

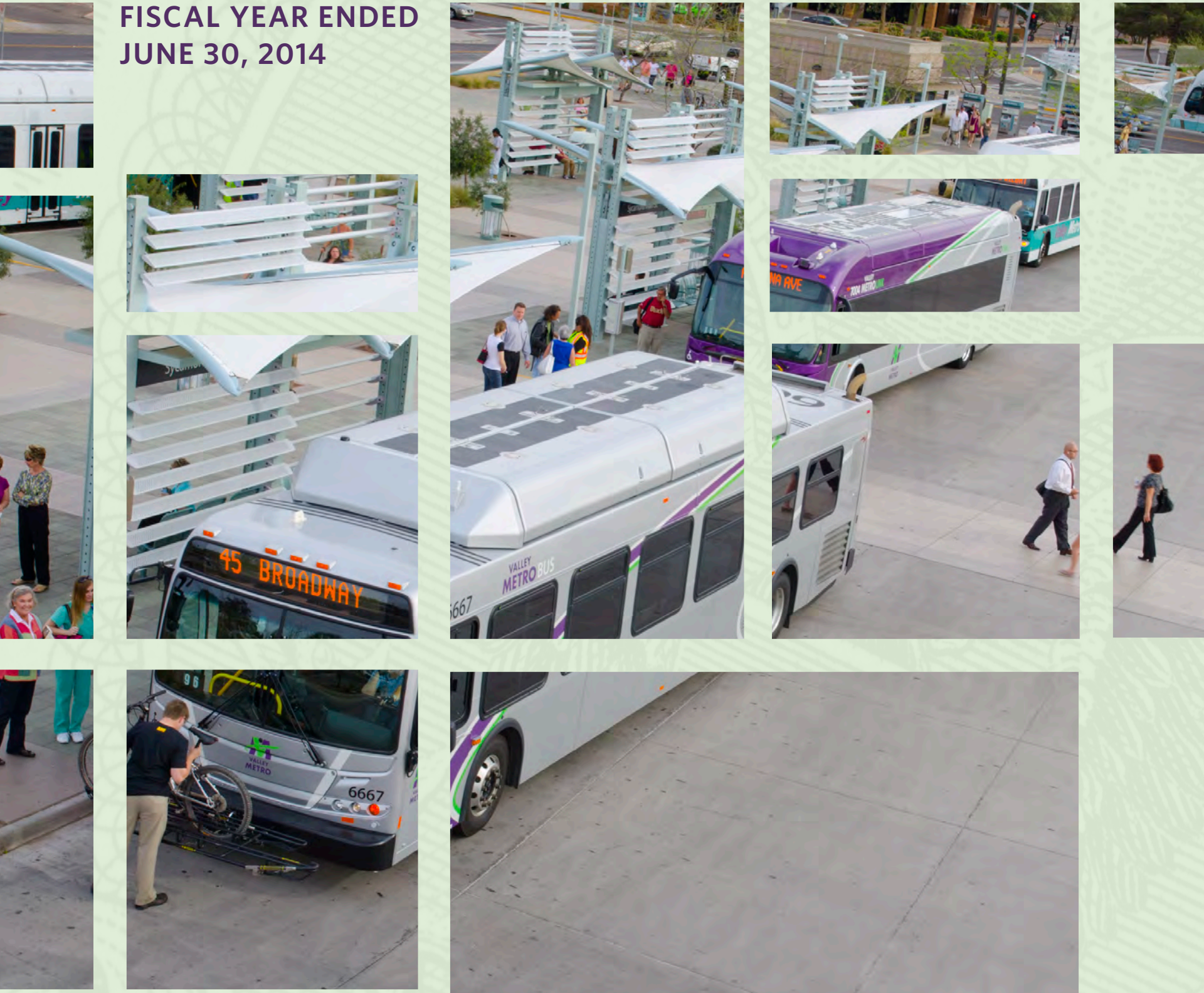
Valley Metro Regional Public Transportation Authority
Phoenix, AZ



valleymetro.org

Comprehensive Annual Financial Report

FISCAL YEAR ENDED
JUNE 30, 2014



Valley Metro

Regional Public Transportation Authority

Phoenix, Arizona

Board of Directors

Chair, Councilmember Scott Somers, Mesa
Vice Chair, Trinity Donovan, Chandler
Treasurer, Councilmember Jim McDonald, Avondale
Vice Mayor Eric Orsborn, Buckeye
Councilmember Lynn Selby, El Mirage
Councilmember Jenn Daniels, Gilbert
Councilmember Gary Sherwood, Glendale
Vice Mayor Joe Pizzillo, Goodyear
Supervisor Clint Hickman, Maricopa County
Councilmember Ron Aames, Peoria
Councilmember Thelda Williams, Phoenix
Councilmember Suzanne Klapp, Scottsdale
Vice Mayor Skip Hall, Surprise
Councilmember Shana Ellis, Tempe
Vice Mayor Kathie Farr, Tolleson
Councilmember Sam Crissman, Wickenburg

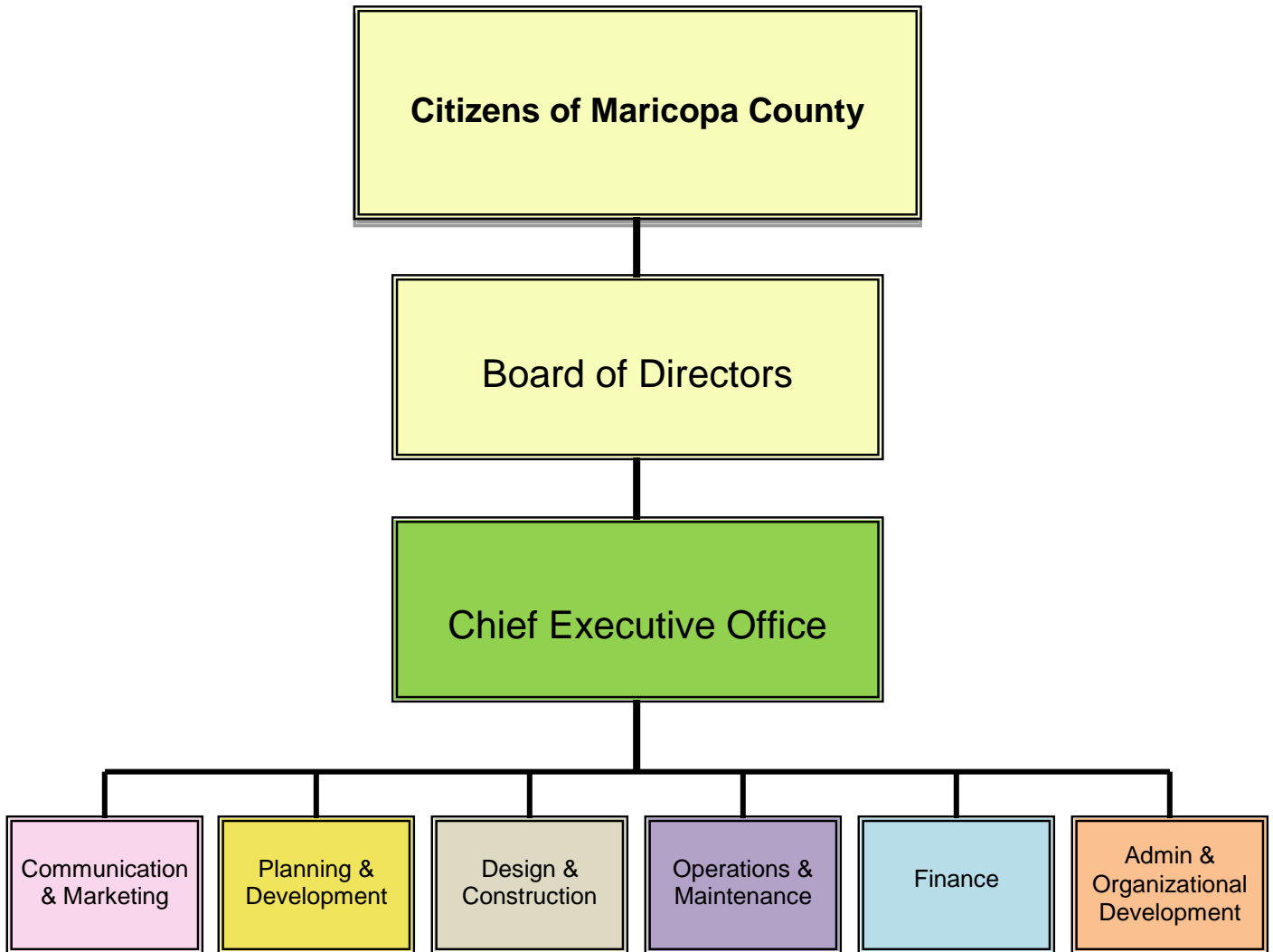
Staff Leadership Team

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

Prepared By

Finance Division Staff

Valley Metro
Regional Public Transportation Authority
Organization Chart



Valley Metro
Regional Public Transportation Authority

Table of Contents
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014

	<u>Page</u>
<u>Introductory Section</u>	
Letter of Transmittal	iii
GFOA Certificate of Achievement	xi
<u>Financial Section</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (required supplementary information)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Transit Planning Fund	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Transportation Demand Management Fund	24
Statement of Net Position – Proprietary Funds	25
Statement of Revenues, Expenses and Changes in Fund Net position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	27
Notes to the Financial Statements	28
Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual – Proprietary Funds:	
Enterprise Funds:	
Transit Service Operations Fund	52
Valley Metro Rail Fund	53

Valley Metro
Regional Public Transportation Authority

Table of Contents (Continued)
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014

	<u>Page</u>
<u>Statistical Section</u>	
Statistical Section Contents	54
Financial Trends	
Net position by Component	55
Changes in Net Position	57
Fund Balances of Governmental Funds	61
Changes in Fund Balances of Governmental Funds	63
Revenue Capacity	
Sales Tax Revenues by Component	65
Maricopa County Transportation Excise Tax Revenue Distributions	67
Maricopa County Transportation Excise Tax Revenue Collections by Category	69
Arizona Transaction Privilege Tax Excise Tax Rates by Category	70
Debt Capacity	
Transportation Excise Tax Revenue Bonds – Bond Coverage	72
Outstanding Debt by Type	73
Debt Service Revenue and Cost per Capita	74
Demographic and Economic Information	
Regional Population Statistics	75
Top Ten Employers for Maricopa County	77
Arizona Lottery Funds	78
Demographic and Economic Statistics	80
Operating Information	
Full-time Equivalent Employees by Function / Program	81
Operating Indicators by Program:	
Fixed Route System	82
Dial-a-Ride System	84
Shuttle / Circulator System	88
Capital Asset Statistics by Function / Program	
Revenue Vehicles for Transit Service Operations	90



Introductory Section

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



December 22, 2014

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, 2014 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, 2014 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 unmodified opinion that the basic financial statements of the Authority as of and for the fiscal year ended June 30, 2014 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. The results of the Authority's Single Audit for the fiscal year ended June 30, 2014, found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The auditor's reports on internal controls and compliance with applicable laws and regulations are included in a separately issued Single Audit 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 2013-14, the members included Maricopa County, the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the Towns of 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 US Census Bureau, Maricopa County measures 9,200 square miles, with a population estimated at 4,009,000 as of 2013. The metropolitan area is home to the state capitol and includes the City of Phoenix, population 1.5 million, making it Arizona's major center of political and economic activity. In fact, more than 60% of the state's population resides in Maricopa County, which is home to over 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 grew from just over 3.4 million residents in 2003 to 4.0 million residents in 2010, an increase of 17 percent in just 7 years. With the recession, population in the county declined slightly to 3.8 million in 2011, but has begun to grow again in 2012 and 2013. According to the Maricopa County Association of Governments (MAG) recent forecasts, population is projected to grow 42 percent by 2030, reaching 5.4 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 employment in Maricopa County grew to 1.7 million people in 2010. MAG planning projections forecast Maricopa County employment to increase substantially to 2.7 million jobs by year 2030.

In 2007 and 2008, the region's historically strong economic growth slowed and sales tax revenues fell with the nation-wide recession. In fiscal years 2009 and 2010 regional revenues fell 13.7% and 8.9% respectively. In fiscal years 2011, 2012, 2013 and 2014 regional revenues have rebounded, growing by 3.4%, 4.3%, 5.5% and 7.0% respectively. Long range sales tax projections prepared by ADOT forecast the local economy to grow by 4.8 percent per year through 2018 and then level off to 4.1 percent per year through year 2025.

Despite the recent slow-down in population growth, ridership in public transportation has grown by 28% over the last ten 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 \$962 million has injected 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 44,000 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.

Valley Metro Operations Initiatives

- Valley Metro Operations
Under the brand name Valley Metro, the Authority 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 with East Valley bus services operated by RPTA was procured with a single contractor. The unified East Valley Bus Service operation commenced in July 2013 and operated successfully during fiscal year 2014. The integration has resulted in greater efficiency of operations and consequential cost savings.
 - Dial-a-Ride services have been traditionally provided by a fleet of specialized van-sized vehicles. In fiscal year 2013, Valley Metro implemented a demand response program which dispatches cab vehicles which are tailored to the specific customer need providing faster and more direct transportation service. Many Dial-a-Ride trips in the East Valley and West Valley cities are now provided in fuel efficient sedans generating substantial savings. Fiscal year 2014, the second year under the new delivery system, saw continuing passenger growth. In contrast to FY12, over 80,000 additional paratransit trips were delivered in FY14 while overall program costs were reduced by \$1.1 million.
- 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.
- 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 continues 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.

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.

Bond Funding: In January of 2014, the Authority issued the second series of Senior Bonds to fund light rail capital construction projects to be managed by Valley Metro Rail. The 2014 issue, sold \$115.0 million par value bonds and generated \$135.4 million in proceeds at a true interest cost of 2.43%.

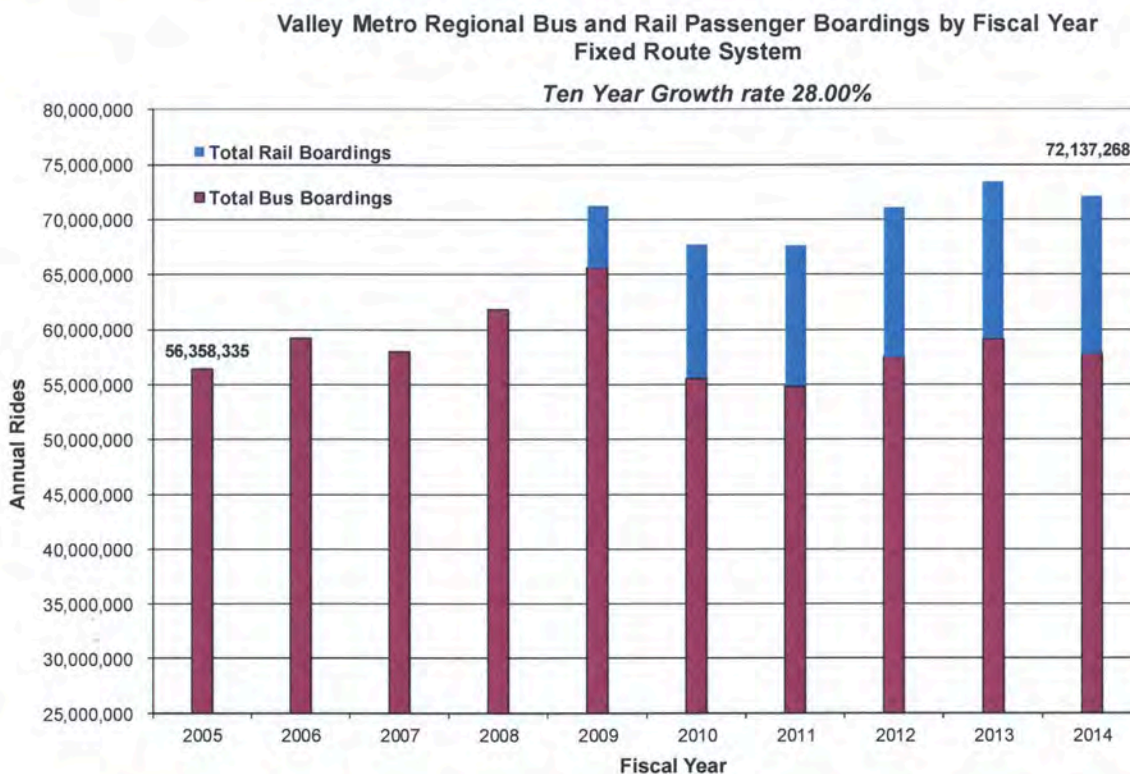
The initial issuance of Senior Bonds occurred in 2009 totaling \$105.0 million (\$50.0 million for Bus capital projects and \$55.0 million for Rail capital projects). The Authority uses bond proceeds for the payment or reimbursement of costs of capital expenditures in the regional transportation plan, 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 Senior Bonds are funded solely by Prop 400 sales taxes and will be repaid before December 2025, the current sunset of the Public Transportation Fund sales tax revenue.

Planning Projects:

- Operations Planning
In FY13 and FY14, the Authority led a region-wide effort to develop operating service standards for fixed route (Bus and Rail) and paratransit (Dial A Ride) transit services. The service standards were adopted by the Authority Board of Directors in November 2013. A service planning working group was established to coordinate service changes throughout the region to optimize passenger service within available funding. Service changes recommended by the working group are brought to the Board for approval establishing the baseline for budget and long range financial planning to be incorporated into the TLCP.
- Long-Range Planning
Valley Metro provides transit 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).
- Short Range Planning
Valley Metro provides transit information for the MAG Annual Transportation Report on Prop 400 and preparation of Annual Transit Performance Report. In addition, Valley Metro:
 - Coordinates 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.
 - Collects and analyzes 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.
 - Fulfills 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
The Authority develops, implements, and provides analysis for comprehensive transit research surveys and studies. Information from the surveys is used to produce a database for transit planning purposes, including route evaluation and service adjustments.
- Project Management
The Authority 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.

Growing Ridership

In FY 2014, regional public transportation ridership exceeded 72 million passengers, declining by 1.3 million riders versus last year. Ridership has grown by 15.8 million riders over the past ten years 28.0%, outpacing regional population which grew by 11 percent over the same period.




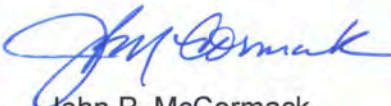
AWARDS AND ACKNOWLEDGEMENTS

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, 2013. This was the seventeenth 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



Government Finance Officers Association

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, 2013

Executive Director/CEO

(This page intentionally left blank)



Financial Section

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Valley Metro Regional Public Transportation Authority

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Valley Metro Regional Public Transportation Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the Authority implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information such as the Introductory Section, Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, 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* in considering Valley Metro Regional Public Transportation Authority's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

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

December 22, 2014

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, 2014. 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 position decreased (\$51.1) million in FY 2014, comprised of an increase of \$3.2 million in governmental activities and a decrease of (\$54.3) million in business-type activities. Total net position of the Authority is \$77.4 million, of which \$15.4 million is unrestricted.
- The governmental activities revenues increased by approximately \$8.7 million (6.6%) over the previous year.
- The business-type activities revenues increased by approximately \$34.4 million (61.1%) from the previous year.
- At June 30, 2014, the Authority's governmental fund balance sheet reported a combined ending fund balance of \$52.2 million, an increase of \$2.5 million (5.0%) compared to the previous fiscal year.

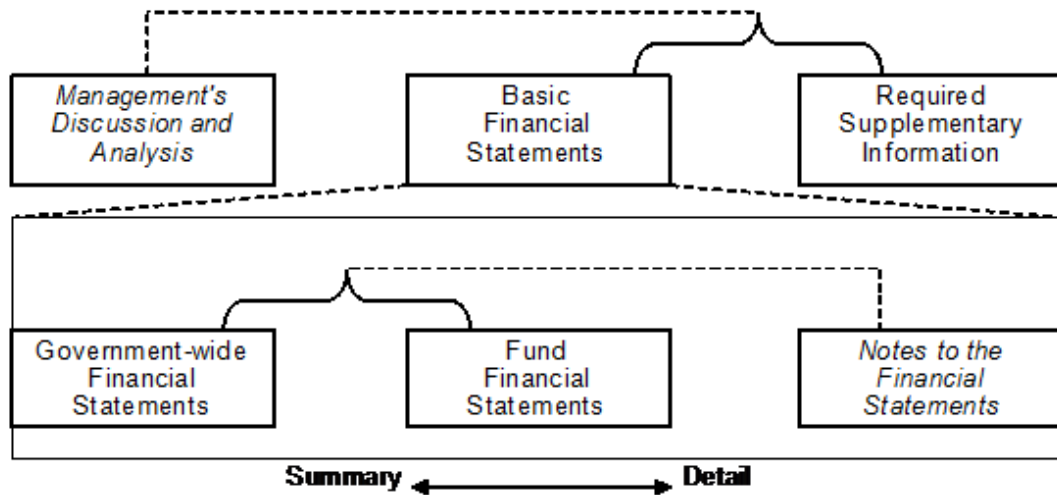
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are presented as follows:

- Government-wide reporting – presents financial statements on a government-wide basis.
- Fund financial statements – presents governmental and proprietary 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. The Authority has presented this information for the proprietary funds in Other Supplementary 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 16 – 18) 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 Position* presents information on all of the Authority's assets and liabilities, both current and noncurrent, with the difference between the two reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. To assess the overall health of the

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 position changed over the most recent fiscal year. Since full accrual accounting is used for the government-wide financial statements, all changes to net position 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 and proprietary 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 19 - 24) 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 3 (page 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 25 - 27) 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 28 – 51) 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.

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, 2014, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position as of June 30, 2014 compared to the prior year:

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2014	2013	2014	2013	2014	2013	
Current and other assets	\$ 53,150.0	\$ 51,642.3	\$ 109,936.6	\$ 106,992.2	\$ 163,086.6	\$ 158,634.5	2.8%
Noncurrent assets							
Cash and investments	-	-	101,147.0	14,833.2	101,147.0	14,833.2	581.9%
Deferred charges	-	-	-	635.7	-	635.7	-100.0%
Capital assets	1,970.2	1,308.7	83,972.3	90,619.2	85,942.5	91,927.9	-6.5%
Total assets	<u>\$ 55,120.2</u>	<u>\$ 52,951.0</u>	<u>\$ 295,055.9</u>	<u>\$ 213,080.3</u>	<u>\$ 350,176.1</u>	<u>\$ 266,031.3</u>	31.6%
Other liabilities	\$ 1,460.7	\$ 2,531.4	\$ 49,591.4	\$ 42,750.3	\$ 51,052.1	\$ 45,281.7	12.7%
Long-term liabilities	195.4	164.9	221,479.1	91,988.1	221,674.5	92,153.0	140.6%
Total liabilities	<u>\$ 1,656.1</u>	<u>\$ 2,696.3</u>	<u>\$ 271,070.5</u>	<u>\$ 134,738.4</u>	<u>\$ 272,726.6</u>	<u>\$ 137,434.7</u>	98.4%
Net position:							
Net investment in capital assets,	\$ 1,970.2	\$ 1,308.7	\$ 43,205.6	\$ 8,437.7	\$ 45,175.8	\$ 9,746.4	363.5%
Restricted	2,790.9	2,117.8	14,100.5	8,286.5	16,891.4	10,404.3	62.4%
Unrestricted	48,703.1	46,828.2	(33,320.7)	61,617.7	15,382.4	108,445.9	-85.8%
Total net position	<u>\$ 53,464.2</u>	<u>\$ 50,254.7</u>	<u>\$ 23,985.4</u>	<u>\$ 78,341.9</u>	<u>\$ 77,449.6</u>	<u>\$ 128,596.6</u>	-39.8%

The Authority's total net position decreased (\$51.1) million in FY 2014, comprised of an increase of \$3.2 million in governmental activities, a decrease of \$53.7 million in business-type activities, and a restatement of (\$0.6) million in beginning net position, business-type activities. As a result of the restatement, the Authority's total net position change is a decrease of \$51.1 million as presented in the basic financial statements. Total net position of the Authority is \$77.4 million, of which \$15.4 million is unrestricted.

Of the \$77.4 million total net position, \$45.2 million are the Authority's net investment in capital assets 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 11 - 12), 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.

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

Approximately \$15.4 million of the Authority's net position (19.9% 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. In fiscal year 2014 Business-type restricted assets include \$10.6 million for cash escrowed for debt service. The remaining \$3.5 million reflects resources that are subject to other external restrictions. The governmental activities reported an increase of \$1.9 million (4.0%) of unrestricted net position over the prior year largely attributed to sales tax collection increases which were in excess of increases to expense activities of the Authority. The significant decrease of (\$94.9) million of unrestricted net position over the prior year in business-type activities is primarily due to Lead Agency Disbursements to the Valley Metro Rail (VMR) Fund for the construction of capital projects. To fund the capital construction, the Authority issued bonds from its Transit Service Operations (TSO) Fund. With the debt issue, the TSO overall net position is (-\$14.8) million at year end while the VMR fund holds \$38.8 million. The combined funds net position equal \$24.0 million for the Business Type Activities.

As previously stated, the net position of the Business-type activities was restated as of July 1, 2013. In accordance with GASB 65, debt issuance costs formerly reported as a deferred charge are now restated to recognize the expense in the period incurred. As a result, net position as stated in the June 30, 2013 CAFR, \$78.3 million has been restated to \$77.7 million. Refer to Note 2 on page 37 for more information concerning the accounting change.

Changes in Net Position

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2014	2013	2014	2013	2014	2013	
REVENUES							
Program revenues:							
Charges for services	\$ 167.9	\$ 176.0	\$ 55,326.4	\$ 25,865.9	\$ 55,494.3	\$ 26,041.9	113.1%
Operating grants and contributions	13,147.3	13,102.6	9,867.7	10,717.0	23,015.0	23,819.6	-3.4%
Capital grants and contributions	-	-	22,996.1	19,661.1	22,996.1	19,661.1	17.0%
General revenues:							
Sales taxes	126,415.6	118,336.0	-	-	126,415.6	118,336.0	6.8%
Interest earnings	146.1	114.1	139.1	137.0	285.2	251.1	13.6%
Other	632.7	127.0	2,498.2	9.3	3,130.9	136.3	2197.1%
Total revenues	140,509.6	131,855.7	90,827.5	56,390.3	231,337.1	188,246.0	22.9%
EXPENSES							
Governmental activities:							
Regional planning	1,351.1	1,245.0	-	-	1,351.1	1,245.0	8.5%
Transportation demand management	1,471.5	1,587.1	-	-	1,471.5	1,587.1	-7.3%
Regional customer services	8,473.1	8,200.1	-	-	8,473.1	8,200.1	3.3%
Administration	1,934.4	1,988.9	-	-	1,934.4	1,988.9	-2.7%
AZ Lottery fund disbursements	10,795.3	10,200.1	-	-	10,795.3	10,200.1	5.8%
Business-type activities:							
Transit service operations	-	-	148,884.7	91,327.3	148,884.7	91,327.3	63.0%
Light rail transit	-	-	108,938.3	50,687.2	108,938.3	50,687.2	114.9%
Total expenses	24,025.4	23,221.2	257,823.0	142,014.5	281,848.4	165,235.7	70.6%
Excess (deficit) before transfers	116,484.2	108,634.5	(166,995.5)	(85,624.2)	(50,511.3)	23,010.3	-319.5%
Transfers in (out)	(113,274.7)	(106,156.2)	113,274.7	106,156.2	-	-	N/A
Increase (decrease) in net position	\$ 3,209.5	\$ 2,478.3	\$ (53,720.8)	\$ 20,532.0	\$ (50,511.3)	\$ 23,010.3	-319.5%

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

The largest sources of revenue for the Authority are sales taxes (54.6%). The major funding sources of governmental activities are sales taxes (90.0%) and federal and state grants (9.5%). The major funding sources for business-type activities are charges for services to member cities (60.9%), capital grants and contributions (25.3%). The Authority's overall revenues increased by \$43.1 million, or 22.9%, compared to last fiscal year. Total revenues of governmental activities increased by \$8.7 million, (6.6%) over the previous year primarily due to increased sales tax revenues, (\$8.1 million). Program revenues of business-type activities increased by \$31.9 million or 56.8%, compared to last fiscal year. Charges for Services increased by \$29.5 million primarily due to the East Valley Bus Unification service additions. Capital grants and contributions increased by \$3.3 million.

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 planning and administration activities of the RTP.

Business-type activities are the largest users of resources for the Authority with \$257.8 million of expenses (91.5%) which include Transit Service operations and Light Rail Transit lead agency disbursements. Governmental activities expended \$24.0 million, with the largest being AZ Lottery Fund Disbursements of \$10.8 million and Regional Customer Services of \$8.5 million. Administration, Regional Planning, and Transportation Demand Management activities totaled \$4.8 million for the year.

Total Primary Government expenses increased by \$116.6 million, or 70.6% compared to last fiscal year. The governmental expenses increased by \$0.8 million, or 3.5%, over the prior year. AZ Lottery Fund Disbursements were \$10.8 million for the year, up \$0.6 million or 5.8%. Business-type activity expenses were increased by \$115.8 million, or 81.5%, compared to the prior year. The increases in business-type activity expenses were \$57.6 million for Transit Service Operations (TSO) and \$58.3 million for Light Rail Transit (VMR).

TSO expense activities increased by \$57.6 million. Bus service delivery costs increased by \$28.3 million primarily due to the East Valley bus service unification. Capital conveyances of bus fleet to Member Cities increased by \$13.3 million. The amounts of capital conveyances fluctuate from year to year based on cyclical needs to replace bus fleet. Lead Agency disbursements increased by \$10.1 million due to increased levels of regional bus fleet purchases for which the Authority provides local funding match to federal grant funds. With the Series 2014 bond issue, debt service interest expense increased by \$2.2 million and the cost of issuance increased by \$0.5 million, with full costs of the Series 2014 bond being recognized in the current year as required by GASB 65.

VMR expense activities increased by \$58.3 million primarily due to Lead Agency Disbursements for light rail construction project activities (Central Mesa Extension and Northwest Extension located in Phoenix). In addition, PTF sales tax funding was disbursed to VMR for the settlement of final capital lease payments to the City of Phoenix for 14 Light Rail Vehicles.

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 19 – 24) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$52.2 million, an increase of \$2.5 million, or 5.0%, from the previous year. Of the \$52.2 million total fund balance, the Authority has designated \$2.8 million restricted for special purpose activities. The remainder is in unrestricted fund balance in the General Fund (see Note 8 - page 43). 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 \$52.2 million fund balance, \$49.4 million is unrestricted.

The General Fund accounts for activities that include regional customer service, financial management and agency administration. General Fund revenues increased \$8.6 million (6.6%) over the previous year. Public Transportation Fund (PTF) sales tax revenue increased by \$8.0 million (7.0%) in FY14 to \$121.8 million. Regional Area Road Funds (RARF) sales tax revenues increased slightly by \$0.1 million (1.8%) in FY14 to \$4.6 million. The sales tax revenue increase was due to the improving economy in the region. The remaining General Fund revenues increased by \$0.5 million, General Fund expenditures increased by \$1.3 million (6.5%) from \$20.6 to \$21.9 million. Excess General Fund revenues over expenditures were \$116.8 million for the year versus \$109.5 million in the prior year, up \$7.3 million or 6.6%.

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 increased slightly from \$0.2 million to \$0.3 million. Expenditures increased slightly from \$1.2 million to \$1.4 million due to increased planning activities during the year. Prior to 2006, sales taxes allocated to the Transit Planning Fund were shown as revenues. Total transfers into the Transit Planning Fund from the General Fund were \$1.0 million, with no significant change versus the prior year.

The Transportation Demand Management Fund accounts for activities related to the county-wide ridesharing program, trip reduction program and clean air campaign. From the prior year revenues from federal CMAQ and state and county grants decreased (\$0.1) million (-4.3%) to \$1.5 million. Expenditures decreased (\$0.1) million (-7.3%) to \$1.5 million from the prior year due to decreases in the ridesharing program and other activities.

Proprietary Funds

The proprietary fund financial statements (pages 25 – 27) 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 (TSO) Fund accounts for the activities related to the operations of local and express bus, paratransit and vanpool services for the region. In addition, the TSO Fund contains PTF bond financing activities to support the Transit Life Cycle Program (TLCP).

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

The TSO Fund net position decreased by (\$43.4) million versus the prior year from \$28.6 million to (\$14.8) million. The primary cause of the reduction in net position is the issuance of Series 2014 bond debt in support of LRT capital expenditures which are funded by the Authority as Lead Agency Disbursements to Valley Metro Rail, Inc. During the fiscal year, the TSO received \$135.4 million in bond proceeds and disbursed \$36.2 of the proceeds to the VMR Fund. In addition to the (\$36.2) million decrease related to the bond funding, depreciation expense for transit fleet and equipment exceeded new capital asset additions by (\$6.5) million to further reduce the TSO net position.

- TSO operating revenues of \$50.6 million were increased by \$30.2 million primarily due to increased charges (\$11.9 million) to member cities for unified East Valley bus services operated for the first time by the Authority and Fare revenues increase of \$15.8 million.
- TSO Operating expenses of \$92.8 million increased by \$31.4 million. Increases in local and express bus service costs (\$28.3 million), and increased depreciation costs (\$2.4 million) were the primary causes.
- Non-operating expenses of \$55.0 million increased by \$28.7 million. Increases in capital conveyance of bus fleet and facilities to member cities were \$13.3 million. Lead Agency Disbursements for regional bus fleet and paratransit funding were up \$10.1. Debt service costs were up \$2.7 million including the costs of bond issuance.
- Capital Contributions (\$23.0 million) were up by \$3.1 million due to increased bus fleet and facility purchases during the year.
- Net transfers into the TSO from the General Fund of \$31.4 million were down by (-\$18.6) 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 28).

The VMR Fund has net position of \$38.8 million as of June 30, 2014 as compared to net position of \$49.8 million at the end of the previous year. In fiscal year 2014 the Valley Metro Rail Fund received 37.1% of the total PTF sales tax revenues distributed to the Authority from the Arizona Department of Revenue, totaling \$45.2 million and received 10.8% of the \$4.6 million RARF sales tax revenue received by the Authority, totaling \$0.5 million. Additionally, the Valley Metro Rail Fund received \$36.2 million of transfers in of Series 2014 Bond proceeds from the Transit Service Operations Fund for VMR capital expenditure reimbursements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority revised the adopted budget up \$4.0 million during the fiscal year, increasing the overall budget from \$363.6 million to \$367.6 million. The primary changes were an increase to the operating budget of \$1.6 million from \$146.0 million to \$147.6 million for anticipated demand in the East Valley Dial-a-Ride service. The capital budget change was \$2.4 million for anticipated increases in Lead Agency Disbursements for LRT construction.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2014, the Authority had \$85.9 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 \$6.0 million, an increase of \$0.7 million for governmental activities and a decrease of \$6.6 million for business-type activities for the current year. Major capital asset events in the current year attributing to the increase included the following:

- New capital assets added for Governmental Activities were \$1.142 million, offset by depreciation charges of (\$0.480) million. Primary additions were computer system upgrades.
- New capital assets added for Business Activities were \$5.278 million, offset by depreciation charges of (\$11.820) million. Primary additions were transit fleet \$4.928 million.
- Capital asset retirements for Business Activities were \$4.6 million for transit fleet.

The following table provides a breakdown of capital assets of the Authority at June 30, 2014 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 9 on pages 44 – 45.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Percent Change</u>
	2014	2013	2014	2013	2014	2013	
Non-depreciable assets:							
Land	\$ -	\$ -	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	0.0%
Work-in-progress	844.1	-	449.8	1,957.5	1,293.9	1,957.5	-33.9%
Depreciable assets:							
Transit fleet	-	-	54,896.6	60,354.6	54,896.6	60,354.6	-9.0%
Vehicles	55.0	75.6	77.7	20.7	132.7	96.3	37.8%
Building	-	-	11,644.1	11,935.2	11,644.1	11,935.2	-2.4%
Site improvements	254.5	369.8	5,635.3	6,201.7	5,889.8	6,571.5	-10.4%
Computers & software	401.4	221.9	-	-	401.4	221.9	80.9%
Ticket Vending Machines	-	-	1,150.2	1,208.2	1,150.2	1,208.2	-4.8%
Equipment	341.0	541.8	4,799.3	3,620.0	5,140.3	4,161.8	23.5%
Furniture & fixtures	74.2	99.6	-	-	74.2	99.6	-25.5%
Infrastructure	-	-	27.3	29.3	27.3	29.3	-6.8%
Total assets	\$ 1,970.2	\$ 1,308.7	\$ 83,972.3	\$ 90,619.2	\$ 85,942.5	\$ 91,927.9	-6.5%

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

Debt Administration

At June 30, 2014, the Authority had total bonded debt outstanding (including unamortized premium) of \$226.6 million related to business-type activities. The Authority has pledged future transportation excise tax revenues to repay this outstanding debt. The Authority's current bond ratings on transportation excise revenue tax bonds are AA+ from Standard & Poor's and AA from Fitch.

<i>(in millions of dollars)</i>	Business-type Activities	
	2014	2013
Revenue bonds payable:		
2009 Bond Series	\$ 87.5	\$ 92.7
2014 Bond Series	115.0	-
Plus unamortized premium:		
2009 Bond Series premium payable	3.7	4.1
2014 Bond Series premium payable	20.4	-
Total	\$ 226.6	\$ 96.8

The Authority issued its second series of revenue bonds in January 2014 to fund light rail capital projects. The \$115.0 million issue sold at a premium to generate \$135.4 million in proceeds. The bonds mature over a ten year period at a true interest cost of 2.43%.

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 12 on pages 46 - 48.

ECONOMIC FACTORS and NEXT YEAR's BUDGET

RPTA undertook a number of key initiatives during FY13 and FY14, as the agency continues the implementation of the TLCP operating and capital projects. Funding for these initiatives comes from a combination of regional sales tax revenues member city service payments and federal grants.

East Valley Bus Service Unification On January 24, 2013, the Authority's Board of Directors unanimously approved an action to authorize the CEO to execute a contract with First Transit, Inc. for unified East Valley fixed route bus operations and maintenance. This action unifies the RPTA-managed bus operations in Mesa with bus operations in Tempe, which were managed under a City of Tempe contract. With the unified bus operations contract, management staffing will be streamlined and economies of scale will be realized for purchasing, training and administrative functions. In addition, it will equate to lower operating costs as route scheduling is optimized using the two existing Mesa and Tempe bus operations facilities. The new service delivery contract took effect July 1, 2013 and expenditures in fiscal year 2014 for the program totaled \$59.3 million versus \$63.6 million budgeted.

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

Fare increase On March 1, 2013, the Authority implemented a region-wide fare increase to maintain the cost sharing relationship between passenger fares and transportation tax subsidies. The \$.25 increase to the passenger cost of a single ride was the first fare increase since 2009 and raised the fare from \$1.75 to \$2.00. (up 14.3%) Paratransit fares for ADA certified persons increased from \$3.50 to \$4.00. (up 14.3%). In July, 2014 Member Cities increased Paratransit fares for non-ADA certified persons in the East Valley service area to \$4.00 base plus mileage charges for trips greater than five miles. The non-ADA fare increase established greater parity with the regional ADA and fixed route fare structure.

East Valley Dial-a-Ride Program (EVDAR) On July 1, 2012, the Authority commenced a pilot Paratransit service program to serve persons with disabilities and eligible seniors with a new service delivery model. The new taxi cab delivery model incorporates greater efficiency utilizing resources from the private sector, while allowing the custom, door-to-door service that passengers need in their daily travels. In its first year, the program was favorably accepted by the passengers and reduced the cost per trip from \$43 under the former program to \$27 per trip under the new program. Program cost of operation was \$6.8 million in FY13 versus \$8.8 million in FY12, a \$2.0 million savings.

Fiscal Year	FY12	FY13	FY14
Paratransit Trips Delivered	202,812	251,830	283,484
Program Cost (\$ millions)	8.80	6.80	7.70
Net cost per trip (after fares)	\$ 43.39	\$ 27.00	\$ 27.16

In FY14 EVDAR trips delivered increased by 13% over FY13 levels. Despite the significant increase in service delivered, overall program costs remain \$1.1 million below FY12 levels.

Next Year's Budget

Funding Sources

The adopted FY15 combined operating and capital budget is \$324.6 million (down approximately 11% from fiscal year 2014). Public Transportation Funds are projected to increase by 6% to \$127.7 million with continuing improvement to region's economy. Federal grants are up by \$10.0 million from \$28.4 to \$38.4 million, primary increase is CMAQ capital funding planned for the Scottsdale/ Rural road bus corridor improvements. Fare revenues are increasing by \$2.0 million due to the recognition of fare revenues to be collected for transit service purchased from the City of Phoenix. This accounting change allows for the full disclosure of fixed route operating costs and fare revenues which fund the services. In the FY14 budget the Authority planned to issue \$114.2 million in bonds, with no series 2015 bond issues planned. The actual series 2014 bond issue was \$115.0 million, sold at a premium with proceeds generating \$135.0 million. Finally, to fund the rail capital projects, \$80.0 million of the series 2014 bond proceeds were planned to be expended during fiscal year 2015.

RPTA Operating and Capital Budgets Fiscal Years 2015 and 2014
Sources of Funds

Funding Sources	FY15	FY14	Change \$	Change %
Public Transportation Funds	\$ 127,672	\$ 120,246	\$ 7,426	6%
Transit Service Agreements	29,358	30,573	(1,215)	-4%
Federal Grants	38,377	28,396	9,981	35%
METRO Rail Reimbursement	15,274	15,389	(115)	-1%
Fixed Route Fare Revenues	16,139	14,167	1,972	14%
AZ Lottery Proceeds	11,475	11,200	275	2%
Regional Area Road Funds	4,711	4,584	127	3%
Other Revenues	1,643	3,104	(1,461)	-47%
Bond Proceeds	-	114,150	(114,150)	-100%
Carry forwards and Reserves	79,993	21,810	58,183	267%
Total	\$ 324,642	\$ 363,619	\$ (38,977)	-11%

Next Year's Budget

Funding Uses

Decreases to Uses of Funds in fiscal year 2015 versus 2014 total \$39.0 million. Lead Agency Disbursements are down \$4.9 million primarily due to reduced PTF sales tax transfers to VMR. Transit service contracts and fuel costs are up \$3.8 million due to the scheduled contract rate increases for East Valley bus services. Capital purchases are planned to increase in FY 2015 by \$7.0 million to support the Scottsdale/Rural Road LINK bus service expansion. Bond Debt service costs increase by \$11.2 million due to the commencement of Series 2014 bond payments. Lead Agency Bond Disbursements are up by \$13.4 million due to increased construction activities for light rail in Phoenix and Mesa. Carry forwards to Reserves are down by (\$71.4) million due to depletion of series 2014 bond proceeds during FY15.

***RPTA Operating and Capital Budgets Fiscal Years 2015 and 2014
Uses of Funds***

Uses of Funds	FY15	FY14	Change \$	Change %
Lead agency disbursements	\$ 77,031	\$ 81,914	\$ (4,883)	-6%
Transit service contracts & fuel	84,257	80,416	3,841	5%
Capital	30,476	23,457	7,019	30%
RPTA & METRO Personnel Costs	24,873	24,471	402	2%
Bond Principal & Interest	24,239	13,042	11,197	86%
Contractual Agreements	5,631	4,280	1,351	32%
AZ Lottery Disbursements	11,200	11,200	-	0%
Lead Agency Bond Disbursements	56,016	42,585	13,431	32%
Other Costs	10,807	10,766	41	0%
Sub Total	324,530	292,131	32,399	11%
Carry forwards to Reserves	112	71,488	(71,376)	-100%
Total	\$ 324,642	\$ 363,619	\$ (38,977)	-11%

The increases in capital expenses correspond to projects programmed in the Transit Life Cycle Program (TLCP) for fiscal year 2014. The budget is balanced and cash reserves are in place to cover the continuing light rail expansion activities. Net position in the Government Funds is anticipated to remain stable. Net position in the Transit Services Funds will decline as bond fund proceeds are expended for light rail construction.

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 Position
Fiscal Year June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and investments	\$ 41,978,902	\$ 75,999,292	\$ 117,978,194
Restricted cash and investments	-	8,146,511	8,146,511
Receivables	32,289	162,810	195,099
Due from other governments	11,138,791	25,627,940	36,766,731
Total current assets	<u>53,149,982</u>	<u>109,936,553</u>	<u>163,086,535</u>
Noncurrent Assets:			
Restricted cash and investments	-	101,147,040	101,147,040
Capital assets, not being depreciated	844,079	5,741,793	6,585,872
Capital assets, net of accumulated depreciation	1,126,129	78,230,483	79,356,612
Total noncurrent assets	<u>1,970,208</u>	<u>185,119,316</u>	<u>187,089,524</u>
Total assets	<u>55,120,190</u>	<u>295,055,869</u>	<u>350,176,059</u>
Liabilities			
Liabilities:			
Current Liabilities			
Accounts payable	750,257	10,298,451	11,048,708
Accrued salaries and benefits	199,001	428,219	627,220
Due to other governments	20,304	27,563,943	27,584,247
Revenue bonds payable	-	5,555,000	5,555,000
Bond interest payable	-	4,796,578	4,796,578
Compensated absences payable	486,685	653,893	1,140,578
Other liabilities	4,404	295,288	299,692
Total current liabilities	<u>1,460,651</u>	<u>49,591,372</u>	<u>51,052,023</u>
Noncurrent liabilities:			
Compensated absences payable	195,390	462,474	657,864
Revenue bonds payable, including unamortized premium	-	221,016,621	221,016,621
Total noncurrent liabilities	<u>195,390</u>	<u>221,479,095</u>	<u>221,674,485</u>
Total liabilities	<u>1,656,041</u>	<u>271,070,467</u>	<u>272,726,508</u>
Net Position			
Net investment in capital assets	1,970,208	43,205,572	45,175,780
Restricted for AZ Lottery proceeds	2,527,491	-	2,527,491
Restricted for debt service	-	10,631,962	10,631,962
Restricted for transit planning	100,211	-	100,211
Restricted for transportation demand management	163,188	-	163,188
Restricted for vanpool program	-	2,288,481	2,288,481
Restricted for capital outlay-FTA disposals	-	1,180,037	1,180,037
Unrestricted	48,703,051	(33,320,650)	15,382,401
Total Net Position	<u>\$ 53,464,149</u>	<u>\$ 23,985,402</u>	<u>\$ 77,449,551</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Activities
Fiscal Year June 30, 2014

Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Regional planning:				
Corridor and Facility Planning	\$ 231,494	\$ -	\$ -	\$ -
Systems and Service Development	818,072	-	143,132	-
Program support	301,508	-	81,581	-
Transportation demand management:				
Trip reduction	682,022	-	679,390	-
Ridesharing	588,880	-	588,927	-
Other programs	200,556	-	161,923	-
Regional customer services:				
Marketing	1,863,098	-	96,101	-
Call center	3,713,351	161,148	16,922	-
Other programs	2,896,633	6,767	116,690	-
AZ Lottery fund disbursements	10,795,306	-	11,262,600	-
Administration:				
Executive director's office	975,968	-	-	-
Finance & management services	958,453	-	-	-
Total governmental activities	<u>24,025,341</u>	<u>167,915</u>	<u>13,147,266</u>	<u>-</u>
Business-type activities:				
Transit service operations	148,884,691	41,291,405	9,867,680	22,996,095
Light rail transit	108,938,262	14,034,959	-	-
Total business-type activities	<u>257,822,953</u>	<u>55,326,364</u>	<u>9,867,680</u>	<u>22,996,095</u>
Total primary government	<u>\$ 281,848,294</u>	<u>\$ 55,494,279</u>	<u>\$ 23,014,946</u>	<u>\$ 22,996,095</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 position
Net position - beginning, as restated
Net position- ending

(Continued)

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

Governmental Activities	Business Type Activities	Total
\$ (231,494)		\$ (231,494)
(674,940)		(674,940)
(219,927)		(219,927)
-		
(2,632)		(2,632)
47		47
(38,633)		(38,633)
-		
(1,766,997)		(1,766,997)
(3,535,281)		(3,535,281)
(2,773,176)		(2,773,176)
467,294		467,294
-		
(975,968)		(975,968)
(958,453)		(958,453)
<u>(10,710,160)</u>	<u>-</u>	<u>(10,710,160)</u>
-	\$ (74,729,511)	(74,729,511)
-	(94,903,303)	(94,903,303)
-	<u>(169,632,814)</u>	<u>(169,632,814)</u>
\$ (10,710,160)	\$ (169,632,814)	\$ (180,342,974)
121,774,260	-	121,774,260
4,641,358	-	4,641,358
146,051	139,093	285,144
632,661	2,498,190	3,130,851
<u>(113,274,687)</u>	<u>113,274,687</u>	<u>-</u>
<u>13,919,643</u>	<u>115,911,970</u>	<u>129,831,613</u>
3,209,483	(53,720,844)	(50,511,361)
50,254,666	77,706,246	127,960,912
<u>\$ 53,464,149</u>	<u>\$ 23,985,402</u>	<u>\$ 77,449,551</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2014

Assets	General	Transit Planning	Transportation Demand Management	Total Governmental Funds
Cash and investments	\$ 41,978,902	\$ -	\$ -	\$ 41,978,902
Receivables	25,302	-	6,987	32,289
Due from other governments	10,591,738	228,122	318,931	11,138,791
Due from other funds	185,252	-	-	185,252
Total assets	<u>\$ 52,781,194</u>	<u>\$ 228,122</u>	<u>\$ 325,918</u>	<u>\$ 53,335,234</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 678,879	\$ 14,687	\$ 56,691	\$ 750,257
Accrued salaries and benefits	170,784	17,314	10,903	199,001
Due to other funds	-	90,116	95,136	185,252
Due to other governments	14,510	5,794	-	20,304
Other Liabilities	4,404	-	-	4,404
Total liabilities	868,577	127,911	162,730	1,159,218
Fund balances:				
Restricted:	2,527,491	100,211	163,188	2,790,890
Unassigned:	49,385,126	-	-	49,385,126
Total fund balances	51,912,617	100,211	163,188	52,176,016
Total liabilities and fund balances	<u>\$ 52,781,194</u>	<u>\$ 228,122</u>	<u>\$ 325,918</u>	<u>\$ 53,335,234</u>

Reconciliation of the balance sheet to the statement of net position

Fund balances, total governmental funds balance sheet	\$ 52,176,016
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental capital assets	5,912,122
Less accumulated depreciation	(3,941,914)
Governmental compensated absences	(682,075)
Net position of governmental activities, statement of net position	<u>\$ 53,464,149</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, 2014

	<u>General</u>	<u>Transit Planning</u>	<u>Transportation Demand Management</u>	<u>Total Governmental Funds</u>
Revenues:				
Sales taxes:				
Public transportation funds	\$ 121,774,260	\$ -	\$ -	\$ 121,774,260
Regional area road funds	4,641,358	-	-	4,641,358
Intergovernmental:				
AZ Lottery fund proceeds	11,262,600	-	-	11,262,600
State & county grants & pass through grants	-	224,713	455,868	680,581
Federal Transit Administration	229,713	-	-	229,713
CMAQ	-	-	974,372	974,372
Charges for services	167,915	-	-	167,915
Interest earnings	146,051	-	-	146,051
Miscellaneous	462,152	114,750	55,759	632,661
Total revenues	<u>138,684,049</u>	<u>339,463</u>	<u>1,485,999</u>	<u>140,509,511</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and Facility Planning	-	231,494	-	231,494
Systems and Service Development	-	818,072	-	818,072
Program support & Administration	-	301,508	-	301,508
Transportation demand management:				
Trip reduction	-	-	682,022	682,022
Ridesharing	-	-	588,880	588,880
Other programs	-	-	200,556	200,556
Regional customer services:				
Marketing	1,863,098	-	-	1,863,098
Call center	3,713,351	-	-	3,713,351
Other programs	2,661,189	-	-	2,661,189
Administration:				
Executive director's office	975,968	-	-	975,968
Finance & management services	756,333	-	-	756,333
AZ Lottery fund disbursements	10,795,306	-	-	10,795,306
Capital outlay	1,141,786	-	-	1,141,786
Total expenditures	<u>21,907,031</u>	<u>1,351,074</u>	<u>1,471,458</u>	<u>24,729,563</u>
Excess (deficiency) of revenues over (under) expenditures	116,777,018	(1,011,611)	14,541	115,779,948
Other financing sources (uses):				
Transfers in	-	1,011,615	17,836	1,029,451
Transfers out	(114,304,138)	-	-	(114,304,138)
Total other financing sources (uses)	<u>(114,304,138)</u>	<u>1,011,615</u>	<u>17,836</u>	<u>(113,274,687)</u>
Net change in fund balances	2,472,880	4	32,377	2,505,261
Fund balance, beginning	49,439,737	100,207	130,811	49,670,755
Fund balance, ending	<u>\$ 51,912,617</u>	<u>\$ 100,211</u>	<u>\$ 163,188</u>	<u>\$ 52,176,016</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, 2014

Net change in fund balances, total governmental funds \$ 2,505,261

The change in net position reported for governmental activities in the statement of net position are 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 capital outlay expense (\$1,141,786) exceeded depreciation expense (\$480,298), net of the loss on capital assets (0) in the current period. 661,488

2. 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. 42,734

Change in net position of governmental activities, statement of activities \$ 3,209,483

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Sales taxes:				
Regional area road funds	\$ 4,583,500	\$ 4,641,349	\$ 4,641,358	\$ 9
Public Transportation fund	120,246,300	120,546,000	121,774,260	1,228,260
Intergovernmental:				
AZ Lottery Fund Proceeds	11,200,000	11,200,000	11,262,600	62,600
Federal Transit Administration	-	-	229,713	229,713
Charges for Services	174,071	174,071	167,915	(6,156)
Interest earnings	20,000	20,000	146,051	126,051
Miscellaneous	-	-	48,235	48,235
Total revenues	<u>136,223,871</u>	<u>136,581,420</u>	<u>138,270,132</u>	<u>1,688,712</u>
Expenditures:				
Current:				
Regional Customer Services:				
Marketing	2,020,776	2,020,776	1,863,098	(157,678)
Call Center	4,059,147	4,059,147	3,713,351	(345,796)
Other Programs	2,461,544	2,476,544	2,661,189	184,645
AZ Lottery Fund Disbursements	11,200,000	11,200,000	10,795,306	(404,694)
Executive director's office	981,492	981,492	975,968	(5,524)
Finance & management services	791,780	791,780	756,333	(35,447)
Capital Outlay	381,738	533,738	727,869	194,131
Total expenditures	<u>21,896,477</u>	<u>22,063,477</u>	<u>21,493,114</u>	<u>(570,363)</u>
Excess of revenues over expenditures	114,327,394	114,517,943	116,777,018	2,259,075
Other financing uses:				
Transfers out	(114,185,396)	(114,581,181)	(114,304,138)	277,043
Total other financing uses	<u>(114,185,396)</u>	<u>(114,581,181)</u>	<u>(114,304,138)</u>	<u>277,043</u>
Net change in fund balance	141,998	(63,238)	2,472,880	2,536,118
Fund balance, beginning	89,138,683	94,752,082	49,439,737	(45,312,345)
Fund balance, ending	<u>\$ 89,280,681</u>	<u>\$ 94,688,844</u>	<u>\$ 51,912,617</u>	<u>\$ (42,776,227)</u>

Explanation of differences between budgetary basis and GAAP basis

Total Revenues - budgetary basis	\$ 138,270,132
Budget Adjustment for Capital Contribution from Valley Metro Rail	413,917
Total Revenues - GAAP basis	<u>\$ 138,684,049</u>
Total Expenditures - budgetary basis	\$ 21,493,114
Budget Adjustment for Capital Contribution from Valley Metro Rail	413,917
Total Expenditures - GAAP basis	<u>\$ 21,907,031</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental:				
AZ Lottery Fund Proceeds	\$ -	\$ 65,000	\$ -	\$ (65,000)
Federal Transit Administration	224,720	224,720	-	(224,720)
Miscellaneous	-	-	339,463	339,463
Total revenues	<u>224,720</u>	<u>289,720</u>	<u>339,463</u>	<u>114,743</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and Facility Planning	886,905	886,905	231,494	(655,411)
Systems and Service Development	1,120,589	1,120,589	818,072	(302,517)
Program support & Administration	319,329	319,329	301,508	(17,821)
Total expenditures	<u>2,326,823</u>	<u>2,326,823</u>	<u>1,351,074</u>	<u>(975,749)</u>
Excess of revenues over expenditures	(2,102,103)	(2,037,103)	(1,011,611)	1,025,492
Other financing uses:				
Transfers in	<u>2,102,103</u>	<u>2,037,103</u>	<u>1,011,615</u>	<u>(1,025,488)</u>
Total other financing uses	<u>2,102,103</u>	<u>2,037,103</u>	<u>1,011,615</u>	<u>(1,025,488)</u>
Net change in fund balance	-	-	4	4
Fund balance, beginning	<u>100,207</u>	<u>100,207</u>	<u>100,207</u>	<u>-</u>
Fund balance, ending	<u>\$ 100,207</u>	<u>\$ 100,207</u>	<u>\$ 100,211</u>	<u>\$ 4</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental:				
State grants & pass through grants	\$ 518,437	\$ 518,437	\$ 455,868	\$ (62,569)
CMAQ	964,000	964,000	974,372	10,372
Miscellaneous	8,846	8,846	55,759	46,913
Total revenues	<u>1,491,283</u>	<u>1,491,283</u>	<u>1,485,999</u>	<u>(5,284)</u>
Expenditures:				
Current:				
Transportation Demand Management:				
Trip reduction	628,846	628,846	682,022	53,176
Ridesharing	594,000	594,000	588,880	(5,120)
Other programs	327,282	327,282	200,556	(126,726)
Total expenditures	<u>1,550,128</u>	<u>1,550,128</u>	<u>1,471,458</u>	<u>(78,670)</u>
Excess of revenues over expenditures	(58,845)	(58,845)	14,541	73,386
Other financing uses:				
Transfers in	58,845	58,845	17,836	(41,009)
Total other financing uses	<u>58,845</u>	<u>58,845</u>	<u>17,836</u>	<u>(41,009)</u>
Net change in fund balance	-	-	32,377	32,377
Fund balance, beginning	<u>88,588</u>	<u>88,588</u>	<u>130,811</u>	<u>42,224</u>
Fund balance, ending	<u>\$ 88,588</u>	<u>\$ 88,588</u>	<u>\$ 163,188</u>	<u>\$ 74,600</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Assets			
Current assets			
Cash and investments	\$ 21,614,768	\$ 54,384,524	\$ 75,999,292
Restricted cash and investments	8,146,511	-	8,146,511
Accounts Receivable	162,810	-	162,810
Due from other governments	15,471,422	10,156,518	25,627,940
Total current assets	<u>45,395,511</u>	<u>64,541,042</u>	<u>109,936,553</u>
Noncurrent assets			
Restricted cash and investments	101,147,040	-	101,147,040
Capital assets, not being depreciated	5,741,793	-	5,741,793
Capital assets, net of accumulated depreciation	78,230,483	-	78,230,483
Total noncurrent assets	<u>185,119,316</u>	<u>-</u>	<u>185,119,316</u>
Total assets	<u>230,514,827</u>	<u>64,541,042</u>	<u>295,055,869</u>
Liabilities			
Current liabilities:			
Accounts payable	10,298,451	-	10,298,451
Accrued salaries and benefits	18,446	409,773	428,219
Due to other governments	3,259,276	24,304,667	27,563,943
Bond payable - current	5,555,000	-	5,555,000
Bond interest payable	4,796,578	-	4,796,578
Compensated absences payable	52,795	601,098	653,893
Other liabilities	295,288	-	295,288
Total current liabilities	<u>24,275,834</u>	<u>25,315,538</u>	<u>49,591,372</u>
Noncurrent liabilities:			
Compensated absences payable	37,340	425,134	462,474
Revenue bonds payable, including unamortized premium	221,016,621	-	221,016,621
Total noncurrent liabilities	<u>221,053,961</u>	<u>425,134</u>	<u>221,479,095</u>
Total liabilities	<u>245,329,795</u>	<u>25,740,672</u>	<u>271,070,467</u>
Net Position			
Net investment in capital assets	43,205,572	-	43,205,572
Restricted for debt service	10,631,962	-	10,631,962
Restricted for vanpool program	2,288,481	-	2,288,481
Restricted for capital outlay-FTA reinvestment	1,180,037	-	1,180,037
Unrestricted	(72,121,020)	38,800,370	(33,320,650)
Total net position	<u>\$ (14,814,968)</u>	<u>\$ 38,800,370</u>	<u>\$ 23,985,402</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 25,488,421	\$ 14,034,959	\$ 39,523,380
Fare Revenues	15,802,984	-	15,802,984
Federal Operating Grants	9,302,893	-	9,302,893
Miscellaneous	19,922	7,137	27,059
Total operating revenues	<u>50,614,220</u>	<u>14,042,096</u>	<u>64,656,316</u>
Operating Expenses:			
Local & express bus service	69,759,651	-	69,759,651
Light rail staff and administration	-	14,045,357	14,045,357
Paratransit service	9,929,884	-	9,929,884
Vanpool service	923,433	-	923,433
Safety and security	359,292	-	359,292
Administrative and general	3,968	-	3,968
Depreciation	11,819,986	-	11,819,986
Total operating expenses	<u>92,796,214</u>	<u>14,045,357</u>	<u>106,841,571</u>
Operating income (loss)	(42,181,994)	(3,261)	(42,185,255)
Non-Operating Revenues (Expenses):			
Lead agency disbursements	(27,362,296)	(94,892,905)	(122,255,201)
IRS fuel tax credit	313,514	-	313,514
Interest income	21,780	117,313	139,093
Gain on disposal of capital assets	251,273	-	251,273
Capital conveyance	(21,443,960)	-	(21,443,960)
Interest subsidy	547,448	1,923,683	2,471,131
Interest expense	(6,730,637)	-	(6,730,637)
Bond issuance expense	(551,584)	-	(551,584)
Total non-operating revenues (expenses)	<u>(54,954,462)</u>	<u>(92,851,909)</u>	<u>(147,806,371)</u>
Income (loss) before contributions and transfers	(97,136,456)	(92,855,170)	(189,991,626)
Capital contributions	22,996,095	-	22,996,095
Transfers in	67,579,391	81,891,375	149,470,766
Transfers out	<u>(36,196,079)</u>	<u>-</u>	<u>(36,196,079)</u>
Changes in net position	(42,757,049)	(10,963,795)	(53,720,844)
Net position, beginning, as restated	<u>27,942,081</u>	<u>49,764,165</u>	<u>77,706,246</u>
Net position, ending	<u>\$ (14,814,968)</u>	<u>\$ 38,800,370</u>	<u>\$ 23,985,402</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, 2014

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 41,282,241	\$ 14,034,959	\$ 55,317,200
Receipts from federal operating grants	9,302,893	-	9,302,893
Payments to suppliers	(88,735,987)	(819,075)	(89,555,062)
Payments to employees	(1,132,465)	(13,015,911)	(14,148,376)
Net cash provided by (used in) operating activities	<u>(39,283,318)</u>	<u>199,973</u>	<u>(39,083,345)</u>
Cash flows from noncapital and related financing activities			
Transfers in - sales taxes	67,453,526	45,695,296	113,148,822
Transfers out	(36,196,079)	-	(36,196,079)
Lead agency disbursements	-	(500,000)	(500,000)
Transfers in - AZ Lottery fund proceeds	125,865	-	125,865
Due to/from other funds	(7,291,689)	7,291,689	-
IRS fuel tax credit	313,514	-	313,514
Net cash provided by (used in) noncapital and related financing activities	<u>24,405,137</u>	<u>52,486,985</u>	<u>76,892,122</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(4,921,744)	-	(4,921,744)
Conveyance of capital assets	(21,443,960)	-	(21,443,960)
Principal payments on long-term debt/premium	(5,704,495)	-	(5,704,495)
Lead agency disbursements	(27,362,296)	(83,308,404)	(110,670,700)
Capital contributions	22,996,095	-	22,996,095
Proceeds from sale of revenue bonds	135,406,165	-	135,406,165
Interest subsidy	547,448	1,923,683	2,471,131
Interest paid on capital debt	(4,961,302)	-	(4,961,302)
Transfers in - bond proceeds	-	36,196,079	36,196,079
Net cash provided by (used in) capital and related financing activities	<u>94,555,911</u>	<u>(45,188,642)</u>	<u>49,367,269</u>
Cash flows from investing activities			
Interest received on investments	21,780	117,313	139,093
Net cash provided by (used in) investing activities	<u>21,780</u>	<u>117,313</u>	<u>139,093</u>
Net increase in cash and cash equivalents	79,699,510	7,615,629	87,315,139
Cash and cash equivalents, beginning of year	51,208,809	46,768,895	97,977,704
Cash and cash equivalents, end of year	<u>\$ 130,908,319</u>	<u>\$ 54,384,524</u>	<u>\$ 185,292,843</u>
From the Proprietary Funds Statement of Net Position			
Current cash and cash equivalents	29,761,279	54,384,524	84,145,803
Noncurrent cash and cash equivalents	101,147,040	-	101,147,040
Total cash and cash equivalents	<u>\$ 130,908,319</u>	<u>\$ 54,384,524</u>	<u>\$ 185,292,843</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (42,181,994)	\$ (3,261)	\$ (42,185,255)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,819,986	-	11,819,986
(Increase) decrease in assets:			
Accounts receivable	(9,164)	-	(9,164)
Due from other governments	(7,759,414)	-	(7,759,414)
Other assets	1,250	-	1,250
Increase (decrease) in liabilities:			
Accounts payable	(1,570,539)	-	(1,570,539)
Accrued salaries and benefits	(715)	155,618	154,903
Due to other governments	422,797	-	422,797
Compensated absences payable	(5,525)	47,616	42,091
Total adjustments	<u>2,898,676</u>	<u>203,234</u>	<u>3,101,910</u>
Net cash provided by (used in) operating activities	<u>\$ (39,283,318)</u>	<u>\$ 199,973</u>	<u>\$ (39,083,345)</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 2013-14, the members included the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson, the towns of Gilbert and Wickenburg, and Maricopa County. 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 Position and Statement of Activities) report on the Authority as a whole. *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 Position reports all financial and capital resources of the government. It is displayed in a format of assets less liabilities equal net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets 2) restricted and 3) unrestricted. Net investment in capital assets 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 position is 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 position that is not otherwise classified as restricted is 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 position is available.

Reservations or designations of net position 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 position in the various funds to demonstrate the government's intended use of those net position.

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.

During the year ended June 30, 2014, the Authority implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Per GASB Statement No. 65, in addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority did not have any items that qualified for reporting in this category.

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

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 position, 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 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 120 days 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 3.

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 unearned 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 120 days 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.

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 for governmental funds and on the accrual basis for proprietary (enterprise) funds. 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, reconciliation has been provided of the adjustments required to convert the budgetary revenues and expenditures or changes in net position on a budgetary basis to revenues and expenditures/expenses or change in net position 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 6 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 15.0 - 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 Position. Bond premiums and discounts, 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. Issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 expensed in the current period.

m. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the Authority. Unrestricted net position is the remaining net position 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. Prior Period Adjustment

The July 1, 2013, government-wide net position and the net position of the Transit Service Operations Fund do not agree to the prior year financial statements due to a change in accounting principle. Per GASB Statement No. 65, implemented in FY14, debt issuance costs are no longer recorded as a deferred charge and amortized over the life of the debt; they are instead recognized as an expense in the period incurred. The balance for the costs of issuance related to the 2009 issuance of transportation revenue bonds is therefore removed from beginning net position as follows:

	Net Position/ Fund Balances As Previously Stated	Restatement Due to Change in Accounting Principle	Net Position/ Fund Balances As Restated
Business-Type Activities/Enterprise Funds			
Transit service operations	\$ 28,577,771	\$ (635,690)	\$ 27,942,081
Light rail transit	49,764,165	-	49,764,165
Enterprise Funds	<u>\$ 78,341,936</u>	<u>\$ (635,690)</u>	<u>\$ 77,706,246</u>

3. 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.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

Reconciliation of Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position:

	Total Governmental Funds	Long-term Assets/ Liabilities	Reclassifications for Internal Balances and Eliminations	Statement of Net Position Totals
Assets				
Cash and investments	\$ 41,978,902	\$ -	\$ -	\$ 41,978,902
Receivables	32,289	-	-	32,289
Due from other governments	11,138,791	-	-	11,138,791
Due from other funds	185,252	-	(185,252)	-
Capital assets (net)	-	1,970,208	-	1,970,208
Total assets	<u>\$ 53,335,234</u>	<u>\$ 1,970,208</u>	<u>\$ (185,252)</u>	<u>\$ 55,120,190</u>
Liabilities				
Accounts payable	\$ 750,257	\$ -	\$ -	\$ 750,257
Accrued salaries and benefits	199,001	-	-	199,001
Due to other funds	185,252	-	(185,252)	-
Due to other governments	20,304	-	-	20,304
Other liabilities	4,404	-	-	4,404
Compensated absences	-	682,075	-	682,075
Total liabilities	<u>1,159,218</u>	<u>682,075</u>	<u>(185,252)</u>	<u>1,656,041</u>
Fund Balance/Net Position				
Total fund balance/net position	<u>\$ 52,176,016</u>	<u>\$ 1,288,133</u>	<u>\$ -</u>	<u>\$ 53,464,149</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 Position includes those capital assets among the assets of the Authority as a whole:

Cost of capital assets	\$ 5,912,122
Accumulated depreciation	(3,941,914)
Capital assets, net	<u>\$ 1,970,208</u>

Interfund transactions between governmental activities of \$185,252 are eliminated in the consolidation of these activities for the Statement of Net Position.

Under the modified accrual basis of accounting, the governmental funds do not accrue for unpaid compensated absences in the amount of \$682,075 as a liability, as they are not paid with expendable available financial resources. However, the Statement of Net Position includes the unpaid compensated absences as long-term liabilities regardless of when financial resources are used, and thus a reduction in net position.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

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	\$ 126,415,618	\$ -	\$ -	\$ -	\$ 126,415,618
Intergovernmental	13,147,266	-	-	-	13,147,266
Interest earnings	146,051	-	-	-	146,051
Charges for services	167,915	-	-	-	167,915
Miscellaneous	632,661	-	-	-	632,661
Total revenues	<u>140,509,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,509,511</u>
Expenditures/Expenses					
Current:					
Regional planning	1,351,074	-	-	-	1,351,074
Transportation demand management	1,471,458	-	-	-	1,471,458
Regional customer services	8,237,638	-	235,444	-	8,473,082
AZ Lottery fund disbursements	10,795,306	-	-	-	10,795,306
Administration	1,732,301	-	244,854	(42,734)	1,934,421
Capital outlay	1,141,786	(1,141,786)	-	-	-
Total expenditures/expenses and other uses	<u>24,729,563</u>	<u>(1,141,786)</u>	<u>480,298</u>	<u>(42,734)</u>	<u>24,025,341</u>
Other financing uses/changes in net position					
Transfers in	1,029,451	-	-	-	1,029,451
Transfers out	(114,304,138)	-	-	-	(114,304,138)
Net transfers	<u>(113,274,687)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,274,687)</u>
Net change for the year	<u>\$ 2,505,261</u>	<u>\$ 1,141,786</u>	<u>\$ (480,298)</u>	<u>\$ 42,734</u>	<u>\$ 3,209,483</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 (\$1,141,786), whereas net position decreases by the amounts of disposals and depreciation expense charged for the year (\$480,298).

The governmental funds do not report the change in unpaid compensated absences in the amount of (\$42,734) as expenditures, as they are not paid with expendable available financial resources. However, the Statement of Net Position includes the change in unpaid compensated absences as accrued expenses regardless of when financial resources are used, and thus a reduction in net position.

4. 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 Position as "Cash and investments".

a. Deposits

The carrying amount of the Authority's deposits at June 30, 2014, was \$101,801,413 and the bank ledger balance was \$102,088,823. The difference represents \$313,510 in deposits in transit and outstanding checks, (\$26,000) in cash contained in the TVM coin vaults, and (\$100) in Imprest funds. Of the bank balance, \$250,000 was covered by federal depository insurance and \$101,838,823 was covered by collateral held by the pledging financial institution in the Authority's name. Certificates of Deposit held with various financial institutions totaled \$2,980,087, are fully insured by FDIC and have a weighted average maturity of 476 days. Further, cash held with the bond fund trustee was \$109,261,286. Of this amount, \$8,146,511 was held for the debt service payment on July 1st. The remaining amount of \$101,114,775 was held with the trustee in a commercial money market account.

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, 2014, the Authority's investment in the LGIP 5 totaled \$13,196,694, invested in money market mutual funds, has weighted average maturities of 59 days. The LGIP 7, which is a short-term fund that invests in only products backed by the full faith and credit of the United States Government, totaled \$32,265 and has weighted average maturities of 19 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 5 has a rating of AAAF/S1+ while the LGIP 7 has an AAA weighted average rating.

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, 2014

Cash and Investments at June 30, 2014 consist of the following:

Carrying amount of the Authority's deposits	\$ 101,801,413
Certificates of Deposit	2,980,087
Investments in the LGIP	13,228,959
Cash and investments with bond fund trustee	109,261,286
Total cash and investments	<u>\$ 227,271,745</u>

5. 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, 2014 consist of the following:

	Due from Other Governments By Fund Type		
	Governmental	Proprietary	Total
	Funds	Funds	
<u>Due from Other Governments</u>			
Arizona State Treasurer-PTF Funds	\$ 10,282,263	\$ -	\$ 10,282,263
AZ Dept of Transportation	33,237	105,730	138,967
City of Avondale	-	24,400	24,400
City of Chandler	-	135,385	135,385
City of Glendale	200	-	200
City of Mesa	232	4,462,980	4,463,212
City of Phoenix	168,781	6,543,641	6,712,422
City of Scottsdale	3,274	89,294	92,568
City of Surprise	-	95,047	95,047
City of Tempe	65,530	3,843,054	3,908,584
City of Tolleson	-	73,356	73,356
Gila River	-	69,321	69,321
Maricopa Assoc. of Governments	265,005	-	265,005
Maricopa County TRP/DOT	151,648	-	151,648
Town of Fountain Hills	31,660	-	31,660
Town of Gilbert	-	33,887	33,887
Town of Queen Creek	59,708	-	59,708
Town of Youngtown	-	852	852
Valley Metro Rail, Inc.	77,253	10,150,993	10,228,246
Total Due from Other Governments	<u>\$ 11,138,791</u>	<u>\$ 25,627,940</u>	<u>\$ 36,766,731</u>

6. 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, 2014. The following interfund receivables and payables are included in the fund financial statements at June 30, 2014:

	Due from other Funds	
	General	Totals
<u>Due to other funds</u>		
Governmental funds:		
Transit Planning	\$ 90,116	\$ 90,116
Transportation Demand Management	95,136	95,136
Total governmental funds	<u>185,252</u>	<u>185,252</u>
Grand totals	<u>\$ 185,252</u>	<u>\$ 185,252</u>

The interfund balances for the governmental funds at June 30, 2014 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to grant and other reimbursements.

Interfund transfers are primarily used for transfers of sales tax revenues from the General 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, 2014.

	Transfers Out		
	General	Transit Service Operations	Totals
<u>Transfers In</u>			
Governmental funds:			
Transit Planning	\$ 1,011,615	\$ -	\$ 1,011,615
Transportation Demand Management	17,836	-	17,836
Total governmental funds	<u>1,029,451</u>	<u>-</u>	<u>1,029,451</u>
Enterprise funds:			
Transit Service Operations	67,579,391	-	67,579,391
Valley Metro Rail	45,695,296	36,196,079	81,891,375
Total enterprise funds	<u>113,274,687</u>	<u>36,196,079</u>	<u>149,470,766</u>
Grand totals	<u>\$ 114,304,138</u>	<u>\$ 36,196,079</u>	<u>\$ 150,500,217</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities are in the amount \$113,274,687.

7. Net Investment in Capital Assets

In order to properly present the net investment in capital assets for the Transit Service Operations enterprise fund, the calculation includes only the assets and the debt applicable to the activities of the Authority. The Authority holds debt that benefits Valley Metro Rail, Inc. (VMR) for purposes of building a light rail system. The assets of the light rail system are recorded on VMR's financial records and presented in its CAFR. VMR has no legal authority to issue debt and thus, relies on the Authority for debt issuances. In the first debt issuance in FY 2009, the debt was split between the Authority and VMR approximately 45% and 55%, respectively. During FY 2014, \$115,000,000 of Revenue bonds were issued completely for VMR purposes. Therefore, in order to properly present the net investment in capital assets on the Statement of net position, only RPTA assets and the RPTA share of debt are included in the calculation.

8. Fund Balance Classifications

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

	General	Transit Planning Fund	Transportation Demand Management Fund	Totals
Spendable				
Restricted for				
AZ Lottery proceeds	\$ 2,527,491	\$ -	\$ -	\$ 2,527,491
Regional Planning activities	-	100,211	-	100,211
Clean Air Activities	-	-	163,188	163,188
Unassigned	49,385,126	-	-	49,385,126
	<u>\$ 51,912,617</u>	<u>\$ 100,211</u>	<u>\$ 163,188</u>	<u>\$ 52,176,016</u>

In the Restricted for AZ Lottery proceeds fund balance in General fund, the total is further broken down into three separate restrictions as follows:

	June 30, 2014 Balance
<u>AZ Lottery Proceeds Balance</u>	
Maricopa County Restricted-no match	\$ 2,255,929
Maricopa County Restricted-50% Match	62,502
City of El Mirage-Restricted	209,060
	<u>\$ 2,527,491</u>

Maricopa County and City of El Mirage have executed Intergovernmental Agreements (IGA) with RPTA that allows for the holding of the funds on behalf of each government and requires spending for transit purposes in that jurisdiction. Maricopa County has two restrictions. The funds held prior to FY2012 have a 50% match restriction while funds received after FY 2012 have no match restriction.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

9. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2014:

	<u>Balances, June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances, June 30, 2014</u>
Governmental activities:				
Non-depreciable assets:				
Work in progress	\$ -	\$ 844,079	\$ -	\$ 844,079
Total non-depreciable assets	-	844,079	-	844,079
Depreciable assets:				
Site Improvements	586,662	-	-	586,662
Computers & software	2,510,470	287,336	-	2,797,806
Equipment	1,118,466	10,371	-	1,128,837
Vehicles	217,425	-	(18,530)	198,895
Furniture & fixtures	355,843	-	-	355,843
Total depreciable assets at historical cost	4,788,866	297,707	(18,530)	5,068,043
Less accumulated depreciation for:				
Site Improvements	(216,824)	(115,294)	-	(332,118)
Computers & software	(2,288,586)	(107,824)	-	(2,396,410)
Equipment	(576,729)	(211,140)	-	(787,869)
Vehicles	(141,790)	(20,628)	18,530	(143,888)
Furniture & fixtures	(256,217)	(25,412)	-	(281,629)
Total accumulated depreciation	(3,480,146)	(480,298)	18,530	(3,941,914)
Governmental activities capital assets, net	<u>\$ 1,308,720</u>	<u>\$ 661,488</u>	<u>\$ -</u>	<u>\$ 1,970,208</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 5,292,000	\$ -	\$ -	\$ 5,292,000
Work in progress	1,957,577	253,747	(1,761,531)	449,793
Total non-depreciable assets	7,249,577	253,747	(1,761,531)	5,741,793
Depreciable assets:				
Transit fleet	108,619,497	4,927,591	(4,618,075)	108,929,013
Vehicles	26,921	68,957	-	95,878
Building	13,390,733	-	-	13,390,733
Site improvements	8,686,758	-	-	8,686,758
Computers & software	271,461	-	-	271,461
Ticket Vending Machines	1,214,922	22,998	-	1,237,920
Equipment	8,204,149	1,766,276	-	9,970,425
Furniture & fixtures	127,037	-	-	127,037
Infrastructure	29,424	-	-	29,424
Total depreciable assets at historical cost	140,570,902	6,785,822	(4,618,075)	142,738,649
Less accumulated depreciation for:				
Transit fleet	(48,264,895)	(10,280,624)	4,513,054	(54,032,465)
Vehicles	(6,169)	(11,990)	-	(18,159)
Building	(1,455,515)	(291,103)	-	(1,746,618)
Site improvements	(2,485,069)	(566,400)	-	(3,051,469)
Computers & software	(271,461)	-	-	(271,461)
Ticket Vending Machines	(6,750)	(80,995)	-	(87,745)
Equipment	(4,584,175)	(586,912)	-	(5,171,087)
Furniture & fixtures	(127,037)	-	-	(127,037)
Infrastructure	(163)	(1,962)	-	(2,125)
Total accumulated depreciation	(57,201,234)	(11,819,986)	4,513,054	(64,508,166)
Total Business-type capital assets being depreciated, net	<u>83,369,668</u>	<u>(5,034,164)</u>	<u>(105,021)</u>	<u>78,230,483</u>
Business-type activities capital assets, net	<u>\$ 90,619,245</u>	<u>\$ (4,780,417)</u>	<u>\$ (1,866,552)</u>	<u>\$ 83,972,276</u>

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

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

	Government- Wide	Business- Type
Regional customer services	\$ 235,444	\$ -
Administration	244,854	-
Transit service operations	-	11,819,986
Total depreciation expense	<u>\$ 480,298</u>	<u>\$ 11,819,986</u>

The Authority's enterprise funds in the business-type activities had construction commitments totaling \$3.53 million at June 30, 2014. Only the currently payable portions of these contracts have been included in the accounts payable in the accompanying financial statements.

10. 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, 2014 consist of the following:

	Due to Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<u>Due to Other Governments</u>			
City of Chandler	\$ -	\$ 77,116	\$ 77,116
City of Mesa	-	446,637	446,637
City of Peoria	-	6,004	6,004
City of Phoenix	-	589,298	589,298
City of Scottsdale	-	259,364	259,364
City of Tempe	-	1,786,867	1,786,867
Town of Gilbert	-	17,878	17,878
Town of Youngtown	-	210	210
Gila River Indian Community	-	59,747	59,747
Valley Metro Rail, Inc.	20,304	24,320,822	24,341,126
Total Due to Other Governments	<u>\$ 20,304</u>	<u>\$ 27,563,943</u>	<u>\$ 27,584,247</u>

11. Operating Leases

The Authority leases office space and small office equipment under various operating lease agreements. Total lease expenditures were \$1,039,788 for the fiscal year ended June 30, 2014. The future minimum lease payments under noncancelable and final option of the operating lease at June 30, 2014 were as follows:

<u>June 30</u>	
2015	\$ 1,152,269
2016	1,162,912
2017	1,173,189
2018	1,184,314
2019	1,194,143
2020-2024	6,127,122
2025-2026	1,894,310
Total	<u>\$ 13,888,259</u>

Beginning on July 1, 2014, VMR entered into a new contract to lease office space for a 12 year term which included 57,007 square feet of building space. Simultaneously, a sublease between VMR and the Authority took effect for 26,324 square feet. The 12 year term sublease total is \$7,502,340.

12. 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, 2014, the revenues available for service of this debt were \$121,774,260 while total debt service requirements were \$4,819,068 interest and \$5,290,000 principal. Interest expense of \$6,730,637 on the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, includes Bank charges of \$5,145 and the annual amortization of premium expense of \$414,495.

In addition, a portion of the bonds are qualified Build America Bonds. As such, \$547,448 is received as a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

In November 2013, the Board approved the issuance of the Series 2014 transportation revenue bonds which are specifically for the purpose of payment or reimbursement of the costs of light rail capital projects expenditures in the regional transportation plan. The bonds were issued on January 14, 2014 in the amount of \$115,000,000 and sold at a premium of \$20,406,165. The 2014 Series 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 are payable through July 1, 2025. Annual installments of \$2,453,169 to \$13,992,988 will be made through 2025; coupon interest rates range from 3.00 to 5.25 percent with average True Interest Cost at 2.43 percent. At June 30, 2014, the debt service expense included an accrual for interest costs of \$2,453,169. As of June 30, 2014, 2014 Series Bond expenditures to date for the light rail program totaled \$36,196,079 on an accrual basis.

In addition, on the METRO Central Mesa capital project, financing costs are included in the Project Construction Grant Agreement (PCGA) project budget. Through June 30, 2014, a federal reimbursement of \$1,923,683 has been recorded in the Valley Metro Rail Proprietary fund as a contra interest expense cost to the Transit Services Operations bond debt interest expense.

Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2014 were as follows:

2009 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2015	\$ 5,555,000	\$ 4,547,943	\$ 10,102,943	\$ 414,495
2016	5,835,000	4,282,006	10,117,006	414,495
2017	6,085,000	4,007,593	10,092,593	414,495
2018	6,380,000	3,705,368	10,085,368	414,495
2019	6,690,000	3,383,243	10,073,243	414,495
2020-2024	38,740,000	11,259,460	49,999,460	1,657,981
2025-2026	18,150,000	1,184,441	19,334,441	-
Total	<u>\$ 87,435,000</u>	<u>\$ 32,370,054</u>	<u>\$ 119,805,054</u>	<u>\$ 3,730,456</u>

2014 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2015	\$ -	\$ 2,453,169	\$ 2,453,169	\$ 321,671
2016	8,185,000	5,810,138	13,995,138	929,408
2017	8,430,000	5,564,587	13,994,587	1,300,773
2018	8,850,000	5,143,088	13,993,088	1,695,780
2019	9,295,000	4,700,587	13,995,587	1,964,998
2020-2024	54,315,000	15,651,300	69,966,300	9,125,313
2025-2026	25,925,000	2,059,050	27,984,050	5,068,222
Total	<u>\$ 115,000,000</u>	<u>\$ 41,381,919</u>	<u>\$ 156,381,919</u>	<u>\$ 20,406,165</u>

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2014

The revenue bonds liability activity for the fiscal year ended June 30, 2014 was as follows:

Business-Type Activities Revenue Bonds:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Amount Due Within One Year
2009 Revenue bonds payable	\$ 92,725,000	\$ -	\$ (5,290,000)	\$ 87,435,000	\$ 5,555,000
2014 Revenue bonds payable	-	115,000,000	-	115,000,000	-
Plus: 2009 Bond premium	4,144,951	-	(414,495)	3,730,456	-
Plus: 2014 Bond premium	-	20,406,165	-	20,406,165	-
Total	<u>\$ 96,869,951</u>	<u>\$ 135,406,165</u>	<u>\$ (5,704,495)</u>	<u>\$ 226,571,621</u>	<u>\$ 5,555,000</u>

b. Compensated Absences

Compensated absences activity for the fiscal year ended June 30, 2014 is as follows:

	Balance, July 1, 2013	Additions	Reductions	Balance, June 30, 2014	Amount Due Within One Year
Compensated absences:					
Governmental activities	\$ 724,809	\$ 553,843	\$ (596,577)	\$ 682,075	\$ 486,685
Business-type activities	1,074,277	813,805	(771,715)	1,116,367	653,893
	<u>\$ 1,799,086</u>	<u>\$ 1,367,648</u>	<u>\$ (1,368,292)</u>	<u>\$ 1,798,442</u>	<u>\$ 1,140,578</u>

13. 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.

14. 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. ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

ASRS issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing ASRS Financial Services Division, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910 or by calling (602) 240-2000 or (800) 621-3778. The report can also be found online at <https://www.azasrs.gov/content/annual-reports>.

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 11.54 percent (11.30 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 11.54 percent (10.70 percent for retirement, 0.60 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.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2014	\$ 1,706,811	\$ 92,472	\$ 18,808
2013	1,508,102	95,636	35,312
2012	1,260,530	83,182	30,713

15. 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, marketing 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.

As of June 30, 2014:

<u>Contract Type</u>	<u>Commitment</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Bus Operations Contracts	\$ 170,501,826	\$ 65,514,429	\$ 104,987,397
Paratransit & Mobility Center Contracts	59,238,776	21,157,303	38,081,473
Communications & Marketing Contracts	4,894,060	1,181,429	3,712,631
Vanpool Contracts	4,791,656	279,391	4,512,265
	<u>\$ 239,426,318</u>	<u>\$ 88,132,552</u>	<u>\$ 151,293,766</u>

In addition, the outstanding Intergovernmental commitments for FY 2014 were for the following projects: the Desert Sky Park-and-Ride, the East Baseline Park-and-Ride, the Park-and-Ride at Laveen and 59th Avenue, and Bus Stop Improvements. At June 30, 2014, the Authority had outstanding contractual commitments for these services aggregating approximately \$3.53 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.

16. 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.

17. Related Party Transactions

As mentioned in Note 1 (a), all of the five member cities of VMR's Board of Directors are also member cities of the sixteen-member Authority's Board of Directors. The Board members of the cities of Glendale, Phoenix, and Tempe represent their cities on both Boards. 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, 2014, VMR incurred costs of \$13,316,008 for services provided by the Authority. At June 30, 2014, the Authority reported \$10,228,246 receivable from VMR and \$24,341,126 payable to VMR.

18. New Accounting Pronouncement

GASB Statement No.68, *Accounting and Financial Reporting for Pensions* will be effective for the Authority's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

Other Supplementary Information

Valley Metro

Regional Public Transportation Authority

Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual

Transit Service Operations Fund

Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Charges for services	\$ 30,573,008	\$ 30,772,120	\$ 25,488,421	\$ (5,283,699)
Fare revenues	14,959,652	14,959,652	15,802,984	843,332
Federal Operating Grants	8,511,091	8,511,091	9,302,893	791,802
Miscellaneous	-	-	19,922	19,922
Total operating revenues	<u>54,043,751</u>	<u>54,242,863</u>	<u>50,614,220</u>	<u>(3,628,643)</u>
Operating Expenses:				
Local & express bus service	74,345,852	74,345,852	69,759,651	(4,586,201)
Paratransit service	10,020,467	11,480,046	9,929,884	(1,550,162)
Vanpool service	901,771	901,771	923,433	21,662
Safety and security	491,537	491,537	359,292	(132,245)
Administrative and general	-	-	3,968	3,968
Lead agency disbursements	17,545,303	17,545,303	15,126,534 *	(2,418,769)
Contingency	897,000	897,000	-	(897,000)
Capital outlay	5,913,399	4,660,720	5,278,038	617,318
Total operating expenses	<u>110,115,329</u>	<u>110,322,229</u>	<u>101,380,800</u>	<u>(8,941,429)</u>
Operating income (loss)	(56,071,578)	(56,079,366)	(50,766,580)	5,312,786
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(17,738,800)	(13,774,469)	(12,235,762)	1,538,707
IRS fuel tax credit	350,000	350,000	313,514	(36,486)
Interest income	-	-	21,780	21,780
Proceeds from disposition of capital assets	60,000	60,000	-	(60,000)
Capital conveyence	(20,938,345)	(22,550,189)	(21,443,960)	1,106,229
Interest subsidy	-	-	547,448	547,448
PTF Bond Proceeds, including Premium	114,150,000	114,150,000	135,406,165	21,256,165
Debt Service	(12,241,818)	(12,241,818)	(6,730,637)	5,511,181
Bond issuance expense	(800,000)	(800,000)	(551,584)	248,416
Total nonoperating revenues (expenses)	<u>62,841,037</u>	<u>65,193,524</u>	<u>95,326,964</u>	<u>30,133,440</u>
Income (loss) before transfers	6,769,459	9,114,158	44,560,384	35,446,226
Capital Contributions	19,877,548	21,885,167	22,996,095	1,110,928
Transfers in	64,894,737	65,355,521	67,579,391	2,223,870
Transfers out	(42,585,297)	(87,788,789)	(36,196,079)	51,592,710
Change in net position budgetary basis	<u>\$ 48,956,447</u>	<u>\$ 8,566,057</u>	<u>\$ 98,939,791</u>	<u>\$ 90,373,734</u>
Explanation of differences between budgetary basis and GAAP basis				
Change in net position - budgetary basis			\$ 98,939,791	
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes			5,278,038	
Depreciation is not a budgeted expense, but is an expense for GAAP purposes			(11,819,986)	
Proceeds from disposition of assets increase financial resources for budgetary basis, but is not a revenue for GAAP basis			251,273	
Proceeds from PTF Bond Issuance including premium are not revenue for GAAP purposes			(135,406,165)	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ (42,757,049)</u>	

*Lead agency disbursements for Paratransit activities are reported as operating expenses in the adopted budget. The actual amount of \$15,126,534 for lead agency disbursements included in the total operating expenses above is presented as a non-operating expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position for GAAP Purposes.

Valley Metro
Regional Public Transportation Authority
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
Valley Metro Rail Fund
Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Operating Revenues:				
Charges for services	\$ 15,389,317	\$ 15,389,317	\$ 14,034,959	\$ (1,354,358)
Miscellaneous	-	-	7,137	7,137
Total operating revenues	<u>15,389,317</u>	<u>15,389,317</u>	<u>14,042,096</u>	<u>(1,347,221)</u>
Operating Expenses:				
Light rail staff and administration	15,389,317	15,389,317	14,045,357	(1,343,960)
Total operating expenses	<u>15,389,317</u>	<u>15,389,317</u>	<u>14,045,357</u>	<u>(1,343,960)</u>
Operating income (loss)	-	-	(3,261)	(3,261)
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(89,715,008)	(140,927,619)	(94,892,905)	46,034,714
Interest subsidy	-	-	1,923,683	1,923,683
Interest income	-	-	117,313	117,313
Total nonoperating revenues (expenses)	<u>(89,715,008)</u>	<u>(140,927,619)</u>	<u>(92,851,909)</u>	<u>48,075,710</u>
Income (loss) before transfers	(89,715,008)	(140,927,619)	(92,855,170)	48,072,449
Transfers in	89,715,008	134,918,500	81,891,375	(53,027,125)
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ (6,009,119)</u>	<u>\$ (10,963,795)</u>	<u>\$ (4,954,676)</u>



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 Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 161,090	\$ 249,177	\$ 1,362,413	\$ 1,467,040
Restricted	-	-	-	-
Unrestricted	3,300,859	12,224,193	42,677,444	28,106,773
Total governmental activities net position	<u>\$ 3,461,949</u>	<u>\$ 12,473,370</u>	<u>\$ 44,039,857</u>	<u>\$ 29,573,813</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 12,283,769	\$ 27,042,048	\$ 47,945,807	\$ 72,537,461
Restricted	1,827,192	5,301,289	1,778,889	2,332,524
Unrestricted	1,299,780	17,159,298	21,142,003	17,991,644
Total business-type activities net position	<u>\$ 15,410,741</u>	<u>\$ 49,502,635</u>	<u>\$ 70,866,699</u>	<u>\$ 92,861,629</u>
Primary government				
Invested in capital assets, net of related debt	\$ 12,444,859	\$ 27,291,225	\$ 49,308,220	\$ 74,004,501
Restricted	1,827,192	5,301,289	1,778,889	2,332,524
Unrestricted	4,600,639	29,383,491	63,819,447	46,098,417
Total primary government net position	<u>\$ 18,872,690</u>	<u>\$ 61,976,005</u>	<u>\$ 114,906,556</u>	<u>\$ 122,435,442</u>

(1) Total business-type activities net position was restated as of 7/1/13 due to a change in accounting principle (GASB 65). See Note 2 in the financial section.

<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14</u>
\$ 1,229,916	\$ 689,786	\$ 1,346,607	\$ 1,199,127	\$ 1,308,720	\$ 1,970,208
-	-	178,382	188,792	2,117,782	2,790,890
37,265,160	45,287,115	51,323,184	46,388,453	46,828,164	48,703,051
<u>\$ 38,495,076</u>	<u>\$ 45,976,901</u>	<u>\$ 52,848,173</u>	<u>\$ 47,776,372</u>	<u>\$ 50,254,666</u>	<u>\$ 53,464,149</u>
\$ 98,580,060	\$ 106,601,704	\$ 21,322,728	\$ 6,528,635	\$ 8,437,699	\$ 43,205,572
4,062,157	-	-	120,650	8,286,530	14,100,480
(9,329,497)	(36,226,944)	16,410,223	51,160,599	61,617,707	(33,320,650)
<u>\$ 93,312,720</u>	<u>\$ 70,374,760</u>	<u>\$ 37,732,951</u>	<u>\$ 57,809,884</u>	<u>\$ 78,341,936</u>	<u>\$ 23,985,402</u>
\$ 99,809,976	\$ 107,291,490	\$ 22,669,335	\$ 7,727,762	\$ 9,746,419	\$ 45,175,780
4,062,157	-	178,382	309,442	10,404,312	16,891,370
27,935,663	9,060,171	67,733,407	97,549,052	108,445,871	15,382,401
<u>\$ 131,807,796</u>	<u>\$ 116,351,661</u>	<u>\$ 90,581,124</u>	<u>\$ 105,586,256</u>	<u>\$ 128,596,602</u>	<u>\$ 77,449,551</u>

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

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
Expenses				
Governmental activities:				
Regional planning:				
Long range	\$ 162,287	\$ 187,496	\$ 403,337	\$ 316,147
Short range	145,690	322,430	558,664	735,888
Capital	236,219	197,256	164,722	224,767
Corridor and Facility Planning	-	-	-	-
Systems and Service Development	-	-	-	-
Program support	171,169	534,285	1,298,591	1,113,474
Transportation demand management:				
Trip reduction	931,196	865,290	719,854	819,553
Ridesharing	514,977	645,052	594,549	592,460
Other programs	486,102	326,903	385,257	373,833
Regional customer services:				
Marketing	-	-	2,578,094	3,110,366
Call center	-	-	3,087,948	3,599,018
Other programs	-	-	1,623,744	1,857,934
AZ Lottery Fund Disbursements	-	-	-	-
Administration:	400,777	514,158	1,712,451	1,033,066
Executive director's office	161,979	207,304	-	-
Communications & government relations	293,648	549,635	260,965	908,275
Finance & management services	51,652	-	715,001	-
Community funded transportation	180,099	-	-	-
Total governmental activities expenses	<u>3,735,795</u>	<u>4,349,809</u>	<u>14,103,177</u>	<u>14,684,781</u>
Business-type activities:				
Transit service operations	34,834,292	38,578,007	60,090,164	96,796,902
Regional customer services	5,123,118	5,767,760	-	-
Light rail transit	3,667,400	16,909,968	63,225,727	65,243,366
Total business-type activities expenses	<u>43,624,810</u>	<u>61,255,735</u>	<u>123,315,891</u>	<u>162,040,268</u>

(1) Total business-type activities net position was restated as of 7/1/13 due to a change in accounting principle (GASB 65). See Note 2 in the financial section.

(2) In FY14, Regional Planning Program activities and titles were changed as part of the budget process to realign the Planning department. Long range, short range and capital activities were replaced by Corridor and Facility Planning and Systems and Service Development.

<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2)</u>
\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,945	\$ 147,932	\$ -
317,886	358,149	1,063,291	307,283	298,472	-
154,523	106,185	113,073	113,311	138,819	-
-	-	-	-	-	231,494
-	-	-	-	-	818,072
1,183,750	1,049,353	997,203	704,870	659,732	301,508
897,234	1,052,649	909,742	779,921	776,881	682,022
561,620	504,614	590,062	571,187	666,966	588,880
424,091	250,976	42,633	40,145	143,291	200,556
2,810,408	2,585,192	2,201,863	2,018,631	2,049,382	1,863,098
3,807,893	3,896,440	3,833,319	3,578,569	3,547,025	3,713,351
2,129,063	2,015,543	1,960,196	2,447,288	2,603,690	2,661,189
-	-	-	10,345,984	10,200,055	10,795,306
1,111,340	1,128,667	1,284,141	992,735	905,972	995,036
-	-	-	-	-	-
799,503	750,461	682,197	827,759	1,082,966	1,174,829
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,489,820</u>	<u>14,006,568</u>	<u>13,778,841</u>	<u>22,889,628</u>	<u>23,221,183</u>	<u>24,025,341</u>
99,625,805	93,074,466	90,336,819	113,091,586	91,327,298	148,884,691
-	-	-	-	-	-
<u>70,492,629</u>	<u>60,704,307</u>	<u>66,140,185</u>	<u>33,665,209</u>	<u>50,687,217</u>	<u>108,938,262</u>
<u>170,118,434</u>	<u>153,778,773</u>	<u>156,477,004</u>	<u>146,756,795</u>	<u>142,014,515</u>	<u>257,822,953</u>

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

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
Program revenues				
Governmental activities:				
Charges for services	\$ 49,642	\$ 75,295	\$ 25,046	\$ -
Operating grants and contributions	2,288,916	2,358,485	2,494,611	2,062,602
Capital grants and contributions	172,438	48,382	198,777	-
Total governmental activities program revenues	<u>2,510,996</u>	<u>2,482,162</u>	<u>2,718,434</u>	<u>2,062,602</u>
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	18,135,892	18,963,733	20,131,861	19,861,844
Paratransit service	5,344,925	4,075,963	2,118,843	2,043,104
Vanpool service	526,891	692,342	685,743	844,115
Other activities	49,550	182,809	36,729	-
Regional customer services	4,962,128	3,376,143	-	-
Light rail transit	3,667,400	5,209,939	5,565,540	6,421,524
Operating grants and contributions	5,140,813	1,186,038	642,313	1,421,891
Capital grants and contributions	387,845	17,286,134	19,041,093	16,237,008
Total business-type activities program revenues	<u>38,215,444</u>	<u>50,973,101</u>	<u>48,222,122</u>	<u>46,829,486</u>
Total primary government program revenues	<u>\$ 40,726,440</u>	<u>\$ 53,455,263</u>	<u>\$ 50,940,556</u>	<u>\$ 48,892,088</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,224,799)	\$ (1,867,647)	\$ (11,384,743)	\$ (12,622,179)
Business-type activities	(5,409,366)	(10,282,634)	(75,093,769)	(115,210,782)
Total primary government net expense	<u>\$ (6,634,165)</u>	<u>\$ (12,150,281)</u>	<u>\$ (86,478,512)</u>	<u>\$ (127,832,961)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Sales taxes	\$ 1,154,022	\$ 55,084,706	\$ 134,235,260	\$ 130,490,779
Interest earnings	103,981	124,312	1,664,357	2,503,935
Other income	1,047	-	-	142,810
Transfers in (out)	-	(44,329,950)	(92,948,387)	(134,981,389)
Total governmental activities	<u>1,259,050</u>	<u>10,879,068</u>	<u>42,951,230</u>	<u>(1,843,865)</u>
Business-type activities:				
Sales taxes	6,559,344	-	-	-
Interest earnings	2,774	44,578	945,155	536,116
Other income	-	-	2,564,291	1,688,207
Transfers in (out)	-	44,329,950	92,948,387	134,981,389
Total business-type activities:	<u>6,562,118</u>	<u>44,374,528</u>	<u>96,457,833</u>	<u>137,205,712</u>
Total primary government	<u>\$ 7,821,168</u>	<u>\$ 55,253,596</u>	<u>\$ 139,409,063</u>	<u>\$ 135,361,847</u>
Change in net position:				
Governmental activities	\$ 34,251	\$ 9,011,421	\$ 31,566,487	\$ (14,466,044)
Business-type activities	1,152,752	34,091,894	21,364,064	21,994,930
Total primary government net expense	<u>\$ 1,187,003</u>	<u>\$ 43,103,315</u>	<u>\$ 52,930,551</u>	<u>\$ 7,528,886</u>

(1) Total business-type activities net position was restated as of 7/1/13 due to a change in accounting principle (GASB 65). See Note 2 in the financial section.

FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13 (1)	FY 2013/14
\$ -	\$ 150,353	\$ 189,000	\$ 153,445	\$ 176,058	\$ 167,915
2,632,463	2,055,931	2,286,930	13,601,884	13,102,554	13,147,266
-	-	-	-	-	-
<u>2,632,463</u>	<u>2,206,284</u>	<u>2,475,930</u>	<u>13,755,329</u>	<u>13,278,612</u>	<u>13,315,181</u>
19,936,194	15,849,887	9,811,268	10,256,090	9,172,758	31,040,857
3,029,151	2,408,268	2,431,467	2,637,827	2,101,275	4,418,487
926,245	864,663	318,945	181,929	176,775	410,899
-	-	2,611,481	2,781,880	2,121,480	5,421,162
-	-	-	-	-	-
8,614,280	8,130,261	8,201,600	9,701,059	12,293,635	14,034,959
2,609,156	2,607,770	2,144,496	1,337,135	10,716,993	9,867,680
40,555,599	14,996,556	8,289,329	31,347,333	19,661,120	22,996,095
<u>75,670,625</u>	<u>44,857,405</u>	<u>33,808,586</u>	<u>58,243,253</u>	<u>56,244,036</u>	<u>88,190,139</u>
<u>\$ 78,303,088</u>	<u>\$ 47,063,689</u>	<u>\$ 36,284,516</u>	<u>\$ 71,998,582</u>	<u>\$ 69,522,648</u>	<u>\$ 101,505,320</u>
\$ (11,857,357)	\$ (11,800,284)	\$ (11,302,911)	\$ (9,134,299)	\$ (9,942,571)	\$ (10,710,160)
(94,447,809)	(108,921,368)	(122,668,418)	(88,513,542)	(85,770,478)	(169,632,814)
<u>\$ (106,305,166)</u>	<u>\$ (120,721,652)</u>	<u>\$ (133,971,329)</u>	<u>\$ (97,647,841)</u>	<u>\$ (95,713,049)</u>	<u>\$ (180,342,974)</u>
\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618
36,310	231,398	79,874	73,104	114,061	146,051
75,176	73,531	233,357	100,154	126,982	632,661
(92,630,562)	(84,745,330)	(89,250,166)	(108,464,090)	(106,156,202)	(113,274,687)
<u>20,778,620</u>	<u>19,282,109</u>	<u>18,174,183</u>	<u>4,062,498</u>	<u>12,420,865</u>	<u>13,919,643</u>
-	-	-	-	-	-
34,862	587,487	215,800	109,799	137,006	139,093
2,233,476	650,591	560,643	16,586	9,322	2,498,190
92,630,562	84,745,330	89,250,166	108,464,090	106,156,202	113,274,687
94,898,900	85,983,408	90,026,609	108,590,475	106,302,530	115,911,970
<u>\$ 115,677,520</u>	<u>\$ 105,265,517</u>	<u>\$ 108,200,792</u>	<u>\$ 112,652,973</u>	<u>\$ 118,723,395</u>	<u>\$ 129,831,613</u>
\$ 8,921,263	\$ 7,481,825	\$ 6,871,272	\$ (5,071,801)	\$ 2,478,294	\$ 3,209,483
451,091	(22,937,960)	(32,641,809)	20,076,933	20,532,052	(53,720,844)
<u>\$ 9,372,354</u>	<u>\$ (15,456,135)</u>	<u>\$ (25,770,537)</u>	<u>\$ 15,005,132</u>	<u>\$ 23,010,346</u>	<u>\$ (50,511,361)</u>

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

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	350,173	649,225	1,002,229	233,480
Unreserved, undesignated	2,950,686	1,638,892	1,433,788	2,888,105
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Unassigned				
Total general fund	<u>\$ 3,300,859</u>	<u>\$ 2,288,117</u>	<u>\$ 2,436,017</u>	<u>\$ 3,121,585</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in special revenue funds	-	-	-	-
Unreserved, undesignated, reported in special revenue funds	-	9,936,076	21,059,001	410,974
Nonspendable:				
Prepaid Items				
Restricted				
Total all other governmental funds	<u>\$ -</u>	<u>\$ 9,936,076</u>	<u>\$ 40,241,427</u>	<u>\$ 25,629,643</u>

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

<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
755,184	837,880	-	-	-	-
2,882,500	3,852,887	-	-	-	-
		6,797	10,554	8,201	-
				1,886,764	2,527,491
		52,164,648	47,178,722	47,544,772	49,385,126
<u>\$ 3,637,684</u>	<u>\$ 4,690,767</u>	<u>\$ 52,171,445</u>	<u>\$ 47,189,276</u>	<u>\$ 49,439,737</u>	<u>\$ 51,912,617</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
34,382,659	41,434,228	-	-	-	-
		3,372	-	-	-
		175,010	188,792	231,018	263,399
<u>\$ 34,382,659</u>	<u>\$ 41,434,228</u>	<u>\$ 178,382</u>	<u>\$ 188,792</u>	<u>\$ 231,018</u>	<u>\$ 263,399</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 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
Revenues				
Sales taxes	\$ 1,154,022	\$ 55,084,706	\$ 134,235,260	\$ 130,490,779
Intergovernmental:				
AZ Lottery Proceeds	-	-	-	-
State & county grants & pass through grants	400,000	400,000	400,000	422,887
Federal Transit Administration	526,176	569,622	993,727	268,661
CMAQ	1,493,178	1,395,577	1,298,056	1,287,054
Other federal grants	42,000	41,668	1,604	84,000
Charges for services	49,642	75,295	25,046	-
Interest earnings	103,981	124,312	1,664,357	2,503,935
Miscellaneous	1,047	-	-	144,672
Total revenues	<u>3,770,046</u>	<u>57,691,180</u>	<u>138,618,050</u>	<u>135,201,988</u>
Expenditures				
Governmental activities:				
Regional planning:				
Long range	\$ 162,287	\$ 187,496	\$ 403,337	\$ 311,129
Short range	145,690	322,430	558,664	733,017
Capital	236,219	197,256	164,722	222,439
Program support	171,169	534,285	1,298,591	1,104,198
Transportation demand management:				
Trip reduction	931,196	865,290	719,854	816,128
Ridesharing	514,977	645,052	594,549	601,220
Other programs	486,102	326,903	385,257	370,142
Regional customer services:				
Marketing	-	-	2,578,094	3,084,872
Call center	-	-	3,087,948	3,563,629
Other programs	-	-	1,511,164	1,380,563
Administration:				
Executive director's office	400,777	514,158	1,712,451	1,030,804
Communications & government relations	161,979	207,304	260,965	-
Finance & management services	293,648	419,571	580,415	318,945
Community funded transportation	51,652	-	-	-
AZ Lottery Fund Expenditures	-	-	-	-
Capital outlay	214,350	218,151	765,641	1,078,709
Total expenditures	<u>3,770,046</u>	<u>4,437,896</u>	<u>14,621,652</u>	<u>14,615,795</u>
Excess of revenues over expenditures	<u>-</u>	<u>53,253,284</u>	<u>123,996,398</u>	<u>120,586,193</u>
Other financing sources (uses)				
Transfers in	-	814,701	9,349,388	11,165,777
Transfers out	-	(45,144,651)	(102,892,535)	(146,147,166)
Total other financing sources (uses)	<u>-</u>	<u>(44,329,950)</u>	<u>(93,543,147)</u>	<u>(134,981,389)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 8,923,334</u>	<u>\$ 30,453,251</u>	<u>\$ (14,395,196)</u>

FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618
-	-	-	11,665,674	11,224,800	11,262,600
455,671	688,659	635,647	400,200	480,217	680,581
612,190	266,015	799,840	589,367	364,784	229,713
1,411,497	1,101,257	851,443	946,643	1,032,753	974,372
-	-	-	-	-	-
-	-	189,000	153,445	176,058	167,915
36,310	231,398	79,874	73,104	114,061	146,051
228,281	223,988	233,357	100,154	126,982	632,661
<u>116,041,645</u>	<u>106,233,827</u>	<u>109,900,279</u>	<u>126,281,917</u>	<u>131,855,679</u>	<u>140,509,511</u>
\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,939	\$ 147,932	\$ 231,494
317,886	358,149	1,063,291	307,283	298,472	818,072
154,523	106,185	113,073	113,311	138,819	-
1,183,750	1,049,353	997,203	704,870	659,732	301,508
897,234	1,052,649	909,742	779,921	776,881	682,022
561,620	504,614	590,062	571,187	666,966	588,880
424,091	250,976	42,633	40,142	143,291	200,556
2,810,408	2,585,192	2,201,863	2,018,631	2,049,382	1,863,098
3,807,893	3,896,440	3,833,319	3,578,569	3,547,025	3,713,351
1,733,413	1,662,194	1,815,740	2,447,288	2,603,690	2,661,189
1,111,340	1,128,667	1,284,141	992,744	905,972	975,968
-	-	-	-	-	-
462,737	419,178	359,637	453,137	692,811	756,333
-	-	-	-	-	-
-	-	-	10,345,984	10,200,055	10,795,306
384,564	61,909	1,113,456	274,580	575,762	1,141,786
<u>14,141,968</u>	<u>13,383,845</u>	<u>14,425,281</u>	<u>22,789,586</u>	<u>23,406,790</u>	<u>24,729,563</u>
101,899,677	92,849,982	95,474,998	103,492,331	108,448,889	115,779,948
9,975,889	9,658,964	1,447,579	9,957,202	1,093,168	1,029,451
(102,606,451)	(94,404,294)	(90,697,745)	(118,421,292)	(107,249,370)	(114,304,138)
<u>(92,630,562)</u>	<u>(84,745,330)</u>	<u>(89,250,166)</u>	<u>(108,464,090)</u>	<u>(106,156,202)</u>	<u>(113,274,687)</u>
\$ <u>9,269,115</u>	\$ <u>8,104,652</u>	\$ <u>6,224,832</u>	\$ <u>(4,971,759)</u>	\$ <u>2,292,687</u>	\$ <u>2,505,261</u>

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

	<u>FY 2004/05</u>	<u>FY 2005/06 (1)</u>	<u>FY 2006/07 (1)</u>	<u>FY 2007/08 (1)</u>
Governmental activities				
Regional area road funds	\$ 1,154,022	\$ 3,938,570	\$ 4,047,593	\$ 4,167,168
Public transportation funds	-	51,146,136	130,187,667	126,323,611
Total governmental activities sales taxes	<u>\$ 1,154,022</u>	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>
Business-type activities				
Regional area road funds	\$ 6,559,344	\$ -	\$ -	\$ -
Public transportation funds	-	-	-	-
Total business-type activities sales taxes	<u>\$ 6,559,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Regional area road funds	\$ 7,713,366	\$ 3,938,570	\$ 4,047,593	\$ 4,167,168
Public transportation funds	-	51,146,136	130,187,667	126,323,611
Total primary government sales taxes	<u>\$ 7,713,366</u>	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</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 2006, only six months of collections of the Public Transportation sales tax were reported.

<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>	<u>FY 2011/12 (1)</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (1)</u>
\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358
109,020,404	99,351,318	102,688,559	107,889,134	113,776,294	121,774,260
<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358
109,020,404	99,351,318	102,688,559	107,889,134	113,776,294	121,774,260
<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>

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

	<u>FY 2004/05</u>	<u>FY 2005/06 (2)</u>	<u>FY 2006/07 (2)</u>	<u>FY 2007/08</u>
Regional area road funds				
Freeways	\$ 309,092	\$ 292,487	\$ 213,119	\$ 205,576
Regional Public Transportation Authority / Maricopa Association of Governments (1)	7,713	7,877	8,095	8,334
Arterial streets	-	16,127	41,050	39,832
Total regional area road fund distributions	<u>316,805</u>	<u>316,491</u>	<u>262,264</u>	<u>253,742</u>
Public transportation funds	-	51,146	130,188	126,324
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 316,805</u>	<u>\$ 367,637</u>	<u>\$ 392,452</u>	<u>\$ 380,066</u>

Source: The Maricopa County Transportation Excise Tax Tables for FY 2014 provided 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.

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

<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>
\$ 176,235	\$ 159,604	\$ 165,321	\$ 173,334	\$ 182,806	\$ 196,106
8,555	8,742	8,845	8,928	9,119	9,283
34,376	31,327	32,379	34,019	35,875	38,397
<u>219,166</u>	<u>199,673</u>	<u>206,545</u>	<u>216,281</u>	<u>227,800</u>	<u>243,786</u>
109,020	99,351	102,689	107,889	113,776	121,774
<u>\$ 328,186</u>	<u>\$ 299,024</u>	<u>\$ 309,234</u>	<u>\$ 324,170</u>	<u>\$ 341,576</u>	<u>\$ 365,560</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
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
2012/13 (1)	172,934	32,660	30,976	36,429	38,097	12,130	18,349	341,574
2013/14 (1)	186,406	37,243	31,271	38,532	38,547	12,091	21,470	365,560

Source: The Maricopa County Transportation Excise Tax Tables for FY 2014 provided 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.

(This page intentionally left blank)

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

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	49.9300%	49.9300%	47.8600%	46.8000%	46.8300%
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	16.5200%	16.5200%	18.8200%	17.4000%	14.2800%
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	9.2500%	9.2500%	9.2700%	10.1000%	11.5000%
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	8.5800%	8.5800%	8.4300%	8.7000%	9.3700%
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	6.5700%	6.5700%	6.8000%	7.5000%	8.6900%
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	3.9800%	3.9800%	3.8400%	4.0000%	4.1000%
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	3.2000%	3.2000%	2.9300%	3.3000%	2.9900%
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	1.0500%	1.0500%	1.0600%	1.1000%	1.1900%
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	0.6100%	0.6100%	0.5300%	0.5000%	0.4900%
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	0.3100%	0.3100%	0.4600%	0.6000%	0.5600%
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 Tables for FY 2013 provided 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 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>
46.8300%	49.1600%	50.1000%	50.6300%	50.9900%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
14.2800%	9.0600%	9.4000%	9.5600%	10.1900%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
11.5000%	11.5500%	11.2000%	11.1500%	10.5400%
1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
0.5120%	0.5120%	0.5120%	0.5120%	51.2000%
9.3700%	10.2600%	10.6000%	10.6700%	10.5400%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
8.6900%	9.5400%	9.3000%	9.0700%	8.5500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
4.1000%	3.7500%	3.7000%	3.5500%	3.3100%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
2.9900%	3.2700%	3.1000%	2.9700%	2.6600%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.1900%	1.1800%	1.2000%	1.1400%	1.0900%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.4900%	0.5200%	0.4000%	0.4700%	0.3500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.5600%	1.7100%	1.0000%	0.7900%	1.7700%
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 Five 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	5,154,718	10,239,718	107,889,134	10.54
2013	5,290,000	4,951,318	10,241,318	113,776,294	11.89
2014	5,555,000	7,139,987	12,694,987	121,774,260	9.59

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: On January 14, 2014, the Authority raised \$115,000,000 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 Five Fiscal Years

Business-type Activities					
Fiscal Year Ended June 30	Transportation Excise Tax Revenue Bonds (includes Premium)	Percentage of Personal Income	Per Capita		
2010	\$ 100,075,000	0.07%	\$		26.35
2011	105,048,942	0.08%			27.52
2012	102,369,446	0.07%			26.35
2013	96,869,951	0.06%			24.56
2014	226,571,621	0.15%			57.43

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 Five Fiscal Years

Fiscal Year	Principal	Interest	Total Cost	Revenue	Maricopa County Population (1)	Cost Per Capita	Revenue Per Capita
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	\$ 4,023,331	\$ 1	\$ 24
2011	2,265,000	5,245,318	7,510,318	102,688,559	3,817,117	2	27
2012	5,085,000	5,154,718	10,239,718	107,889,134	3,884,705	3	28
2013	5,290,000	4,951,318	10,241,318	113,776,294	3,944,859	3	29
2014	5,555,000	7,139,987	12,694,987	121,774,260	3,944,859	3	31

(1) Source: Authority's Financial Records and Maricopa Association of Governments, Resident Population Estimates Documentation

(This page intentionally left blank)

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

	<u>FY 2003/04 (1)</u>	<u>FY 2004/05 (1)</u>	<u>FY 2005/06 (1)</u>	<u>FY 2006/07 (1)</u>	<u>FY 2007/08 (1)</u>
Maricopa County	3,406,170	3,537,630	3,648,545	3,792,675	3,907,492
Avondale	54,200	60,490	66,110	72,210	75,256
Buckeye	N/A	N/A	N/A	N/A	N/A
Chandler	209,140	221,555	231,785	235,450	241,205
El Mirage	25,550	28,420	29,630	32,605	33,583
Gilbert	151,975	165,325	178,000	185,030	203,656
Glendale	231,150	234,225	236,030	243,540	246,076
Goodyear (2)	N/A	N/A	N/A	49,720	55,954
Mesa	435,380	448,845	452,355	451,360	456,344
Peoria	126,815	132,805	137,285	145,135	151,541
Phoenix	1,390,830	1,421,450	1,452,825	1,505,265	1,538,568
Queen Creek (2)	N/A	N/A	N/A	18,690	21,363
Scottsdale	218,095	221,980	223,835	237,120	240,126
Surprise (2)	51,885	64,210	78,265	98,140	104,895
Tempe	159,905	161,420	160,735	165,890	167,871
Tolleson (2)	N/A	N/A	N/A	N/A	N/A

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

(2) 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, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the towns of 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 Arizona Lottery funds to local public transportation.

<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>	<u>FY 2011/12 (1)</u>	<u>FY 2012/13 (1)</u>
3,987,942	4,023,331	3,817,117	3,884,705	3,944,859
76,648	76,900	76,238	76,870	77,511
50,143	52,764	50,876	54,102	56,460
244,376	245,087	236,123	241,214	246,197
33,647	33,610	31,797	32,067	32,472
214,820	217,521	208,453	219,666	227,603
248,435	249,197	226,721	229,008	231,109
59,436	61,916	65,275	69,018	72,275
459,682	461,102	439,041	444,856	450,310
155,557	158,709	154,065	157,653	160,552
1,561,485	1,575,423	1,445,632	1,464,727	1,485,751
23,329	24,926	26,361	27,249	29,510
242,337	243,501	217,385	219,713	222,213
108,761	109,482	117,517	119,530	121,629
172,641	174,833	161,719	164,659	165,158
N/A	6,923	6,573	6,579	6,632

Valley Metro
Regional Public Transportation Authority
 Top Ten Employers for Maricopa County
 For the Year 2013 and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	% of Total	Employees	Rank	% of Total
State of Arizona	52,076	1	2.94%	50,363	1	2.96%
Wal-Mart Stores, Inc.	31,837	2	1.80%	18,677	2	1.10%
Banner Health Systems	25,126	3	1.42%	13,756	3	0.81%
City of Phoenix	14,983	4	0.84%	13,095	5	0.77%
Wells Fargo & Company	13,679	5	0.77%			
Maricopa County	13,308	6	0.75%	13,482	4	0.79%
Bank of America	12,500	7	0.70%			
Arizona State University	12,222	8	0.69%	10,005	10	0.59%
JPMorgan Chase & Co.	11,407	9	0.64%			
Intel Corp.	11,000	10	0.62%			
Honeywell International				12,000	6	0.70%
US Postal Service				11,406	7	0.67%
Raytheon Co.				10,200	8	0.60%
Albertson's-Osco				9,500	9	0.56%
Total for Principal Employers	198,138		11.17%	162,484		9.55%
Total Employment in Maricopa Cty	1,773,535			1,704,221		

Source: Greater Phoenix Economic Council at www.gpec.org for major employers
 Workforce Informer Arizona at www.workforce.az.gov for total employed in Maricopa County

Note: The information for FY 2014 was not available at the time the CAFR was drafted.

Valley Metro
Regional Public Transportation Authority
Arizona Lottery Funds
Last Ten Fiscal Years

	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>
Avondale						
Local transportation assistance funds received	277,421	299,299	317,127	331,478	318,231	185,086
Minimum local expenditures required	208,066	99,667	105,603	110,382	105,971	61,634
Percentage required	75.0%	33.3%	33.3%	33.3%	33.3%	33.3%
Buckeye (1)						
Local transportation assistance funds received	N/A	N/A	N/A	N/A	171,121	121,083
Minimum local expenditures required	N/A	N/A	N/A	N/A	128,341	90,812
Percentage required	N/A	N/A	N/A	N/A	75.0%	75.0%
Chandler						
Local transportation assistance funds received	1,072,387	1,096,287	1,111,863	1,080,826	1,019,970	590,108
Minimum local expenditures required	357,462	365,064	370,250	359,915	339,650	196,506
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
El Mirage						
Local transportation assistance funds received	130,312	140,622	142,134	149,672	142,011	81,249
Minimum local expenditures required	97,734	105,467	106,600	112,254	106,508	60,937
Percentage required	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Gilbert						
Local transportation assistance funds received	778,323	818,025	853,858	849,374	861,189	518,737
Minimum local expenditures required	259,441	272,402	284,335	282,842	286,776	172,739
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Glendale						
Local transportation assistance funds received	1,186,391	1,158,998	1,132,226	1,117,962	1,040,568	599,909
Minimum local expenditures required	395,464	385,946	377,031	372,281	346,509	199,770
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Goodyear (1)						
Local transportation assistance funds received	NA	NA	197,755	228,238	236,610	143,523
Minimum local expenditures required	NA	NA	148,316	171,179	177,458	107,642
Percentage required	NA	NA	75.0%	75.0%	75.0%	75.0%
Marcopa County (1)						
Local transportation assistance funds received	NA	NA	NA	NA	NA	NA
Minimum local expenditures required	NA	NA	NA	NA	NA	NA
Percentage required	NA	NA	NA	NA	NA	NA
Mesa						
Local transportation assistance funds received	2,233,853	2,220,987	2,169,928	2,071,953	1,929,717	1,110,018
Minimum local expenditures required	2,233,853	2,220,987	2,169,928	2,071,953	1,929,717	1,110,018
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Peoria						
Local transportation assistance funds received	650,326	657,162	658,598	666,237	640,826	375,639
Minimum local expenditures required	216,775	218,835	219,313	221,857	213,395	125,088
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Phoenix						
Local transportation assistance funds received	7,138,976	7,033,839	6,969,140	6,909,870	6,506,059	3,770,600
Minimum local expenditures required	7,138,976	7,033,839	6,969,140	6,909,870	6,506,059	3,770,600
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Queen Creek (1)						
Local transportation assistance funds received	NA	NA	76,224	85,796	91,884	57,536
Minimum local expenditures required	NA	NA	57,168	64,347	68,913	43,152
Percentage required	NA	NA	75.0%	75.0%	75.0%	75.0%
Scottsdale						
Local transportation assistance funds received	1,119,229	1,098,399	1,073,727	1,088,492	1,015,408	585,184
Minimum local expenditures required	373,076	365,767	357,551	362,468	338,131	194,866
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Surprise (1) (2)						
Local transportation assistance funds received	265,383	317,703	375,434	450,508	443,564	262,631
Minimum local expenditures required	88,373	105,795	125,019	150,019	147,707	87,456
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Tempe						
Local transportation assistance funds received	821,152	798,826	771,039	761,513	709,867	416,885
Minimum local expenditures required	273,717	266,009	256,756	253,584	236,386	138,823
Percentage required	33.3%	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	16,500
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A	12,375
Percentage required	N/A	N/A	N/A	N/A	N/A	75.0%
Wickenburg (1)						
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A	N/A

Source: State of Arizona, Office of the Treasurer and Authority's financial records

- (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 FY 2005.

Former State legislation designated 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.

<u>FY 2010/2011 (3)</u>	<u>FY 2011/2012 (4)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014</u>
-	223,694	224,189	224,944
-			
0.0%			
-	149,278	149,608	150,112
-			
0.0%			
-	692,821	694,355	696,693
-			
0.0%			
-	93,297	93,504	93,819
-			
0.0%			
-	611,633	612,987	615,051
-			
0.0%			
-	665,234	666,707	668,952
-			
0.0%			
-	191,527	191,951	192,597
-			
0.0%			
NA	834,483	284,404	839,148
NA			
NA			
-	1,288,213	1,291,065	1,295,413
-			
0.0%			
-	452,030	453,030	454,556
-			
0.0%			
-	4,241,702	4,251,096	4,265,412
-			
0.0%			
-	76,030	-	76,455
-			
0.0%			
-	637,841	639,253	641,406
-			
0.0%			
-	344,813	345,576	346,740
-			
0.0%			
-	474,508	475,559	477,160
-			
0.0%			
-	19,204	19,247	19,311
-			
0.0%			
N/A	N/A	6,363	18,774
N/A			
N/A			

- (3) In the seventh special session of the 49th Arizona Legislature (2010), a bill was passed and signed into law that repealed the LTAF program and eliminated the distribution all together.
- (4) In September, 2011, due to a lawsuit filed by claimants against ADEQ, a court order reestablished the funding in Maricopa County because the repeal of the law violated provisions of the Federal Environmental SIP in areas of non-attainment. Distribution methodology reverted to the original statutory language where the Maricopa County RPTA is the direct recipient of funds. The remaining areas of the state where not identified as part of the SIP remain without LTAF II support.

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 (2)
2004	3,498,587	\$ 110,278,789	\$ 31,521	33.0	626,461	4.4%
2005	3,537,630	120,716,738	34,124	33.0	652,333	4.1%
2006	3,648,545	134,339,487	36,820	33.0	689,411	3.6%
2007	3,792,675	139,665,253	36,825	33.4	707,771	3.5%
2008	3,907,492	143,729,512	36,783	33.7	732,146	4.2%
2009	3,987,942	147,912,041	37,090	33.6	683,966	8.1%
2010	4,115,811	152,216,281	36,983	36.8	684,510	8.8%
2011	3,817,117	135,393,497	27,185	34.8	684,028	8.3%
2012	3,884,705	147,724,392	38,071	34.1	693,276	7.3%
2013	3,944,859	154,926,697	39,300	35.6	713,323	6.1%

(1) Calendar year

(2) Source: Arizona Office of Employment and Population Statistics, 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 calendar years 2009 - 2011, median age is from Maricopa Association of Governments Human Services Coordination Transportation Plan, 2010 and 2011 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.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function/Program										
Governmental activities:										
Regional planning	4.5	7.9	7.9	8.1	8.0	8.1	7.7	7.9	7.1	8.1
Transportation demand management	10.3	10.3	9.0	10.5	10.0	10.0	9.0	8.5	7.3	7.3
Regional customer services	4.7	4.2	71.5	74.6	78.2	78.3	72.9	73.3	78.2	68.2
Administration	8.9	14.8	20.1	22.2	22.2	22.2	20.4	19.5	15.5	31.6
Total governmental activities FTE	<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>	<u>108.1</u>	<u>115.2</u>
Business-type activities:										
Transit service operations	4.6	4.9	10.5	8.6	8.5	8.4	10.1	10.4	11.9	11.8
Light rail transit (1)	42.0	47.0	51.0	58.0	92.0	96.0	84.0	88.5	153.0	161.0
Total business-type activities FTE	<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>	<u>164.9</u>	<u>172.8</u>
Total primary government FTE	<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>	<u>273.0</u>	<u>288.0</u>

Source: Adopted Valley Metro RPTA and Valley Metro Rail, Inc. 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 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>
Fixed Route System (1)					
City of Phoenix Transit System					
Total boardings	40,427,904	42,909,890	44,182,683	44,101,320	42,670,621
Revenue miles	16,956,333	17,420,722	17,166,702	18,412,020	18,826,324
Revenue hours	1,115,462	1,146,819	1,166,967	1,166,986	998,142
Operating cost	\$ 93,661,178	\$ 89,543,836	\$ 93,058,555	\$ 108,350,712	\$ 117,350,016
Operating cost per boarding	\$ 2.32	\$ 2.09	\$ 2.11	\$ 2.46	\$ 2.75
Farebox recovery ratio	24.8%	27.0%	26.6%	27.0%	27.5%
Regional Public Transportation Authority (2)					
Total boardings	6,503,504	6,203,696	6,484,886	6,772,065	7,908,819
Revenue miles	4,971,133	4,379,307	4,956,352	5,521,319	6,218,876
Revenue hours	375,171	276,517	389,349	381,620	377,267
Operating cost	\$ 18,200,836	\$ 16,445,778	\$ 19,613,325	\$ 22,493,215	\$ 30,076,788
Operating cost per boarding	\$ 2.80	\$ 2.65	\$ 3.02	\$ 3.32	\$ 3.80
Farebox recovery ratio	18.3%	23.1%	20.7%	20.2%	18.1%
City of Tempe					
Total boardings	4,813,237	4,805,598	5,063,284	6,808,547	4,896,103
Revenue miles	3,826,195	3,797,053	3,868,790	4,497,200	4,372,291
Revenue hours	314,932	311,852	297,027	364,249	326,640
Operating cost	\$ 14,864,954	\$ 15,738,112	\$ 16,738,459	\$ 19,496,217	\$ 19,947,661
Operating cost per boarding	\$ 3.09	\$ 3.27	\$ 3.31	\$ 2.86	\$ 4.07
Farebox recovery ratio	18.2%	17.3%	17.9%	16.2%	16.6%
City of Glendale - Luke Link					
Total boardings	70,823	93,024	101,444	227,702	NA
Revenue miles	131,400	139,789	142,109	252,413	NA
Revenue hours	7,088	7,962	8,121	19,455	NA
Operating cost	\$ 228,160	\$ 218,243	\$ 232,802	\$ 435,099	NA
Operating cost per boarding	\$ 3.22	\$ 2.35	\$ 2.29	\$ 1.91	NA
Farebox recovery ratio	20.9%	26.8%	27.5%	227.5%	NA
Total fixed route system					
Total boardings	51,815,468	54,012,208	55,832,297	57,909,634	55,475,543
Revenue miles	25,885,061	25,736,871	26,133,953	28,682,952	29,417,491
Revenue hours	1,812,653	1,743,150	1,861,464	1,932,310	1,702,049
Operating cost	\$ 126,955,128	\$ 121,945,969	\$ 129,643,141	\$ 150,775,243	\$ 167,374,465
Operating cost per boarding	\$ 2.45	\$ 2.26	\$ 2.32	\$ 2.60	\$ 3.02
Farebox recovery ratio	23.1%	25.2%	24.6%	224.6%	24.5%

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.
- (5) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

NR Not reported

Note: Information for fiscal year 2014 was not available at the time the CAFR was drafted.

<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (5)</u>	<u>FY 2012/2013</u>
44,642,019	35,806,019	37,437,652	37,122,975	37,713,203
18,238,826	17,692,736	16,915,379	16,013,826	15,306,424
1,172,816	1,196,437	1,125,763	1,225,077	1,110,556
\$ 109,867,153	\$ 113,744,493	\$ 130,360,068	\$ 138,046,662	\$ 137,800,189
\$ 2.46	\$ 3.18	\$ 3.48	\$ 3.72	\$ 3.65
32.1%	30.9%	25.7%	25.1%	24.4%
8,390,453	7,277,608	8,054,520	8,803,900	9,326,130
6,548,640	6,392,468	5,902,973	5,738,650	5,954,546
372,580	438,051	355,964	433,301	439,516
\$ 34,853,186	\$ 33,248,059	\$ 34,380,383	\$ 40,845,490	\$ 43,378,047
\$ 4.15	\$ 4.57	\$ 4.27	\$ 4.64	\$ 4.65
15.5%	20.4%	20.9%	19.4%	22.2%
5,846,385	5,217,425	8,313,058	5,435,181	5,814,968
4,752,561	4,889,470	5,678,666	3,803,757	3,753,634
371,445	370,738	498,944	285,591	233,981
\$ 27,191,179	\$ 28,676,837	\$ 24,851,193	\$ 24,989,805	\$ 25,892,432
\$ 4.65	\$ 5.50	\$ 2.99	\$ 4.60	\$ 4.45
11.8%	17.2%	19.3%	20.0%	22.6%
NA	116,952	110,913	NA	NA
NA	101,154	99,773	NA	NA
NA	37,006	8,713	NA	NA
NA	\$ 820,392	\$ 786,101	NA	NA
NA	\$ 7.01	\$ 7.09	NA	NA
NA	3.1%	3.1%	NA	NA
58,878,857	48,418,004	53,916,143	51,362,056	52,854,301
29,540,027	29,075,828	28,596,791	25,556,233	25,014,604
1,916,841	2,042,232	1,989,384	1,943,969	1,784,053
\$ 171,911,518	\$ 176,489,781	\$ 190,377,745	\$ 203,881,957	\$ 207,070,668
\$ 2.92	\$ 3.65	\$ 3.53	\$ 3.97	\$ 3.92
25.5%	26.6%	23.9%	23.3%	23.8%

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

	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>
Dial-a-Ride System (1)					
Phoenix Dial-a-Ride					
Total boardings	369,791	393,053	415,733	410,838	391,420
Revenue miles	3,901,614	4,084,991	4,276,365	NA	4,806,031
Revenue hours	262,372	274,099	285,137	287,882	292,601
Operating cost	\$ 11,150,114	\$ 12,375,324	\$ 12,452,214	\$ 13,655,624	\$ 14,759,075
Operating cost per boarding	\$ 30.15	\$ 31.49	\$ 29.95	\$ 33.24	\$ 37.71
Farebox recovery ratio	4.8%	4.0%	5.0%	4.7%	4.1%
Phoenix Reserve-a-Ride					
Total boardings	153,697	152,631	NR	NR	NR
Revenue miles	540,388	518,616	NR	NR	NR
Revenue hours	50,754	47,282	NR	NR	NR
Operating cost	\$ 2,757,131	\$ 2,853,105	NR	NR	NR
Operating cost per boarding	\$ 17.94	\$ 18.69	NR	NR	NR
Farebox recovery ratio	3.1%	2.7%	NR	NR	NR
Phoenix Taxi					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
East Valley Dial-a-Ride					
Total boardings	222,736	223,130	220,153	226,050	240,424
Revenue miles	2,048,542	1,622,795	1,796,728	NA	NA
Revenue hours	111,514	118,032	121,607	126,131	131,842
Operating cost	\$ 4,963,617	\$ 5,338,924	\$ 6,596,249	\$ 7,685,324	\$ 8,461,088
Operating cost per boarding	\$ 22.28	\$ 23.93	\$ 29.96	\$ 34.00	\$ 35.19
Farebox recovery ratio	6.5%	6.6%	5.2%	5.0%	4.6%
Maricopa County STS					
Total boardings	103,533	105,342	100,243	91,082	87,134
Revenue miles	730,180	523,119	913,009	NA	NA
Revenue hours	67,836	41,189	56,585	49,524	47,511
Operating cost	\$ 1,534,951	\$ 3,249,859	\$ 3,312,076	\$ 3,368,464	\$ 3,350,837
Operating cost per boarding	\$ 14.83	\$ 30.85	\$ 33.04	\$ 36.98	\$ 38.46
Farebox recovery ratio	1.0%	0.4%	0.3%	0.0%	0.0%
Sun Cities Area Transit					
Total boardings	61,147	58,069	57,091	45,612	34,924
Revenue miles	229,917	254,897	230,472	NA	NA
Revenue hours	20,015	22,648	21,802	16,526	12,974
Operating cost	\$ 671,410	\$ 714,915	\$ 689,473	\$ 697,877	\$ 560,024
Operating cost per boarding	\$ 10.98	\$ 12.31	\$ 12.08	\$ 15.30	\$ 16.04
Farebox recovery ratio	22.7%	21.3%	23.5%	18.0%	22.0%
Valley Metro Northwest Dial-a-Ride (2)					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					

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.
- (2) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

NR Not reported

Note: Information for fiscal year 2014 was not available at the time the CAFR was drafted.

<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (2)</u>	<u>FY 2012/2013</u>
396,474	353,674	328,502	337,182	336,318
4,064,584	3,675,478	3,464,880	3,485,711	3,467,247
295,057	283,686	257,874	308,915	255,835
\$ 14,991,465	\$ 14,749,818	\$ 15,519,920	\$ 16,848,817	\$ 17,299,362
\$ 37.81	\$ 41.70	\$ 47.24	\$ 49.97	\$ 51.44
4.2%	7.3%	6.3%	5.8%	5.3%
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
				18,821
				101,096
				NR
				\$ 844,264
				\$ 44.86
				17.9%
262,364	248,462	234,095	215,536	279,597
2,090,445	2,123,274	2,191,197	1,299,371	2,141,137
137,604	129,168	128,335	117,381	79,573
\$ 9,760,107	\$ 9,322,558	\$ 9,096,936	\$ 12,339,120	\$ 10,973,348
\$ 37.20	\$ 37.52	\$ 38.86	\$ 57.25	\$ 39.25
4.1%	4.9%	7.8%	4.5%	7.1%
35,488	NR	NR	NR	NR
362,525	NR	NR	NR	NR
24,641	NR	NR	NR	NR
\$ 256,574	NR	NR	NR	NR
\$ 7.23	NR	NR	NR	NR
0.0%	NR	NR	NR	NR
27,652	30,509	14,715	NR	NR
109,741	120,305	53,614	NR	NR
13,081	30,509	5,367	NR	NR
\$ 610,581	\$ 558,965	\$ 228,146	NR	NR
\$ 22.08	\$ 18.32	\$ 15.50	NR	NR
17.4%	18.6%	24.9%	NR	NR
			33,058	59,260
			263,092	451,977
			8,841	12,373
			\$ 792,405	\$ 1,817,524
			\$ 23.97	\$ 30.67
			6.2%	4.1%

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

	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>
Dial-a-Ride System (1)					
Valley Metro Ridechoice					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
Scottsdale Taxi					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
Glendale Dial-a-Ride					
Total boardings	86,132	87,831	89,055	84,132	88,638
Revenue miles	387,531	386,587	390,561	NA	NA
Revenue hours	26,252	29,554	29,594	29,448	30,642
Operating cost	\$ 2,255,038	\$ 2,247,156	\$ 2,387,554	\$ 2,446,602	\$ 2,878,740
Operating cost per boarding	\$ 26.18	\$ 25.58	\$ 26.81	\$ 29.08	\$ 32.48
Farebox recovery ratio	4.7%	5.0%	4.6%	3.3%	3.8%
Peoria Dial-a-Ride					
Total boardings	29,258	33,805	42,560	45,790	40,122
Revenue miles	158,456	153,805	159,903	NA	NA
Revenue hours	7,920	8,258	9,975	12,663	14,875
Operating cost	\$ 738,683	\$ 827,786	\$ 927,312	\$ 1,045,445	\$ 1,239,982
Operating cost per boarding	\$ 25.25	\$ 24.49	\$ 21.79	\$ 22.83	\$ 30.91
Farebox recovery ratio	4.5%	4.0%	5.1%	4.5%	3.2%
EI Mirage Dial-a-Ride					
Total boardings	1,061	1,558	1,466	1,947	1,131
Revenue miles	7,230	10,017	12,284	NA	NA
Revenue hours	NR	NR	1,613	1,820	1,764
Operating cost	\$ 76,813	\$ 70,459	\$ 74,023	\$ 99,256	\$ 97,262
Operating cost per boarding	\$ 72.40	\$ 45.22	\$ 50.49	\$ 50.98	\$ 86.00
Farebox recovery ratio	1.0%	1.7%	2.0%	3.7%	2.3%
Surprise Dial-a-Ride					
Total boardings	7,387	8,181	12,578	17,339	20,075
Revenue miles	48,768	68,291	86,045	NA	NA
Revenue hours	4,891	5,016	6,554	8,037	8,698
Operating cost	\$ 185,646	\$ 283,624	\$ 367,093	\$ 506,921	\$ 589,469
Operating cost per boarding	\$ 25.13	\$ 34.67	\$ 29.19	\$ 29.24	\$ 29.36
Farebox recovery ratio	4.3%	3.5%	3.5%	3.6%	3.7%
Total Dial-a-Ride System					
Total boardings	1,034,742	1,063,600	938,879	920,843	902,737
Revenue miles	8,052,626	7,623,118	7,865,367	NA	4,806,031
Revenue hours	551,554	546,078	532,867	532,031	540,907
Operating cost	\$ 24,333,403	\$ 27,961,152	\$ 26,805,994	\$ 29,505,513	\$ 31,936,477
Operating cost per boarding	\$ 23.52	\$ 26.29	\$ 28.55	\$ 32.04	\$ 35.38
Farebox recovery ratio	5.2%	4.5%	4.9%	4.4%	4.1%

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.
- (2) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

NR Not reported

Note: Information for fiscal year 2014 was not available at the time the CAFR was drafted.

<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (2)</u>	<u>FY 2012/2013</u>
			65,168	144,299
			NR	NR
			NR	NR
			\$ 1,521,274	\$ 2,374,019
			\$ 23.34	\$ 16.45
			8.4%	5.1%
			53,476	54,538
			NR	NR
			NR	NR
			\$ 431,037	\$ 460,760
			\$ 8.06	\$ 8.45
			20.0%	0.0%
92,381	89,808	97,741	96,683	93,305
408,986	411,136	406,413	404,838	388,368
30,594	29,927	30,347	29,957	28,975
\$ 2,431,098	\$ 2,430,543	\$ 2,604,743	\$ 2,620,334	\$ 2,622,120
\$ 26.32	\$ 27.06	\$ 26.65	\$ 27.10	\$ 28.10
4.4%	4.3%	4.0%	4.0%	1.7%
38,978	32,921	29,317	30,943	24,201
212,812	158,846	122,789	141,596	98,999
14,567	13,218	8,156	7,652	6,935
\$ 1,239,982	\$ 1,109,380	\$ 1,006,618	\$ 903,468	\$ 955,554
\$ 31.81	\$ 33.70	\$ 34.34	\$ 29.20	\$ 39.48
3.1%	2.9%	3.1%	3.0%	2.7%
1,459	NR	NR	NR	NR
NA	NR	NR	NR	NR
1,680	NR	NR	NR	NR
\$ 102,139	NR	NR	NR	NR
\$ 70.01	NR	NR	NR	NR
2.9%	NR	NR	NR	NR
19,336	22,151	23,942	24,301	5,926
79,989	83,761	81,859	84,636	17,880
7,918	8,561	8,601	8,955	1,976
\$ 644,740	\$ 591,150	\$ 617,751	\$ 661,287	\$ 127,252
\$ 33.34	\$ 26.69	\$ 25.80	\$ 27.21	\$ 24.03
3.0%	3.8%	4.1%	3.7%	3.8%
872,673	777,525	728,312	856,347	997,444
7,329,082	6,572,800	6,320,752	5,679,244	6,565,608
525,142	495,069	438,680	481,701	385,667
\$ 30,036,686	\$ 28,762,414	\$ 29,074,114	\$ 36,117,742	\$ 36,629,939
\$ 34.42	\$ 36.99	\$ 39.92	\$ 42.18	\$ 36.72
4.3%	6.2%	6.8%	5.4%	5.9%

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

	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>
Shuttle/Circulator System					
City of Phoenix (1)					
Total boardings	747,351	794,945	766,676	735,941	1,799,974
Revenue miles	577,579	601,547	580,884	580,080	1,614,317
Revenue hours	37,636	38,156	36,923	36,710	79,529
Operating cost	\$ 1,435,044	\$ 2,386,820	\$ 1,812,780	\$ 1,889,393	\$ 7,173,722
Operating cost per boarding	\$ 1.92	\$ 3.00	\$ 2.36	\$ 2.57	\$ 3.99
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.1%
City of Tempe (2)					
Total boardings	1,705,025	1,999,795	2,034,656	1,616,729	2,456,646
Revenue miles	487,780	475,609	479,595	482,538	1,613,904
Revenue hours	40,149	39,831	48,794	52,379	150,171
Operating cost	\$ 1,771,216	\$ 1,835,387	\$ 1,954,659	\$ 2,091,895	\$ 6,833,012
Operating cost per boarding	\$ 1.04	\$ 0.92	\$ 0.96	\$ 1.29	\$ 2.78
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Scottsdale (3) (4)					
Total boardings	52,599	92,139	125,435	274,961	384,000
Revenue miles	37,272	57,696	80,489	219,861	-
Revenue hours	6,185	8,167	14,025	33,828	48,240
Operating cost	\$ 377,726	\$ 547,764	\$ 953,477	\$ 1,887,546	\$ 2,400,000
Operating cost per boarding	\$ 7.18	\$ 5.94	\$ 7.60	\$ 6.86	\$ 6.25
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Glendale (5)					
Total boardings	59,692	82,569	96,258	97,681	110,941
Revenue miles	93,794	100,295	96,838	NR	110,005
Revenue hours	7,897	8,301	7,969	NR	8,858
Operating cost	\$ 203,149	\$ 144,934	\$ 158,442	NR	\$ 176,574
Operating cost per boarding	\$ 3.39	\$ 1.76	\$ 1.65	NR	\$ 1.59
Farebox recovery ratio	5.9%	11.0%	10.3%	NR	16.3%
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	2,564,667	2,969,448	3,023,025	2,725,312	4,751,561
Revenue miles	1,196,425	1,235,147	1,237,806	1,282,479	3,338,226
Revenue hours	91,867	94,455	107,711	122,917	286,798
Operating cost	\$ 3,787,135	\$ 4,914,905	\$ 4,879,358	\$ 5,868,834	\$ 16,583,308
Operating cost per boarding	\$ 1.48	\$ 1.66	\$ 1.61	\$ 2.15	\$ 3.49
Farebox recovery ratio	N/A	N/A	N/A	N/A	0.2%

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 2008 included only Dash and Alex.
- (2) City of Tempe - FLASH, Orbit-Earth, Jupiter, Mars, Mercury & Venus; prior to FY 2008 included only FLASH, Neighborhood FLASH.
- (3) City of Scottsdale - Neighborhood Trolley, Miller Road Trolley, and Downtown Trolley; prior to FY 2008 included only Roundup.
- (4) City of Scottsdale did not track revenue miles for FY 2008.
- (5) City of Glendale - GUS
- (6) RPTA- Mesa BUZZ
- (7) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

Note: Information for FY 2014 was not available at the time the CAFR was drafted.

<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (7)</u>	<u>FY 2012/2013</u>
2,599,292	2,643,678	1,410,810	1,325,435	1,876,635
1,960,474	1,609,412	624,617	518,763	671,245
118,173	99,367	37,488	39,210	48,686
\$ 9,626,975	\$ 7,306,773	\$ 4,062,374	\$ 3,849,920	\$ 5,337,126
\$ 3.70	\$ 2.76	\$ 2.88	\$ 2.90	\$ 2.84
0.0%	0.0%	0.0%	0.0%	0.0%
3,307,223	3,660,543	3,143,824	3,490,934	3,081,111
2,105,878	1,819,126	1,489,463	1,506,444	1,449,887
206,964	194,057	169,543	168,166	145,472
\$ 11,414,395	\$ 10,070,159	\$ 9,191,363	\$ 9,404,570	\$ 10,001,270
\$ 3.45	\$ 2.75	\$ 2.92	\$ 2.69	\$ 3.25
0.0%	0.0%	0.0%	0.0%	0.0%
572,925	652,230	897,858	969,718	897,167
439,307	358,482	619,658	480,480	552,033
48,648	37,006	N/A	60,857	171,339
\$ 2,627,403	N/A	\$ 2,570,545	\$ 2,645,244	\$ 2,581,006
\$ 4.59	N/A	\$ 2.86	\$ 2.73	\$ 2.88
0.0%	N/A	N/A	0.0%	0.0%
113,382	116,952	110,915	120,642	120,885
98,760	104,154	99,773	98,668	95,244
8,735	12,412	8,713	8,713	8,498
\$ 668,581	\$ 820,392	\$ 786,101	\$ 812,589	\$ 812,589
\$ 5.90	\$ 7.01	\$ 7.09	\$ 6.74	\$ 6.72
3.6%	3.1%	3.1%	3.3%	3.3%
80,133	200,504	211,887	204,176	293,613
60,795	105,935	104,540	279,762	369,149
5,755	8,726	8,044	22,045	28,723
\$ 319,570	\$ 547,823	\$ 618,061	\$ 1,533,426	\$ 1,920,057
\$ 3.99	\$ 2.73	\$ 2.92	\$ 7.51	\$ 6.54
0.0%	0.0%	0.0%	2.9%	4.2%
6,672,955	7,273,907	5,775,294	6,110,905	6,269,411
4,665,214	3,997,109	2,938,051	2,884,117	3,137,558
388,275	351,568	223,788	298,991	402,718
\$ 23,988,343	\$ 18,745,147	\$ 17,228,444	\$ 18,245,749	\$ 20,652,048
\$ 3.59	\$ 2.58	\$ 2.98	\$ 2.99	\$ 3.29
0.1%	N/A	0.1%	0.4%	0.4%

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 / Dial-a-Ride</u>	<u>Vanpool</u>
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
2012/13	207	25	419
2013/14	225	2	433

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

- (1) For years FY 1998 through FY 2004, the NTD reported numbers included vans that were owned by the contractor; thus, those assets are not reported.



101 North First Avenue | Suite 1300 | Phoenix, AZ 85003 | valleymetro.org