\$ 3.27	\$ 3.31
Farebox recovery ratio	17.2%	20.6%	18.2%	17.3%	17.9%
City of Glendale - Luke Link					
Total boardings	36,404	51,246	70,823	93,024	101,444
Revenue miles	89,650	106,326	131,400	139,789	142,109
Revenue hours	3,876	4,630	7,088	7,962	8,121
Operating cost	\$ 136,565	\$ 163,768	\$ 228,160	\$ 218,243	\$ 232,802
Operating cost per boarding	\$ 3.75	\$ 3.20	\$ 3.22	\$ 2.35	\$ 2.29
Farebox recovery ratio	22.3%	30.5%	20.9%	26.8%	27.5%
Total fixed route system					
Total boardings	43,523,952	48,190,883	51,815,468	54,012,208	55,832,297
Revenue miles	23,046,161	25,199,371	25,885,061	25,736,871	26,133,953
Revenue hours	1,617,664	1,741,760	1,812,653	1,743,150	1,861,464
Operating cost	\$ 106,208,292	\$ 120,710,747	\$ 126,955,128	\$ 121,945,969	\$ 129,643,141
Operating cost per boarding	\$ 2.44	\$ 2.50	\$ 2.45	\$ 2.26	\$ 2.32
Farebox recovery ratio	23.0%	22.3%	23.1%	25.2%	24.6%

Source: Reports prepared by the Regional Public Transportation Authority (RPTA):
 Performance Management Analysis System for fiscal years 2001 through 2007.
 Annual Transit Performance Report for fiscal years beginning FY 2008.

- (1) Fixed route systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.
- (2) The Regional Public Transportation Authority statistics include the City of Mesa fixed route system and the City of Scottsdale fixed route system that were separately managed through fiscal year 2004 and fiscal year 2001, respectively.
- (3) Shuttle/Circulator System statistics were included in the Fixed Route System statistics through fiscal year 2000. See Operating Indicators by Program - Shuttle / Circulator System.
- (4) NA - City of Glendale did not run a fixed route.

Note: Information for fiscal year 2011-12 was not available at the time the CAFR was drafted.

<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>
44,101,320	42,670,621	44,642,019	35,806,019	37,437,652
18,412,020	18,826,324	18,238,826	17,692,736	16,915,379
1,166,986	998,142	1,172,816	1,196,437	1,125,763
\$ 108,350,712	\$ 117,350,016	\$ 109,867,153	\$ 113,744,493	\$ 130,360,068
\$ 2.46	\$ 2.75	\$ 2.46	\$ 3.18	\$ 3.48
27.0%	27.5%	32.1%	30.9%	25.7%
6,772,065	7,908,819	8,390,453	7,277,608	8,054,520
5,521,319	6,218,876	6,548,640	6,392,468	5,902,973
381,620	377,267	372,580	438,051	355,964
\$ 22,493,215	\$ 30,076,788	\$ 34,853,186	\$ 33,248,059	\$ 34,380,383
\$ 3.32	\$ 3.80	\$ 4.15	\$ 4.57	\$ 4.27
20.2%	18.1%	15.5%	20.4%	20.9%
6,808,547	4,896,103	5,846,385	5,217,425	8,313,058
4,497,200	4,372,291	4,752,561	4,889,470	5,678,666
364,249	326,640	371,445	370,738	498,944
\$ 19,496,217	\$ 19,947,661	\$ 27,191,179	\$ 28,676,837	\$ 24,851,193
\$ 2.86	\$ 4.07	\$ 4.65	\$ 5.50	\$ 2.99
16.2%	16.6%	11.8%	17.2%	19.3%
227,702	NA	NA	116,952	110,913
252,413	NA	NA	101,154	99,773
19,455	NA	NA	37,006	8,713
\$ 435,099	NA	NA	\$ 820,392	\$ 786,101
\$ 1.91	NA	NA	\$ 7.01	\$ 7.09
227.5%	NA	NA	3.1%	3.1%
57,909,634	55,475,543	58,878,857	48,418,004	53,916,143
28,682,952	29,417,491	29,540,027	29,075,828	28,596,791
1,932,310	1,702,049	1,916,841	2,042,232	1,989,384
\$ 150,775,243	\$ 167,374,465	\$ 171,911,518	\$ 176,489,781	\$ 190,377,745
\$ 2.60	\$ 3.02	\$ 2.92	\$ 3.65	\$ 3.53
224.6%	24.5%	25.5%	26.6%	23.9%

Valley Metro
Regional Public Transportation Authority
 Operating Indicators by Program – Dial-a-Ride System
 Last Ten Fiscal Years

	<u>FY 2001/2002</u>	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>
Dial-a-Ride System (1)					
Phoenix Dial-a-Ride					
Total boardings	270,493	333,860	369,791	393,053	415,733
Revenue miles	3,238,681	3,687,477	3,901,614	4,084,991	4,276,365
Revenue hours	230,951	255,922	262,372	274,099	285,137
Operating cost	\$ 9,462,730	\$ 10,385,900	\$ 11,150,114	\$ 12,375,324	\$ 12,452,214
Operating cost per boarding	\$ 34.98	\$ 31.11	\$ 30.15	\$ 31.49	\$ 29.95
Farebox recovery ratio	5.2%	4.9%	4.8%	4.0%	5.0%
Phoenix Reserve-a-Ride					
Total boardings	193,986	162,760	153,697	152,631	NR
Revenue miles	550,850	540,282	540,388	518,616	NR
Revenue hours	51,559	47,155	50,754	47,282	NR
Operating cost	\$ 2,589,906	\$ 2,689,066	\$ 2,757,131	\$ 2,853,105	NR
Operating cost per boarding	\$ 13.35	\$ 16.52	\$ 17.94	\$ 18.69	NR
Farebox recovery ratio	3.3%	3.2%	3.1%	2.7%	NR
East Valley Dial-a-Ride					
Total boardings	252,441	240,879	222,736	223,130	220,153
Revenue miles	1,995,550	1,371,852	2,048,542	1,622,795	1,796,728
Revenue hours	116,884	117,217	111,514	118,032	121,607
Operating cost	\$ 4,772,217	\$ 5,076,798	\$ 4,963,617	\$ 5,338,924	\$ 6,596,249
Operating cost per boarding	\$ 18.90	\$ 21.08	\$ 22.28	\$ 23.93	\$ 29.96
Farebox recovery ratio	7.6%	7.0%	6.5%	6.6%	5.2%
Maricopa County STS					
Total boardings	124,822	106,395	103,533	105,342	100,243
Revenue miles	455,897	732,376	730,180	523,119	913,009
Revenue hours	56,251	70,238	67,836	41,189	56,585
Operating cost	\$ 1,379,719	\$ 1,587,982	\$ 1,534,951	\$ 3,249,859	\$ 3,312,076
Operating cost per boarding	\$ 11.05	\$ 14.93	\$ 14.83	\$ 30.85	\$ 33.04
Farebox recovery ratio	4.5%	1.1%	1.0%	0.4%	0.3%
Sun Cities Area Transit					
Total boardings	60,400	60,345	61,147	58,069	57,091
Revenue miles	218,313	226,194	229,917	254,897	230,472
Revenue hours	17,998	19,226	20,015	22,648	21,802
Operating cost	\$ 656,655	\$ 671,365	\$ 671,410	\$ 714,915	\$ 689,473
Operating cost per boarding	\$ 10.87	\$ 11.13	\$ 10.98	\$ 12.31	\$ 12.08
Farebox recovery ratio	22.9%	22.4%	22.7%	21.3%	23.5%

Source: Reports prepared by the Regional Public Transportation Authority:
 Performance Management Analysis System for fiscal years 2001 through 2007.
 Annual Transit Performance Report for fiscal years beginning FY 2008.

(1) Dial-a-ride systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.

NR Not reported

Note: Information for fiscal year 2011-12 was not available at the time the CAFR was drafted.

	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>
	410,838	391,420	396,474	353,674	328,502
	NA	4,806,031	4,064,584	3,675,478	3,464,880
	287,882	292,601	295,057	283,686	257,874
\$	13,655,624	\$ 14,759,075	\$ 14,991,465	\$ 14,749,818	\$ 15,519,920
\$	33.24	\$ 37.71	\$ 37.81	\$ 41.70	\$ 47.24
	4.7%	4.1%	4.2%	7.3%	6.3%
	NR	NR	NR	NR	NR
	NR	NR	NR	NR	NR
	NR	NR	NR	NR	NR
	NR	NR	NR	NR	NR
	NR	NR	NR	NR	NR
	NR	NR	NR	NR	NR
	226,050	240,424	262,364	248,462	234,095
	NA	NA	2,090,445	2,123,274	2,191,197
	126,131	131,842	137,604	129,168	128,335
\$	7,685,324	\$ 8,461,088	\$ 9,760,107	\$ 9,322,558	\$ 9,096,936
\$	34.00	\$ 35.19	\$ 37.20	\$ 37.52	\$ 38.86
	5.0%	4.6%	4.1%	4.9%	7.8%
	91,082	87,134	35,488	NR	NR
	NA	NA	362,525	NR	NR
	49,524	47,511	24,641	NR	NR
\$	3,368,464	\$ 3,350,837	\$ 256,574	NR	NR
\$	36.98	\$ 38.46	\$ 7.23	NR	NR
	0.0%	0.0%	0.0%	NR	NR
	45,612	34,924	27,652	30,509	14,715
	NA	NA	109,741	120,305	53,614
	16,526	12,974	13,081	30,509	5,367
\$	697,877	\$ 560,024	\$ 610,581	\$ 558,965	\$ 228,146
\$	15.30	\$ 16.04	\$ 22.08	\$ 18.32	\$ 15.50
	18.0%	22.0%	17.4%	18.6%	24.9%

Valley Metro
Regional Public Transportation Authority
 Operating Indicators by Program – Dial-a-Ride System (Continued)
 Last Ten Fiscal Years

	<u>FY 2001/2002</u>	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>
Dial-a-Ride System (1)					
Glendale Dial-a-Ride					
Total boardings	76,622	81,768	86,132	87,831	89,055
Revenue miles	316,961	376,504	387,531	386,587	390,561
Revenue hours	22,662	25,782	26,252	29,554	29,594
Operating cost	\$ 1,807,835	\$ 2,074,611	\$ 2,255,038	\$ 2,247,156	\$ 2,387,554
Operating cost per boarding	\$ 23.59	\$ 25.37	\$ 26.18	\$ 25.58	\$ 26.81
Farebox recovery ratio	4.9%	4.7%	4.7%	5.0%	4.6%
Peoria Dial-a-Ride					
Total boardings	32,176	30,399	29,258	33,805	42,560
Revenue miles	196,224	189,984	158,456	153,805	159,903
Revenue hours	9,457	9,276	7,920	8,258	9,975
Operating cost	\$ 624,322	\$ 727,770	\$ 738,683	\$ 827,786	\$ 927,312
Operating cost per boarding	\$ 19.40	\$ 23.94	\$ 25.25	\$ 24.49	\$ 21.79
Farebox recovery ratio	5.4%	5.0%	4.5%	4.0%	5.1%
El Mirage Dial-a-Ride					
Total boardings	1,204	1,103	1,061	1,558	1,466
Revenue miles	6,020	9,172	7,230	10,017	12,284
Revenue hours	750	1,834	NR	NR	1,613
Operating cost	\$ 93,178	\$ 93,632	\$ 76,813	\$ 70,459	\$ 74,023
Operating cost per boarding	\$ 77.39	\$ 84.89	\$ 72.40	\$ 45.22	\$ 50.49
Farebox recovery ratio	1.5%	0.9%	1.0%	1.7%	2.0%
Surprise Dial-a-Ride					
Total boardings	7,775	7,094	7,387	8,181	12,578
Revenue miles	45,800	43,716	48,768	68,291	86,045
Revenue hours	2,818	3,881	4,891	5,016	6,554
Operating cost	\$ 105,800	\$ 162,931	\$ 185,646	\$ 283,624	\$ 367,093
Operating cost per boarding	\$ 13.61	\$ 22.97	\$ 25.13	\$ 34.67	\$ 29.19
Farebox recovery ratio	6.2%	4.6%	4.3%	3.5%	3.5%
Total Dial-a-Ride System					
Total boardings	1,019,919	1,024,603	1,034,742	1,063,600	938,879
Revenue miles	7,024,296	7,177,557	8,052,626	7,623,118	7,865,367
Revenue hours	509,330	550,531	551,554	546,078	532,867
Operating cost	\$ 21,492,362	\$ 23,470,055	\$ 24,333,403	\$ 27,961,152	\$ 26,805,994
Operating cost per boarding	\$ 21.07	\$ 22.91	\$ 23.52	\$ 26.29	\$ 28.55
Farebox recovery ratio	6.0%	5.4%	5.2%	4.5%	4.9%

Source: Reports prepared by the Regional Public Transportation Authority:
 Performance Management Analysis System for fiscal years 2001 through 2007.
 Annual Transit Performance Report for fiscal years beginning FY 2008.

(1) Dial-a-ride systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.

NR Not reported

Note: Information for fiscal year 2011-12 was not available at the time the CAFR was drafted.

	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>
	84,132	88,638	92,381	89,808	97,741
	NA	NA	408,986	411,136	406,413
	29,448	30,642	30,594	29,927	30,347
\$	2,446,602	\$ 2,878,740	\$ 2,431,098	\$ 2,430,543	\$ 2,604,743
\$	29.08	\$ 32.48	\$ 26.32	\$ 27.06	\$ 26.65
	3.3%	3.8%	4.4%	4.3%	4.0%
	45,790	40,122	38,978	32,921	29,317
	NA	NA	212,812	158,846	122,789
	12,663	14,875	14,567	13,218	8,156
\$	1,045,445	\$ 1,239,982	\$ 1,239,982	\$ 1,109,380	\$ 1,006,618
\$	22.83	\$ 30.91	\$ 31.81	\$ 33.70	\$ 34.34
	4.5%	3.2%	3.1%	2.9%	3.1%
	1,947	1,131	1,459	NR	NR
	NA	NA	NA	NR	NR
	1,820	1,764	1,680	NR	NR
\$	99,256	\$ 97,262	\$ 102,139	NR	NR
\$	50.98	\$ 86.00	\$ 70.01	NR	NR
	3.7%	2.3%	2.9%	NR	NR
	17,339	20,075	19,336	22,151	23,942
	NA	NA	79,989	83,761	81,859
	8,037	8,698	7,918	8,561	8,601
\$	506,921	\$ 589,469	\$ 644,740	\$ 591,150	\$ 617,751
\$	29.24	\$ 29.36	\$ 33.34	\$ 26.69	\$ 25.80
	3.6%	3.7%	3.0%	3.8%	4.1%
	920,843	902,737	872,673	777,525	728,312
	NA	4,806,031	7,329,082	6,572,800	6,320,752
	532,031	540,907	525,142	495,069	438,680
\$	29,505,513	\$ 31,936,477	\$ 30,036,686	\$ 28,762,414	\$ 29,074,114
\$	32.04	\$ 35.38	\$ 34.42	\$ 36.99	\$ 39.92
	4.4%	4.1%	4.3%	6.2%	6.8%

Valley Metro
Regional Public Transportation Authority
 Operating Indicators by Program – Shuttle / Circulator System
 Last Ten Fiscal Years

	<u>FY 2001/2002</u>	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>
Shuttle/Circulator System					
City of Phoenix (1)					
Total boardings	437,421	770,348	747,351	794,945	766,676
Revenue miles	361,830	604,325	577,579	601,547	580,884
Revenue hours	26,505	40,480	37,636	38,156	36,923
Operating cost	\$ 1,058,452	\$ 1,619,238	\$ 1,435,044	\$ 2,386,820	\$ 1,812,780
Operating cost per boarding	\$ 2.42	\$ 2.10	\$ 1.92	\$ 3.00	\$ 2.36
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Tempe (2)					
Total boardings	1,222,122	1,445,714	1,705,025	1,999,795	2,034,656
Revenue miles	601,509	441,587	487,780	475,609	479,595
Revenue hours	61,681	30,949	40,149	39,831	48,794
Operating cost	\$ 1,995,345	\$ 1,517,734	\$ 1,771,216	\$ 1,835,387	\$ 1,954,659
Operating cost per boarding	\$ 1.63	\$ 1.05	\$ 1.04	\$ 0.92	\$ 0.96
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Scottsdale					
Total boardings	42,456	49,498	52,599	92,139	125,435
Revenue miles	30,060	33,129	37,272	57,696	80,489
Revenue hours	4,676	4,683	6,185	8,167	14,025
Operating cost	\$ 290,066	\$ 308,684	\$ 377,726	\$ 547,764	\$ 953,477
Operating cost per boarding	\$ 6.83	\$ 6.24	\$ 7.18	\$ 5.94	\$ 7.60
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Glendale (5)					
Total boardings	51,180	54,093	59,692	82,569	96,258
Revenue miles	66,784	78,895	93,794	100,295	96,838
Revenue hours	8,055	6,361	7,897	8,301	7,969
Operating cost	\$ 267,801	\$ 185,407	\$ 203,149	\$ 144,934	\$ 158,442
Operating cost per boarding	\$ 5.23	\$ 3.43	\$ 3.39	\$ 1.76	\$ 1.65
Farebox recovery ratio	4.6%	5.7%	5.9%	11.0%	10.3%
Regional Public Transportation Authority (6)					
Total boardings	N/A	N/A	N/A	N/A	N/A
Revenue miles	N/A	N/A	N/A	N/A	N/A
Revenue hours	N/A	N/A	N/A	N/A	N/A
Operating cost	N/A	N/A	N/A	N/A	N/A
Operating cost per boarding	N/A	N/A	N/A	N/A	N/A
Farebox recovery ratio	N/A	N/A	N/A	N/A	N/A
Total Shuttle/Circulator System					
Total boardings	1,753,179	2,319,653	2,564,667	2,969,448	3,023,025
Revenue miles	1,060,183	1,157,936	1,196,425	1,235,147	1,237,806
Revenue hours	100,917	82,473	91,867	94,455	107,711
Operating cost	\$ 3,611,664	\$ 3,631,063	\$ 3,787,135	\$ 4,914,905	\$ 4,879,358
Operating cost per boarding	\$ 2.06	\$ 1.57	\$ 1.48	\$ 1.66	\$ 1.61
Farebox recovery ratio	N/A	N/A	N/A	N/A	N/A

Source: Reports prepared by the Regional Public Transportation Authority:
 Performance Management Analysis System for fiscal years 2001 through 2007.
 Annual Transit Performance Report for fiscal years beginning FY 2008.

- (1) City of Phoenix - Alex, Dash, Mary & Smart; prior to FY 07-08 included only Dash and Alex.
- (2) City of Tempe - FLASH, Orbit-Earth, Jupiter, Mars, Mercury & Venus; prior to FY 07-08 included only FLASH, Neighborhood FLASH.
- (3) City of Scottsdale - Neighborhood Trolley, Miller Road Trolley, and Downtown Trolley; prior to FY 07-08 included only Roundup.
- (4) City of Scottsdale did not track revenue miles for FY 07-08.
- (5) City of Glendale - GUS
- (6) RPTA- Mesa BUZZ

Note: Information for fiscal year 2011-12 was not available at the time the CAFR was drafted.

<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>
735,941	1,799,974	2,599,292	2,643,678	1,410,810
580,080	1,614,317	1,960,474	1,609,412	624,617
36,710	79,529	118,173	99,367	37,488
\$ 1,889,393	\$ 7,173,722	\$ 9,626,975	\$ 7,306,773	\$ 4,062,374
\$ 2.57	\$ 3.99	\$ 3.70	\$ 2.76	\$ 2.88
0.0%	0.1%	0.0%	0.0%	0.0%
1,616,729	2,456,646	3,307,223	3,660,543	3,143,824
482,538	1,613,904	2,105,878	1,819,126	1,489,463
52,379	150,171	206,964	194,057	169,543
\$ 2,091,895	\$ 6,833,012	\$ 11,414,395	\$ 10,070,159	\$ 9,191,363
\$ 1.29	\$ 2.78	\$ 3.45	\$ 2.75	\$ 2.92
0.0%	0.0%	0.0%	0.0%	0.0%
274,961	384,000	572,925	652,230	897,858
219,861	-	439,307	358,482	619,658
33,828	48,240	48,648	37,006	N/A
\$ 1,887,546	\$ 2,400,000	\$ 2,627,403	N/A	\$ 2,570,545
\$ 6.86	\$ 6.25	\$ 4.59	N/A	\$ 2.86
0.0%	0.0%	0.0%	N/A	N/A
97,681	110,941	113,382	116,952	110,915
NR	110,005	98,760	104,154	99,773
NR	8,858	8,735	12,412	8,713
NR	\$ 176,574	\$ 668,581	\$ 820,392	\$ 786,101
NR	\$ 1.59	\$ 5.90	\$ 7.01	\$ 7.09
NR	16.3%	3.6%	3.1%	3.1%
N/A	N/A	80,133	200,504	211,887
N/A	N/A	60,795	105,935	104,540
N/A	N/A	5,755	8,726	8,044
N/A	N/A	\$ 319,570	\$ 547,823	\$ 618,061
N/A	N/A	\$ 3.99	\$ 2.73	\$ 2.92
N/A	N/A	0.0%	0.0%	0.0%
2,725,312	4,751,561	6,672,955	7,273,907	5,775,294
1,282,479	3,338,226	4,665,214	3,997,109	2,938,051
122,917	286,798	388,275	351,568	223,788
\$ 5,868,834	\$ 16,583,308	\$ 23,988,343	\$ 18,745,147	\$ 17,228,444
\$ 2.15	\$ 3.49	\$ 3.59	\$ 2.58	\$ 2.98
N/A	0.2%	0.1%	N/A	0.1%

Valley Metro
Regional Public Transportation Authority
 Capital Asset Statistics by Function/Program
 Revenue Vehicles for Transit Service Operations
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Local and Express Bus</u>	<u>Paratransit / Dail-a-Ride</u>	<u>Vanpool</u>
2002/03	80	67	NA
2003/04	80	62	NA
2004/05	133	61	250
2005/06	181	57	303
2006/07	172	75	308
2007/08	192	76	347
2008/09	257	76	421
2009/10	251	111	376
2010/11	242	80	376
2011/12	205	58	400

Source: National Transit Data Base (NTD) (1999/00-2007/08)
 FAS GOV 100 Asset Accounting (2008/09-current)

(1) For years FY98 through FY04, the NTD reported numbers included vans that were owned by the contractor; thus, those assets are not reported.

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