

Valley Metro Regional Public Transportation Authority Phoenix, AZ
2016 Comprehensive
Annual Financial Report
FISCAL YEAR ENDED JUNE 30



Valley Metro

Regional Public Transportation Authority

Phoenix, Arizona

For the Fiscal Year Ended June 30, 2016

Board of Directors

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Vice Chair, Councilmember Thelda Williams, Phoenix
Treasurer, Councilmember Suzanne Klapp, Scottsdale
Vice Mayor Eric Orsborn, Buckeye
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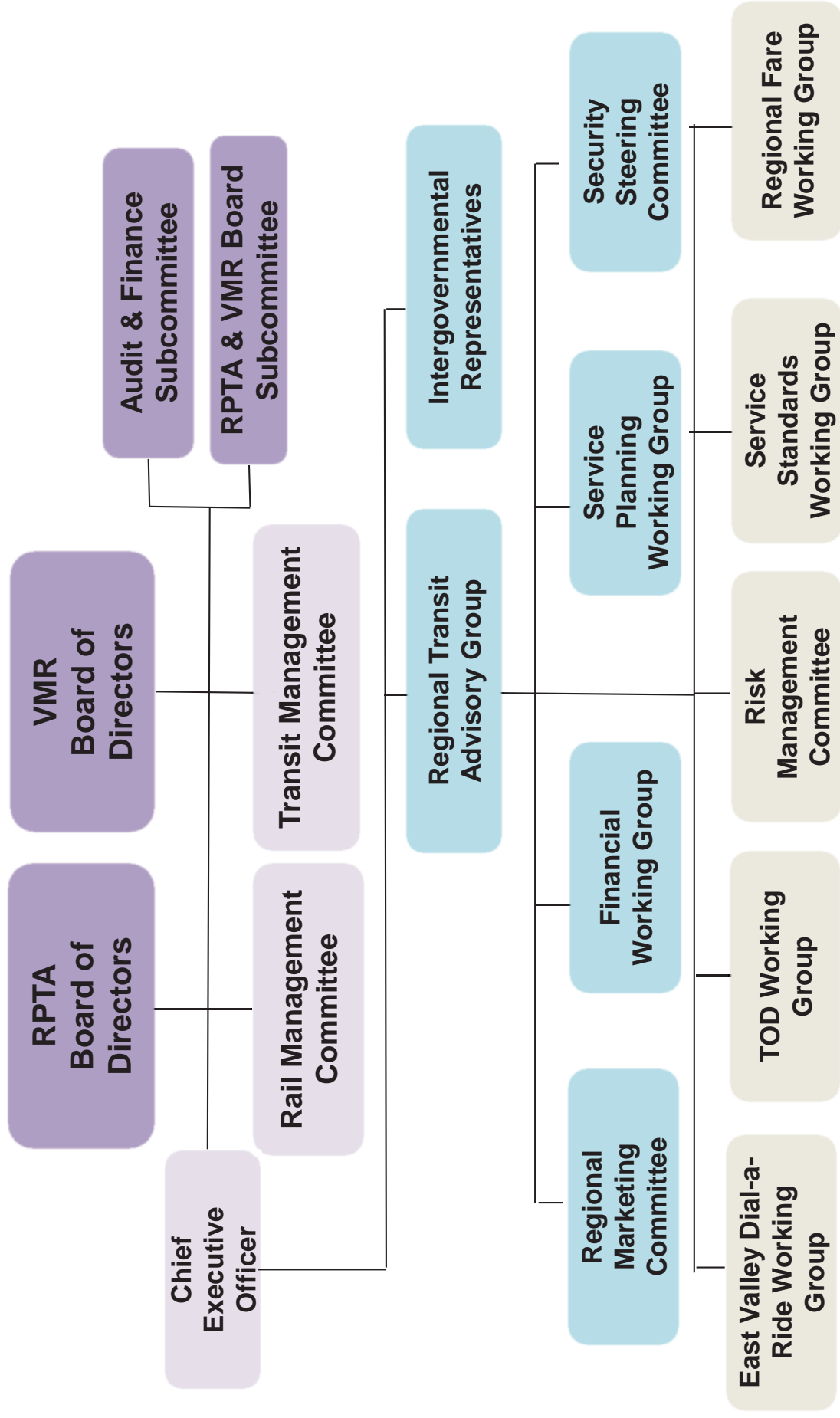
Staff Leadership Team

Scott W. Smith, Chief Executive Officer
Jyme Sue McLaren, Chief of Staff
Raymond Abraham, Chief Operations Officer
William Tsuei, Chief Technology Officer
Penny Lynch, Director Human Resources
Hillary Foose, Director Communications & Marketing
Wulf Grote, Director Capital and Service Development
Michael Minnaugh, General Counsel
Paul Hodgins, Chief Financial Officer
Adrian Ruiz, Director, Safety, Security, and Quality Assurance

Prepared By

Finance Division Staff

Valley Metro Organization



**Valley Metro
Regional Public Transportation Authority**

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Fiscal Year Ended June 30, 2016

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Introductory Section

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

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January 26, 2017

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, 2016 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 the Authority's records 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 CliftonLarsonAllen LLP 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, 2016 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, 2016 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, 2016, 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 auditors' 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 2015-16, 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 allow for one 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 (Arizona 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 estimated at 4,076,400 for 2015 and is projected to grow 30 percent by 2030, reaching 5.3 million people.

Maricopa County currently accounts for about 60 percent of the state's population and attracts a continual inflow of immigrants seeking new opportunities. The total non-farm employment in Maricopa County grew to 1.9 million prior to the recession. By 2014, employment had nearly returned to that pre-recession level. MAG planning projections forecast Maricopa County employment to increase to 2.6 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 through 2016 regional revenues rebounded, growing by an average of 4.9% per year. Sales tax projections prepared by ADOT forecast the revenues to grow by 5.2 percent per year through 2021 and then level off to 4.8 percent per year through year 2025.

Ridership in public transportation has grown over the last ten years. Ridership grew significantly during the recession, in part due to the popularity of the light rail service which began operations in 2008. While light rail ridership continues to grow, ridership on the regional bus system has been

declining for the past couple of years. Increases in population and employment will continue to drive increased demand for quality public transportation and improved air quality.

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.

The TLCP is updated annually, with a thorough review by the member cities and the Board of Directors. The TLCP ensure that projects can be delivered with the revenues that are forecasted to be available through 2025.

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 2015. The integration has resulted in greater efficiency of operations and consequential cost savings. During fiscal year

2016 the City of Tempe and Valley Metro agreed to move forward with the unified system for at least another 3 years.

- Dial-a-Ride saw continuing passenger growth in FY16. In addition, the Valley Metro Board of Directors approved the implementation of a new regional service for passengers that are certified as eligible under the Americans with Disabilities Act (ADA). The new service will eliminate transfers between paratransit services and make transportation more accessible and convenient.
- 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:

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 Lien Bonds are backed solely by Prop 400 sales taxes and will be repaid before December 2025, the current sunset of the Public Transportation Fund sales tax revenue.

The Authority has issued three series of bonds, in 2009, 2014 and 2016. The 2016 series was used entirely to advance refund the tax-exempt portion of the 2009 series. At least one additional issuance is expected by 2018.

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).

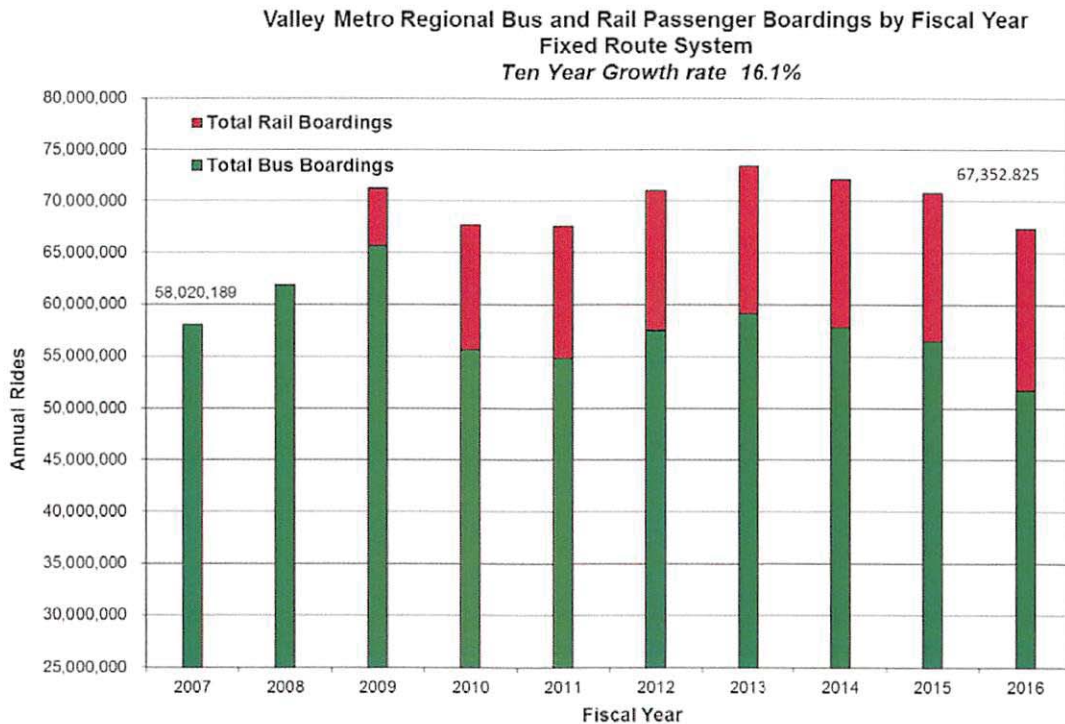
- Short Range Planning
Valley Metro provides transit information for the MAG Annual Transportation Report on Prop 400 and preparation of Annual Transit Performance Report. In addition, Valley Metro:
 - Coordinates with all transit providers and funders in the MAG area on service and route planning activities 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 2016, regional public transportation ridership exceeded 67 million passengers, declining by 3 million riders versus last year. Ridership has grown by 9.3 million riders over the past ten years to 16.1%, outpacing regional population which grew by 7 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, 2015. 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,


Scott W. Smith
Chief Executive Officer


Paul Hodgins
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, 2015

Executive Director/CEO

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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, required supplementary information (RSI), other supplementary information (OSI) and other financial schedules.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Valley Metro Regional Public Transportation Authority
Phoenix, Arizona

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 (Authority), as of and for the year ended June 30, 2016, 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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund, of Valley Metro Regional Public Transportation Authority as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other 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 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 it.

Board of Directors
Valley Metro Regional Public Transportation Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, 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 result of that testing, and not to provide an opinion on 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
January 26, 2017

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**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, 2016. 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.

- On the Government-Wide Financial Statements, the Authority's total assets plus deferred outflows of resources exceeded its total liabilities plus deferred inflows at the close of the fiscal year by \$52.9 million (net position).
- On the Government-Wide Financial Statements, the Authority total net position decreased by (\$16.6) million or (-23.9%) as compared to June 30, 2015. The primary cause of the decrease in net position was due to increase in cash demands for the construction of the Rail light rail extensions.
- At the close of the fiscal year, the governmental activities revenues increased by approximately \$3.7 million (2.5%) over the previous year primarily due to increasing sales tax revenue.
- The business-type activities revenues increased by approximately \$1.4 million (1.9%) from the previous year primarily due to increased capital grants and contributions.
- At June 30, 2016, the Authority's governmental fund balance sheet reported a combined ending fund balance of \$83.3 million, an increase of \$20.2 million (32.0%) compared to the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

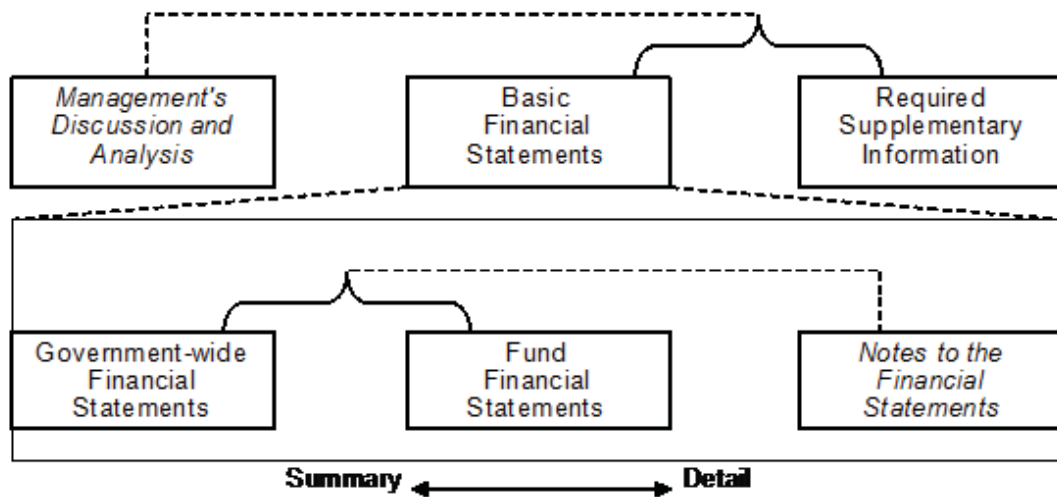
The financial statements are presented as follows:

- 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 – the government-wide financial statements 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.
- Measurement focus for business type activities – the business type financial statements are reported using a flow of economic resources measurement focus and full accrual basis of accounting. They report similar to the government-wide financial statement presentation but in more detail.
- 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 18-20) 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.

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The *Statement of Net Position* presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference 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 21 - 26) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in looking at the Authority's near-term financial requirements. Since the governmental activities on the statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two statements is provided following the fund financial statements and is also provided in Note 2 (page 40).

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 27 - 29) 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 30 – 60) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

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

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The Authority's proportionate share of the net pension liability and contributions to the cost-sharing pension plan are presented as required supplementary information other than MD&A.

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, 2016, 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, 2016 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
	2016	2015	2016	2015	2016	2015	
Current and other assets	\$ 76,708.5	\$ 65,178.9	\$ 121,460.0	\$ 162,378.3	\$ 198,168.5	\$ 227,557.2	-12.9%
Noncurrent assets							
Investments	9,304.4	-	-	154.5	9,304.4	154.5	0.0%
Due from Rail - PTF advance bond proceeds	-	-	53,213.7	61,398.7	53,213.7	61,398.7	0.0%
Capital assets	1,917.1	1,904.7	63,340.5	72,341.7	65,257.6	74,246.4	-12.1%
Total assets	87,930.0	67,083.6	238,014.2	296,273.2	325,944.2	363,356.8	-10.3%
Deferred outflows related to pensions	1,461.2	1,533.2	2,867.0	2,686.1	4,328.2	4,219.3	0.0%
Deferred charge on debt refunding	-	-	2,493.6	-	2,493.6	-	0.0%
Total deferred outflows of resources	1,461.2	1,533.2	5,360.6	2,686.1	6,821.8	4,219.3	0.0%
Other liabilities	3,139.7	2,575.5	52,310.7	57,677.7	55,450.4	60,253.2	-8.0%
Long-term liabilities	10,568.8	9,651.9	211,392.2	223,559.2	221,961.0	233,211.1	-4.8%
Total liabilities	13,708.5	12,227.4	263,702.9	281,236.9	277,411.4	293,464.3	-5.5%
Deferred inflows related to pensions	876.8	1,651.7	1,545.8	2,879.4	2,422.6	4,531.1	0.0%
Net position:							
Net Investment in capital assets,	1,917.1	1,904.7	24,196.8	34,551.0	26,113.8	36,455.6	-28.4%
Restricted	2,548.7	3,120.9	21,946.4	23,461.1	24,495.1	26,582.0	-7.9%
Unrestricted	70,340.1	49,712.1	(68,017.0)	(43,169.1)	2,323.1	6,543.0	-64.5%
Total net position	\$ 74,805.9	\$ 54,737.6	\$ (21,873.9)	\$ 14,843.0	\$ 52,932.0	\$ 69,580.6	-23.9%

The Authority's total net position decreased (\$16.6) million in FY 2016, comprised of an increase of \$20.1 million in governmental activities, a decrease of (\$36.7) million in business-type activities. Total net position of the Authority is \$52.9 million, of which \$2.3 million is unrestricted.

Of the \$52.9 million total net position, \$26.1 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 13 - 14), 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.

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Approximately \$2.3 million of the Authority's net position 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. Basically, all net position is restricted in use. In fiscal year 2016 Business-type restricted assets include \$18.9 million for cash escrowed for debt service. The remaining \$5.6 million reflects resources that are subject to other external restrictions. The governmental activities reported an increase of \$20.1 million 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 (\$36.7) million of unrestricted net position over the prior year in business-type activities is primarily due to increased Lead Agency Disbursements of \$62.8 million to funds rail capital projects.

The net position of the Business-type activities was restated as of July 1, 2014. In accordance with GASB 68, a proportionate share of the Arizona State Retirement System unfunded net pension liability has been recorded and will be adjusted annually based on actuarial information provided by the Arizona State Retirement System. At June 30, 2016, the Business-type activities portion of the liability was \$18.3 million.

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
	2016	2015	2016	2015	2016	2015	
REVENUES							
Program revenues:							
Charges for services	\$ 191.7	\$ 173.8	\$ 55,948.9	\$ 55,994.4	\$ 56,140.6	\$ 56,168.2	0.0%
Operating grants and contributions	13,327.6	13,929.4	5,420.2	11,989.8	18,747.8	25,919.2	-27.7%
Capital grants and contributions	53.9	-	10,586.8	2,222.8	10,640.7	2,222.8	378.7%
General revenues:							
Sales taxes	136,038.9	132,029.1	-	-	136,038.9	132,029.1	3.0%
Interest earnings	287.5	161.7	133.2	186.1	420.7	347.8	21.0%
Other	404.0	278.5	1,288.7	1,595.7	1,692.7	1,874.2	-9.7%
Total revenues	150,303.6	146,572.5	73,377.8	71,988.8	223,681.3	218,561.3	2.3%
EXPENSES							
Governmental activities:							
Regional planning	2,398.3	2,722.2	-	-	2,398.3	2,722.2	-11.9%
Transportation demand management	1,508.2	1,359.6	-	-	1,508.2	1,359.6	10.9%
Regional customer services	8,560.3	8,817.7	-	-	8,560.3	8,817.7	-2.9%
Administration	2,444.5	2,506.3	-	-	2,444.5	2,506.3	-2.5%
AZ Lottery fund disbursements	10,767.7	10,534.4	-	-	10,767.7	10,534.4	2.2%
Business-type activities:							
Transit service operations	-	-	130,326.6	119,341.3	130,326.6	119,341.3	9.2%
Light rail transit	-	-	84,324.3	55,242.5	84,324.3	55,242.5	52.6%
Total expenses	25,679.1	25,940.2	214,650.9	174,583.8	240,330.0	200,524.0	19.9%
Excess (deficit) before transfers	124,624.5	120,632.3	(141,273.1)	(102,595.0)	(16,648.6)	18,037.3	-192.3%
Transfers in (out)	(104,556.3)	(109,915.6)	104,556.3	109,915.6	-	-	N/A
Increase (decrease) in net position	20,068.3	10,716.7	(36,716.9)	7,320.6	(16,648.6)	18,037.3	-192.3%
Net position - beginning	54,737.6	44,020.9	14,843.0	7,522.4	69,580.6	51,543.3	35.0%
Net position - ending	\$ 74,805.9	\$ 54,737.6	\$ (21,873.9)	\$ 14,843.0	\$ 52,932.0	\$ 69,580.6	-23.9%

The largest sources of revenue for the Authority are sales taxes (60.8%). The major funding sources of governmental activities are sales taxes (90.5%) and federal and state grants (8.9%).

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The major funding sources for business-type activities in FY 2016 are charges for services to member cities (76.2%) and operating grants and contributions (7.4%). The Authority's overall revenues increased by \$5.1 million, or (2.3%), compared to last fiscal year. Total revenues of governmental activities increased by \$3.7 million, (2.5%) over the previous year primarily due to increased sales tax revenues, up \$4.0 million. Program revenues of business-type activities increased by \$1.7 million or (2.5%), compared to last fiscal year. Charges for Services decreased slightly, down (\$0.05) million 0.08%. Operating grants and contributions decreased by \$6.6 million or 54.8% over the previous year. Capital grants and contributions increased substantially by \$8.4 million due to increases in federally funded bus fleet purchases.

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 \$214.7 million of expenses (89.3%) which include Transit Service operations and Light Rail Transit lead agency disbursements. Governmental activities expended \$25.7 million, with the largest being AZ Lottery Fund Disbursements of \$10.8 million and Regional Customer Services of \$8.6 million. Administration, Regional Planning, and Transportation Demand Management activities totaled \$6.3 million for the year.

Total Primary Government expenses increased by \$39.8 million, or (19.9%) compared to last fiscal year. The governmental expenses decreased by (\$0.3) million, or 1.0%, over the prior year. Regional Planning expenses were down (\$0.3) million due to the completion of the Origins and Destinations Study. Business-type activity expenses were increased by \$40.1 million, or (23.0%), compared to the prior year. The increases in business-type activity expenses were \$11.0 million for Transit Service Operations (TSO) and \$29.1 million for Light Rail Transit (VMR).

TSO expense activities increased by \$11.0 million. Bus service delivery costs increased by \$2.8 million and paratransit service costs increased by \$1.4 million. The operating increases were offset by reductions in non-operating and capital activities. There were no Capital conveyances of bus fleet to Member Cities in FY16. Lead Agency disbursements increased by \$7.4 million. With the Series 2016 Refunding bond issue occurring in late FY16 to refund part of the 2009 Bond issue, debt service interest expense decreased by (\$0.3) million due to two months of reduced interest cost. All other TSO expense activities decreased by (\$0.9) million versus the prior year.

The VMR Fund expense activities increased by \$29.1 million primarily due to changes in Lead Agency Disbursements, up \$30.6 million for light rail construction project activities (Central Mesa Extension (CME) and Gilbert Road (GRE) located in Mesa and Northwest Extension (NWE) located in Phoenix). The main reason for the change is the FY15 recording of the Note Receivable advance bond proceeds under a new funding agreement and related accounting policy. The bond-funded disbursements were initially recorded as a note receivable from Valley Metro Rail, Inc. and subsequently recorded to expense upon the payment of related bond debt principal. In FY15, the reduction in Lead Agency disbursements in recording the Note Receivable caused the sharp decrease. In FY16, the Lead Agency disbursements of \$62.8 million is more representative of actual costs for closing out the CME, NWE and commencing the GRE capital projects. Also, there is a payment on the Note Receivable of \$8,185,000 included in the total Lead Agency disbursements. See Note 5 on page 47 for details of the note receivable.

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 21 – 26) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$83.3 million, an increase of \$20.2 million, or 32.0%, from the previous year. Of the \$83.3 million total fund balance, \$2.5 million is restricted for special purpose activities. The remainder is either nonspendable or unrestricted fund balance in the General Fund (see Note 7 - page 49). 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 \$83.3 million fund balance, \$80.6 million is unrestricted.

The General Fund accounts for activities that include regional customer service, financial management and agency administration. General Fund revenues increased \$4.3 million (3.0%) over the previous year. Public Transportation Fund (PTF) sales tax revenue increased by \$3.9 million (3.1%) in FY16 to \$131.3 million. Regional Area Road Funds (RARF) sales tax revenues increased slightly by \$0.07 million (1.5%) in FY16 to \$4.8 million. The sales tax revenue increase was due to the improving economy in the region. The remaining General Fund revenues increased by \$0.2 million mainly due to increased interest income of \$0.1. General Fund expenditures were level in FY15 and FY16 at \$21.6 million. Excess General Fund revenues over expenditures were \$126.8 million for the year versus \$122.5 million in the prior year, up \$4.3 million or 3.5%, of which \$3.9 million is due to the increased in PTF sales tax revenues.

The Transit Planning Fund accounts for activities related to the development of strategies to promote social and economic well-being of the community through the provision of an efficient and effective regional transit system. Revenues decreased from \$1.0 million to \$0.3 million. Expenditures decreased from \$2.7 million to \$2.4 million due to the completion of the periodic update of the origins and destinations survey and analysis. Total transfers into the Transit Planning Fund from the General Fund were \$2.1 million, up \$0.4 million over 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 increased \$0.1 million to \$1.5 million. Expenditures also increased \$0.1 million to \$1.5 million from the prior year primarily due to increases in the trip reduction and Other programs costs.

Proprietary Funds

The proprietary fund financial statements (pages 27 – 29) are prepared on the same accounting basis and measurement focus as the government-wide financial statements, full accrual 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

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contains PTF bond financing activities to support the Transit Life Cycle Program (TLCP). The main activities are bus and paratransit capital financing activities shown in the TSO Fund. The TSO Fund net position decreased by (\$21.3) million versus the prior year from \$50.7 million to \$29.4 million. FY16 activities decreased net position mainly due to increased fleet purchases.

- TSO operating revenues of \$40.3 million were decreased by (\$10.1) million due to the reclassification of the federal operating grants to non-operating revenues due to proper classification on non-exchange transactions. The combined revenues from member charges for services and fare revenues accounted for a small increase of \$0.7 due to increased service levels. Charges to members were favorably impacted by the IRS fuel tax credit which provided \$3.5 million funding in FY16.
- TSO Operating expenses of \$104.8 million increased by \$4.4 million (4.4%). Increases in local and express bus service costs of \$2.8 million due to annual cost increases for fixed route bus services purchased from the City of Phoenix and RPTA East Valley provided services. Paratransit service costs increased by \$1.4 million or 13.3% primarily due to increased passenger trips due to changes to a regional approach to passenger trips, rather than by each city.
- Non-Operating revenues of \$5.7 million were up by \$2.8 million primarily due to IRS fuel tax credits received of \$3.5 million versus \$2.6 million last year. The largest change was the reclassification federal operating grants to non-operating revenues due to the nature of their non-exchange transactions.
- Non-operating expenses of \$25.6 million increased by \$6.6 million. There were no Capital conveyances of bus fleet to Member Cities in FY16. The amounts of capital conveyances fluctuate from year to year based on cyclical needs to replace bus fleet. Lead Agency disbursements increased by \$7.4 million due to increased levels of regional bus fleet purchases for which the Authority provides local funding match to federal grant funds. Debt service interest costs allocated to the TSO Fund were down (\$0.3) million, primarily due to the refunding of part of the 2009 Bond Issue.
- Capital Contributions of \$10.6 million were up \$8.4 million primarily due to federal funding to support bus fleet purchases during the year.
- Net Transfers into the TSO from the General Fund of \$52.5 million were down by \$1.9 million.

The Valley Metro Rail Fund accounts for staffing and administrative services that are contractually provided by the Authority to Valley Metro Rail, Inc. (VMR) and the PTF sales tax revenues and expenses of such funds related to the Regional Transportation Plan approved light rail projects. Valley Metro Rail, Inc. is a nonprofit corporation organized for the purpose of planning, designing, constructing, and operating the light rail transit project in metropolitan Phoenix (see Note 1(a) on page 30).

The VMR Fund has a deficit net position of (\$51.3) million as of June 30, 2016 as compared to a deficit net position of (\$35.9) million at the end of the previous year. The GASB 68 requirement to record pension liability continues to reduce net position and in FY16, the reduction is (\$16.5) million. In general, FY16 activities decreased net position by (\$15.4) million.

- The VMR Fund operating activities are primarily staffing services by RPTA employees performing work for Valley Metro Rail, Inc. In FY16 operating revenues were \$15.6 million and operating expenses were \$15.9 million. Revenues were up by \$0.7 million and expenses were up by approximately \$0.8 million due to expansion of light rail construction and operating activities. Net operating loss in FY16 was (\$0.3) million, primarily due to non-cash accruals which are funded in future years.

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- Non-Operating expenses include Lead Agency Disbursements to Valley Metro Rail, Inc. to fund light rail capital project development, design and construction. Disbursements in FY16 were \$62.8 million versus \$32.2 million in FY15. Bond Interest expense related to light rail bond funded activities was \$5.5 million in FY16. Interest expenses were partially offset by Build America Bond Interest Subsidy of \$1.0 million and interest income of \$0.1 million. Total non-operating expense for the VMR Fund in FY 16 was \$68.4 million.
- Net transfers into the VMR Fund of PTF from the General Fund totaled \$52.1 million for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority revised the adopted FY16 budget down (\$19.4) million during the fiscal year, decreasing the overall budget from \$286.9 million to \$267.5 million. The primary changes were an increase to the operating budget of \$2.1 million from \$160.9 million to \$163.0 million for increased fixed route bus service in City of Phoenix operated bus service and the RPTA East Valley operated bus service. The capital budget change was a (\$21.5) million reduction with (\$19.2) million decrease due to postponement of various fleet purchases and (\$2.3) million reduction for all other capital expenditures.

The Authority revised the adopted FY16 General Fund budget during the fiscal year. The main changes included a slight decrease of (\$1.7) million in PTF sales tax revenues and a slight decrease of (\$0.1) million in expenditures. Also, transfers out were reduced by (\$1.6) million.

The General Fund actual revenues were higher than the revised budget by \$0.2 million or .12%. Expenditures were lower than the revised budget by (\$2.2) million or (9.1%). Transfers out were over \$17.8 million lower than the revised budget or (14.3%).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2016, the Authority had \$65.3 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 (\$9.0) million, an increase of \$0.01 million for governmental activities and a decrease of (\$9.0) 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 \$0.5 million, offset by depreciation charges of (\$0.5) million. Primary additions were computer system upgrades.
- New capital assets added for Business Activities were \$3.2 million, offset by depreciation charges of (\$11.7) million. Primary additions were transit fleet - buses.
- Capital asset retirements for Business Activities were \$1.6 million for transit fleet and equipment.

The following table provides a breakdown of capital assets of the Authority at June 30, 2016 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 8 on pages 50 – 51.

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>
	2016	2015	2016	2015	2016	2015	
Non-depreciable assets:							
Land	\$ -	\$ -	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	0.0%
Work-in-progress	10.0	14.8	-	425.3	10.0	440.1	-97.7%
Depreciable assets:							
Transit fleet	-	-	37,166.6	44,678.2	37,166.6	44,678.2	-16.8%
Vehicles	13.8	34.4	75.4	53.8	89.2	88.2	1.2%
Building	-	-	11,061.9	11,353.0	11,061.9	11,353.0	-2.6%
Site improvements	95.3	167.0	4,564.6	5,135.3	4,659.9	5,302.3	-12.1%
Computers & software	1,465.5	1,348.0	-	-	1,465.5	1,348.0	8.7%
Ticket Vending Machines	-	-	1,345.7	1,090.5	1,345.7	1,090.5	23.4%
Equipment	216.8	275.9	3,810.9	4,288.3	4,027.7	4,564.2	-11.8%
Furniture & fixtures	115.8	64.6	-	-	115.8	64.6	79.2%
Infrastructure	-	-	23.4	25.3	23.4	25.3	-7.6%
Total assets	\$ 1,917.2	\$ 1,904.7	\$ 63,340.5	\$ 72,341.7	\$ 65,257.7	\$ 74,246.4	-12.1%

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Debt Administration

At June 30, 2016, the Authority had total bonded debt outstanding (including unamortized premium) of \$207.2 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	
	2016	2015
Revenue bonds payable:		
2009 Bond Series	\$ 52.5	\$ 81.9
2014 Bond Series	106.8	115.0
2016 Bond Series	22.7	-
Plus unamortized premium:		
2009 Bond Series premium payable	2.0	3.3
2014 Bond Series premium payable	18.6	20.4
2016 Bond Series premium payable	4.6	-
Total	\$ 207.2	\$ 220.6

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%.

In April 2016, the Authority issued a Transportation Excise Tax Revenue Refunding bond issue Series 2016 to advance refund part of the tax-exempt portion of the 2009 Bond Series. The bonds will be redeemed on July 1, 2019. The \$22.7 million issue sold at a premium. The funds will accrue interest in an escrow account until they are refunded on July 1, 2019.

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 11 on pages 52 - 55.

ECONOMIC FACTORS and NEXT YEAR's BUDGET

RPTA undertook a number of key initiatives during FY15 and FY16, 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, 2015 and 2016 for the program generated favorable cost per vehicle mile of service when compared with the prior service models.

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East Valley Bus Service Unification	FY13	FY14	FY15	FY16
Million Miles of Revenue Service Delivered	10.7	11.0	10.9	11.0
East Valley Bus Service Cost \$ Millions	\$ 67.3	\$ 60.6	\$ 62.5	\$ 63.7
Cost per Revenue Mile	\$ 6.29	\$ 5.51	\$ 5.73	\$ 5.79
% Savings vs FY13		12%	9%	8%

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 \$7.9 million in FY15 versus \$8.5 million in FY16, an increase of \$0.6 million with cost per trip at \$26.50.

East Valley Dial A Ride Service	FY12	FY13	FY14	FY15	FY16
Trips Delivered	202,812	251,830	283,484	303,080	319,204
Total Program Cost \$M	\$ 8.8	\$ 6.8	\$ 7.7	\$ 7.9	\$ 8.5
Cost per Trip	\$ 43.39	\$ 27.00	\$ 27.16	\$ 26.07	\$ 26.50
<small>(Costs shown are net program cost after fare collection applied)</small>					

In FY16 EVDAR trips delivered were over 319,204; an increase of over 57% above over FY12 levels. Despite the significant increase in service delivered, overall program costs remain \$0.3 million below FY12 levels. Net cost per trip remains well below the former program at \$26.50.

Next Year's Budget

Funding Sources

The adopted FY17 combined operating and capital budget is \$344.3 million (up approximately 20% from fiscal year 2016). Public Transportation Funds are projected to increase by 5% to \$141.2 million with continuing improvement to the region's economy. Federal grants are up by \$6.1 million, primary increase is due to bus fleet capital funding requirements. Fare revenues are anticipated to be slightly less than FY16 levels, dropping by (\$0.6) million or (4%).

***RPTA Operating and Capital Budgets Fiscal Years 2017 and 2016
Sources of Funds (In Thousands)***

Funding Sources	FY17	FY16	Change \$	Change %
Public Transportation Funds	\$ 141,162	\$ 133,866	\$ 7,296	5%
Transit Service Agreements	30,868	30,181	687	2%
Federal Grants	39,773	33,644	6,129	18%
METRO Rail Reimbursement	17,137	16,889	248	1%
Fixed Route Fare Revenues	15,664	16,265	(601)	-4%
AZ Lottery Proceeds	11,250	11,250	-	0%
Regional Area Road Funds	4,864	4,782	82	2%
Other Revenues	3,577	2,025	1,552	77%
Carry forwards and Reserves	18,705	37,986	(19,281)	-51%
Total	\$ 344,257	\$ 286,888	\$ 57,369	20%

Next Year's Budget

Funding Uses

Increases to Uses of Funds in fiscal year 2017 versus 2016 total \$57.4 million. Lead Agency Disbursements are up \$2.8 million primarily due to increased PTF sales tax transfers to VMR. Transit service contracts and fuel costs are up \$5.5 million due to the scheduled contract rate increases for East Valley bus services and anticipated increased customer demand for paratransit service trips. Capital purchases are planned to increase in FY 2017 by \$11.0 million with increases in planned bus fleet deliveries and bus facilities expenditures. Lead Agency Bond Disbursements are increased by \$18.1 million due to increased construction activities for light rail in Phoenix and Mesa.

***RPTA Operating and Capital Budgets Fiscal Years 2017 and 2016
Uses of Funds (In Thousands)***

Uses of Funds	FY17	FY16	Change \$	Change %
Lead agency disbursements	\$ 72,365	\$ 69,532	\$ 2,833	4%
Transit service contracts & fuel	94,622	89,150	5,472	6%
Capital	36,858	25,882	10,976	42%
RPTA & METRO Personnel Costs	27,231	26,342	889	3%
Bond Principal & Interest	25,433	24,235	1,198	5%
Contractual Agreements	3,771	3,992	(221)	-6%
AZ Lottery Disbursements	11,200	11,200	-	0%
Lead Agency Bond Disbursements	43,098	25,000	18,098	72%
Other Costs	10,975	11,205	(230)	-2%
Sub Total	325,553	286,538	39,015	14%
Carry forwards to Reserves	18,704	350	18,354	5244%
Total	\$ 344,257	\$ 286,888	\$ 57,369	20%

The increases in capital expenses correspond to projects programmed in the Transit Life Cycle Program (TLCP) for fiscal year 2017. The budget is balanced and cash reserves are in place to cover the continuing light rail expansion activities. Net position in the Governmental Funds is anticipated to remain stable. Net position in the Transit Services Funds will decline as depreciation charges will outpace new capital acquisition.

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**

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Valley Metro
Regional Public Transportation Authority
Statement of Net Position
Fiscal Year Ended June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash and cash equivalents	\$ 45,344,067	\$ 46,916,541	\$ 92,260,608
Investments	30,936,793	15,117,044	46,053,837
Restricted cash and cash equivalents	-	18,942,831	18,942,831
Receivables	16,749	152,170	168,919
Interfund balances	(11,839,781)	11,839,781	-
Due from other governments	12,054,481	20,304,161	32,358,642
Due from Rail - PTF advance bond proceeds	-	8,185,000	8,185,000
Prepaid Items	196,197	2,500	198,697
Total current assets	<u>76,708,506</u>	<u>121,460,028</u>	<u>198,168,534</u>
Noncurrent Assets:			
Investments	9,304,362	-	9,304,362
Due from Rail - PTF advance bond proceeds	-	53,213,715	53,213,715
Capital assets, not being depreciated	10,049	5,292,000	5,302,049
Capital assets, net of accumulated depreciation	1,907,038	58,048,487	59,955,525
Total noncurrent assets	<u>11,221,449</u>	<u>116,554,202</u>	<u>127,775,651</u>
Total assets	<u>87,929,955</u>	<u>238,014,230</u>	<u>325,944,185</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,461,211	2,867,018	4,328,229
Deferred charge on debt refunding	-	2,493,588	2,493,588
Total deferred outflows of resources	<u>1,461,211</u>	<u>5,360,606</u>	<u>6,821,817</u>
Liabilities			
Current Liabilities			
Accounts payable	1,017,458	11,799,743	12,817,201
Accrued salaries and benefits	419,630	589,248	1,008,878
Due to other governments	559,721	18,907,550	19,467,271
Revenue bonds payable	-	14,515,000	14,515,000
Bond interest payable	-	4,405,680	4,405,680
Compensated absences payable	459,282	694,456	1,153,738
Other liabilities	683,640	1,399,057	2,082,697
Total current liabilities	<u>3,139,731</u>	<u>52,310,734</u>	<u>55,450,465</u>
Noncurrent liabilities:			
Net pension liability	10,382,343	18,304,478	28,686,821
Compensated absences payable	186,412	478,811	665,223
Revenue bonds payable, including unamortized premium	-	192,608,911	192,608,911
Total noncurrent liabilities	<u>10,568,755</u>	<u>211,392,200</u>	<u>221,960,955</u>
Total liabilities	<u>13,708,486</u>	<u>263,702,934</u>	<u>277,411,420</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	876,776	1,545,791	2,422,567
Total deferred inflows of resources	<u>876,776</u>	<u>1,545,791</u>	<u>2,422,567</u>
Net Position			
Net investment in capital assets	1,917,087	24,196,751	26,113,838
Restricted for AZ Lottery proceeds	2,223,687	-	2,223,687
Restricted for debt service	-	18,920,680	18,920,680
Restricted for transit planning	121,758	-	121,758
Restricted for transportation demand management	203,291	-	203,291
Restricted for vanpool program	-	3,025,682	3,025,682
Restricted for capital outlay-FTA disposals	-	-	-
Unrestricted	70,340,081	(68,017,002)	2,323,079
Total Net Position	<u>\$ 74,805,904</u>	<u>\$ (21,873,889)</u>	<u>\$ 52,932,015</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Activities
Fiscal Year Ended June 30, 2016

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Programs				
Governmental activities:				
Regional planning:				
Corridor and facility planning	\$ 1,045,749	\$ -	\$ 130,839	\$ 26,112
Systems and service development	1,060,941	4,596	154,819	-
Program support	291,640	-	-	-
Transportation demand management:				
Trip reduction	660,933	-	660,141	-
Ridesharing	576,977	-	576,173	-
Other programs	270,290	-	224,244	-
Regional customer services:				
Marketing	2,121,709	-	-	-
Call center	3,639,202	170,965	-	-
Other programs	2,799,429	16,156	79,414	27,738
AZ Lottery funds	10,767,678	-	11,502,000	-
Administration:				
Executive director's office	947,058	-	-	-
Finance & management services	1,497,462	-	-	-
Total governmental activities	<u>25,679,068</u>	<u>191,717</u>	<u>13,327,630</u>	<u>53,850</u>
Business-type activities:				
Transit service operations	130,326,642	40,308,167	5,420,224	10,586,805
Light rail transit	84,324,259	15,640,727	-	-
Total business-type activities	<u>214,650,901</u>	<u>55,948,894</u>	<u>5,420,224</u>	<u>10,586,805</u>
Total primary government	<u>\$ 240,329,969</u>	<u>\$ 56,140,611</u>	<u>\$ 18,747,854</u>	<u>\$ 10,640,655</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
Net position- ending

(Continued)

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

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (888,798)		\$ (888,798)
(901,526)		(901,526)
(291,640)		(291,640)
(792)		(792)
(804)		(804)
(46,046)		(46,046)
(2,121,709)		(2,121,709)
(3,468,237)		(3,468,237)
(2,676,121)		(2,676,121)
734,322		734,322
(947,058)		(947,058)
(1,497,462)		(1,497,462)
<u>(12,105,871)</u>	<u>-</u>	<u>(12,105,871)</u>
-	\$ (74,011,446)	(74,011,446)
-	(68,683,532)	(68,683,532)
-	<u>(142,694,978)</u>	<u>(142,694,978)</u>
\$ (12,105,871)	\$ (142,694,978)	\$ (154,800,849)
\$ 131,258,744	\$ -	\$ 131,258,744
4,780,111	-	4,780,111
287,543	133,166	420,709
404,003	1,288,664	1,692,667
(104,556,261)	104,556,261	-
<u>32,174,140</u>	<u>105,978,091</u>	<u>138,152,231</u>
20,068,269	(36,716,887)	(16,648,618)
54,737,635	14,842,998	69,580,633
<u>\$ 74,805,904</u>	<u>\$ (21,873,889)</u>	<u>\$ 52,932,015</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Balance Sheet
Governmental Funds
Fiscal Year Ended June 30, 2016

	<u>General</u>	<u>Transit Planning</u>	<u>Transportation Demand Management</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 45,344,067	\$ -	\$ -	\$ 45,344,067
Investments	40,241,155	-	-	40,241,155
Receivables	874	-	15,875	16,749
Due from other governments	11,556,574	89,848	408,059	12,054,481
Due from other funds	317,205	943,943	9,704	1,270,852
Prepaid Items	195,397	-	800	196,197
Total assets	<u>\$ 97,655,272</u>	<u>\$ 1,033,791</u>	<u>\$ 434,438</u>	<u>\$ 99,123,501</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 543,743	\$ 338,710	\$ 135,005	\$ 1,017,458
Accrued salaries and benefits	361,244	38,588	19,798	419,630
Due to other funds	12,793,428	244,488	72,717	13,110,633
Due to other governments	292,187	264,707	2,827	559,721
Other liabilities	658,100	25,540	-	683,640
Total liabilities	<u>14,648,702</u>	<u>912,033</u>	<u>230,347</u>	<u>15,791,082</u>
Fund balances:				
Nonspendable:				
Prepays	195,397	-	800	196,197
Restricted	2,223,687	121,758	203,291	2,548,736
Unassigned	80,587,486	-	-	80,587,486
Total fund balances	<u>83,006,570</u>	<u>121,758</u>	<u>204,091</u>	<u>83,332,419</u>
Total liabilities and fund balances	<u>\$ 97,655,272</u>	<u>\$ 1,033,791</u>	<u>\$ 434,438</u>	<u>\$ 99,123,501</u>

Reconciliation of the balance sheet to the statement of net position

Fund balances, total governmental funds balance sheet \$ 83,332,419

Amounts reported for governmental activities in the statement of net position are different because:

Governmental capital assets	6,792,560
Less accumulated depreciation	(4,875,473)
Governmental compensated absences	(645,694)
Net pension liability	(10,382,343)
Deferred outflows of resources related to pensions	1,461,211
Deferred inflows of resources related to pensions	(876,776)

Net position of governmental activities, statement of net position \$ 74,805,904

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, 2016

	General	Transit Planning	Transportation Demand Management	Total Governmental Funds
Revenues:				
Sales taxes:				
Public transportation funds	\$ 131,258,744	\$ -	\$ -	\$ 131,258,744
Regional area road funds	4,780,111	-	-	4,780,111
Intergovernmental:				
AZ Lottery fund proceeds	11,502,000	-	-	11,502,000
State & county grants & federal pass through grants	-	117,384	-	117,384
Federal Transit Administration	107,151	194,387	-	301,538
CMAQ	-	-	1,460,558	1,460,558
Charges for services	187,121	4,596	-	191,717
Interest earnings	287,543	-	-	287,543
Miscellaneous	347,283	7,247	49,473	404,003
Total revenues	<u>148,469,953</u>	<u>323,614</u>	<u>1,510,031</u>	<u>150,303,598</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and facility planning	-	1,045,749	-	1,045,749
Systems and service development	-	1,060,941	-	1,060,941
Program support & administration	-	291,640	-	291,640
Transportation demand management:				
Trip reduction	-	-	660,933	660,933
Ridesharing	-	-	576,977	576,977
Other programs	-	-	270,290	270,290
Regional customer services:				
Marketing	2,121,709	-	-	2,121,709
Call center	3,639,202	-	-	3,639,202
Other programs	2,629,642	-	-	2,629,642
Administration:				
Executive director's office	947,060	-	-	947,060
Finance & management services	1,003,915	-	-	1,003,915
AZ lottery fund disbursements	10,767,678	-	-	10,767,678
Capital outlay	521,862	-	-	521,862
Total expenditures	<u>21,631,068</u>	<u>2,398,330</u>	<u>1,508,200</u>	<u>25,537,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,838,885</u>	<u>(2,074,716)</u>	<u>1,831</u>	<u>124,766,000</u>
Other financing sources (uses):				
Transfers in	-	2,079,741	18,166	2,097,907
Transfers out	(106,654,168)	-	-	(106,654,168)
Total other financing sources (uses)	<u>(106,654,168)</u>	<u>2,079,741</u>	<u>18,166</u>	<u>(104,556,261)</u>
Net change in fund balances	20,184,717	5,025	19,997	20,209,739
Fund balance, beginning	62,821,853	116,733	184,094	63,122,680
Fund balance, ending	<u>\$ 83,006,570</u>	<u>\$ 121,758</u>	<u>\$ 204,091</u>	<u>\$ 83,332,419</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, 2016**

Net change in fund balances, total governmental funds	\$ 20,209,739
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The change in net position reported for governmental activities in the statement of activities 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 depreciation expense (\$509,440) exceeded capital outlay expense (\$521,863), net of the loss on capital assets (0) in the current period.	12,423
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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.

	80,481
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3. Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the Authority's report date.

	661,150
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4. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	(895,524)
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Change in net position of governmental activities, statement of activities	<u>\$ 20,068,269</u>
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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Sales taxes:				
Public transportation funds	\$ 133,866,000	\$ 132,118,013	\$ 131,258,744	\$ (859,269)
Regional area road funds	4,782,001	4,782,001	4,780,111	(1,890)
Intergovernmental:				
AZ Lottery fund proceeds	11,200,000	11,200,000	11,502,000	302,000
Federal Transit Administration	-	-	107,151	107,151
Charges for services	170,965	170,965	187,121	16,156
Interest earnings	20,000	20,000	287,543	267,543
Miscellaneous	-	-	347,283	347,283
Total revenues	<u>150,038,966</u>	<u>148,290,979</u>	<u>148,469,953</u>	<u>178,974</u>
Expenditures:				
Current:				
Regional Customer Services:				
Marketing	2,621,144	2,480,686	2,121,709	358,977
Call Center	4,365,762	4,365,762	3,639,202	726,560
Other Programs	2,828,631	2,828,631	2,629,642	198,989
AZ Lottery Fund Disbursements	11,200,000	11,200,000	10,767,678	432,322
Administration:				
Executive director's office	1,229,731	1,229,731	947,060	282,671
Finance & management services	948,596	948,596	1,003,915	(55,319)
Capital Outlay	732,350	732,350	521,862	210,488
Total expenditures	<u>23,926,214</u>	<u>23,785,756</u>	<u>21,631,068</u>	<u>2,154,688</u>
Excess of revenues over expenditures	<u>126,112,752</u>	<u>124,505,223</u>	<u>126,838,885</u>	<u>2,333,662</u>
Other financing uses:				
Transfers out	<u>(126,059,575)</u>	<u>(124,452,046)</u>	<u>(106,654,168)</u>	<u>17,797,878</u>
Total other financing uses	<u>(126,059,575)</u>	<u>(124,452,046)</u>	<u>(106,654,168)</u>	<u>17,797,878</u>
Net change in fund balance	53,177	53,177	20,184,717	20,131,540
Fund balance, beginning	<u>89,328,813</u>	<u>76,655,294</u>	<u>62,821,853</u>	<u>(13,833,441)</u>
Fund balance, ending	<u>\$ 89,381,990</u>	<u>\$ 76,708,471</u>	<u>\$ 83,006,570</u>	<u>\$ 6,298,099</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental:				
AZ Lottery fund proceeds	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
State & county grants & pass through grants	-	-	117,384	117,384
Federal Transit Administration	494,720	494,720	194,387	(300,333)
Charges for Services	-	-	4,596	4,596
Miscellaneous	-	-	7,247	7,247
Total revenues	<u>544,720</u>	<u>544,720</u>	<u>323,614</u>	<u>(221,106)</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and facility planning	779,773	682,231	1,045,749	(363,518)
Systems and service development	1,213,485	1,213,485	1,060,941	152,544
Program support & administration	329,760	329,760	291,640	38,120
Total expenditures	<u>2,323,018</u>	<u>2,225,476</u>	<u>2,398,330</u>	<u>(172,854)</u>
Excess of revenues over expenditures	<u>(1,778,298)</u>	<u>(1,680,756)</u>	<u>(2,074,716)</u>	<u>(393,960)</u>
Other financing uses:				
Transfers in	1,778,298	1,680,756	2,079,741	398,985
Total other financing uses	<u>1,778,298</u>	<u>1,680,756</u>	<u>2,079,741</u>	<u>398,985</u>
Net change in fund balance	-	-	5,025	5,025
Fund balance, beginning	<u>100,207</u>	<u>100,207</u>	<u>116,733</u>	<u>16,526</u>
Fund balance, ending	<u>\$ 100,207</u>	<u>\$ 100,207</u>	<u>\$ 121,758</u>	<u>\$ 21,551</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental:				
State grants & pass through grants	\$ 449,011	\$ 449,011	\$ -	\$ (449,011)
CMAQ	967,869	967,869	1,460,558	492,689
Miscellaneous	-	-	49,473	49,473
Total revenues	<u>1,416,880</u>	<u>1,416,880</u>	<u>1,510,031</u>	<u>93,151</u>
Expenditures:				
Current:				
Transportation Demand Management:				
Trip reduction	633,870	633,870	660,933	(27,063)
Ridesharing	594,000	594,000	576,977	17,023
Other programs	200,435	200,435	270,290	(69,855)
Total expenditures	<u>1,428,305</u>	<u>1,428,305</u>	<u>1,508,200</u>	<u>(79,895)</u>
Excess of revenues over expenditures	<u>(11,425)</u>	<u>(11,425)</u>	<u>1,831</u>	<u>13,256</u>
Other financing uses:				
Transfers in	<u>11,425</u>	<u>11,425</u>	<u>18,166</u>	<u>6,741</u>
Total other financing uses	<u>11,425</u>	<u>11,425</u>	<u>18,166</u>	<u>6,741</u>
Net change in fund balance	-	-	19,997	19,997
Fund balance, beginning	<u>88,588</u>	<u>88,588</u>	<u>184,094</u>	<u>95,506</u>
Fund balance, ending	<u>\$ 88,588</u>	<u>\$ 88,588</u>	<u>\$ 204,091</u>	<u>\$ 115,503</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, 2016

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 6,229,006	\$ 40,687,535	\$ 46,916,541
Investments	109,913	15,007,131	15,117,044
Restricted cash and cash equivalents	3,675,127	15,267,704	18,942,831
Accounts receivable	152,170	-	152,170
Due from other governments	11,741,970	8,562,191	20,304,161
Due from Rail - PTF advance bond proceeds	-	8,185,000	8,185,000
Due from other funds	6,970,292	4,882,581	11,852,873
Prepaid Items	1,250	1,250	2,500
Total current assets	<u>28,879,728</u>	<u>92,593,392</u>	<u>121,473,120</u>
Noncurrent assets			
Due from Rail - PTF advance bond proceeds	-	53,213,715	53,213,715
Capital assets, not being depreciated	5,292,000	-	5,292,000
Capital assets, net of accumulated depreciation	58,048,487	-	58,048,487
Total noncurrent assets	<u>63,340,487</u>	<u>53,213,715</u>	<u>116,554,202</u>
Total assets	<u>92,220,215</u>	<u>145,807,107</u>	<u>238,027,322</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	638,812	2,228,206	2,867,018
Deferred charge on debt refunding	1,187,416	1,306,172	2,493,588
Total Deferred Outflows of Resources	<u>1,826,228</u>	<u>3,534,378</u>	<u>5,360,606</u>
Liabilities			
Current liabilities:			
Accounts payable	11,799,743	-	11,799,743
Accrued salaries and benefits	63,153	526,095	589,248
Due to other funds	13,092	-	13,092
Due to other governments	9,554,106	9,353,444	18,907,550
Bond payable - current	2,897,603	11,617,397	14,515,000
Bond interest payable	772,972	3,632,708	4,405,680
Compensated absences payable	70,137	624,319	694,456
Other liabilities	1,399,057	-	1,399,057
Total current liabilities	<u>26,569,863</u>	<u>25,753,963</u>	<u>52,323,826</u>
Noncurrent liabilities:			
Net pension liability	1,793,426	16,511,052	18,304,478
Compensated absences payable	48,360	430,451	478,811
Revenue bonds payable, including unamortized premium	36,034,492	156,574,419	192,608,911
Total noncurrent liabilities	<u>37,876,278</u>	<u>173,515,922</u>	<u>211,392,200</u>
Total liabilities	<u>64,446,141</u>	<u>199,269,885</u>	<u>263,716,026</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	151,452	1,394,339	1,545,791
Total Deferred Inflows of Resources	<u>151,452</u>	<u>1,394,339</u>	<u>1,545,791</u>
Net Position			
Net investment in capital assets	24,196,751	-	24,196,751
Restricted for debt service	3,670,575	15,250,105	18,920,680
Restricted for vanpool program	3,025,682	-	3,025,682
Unrestricted	(1,444,158)	(66,572,844)	(68,017,002)
Total net position	<u>\$ 29,448,850</u>	<u>\$ (51,322,739)</u>	<u>\$ (21,873,889)</u>

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 24,740,610	\$ 15,640,727	\$ 40,381,337
Fare Revenues	15,567,557	-	15,567,557
Miscellaneous	-	1,805	1,805
Total operating revenues	<u>40,308,167</u>	<u>15,642,532</u>	<u>55,950,699</u>
Operating Expenses:			
Local & express bus service	79,719,506	-	79,719,506
Light rail staff and administration	-	15,913,184	15,913,184
Paratransit service	12,218,838	-	12,218,838
Vanpool service	838,877	-	838,877
Safety and security	266,965	-	266,965
Depreciation	11,727,738	-	11,727,738
Total operating expenses	<u>104,771,924</u>	<u>15,913,184</u>	<u>120,685,108</u>
Operating income (loss)	<u>(64,463,757)</u>	<u>(270,652)</u>	<u>(64,734,409)</u>
Non-Operating Revenues (Expenses):			
Lead agency disbursements	(23,780,576)	(62,818,630)	(86,599,206)
Federal Grant Subrecipient Disbursement	(60,000)	-	(60,000)
Federal Grants	1,803,274	-	1,803,274
IRS fuel tax credit	3,525,657	-	3,525,657
Interest income	5,164	128,002	133,166
Gain on disposal of capital assets	91,293	-	91,293
Interest subsidy	261,809	1,025,050	1,286,859
Interest expense	(1,591,046)	(5,457,038)	(7,048,084)
Bond issuance expense	(123,096)	(135,407)	(258,503)
Total non-operating revenues (expenses)	<u>(19,867,521)</u>	<u>(67,258,023)</u>	<u>(87,125,544)</u>
Income (loss) before contributions and transfers	<u>(84,331,278)</u>	<u>(67,528,675)</u>	<u>(151,859,953)</u>
Capital contributions	10,586,805	-	10,586,805
Transfers in	52,469,706	52,086,555	104,556,261
Changes in net position	<u>(21,274,767)</u>	<u>(15,442,120)</u>	<u>(36,716,887)</u>
Net position, beginning	<u>50,723,617</u>	<u>(35,880,619)</u>	<u>14,842,998</u>
Net position, ending	<u>\$ 29,448,850</u>	<u>\$ (51,322,739)</u>	<u>\$ (21,873,889)</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, 2016

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 45,411,706	\$ 15,787,786	\$ 61,199,492
Payments to suppliers	(88,254,182)	(1,177,365)	(89,431,547)
Payments to employees	(1,802,956)	(14,395,644)	(16,198,600)
Net cash provided by (used in) operating activities	(44,645,432)	214,777	(44,430,655)
Cash flows from noncapital and related financing activities			
Transfers in - sales taxes	51,284,862	52,086,555	103,371,417
Receipts from federal operating grants	1,803,274	-	1,803,274
Lead agency disbursements	(17,006,078)	(500,000)	(17,506,078)
Transfers in - AZ Lottery fund proceeds	1,184,844	-	1,184,844
Due from other funds	(6,970,292)	(162,488)	(7,132,780)
Due to other funds	13,092	-	13,092
IRS fuel tax credit	3,525,657	-	3,525,657
Federal grant subrecipient disbursements	(60,000)	-	(60,000)
Net cash provided by (used in) noncapital and related financing activities	33,775,359	51,424,067	85,199,426
Cash flows from capital and related financing activities			
Purchases of capital assets	(2,760,690)	-	(2,760,690)
Proceeds from the sale of capital assets	125,484	-	125,484
Proceeds from debt refinancing	12,981,745	14,280,070	27,261,815
Payment to escrow agent/trustee (refunding)	(12,854,099)	(14,139,658)	(26,993,757)
Issuance costs on debt refinancing	(123,096)	(135,407)	(258,503)
Principal paid on long-term debt	(2,778,555)	(11,241,445)	(14,020,000)
Interest paid on capital debt	(2,041,538)	(7,930,329)	(9,971,867)
Lead agency disbursements	(6,774,498)	(77,934,218)	(84,708,716)
Capital contributions	10,586,805	-	10,586,805
Advance bond proceeds received	-	8,185,000	8,185,000
Interest subsidy	261,809	1,025,050	1,286,859
Net cash provided by (used in) capital and related financing activities	(3,376,633)	(87,890,937)	(91,267,570)
Cash flows from investing activities			
Purchases of investment securities	-	(14,967,088)	(14,967,088)
Interest received on investments	5,164	128,002	133,166
Net cash provided by (used in) investing activities	5,164	(14,839,086)	(14,833,922)
Net increase in cash and cash equivalents	(14,241,542)	(51,091,179)	(65,332,721)
Cash and cash equivalents, beginning of year	24,255,588	107,086,461	131,342,049
Cash and cash equivalents, end of year	<u>\$ 10,014,046</u>	<u>\$ 55,995,282</u>	<u>\$ 66,009,328</u>
Cash and Cash Equivalents			
Cash and Cash Equivalents	\$ 6,229,006	\$ 40,687,535	\$ 46,916,541
Investments	109,913	40,043	149,956
Restricted Cash and Investments	3,675,127	15,267,704	18,942,831
Total Cash and Cash Equivalents	<u>\$ 10,014,046</u>	<u>\$ 55,995,282</u>	<u>\$ 66,009,328</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (64,463,757)	\$ (270,652)	\$ (64,734,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,727,738	-	11,727,738
Net pension liability	16,228	307,723	323,951
(Increase) decrease in assets/deferred outflows:			
Accounts receivable	(87,193)	145,254	58,061
Due from other governments	(818,778)	-	(818,778)
Increase (decrease) in liabilities/deferred inflows:			
Accounts payable	2,922,704	-	2,922,704
Accrued salaries and benefits	21,273	134,133	155,406
Due to other governments	4,937,950	-	4,937,950
Compensated absences payable	26,843	(101,681)	(74,838)
Other liabilities	1,071,560	-	1,071,560
Net cash provided by (used in) operating activities	<u>\$ (44,645,432)</u>	<u>\$ 214,777</u>	<u>\$ (44,430,655)</u>
Noncash Transactions affecting Financial Position			
Amortization of premium	173,692	2,046,169	2,219,861

See accompanying notes to the financial statements.

Notes to the Financial Statements

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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 2016, 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. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide Statement of Net Position reports all financial and capital resources of the government. It is displayed in a format of assets and deferred outflows of resources less liabilities and deferred inflows of resources 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.

Internally imposed use of net position 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 7 discusses the internally imposed use of fund balance/net position in the various funds to demonstrate the government's intended use.

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, 2016, the Authority implemented the provisions of GASB Statement No.72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value of measurements and establishes a hierarchy of inputs to valuation techniques used to measure fair value. This Statement also enhances accountability and transparency through revised note disclosures.

During the year ended June 30, 2016, the Authority early implemented the provisions of GASB Statement No. 82. GASB Statement No. 82 amends GASB Statement No. 68 to require the payroll amounts disclosed in the pension RSI schedules to be covered payroll rather than covered-employee payroll. Covered payroll means the payroll on which contributions to a pension plan are based. Covered-employee payroll means total compensation of employees who are provided with pensions through the pension plan. Covered-employee payroll may include compensation on which the Authority does not make contributions.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 2.

Receivables and revenues are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred inflows of resources.

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 recorded as deferred inflows of resources.

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 a basis consistent with generally accepted accounting principles for the governmental and proprietary 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 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. The Authority uses the consumption method to report prepaid items when they are purchased. They are recorded as assets and the expense is recognized when the assets are consumed or used.

h. Capital Assets

All capital assets, whether owned by governmental activities or business-type activities, must be recorded and depreciated 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
Bus Shelter	7-10
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 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. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of

resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

n. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o. 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.

p. 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.

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.

q. 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.

r. 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.

s. Restricted Cash and Investments

The Authority considers restricted cash to be restricted in use by outside entities for specific purposes. Generally, cash set aside for debt service payments is restricted for the purpose of funding debt service payments. Also, any bond proceeds are considered restricted cash or investments to be used only for the purposes specified in bond covenants.

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Fiscal Year Ended June 30, 2016

2. Reconciliation of Governmental Fund Financial Statements to Government-Wide Statements

The governmental fund financial statements are presented on a current financial resources measurement focus and modified accrual accounting basis while the government-wide financial statements are prepared on a long-term economic resources measurement focus and accrual accounting basis. Reconciliations briefly explaining the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements immediately follow each fund financial statement. Additional reconciliations are provided below. Reconciliation of Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position:

	Total Governmental Funds	Long-term Assets/ Liabilities	Reclassifications for Internal Balances and Eliminations	Statement of Net Position Totals
Assets				
Cash and cash equivalents	\$ 45,344,067	\$ -	\$ -	\$ 45,344,067
Investments	40,241,155	-	-	40,241,155
Receivables	16,749	-	-	16,749
Due from other funds	1,270,852	-	(1,270,852)	-
Due from other governments	12,054,481	-	-	12,054,481
Prepaid items	196,197	-	-	196,197
Capital assets (net)	-	1,917,087	-	1,917,087
Total assets	99,123,501	1,917,087	(1,270,852)	99,769,736
Deferred Outflows of Resources				
Deferred outflows related to pensions	-	1,461,211	-	1,461,211
Total Deferred Outflows of Resources	-	1,461,211	-	1,461,211
Liabilities				
Accounts payable	1,017,458	-	-	1,017,458
Accrued salaries and benefits	419,630	-	-	419,630
Due to other funds	13,110,633	-	(1,270,852)	11,839,781
Due to other governments	559,721	-	-	559,721
Other liabilities	683,640	-	-	683,640
Compensated absences	-	645,694	-	645,694
Net pension liability	-	10,382,343	-	10,382,343
Total liabilities	15,791,082	11,028,037	(1,270,852)	25,548,267
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	876,776	-	876,776
Total Deferred Inflows of Resources	-	876,776	-	876,776
Fund Balance/Net Position				
Total fund balance/net position	\$ 83,332,419	\$ (8,526,515)	\$ -	\$ 74,805,904

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Fiscal Year Ended June 30, 2016

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	\$ 6,792,560
Accumulated depreciation	<u>(4,875,473)</u>
Capital assets, net	<u><u>\$ 1,917,087</u></u>

Interfund transactions between governmental activities of \$1,270,852 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 \$645,694 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.

Net pension liability is not due and payable in the current period and therefore, is not reported as a liability in the funds. Further, deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore, are not reported in the funds.

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	Pension Contributions	Pension Expense	Statement of Activities Totals
Revenues							
Sales taxes	\$ 136,038,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,038,855
Intergovernmental	13,381,480	-	-	-	-	-	13,381,480
Interest earnings	287,543	-	-	-	-	-	287,543
Charges for services	191,717	-	-	-	-	-	191,717
Miscellaneous	404,003	-	-	-	-	-	404,003
Total revenues	<u>150,303,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,303,598</u>
Expenditures/Expenses							
Current:							
Regional planning	2,398,330	-	-	-	-	-	2,398,330
Transportation demand management	1,508,200	-	-	-	-	-	1,508,200
Regional customer services	8,390,553	(1)	169,788	-	-	-	8,560,340
AZ Lottery fund disbursements	10,767,678	-	-	-	-	-	10,767,678
Administration	1,950,975	-	339,652	(80,481)	(661,150)	895,524	2,444,520
Capital outlay	521,862	(521,862)	-	-	-	-	-
Total expenditures/expenses and other uses	<u>25,537,598</u>	<u>(521,863)</u>	<u>509,440</u>	<u>(80,481)</u>	<u>(661,150)</u>	<u>895,524</u>	<u>25,679,068</u>
Other financing uses/changes in net position							
Transfers in	2,097,907	-	-	-	-	-	2,097,907
Transfers out	(106,654,168)	-	-	-	-	-	(106,654,168)
Net transfers	<u>(104,556,261)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,556,261)</u>
Net change for the year	<u>\$ 20,209,739</u>	<u>\$ 521,863</u>	<u>\$ (509,440)</u>	<u>\$ 80,481</u>	<u>\$ 661,150</u>	<u>\$ (895,524)</u>	<u>\$ 20,068,269</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 (\$521,863), whereas net

position decreases by the amounts of disposals and depreciation expense charged for the year (\$509,440).

The governmental funds do not report the change in unpaid compensated absences in the amount of (\$80,481) 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.

Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Authority's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

3. Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the Authority to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Authority may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk. Statutes have the following requirements for credit risk: 1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency. 2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies. 3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk. Statutes require collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

Concentration of credit risk. Statutes do not include any requirements for concentration of credit risk.

Interest rate risk. Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years. The maximum maturity for investments in repurchase agreements is 180 days.

Foreign currency risk. Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

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, 2016, was \$88,785,729 and the bank ledger balance was \$88,996,834. The difference represents \$237,206 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, \$500,000 was covered by federal depository insurance and \$88,746,834 was covered by collateral held by the pledging financial institution in the Authority's name. Certificates of Deposit held with various financial institutions totaled \$3,474,878 are fully insured by FDIC and have a weighted average maturity of 65 days. Further, cash held with the bond fund trustee was \$18,942,832. Of this amount, \$7,572,847 was held for the debt service payment on July 1st and collateralized by the banking institution in the Authority's name. The remaining amount of \$11,369,985 was held with the trustee in a commercial money market account and backed by the full faith and credit of the U.S. Government.

b. Investments

It is the policy of the Authority to invest public funds in a manner which will provide for the maximum security and preservation of principal and meet liquidity demands while achieving the highest rate of return possible. Additionally, it is the policy of the Authority to comply with all applicable State statutes governing the investment of public funds, including (without limitation) Title 35 of the Arizona Statutes ("Title 35"). Beginning in FY16, Valley Metro RPTA Investment Funds are the investment portfolio managed in conjunction with an Investment Advisor selected by the Authority with a Board-approved procurement, and held by an independent custodian. The advisor is required to follow state law, the Authority's investment policy, and such other written instructions as provided. The Valley Metro RPTA Investment Funds are managed within three categories for the purpose of allocation of interest income as RPTA PTF Investment Funds, Rail PTF Investment Funds, and RPTA RARF Investment Funds.

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Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2016

The Authority's investments at June 30, 2016, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	Amount	Fair value measurement using	
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
US Treasury Notes/Bills	\$ 22,582,665	\$ 22,582,665	\$ -
Commercial Paper	6,128,021	-	6,128,021
US Agencies:	-	-	-
Federal Home Loan Bank	7,256,605	249,617	7,006,988
Corporate bonds	13,994,947	-	13,994,947
	<u>49,962,238</u>	<u>\$ 22,832,282</u>	<u>\$ 27,129,956</u>
External Investment pools measured at fair value			
State Investment Pool 5	5,247,810		
State Investment Pool 7	148,151		
	<u>5,395,961</u>		
Total investments	<u>\$ 55,358,199</u>		

Investments categorized as Level 1 are valued using prices quoted in active markets for identical investments. Investments categorized as Level 2 are valued using prices that are observable but do not solely rely on quoted market prices to establish fair value. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the County held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

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. At June 30, 2016, credit risk for the Authority's investments was as follows:

Investments type	Rating Agency	Rating						Total Amount	
		AAA	AA+	AA	AA-	A+	A		A-
US Treasury Notes/Bills	Standard & Poor's	\$ -	\$ 22,582,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,582,665
Commercial Paper	Standard & Poor's	-	3,683,480	2,444,541	-	-	-	-	6,128,021
US Agencies:									
Federal Home Loan Bank	Standard & Poor's	-	7,256,605	-	-	-	-	-	7,256,605
Corporate bonds	Standard & Poor's	-	849,296	359,778	651,451	2,710,921	3,722,196	5,701,305	13,994,947
State Investment Pool 5	Standard & Poor's	5,247,810	-	-	-	-	-	-	5,247,810
State Investment Pool 7	Moody's	148,151	-	-	-	-	-	-	148,151
Total investments		\$ 5,395,961	\$ 34,372,046	\$ 2,804,319	\$ 651,451	\$ 2,710,921	\$ 3,722,196	\$ 5,701,305	\$ 55,358,199

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. Without limiting the requirements of Title 35, the Authority's policy is that collateralization is required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is the greater of the requirements imposed by Title 35, or 102% of market value of principal and accrued interest. Collateral is to always be

held by a designated third-party with whom a custodial agreement exists and a safekeeping receipt must be issued to the Authority. 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.

Concentration of Credit Risk. It is the policy of the Authority that no greater than 30% of the Authority's total cash and investment assets may be invested in money market mutual funds. Further the total combined investment may not exceed 40% of the Valley Metro RPTA Investment Funds and no greater than 5% may be invested in any one issuer in the following security types:

Municipal Obligations as outlined in a. and b. as follows and rated "A" or better by a NRSRO.

- a. Bonds, notes or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts or special taxing districts, including registered warrants that shall bear interest pursuant to section 11-635.
- b. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.

Commercial paper of prime quality that is rated within the top two ratings by a NRSRO. All commercial paper must be issued by corporations organized and doing business in the United States.

Medium-term corporate notes, which include bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two NRSROs.

Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association that are rated A-1/P-1 or "A" or better by a NRSRO.

The Authority had investments at June 30, 2016, of 5 percent or more in Federal Home Loan Banks and the United States Treasury. These investments were 14.44 percent and 44.97 percent, respectively of the Authority's total investments. These security

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types have no maximum investment restrictions. Further the Authority had investments of 36.4 percent in Commercial Paper and Corporate bonds.

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. Valley Metro RPTA Investment Funds may be invested in securities exceeding two years if the maturity of such investments are made to coincide as close as practicable with the expected use of the funds.

At June 30, 2016, the Authority had the following investments in debt securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>≤ 1 yr</u>	<u>1-2 years</u>	<u>2-3 years</u>
US Treasury Notes/Bills	\$ 22,582,665	\$ 22,582,665	\$ -	\$ -
Commercial Paper	6,128,021	6,128,021	-	-
US Agencies:				
Federal Home Loan Bank	7,256,605	7,256,605	-	-
Corporate bonds	13,994,947	4,690,585	9,304,362	-
State Investment Pool 5	5,247,810	5,247,810	-	-
State Investment Pool 7	148,151	148,151	-	-
	<u>\$ 55,358,199</u>	<u>\$ 46,053,837</u>	<u>\$ 9,304,362</u>	<u>\$ -</u>

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows:

Cash, deposits, and investments:

Carrying amount of the Authority's deposits	\$ 88,785,729
Certificates of Deposit	3,474,878
Cash and investments with bond fund trustee	18,942,832
Valley Metro RPTA Investment Funds	49,962,238
Investments in the LGIP	5,395,961
	<u>\$ 166,561,638</u>

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Statement of net position:			
Cash and cash equivalents	\$ 45,344,067	\$ 46,916,541	\$ 92,260,608
Investments	40,241,155	15,117,044	55,358,199
Restricted cash and cash equivalents	-	18,942,831	18,942,831
Total	<u>\$ 85,585,222</u>	<u>\$ 80,976,416</u>	<u>\$ 166,561,638</u>

4. Receivables and Due from Other Governments

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

Due from Other Governments at June 30, 2016 consist of the following:

	Due from Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<u>Due from Other Governments</u>			
Arizona State Treasurer-PTF Funds	\$ 11,261,537	\$ -	\$ 11,261,537
AZ Dept of Transportation	82,883	162,871	245,754
City of Buckeye	4,596	35,423	40,019
City of Chandler	-	243,454	243,454
City of Peoria	13,836	433	14,269
City of Phoenix	84,141	4,321,262	4,405,403
City of Surprise	-	212,344	212,344
City of Tempe	18,156	6,065,922	6,084,078
City of Tolleson	-	17,845	17,845
Gila River	-	37,371	37,371
Granite Reef Senior Center	21	-	21
Internal Revenue Service	-	588,647	588,647
Maricopa Assoc. of Governments	194,779	-	194,779
Maricopa County TRP/DOT	142,107	-	142,107
Town of Gilbert	-	53,497	53,497
Valley Metro Rail, Inc.	252,425	8,565,092	8,817,517
Total Due from Other Governments	<u>\$ 12,054,481</u>	<u>\$ 20,304,161</u>	<u>\$ 32,358,642</u>

5. Due from VMR/Note Receivable for Advance Bond Proceeds

During FY15, RPTA and VMR Boards amended the interagency LRT Program Agreement, whereby RPTA will hold an inter-agency receivable from VMR for the advance of bond proceeds. In order to accelerate planning, design and construction of the Light Rail Capital Projects as identified in the Regional Transportation Plan, RPTA advances bond proceeds prior to the collection of sales tax proceeds necessary to fund the debt service payments.

The inter-agency receivable from VMR of the Advance Bond Proceeds shall be paid from the collection of PTF Sales Taxes and payment of related debt principal. As debt service payments are made, RPTA will record Lead Agency disbursements expense and reduce the note receivable.

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Fiscal Year Ended June 30, 2016

As of June 30, 2016, PTF Advance Bond Proceeds balance remaining totaled \$61,398,715. Principal and interest payments follow the Series 2014 Debt Service schedule as shown in table below.

Fiscal Year End	Original Note Balance	Interest Debt Service Payments	Principal Debt Service Payments	Balance Remaining
2015	\$ 69,583,715	\$ 1,260,656	\$ -	\$ 69,583,715
2016		2,985,765	8,185,000	61,398,715
2017		2,859,579	8,430,000	52,968,715
2018		2,642,975	8,850,000	44,118,715
2019		2,415,579	9,295,000	34,823,715
2020		2,164,808	9,780,000	25,043,715
2021		1,900,952	10,295,000	14,748,715
2022		1,623,201	10,835,000	3,913,715
2023		1,330,882	3,913,715	-
Total	\$ 69,583,715	\$ 19,184,397	\$ 69,583,715	\$ -

* Note A portion of the total Series 2014 Bond Issue interest expense is allocated to the Series 2014 Advance. The allocation is based on ratio of Series 2014 Advance Note Payable \$69,583,715 versus the Total Series 2014 Bond Proceeds \$135,406,165.

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, 2016. The following interfund receivables and payables are included in the fund financial statements at June 30, 2016:

	Due from other Funds					Total
	General	Transit Planning	Transportation Demand Management	Transit Service Operations	Valley Metro Rail	
Due to other funds						
Governmental funds:						
General Fund	\$ -	\$ 943,943	\$ 9,704	\$ 6,970,292	\$ 4,869,489	\$ 12,793,428
Transit Planning	244,488	-	-	-	-	244,488
Transportation Demand Management	72,717	-	-	-	-	72,717
Total governmental funds	<u>317,205</u>	<u>943,943</u>	<u>9,704</u>	<u>6,970,292</u>	<u>4,869,489</u>	<u>13,110,633</u>
Enterprise funds:						
Transit Service Operations	-	-	-	-	13,092	13,092
Total enterprise funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,092</u>	<u>13,092</u>
Grand totals	<u>\$ 317,205</u>	<u>\$ 943,943</u>	<u>\$ 9,704</u>	<u>\$ 6,970,292</u>	<u>\$ 4,882,581</u>	<u>\$ 13,123,725</u>

The interfund balances for the governmental funds at June 30, 2016 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to grant and other reimbursements. The interfund balances for the proprietary funds at June 30, 2016 are for the June 2016 PTF Revenue allocation for the VMR portion.

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 to fund light rail capital expenditures.

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The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2016.

<u>Transfers In</u>	<u>Transfers Out</u> <u>General</u>
Governmental funds:	
Transit Planning	\$ 2,079,741
Transportation Demand Management	18,166
Total governmental funds	<u>2,097,907</u>
Enterprise funds:	
Transit Service Operations	52,469,706
Valley Metro Rail	52,086,555
Total enterprise funds	<u>104,556,261</u>
Grand totals	<u>\$ 106,654,168</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities are in the amount \$104,556,261.

7. Fund Balance Classifications

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

	<u>General</u>	<u>Transit Planning Fund</u>	<u>Transportation Demand Management Fund</u>	<u>Total</u>
Nonspendable				
Prepays	\$ 195,397	\$ -	\$ 800	\$ 196,197
Restricted for				
AZ Lottery proceeds	2,223,687	-	-	2,223,687
Regional Planning activities	-	121,758	-	121,758
Clean Air Activities	-	-	203,291	203,291
Unassigned	80,587,486	-	-	80,587,486
	<u>\$ 83,006,570</u>	<u>\$ 121,758</u>	<u>\$ 204,091</u>	<u>\$ 83,332,419</u>

In the Restricted for AZ Lottery proceeds fund balance in General Fund, the total is for Maricopa County – no match. 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. As of June 30, 2016, Maricopa County has used up the remaining funds having a 50% match restriction and City of El Mirage used up all of its remaining funds.

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8. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2016:

	Balances, July 01, 2015	Increases	Decreases	Balances, June 30, 2016
Governmental activities:				
Non-depreciable assets:				
Work in progress	\$ 14,778	\$ 10,049	\$ (14,778)	\$ 10,049
Total non-depreciable assets	14,778	10,049	(14,778)	10,049
Depreciable assets:				
Site improvements	614,644	-	-	614,644
Computers & software	3,902,143	384,141	(41,493)	4,244,791
Equipment	1,209,253	64,519	-	1,273,772
Vehicles	198,895	-	-	198,895
Furniture & fixtures	372,477	77,932	-	450,409
Total depreciable assets at historical cost	6,297,412	526,592	(41,493)	6,782,511
Less accumulated depreciation for:				
Site improvements	(447,625)	(71,766)	-	(519,391)
Computers & software	(2,554,119)	(266,702)	41,493	(2,779,328)
Equipment	(933,382)	(123,584)	-	(1,056,966)
Vehicles	(164,516)	(20,628)	-	(185,144)
Furniture & fixtures	(307,884)	(26,760)	-	(334,644)
Total accumulated depreciation	(4,407,526)	(509,440)	41,493	(4,875,473)
Total Governmental activities capital assets being depreciated, net	1,889,886	17,152	-	1,907,038
Governmental activities capital assets, net	\$ 1,904,664	\$ 27,201	\$ (14,778)	\$ 1,917,087
Business-type activities:				
Non-depreciable assets:				
Land	\$ 5,292,000	\$ -	\$ -	\$ 5,292,000
Work in progress	425,250	-	(425,250)	-
Total non-depreciable assets	5,717,250	-	(425,250)	5,292,000
Depreciable assets:				
Transit fleet	108,478,128	2,596,288	(1,602,219)	109,472,197
Vehicles	95,878	49,141	-	145,019
Building	13,390,733	-	-	13,390,733
Site improvements	8,754,927	-	-	8,754,927
Computers & software	271,461	-	-	271,461
Ticket vending machines	1,260,918	425,250	-	1,686,168
Equipment	9,899,076	115,261	-	10,014,337
Furniture & fixtures	127,037	-	-	127,037
Infrastructure	29,424	-	-	29,424
Total depreciable assets at historical cost	142,307,582	3,185,940	(1,602,219)	143,891,303
Less accumulated depreciation for:				
Transit fleet	(63,799,901)	(10,073,758)	1,568,028	(72,305,631)
Vehicles	(42,128)	(27,515)	-	(69,643)
Building	(2,037,721)	(291,103)	-	(2,328,824)
Site improvements	(3,619,644)	(570,660)	-	(4,190,304)
Computers & software	(271,461)	-	-	(271,461)
Ticket vending machines	(170,382)	(170,044)	-	(340,426)
Equipment	(5,610,745)	(592,696)	-	(6,203,441)
Furniture & fixtures	(127,037)	-	-	(127,037)
Infrastructure	(4,087)	(1,962)	-	(6,049)
Total accumulated depreciation	(75,683,106)	(11,727,738)	1,568,028	(85,842,816)
Total Business-type capital assets being depreciated, net	66,624,476	(8,541,798)	(34,191)	58,048,487
Business-type activities capital assets, net	\$ 72,341,726	\$ (8,541,798)	\$ (459,441)	\$ 63,340,487

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

Depreciation Expense:

	<u>Governmental</u>	<u>Business- Type</u>
Regional customer services	\$ 169,788	\$ -
Administration	339,652	-
Transit service operations	-	11,727,738
Total depreciation expense	<u>\$ 509,440</u>	<u>\$ 11,727,738</u>

The Authority's enterprise funds in the business-type activities had construction commitments totaling \$6.50 million at June 30, 2016. Only the currently payable portions of these contracts have been included in the accounts payable in the accompanying financial statements. See Note 13b. There are no construction commitments in the government-type activities.

9. 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, 2016 consist of the following:

	<u>Due to</u> <u>Other Governments By Fund Type</u>		
	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>
<u>Due to Other Governments</u>			
Arizona Department of Economic Security	\$ 3,679	\$ -	\$ 3,679
City of Avondale		162,086	162,086
City of El Mirage		2,374	2,374
City of Glendale		710,785	710,785
City of Goodyear		2,142	2,142
City of Mesa		373,672	373,672
City of Peoria		222,100	222,100
City of Phoenix	21,325	6,293,659	6,314,984
City of Scottsdale		328,444	328,444
City of Tempe		1,329,484	1,329,484
Town of Buckeye		482	482
Town of Gilbert		8,037	8,037
Town of Youngtown		1,934	1,934
Valley Metro Rail, Inc.	534,717	9,472,351	10,007,068
Total Due to Other Governments	<u>\$ 559,721</u>	<u>\$ 18,907,550</u>	<u>\$ 19,467,271</u>

10. Operating Leases

The Authority leases office space and small office equipment under various operating lease agreements. Total lease expenditures were \$1,153,027 for the fiscal year ended June 30, 2016. The future minimum lease payments under noncancelable and final option of the operating lease at June 30, 2016 were as follows:

<u>June 30</u>		
2017	\$	1,173,189
2018		1,184,314
2019		1,194,143
2020		1,205,009
2021		1,216,134
2022-2026		5,600,289
Total	<u>\$</u>	<u>11,573,078</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.

11. 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. Interest ranges were from 3.25 to 6.46 percent. Bonds have also been issued to advance-refund previously issued bonds. In April 2016, Series 2016 Bonds were issued to advance refund certain Series 2009 maturities (\$23,585,000). The Authority has pledged future transportation excise tax revenues to repay the outstanding transportation revenue bonds for the 2009 Bonds and 2016 Refunding 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. In addition, a portion of the bonds are qualified Build America Bonds. As such, \$549,808 is received as a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

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

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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. As of June 30, 2016, 2014 Series Bond expenditures to date for the light rail program totaled \$135,406,165 on an accrual basis.

In addition, on the VMR Central Mesa capital project, financing costs are included in the Project Construction Grant Agreement (PCGA) project budget. Through June 30, 2016, a federal reimbursement of \$737,051 has been recorded in the Valley Metro Rail Proprietary fund as a contra interest expense cost (interest subsidy) to the Transit Services Operations bond debt interest expense.

During the year ended June 30, 2016, the Authority issued revenue bonds with an average interest rate of 5.0 percent to advance-refund older, higher-rate issues with an average interest rate of 5.5 percent. The Authority recognized net proceeds of \$26,993,757 after payment of \$268,057 in underwriting fees, insurance, and other issuance costs. The Authority used these proceeds to purchase securities that it placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased, and related liabilities are not included in the Authority's financial statements. Details of the refunding transactions are as follows:

Amount of refunding bonds issued	\$22,695,000
Amount of bonds refunded	\$23,585,000
Reduction in debt service payments	\$1,583,415
Economic gain (loss)	\$ 1,246,016

For the fiscal year ended June 30, 2016, the revenues available for service of all Bond debt were \$131,258,744 while total debt service requirements were \$9,265,445 interest and \$14,020,000 principal. Interest expense of \$7,048,084 on the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, includes Bank charges of \$2,500 and the annual amortization of premium expense of (\$2,219,861).

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Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2016 were as follows:

2009 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2017	\$ 6,085,000	\$ 2,828,344	\$ 8,913,344	\$ 203,604
2018	6,380,000	2,526,119	8,906,119	203,604
2019	6,690,000	2,203,994	8,893,994	203,604
2020	7,025,000	1,861,119	8,886,119	203,604
2021	-	1,685,494	1,685,494	203,604
2022-2026	26,280,000	5,471,417	31,751,417	1,018,017
Total	<u>\$ 52,460,000</u>	<u>\$ 16,576,487</u>	<u>\$ 69,036,487</u>	<u>\$ 2,036,037</u>

2014 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2017	\$ 8,430,000	\$ 5,353,837	\$ 13,783,837	\$ 1,855,106
2018	8,850,000	4,921,837	13,771,837	1,855,106
2019	9,295,000	4,456,594	13,751,594	1,855,106
2020	9,780,000	3,955,875	13,735,875	1,855,106
2021	57,165,000	11,299,181	68,464,181	1,855,106
2022-2026	13,295,000	348,994	13,643,994	9,275,529
Total	<u>\$ 106,815,000</u>	<u>\$ 30,336,318</u>	<u>\$ 137,151,318</u>	<u>\$ 18,551,059</u>

2016 Refunding Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2017	\$ -	\$ 702,915	\$ 702,915	\$ 570,852
2018	-	1,134,750	1,134,750	570,852
2019	-	1,134,750	1,134,750	570,852
2020	-	1,134,750	1,134,750	570,852
2021	7,090,000	957,500	8,047,500	570,852
2022-2024	15,605,000	1,205,625	16,810,625	1,712,555
Total	<u>\$ 22,695,000</u>	<u>\$ 6,270,290</u>	<u>\$ 28,965,290</u>	<u>\$ 4,566,815</u>

b. Summary of all Long-Term Liabilities

The net pension liability, compensated absences payable, and revenue bonds liability activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, July 1, 2015	Additions	Reductions	Balance, June 30, 2016	Amount Due Within One Year
Governmental Activities					
Net Pension liability	\$ 9,445,091	\$ 2,356,735	\$ (1,419,483)	\$ 10,382,343	\$ -
Compensated absences payable	726,175	497,939	(578,420)	645,694	459,282
Total Governmental Activities					
Long-term Liabilities	<u>\$ 10,171,266</u>	<u>\$ 2,854,674</u>	<u>\$ (1,997,903)</u>	<u>\$ 11,028,037</u>	<u>\$ 459,282</u>
Business-type Activities					
Net Pension liability	\$ 16,465,986	\$ 4,445,861	\$ (2,607,369)	\$ 18,304,478	\$ -
Compensated absences payable	1,248,105	860,549	(935,387)	1,173,267	694,456
Revenue bonds payable:					
2009 Revenue bonds payable	81,880,000	-	(29,420,000)	52,460,000	6,085,000
2009 Bond premium	3,315,960	-	(1,279,923)	2,036,037	-
2014 Revenue bonds payable	115,000,000	-	(8,185,000)	106,815,000	8,430,000
2014 Bond premium	20,406,165	-	(1,855,106)	18,551,059	-
2016 Revenue bonds payable	-	22,695,000	-	22,695,000	-
2016 Bond premium	-	4,566,815	-	4,566,815	-
Total Business-Type					
Long-term Liabilities	<u>\$ 238,316,216</u>	<u>\$ 32,568,225</u>	<u>\$ (44,282,785)</u>	<u>\$ 226,601,656</u>	<u>\$ 15,209,456</u>

12. 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.

13. Contractual and Other Commitments

a. Underground Storage Tank Revolving Fund Replenishment

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

b. Commitments

The Authority has entered into various contracts for the administration and operation of transit services, travel demand management services, 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, 2016:

<u>Contract Type</u>	<u>Commitment</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Bus Operations Contracts	\$ 192,599,748	\$ 174,680,899	\$ 17,918,849
Paratransit & Mobility Center Contracts	61,637,652	45,024,643	16,613,009
Communications & Marketing Contracts	6,393,910	3,252,036	3,141,874
Vanpool Contracts	4,979,156	1,438,399	3,540,757
Human Resources Contracts	46,800	5,850	40,950
Information Technology Contracts	300,000	18,952	281,048
	<u>\$ 265,957,266</u>	<u>\$ 224,420,779</u>	<u>\$ 41,536,487</u>

In addition, the outstanding Intergovernmental commitments for FY 2016 were for the following projects: the Desert Sky Park-and-Ride, the East Baseline and 24th Street Park-and-Ride and the Park-and-Ride at Laveen and 59th Avenue. At June 30, 2016, the Authority had outstanding contractual commitments for these services aggregating approximately \$6.50 million. These commitments have not been recorded in the accompanying financial statements because the member cities either had not incurred the related expenses or had not requested reimbursement for the related expenses. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements.

14. Contingencies

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

15. Lawsuits

The Authority is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, Authority management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

16. 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, 2016, VMR incurred costs of \$16,680,312 for services provided by the Authority. At June 30, 2016, the Authority reported \$8,817,517 receivable from VMR and \$10,007,068 payable to VMR.

17. Pension

The Authority contributes to the Arizona State Retirement System (ASRS) plan described below. All VMR staff are employees of Regional Public Transportation Authority (RPTA) who contributes to the ASRS on VMR's behalf. The plan is a component unit of the State of Arizona.

The Authority reported \$661,150 of Retirement pension expenditures in the governmental funds related to the ASRS pension plan to which it contributes.

A. Arizona State Retirement System

Plan Description - All Authority employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium supplement (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 55 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit plan option chose determines the survivor benefit. For all other members, the beneficiary

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is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, statute required active ASRS members to contribute at the actuarially determined rate of 11.47 percent (11.35 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and statute required the Authority to contribute at the actuarially determined rate of 11.47 percent (10.85 percent for retirement, 0.50 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

In addition, the Authority was required by statute to contribute at the actuarially determined rate of 9.36 percent (9.17 percent for retirement, 0.13 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the Authority in positions that an employee who contributes to the ASRS would typically fill. During FY15, the Authority did not make any alternative contributions.

The Authority's contributions to the pension plan for the year ended June 30, 2016, were \$1,916,042. The Authority's OPEB contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:		
2016	\$ 88,297	\$ 21,191
2015	100,081	20,355
2014	94,528	37,811

During the fiscal year 2016, the Authority paid for ASRS pension contributions as follows: 35% from the Governmental activities, 7% from the Transit Service Operations Fund and 58% from the Valley Metro Rail Fund.

Pension Liability. At June 30, 2016, the Authority reported a liability of \$28,686,821 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The Authority's proportion measured as of June 30, 2015, was 0.184170 percent, which was an increase of 0.0009055 from its proportion measured as of June 30, 2014.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2016, the Authority recognized pension expense for ASRS of \$2,474,367 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 782,801	\$ 1,503,218
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	919,349
Changes in proportion and differences between contributions and proportionate share of contributions	1,629,386	-
Contributions subsequent to the measurement date	1,916,042	-
Total	\$ 4,328,229	\$ 2,422,567

The \$1,916,042 reported as deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2017	\$ 319,511
2018	(423,130)
2019	(570,415)
2020	663,654

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

Actuarial valuation date	June 30, 2014
Actuarial roll forward date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2013, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

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

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Concluded)
Fiscal Year Ended June 30, 2016

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

ASRS Asset Class	Target Allocation	Long-term expected arithmetic real rate of return
Equity	58%	6.79%
Fixed income	25%	3.70%
Real Estate	10%	4.25%
Multi-asset	5%	3.41%
Commodities	2%	3.93%
Total	100%	

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
The Authority's proportionate share of the net pension liability	37,589,538	28,686,821	22,585,541

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

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Required Supplementary Information

Valley Metro
Regional Public Transportation Authority
 Required Supplementary Information
 Cost-Sharing Pension Plan
 Fiscal Year Ended June 30, 2016

Schedule of the Authority's Proportionate Share of the Net Pension Liability

Arizona Retirement System

	Reporting Fiscal Year (Measurement Date)			
	2016 (2015)	2015 (2014)	2014 through 2007	
Authority's proportion of the net pension liability	0.184%	0.175%	Information not available	
Authority's proportionate share of the net pension liability	\$ 28,686,821	\$ 25,911,076	Information not available	
Authority's covered payroll	\$ 16,962,914	\$ 15,754,697		
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	169.11%	164.47%		
Plan fiduciary net position as a percentage of the total pension liability	68.35%	69.49%		

Schedule of the Authority's Pension Contributions

Arizona Retirement System

	Reporting Fiscal Year			2013 through 2007
	2016	2015	2014	
Statutorily required contribution	\$ 1,916,042	\$ 1,847,261	\$ 1,685,753	Information not available
Authority's contributions in relation to the statutorily required contribution	1,916,042	1,847,261	1,685,753	
Authority's contribution deficiency (excess)	\$ -	\$ -	\$ -	
Authority's covered payroll	\$ 17,659,371	\$ 16,962,914	\$ 15,754,697	
Authority's contributions as a percentage of covered payroll	10.85%	10.89%	10.70%	

See accompanying notes to the financial statements.

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 29,082,083	\$ 28,596,807	\$ 24,740,610	\$ (3,856,197)
Fare revenues	16,265,153	16,347,142	15,567,557	(779,585)
Federal Operating Grants	11,764,136	11,764,136	1,803,274	(9,960,862)
Miscellaneous	1,073,350	1,073,350	-	(1,073,350)
Total operating revenues	<u>58,184,722</u>	<u>57,781,435</u>	<u>42,111,441</u>	<u>(15,669,994)</u>
Operating Expenses:				
Local & express bus service	83,761,689	85,770,520	79,703,278	6,067,242
Paratransit service	12,200,097	12,200,096	12,218,838	(18,742)
Vanpool service	1,050,650	1,049,150	838,877	210,273
Safety and security	320,065	320,065	266,965	53,100
Lead agency disbursements	19,073,360	19,073,360	17,006,078 *	2,067,282
Contingency	1,325,817	1,075,817	-	1,075,817
Capital outlay	23,252,558	6,530,101	2,760,690	3,769,411
Total operating expenses	<u>140,984,236</u>	<u>126,019,109</u>	<u>112,794,726</u>	<u>13,224,383</u>
Operating income (loss)	<u>(82,799,514)</u>	<u>(68,237,674)</u>	<u>(70,683,285)</u>	<u>(2,445,611)</u>
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(11,414,993)	(6,598,966)	(6,774,498)	(175,532)
Other federal grants	-	-	(60,000)	(60,000)
IRS fuel tax credit	-	2,534,028	3,525,657	991,629
Interest income	-	-	5,164	5,164
Capital conveyence	(794,126)	(11,250)	-	11,250
Interest subsidy	-	-	261,809	261,809
Debt Service	(24,234,531)	(24,234,530)	(4,488,649)	19,745,881
Bond issuance expense	-	-	(123,096)	(123,096)
Total nonoperating revenues (expenses)	<u>(36,443,650)</u>	<u>(28,310,718)</u>	<u>(7,653,613)</u>	<u>20,657,105</u>
Income (loss) before transfers	<u>(119,243,164)</u>	<u>(96,548,392)</u>	<u>(78,336,898)</u>	<u>18,211,494</u>
Capital Contributions	21,827,616	6,271,405	10,586,805	4,315,400
Transfers in	85,246,072	56,805,182	52,469,706	(4,335,476)
	<u>107,073,688</u>	<u>63,076,587</u>	<u>63,056,511</u>	<u>(20,076)</u>
Change in net position budgetary basis	<u>\$ (12,169,476)</u>	<u>\$ (33,471,805)</u>	<u>\$ (15,280,387)</u>	<u>\$ 18,191,418</u>
Explanation of differences between budgetary basis and GAAP basis				
Change in net position - budgetary basis			\$ (15,280,387)	
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes			2,760,690	
Depreciation is not a budgeted expense, but is an expense for GAAP purposes			(11,727,738)	
Proceeds from disposition of assets increase financial resources for budgetary basis, but is not a revenue for GAAP basis			91,293	
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes			2,897,603	
Pension expense is not recorded for budgetary purposes, but is an expense for GAAP purposes			(154,691)	
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes			138,463	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ (21,274,767)</u>	

*Lead agency disbursements for Paratransit activities are reported as operating expenses in the adopted budget. The actual amount of \$17,006,078 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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating Revenues:				
Charges for services	\$ 16,888,932	\$ 16,888,932	\$ 15,640,727	\$ (1,248,205)
Miscellaneous	-	-	1,805	1,805
Total operating revenues	<u>16,888,932</u>	<u>16,888,932</u>	<u>15,642,532</u>	<u>(1,246,400)</u>
Operating Expenses:				
Light rail staff and administration	<u>16,888,932</u>	<u>16,888,932</u>	<u>15,605,461</u>	<u>1,283,471</u>
Total operating expenses	<u>16,888,932</u>	<u>16,888,932</u>	<u>15,605,461</u>	<u>1,283,471</u>
Operating income (loss)	-	-	37,071	37,071
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(39,543,901)	(65,954,683)	(62,818,630) *	3,136,053
Interest subsidy	-	-	1,025,050	1,025,050
Interest income	-	-	128,002	128,002
Debt service	(25,000,000)	-	(17,074,435)	(17,074,435)
Bond issuance expense	-	-	(135,407)	(135,407)
Total nonoperating revenues (expenses)	<u>(64,543,901)</u>	<u>(65,954,683)</u>	<u>(78,875,420)</u>	<u>(12,920,737)</u>
Income (loss) before transfers	(64,543,901)	(65,954,683)	(78,838,349)	(12,883,666)
Transfers in	<u>39,023,780</u>	<u>65,954,683</u>	<u>52,086,555</u>	<u>(13,868,128)</u>
Change in net position - budgetary basis	<u>\$ (25,520,121)</u>	<u>\$ -</u>	<u>\$ (26,751,794)</u>	<u>\$ (26,751,794)</u>
Explanation of differences between budgetary basis and GAAP basis				
Change in net position - budgetary basis			\$ (26,751,794)	
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes			11,617,397	
Pension expense is not recorded for budgetary purposes, but is an expense for GAAP purposes			(1,424,152)	
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes			1,116,429	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ (15,442,120)</u>	

*Under a new funding agreement, bond-funded disbursements are initially recorded as a note receivable from Valley Metro Rail, Inc. and subsequently recorded to expense upon the payment of related bond debt principal. The amount of Note Receivable advance bond proceeds during FY15 was reduced by \$8.2 million by the principal paid in FY16. The aggregate of Lead Agency Disbursements plus the reduction of Note Receivable Advance Bond Proceeds totaled \$71.0 million for the year compared to \$101.8 million expended in FY15.

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Statistical Section

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

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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 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,362,413	\$ 1,467,040	\$ 1,229,916	\$ 689,786
Restricted	-	-	-	-
Unrestricted	42,677,444	28,106,773	37,265,160	45,287,115
Total governmental activities net position	<u>\$ 44,039,857</u>	<u>\$ 29,573,813</u>	<u>\$ 38,495,076</u>	<u>\$ 45,976,901</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 47,945,807	\$ 72,537,461	\$ 98,580,060	\$ 106,601,704
Restricted	1,778,889	2,332,524	4,062,157	-
Unrestricted	21,142,003	17,991,644	(9,329,497)	(36,226,944)
Total business-type activities net position	<u>\$ 70,866,699</u>	<u>\$ 92,861,629</u>	<u>\$ 93,312,720</u>	<u>\$ 70,374,760</u>
Primary government				
Invested in capital assets, net of related debt	\$ 49,308,220	\$ 74,004,501	\$ 99,809,976	\$ 107,291,490
Restricted	1,778,889	2,332,524	4,062,157	-
Unrestricted	63,819,447	46,098,417	27,935,663	9,060,171
Total primary government net position	<u>\$ 114,906,556</u>	<u>\$ 122,435,442</u>	<u>\$ 131,807,796</u>	<u>\$ 116,351,661</u>

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

(2) Total governmental activities and business-type activities net position was restated as of 7/1/14 due to a change in accounting principle (GASB 68) and in Debt service presentation.

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2)</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ 1,346,607	\$ 1,199,127	\$ 1,308,720	\$ 1,970,208	\$ 1,904,664	\$ 1,917,087
178,382	188,792	2,117,782	2,790,890	3,120,881	2,548,736
51,323,184	46,388,453	46,828,164	48,703,051	49,712,090	70,340,081
<u>\$ 52,848,173</u>	<u>\$ 47,776,372</u>	<u>\$ 50,254,666</u>	<u>\$ 53,464,149</u>	<u>\$ 54,737,635</u>	<u>\$ 74,805,904</u>
\$ 21,322,728	\$ 6,528,635	\$ 8,437,699	\$ 43,205,572	\$ 34,550,961	\$ 24,196,751
-	120,650	8,286,530	14,100,480	23,461,097	21,946,362
16,410,223	51,160,599	61,617,707	(33,320,650)	(43,169,060)	(68,017,002)
<u>\$ 37,732,951</u>	<u>\$ 57,809,884</u>	<u>\$ 78,341,936</u>	<u>\$ 23,985,402</u>	<u>\$ 14,842,998</u>	<u>\$ (21,873,889)</u>
\$ 22,669,335	\$ 7,727,762	\$ 9,746,419	\$ 45,175,780	\$ 36,455,625	\$ 26,113,838
178,382	309,442	10,404,312	16,891,370	26,581,978	24,495,098
67,733,407	97,549,052	108,445,871	15,382,401	6,543,030	2,323,079
<u>\$ 90,581,124</u>	<u>\$ 105,586,256</u>	<u>\$ 128,596,602</u>	<u>\$ 77,449,551</u>	<u>\$ 69,580,633</u>	<u>\$ 52,932,015</u>

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

	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Expenses				
Governmental activities:				
Regional planning:				
Long range	\$ 403,337	\$ 316,147	\$ 292,509	\$ 308,339
Short range	558,664	735,888	317,886	358,149
Capital	164,722	224,767	154,523	106,185
Corridor and Facility Planning	-	-	-	-
Systems and Service Development	-	-	-	-
Program support	1,298,591	1,113,474	1,183,750	1,049,353
Transportation demand management:				
Trip reduction	719,854	819,553	897,234	1,052,649
Ridesharing	594,549	592,460	561,620	504,614
Other programs	385,257	373,833	424,091	250,976
Regional customer services:				
Marketing	2,578,094	3,110,366	2,810,408	2,585,192
Call center	3,087,948	3,599,018	3,807,893	3,896,440
Other programs	1,623,744	1,857,934	2,129,063	2,015,543
AZ Lottery Fund Disbursements	-	-	-	-
Administration:				
Executive director's office	1,712,451	1,033,066	1,111,340	1,128,667
Communications & government relations	-	-	-	-
Finance & management services	260,965	908,275	799,503	750,461
Community funded transportation	715,001	-	-	-
Total governmental activities expenses	<u>14,103,177</u>	<u>14,684,781</u>	<u>14,489,820</u>	<u>14,006,568</u>
Business-type activities:				
Transit service operations	60,090,164	96,796,902	99,625,805	93,074,466
Regional customer services	-	-	-	-
Light rail transit	63,225,727	65,243,366	70,492,629	60,704,307
Total business-type activities expenses	<u>123,315,891</u>	<u>162,040,268</u>	<u>170,118,434</u>	<u>153,778,773</u>
Total primary government expenses	<u>\$ 137,419,068</u>	<u>\$ 176,725,049</u>	<u>\$ 184,608,254</u>	<u>\$ 167,785,341</u>

- (1) Total business-type activities net position was restated as of 7/1/13 due to a change in accounting principle (GASB 65).
- (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.
- (3) Total governmental activities and business-type activities net position was restated as of 7/1/14 due to a change in accounting principle (GASB 68) and in Debt Service presentation.

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2,3)</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ 101,121	\$ 161,945	\$ 147,932	\$ -	\$ -	\$ -
1,063,291	307,283	298,472	-	-	-
113,073	113,311	138,819	-	-	-
-	-	-	231,494	699,024	1,045,749
-	-	-	818,072	1,766,588	1,060,941
997,203	704,870	659,732	301,508	256,546	291,640
909,742	779,921	776,881	682,022	600,632	660,933
590,062	571,187	666,966	588,880	578,886	576,977
42,633	40,145	143,291	200,556	180,118	270,290
2,201,863	2,018,631	2,049,382	1,863,098	2,319,857	2,121,709
3,833,319	3,578,569	3,547,025	3,713,351	3,776,394	3,639,202
1,960,196	2,447,288	2,603,690	2,661,189	2,721,436	2,799,429
-	10,345,984	10,200,055	10,795,306	10,534,411	10,767,678
1,284,141	992,735	905,972	995,036	1,094,407	947,058
-	-	-	-	-	-
682,197	827,759	1,082,966	1,174,829	1,411,924	1,497,462
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,778,841</u>	<u>22,889,628</u>	<u>23,221,183</u>	<u>24,025,341</u>	<u>25,940,223</u>	<u>25,679,068</u>
90,336,819	113,091,586	91,327,298	148,884,691	119,341,286	130,326,642
-	-	-	-	-	-
66,140,185	33,665,209	50,687,217	108,938,262	55,242,525	84,324,259
<u>156,477,004</u>	<u>146,756,795</u>	<u>142,014,515</u>	<u>257,822,953</u>	<u>174,583,811</u>	<u>214,650,901</u>
<u>\$ 170,255,845</u>	<u>\$ 169,646,423</u>	<u>\$ 165,235,698</u>	<u>\$ 281,848,294</u>	<u>\$ 200,524,034</u>	<u>\$ 240,329,969</u>

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

	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Program revenues				
Governmental activities:				
Charges for services	\$ 25,046	\$ -	\$ -	\$ 150,353
Operating grants and contributions	2,494,611	2,062,602	2,632,463	2,055,931
Capital grants and contributions	198,777	-	-	-
Total governmental activities program revenues	<u>2,718,434</u>	<u>2,062,602</u>	<u>2,632,463</u>	<u>2,206,284</u>
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	20,131,861	19,861,844	19,936,194	15,849,887
Paratransit service	2,118,843	2,043,104	3,029,151	2,408,268
Vanpool service	685,743	844,115	926,245	864,663
Other activities	36,729	-	-	-
Regional customer services	-	-	-	-
Light rail transit	5,565,540	6,421,524	8,614,280	8,130,261
Operating grants and contributions	642,313	1,421,891	2,609,156	2,607,770
Capital grants and contributions	19,041,093	16,237,008	40,555,599	14,996,556
Total business-type activities program revenues	<u>48,222,122</u>	<u>46,829,486</u>	<u>75,670,625</u>	<u>44,857,405</u>
Total primary government program revenues	<u>\$ 50,940,556</u>	<u>\$ 48,892,088</u>	<u>\$ 78,303,088</u>	<u>\$ 47,063,689</u>
Net (Expense)/Revenue				
Governmental activities	\$ (11,384,743)	\$ (12,622,179)	\$ (11,857,357)	\$ (11,800,284)
Business-type activities	(75,093,769)	(115,210,782)	(94,447,809)	(108,921,368)
Total primary government net expense	<u>\$ (86,478,512)</u>	<u>\$ (127,832,961)</u>	<u>\$ (106,305,166)</u>	<u>\$ (120,721,652)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Sales taxes	\$ 134,235,260	\$ 130,490,779	\$ 113,297,696	\$ 103,722,510
Interest earnings	1,664,357	2,503,935	36,310	231,398
Other income	-	142,810	75,176	73,531
Transfers in (out)	(92,948,387)	(134,981,389)	(92,630,562)	(84,745,330)
Total governmental activities	<u>42,951,230</u>	<u>(1,843,865)</u>	<u>20,778,620</u>	<u>19,282,109</u>
Business-type activities:				
Sales taxes	-	-	-	-
Interest earnings	945,155	536,116	34,862	587,487
Other income	2,564,291	1,688,207	2,233,476	650,591
Transfers in (out)	92,948,387	134,981,389	92,630,562	84,745,330
Total business-type activities:	<u>96,457,833</u>	<u>137,205,712</u>	<u>94,898,900</u>	<u>85,983,408</u>
Total primary government	<u>\$ 139,409,063</u>	<u>\$ 135,361,847</u>	<u>\$ 115,677,520</u>	<u>\$ 105,265,517</u>
Change in net position:				
Governmental activities	\$ 31,566,487	\$ (14,466,044)	\$ 8,921,263	\$ 7,481,825
Business-type activities	21,364,064	21,994,930	451,091	(22,937,960)
Total primary government net expense	<u>\$ 52,930,551</u>	<u>\$ 7,528,886</u>	<u>\$ 9,372,354</u>	<u>\$ (15,456,135)</u>

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

(2) Total governmental activities and business-type activities net position was restated as of 7/1/14 due to a change in accounting principle (GASB 68) and in Debt service presentation.

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2)</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ 189,000	\$ 153,445	\$ 176,058	\$ 167,915	\$ 173,842	\$ 191,717
2,286,930	13,601,884	13,102,554	13,147,266	13,929,373	13,327,630
-	-	-	-	-	53,850
<u>2,475,930</u>	<u>13,755,329</u>	<u>13,278,612</u>	<u>13,315,181</u>	<u>14,103,215</u>	<u>13,573,197</u>
9,811,268	10,256,090	9,172,758	31,040,857	31,474,293	30,669,926
2,431,467	2,637,827	2,101,275	4,418,487	4,410,179	4,700,868
318,945	181,929	176,775	410,899	287,365	322,735
2,611,481	2,781,880	2,121,480	5,421,162	4,873,092	4,614,638
-	-	-	-	-	-
8,201,600	9,701,059	12,293,635	14,034,959	14,949,518	15,640,727
2,144,496	1,337,135	10,716,993	9,867,680	11,989,759	5,420,224
8,289,329	31,347,333	19,661,120	22,996,095	2,222,823	10,586,805
<u>33,808,586</u>	<u>58,243,253</u>	<u>56,244,036</u>	<u>88,190,139</u>	<u>70,207,029</u>	<u>71,955,923</u>
<u>\$ 36,284,516</u>	<u>\$ 71,998,582</u>	<u>\$ 69,522,648</u>	<u>\$ 101,505,320</u>	<u>\$ 84,310,244</u>	<u>\$ 85,529,120</u>
\$ (11,302,911)	\$ (9,134,299)	\$ (9,942,571)	\$ (10,710,160)	\$ (11,837,008)	\$ (12,105,871)
(122,668,418)	(88,513,542)	(85,770,478)	(169,632,814)	(104,376,781)	(142,694,978)
<u>\$ (133,971,329)</u>	<u>\$ (97,647,841)</u>	<u>\$ (95,713,049)</u>	<u>\$ (180,342,974)</u>	<u>\$ (116,213,789)</u>	<u>\$ (154,800,849)</u>
\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618	\$ 132,029,116	\$ 136,038,855
79,874	73,104	114,061	146,051	161,726	287,543
233,357	100,154	126,982	632,661	278,546	404,003
(89,250,166)	(108,464,090)	(106,156,202)	(113,274,687)	(109,915,563)	(104,556,261)
<u>18,174,183</u>	<u>4,062,498</u>	<u>12,420,865</u>	<u>13,919,643</u>	<u>22,553,825</u>	<u>32,174,140</u>
-	-	-	-	-	-
215,800	109,799	137,006	139,093	186,059	133,166
560,643	16,586	9,322	2,498,190	1,595,672	1,288,664
89,250,166	108,464,090	106,156,202	113,274,687	109,915,563	104,556,261
90,026,609	108,590,475	106,302,530	115,911,970	111,697,294	105,978,091
<u>\$ 108,200,792</u>	<u>\$ 112,652,973</u>	<u>\$ 118,723,395</u>	<u>\$ 129,831,613</u>	<u>\$ 134,251,119</u>	<u>\$ 138,152,231</u>
\$ 6,871,272	\$ (5,071,801)	\$ 2,478,294	\$ 3,209,483	\$ 10,716,817	\$ 20,068,269
(32,641,809)	20,076,933	20,532,052	(53,720,844)	7,320,513	(36,716,887)
<u>\$ (25,770,537)</u>	<u>\$ 15,005,132</u>	<u>\$ 23,010,346</u>	<u>\$ (50,511,361)</u>	<u>\$ 18,037,330</u>	<u>\$ (16,648,618)</u>

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

	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	1,002,229	233,480	755,184	837,880
Unreserved, undesignated	1,433,788	2,888,105	2,882,500	3,852,887
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Unassigned				
Total general fund	<u>\$ 2,436,017</u>	<u>\$ 3,121,585</u>	<u>\$ 3,637,684</u>	<u>\$ 4,690,767</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in special revenue funds	-	-	-	-
Unreserved, undesignated, reported in special revenue funds	21,059,001	410,974	-	-
	19,182,426	25,218,669	34,382,659	41,434,228
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 40,241,427</u>	<u>\$ 25,629,643</u>	<u>\$ 34,382,659</u>	<u>\$ 41,434,228</u>

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

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
6,797	10,554	8,201	-	86,261	195,397
	-	1,886,764	2,527,491	2,820,054	2,223,687
52,164,648	47,178,722	47,544,772	49,385,126	59,915,538	80,587,486
<u>\$ 52,171,445</u>	<u>\$ 47,189,276</u>	<u>\$ 49,439,737</u>	<u>\$ 51,912,617</u>	<u>\$ 62,821,853</u>	<u>\$ 83,006,570</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,372	-	-	-	-	800
175,010	188,792	231,018	263,399	300,827	325,049
	-	-	-	-	-
	-	-	-	-	-
<u>\$ 178,382</u>	<u>\$ 188,792</u>	<u>\$ 231,018</u>	<u>\$ 263,399</u>	<u>\$ 300,827</u>	<u>\$ 325,849</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 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
<u>Revenues</u>				
Sales taxes	\$ 134,235,260	\$ 130,490,779	\$ 113,297,696	\$ 103,722,510
Intergovernmental:				
AZ Lottery Proceeds	-	-	-	-
State & county grants & pass through grants	400,000	422,887	455,671	688,659
Federal Transit Administration	993,727	268,661	612,190	266,015
CMAQ	1,298,056	1,287,054	1,411,497	1,101,257
Other federal grants	1,604	84,000	-	-
Charges for services	25,046	-	-	-
Interest earnings	1,664,357	2,503,935	36,310	231,398
Miscellaneous	-	144,672	228,281	223,988
Total revenues	<u>138,618,050</u>	<u>135,201,988</u>	<u>116,041,645</u>	<u>106,233,827</u>
<u>Expenditures</u>				
Governmental activities:				
Regional planning:				
Long range	403,337	311,129	292,509	308,339
Short range	558,664	733,017	317,886	358,149
Capital	164,722	222,439	154,523	106,185
Corridor and Facility Planning	-	-	-	-
Systems and Service Development	-	-	-	-
Program support	1,298,591	1,104,198	1,183,750	1,049,353
Transportation demand management:				
Trip reduction	719,854	816,128	897,234	1,052,649
Ridesharing	594,549	601,220	561,620	504,614
Other programs	385,257	370,142	424,091	250,976
Regional customer services:				
Marketing	2,578,094	3,084,872	2,810,408	2,585,192
Call center	3,087,948	3,563,629	3,807,893	3,896,440
Other programs	1,511,164	1,380,563	1,733,413	1,662,194
Administration:				
Executive director's office	1,712,451	1,030,804	1,111,340	1,128,667
Communications & government relations	260,965	-	-	-
Finance & management services	580,415	318,945	462,737	419,178
Community funded transportation	-	-	-	-
AZ Lottery Fund Expenditures	-	-	-	-
Capital outlay	765,641	1,078,709	384,564	61,909
Total expenditures	<u>14,621,652</u>	<u>14,615,795</u>	<u>14,141,968</u>	<u>13,383,845</u>
Excess of revenues over expenditures	<u>123,996,398</u>	<u>120,586,193</u>	<u>101,899,677</u>	<u>92,849,982</u>
Other financing sources (uses)				
Transfers in	9,349,388	11,165,777	9,975,889	9,658,964
Transfers out	(102,892,535)	(146,147,166)	(102,606,451)	(94,404,294)
Total other financing sources (uses)	<u>(93,543,147)</u>	<u>(134,981,389)</u>	<u>(92,630,562)</u>	<u>(84,745,330)</u>
Net change in fund balances	<u>\$ 30,453,251</u>	<u>\$ (14,395,196)</u>	<u>\$ 9,269,115</u>	<u>\$ 8,104,652</u>

(1) Commencing in FY2013/14, the Budget categories for Regional Planning changed from Long range and Short range to Corridor and Facility Planning and Systems and Service Development.

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14 (1)</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618	\$ 132,029,116	\$ 136,038,855
-	11,665,674	11,224,800	11,262,600	11,444,400	11,502,000
635,647	400,200	480,217	680,581	851,939	117,384
799,840	589,367	364,784	229,713	718,180	301,538
851,443	946,643	1,032,753	974,372	914,854	1,460,558
-	-	-	-	-	-
189,000	153,445	176,058	167,915	173,842	191,717
79,874	73,104	114,061	146,051	161,726	287,543
233,357	100,154	126,982	632,661	278,546	404,003
<u>109,900,279</u>	<u>126,281,917</u>	<u>131,855,679</u>	<u>140,509,511</u>	<u>146,572,603</u>	<u>150,303,598</u>
101,121	161,939	147,932	-	-	-
1,063,291	307,283	298,472	-	-	-
113,073	113,311	138,819	-	-	-
-	-	-	231,494	699,024	1,045,749
-	-	-	818,072	1,766,588	1,060,941
997,203	704,870	659,732	301,508	256,546	291,640
909,742	779,921	776,881	682,022	600,632	660,933
590,062	571,187	666,966	588,880	578,886	576,977
42,633	40,142	143,291	200,556	180,118	270,290
2,201,863	2,018,631	2,049,382	1,863,098	2,319,857	2,121,709
3,833,319	3,578,569	3,547,025	3,713,351	3,776,394	3,639,202
1,815,740	2,447,288	2,603,690	2,661,189	2,475,109	2,629,642
1,284,141	992,744	905,972	975,968	1,094,407	947,060
-	-	-	-	-	-
359,637	453,137	692,811	756,333	987,332	1,003,915
-	-	-	-	-	-
-	10,345,984	10,200,055	10,795,306	10,534,411	10,767,678
1,113,456	274,580	575,762	1,141,786	441,072	521,862
<u>14,425,281</u>	<u>22,789,586</u>	<u>23,406,790</u>	<u>24,729,563</u>	<u>25,710,376</u>	<u>25,537,598</u>
<u>95,474,998</u>	<u>103,492,331</u>	<u>108,448,889</u>	<u>115,779,948</u>	<u>120,862,227</u>	<u>124,766,000</u>
1,447,579	9,957,202	1,093,168	1,029,451	1,720,704	2,097,907
(90,697,745)	(118,421,292)	(107,249,370)	(114,304,138)	(111,636,267)	(106,654,168)
(89,250,166)	(108,464,090)	(106,156,202)	(113,274,687)	(109,915,563)	(104,556,261)
<u>\$ 6,224,832</u>	<u>\$ (4,971,759)</u>	<u>\$ 2,292,687</u>	<u>\$ 2,505,261</u>	<u>\$ 10,946,664</u>	<u>\$ 20,209,739</u>

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

	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Governmental activities				
Regional area road funds	\$ 4,047,593	\$ 4,167,168	\$ 4,277,292	\$ 4,371,192
Public transportation funds	130,187,667	126,323,611	109,020,404	99,351,318
Total governmental activities sales taxes	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>
Business-type activities				
Regional area road funds	\$ -	\$ -	\$ -	\$ -
Public transportation funds	-	-	-	-
Total business-type activities sales taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Regional area road funds	\$ 4,047,593	\$ 4,167,168	\$ 4,277,292	\$ 4,371,192
Public transportation funds	130,187,667	126,323,611	109,020,404	99,351,318
Total primary government sales taxes	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358	\$ 4,711,434	\$ 4,780,111
<u>102,688,559</u>	<u>107,889,134</u>	<u>113,776,294</u>	<u>121,774,260</u>	<u>127,317,682</u>	<u>131,258,744</u>
<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>	<u>\$ 132,029,116</u>	<u>\$ 136,038,855</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358	\$ 4,711,434	\$ 4,780,111
<u>102,688,559</u>	<u>107,889,134</u>	<u>113,776,294</u>	<u>121,774,260</u>	<u>127,317,682</u>	<u>131,258,744</u>
<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>	<u>\$ 132,029,116</u>	<u>\$ 136,038,855</u>

Valley Metro
Regional Public Transportation Authority
 Maricopa County Transportation Excise Tax Revenue Distributions
 Last Ten Fiscal Years
 (accrual basis of accounting)

	<u>FY 2006/07 (2)</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Regional area road funds				
Freeways	\$ 213,119	\$ 205,576	\$ 176,235	\$ 159,604
Regional Public Transportation Authority / Maricopa Association of Governments (1)	8,095	8,334	8,555	8,742
Arterial streets	41,050	39,832	34,376	31,327
Total regional area road fund distributions	<u>262,264</u>	<u>253,742</u>	<u>219,166</u>	<u>199,673</u>
Public transportation funds	130,188	126,324	109,020	99,351
Department of Revenue administrative fee	-	-	-	-
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 392,452</u>	<u>\$ 380,066</u>	<u>\$ 328,186</u>	<u>\$ 299,024</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.
- (3) In FY2015/16, the Arizona Department of Revenue assessed a fee of \$2.58 million on Regional Transportation Authorities per Laws 2015, 1st Regular Session, Chapter 323 (HB 2617) to recover a portion of administrative, program, and other operating costs incurred.

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16 (3)</u>
\$ 165,321	\$ 173,334	\$ 182,806	\$ 196,106	\$ 205,305	\$ 212,021
8,845	8,928	9,119	9,283	9,423	9,560
<u>32,379</u>	<u>34,019</u>	<u>35,875</u>	<u>38,397</u>	<u>40,145</u>	<u>41,388</u>
206,545	216,281	227,800	243,786	254,873	262,969
102,689	107,889	113,776	121,774	127,318	131,259
-	-	-	-	-	2,582
<u>\$ 309,234</u>	<u>\$ 324,170</u>	<u>\$ 341,576</u>	<u>\$ 365,560</u>	<u>\$ 382,191</u>	<u>\$ 396,810</u>

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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
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	20,642	309,234
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	18,350	341,576
2013/14 (1)	186,406	37,243	31,271	38,532	38,547	12,091	21,470	365,560
2014/15 (1)	201,843	36,624	31,087	41,865	40,162	12,876	17,734	382,191
2015/16 (1)	214,340	34,543	31,929	44,262	41,794	13,574	16,368	396,810

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.

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

	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	47.8600%	46.8000%	46.8300%	46.8300%	49.1600%
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	18.8200%	17.4000%	14.2800%	14.2800%	9.0600%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Real Property (including hotels and motels) (1)					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	9.2700%	10.1000%	11.5000%	11.5000%	11.5500%
Transaction Privilege Tax Rate	1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
Transportation Excise Tax Rate	0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
Restaurants and Bars					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	8.4300%	8.7000%	9.3700%	9.3700%	10.2600%
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	6.8000%	7.5000%	8.6900%	8.6900%	9.5400%
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	3.8400%	4.0000%	4.1000%	4.1000%	3.7500%
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	2.9300%	3.3000%	2.9900%	2.9900%	3.2700%
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	1.0600%	1.1000%	1.1900%	1.1900%	1.1800%
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	0.5300%	0.5000%	0.4900%	0.4900%	0.5200%
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	0.4600%	0.6000%	0.5600%	0.5600%	1.7100%
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.

<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>
50.1000%	50.6300%	50.9900%	52.8100%	54.0200%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
9.4000%	9.5600%	10.1900%	9.5800%	8.7100%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5120%	0.5000%
11.2000%	11.1500%	10.5400%	10.5100%	10.5300%
1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
10.6000%	10.6700%	10.5400%	10.9500%	11.1500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
9.3000%	9.0700%	8.5500%	8.1300%	8.0500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
3.7000%	3.5500%	3.3100%	3.3700%	3.4200%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
3.1000%	2.9700%	2.6600%	2.1700%	1.8500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.2000%	1.1400%	1.0900%	1.2200%	1.2800%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.4000%	0.4700%	0.3500%	0.3800%	0.3300%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.0000%	0.7900%	1.7700%	0.8800%	0.6700%
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%

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Pledged Revenue</u>	<u>Coverage</u>
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	18.89
2011	-	5,245,318	5,245,318	102,688,559	19.58
2012	2,265,000	5,154,718	7,419,718	107,889,134	14.54
2013	5,085,000	4,951,318	10,036,318	113,776,294	11.34
2014	5,290,000	7,139,987	12,429,987	121,774,260	9.80
2015	5,555,000	10,219,206	15,774,206	127,317,682	8.07
2016	14,020,000	9,265,445	23,285,445	131,258,744	5.64

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

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 Seven Fiscal Years

Fiscal Year Ended June 30	Business-type Activities		
	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	0.07%	27.52
2012	102,369,446	0.07%	26.35
2013	96,869,951	0.06%	24.63
2014	226,571,621	(1)	57.43
2015	220,602,125	(1)	54.29
2016	207,123,911	(1)	(1)

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

(1) Income and Per Capita estimates were not yet available for the fiscal years 2014, 2015, and 2016.

Valley Metro
Regional Public Transportation Authority
 Transportation Excise Tax Revenue Bonds
 Debt Service Revenue and Cost Per Capita
 Last Seven 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	4,023,132	\$ 1	\$ 25
2011	-	5,245,318	5,245,318	102,688,559	3,817,117	1	27
2012	2,265,000	5,154,718	7,419,718	107,889,134	3,884,705	2	28
2013	5,085,000	4,951,318	10,036,318	113,776,294	3,933,712	3	29
2014	5,290,000	7,139,987	12,429,987	121,774,260	3,944,859	3	31
2015	5,555,000	10,219,206	15,774,206	127,317,682	4,063,700	4	31
2016	14,020,000	9,265,445	23,285,445	131,258,744	(2)	(2)	(2)

(1) Source: Authority's Financial Records and Workforce Informer Arizona for population

(2) Population and Per Capita estimates were not yet available for the fiscal year 2016.

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

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Maricopa County	3,792,675	3,907,492	3,987,942	4,115,811	4,023,132
Avondale	66,110	72,210	75,256	76,648	76,900
Buckeye	N/A	N/A	N/A	50,143	52,764
Chandler	231,785	235,450	241,205	244,376	245,087
El Mirage	29,630	32,605	33,583	33,647	33,610
Gilbert	178,000	185,030	203,656	214,820	217,521
Glendale	236,030	243,540	246,076	248,435	249,197
Goodyear (1)	N/A	49,720	55,954	59,436	61,916
Mesa	452,355	451,360	456,344	459,682	461,102
Peoria	137,285	145,135	151,541	155,557	158,709
Phoenix	1,452,825	1,505,265	1,538,568	1,561,485	1,575,423
Queen Creek (1)	N/A	18,690	21,363	23,329	24,926
Scottsdale	223,835	237,120	240,126	242,337	243,501
Surprise (1)	78,265	98,140	104,895	108,761	109,482
Tempe	160,735	165,890	167,871	172,641	174,833
Tolleson (1)	N/A	N/A	N/A	N/A	6,923

Source: Workforce Informer Arizona and U.S. Census Bureau

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.

FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
3,817,117	3,884,705	3,933,712	3,944,859	4,063,700
76,238	76,870	77,511	79,646	80,684
50,876	54,102	56,460	59,470	62,138
236,123	241,214	246,197	254,276	260,828
31,797	32,067	32,472	33,532	33,935
208,453	219,666	227,603	239,277	247,542
226,721	229,008	231,109	237,517	240,126
65,275	69,018	72,275	75,664	79,003
439,041	444,856	450,310	464,704	471,825
154,065	157,653	160,552	166,934	163,839
1,445,632	1,464,727	1,485,751	1,537,058	1,563,025
26,361	27,249	29,510	32,236	34,614
217,385	219,713	222,213	230,512	236,839
117,517	119,530	121,629	126,275	128,422
161,719	164,659	165,158	172,816	175,826
6,573	6,579	6,632	6,929	7,008

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**Valley Metro
Regional Public Transportation Authority**

Top Ten Employers for Maricopa County
For the Year 2015 and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	% of Total	Employees	Rank	% of Total
State of Arizona	50,816	1	2.67%	49,305	1	2.58%
Banner Health Systems	35,406	2	1.86%	16,400	3	0.86%
Wal-Mart Stores, Inc.	32,373	3	1.70%	28,800	2	1.51%
Fry's Food Stores	17,286	4	0.91%	11,780	7	0.62%
City of Phoenix	14,585	5	0.77%	14,166	4	0.74%
Wells Fargo & Company	14,480	6	0.76%	11,800	6	0.62%
Maricopa County	13,567	7	0.71%	13,274	5	0.70%
Arizona State University	12,676	8	0.67%	11,533	9	0.60%
Dignity Health	12,100	9	0.64%			
University of Arizona	11,442	10	0.60%			
U.S. Postal Services				11,700	8	0.61%
Honeywell International Inc.				10,700	10	0.56%
Total for Principal Employers	214,731		11.29%	179,458		9.40%
Total Employment in Maricopa Cty	1,900,314			1,907,700		

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 2016 was not available.

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

	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011 (3)</u>	<u>FY 2011/2012 (4)</u>
Avondale						
Local transportation assistance funds received	317,127	331,478	318,231	185,086	-	223,694
Minimum local expenditures required	105,603	110,382	105,971	61,634	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Buckeye (1)						
Local transportation assistance funds received	N/A	N/A	171,121	121,083	-	149,278
Minimum local expenditures required	N/A	N/A	128,341	90,812	-	
Percentage required	N/A	N/A	75.0%	75.0%	0.0%	
Chandler						
Local transportation assistance funds received	1,111,863	1,080,826	1,019,970	590,108	-	692,821
Minimum local expenditures required	370,250	359,915	339,650	196,506	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
El Mirage						
Local transportation assistance funds received	142,134	149,672	142,011	81,249	-	93,297
Minimum local expenditures required	106,600	112,254	106,508	60,937	-	
Percentage required	75.0%	75.0%	75.0%	75.0%	0.0%	
Gilbert						
Local transportation assistance funds received	853,858	849,374	861,189	518,737	-	611,633
Minimum local expenditures required	284,335	282,842	286,776	172,739	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Glendale						
Local transportation assistance funds received	1,132,226	1,117,962	1,040,568	599,909	-	665,234
Minimum local expenditures required	377,031	372,281	346,509	199,770	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Goodyear (1)						
Local transportation assistance funds received	197,755	228,238	236,610	143,523	-	191,527
Minimum local expenditures required	148,316	171,179	177,458	107,642	-	
Percentage required	75.0%	75.0%	75.0%	75.0%	0.0%	
Maricopa County (1)						
Local transportation assistance funds received	NA	NA	NA	NA	NA	834,483
Minimum local expenditures required	NA	NA	NA	NA	NA	
Percentage required	NA	NA	NA	NA	NA	
Mesa						
Local transportation assistance funds received	2,169,928	2,071,953	1,929,717	1,110,018	-	1,288,213
Minimum local expenditures required	2,169,928	2,071,953	1,929,717	1,110,018	-	
Percentage required	100.0%	100.0%	100.0%	100.0%	0.0%	
Peoria						
Local transportation assistance funds received	658,598	666,237	640,826	375,639	-	452,030
Minimum local expenditures required	219,313	221,857	213,395	125,088	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Phoenix						
Local transportation assistance funds received	6,969,140	6,909,870	6,506,059	3,770,600	-	4,241,702
Minimum local expenditures required	6,969,140	6,909,870	6,506,059	3,770,600	-	
Percentage required	100.0%	100.0%	100.0%	100.0%	0.0%	
Queen Creek (1)						
Local transportation assistance funds received	76,224	85,796	91,884	57,536	-	76,030
Minimum local expenditures required	57,168	64,347	68,913	43,152	-	
Percentage required	75.0%	75.0%	75.0%	75.0%	0.0%	
Scottsdale						
Local transportation assistance funds received	1,073,727	1,088,492	1,015,408	585,184	-	637,841
Minimum local expenditures required	357,551	362,468	338,131	194,866	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Surprise (1) (2)						
Local transportation assistance funds received	375,434	450,508	443,564	262,631	-	344,813
Minimum local expenditures required	125,019	150,019	147,707	87,456	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Tempe						
Local transportation assistance funds received	771,039	761,513	709,867	416,885	-	474,508
Minimum local expenditures required	256,756	253,584	236,386	138,823	-	
Percentage required	33.3%	33.3%	33.3%	33.3%	0.0%	
Tolleson						
Local transportation assistance funds received	N/A	N/A	N/A	16,500	-	19,204
Minimum local expenditures required	N/A	N/A	N/A	12,375	-	
Percentage required	N/A	N/A	N/A	75.0%	0.0%	
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	
Percentage required	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 2012/2013</u>	<u>FY 2013/2014</u>	<u>FY 2014/2015</u>	<u>FY 2015/2016</u>
224,189	224,944	228,575	229,726
149,608	150,112	152,535	153,303
694,355	696,693	707,939	711,502
93,504	93,819	95,333	95,813
612,987	615,051	624,979	628,125
666,707	668,952	679,750	683,171
191,951	192,597	195,706	196,691
284,404	839,148	852,695	856,986
1,291,065	1,295,413	1,316,324	1,322,949
453,030	454,556	461,893	464,218
4,251,096	4,265,412	4,334,263	4,356,077
-	76,455	77,689	78,080
639,253	641,406	651,759	655,039
345,576	346,740	352,337	354,110
475,559	477,160	484,863	487,303
19,247	19,311	19,623	19,722
6,363	18,774	19,077	19,173

- (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 (1,6)	Income (1,6) (in thousands)	Per Capita Income (1,6)	Median Age (3)	School Enrollment (4)	Unemployment Rate (2,6)
2006	3,792,675	134,339,487	35,421	33.0	689,411	3.6%
2007	3,907,492	139,665,253	35,743	33.4	707,771	2.9%
2008	3,987,942	145,880,680	36,580	33.7	732,146	4.3%
2009	4,115,811	146,898,132	35,691	33.3	683,966	8.0%
2010	4,023,132	140,351,646	34,886	34.1	684,510	9.6%
2011	3,817,117	147,724,392	38,701	34.4	684,028	8.9%
2012	3,884,705	156,763,179	40,354	34.6	693,276	7.5%
2013	3,933,712	160,497,824	40,801	35.0	713,323	7.1%
2014	3,944,859	(5)	(5)	35.3	723,452	6.4%
2015	4,063,700	(5)	(5)	35.3	(5)	5.3%

- (1) Source: Workforce Informer Arizona at www.workforce.az.gov for Maricopa County
- (2) Source: U.S. Department of Commerce Bureau of Economic Analysis
- (3) Source: U.S. Census Bureau, by calendar year. Data was adjusted for fiscal years 2009 through 2013 for Median age to be consistent with U.S. Census Bureau.
- (4) Source: Arizona Department of Education, Research and Evaluation Section. School enrollment is based on the census at the start of the school year.
- (5) Income and Per Capita estimates were not yet available for the fiscal year 2014 and 2015. Further, School Enrollment was not yet available for the fiscal year 2015.
- (6) Data was adjusted for fiscal years 2005 through 2013 for Population and Income to be consistent with Workforce Informer Arizona for Maricopa County. Data was adjusted for fiscal years 2005 through 2013 for Unemployment Rate to be consistent with U.S. Department of Commerce Bureau of Economic Analysis.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
Governmental activities:										
Regional planning	7.9	8.1	8.0	8.1	7.7	7.9	7.1	8.1	8.9	8.3
Transportation demand management	9.0	10.5	10.0	10.0	9.0	8.5	7.3	7.3	7.2	6.1
Regional customer services	71.5	74.6	78.2	78.3	72.9	73.3	78.2	68.2	66.8	64.4
Administration	20.1	22.2	22.2	22.2	20.4	19.5	15.5	31.6	32.4	33.3
Total governmental activities FTE	<u>108.5</u>	<u>115.4</u>	<u>118.4</u>	<u>118.6</u>	<u>110.0</u>	<u>109.2</u>	<u>108.1</u>	<u>115.2</u>	<u>115.3</u>	<u>112.1</u>
Business-type activities:										
Transit service operations	10.5	8.6	8.5	8.4	10.1	10.4	11.9	11.8	15.8	16.7
Light rail transit (1)	51.0	58.0	92.0	96.0	84.0	88.5	153.0	161.0	165.2	183.2
Total business-type activities FTE	<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>	<u>181.0</u>	<u>199.9</u>
Total primary government FTE	<u>170.0</u>	<u>182.0</u>	<u>218.9</u>	<u>223.0</u>	<u>204.1</u>	<u>208.1</u>	<u>273.0</u>	<u>288.0</u>	<u>296.3</u>	<u>312.0</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 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>
Fixed Route System (1)					
City of Phoenix Transit System					
Total boardings	44,182,683	44,101,320	42,670,621	44,642,019	35,806,019
Revenue miles	17,166,702	18,412,020	18,826,324	18,238,826	17,692,736
Revenue hours	1,166,967	1,166,986	998,142	1,172,816	1,196,437
Operating cost	\$ 93,058,555	\$ 108,350,712	\$ 117,350,016	\$ 109,867,153	\$ 113,744,493
Operating cost per boarding	\$ 2.11	\$ 2.46	\$ 2.75	\$ 2.46	\$ 3.18
Farebox recovery ratio	26.6%	27.0%	27.5%	32.1%	30.9%
Regional Public Transportation Authority (2)					
Total boardings	6,484,886	6,772,065	7,908,819	8,390,453	7,277,608
Revenue miles	4,956,352	5,521,319	6,218,876	6,548,640	6,392,468
Revenue hours	389,349	381,620	377,267	372,580	438,051
Operating cost	\$ 19,613,325	\$ 22,493,215	\$ 30,076,788	\$ 34,853,186	\$ 33,248,059
Operating cost per boarding	\$ 3.02	\$ 3.32	\$ 3.80	\$ 4.15	\$ 4.57
Farebox recovery ratio	20.7%	20.2%	18.1%	15.5%	20.4%
City of Tempe					
Total boardings	5,063,284	6,808,547	4,896,103	5,846,385	5,217,425
Revenue miles	3,868,790	4,497,200	4,372,291	4,752,561	4,889,470
Revenue hours	297,027	364,249	326,640	371,445	370,738
Operating cost	\$ 16,738,459	\$ 19,496,217	\$ 19,947,661	\$ 27,191,179	\$ 28,676,837
Operating cost per boarding	\$ 3.31	\$ 2.86	\$ 4.07	\$ 4.65	\$ 5.50
Farebox recovery ratio	17.9%	16.2%	16.6%	11.8%	17.2%
City of Glendale - Luke Link (3)					
Total boardings	101,444	227,702	NA	NA	116,952
Revenue miles	142,109	252,413	NA	NA	101,154
Revenue hours	8,121	19,455	NA	NA	37,006
Operating cost	\$ 232,802	\$ 435,099	NA	NA	\$ 820,392
Operating cost per boarding	\$ 2.29	\$ 1.91	NA	NA	\$ 7.01
Farebox recovery ratio	27.5%	22.7%	NA	NA	3.1%
Total fixed route system					
Total boardings	55,832,297	57,909,634	55,475,543	58,878,857	48,418,004
Revenue miles	26,133,953	28,682,952	29,417,491	29,540,027	29,075,828
Revenue hours	1,861,464	1,932,310	1,702,049	1,916,841	2,042,232
Operating cost	\$ 129,643,141	\$ 150,775,243	\$ 167,374,465	\$ 171,911,518	\$ 176,489,781
Operating cost per boarding	\$ 2.32	\$ 2.60	\$ 3.02	\$ 2.92	\$ 3.65
Farebox recovery ratio	24.6%	22.5%	24.5%	25.5%	26.6%

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

- (1) Fixed route systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.
- (2) The Regional Public Transportation Authority statistics include the City of Mesa fixed route system and the City of Scottsdale fixed route system that were separately managed through fiscal year 2004 and fiscal year 2001, respectively.
- (3) NA - City of Glendale did not run a fixed route.
- (4) 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.
- (5) Commencing FY14, Fixed Route Transit services operated by City of Tempe were united with fixed route services operated by RPTA.

NR Not reported

Note: Information for fiscal year 2016 was not available at the time the CAFR was drafted.

<u>FY 2010/2011</u>	<u>FY 2011/2012 (4)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014 (5)</u>	<u>FY 2014/2015</u>
37,437,652	37,122,975	37,713,203	36,218,582	35,657,045
16,915,379	16,013,826	15,306,424	15,807,220	15,789,798
1,125,763	1,225,077	1,110,556	1,288,260	1,233,609
\$ 130,360,068	\$ 138,046,662	\$ 137,800,189	\$ 137,009,877	\$ 141,260,727
\$ 3.48	\$ 3.72	\$ 3.65	\$ 3.78	\$ 3.96
25.7%	25.1%	24.4%	24.8%	23.5%
8,054,520	8,803,900	9,326,130	14,660,186	14,393,943
5,902,973	5,738,650	5,954,546	9,831,917	9,744,135
355,964	433,301	439,516	719,979	721,629
\$ 34,380,383	\$ 40,845,490	\$ 43,378,047	\$ 63,991,098	\$ 66,927,052
\$ 4.27	\$ 4.64	\$ 4.65	\$ 4.36	\$ 4.65
20.9%	19.4%	22.2%	22.6%	20.4%
8,313,058	5,435,181	5,814,968	NA	NA
5,678,666	3,803,757	3,753,634	NA	NA
498,944	285,591	233,981	NA	NA
\$ 24,851,193	\$ 24,989,805	\$ 25,892,432	NA	NA
\$ 2.99	\$ 4.60	\$ 4.45	NA	NA
19.3%	20.0%	22.6%	NA	NA
110,913	NA	NA	NA	NA
99,773	NA	NA	NA	NA
8,713	NA	NA	NA	NA
\$ 786,101	NA	NA	NA	NA
\$ 7.09	NA	NA	NA	NA
3.1%	NA	NA	NA	NA
53,916,143	51,362,056	52,854,301	50,878,768	50,050,988
28,596,791	25,556,233	25,014,604	25,639,137	25,533,933
1,989,384	1,943,969	1,784,053	2,008,239	1,955,238
\$ 190,377,745	\$ 203,881,957	\$ 207,070,668	\$ 201,000,975	\$ 208,187,779
\$ 3.53	\$ 3.97	\$ 3.92	\$ 3.95	\$ 4.16
23.9%	23.3%	23.8%	24.1%	22.5%

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

	<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>	<u>FY 2010/2011</u>
Dial-a-Ride System (1)						
Phoenix Dial-a-Ride						
Total boardings	415,733	410,838	391,420	396,474	353,674	328,502
Revenue miles	4,276,365	NA	4,806,031	4,064,584	3,675,478	3,464,880
Revenue hours	285,137	287,882	292,601	295,057	283,686	257,874
Operating cost	\$ 12,452,214	\$ 13,655,624	\$ 14,759,075	\$ 14,991,465	\$ 14,749,818	\$ 15,519,920
Operating cost per boarding	\$ 29.95	\$ 33.24	\$ 37.71	\$ 37.81	\$ 41.70	\$ 47.24
Farebox recovery ratio	5.0%	4.7%	4.1%	4.2%	7.3%	6.3%
Phoenix Reserve-a-Ride						
Total boardings	NR	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	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	220,153	226,050	240,424	262,364	248,462	234,095
Revenue miles	1,796,728	NA	NA	2,090,445	2,123,274	2,191,197
Revenue hours	121,607	126,131	131,842	137,604	129,168	128,335
Operating cost	\$ 6,596,249	\$ 7,685,324	\$ 8,461,088	\$ 9,760,107	\$ 9,322,558	\$ 9,096,936
Operating cost per boarding	\$ 29.96	\$ 34.00	\$ 35.19	\$ 37.20	\$ 37.52	\$ 38.86
Farebox recovery ratio	5.2%	5.0%	4.6%	4.1%	4.9%	7.8%
Maricopa County STS						
Total boardings	100,243	91,082	87,134	35,488	NR	NR
Revenue miles	913,009	NA	NA	362,525	NR	NR
Revenue hours	56,585	49,524	47,511	24,641	NR	NR
Operating cost	\$ 3,312,076	\$ 3,368,464	\$ 3,350,837	\$ 256,574	NR	NR
Operating cost per boarding	\$ 33.04	\$ 36.98	\$ 38.46	\$ 7.23	NR	NR
Farebox recovery ratio	0.3%	0.0%	0.0%	0.0%	NR	NR
Sun Cities Area Transit						
Total boardings	57,091	45,612	34,924	27,652	30,509	14,715
Revenue miles	230,472	NA	NA	109,741	120,305	53,614
Revenue hours	21,802	16,526	12,974	13,081	30,509	5,367
Operating cost	\$ 689,473	\$ 697,877	\$ 560,024	\$ 610,581	\$ 558,965	\$ 228,146
Operating cost per boarding	\$ 12.08	\$ 15.30	\$ 16.04	\$ 22.08	\$ 18.32	\$ 15.50
Farebox recovery ratio	23.5%	18.0%	22.0%	17.4%	18.6%	24.9%
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 2016 was not available at the time the CAFR was drafted.

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

	FY 2005/2006	FY 2006/2007	FY 2007/2008	FY 2008/2009	FY 2009/2010	FY 2010/2011
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	89,055	84,132	88,638	92,381	89,808	97,741
Revenue miles	390,561	NA	NA	408,986	411,136	406,413
Revenue hours	29,594	29,448	30,642	30,594	29,927	30,347
Operating cost	\$ 2,387,554	\$ 2,446,602	\$ 2,878,740	\$ 2,431,098	\$ 2,430,543	\$ 2,604,743
Operating cost per boarding	\$ 26.81	\$ 29.08	\$ 32.48	\$ 26.32	\$ 27.06	\$ 26.65
Farebox recovery ratio	4.6%	3.3%	3.8%	4.4%	4.3%	4.0%
Peoria Dial-a-Ride						
Total boardings	42,560	45,790	40,122	38,978	32,921	29,317
Revenue miles	159,903	NA	NA	212,812	158,846	122,789
Revenue hours	9,975	12,663	14,875	14,567	13,218	8,156
Operating cost	\$ 927,312	\$ 1,045,445	\$ 1,239,982	\$ 1,239,982	\$ 1,109,380	\$ 1,006,618
Operating cost per boarding	\$ 21.79	\$ 22.83	\$ 30.91	\$ 31.81	\$ 33.70	\$ 34.34
Farebox recovery ratio	5.1%	4.5%	3.2%	3.1%	2.9%	3.1%
El Mirage Dial-a-Ride						
Total boardings	1,466	1,947	1,131	1,459	NR	NR
Revenue miles	12,284	NA	NA	NA	NR	NR
Revenue hours	1,613	1,820	1,764	1,680	NR	NR
Operating cost	\$ 74,023	\$ 99,256	\$ 97,262	\$ 102,139	NR	NR
Operating cost per boarding	\$ 50.49	\$ 50.98	\$ 86.00	\$ 70.01	NR	NR
Farebox recovery ratio	2.0%	3.7%	2.3%	2.9%	NR	NR
Surprise Dial-a-Ride						
Total boardings	12,578	17,339	20,075	19,336	22,151	23,942
Revenue miles	86,045	NA	NA	79,989	83,761	81,859
Revenue hours	6,554	8,037	8,698	7,918	8,561	8,601
Operating cost	\$ 367,093	\$ 506,921	\$ 589,469	\$ 644,740	\$ 591,150	\$ 617,751
Operating cost per boarding	\$ 29.19	\$ 29.24	\$ 29.36	\$ 33.34	\$ 26.69	\$ 25.80
Farebox recovery ratio	3.5%	3.6%	3.7%	3.0%	3.8%	4.1%
Total Dial-a-Ride System						
Total boardings	938,879	920,843	902,737	872,673	777,525	728,312
Revenue miles	7,865,367	NA	4,806,031	7,329,082	6,572,800	6,320,752
Revenue hours	532,867	532,031	540,907	525,142	495,069	438,680
Operating cost	\$ 26,805,994	\$ 29,505,513	\$ 31,936,477	\$ 30,036,686	\$ 28,762,414	\$ 29,074,114
Operating cost per boarding	\$ 28.55	\$ 32.04	\$ 35.38	\$ 34.42	\$ 36.99	\$ 39.92
Farebox recovery ratio	4.9%	4.4%	4.1%	4.3%	6.2%	6.8%

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 2016 was not available at the time the CAFR was drafted.

	<u>FY 2011/2012 (2)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014</u>	<u>FY 2014/2015</u>
	65,168	144,299	48,834	51,850
	NR	NR	NR	NR
	NR	NR	NR	NR
\$	1,521,274	\$ 2,374,019	\$ 1,148,091	\$ 1,104,528
\$	23.34	\$ 16.45	\$ 23.51	\$ 21.30
	8.4%	5.1%	15.3%	12.6%
	53,476	54,538	63,113	51,170
	NR	NR	NR	NR
	NR	NR	NR	NR
\$	431,037	\$ 460,760	\$ 568,054	\$ 472,515
\$	8.06	\$ 8.45	\$ 9.00	\$ 9.23
	20.0%	0.0%	0.0%	0.0%
	96,683	93,305	85,649	84,819
	404,838	388,368	389,372	391,406
	29,957	28,975	35,216	37,076
\$	2,620,334	\$ 2,622,120	\$ 2,427,706	\$ 2,344,055
\$	27.10	\$ 28.10	\$ 28.34	\$ 27.64
	4.0%	1.7%	3.1%	3.3%
	30,943	24,201	25,281	23,861
	141,596	98,999	101,211	86,519
	7,652	6,935	7,912	6,679
\$	903,468	\$ 955,554	\$ 1,104,216	\$ 777,579
\$	29.20	\$ 39.48	\$ 43.68	\$ 32.59
	3.0%	2.7%	2.6%	3.8%
	NR	NR	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	24,301	5,926	NR	NR
	84,636	17,880	NR	NR
	8,955	1,976	NR	NR
\$	661,287	\$ 127,252	NR	NR
\$	27.21	\$ 24.03	NR	NR
	3.7%	3.8%	NR	NR
	856,347	997,444	987,318	1,059,300
	5,679,244	6,565,608	7,446,734	7,816,147
	481,701	385,667	413,730	422,498
\$	36,117,742	\$ 36,629,939	\$ 36,819,460	\$ 35,786,364
\$	42.18	\$ 36.72	\$ 37.29	\$ 33.78
	5.4%	5.9%	7.0%	7.7%

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

	<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>
Shuttle/Circulator System					
City of Phoenix (1)					
Total boardings	766,676	735,941	1,799,974	2,599,292	2,643,678
Revenue miles	580,884	580,080	1,614,317	1,960,474	1,609,412
Revenue hours	36,923	36,710	79,529	118,173	99,367
Operating cost	\$ 1,812,780	\$ 1,889,393	\$ 7,173,722	\$ 9,626,975	\$ 7,306,773
Operating cost per boarding	\$ 2.36	\$ 2.57	\$ 3.99	\$ 3.70	\$ 2.76
Farebox recovery ratio	0.0%	0.0%	0.1%	0.0%	0.0%
City of Tempe (2)					
Total boardings	2,034,656	1,616,729	2,456,646	3,307,223	3,660,543
Revenue miles	479,595	482,538	1,613,904	2,105,878	1,819,126
Revenue hours	48,794	52,379	150,171	206,964	194,057
Operating cost	\$ 1,954,659	\$ 2,091,895	\$ 6,833,012	\$ 11,414,395	\$ 10,070,159
Operating cost per boarding	\$ 0.96	\$ 1.29	\$ 2.78	\$ 3.45	\$ 2.75
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Scottsdale (3) (4)					
Total boardings	125,435	274,961	384,000	572,925	652,230
Revenue miles	80,489	219,861	-	439,307	358,482
Revenue hours	14,025	33,828	48,240	48,648	37,006
Operating cost	\$ 953,477	\$ 1,887,546	\$ 2,400,000	\$ 2,627,403	N/A
Operating cost per boarding	\$ 7.60	\$ 6.86	\$ 6.25	\$ 4.59	N/A
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	N/A
City of Glendale (5)					
Total boardings	96,258	97,681	110,941	113,382	116,952
Revenue miles	96,838	NR	110,005	98,760	104,154
Revenue hours	7,969	NR	8,858	8,735	12,412
Operating cost	\$ 158,442	NR	\$ 176,574	\$ 668,581	\$ 820,392
Operating cost per boarding	\$ 1.65	NR	\$ 1.59	\$ 5.90	\$ 7.01
Farebox recovery ratio	10.3%	NR	16.3%	3.6%	3.1%
Regional Public Transportation Authority (6)					
Total boardings	N/A	N/A	N/A	80,133	200,504
Revenue miles	N/A	N/A	N/A	60,795	105,935
Revenue hours	N/A	N/A	N/A	5,755	8,726
Operating cost	N/A	N/A	N/A	\$ 319,570	\$ 547,823
Operating cost per boarding	N/A	N/A	N/A	\$ 3.99	\$ 2.73
Farebox recovery ratio	N/A	N/A	N/A	0.0%	0.0%
Total Shuttle/Circulator System					
Total boardings	3,023,025	2,725,312	4,751,561	6,672,955	7,273,907
Revenue miles	1,237,806	1,282,479	3,338,226	4,665,214	3,997,109
Revenue hours	107,711	122,917	286,798	388,275	351,568
Operating cost	\$ 4,879,358	\$ 5,868,834	\$ 16,583,308	\$ 23,988,343	\$ 18,745,147
Operating cost per boarding	\$ 1.61	\$ 2.15	\$ 3.49	\$ 3.59	\$ 2.58
Farebox recovery ratio	N/A	N/A	0.2%	0.1%	N/A

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

- (1) City of Phoenix - Alex, Dash, Mary & Smart; prior to FY 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.
- (8) Commencing in FY14 Circulator transit services operated by City of Tempe were unified with RPTA circulator transit services.

Note: Information for FY 2016 was not available at the time the CAFR was drafted.

<u>FY 2010/2011</u>	<u>FY 2011/2012 (7)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014 (8)</u>	<u>FY 2014/2015</u>
1,410,810	1,325,435	1,876,635	2,679,891	2,669,161
624,617	518,763	671,245	786,672	724,333
37,488	39,210	48,686	71,356	62,471
\$ 4,062,374	\$ 3,849,920	\$ 5,337,126	\$ 6,228,762	\$ 5,270,763
\$ 2.88	\$ 2.90	\$ 2.84	\$ 2.32	\$ 1.97
0.0%	0.0%	0.0%	0.0%	0.0%
3,143,824	3,490,934	3,081,111	NR	NR
1,489,463	1,506,444	1,449,887	NR	NR
169,543	168,166	145,472	NR	NR
\$ 9,191,363	\$ 9,404,570	\$ 10,001,270	NR	NR
\$ 2.92	\$ 2.69	\$ 3.25	NR	NR
0.0%	0.0%	0.0%	NR	NR
897,858	969,718	897,167	955,627	880,858
619,658	480,480	552,033	629,453	631,772
N/A	60,857	171,339	57,547	59,377
\$ 2,570,545	\$ 2,645,244	\$ 2,581,006	\$ 2,687,328	\$ 3,555,556
\$ 2.86	\$ 2.73	\$ 2.88	\$ 2.81	\$ 4.04
N/A	0.0%	0.0%	0.0%	0.0%
110,915	120,642	120,885	119,248	103,538
99,773	98,668	95,244	93,981	90,554
8,713	8,713	8,498	8,562	8,001
\$ 786,101	\$ 812,589	\$ 812,589	\$ 802,959	\$ 654,692
\$ 7.09	\$ 6.74	\$ 6.72	\$ 6.73	\$ 6.32
3.1%	3.3%	3.3%	3.3%	3.7%
211,887	204,176	293,613	3,172,246	2,752,254
104,540	279,762	369,149	1,814,134	1,851,992
8,044	22,045	28,723	180,374	200,237
\$ 618,061	\$ 1,533,426	\$ 1,920,057	\$ 10,913,672	\$ 11,196,470
\$ 2.92	\$ 7.51	\$ 6.54	\$ 3.44	\$ 4.07
0.0%	2.9%	4.2%	0.7%	0.7%
5,775,294	6,110,905	6,269,411	6,927,012	6,405,811
2,938,051	2,884,117	3,137,558	3,324,240	3,298,651
223,788	298,991	402,718	317,839	330,086
\$ 17,228,444	\$ 18,245,749	\$ 20,652,048	\$ 20,632,721	\$ 20,677,481
\$ 2.98	\$ 2.99	\$ 3.29	\$ 2.98	\$ 3.23
0.1%	0.4%	0.4%	0.5%	0.5%

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>
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
2014/15	223	1	431
2015/16	223	0	435

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

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