

# Comprehensive Annual Financial Report

---

Fiscal Year Ended June 30, 2013



Regional Public Transportation Authority  
Phoenix, Arizona

# **Valley Metro**

## **Regional Public Transportation Authority**

Phoenix, Arizona

### Board of Directors

Chair, Councilmember Ron Aames, Peoria  
Vice Chair, Councilmember Scott Somers, Mesa  
Treasurer, Councilmember Trinity Donovan, Chandler  
Councilmember Jim McDonald, Avondale  
Councilmember Eric Orsborn, Buckeye  
Mayor Lana Mook, El Mirage  
Councilmember Jenn Daniels, Gilbert  
Councilmember Gary Sherwood, Glendale  
Vice Mayor Joe Pizzillo, Goodyear  
Supervisor Mary Rose Wilcox, Maricopa County  
Councilmember Thelda Williams, Phoenix  
Councilmember Bob Littlefield, Scottsdale  
Mayor Sharon Wolcott, Surprise  
Councilmember Shana Ellis, Tempe  
Councilmember Kathie Farr, Tolleson  
Councilmember Sam Crissman, Wickenburg

### Staff Leadership Team

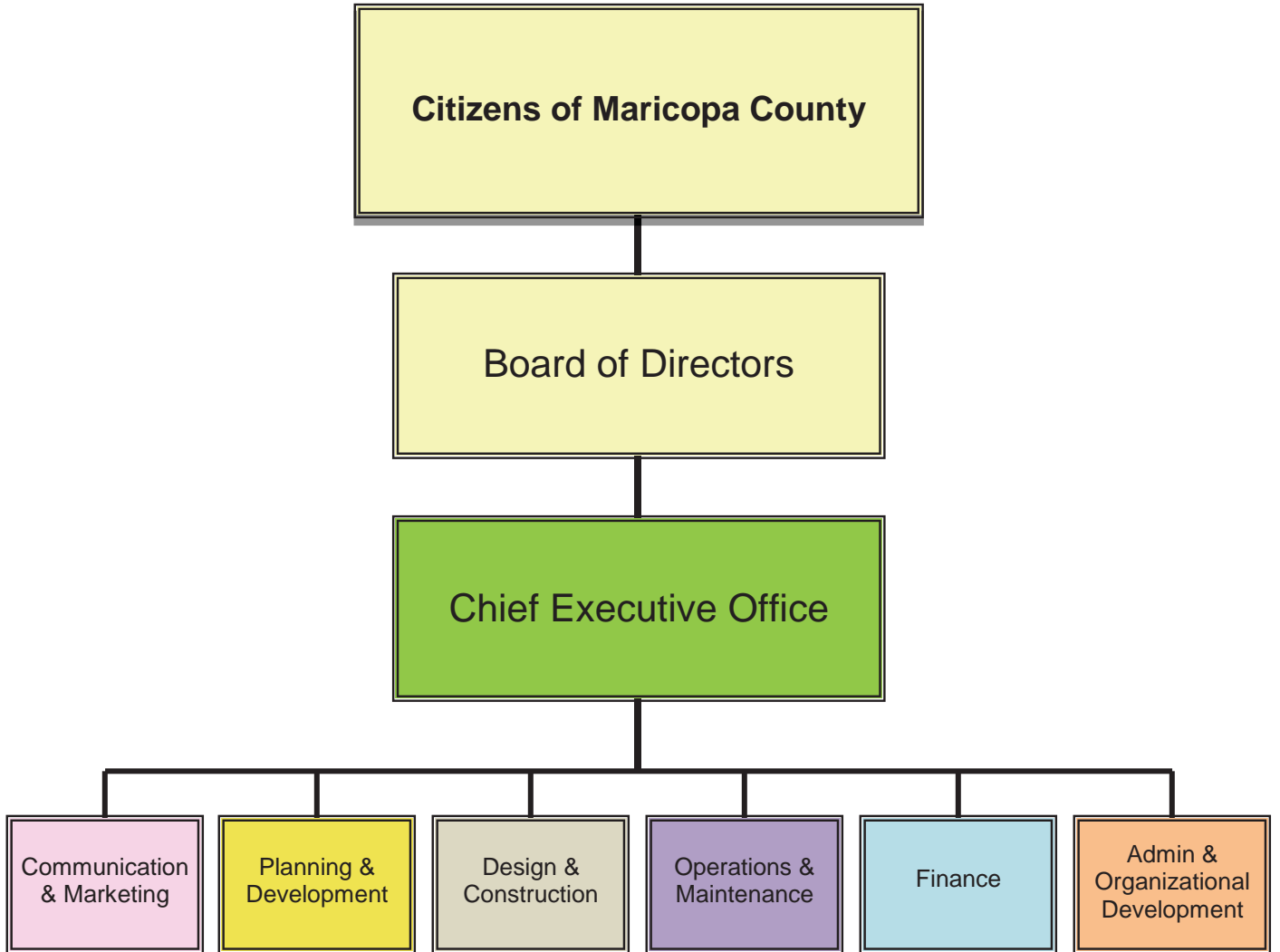
Stephen R. Banta, Chief Executive Officer  
Jyme Sue McLaren, Chief of Staff  
Raymond Abraham, Chief Operations Officer  
Rick Brown, Design & Construction  
Hillary Foose, Director Communications & Marketing  
Wulf Grote, Director Planning and Development  
Carol Ketcherside, Director Admin & Organizational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

### Prepared By

Finance Division Staff

**Valley Metro**  
**Regional Public Transportation Authority**  
*Organization Chart*

---



**Valley Metro**  
**Regional Public Transportation Authority**

Table of Contents

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

---

	<u>Page</u>
 <b><u>Introductory Section</u></b>	
Letter of Transmittal	iii
GFOA Certificate of Achievement	xi
 <b><u>Financial Section</u></b>	
Independent Auditor's Report	1
Management's Discussion and Analysis (required supplementary information)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Transit Planning Fund	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Transportation Demand Management Fund	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to the Financial Statements	26
Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules:	
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual – Proprietary Funds:	
Enterprise Funds:	
Transit Service Operations Fund	48
Valley Metro Rail Fund	49

**Valley Metro**  
**Regional Public Transportation Authority**

Table of Contents (Continued)  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013

---

	<u>Page</u>
 <b><u>Statistical Section</u></b>	
Statistical Section Contents	50
Financial Trends	
Net position by Component	51
Changes in Net Position	53
Fund Balances of Governmental Funds	57
Changes in Fund Balances of Governmental Funds	59
Revenue Capacity	
Sales Tax Revenues by Component	61
Maricopa County Transportation Excise Tax Revenue Distributions	63
Maricopa County Transportation Excise Tax Revenue Collections by Category	65
Arizona Transaction Privilege Tax Excise Tax Rates by Category	66
Debt Capacity	
Transportation Excise Tax Revenue Bonds – Bond Coverage	68
Outstanding Debt by Type	69
Debt Service Revenue and Cost per Capita	70
Demographic and Economic Information	
Regional Population Statistics	71
Top Ten Employers for Maricopa County	73
Arizona Lottery Funds	74
Demographic and Economic Statistics	76
Operating Information	
Full-time Equivalent Employees by Function/Program	77
Operating Indicators by Program:	
Fixed Route System	78
Dial-a-Ride System	80
Shuttle / Circulator System	84
Capital Asset Statistics by Function/Program	
Revenue Vehicles for Transit Service Operations	86

---

## ***Introductory Section***

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



December 18, 2013

**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, 2013 is hereby submitted as mandated by state statute. The statute requires that the Authority annually issue a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Authority on both a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Authority's activities have been included.

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

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

The independent certified public accounting firm of Heinfeld, Meech & Co., P.C., whose report is included herein, has audited the basic financial statements and related notes. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Authority for the fiscal year ended June 30, 2013 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, 2013 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.

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, 2013, found no instances of material weakness in the internal control structure or significant violations of applicable laws and regulations with respect to major programs. The auditor's reports on internal controls and compliance with applicable laws and regulations are included in a separately issued Single Audit Report.

### **PROFILE OF THE AUTHORITY**

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

The Authority is governed by a sixteen-member Board of Directors consisting of a member of the County Board of Supervisors and the mayors (or their designees) of the member cities and towns. For fiscal year 2012-13, the members included Maricopa County, the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the Towns of Gilbert and Wickenburg. Any municipality in the County may join the Authority and have one elected official serve on the Board of Directors. A Chief Executive Officer, appointed by the Authority's Board of Directors, is responsible to carry out policy and plan, manage, supervise and coordinate all day-to-day activities. The Authority procures regional bus, dial-a-ride and vanpool services, provides regional transit and capital planning support, coordinates the County's transportation demand management activities, and provides general operational and administrative support to its members.

In February 2012, the Boards of Directors of the Authority and Valley Metro Rail, Inc. (METRO) took action to appoint Mr. Stephen R. Banta as the Chief Executive Officer to manage the two financial entities under a single integrated agency. The Authority and METRO entered into an



intergovernmental agreement providing for the single CEO to serve both organizations effective March 1, 2012 with the preservation of both RPTA and METRO Boards of Directors.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The Authority serves Maricopa County, which is located in central Arizona. According to the Arizona Department of Commerce, Maricopa County measures 9,222 square miles, 98 square miles of which is water. Twenty-nine percent of this area is owned individually or by corporations, and the U.S. Bureau of Land Management owns 28 percent. The U.S. Forest Service and the State of Arizona each control 11 percent of the County; an additional 16 percent is owned publicly. Almost 5 percent is Indian reservation land. Parts of western Maricopa County have 11 designated Enterprise Zones as well as central and southern areas in the City of Phoenix. The metropolitan area is home to the state capitol and includes the City of Phoenix, population 1.5 million, making it Arizona's major center of political and economic activity. In fact, more than half of the state's population resides in Maricopa County, which is home to 15 institutions of higher learning, including Arizona State University; various cultural attractions; professional baseball (Arizona Diamondbacks), basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals) and hockey (Phoenix Coyotes); and Sky Harbor International Airport one of the top ten busiest airports in the United States with over 1,200 daily flights.

The County grew from just over 2.1 million residents in 1990 to 3.8 million residents in 2010, an increase of 81 percent in just 20 years. According to the Maricopa County Association of Governments (MAG) recent forecasts, population is projected to grow 42 percent by 2030, reaching 5.4 million people.

Maricopa County currently accounts for about 60 percent of the state's population and attracts a continual inflow of immigrants seeking new opportunities. The total labor force in Maricopa County grew to 1.45 million people in 2012, an increase of 2 percent over 2011. According to Arizona Department of Administration estimates, Maricopa County job growth will continue at 2 to 3 percent per year in the coming year. MAG planning projections forecast Maricopa County employment to increase substantially to 2.7 million jobs by year 2030.

As a consequence of the economic slowdown in years 2008 through 2010, population in Maricopa County reversed the historical growth trend and decreased by approximately 12%. However, since the recession, population has once again continued to grow and the local economy has rebounded, with regional sales tax revenues growing by 3.4%, 4.3% and 5.5 % in fiscal years 2010, 2011 and 2013. According to Brookings Institute's most recent Metro Monitor Report,

Greater Phoenix has the fifth-strongest economy in the United States. Long range sales tax projections prepared by ADOT forecast the local economy to grow by 5 to 6 percent per year through 2019 and then level off to four percent per year through year 2025.

Despite the recent decrease in population, ridership in public transportation has grown by 18.7% over the last five years. Population is projected to increase and continues to challenge the Authority and the County it serves. Increases in population and fuel prices will continue to lead to increased demands for quality public transportation and improved air quality. With the burgeoning increase in population come concerns about how to manage issues of congestion on the Valley's roadways.

As our region grows, it is important that we maintain a safe transportation system that moves people and goods efficiently, and that attracts high quality workers and businesses to the area. On the positive side, the region has taken two major steps toward improving the transportation system. First, thanks to a November 2004 voter-approved transportation tax initiative (Proposition 400), beginning in January 2006 a revenue stream of over \$95 million annually injects much needed resources into the region's transit network, allowing for the expansion and improvement of the entire system. Second, light rail transit began operating in December 2008, is carrying over 44,000 passengers per day, and has fueled the growth of public transit usage in the Valley.

## **Major Initiatives**

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

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

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

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

## **Valley Metro Operations Initiatives**

- Valley Metro Operations

Under the brand name Valley Metro, the Authority manages fixed route bus, demand response (Dial-a Ride) and vanpool services in cooperation with Member Cities.

- During fiscal year 2013 the integration of City of Tempe operated bus service with East Valley bus services operated by RPTA was procured with a single contractor. The integration will result in greater efficiency of operations and consequential cost savings.
- Dial-a-Ride services have been traditionally provided by a fleet of specialized van-sized vehicles. In fiscal year 2013, Valley Metro implemented a demand response program which dispatches cab vehicles which are tailored to the specific customer need providing faster and more direct transportation service. Many Dial-a-Ride trips in the East Valley and West Valley cities are now provided in fuel efficient sedans generating substantial savings.
- In March of 2013, Valley Metro hosted the APTA Fare Collection Workshop TransTech Conference (March 17-20) that provided a valuable forum for U.S. and international transit agencies to share and strengthen their technical knowledge and soft skills in reaching out to customers. With peers and technology vendors participating in numerous sessions on the benefits of advancing transit technology, it allowed a collective opportunity to learn more about the tools that can enhance the customer experience.

- Customer Service

The Regional Call Center provides bilingual telephone support for regional transit inquiries including trip planning, addressing customer complaints, lost and found inquiries, and light-rail construction mitigation. With increasing ridership and growing call volumes, staff introduced a self-service automated program called NextRide. Customers may use an interactive voice response system, a mobile phone text messaging application, or internet connection to get the next three arrival times of buses or trains serving a particular location. In the second year of existence, the program has delivered over 6.8 million NextRide responses to customers.

- Regional Marketing Program

**Transit Book Development and Printing:** The Transit Book is the primary route and schedule communications vehicle in conjunction with on-line information for Valley Metro bus riders. It is developed and distributed twice a year.

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

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

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

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

## **Long-term Financial Planning**

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

Bond Funding: In November of 2013, the Authority's Board of Directors authorized the second issue of Senior Bonds to be sold in early 2014. The second issue, not to exceed \$115 million will fund light rail capital construction projects to be managed by Valley Metro Rail. The initial issuance of Senior Bonds occurred in 2009 totaling \$105 million (\$50 million for Bus capital projects and \$55 million for Rail capital projects). The Authority uses bond proceeds for the payment or reimbursement of costs of capital expenditures in the regional transportation plan, including without limitation: relocation of utilities relating to the light rail system; planning, acquisition, construction and equipping expansions of the light rail system; bus transit centers and bus/rail

transit centers; acquisition of buses and paratransit vehicles; acquisition, construction and equipment of park-and-ride facilities; and related capital costs. The Senior Bonds are funded solely by Prop 400 sales taxes and will be repaid before December 2025, the current sunset of the Public Transportation Fund sales tax revenue.

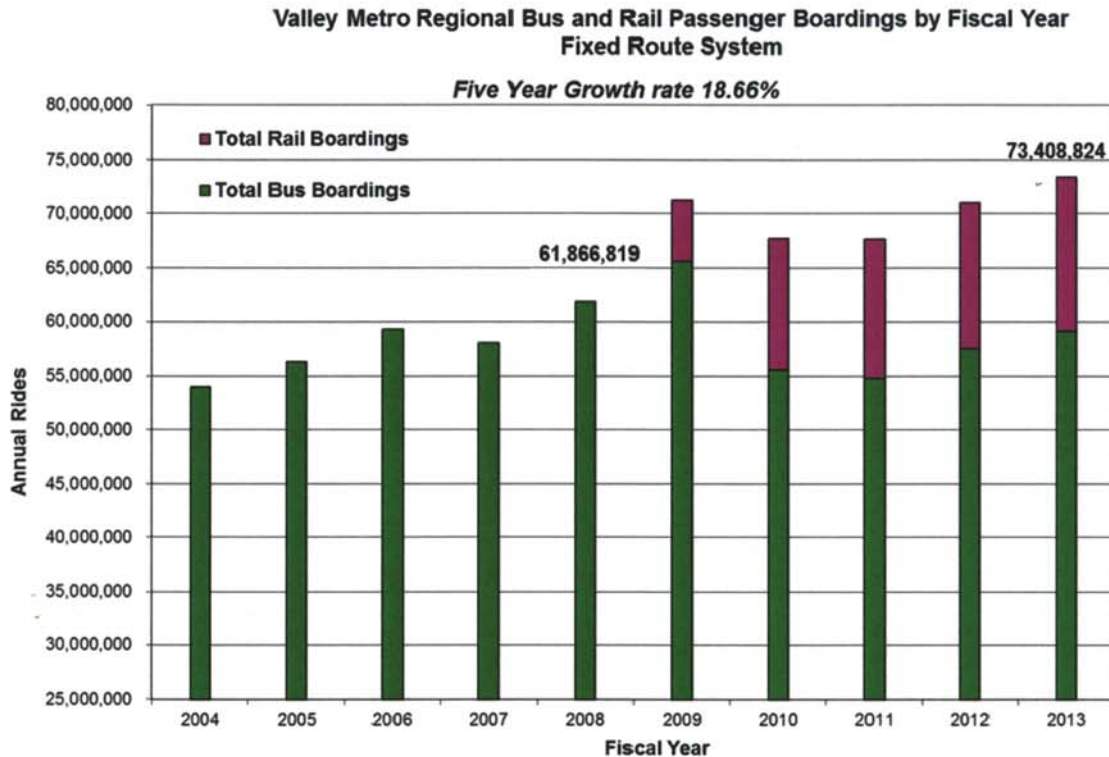
**Planning Projects:**

- Operations Planning  
In FY 2013 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 2013, regional public transportation ridership reached 73 million passengers, growing by 2.4 million riders over last year (3.3%) and 11.5 million riders over the past five years (18.7%).



## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the sixteenth consecutive year the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

Stephen R. Banta  
Chief Executive Officer

John P. McCormack  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Regional Public Transportation  
Authority, Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in dark blue ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

(This page intentionally left blank)



## ***Financial Section***

---

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

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Valley Metro Regional Public Transportation Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Valley Metro Regional Public Transportation Authority (the Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Valley Metro Regional Public Transportation Authority, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the Authority implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of Valley Metro Regional Public Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valley Metro Regional Public Transportation Authority's internal control over financial reporting and compliance.

*Heinfeld, Meech & Co., P.C.*

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

December 16, 2013

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, 2013. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position, (4) identify any material deviations from the financial plan (adopted annual budget) and (5) identify individual fund issues or concerns.

### **Financial Highlights**

- The Authority's total net position increased \$23.0 million in FY 2013, comprised of an increase of \$2.5 million in governmental activities and an increase of \$20.5 million in business-type activities. Total net position of the Authority is \$128.6 million, of which \$108.4 million is unrestricted.
- The governmental activities revenues increased by approximately \$5.5 million (4.4%) over the previous year.
- The business-type activities revenues decreased by approximately \$2.0 million (3.4%) from the previous year.
- At June 30, 2013, the Authority's governmental fund balance sheet reported a combined ending fund balance of \$49.7 million, an increase of \$2.3 million (4.8%) compared to the previous fiscal year.

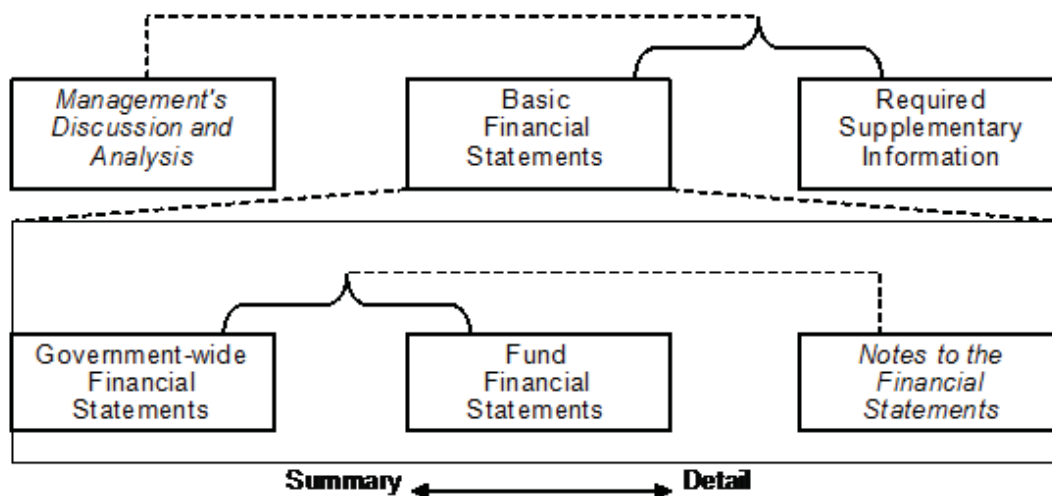
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements are presented as follows:

- Government-wide reporting – presents financial statements on a government-wide basis.
- Fund financial statements – presents governmental, proprietary and fiduciary fund financial statements, with the focus on major funds within each fund type.
- Measurement focus for governmental activities – in the government-wide financial statements all activities, including the governmental activities, are reported using the economic resources measurement focus and accrual basis of accounting. The current financial resources focus and modified accrual basis of accounting are followed for the governmental fund financial statements.
- Budgetary reporting – the display of both the original adopted budget and the revised budget in the budgetary comparison schedules is required by GAAP. These schedules are only required for the General Fund and major special revenue funds; these statements are presented as part of the basic financial statements. 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 14 – 16) are designed to provide a broad overview of the Authority's finances in a manner similar to those used by private businesses. All of the activities of the Authority, except those of a fiduciary nature, are included in these statements.

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

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

The *Statement of Net Position* presents information on all of the Authority's assets and liabilities, both current and noncurrent, with the difference between the two reported as net position. The focus on net position is designed to be similar to the emphasis for businesses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. To assess the overall health of the Authority, other indicators, including non-financial indicators like the Authority's tax base and the condition of its capital assets, should also be considered.

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

### **Fund Financial Statements**

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

**Governmental funds** – Governmental funds are used to account for most of the Authority's basic services. Unlike the governmental activities column on the government-wide financial statement, these fund financial statements (pages 17 - 22) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in looking at the Authority's near-term financial requirements. Since the governmental activities on the statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two statements is provided following the fund financial statements and is also provided in Note 2 (pages 35 - 36).

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

**Notes to the Financial Statements** – The notes to the financial statements (pages 26 – 47) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements.

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

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following tables and analysis discuss the financial position and changes to the financial position for the Authority as a whole as of and for the year ended June 30, 2013, with comparative information for the previous year.



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

**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, 2013 compared to the prior year:

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Percent Change</b>
	2013	2012	2013	2012	2013	2012	
Current and other assets	\$ 51,642.3	\$ 48,029.6	\$ 106,992.2	\$ 75,408.8	\$ 158,634.5	\$ 123,438.4	28.5%
Noncurrent assets							
Cash and cash equivalents	-	-	14,833.2	23,448.7	14,833.2	23,448.7	-36.7%
Deferred charges	-	-	635.7	696.1	635.7	696.1	-8.7%
Capital assets	1,308.7	1,199.1	90,619.2	85,449.3	91,927.9	86,648.4	6.1%
Total assets	<u>\$ 52,951.0</u>	<u>\$ 49,228.7</u>	<u>\$ 213,080.3</u>	<u>\$ 185,002.9</u>	<u>\$ 266,031.3</u>	<u>\$ 234,231.6</u>	13.6%
Other liabilities	\$ 2,531.4	\$ 1,233.6	\$ 42,750.3	\$ 29,506.3	\$ 45,281.7	\$ 30,739.9	47.3%
Long-term liabilities	164.9	218.7	91,988.1	97,686.9	92,153.0	97,905.6	-5.9%
Total liabilities	<u>\$ 2,696.3</u>	<u>\$ 1,452.3</u>	<u>\$ 134,738.4</u>	<u>\$ 127,193.2</u>	<u>\$ 137,434.7</u>	<u>\$ 128,645.5</u>	6.8%
Net position:							
Net Investment in capital assets,	\$ 1,308.7	\$ 1,199.1	\$ 8,437.7	\$ 6,528.6	\$ 9,746.4	\$ 7,727.7	26.1%
Restricted	2,117.8	188.8	8,286.5	120.7	10,404.3	309.5	3261.7%
Unrestricted	46,828.2	46,388.5	61,617.7	51,160.6	108,445.9	97,549.1	11.2%
Total net position	<u>\$ 50,254.7</u>	<u>\$ 47,776.4</u>	<u>\$ 78,341.9</u>	<u>\$ 57,809.9</u>	<u>\$ 128,596.6</u>	<u>\$ 105,586.3</u>	21.8%

The Authority's total net position increased \$23.0 million in FY 2013, comprised of an increase of \$2.5 million in governmental activities and an increase of \$20.5 million in business-type activities. Total net position of the Authority is \$128.6 million, of which \$108.4 million is unrestricted.

Of the \$128.6 million total net position, \$9.7 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 10 - 11), the Authority has pledged future transportation excise tax revenues to repay the outstanding debt obligations. The capital assets themselves are not intended to be used to liquidate these liabilities.

Approximately \$108.4 million of the Authority's net position (84.3% of the total) represents unrestricted resources that may be used to meet the Authority's ongoing obligations to citizens, member agencies, contractors and creditors within the respective governmental and business-type activities. In fiscal year 2013 Business-type restricted assets include \$7.9 million for cash escrowed for debt service. The remaining \$2.5 million reflects resources that are subject to other external restrictions.

The governmental activities reported an increase of \$0.4 million (0.9%) 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 increase of \$10.5 million of unrestricted net position over the prior year in business-type activities is primarily due to PTF transfers to the Valley Metro Rail Fund for capital projects to be expended in FY 2014 and FY

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

2015 (\$17.9 million). The increase in the Rail fund was offset by a \$7.5 million decrease in the Transit Services unrestricted net position.

**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
	2013	2012	2013	2012	2013	2012	
<b>REVENUES</b>							
Program revenues:							
Charges for services	\$ 176.0	\$ 153.4	\$ 25,865.9	\$ 25,558.8	\$ 26,041.9	\$ 25,712.2	1.3%
Operating grants and contributions	13,102.6	13,601.9	10,717.0	1,337.1	23,819.6	14,939.0	59.4%
Capital grants and contributions	-	-	19,661.1	31,347.3	19,661.1	31,347.3	-37.3%
General revenues:							
Sales taxes	118,336.0	112,353.3	-	-	118,336.0	112,353.3	5.3%
Interest earnings	114.1	73.1	137.0	109.8	251.1	182.9	37.3%
Other	127.0	100.2	9.3	16.6	136.3	116.8	16.7%
Total revenues	131,855.7	126,281.9	56,390.3	58,369.6	188,246.0	184,651.5	1.9%
<b>EXPENSES</b>							
Governmental activities:							
Regional planning	1,245.0	1,287.4	-	-	1,245.0	1,287.4	-3.3%
Transportation demand management	1,587.1	1,391.3	-	-	1,587.1	1,391.3	14.1%
Regional customer services	8,200.1	8,044.5	-	-	8,200.1	8,044.5	1.9%
Administration	1,988.9	1,820.5	-	-	1,988.9	1,820.5	9.3%
AZ Lottery fund disbursements	10,200.1	10,346.0	-	-	10,200.1	10,346.0	-1.4%
Business-type activities:							
Transit service operations	-	-	91,327.3	113,091.6	91,327.3	113,091.6	-19.2%
Light rail transit	-	-	50,687.2	33,665.2	50,687.2	33,665.2	50.6%
Total expenses	23,221.2	22,889.7	142,014.5	146,756.8	165,235.7	169,646.5	-2.6%
Excess (deficit) before transfers	108,634.5	103,392.2	(85,624.2)	(88,387.2)	23,010.3	15,005.0	53.4%
Transfers in (out)	(106,156.2)	(108,464.1)	106,156.2	108,464.1	-	-	N/A
Increase (decrease) in net position	\$ 2,478.3	\$ (5,071.9)	\$ 20,532.0	\$ 20,076.9	\$ 23,010.3	\$ 15,005.0	53.4%

The largest sources of revenue for the Authority are sales taxes (62.9%). The major funding sources of governmental activities are sales taxes (89.7%) and federal and state grants (9.9%). The major funding sources for business-type activities are federal grants (53.9%) and charges for services to member cities (45.9%).

The Authority's overall revenues increased by \$3.6 million, or 1.9%, compared to last fiscal year. Total revenues of governmental activities increased by \$5.5 million, (4.4%) over the previous year due to increased sales tax revenues (\$6.0 million) which were offset by reductions in Arizona Lottery Fund revenues (-\$0.4 million). All other governmental program revenues increased by \$0.1 million. Program revenues of business-type activities decreased by \$2.0 million or 3.4%, compared to last fiscal year. Federal Transit Administration (FTA) capital grants for bus fleet and facilities decreased by (-\$11.7 million) while FTA operating grants increased by \$9.4 million. Charges for Services increased by \$0.3 million.

Spending of the Authority's sales tax revenues is limited to funding those activities necessary to implement the Proposition 400 Transit Life Cycle Program (TLCP). The Public Transportation Fund (PTF) revenues are restricted to the implementation of the transit element of the Regional



Transportation Plan (RTP). Regional Area Road Fund (RARF) revenue is limited to fund administration in the General Fund and planning activities.

Business-type activities are the largest users of resources for the Authority with \$142.0 million of expenses (85.9%) which include Transit Service operations and Light Rail Transit lead agency disbursements. Governmental activities expended \$23.2 million, with the largest being AZ Lottery Fund Disbursements of \$10.2 million and Regional Customer Services of \$8.2 million. Administration, Regional Planning, and Transportation Demand Management activities totaled \$4.8 million for the year.

Total Primary Government expenses decreased by \$4.4 million, or 2.6%, compared to last fiscal year. The governmental expenses increased by \$0.3 million, or 1.4%, over the prior year. AZ Lottery Fund Disbursements were \$10.2 million for the year, down (-\$0.1 million) or 1.4%. All other governmental activity expenses increased by \$0.4 million or 3.4%. Business-type activity expenses were decreased by \$4.7 million, or 3.2%, compared to the prior year. The decreases in business-type activity expenses were primarily due to \$20.3 million in reductions to capital conveyances of bus fleet and bus stop facilities to Member Cities. (\$8.1 million expended in FY 2013 versus 28.4 million expended in FY 2012) The amounts of capital conveyances fluctuate from year to year based on cyclical needs to replace bus fleet. The capital conveyance decreases were offset by expense increases of \$17.0 million in the Valley Metro Rail (VMR) rail fund due to increasing lead agency disbursements for construction activities (\$14.2 million) and structural changes to staffing levels (\$2.8 million) related to replacement of contracted staff for vehicle maintenance with in-house staff.

### **FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS**

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

#### **Governmental Funds**

The focus of the governmental funds financial statements (pages 17 – 22) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$49.7 million, an increase of \$2.3 million, or 4.8%, from the previous year. Of the \$49.7 million total fund balance, the Authority has designated \$2.1 million restricted for special purpose activities the remainder is in unrestricted fund balance in the General Fund (see Note 6 - page 40). 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 \$49.7 million fund balance, \$47.5 million is unrestricted.

The General Fund accounts for activities that include regional customer service, financial management and agency administration. General Fund revenues increased \$5.5 million (4.4%) over the previous year. Public Transportation Fund (PTF) sales tax revenue increased by \$5.9 million (5.5%) in FY 2013 to \$113.8 million. Regional Area Road Funds (RARF) sales tax revenues increased slightly by \$0.1 million (2.1%) in FY 2013 to \$4.6 million. The sales tax revenue increase was due to the improving economy in the region. The remaining General Fund revenues decreased by \$0.5 million, primarily the AZ Lottery Funds which reduced by \$0.4 million (3.8%) from \$11.6 to \$11.2 million. General Fund expenditures increased by \$0.5 million (2.3%) from \$20.1 to \$20.6 million. Excess General Fund revenues over expenditures were \$109.5 million for the year versus \$104.5 million in the prior year, up \$5.0 million or 4.8%.

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 due to the reduction of FTA grant awards received, down \$72,000 to \$228,022. Expenditures decreased slightly from \$1.3 million to \$1.2 million due to reduced planning activities during the year. Prior to 2006, sales taxes allocated to the Transit Planning Fund were shown as revenues. RARF sales tax revenues are designated for transit planning efforts. These monies are now shown as transfers in. Total transfers into the Transit Planning Fund from the General Fund were \$1.0 million, with no significant change versus the prior year.

The Transportation Demand Management Fund accounts for activities related to the county-wide ridesharing program, trip reduction program and clean air campaign. From the prior year, revenues increased \$0.2 million (11.1%) to \$1.6 million from federal CMAQ and state and county grants. Expenditures increased \$0.2 million (14.1%) to \$1.6 million from the prior year due to increases in the ridesharing program and other activities.

### **Proprietary Funds**

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

The Transit Service Operations Fund accounts for the activities related to the operations of local and express bus, paratransit and vanpool services for the region. Net position increased by \$2.7 million over the prior year to \$28.6 million. Operating revenues (\$20.4 million) increased by \$4.5 million while operating expenses (\$61.4 million) decreased by \$3.9 million. Decreases in local and express bus service costs, paratransit service costs and depreciation expense contributed to the overall operating expenses decrease. Non-operating expenses (\$26.2 million) decreased by \$20.2 million, primarily due to the reduction in capital conveyance of bus fleet and facilities to member cities. Capital Contributions (\$26.7 million) were down by \$11.5 million due to fewer bus fleet and facility purchases during the year. Net transfers in from the General Fund (\$50.0 million) were down by \$14.5 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 26). The Valley Metro Rail Fund has net position of \$49.8 million as of June 30, 2013 as compared to net position of \$31.9 million at the end of the previous year. In fiscal year 2013 the Valley Metro Rail Fund received 43.2% of the total PTF sales tax revenues distributed to the Authority from the Arizona Department of Revenue, totaling \$49.2 million and received 11.0% of the \$4.6 million RARF sales tax revenue received by the Authority, totaling \$0.5 million. Additionally, the Valley Metro Rail Fund received \$11.2 million of transfers in of 2009 Bond proceeds from the Transit Service Operations Fund for VMR capital expenditure reimbursements.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Authority revised the adopted budget during the fiscal year, reducing the overall budget from \$277.1 million to \$276.4 million. The primary change was a reduction to the operating budget from \$90.8 million to \$90.1 million. For the year ended June 30, 2013, actual expenditures in the General Fund were over the adopted budget amounts by \$10.0 million. The variance was

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

attributable to the incorporation of AZ Lottery fund disbursements of \$10.2 million as General Fund expenditures which were not included in the annual budget. In prior year financial reporting, the AZ Lottery Fund Proceeds and Disbursements were reported as fiduciary funds and not included in the General Fund transactions. The remaining General Fund activities were below budget by \$0.2 million for the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2013, the Authority had \$91.9 million invested in various capital assets, net of accumulated depreciation, for its governmental and business-type activities. The overall net increase in the Authority's capital assets for the current fiscal year was \$5.3 million, an increase of 9.1% for governmental activities and an increase of 6.1% for business-type activities for the current year. Major capital asset events in the current year attributing to the increase included the following:

- Transit Fleet additions accounted for \$4.7 million of the net change.
- Depreciation expense in the current year totaled \$9.9 million, \$9.4 million for business type capital assets and \$0.5 million for governmental activities capital assets.

The following table provides a breakdown of capital assets of the Authority at June 30, 2013 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 7 on pages 41 – 42.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		
	2013	2012	2013	2012	2013	2012	<b>Percent Change</b>
Non-depreciable assets:							
Land	\$ -	\$ -	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	0.0%
Work-in-progress	-	-	1,957.5	2,515.4	1,957.5	2,515.4	-22.2%
Depreciable assets:							
Transit fleet	-	-	60,354.6	55,710.4	60,354.6	55,710.4	8.3%
Vehicles	75.6	-	20.7	-	96.3	-	100.0%
Building	-	-	11,935.2	12,226.3	11,935.2	12,226.3	-2.4%
Site improvements	369.8	300.4	6,201.7	6,768.1	6,571.5	7,068.5	-7.0%
Computers & software	221.9	187.6	-	44.1	221.9	231.7	-4.2%
Ticket Vending Machines	-	-	1,208.2	-	1,208.2	-	100.0%
Equipment	541.8	572.6	3,620.0	2,884.3	4,161.8	3,456.9	20.4%
Furniture & fixtures	99.6	138.6	-	8.7	99.6	147.3	-32.4%
Infrastructure	-	-	29.3	-	29.3	-	0.0%
Total assets	\$ 1,308.7	\$ 1,199.2	\$ 90,619.2	\$ 85,449.3	\$ 91,927.9	\$ 86,648.5	6.1%

## Debt Administration

At June 30, 2013, the Authority had total bonded debt outstanding (including unamortized premium) of \$96.8 million related to business-type activities. The Authority has pledged future transportation excise tax revenues to repay this outstanding debt.

(in millions of dollars)	<b>Business-type Activities</b>	
	2013	2012
Revenue bonds payable	\$ 92.7	\$ 97.8
Plus unamortized premium: Bond premium payable	4.1	4.6
Total	<u>\$ 96.8</u>	<u>\$ 102.4</u>

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

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 10 on pages 43 - 44.

## **ECONOMIC FACTORS and NEXT YEAR's BUDGET**

RPTA undertook a number of key initiatives during FY 2013, 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.

The key initiatives for fiscal year 2013 included:

**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 will deliver cost savings in fiscal year 2014.

**Fare increase** On March 1, 2013, the Authority implemented a region-wide fare increase to maintain the cost sharing relationship between passenger fares and transportation tax subsidies. The \$.25 increase to the passenger cost of a single ride was the first fare increase since 2009 and raised the fare from \$1.75 to \$2.00. (up 14.3%) Paratransit fares for ADA certified persons increased from \$3.50 to \$4.00. (up 14.3%) The new fare structure will maintain the Board-adopted target of 25% fare recovery ratio for region-wide fixed route transit services.

**East Valley Dial-a-Ride Program** 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

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

travels. In its first year, the program was favorably accepted by the passengers and reduced the cost per trip from \$42.40 under the former program to \$26.64 per trip under the new program. Program cost of operation was \$6.8 million in FY 2013 versus \$8.8 million in FY 2012, a \$2.0 million savings. Growth in passenger usage was 30% during the year and poses a challenge to long term sustainability should ridership continue to grow rapidly in response to the improved level of services provided.

**Next Year's Budget** The adopted FY 2014 combined operating and capital budget is \$363.6 million (up approximately 31% from fiscal year 2013). Public Transportation Funds are projected to increase by 5% to \$120.2 million with continuing improvement to region's economy. Transit Service Agreements (TSA) are increasing due to the integration of east valley bus service to be operated by RPTA in fiscal year 2014. Bus transit services formerly operated by the City of Tempe will be operated by the RPTA and funding from Tempe and other member cities will increase the TSA's to \$30.6 million, up \$13.9 million. In FY 2014 RPTA is collecting fare revenues (\$14.2 million) and depositing the fares to the City of Phoenix for distribution back to agencies funding the operating costs. In prior years, the fares were retained by the contractor and credited against service billings. The change will improve transparency of full costs of operation and fare revenue collections. AZ Lottery Proceeds and Disbursements are included in the annual budget in FY 2014 (\$11.2 million). In FY 2013 and prior years the Lottery Funds were treated as fiduciary funds and not included in the annual budget. The RPTA deferred its planned FY 2013 bond issue of \$70.0 million to FY 2014 due to schedule delays in cash requirements for light rail capital projects. The FY 2014 bond issue (\$114.2 million) is anticipated to occur in January 2014.

***RPTA Operating and Capital Budgets Fiscal Years 2014 and 2013***  
***Sources of Funds***

<b>Funding Sources</b>	<b>FY 2014</b>	<b>FY 2013</b>	<b>Change \$</b>	<b>Change %</b>
Public Transportation Funds	\$ 120,246	\$ 114,600	\$ 5,646	5%
Transit Service Agreements	30,573	16,659	13,914	84%
Federal Grants	28,396	32,946	(4,550)	-14%
METRO Rail Reimbursement	15,389	14,028	1,361	10%
Fixed Route Fare Revenues	14,167	-	14,167	-----
AZ Lottery Proceeds	11,200	-	11,200	-----
Regional Area Road Funds	4,584	4,518	66	1%
Other Revenues	3,104	2,371	733	31%
Bond Proceeds	114,150	70,000	44,150	63%
Use of Bond Proceeds	21,810	12,938	8,872	69%
Use of Fund Balance	-	9,050	(9,050)	-100%
<b>Total</b>	<b>\$ 363,619</b>	<b>\$ 277,110</b>	<b>\$ 86,509</b>	<b>31%</b>

Increases to Uses of Funds in fiscal year 2014 versus 2013 total \$86.6 million. Lead Agency Disbursements are up \$12.7 million primarily due to bus procurement increases for the City of Phoenix. Transit service contracts and fuel costs are up \$26.3 million due to the integration of east valley bus services whereby RPTA is operating services formerly provided by the City of Tempe. RPTA bus fleet capital purchases are down in FY 2014 by \$11.4 million. Lead Agency Bond Disbursements are up by \$20.1 million due to increased construction of light rail in Phoenix and Mesa. Carry forwards to Reserves are up by \$21.0 million due to increases in future year light rail construction to be funded by PTF bond and sales tax proceeds.

***RPTA Operating and Capital Budgets Fiscal Years 2014 and 2013  
Uses of Funds***

Uses of Funds	FY 2014	FY 2013	Change \$	Change %
Lead agency disbursements	\$ 81,914	\$ 69,248	\$ 12,666	18%
Transit service contracts & fuel	80,416	54,080	26,336	49%
Capital	23,457	34,895	(11,438)	-33%
RPTA & METRO Personnel Costs	24,471	22,960	1,511	7%
Bond Principal & Interest	13,042	10,741	2,301	21%
Contractual Agreements	4,280	3,494	786	22%
AZ Lottery Disbursements	11,200	-	11,200	-----
Lead Agency Bond Disbursements	42,585	22,500	20,085	89%
Other Costs	10,766	8,692	2,074	24%
Sub Total	292,131	226,610	65,521	29%
Carryforwards to Reserves	71,488	50,500	20,988	42%
<b>Total</b>	<b>\$ 363,619</b>	<b>\$ 277,110</b>	<b>\$ 86,509</b>	<b>31%</b>

The increases in capital expenses correspond to projects programmed in the Transit Life Cycle Program (TLCP) for fiscal year 2014. The budget is balanced; decreases in net position other than depreciation charges to capital assets are not anticipated for fiscal year 2014.

**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. 1<sup>st</sup> Avenue, Suite 1300, Phoenix, AZ 85003.

(This page intentionally left blank)



## **Basic Financial Statements**

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



**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Net Position  
Fiscal Year June 30, 2013

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 40,512,113	\$ 75,378,871	\$ 115,890,984
Restricted cash and cash equivalents	-	7,765,660	7,765,660
Receivables	156,306	153,646	309,952
Due from other governments	10,965,659	23,692,772	34,658,431
Prepaid Items	8,201	1,250	9,451
Total current assets	51,642,279	106,992,199	158,634,478
Noncurrent Assets:			
Restricted cash and cash equivalents	-	14,833,173	14,833,173
Deferred charges	-	635,690	635,690
Capital assets, not being depreciated	-	7,249,577	7,249,577
Capital assets, net of accumulated depreciation	1,308,720	83,369,668	84,678,388
Total noncurrent assets	1,308,720	106,088,108	107,396,828
Total assets	52,950,999	213,080,307	266,031,306
<b>Liabilities</b>			
Liabilities:			
Current Liabilities			
Accounts payable	1,809,551	12,164,278	13,973,829
Accrued salaries and benefits	161,973	273,314	435,287
Due to other governments	-	21,880,893	21,880,893
Revenue bonds payable	-	5,290,000	5,290,000
Bond interest payable	-	2,475,659	2,475,659
Compensated absences payable	559,931	666,159	1,226,090
Total current liabilities	2,531,455	42,750,303	45,281,758
Noncurrent liabilities:			
Compensated absences payable	164,878	408,117	572,995
Revenue bonds payable, including unamortized premium	-	91,579,951	91,579,951
Total noncurrent liabilities	164,878	91,988,068	92,152,946
Total liabilities	2,696,333	134,738,371	137,434,704
<b>Net Position</b>			
Net investment in capital assets	1,308,720	8,437,699	9,746,419
Restricted for AZ Lottery proceeds	1,886,764	-	1,886,764
Restricted for debt service	-	7,910,426	7,910,426
Restricted for transit planning	100,207	-	100,207
Restricted for transportation demand management	130,811	-	130,811
Restricted for capital outlay-vanpool	-	376,104	376,104
Unrestricted	46,828,164	61,617,707	108,445,871
Total Net Position	\$ 50,254,666	\$ 78,341,936	\$ 128,596,602

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Activities  
Fiscal Year June 30, 2013

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Programs</b>	<b>Expenses</b>			
Governmental activities:				
Regional planning:				
Long range	\$ 147,932	\$ 176,058	\$ 364,784	\$ -
Short range	298,472	-	1,032,753	-
Capital	138,819	-	480,217	-
Program support	659,732	-	-	-
Transportation demand management:				
Trip reduction	776,881	-	-	-
Ridesharing	666,966	-	-	-
Other programs	143,291	-	-	-
Regional customer services:				
Marketing	2,049,382	-	-	-
Call center	3,547,025	-	-	-
Other programs	2,603,690	-	-	-
AZ Lottery fund disbursements	10,200,055	-	11,224,800	-
Administration:				
Executive director's office	905,972	-	-	-
Finance & management services	1,082,966	-	-	-
Total governmental activities	<u>23,221,183</u>	<u>176,058</u>	<u>13,102,554</u>	<u>-</u>
Business-type activities:				
Transit service operations	91,327,298	13,572,289	10,716,993	19,661,120
Light rail transit	<u>50,687,217</u>	<u>12,293,635</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>142,014,515</u>	<u>25,865,924</u>	<u>10,716,993</u>	<u>19,661,120</u>
Total primary government	<u>\$ 165,235,698</u>	<u>\$ 26,041,982</u>	<u>\$ 23,819,547</u>	<u>\$ 19,661,120</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				
Governmental Activities		Business Type Activities	Total	
\$	392,910		\$	392,910
	734,281			734,281
	341,398			341,398
	(659,732)			(659,732)
	(776,881)			(776,881)
	(666,966)			(666,966)
	(143,291)			(143,291)
	(2,049,382)			(2,049,382)
	(3,547,025)			(3,547,025)
	(2,603,690)			(2,603,690)
	1,024,745			1,024,745
	(905,972)			(905,972)
	(1,082,966)			(1,082,966)
	(9,942,571)	-		(9,942,571)
	-	\$ (47,376,896)		(47,376,896)
	-	(38,393,582)		(38,393,582)
	-	(85,770,478)		(85,770,478)
\$	(9,942,571)	\$ (85,770,478)	\$	(95,713,049)
113,776,294	-		113,776,294	
4,559,730	-		4,559,730	
114,061	137,006		251,067	
126,982	9,322		136,304	
(106,156,202)	106,156,202		-	
12,420,865	106,302,530		118,723,395	
2,478,294	20,532,052		23,010,346	
47,776,372	57,809,884		105,586,256	
\$ 50,254,666	\$ 78,341,936		\$ 128,596,602	

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Balance Sheet  
Governmental Funds  
June 30, 2013

	<b>General</b>	<b>Transit Planning</b>	<b>Transportation Demand Management</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 40,457,223	\$ 54,890	\$ -	\$ 40,512,113
Receivables	154,041	-	2,265	156,306
Due from other governments	10,483,670	104,159	377,830	10,965,659
Due from other funds	115,499	-	-	115,499
Prepaid Items	8,201	-	-	8,201
Total assets	<u>\$ 51,218,634</u>	<u>\$ 159,049</u>	<u>\$ 380,095</u>	<u>\$ 51,757,778</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 1,645,488	\$ 42,245	\$ 121,818	\$ 1,809,551
Accrued salaries and benefits	133,409	16,597	11,967	161,973
Due to other funds	-	-	115,499	115,499
Total liabilities	<u>1,778,897</u>	<u>58,842</u>	<u>249,284</u>	<u>2,087,023</u>
Fund balances:				
Nonspendable:				
Prepays	8,201	-	-	8,201
Restricted:	1,886,764	100,207	130,811	2,117,782
Unassigned:	<u>47,544,772</u>	<u>-</u>	<u>-</u>	<u>47,544,772</u>
Total fund balances	<u>49,439,737</u>	<u>100,207</u>	<u>130,811</u>	<u>49,670,755</u>
Total liabilities and fund balances	<u>\$ 51,218,634</u>	<u>\$ 159,049</u>	<u>\$ 380,095</u>	<u>\$ 51,757,778</u>

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

Fund balances, total governmental funds balance sheet	\$ 49,670,755
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental capital assets	4,788,864
Less accumulated depreciation	(3,480,144)
Governmental compensated absences	<u>(724,809)</u>
Net position of governmental activities, statement of net position	<u>\$ 50,254,666</u>

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Fiscal Year Ended June 30, 2013

	<b>General</b>	<b>Transit Planning</b>	<b>Transportation Demand Management</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Sales taxes:				
Public transportation funds	\$ 113,776,294	\$ -	\$ -	\$ 113,776,294
Regional area road funds	4,559,730	-	-	4,559,730
Intergovernmental:				
AZ Lottery fund proceeds	11,224,800	-	-	11,224,800
State & county grants & pass through grants	-	-	480,217	480,217
Federal Transit Administration	140,262	224,522	-	364,784
CMAQ	-	-	1,032,753	1,032,753
Charges for services	176,058	-	-	176,058
Interest earnings	114,061	-	-	114,061
Miscellaneous	83,323	3,500	40,159	126,982
Total revenues	<u>130,074,528</u>	<u>228,022</u>	<u>1,553,129</u>	<u>131,855,679</u>
<b>Expenditures:</b>				
Current:				
Regional planning:				
Long range	-	147,932	-	147,932
Short range	-	298,472	-	298,472
Capital	-	138,819	-	138,819
Program support	-	659,732	-	659,732
Transportation demand management:				
Trip reduction	-	-	776,881	776,881
Ridesharing	-	-	666,966	666,966
Other programs	-	-	143,291	143,291
Regional customer services:				
Marketing	2,049,382	-	-	2,049,382
Call center	3,547,025	-	-	3,547,025
Other programs	2,603,690	-	-	2,603,690
Administration:				
Executive director's office	905,972	-	-	905,972
Finance & management services	692,811	-	-	692,811
AZ Lottery fund disbursements	10,200,055	-	-	10,200,055
Capital outlay	575,762	-	-	575,762
Total expenditures	<u>20,574,697</u>	<u>1,244,955</u>	<u>1,587,138</u>	<u>23,406,790</u>
Excess (deficiency) of revenues over (under) expenditures	109,499,831	(1,016,933)	(34,009)	108,448,889
Other financing sources (uses):				
Transfers in	-	1,016,936	76,232	1,093,168
Transfers out	(107,249,370)	-	-	(107,249,370)
Total other financing sources (uses)	<u>(107,249,370)</u>	<u>1,016,936</u>	<u>76,232</u>	<u>(106,156,202)</u>
Net change in fund balances	2,250,461	3	42,223	2,292,687
Fund balance, beginning	47,189,276	100,204	88,588	47,378,068
Fund balance, ending	<u>\$ 49,439,737</u>	<u>\$ 100,207</u>	<u>\$ 130,811</u>	<u>\$ 49,670,755</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, 2013

---

Net change in fund balances, total governmental funds	\$ 2,292,687
---	--------------

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

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

This is the amount by which capital outlay expense (\$575,762) exceeded depreciation expense (\$466,169), net of the loss on capital assets (0) in the current period.	109,593
--	---------

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.

76,014
--------

Change in net position of governmental activities, statement of activities	<u>\$ 2,478,294</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

## General Fund

Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Sales taxes:				
Regional area road funds	\$ 4,518,000	\$ 4,518,000	\$ 4,559,730	\$ 41,730
Public Transportation fund	114,600,000	114,600,000	113,776,294	(823,706)
Intergovernmental:				
AZ Lottery Fund Proceeds	-	-	11,224,800	11,224,800
Federal Transit Administration	100,000	100,000	140,262	40,262
Charges for Services	156,457	156,457	176,058	19,601
Public Transportation Bond Proceeds	70,000,000	70,000,000	-	(70,000,000)
Interest earnings	20,000	20,000	114,061	94,061
Miscellaneous	-	-	83,323	83,323
Total revenues	189,394,457	189,394,457	130,074,528	(59,319,929)
<b>Expenditures:</b>				
Current:				
Regional Customer Services:				
Marketing	2,324,224	2,324,224	2,049,382	(274,842)
Call Center	3,737,802	3,737,802	3,547,025	(190,777)
Other Programs	2,414,654	2,414,654	2,603,690	189,036
AZ Lottery Fund Disbursements	-	-	10,200,055	10,200,055
Executive director's office	1,130,639	1,130,639	905,972	(224,667)
Finance & management services	428,584	428,584	692,811	264,227
Capital Outlay	538,000	538,000	575,762	37,762
Total expenditures	10,573,903	10,573,903	20,574,697	10,000,794
Excess of revenues over expenditures	178,820,554	178,820,554	109,499,831	(69,320,723)
Other financing uses:				
Transfers in	-	-	-	-
Transfers out	(136,871,147)	(131,257,748)	(107,249,370)	24,008,378
Total other financing uses	(136,871,147)	(131,257,748)	(107,249,370)	24,008,378
Net change in fund balance	41,949,407	47,562,806	2,250,461	(45,312,345)
Fund balance, beginning	47,189,276	47,189,276	47,189,276	-
Fund balance, ending	\$ 89,138,683	\$ 94,752,082	\$ 49,439,737	\$ (45,312,345)

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, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Intergovernmental:				
Federal Transit Administration	\$ 224,720	\$ 224,720	224,522	\$ (198)
Miscellaneous	-	-	3,500	3,500
Total revenues	224,720	224,720	228,022	3,302
Expenditures:				
Current:				
Regional planning:				
Long range	111,942	111,942	147,932	35,990
Short range	447,782	447,782	298,472	(149,310)
Capital	326,445	326,445	138,819	(187,626)
Program support	979,828	1,271,804	659,732	(612,072)
Total expenditures	1,865,997	2,157,973	1,244,955	(913,018)
Excess of revenues over expenditures	(1,641,277)	(1,933,253)	(1,016,933)	916,320
Other financing uses:				
Transfers in	1,641,277	1,728,253	1,016,936	(711,317)
Total other financing uses	1,641,277	1,728,253	1,016,936	(711,317)
Net change in fund balance	-	(205,000)	3	205,003
Fund balance, beginning	100,204	100,204	100,204	-
Fund balance, ending	\$ 100,204	\$ (104,796)	\$ 100,207	\$ 205,003

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, 2013

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental:				
State grants & pass through grants	\$ 641,403	\$ 641,403	\$ 480,217	\$ (161,186)
CMAQ	964,000	964,000	1,032,753	68,753
Miscellaneous	-	-	40,159	40,159
Total revenues	1,605,403	1,605,403	1,553,129	(52,274)
<b>Expenditures:</b>				
Current:				
Transportation Demand Management:				
Trip reduction	620,000	620,000	776,881	156,881
Ridesharing	594,000	594,000	666,966	72,966
Other programs	456,151	456,151	143,291	(312,860)
Total expenditures	1,670,151	1,670,151	1,587,138	(83,013)
Excess of revenues over expenditures	(64,748)	(64,748)	(34,009)	30,739
Other financing uses:				
Transfers in	64,748	64,748	76,232	11,484
Total other financing uses	64,748	64,748	76,232	11,484
Net change in fund balance	-	-	42,223	42,223
Fund balance, beginning	88,588	88,588	88,588	-
Fund balance, ending	\$ 88,588	\$ 88,588	\$ 130,811	\$ 42,223

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Net Position  
Proprietary Funds  
Fiscal Year Ended June 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Transit Service Operations</b>	<b>Valley Metro Rail</b>	<b>Total Proprietary Funds</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 28,609,976	\$ 46,768,895	\$ 75,378,871
Restricted cash and cash equivalents	7,765,660	-	7,765,660
Accounts Receivable	153,646	-	153,646
Due from other governments	7,712,008	15,980,764	23,692,772
Due from other funds	-	7,291,689	7,291,689
Prepaid Items	1,250	-	1,250
Total current assets	44,242,540	70,041,348	114,283,888
Noncurrent assets			
Restricted cash and cash equivalents	14,833,173	-	14,833,173
Deferred charges	635,690	-	635,690
Capital assets, not being depreciated	7,249,577	-	7,249,577
Capital assets, net of accumulated depreciation	83,369,668	-	83,369,668
Total noncurrent assets	106,088,108	-	106,088,108
Total assets	150,330,648	70,041,348	220,371,996
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	12,164,278	-	12,164,278
Accrued salaries and benefits	19,161	254,153	273,314
Due to other funds	7,291,689	-	7,291,689
Due to other governments	2,836,479	19,044,414	21,880,893
Bond payable - current	5,290,000	-	5,290,000
Bond interest payable	2,475,659	-	2,475,659
Compensated absences payable	59,319	606,840	666,159
Total current liabilities	30,136,585	19,905,407	50,041,992
Noncurrent liabilities:			
Compensated absences payable	36,341	371,776	408,117
Revenue bonds payable, including unamortized premium	91,579,951	-	91,579,951
Total noncurrent liabilities	91,616,292	371,776	91,988,068
Total liabilities	121,752,877	20,277,183	142,030,060
<b>Net Position</b>			
Net investment in capital assets	8,437,699	-	8,437,699
Restricted for debt service	7,910,426	-	7,910,426
Restricted for capital outlay-vanpool	376,104	-	376,104
Unrestricted	11,853,542	49,764,165	61,617,707
Total net position	\$ 28,577,771	\$ 49,764,165	\$ 78,341,936

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Fiscal Year Ended June 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Transit Service Operations</b>	<b>Valley Metro Rail</b>	<b>Total Proprietary Funds</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 13,572,289	\$ 12,293,635	\$ 25,865,924
Federal Operating Grants	6,819,945	-	6,819,945
Miscellaneous	4,130	5,192	9,322
Total operating revenues	20,396,364	12,298,827	32,695,191
<b>Operating Expenses:</b>			
Local & express bus service	41,470,613	-	41,470,613
Light rail staff and administration	-	12,295,915	12,295,915
Paratransit service	9,499,998	-	9,499,998
Vanpool service	799,213	-	799,213
Safety and security	182,382	-	182,382
Administrative and general	976	-	976
Depreciation	9,407,988	-	9,407,988
Total operating expenses	61,361,170	12,295,915	73,657,085
Operating income (loss)	(40,964,806)	2,912	(40,961,894)
<b>Non-Operating Revenues (Expenses):</b>			
Lead agency disbursements	(17,283,839)	(38,391,302)	(55,675,141)
Federal Grant Subrecipient Disbursement	(200,000)	-	(200,000)
IRS fuel tax credit	3,007,452	-	3,007,452
Interest income	55,406	81,600	137,006
Gain on disposal of capital assets	389,890	-	389,890
AZ Lottery fund proceeds	(4,163)	-	(4,163)
Capital conveyance	(8,140,396)	-	(8,140,396)
Interest subsidy	564,261	-	564,261
Interest expense	(4,541,893)	-	(4,541,893)
Bond issuance expense	(60,392)	-	(60,392)
Total non-operating revenues (expenses)	(26,213,674)	(38,309,702)	(64,523,376)
Income (loss) before contributions and transfers	(67,178,480)	(38,306,790)	(105,485,270)
Capital contributions	19,861,120	-	19,861,120
Transfers in	64,440,650	60,908,430	125,349,080
Transfers out	(14,420,550)	(4,772,328)	(19,192,878)
Changes in net position	2,702,740	17,829,312	20,532,052
Net position, beginning	25,875,031	31,934,853	57,809,884
Net position, ending	\$ 28,577,771	\$ 49,764,165	\$ 78,341,936

See accompanying notes to the financial statements.

**Valley Metro**  
**Regional Public Transportation Authority**  
Statement of Cash Flows  
Proprietary Funds  
Fiscal Year Ended June 30, 2013

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Transit Service Operations</b>	<b>Valley Metro Rail</b>	<b>Total Proprietary Funds</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 13,418,643	\$ 12,293,635	\$ 25,712,278
Receipts from federal operating grants	6,819,945	-	6,819,945
Payments to suppliers	(42,040,677)	(1,008,731)	(43,049,408)
Payments to employees	(1,089,072)	(8,743,771)	(9,832,843)
Net cash provided by (used in) operating activities	(22,891,161)	2,541,133	(20,350,028)
<b>Cash flows from noncapital and related financing activities</b>			
Transfers in - sales taxes	64,440,650	60,908,430	125,349,080
Transfers out	(14,420,550)	(4,772,328)	(19,192,878)
Lead agency disbursements	(17,283,839)	-	(17,283,839)
AZ Lottery fund proceeds	(4,163)	-	(4,163)
Due to/from other funds	6,272,474	(6,272,474)	-
IRS fuel tax credit	3,007,452	-	3,007,452
Federal grant subrecipient disbursements	(200,000)	-	(200,000)
Net cash provided by (used in) noncapital and related financing activities	41,812,024	49,863,628	91,675,652
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	(14,188,009)	-	(14,188,009)
Conveyance of capital assets	(8,140,396)	-	(8,140,396)
Principal payments on long-term debt	(5,085,000)	-	(5,085,000)
Lead agency disbursements	-	(38,391,302)	(38,391,302)
Capital contributions	19,861,120	-	19,861,120
Interest subsidy	564,261	-	564,261
Interest paid on capital debt	(5,058,087)	-	(5,058,087)
Net cash provided by (used in) capital and related financing activities	(12,046,111)	(38,391,302)	(50,437,413)
<b>Cash flows from investing activities</b>			
Interest received on investments	55,406	81,600	137,006
Net cash provided by (used in) investing activities	55,406	81,600	137,006
Net increase in cash and cash equivalents	6,930,158	14,095,059	21,025,217
Cash and cash equivalents, beginning of year	44,278,651	32,673,836	76,952,487
Cash and cash equivalents, end of year	\$ 51,208,809	\$ 46,768,895	\$ 97,977,704
<b>From the Proprietary Funds Statement of Net Position</b>			
Current cash and cash equivalents	36,375,636	46,768,895	83,144,531
Noncurrent cash and cash equivalents	14,833,173	-	14,833,173
Total cash and cash equivalents	\$ 51,208,809	\$ 46,768,895	\$ 97,977,704
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	(40,964,806)	2,912	(40,961,894)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	9,407,988	-	9,407,988
(Increase) decrease in assets:			
Accounts receivable	(153,646)	-	(153,646)
Due from other governments	12,229,331	(14,019,498)	(1,790,167)
Other assets	1,250	-	1,250
Increase (decrease) in liabilities:			
Accounts payable	5,607,640	-	5,607,640
Accrued salaries and benefits	2,492	106,684	109,176
Due to other governments	(8,995,379)	16,324,186	7,328,807
Compensated absences payable	(26,031)	126,849	100,818
Total adjustments	18,073,645	2,538,221	20,611,866
Net cash provided by (used in) operating activities	\$ (22,891,161)	\$ 2,541,133	\$ (20,350,028)

See accompanying notes to the financial statements.

## **Notes to the Financial Statements**

**1. Summary of Significant Accounting Policies**

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

**a. Financial Reporting Entity**

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

The Authority is governed by a Board of Directors consisting of a member of the County Board of Supervisors and the mayors (or their designees) of the member cities and towns. For fiscal year 2012-13, the members included the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson, the towns of Gilbert and Wickenburg, and Maricopa County. A municipality may have one elected official serve on the Authority's Board of Directors by adopting an ordinance declaring its participation.

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

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

**b. Basic Financial Statements**

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

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

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

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of the various functions and segments of the Authority are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and the other revenues not identifiable with particular functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

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

During the year ended June 30, 2013, the Authority implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

**c. Basis of Presentation**

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

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

**Governmental Funds**

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

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

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

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

**Proprietary Funds**

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



Enterprise funds are used to account for those operations that provide services to the general public for a fee. Enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the Authority to establish activity fees or charges to recover the cost of providing services, including capital costs.

The Authority reports the following major enterprise funds:

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

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

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

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

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

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

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

Sales taxes, entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. For the governmental fund statements, grant revenue earned but not expected to be received within 120 days of year end is deferred.

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

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

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

**e. Budgetary Basis of Accounting**

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

Budgetary comparison statements for the general fund and major special revenue funds must be presented as part of the basic financial statements or as required supplementary information.

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

**f. Deposits and Investments**

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

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

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

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

**g. Prepaid Items**

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

**h. Capital Assets**

All capital assets, whether owned by governmental activities or business-type activities, must be recorded and depreciated (unless the modified approach is used) in the government-wide financial statements. No long-term assets or depreciation are shown in the governmental fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. The Authority has no public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Authority) or capital construction projects. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

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

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

**i. Transactions Between Funds**

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

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

**j. Receivables**

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

**k. Compensated Absences**

Employees of the Authority are entitled to 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.

**I. 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, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

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

**m. Net Position**

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

**n. Fund Balances**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable and spendable fund balances. Spendable fund balances include restricted, committed, assigned and unassigned fund balance classifications.

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the Authority's Board of Directors, which is the highest level of decision-making authority within the Authority. Only RPTA's Board of Directors can remove or change the constraints placed on committed fund balances. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Directors at a Board of Directors meeting. The Board of Directors must commit fund balances before the end of the fiscal year. Assigned fund balances are resources constrained by the Authority's intent to be used for Specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Chief Executive Officer or designee to make assignments of resources for a specific purpose. The unassigned fund balance is the residual classification for the General Fund and includes all spendable

amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

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

**o. Cash Equivalents**

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

**p. Use of Estimates**

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



## 2. 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
<b>Assets</b>				
Cash and cash equivalents	\$ 40,512,113	\$ -	\$ -	\$ 40,512,113
Receivables	156,306	-	-	156,306
Due from other governments	10,965,659	-	-	10,965,659
Due from other funds	115,499	-	(115,499)	-
Prepaid items	8,201	-	-	8,201
Capital assets (net)	-	1,308,720	-	1,308,720
Total assets	<u>\$ 51,757,778</u>	<u>\$ 1,308,720</u>	<u>\$ (115,499)</u>	<u>\$ 52,950,999</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,809,551	\$ -	\$ -	\$ 1,809,551
Accrued salaries and benefits	161,973	-	-	161,973
Due to other funds	115,499	-	(115,499)	-
Compensated absences	-	724,809	-	724,809
Total liabilities	<u>2,087,023</u>	<u>724,809</u>	<u>(115,499)</u>	<u>2,696,333</u>
<b>Fund Balance/Net Position</b>				
Total fund balance/net position	<u>\$ 49,670,755</u>	<u>\$ 583,911</u>	<u>\$ -</u>	<u>\$ 50,254,666</u>

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

Cost of capital assets	\$ 4,788,866
Accumulated depreciation	(3,480,146)
Capital assets, net	<u>\$ 1,308,720</u>

Interfund transactions between governmental activities of \$115,499 are eliminated in the consolidation of these activities for the Statement of Net Position.

**Valley Metro**  
**Regional Public Transportation Authority**  
Notes to the Financial Statements (Continued)  
Fiscal Year Ended June 30, 2013

Under the modified accrual basis of accounting, the governmental funds do not accrue for unpaid compensated absences in the amount of \$724,809 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.

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

	<b>Total Governmental Funds</b>	<b>Capital Purchases</b>	<b>Depreciation and Disposals</b>	<b>Compensated Absences</b>	<b>Statement of Activities Totals</b>
<b>Revenues</b>					
Sales taxes	\$ 118,336,024	\$ -	\$ -	\$ -	\$ 118,336,024
Intergovernmental	13,102,554	-	-	-	13,102,554
Interest earnings	114,061	-	-	-	114,061
Charges for services	176,058	-	-	-	176,058
Miscellaneous	126,982	-	-	-	126,982
Total revenues	<u>131,855,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,855,679</u>
<b>Expenditures/Expenses</b>					
Current:					
Regional planning	1,244,955	-	-	-	1,244,955
Transportation demand management	1,587,138	-	-	-	1,587,138
Regional customer services	8,070,850	-	283,762	-	8,354,612
AZ Lottery fund disbursements	10,200,055	-	-	-	10,200,055
Administration	1,728,030	-	182,407	(76,014)	1,834,423
Capital outlay	575,762	(575,762)	-	-	-
Total expenditures/expenses and other uses	<u>23,406,790</u>	<u>(575,762)</u>	<u>466,169</u>	<u>(76,014)</u>	<u>23,221,183</u>
<b>Other financing uses/changes in net position</b>					
Transfers in	1,093,168	-	-	-	1,093,168
Transfers out	(107,249,370)	-	-	-	(107,249,370)
Net transfers	<u>(106,156,202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,156,202)</u>
Net change for the year	<u>\$ 2,292,687</u>	<u>\$ 575,762</u>	<u>\$ (466,169)</u>	<u>\$ 76,014</u>	<u>\$ 2,478,294</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 (\$575,762), whereas net position decreases by the amounts of disposals and depreciation expense charged for the year (\$466,169).

The governmental funds do not report the change in unpaid compensated absences in the amount of (\$76,014) 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.



### 3. Deposits and Investments

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

#### a. Deposits

The carrying amount of the Authority's deposits at June 30, 2013, was \$108,531,688 and the bank ledger balance was \$108,566,961. The difference of \$35,273 represents deposits in transit and outstanding checks. Of the bank balance, \$250,000 was covered by federal depository insurance and \$108,316,961 was covered by collateral held by the pledging financial institution in the Authority's name. At June 30, 2013, cash held with the bond fund trustee was \$22,454,064. Of this amount, \$7,765,660 was held for the debt service payment on July 1st. The remaining amount of \$14,688,404 was held with the trustee in a commercial money market account.

#### b. Investments

*Interest Rate Risk.* As a means of managing its exposure to fair value losses arising from increasing interest rates, the Authority's investment policy provides for matching investment maturities with anticipated cash flow requirements while maintaining an emphasis on liquidity. Unless matched to a specific cash flow requirement, the Authority will not directly invest in securities maturing more than two years from the date of purchase. Historically, the Authority has limited its investments to participation in the State of Arizona's Local Government Investment Pool (LGIP). As of June 30, 2013, the Authority's investments in the LGIP, investing in money market mutual funds, have the weighted average maturities less than 90 days.

*Credit Risk.* State statutes authorize the Authority to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit and the LGIP. The Authority's investment policy does not further limit its investment choices. The LGIP is operated by the Arizona State Treasurer's Office, as authorized by Arizona Revised Statutes §35-326. Arizona Revised Statutes §35-312 and §35-313 regulate authorized investments. The Authority's investment in the LGIP is stated at fair value, which is the same as the value of the Authority's pool shares. The LGIP does not receive a credit quality rating, however, the State Treasurer's investment pool 7 had a weighted average rating of AA+ at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Investments at June 30, 2013 consist of the following:

State of Arizona Local Government Investment Pool	\$	7,504,065
---	----	-----------

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.

Cash and Investments at June 30, 2013 consist of the following:

Carrying amount of the Authority's deposits	\$ 108,531,688
Investments in the LGIP	7,504,065
Cash and investments with bond fund trustee	22,454,064
Total cash and investments	<u>\$ 138,489,817</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, 2013 consist of the following:

	Due from Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<b><u>Due from Other Governments</u></b>			
Arizona State Treasurer-PTF Funds	\$ 10,039,314	\$ -	\$ 10,039,314
AZ Dept of Transportation	51,052	91,475	142,527
City of Chandler	-	28,456	28,456
City of Mesa	-	321,728	321,728
City of Phoenix	63,320	5,997,240	6,060,560
City of Scottsdale	3,145	-	3,145
City of Surprise	-	156,095	156,095
City of Tempe	15,614	534,578	550,192
City of Tolleson	-	49,601	49,601
Internal Revenue Service	-	525,580	525,580
Maricopa Assoc. of Governments	246,037	-	246,037
Maricopa County TRP/DOT	184,901	-	184,901
Town of Gilbert	-	7,254	7,254
Valley Metro Rail, Inc.	362,276	15,980,765	16,343,041
Total Due from Other Governments	<u>\$ 10,965,659</u>	<u>\$ 23,692,772</u>	<u>\$ 34,658,431</u>

**5. Interfund Receivables/Payables and Interfund Transactions**

Interfund receivables and payables within the governmental activities and business-type activities are eliminated for the government-wide financial statements at June 30, 2013. The following interfund receivables and payables are included in the fund financial statements at June 30, 2013:

	Due from other Funds		
	General	Valley Metro Rail	Total
<u>Due to other funds</u>			
Governmental funds:			
Transit Planning	\$ -	\$ -	\$ -
Transportation Demand Management	115,499	-	115,499
Total governmental funds	<u>115,499</u>	<u>-</u>	<u>115,499</u>
Enterprise funds:			
Transit Service Operations	-	7,291,689	7,291,689
Total enterprise funds	<u>-</u>	<u>7,291,689</u>	<u>7,291,689</u>
Grand totals	<u>\$ 115,499</u>	<u>\$ 7,291,689</u>	<u>\$ 7,407,188</u>

The interfund balances for the governmental funds at June 30, 2013 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to grant and other reimbursements.

The interfund balances within the business-type activities funds are amounts held in the Transit Service Operations Fund for debt service payments to be made by the Valley Metro Rail Fund and short-term loans to cover temporary cash deficits in pooled cash accounts. All interfund balances outstanding at June 30, 2013 are expected to be repaid within one year.

**Valley Metro**  
**Regional Public Transportation Authority**  
Notes to the Financial Statements (Continued)  
Fiscal Year Ended June 30, 2013

Interfund transfers are primarily used for transfers of sales tax revenues from the General Fund to the various funds that receive earmarked sales tax revenues. Interfund transfers between the enterprise funds are for transfers of bond proceeds for reimbursements of light rail capital expenditures. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2013.

	Transfers Out			Totals
	General	Transit Service Operations	Valley Metro Rail	
<u>Transfers In</u>				
Governmental funds:				
Transit Planning	\$ 1,016,936	\$ -	\$ -	\$ 1,016,936
Transportation Demand Management	76,232	-	-	76,232
Total governmental funds	<u>1,093,168</u>	<u>-</u>	<u>-</u>	<u>1,093,168</u>
Enterprise funds:				
Transit Service Operations	59,668,322	-	4,772,328	64,440,650
Valley Metro Rail	46,487,880	14,420,550	-	60,908,430
Total enterprise funds	<u>106,156,202</u>	<u>14,420,550</u>	<u>4,772,328</u>	<u>125,349,080</u>
Grand totals	<u>\$ 107,249,370</u>	<u>\$ 14,420,550</u>	<u>\$ 4,772,328</u>	<u>\$ 126,442,248</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities to the enterprise funds are in the amount \$106,156,202.

## 6. **Fund Balance Classifications**

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

	General	Transit Planning Fund	Transportation Demand Management Fund	Totals
Nonspendable				
Prepays	\$ 8,201	\$ -	\$ -	\$ 8,201
Spendable				
Restricted for				-
AZ Lottery proceeds	1,886,764			1,886,764
Regional Planning activities		100,207		100,207
Clean Air Activities			130,811	130,811
Unassigned	<u>47,544,772</u>	<u>-</u>	<u>-</u>	<u>47,544,772</u>
	<u>\$ 49,439,737</u>	<u>\$ 100,207</u>	<u>\$ 130,811</u>	<u>\$ 49,670,755</u>

**Valley Metro**  
**Regional Public Transportation Authority**  
Notes to the Financial Statements (Continued)  
Fiscal Year Ended June 30, 2013

**7. Capital Assets**

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2013:

	<b>Balances, July 01, 2012</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances, June 30, 2013</b>
<b>Governmental activities:</b>				
Depreciable assets:				
Site Improvements	\$ 430,572	\$ 156,090	\$ -	\$ 586,662
Computers & software	2,316,796	193,674	-	2,510,470
Equipment	974,982	143,484	-	1,118,466
Vehicles	134,911	82,514	-	217,425
Furniture & fixtures	355,843	-	-	355,843
Total depreciable assets at historical cost	4,213,104	575,762	-	4,788,866
Less accumulated depreciation for:				
Site Improvements	(130,147)	(86,677)	-	(216,824)
Computers & software	(2,129,238)	(159,348)	-	(2,288,586)
Equipment	(402,415)	(174,314)	-	(576,729)
Vehicles	(134,914)	(6,876)	-	(141,790)
Furniture & fixtures	(217,263)	(38,954)	-	(256,217)
Total accumulated depreciation	(3,013,977)	(466,169)	-	(3,480,146)
Governmental activities capital assets, net	<u>\$ 1,199,127</u>	<u>\$ 109,593</u>	<u>\$ -</u>	<u>\$ 1,308,720</u>
<b>Business-type activities:</b>				
Non-depreciable assets:				
Land	\$ 5,292,000	\$ -	\$ -	\$ 5,292,000
Work in progress	2,515,411	1,532,327	(2,090,161)	1,957,577
Total non-depreciable assets	7,807,411	1,532,327	(2,090,161)	7,249,577
Depreciable assets:				
Transit fleet	103,227,209	12,839,709	(7,447,421)	108,619,497
Vehicles	-	26,921	-	26,921
Building	13,390,733	-	-	13,390,733
Site improvements	8,686,758	-	-	8,686,758
Computers & software	271,461	-	-	271,461
Ticket Vending Machines	-	1,214,922	-	1,214,922
Equipment	7,014,973	1,189,176	-	8,204,149
Furniture & fixtures	127,037	-	-	127,037
Infrastructure	-	29,424	-	29,424
Total depreciable assets at historical cost	132,718,171	15,300,152	(7,447,421)	140,570,902
Less accumulated depreciation for:				
Transit fleet	(47,516,788)	(8,031,108)	7,283,001	(48,264,895)
Vehicles	-	(6,169)	-	(6,169)
Building	(1,164,412)	(291,103)	-	(1,455,515)
Site improvements	(1,918,669)	(566,400)	-	(2,485,069)
Computers & software	(227,385)	(44,076)	-	(271,461)
Ticket Vending Machines	-	(6,750)	-	(6,750)
Equipment	(4,130,630)	(453,545)	-	(4,584,175)
Furniture & fixtures	(118,364)	(8,673)	-	(127,037)
Infrastructure	-	(163)	-	(163)
Total accumulated depreciation	(55,076,248)	(9,407,987)	7,283,001	(57,201,234)
Total Business-type capital assets being depreciated, net	<u>77,641,923</u>	<u>5,892,165</u>	<u>(164,420)</u>	<u>83,369,668</u>
Business-type activities capital assets, net	<u>\$ 85,449,334</u>	<u>\$ 7,424,492</u>	<u>\$ (2,254,581)</u>	<u>\$ 90,619,245</u>

**Valley Metro**  
**Regional Public Transportation Authority**  
Notes to the Financial Statements (Continued)  
Fiscal Year Ended June 30, 2013

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

	Government- Wide	Business- Type
Regional customer services	\$ 283,762	\$ -
Administration	182,407	-
Transit service operations	-	9,407,987
Total depreciation expense	<u>\$ 466,169</u>	<u>\$ 9,407,987</u>

The Authority's enterprise funds in the business-type activities had construction commitments totaling \$3.56 million at June 30, 2013. Only the currently payable portions of these contracts have been included in the accounts payable in the accompanying financial statements.

**8. Due to Other Governments**

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

Due to Other Governments at June 30, 2013 consist of the following:

	Due to Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<u>Due to Other Governments</u>			
City of Avondale	\$ -	\$ 887	\$ 887
City of Chandler	-	121,975	121,975
City of Mesa	-	677,574	677,574
City of Phoenix	-	833,493	833,493
City of Scottsdale	-	290,087	290,087
City of Surprise	-	4,990	4,990
City of Tempe	-	527,715	527,715
Gila River Indian Community	-	379,758	379,758
Valley Metro Rail, Inc.	-	19,044,414	19,044,414
Total Due to Other Governments	<u>\$ -</u>	<u>\$ 21,880,893</u>	<u>\$ 21,880,893</u>

## 9. Operating Leases

The Authority leases office space and small office equipment under various operating lease agreements. Total lease expenditures were \$957,279 for the fiscal year ended June 30, 2013. The future minimum lease payments under noncancelable and final option of the operating lease at June 30, 2013 were as follows:

June 30	
2014	\$ 1,038,492
2015	1,118,547
2016	1,142,667
2017	546,439
2018	557,564
2019-2023	2,945,695
2024-2026	1,268,061
Total	<u>\$ 8,617,465</u>

## 10. Long-Term Liabilities

### a. Transportation Excise Tax Revenue Bonds

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

The Authority has pledged future transportation excise tax revenues to repay a total of \$100,075,000 in outstanding transportation revenue bonds. Proceeds of the bonds were used for improvements and expansions to the Authority's bus and light rail projects. The bonds are payable solely from excise tax revenues and are payable through July 1, 2025. For the fiscal year ended June 30, 2013, the revenues available for service of this debt were \$113,776,294 while total debt service requirements were \$4,956,318 interest and \$5,085,000 principal. Interest expense of \$4,541,893 on the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, includes Bank charges of \$70 and the annual amortization of premium expense of \$414,495.

In addition, a portion of the bonds are qualified Build America Bonds. As such, \$564,261 is received as a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

**Valley Metro**  
**Regional Public Transportation Authority**  
Notes to the Financial Statements (Continued)  
Fiscal Year Ended June 30, 2013

Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2013 were as follows:

Year Ending June 30	Principal	Interest	Total Debt Service	Issuance Costs	Premium Amortization
2014	\$ 5,290,000	\$ 4,819,068	\$ 10,109,068	\$ 60,392	\$ 414,495
2015	5,555,000	4,547,943	10,102,943	60,392	414,495
2016	5,835,000	4,282,006	10,117,006	60,392	414,495
2017	6,085,000	4,007,593	10,092,593	60,392	414,495
2018	6,380,000	3,705,368	10,085,368	60,392	414,495
2019-2023	36,965,000	13,258,588	50,223,588	301,962	2,072,476
2024-2025	26,615,000	2,568,556	29,183,556	31,767	-
Total	<u>\$ 87,435,000</u>	<u>\$ 42,479,122</u>	<u>\$ 129,914,122</u>	<u>\$ 635,689</u>	<u>\$ 4,144,951</u>

The revenue bonds liability activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Amount Due Within One Year
Revenue bonds payable	\$ 97,810,000	\$ -	\$ (5,085,000)	\$ 92,725,000	\$ 5,290,000
Plus: Bond premium	4,559,446	-	(414,495)	4,144,951	-
Total	<u>\$ 102,369,446</u>	<u>\$ -</u>	<u>\$ (5,499,495)</u>	<u>\$ 96,869,951</u>	<u>\$ 5,290,000</u>

**b. Compensated Absences**

Compensated absences activity for the fiscal year ended June 30, 2013 is as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Amount Due Within One Year
Compensated absences:					
Governmental activities	\$ 800,823	\$ 597,381	\$ (673,395)	\$ 724,809	\$ 559,931
Business-type activities	973,459	798,034	(697,216)	1,074,277	666,159
	<u>\$ 1,774,282</u>	<u>\$ 1,395,415</u>	<u>\$ (1,370,611)</u>	<u>\$ 1,799,086</u>	<u>\$ 1,226,090</u>

**11. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Authority purchases insurance coverage for property, general liability, automobile liability, umbrella liability, commercial crime, public entity employment practices liability, public entity management liability and excess liability. In addition, the Authority purchases workers' compensation, employee life insurance and health and dental insurance coverage for all of its full-



compensation, employee life insurance and health and dental insurance coverage for all of its full-time employees. Settled claims for these risks have never exceeded commercial insurance limits and there were no significant changes in insurance coverage from the prior year. Insurance coverage for transit operations is carried by the contracted operators of service; the operators indemnify the Authority for all liability arising from transit operations.

## 12. Retirement and Pension Plans

### a. Plan descriptions

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

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

### b. Funding policy

The Arizona State Legislature establishes and may amend active plan members' and the Authority's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the Authority was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

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

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2013	\$ 1,508,102	\$ 95,636	\$ 35,312
2012	1,260,530	83,182	30,713
2011	1,104,744	72,342	30,653

**13. Contractual and Other Commitments**

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

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

**b. Commitments**

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

The outstanding commitments for FY 2013 were for the following projects: the Desert Sky Park-and-Ride, the East Baseline Park-and-Ride, and Bus Stop Improvements. At June 30, 2013, the Authority had outstanding contractual commitments for these services aggregating approximately \$3.56 million. These commitments have not been recorded in the accompanying financial statements because the member cities either had not incurred the related expenses or had not requested reimbursement for the related expenses. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements.

**14. Contingencies**

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

**15. Related Party Transactions**

As mentioned in Note 1 (a), 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 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, 2013, VMR incurred costs of \$12,435,840 for services provided by the Authority. At June 30, 2013, the Authority reported \$16,343,041 receivable from VMR and \$19,044,414 payable to VMR.

**16. Subsequent Event**

In November 2013, the Authority's Board of Directors voted to authorize the second bond issue pursuant to the Master Resolution adopted in 2009. The Second Supplemental Resolution authorizes the issuance of up to \$115,000,000 in Senior Lien Bonds, the proceeds of which will be used by METRO to fund capital projects outlined in the Regional Transportation Plan (RTP). The proceeds and associated debt service will be allocated to the rail program.

The 2014 bond issuance is anticipated to have a par value of \$115 million; with coupon rates of 4 percent and 5 percent, depending on the maturity; and sold at a premium. Yields are expected to be between 0.8% and 3.6% depending on the maturity. The True Interest Cost (TIC) is currently estimated to be around 3%. The Authority is rated by Standard & Poor at AA+ and by Fitch at AA.

## **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, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (budgetary basis)</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues:</b>				
Charges for services	\$ 17,810,530	\$ 16,956,437	\$ 13,572,289	\$ (3,384,148)
Federal Operating Grants	3,104,833	8,347,322	6,819,945	(1,527,377)
Miscellaneous	-	-	4,130	4,130
Total operating revenues	<u>20,915,363</u>	<u>25,303,759</u>	<u>20,396,364</u>	<u>(4,907,395)</u>
<b>Operating Expenses:</b>				
Local & express bus service	49,466,485	47,581,557	41,470,613	(6,110,944)
Paratransit service	25,002,005	25,855,362	26,783,837	928,475
Vanpool service	847,163	847,163	799,213	(47,950)
Safety and security	475,000	475,000	182,382	(292,618)
Administrative and general	-	-	976	976
Contingency	950,000	950,000	-	(950,000)
Capital outlay	25,397,593	25,397,593	14,742,318	(10,655,275)
Total operating expenses	<u>102,138,246</u>	<u>101,106,675</u>	<u>83,979,339</u>	<u>(17,127,336)</u>
Operating income (loss)	<u>(81,222,883)</u>	<u>(75,802,916)</u>	<u>(63,582,975)</u>	<u>12,219,941</u>
<b>Non-Operating Revenues (Expenses):</b>				
Other federal grants	-	-	(200,000)	(200,000)
IRS fuel tax credit	350,000	350,000	3,007,452	2,657,452
Interest income	-	-	55,406	55,406
Proceeds from disposition of capital assets	124,683	124,683	-	(124,683)
AZ Lottery Proceeds (Disbursements)	-	-	(4,163)	(4,163)
Capital conveyence	(18,403,522)	(18,403,522)	(8,140,396)	10,263,126
Interest subsidy	-	-	564,261	564,261
Debt Service	(10,241,318)	(10,241,318)	(4,541,893)	5,699,425
Bond issuance expense	(500,000)	(500,000)	(60,392)	439,608
Total nonoperating revenues (expenses)	<u>(28,670,157)</u>	<u>(28,670,157)</u>	<u>(9,319,725)</u>	<u>19,350,432</u>
Income (loss) before transfers	<u>(109,893,040)</u>	<u>(104,473,073)</u>	<u>(72,902,700)</u>	<u>31,570,373</u>
Capital Contributions	28,603,213	28,603,213	19,861,120	(8,742,093)
Transfers in	81,289,827	75,589,452	64,440,650	(11,148,802)
Transfers out	-	-	(14,420,550)	(14,420,550)
Change in net position budgetary basis	<u>\$ -</u>	<u>\$ (280,408)</u>	<u>\$ (3,021,480)</u>	<u>\$ (2,741,072)</u>
<b>Explanation of differences between budgetary basis and GAAP basis</b>				
Excess revenues over expenses - budgetary basis			\$ (3,021,480)	
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes			14,742,318	
Depreciation is not a budgeted expense, but is an expense for GAAP purposes			(9,407,988)	
Proceeds from disposition of assets increase financial resources for budgetary basis, but is not a revenue for GAAP basis			<u>389,890</u>	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ 2,702,740</u>	

**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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Operating Revenues:</b>				
Charges for services	\$ 14,027,959	\$ 14,027,959	\$ 12,293,635	\$ (1,734,324)
Miscellaneous	-	-	5,192	5,192
Total operating revenues	<u>14,027,959</u>	<u>14,027,959</u>	<u>12,298,827</u>	<u>(1,729,132)</u>
<b>Operating Expenses:</b>				
Light rail staff and administration	14,027,959	14,027,959	12,295,915	(1,732,044)
Total operating expenses	<u>14,027,959</u>	<u>14,027,959</u>	<u>12,295,915</u>	<u>(1,732,044)</u>
Operating income (loss)	-	-	2,912	2,912
<b>Non-Operating Revenues (Expenses):</b>				
Lead agency disbursements	(44,188,513)	(44,188,513)	(38,391,302)	5,797,211
Interest income	-	-	81,600	81,600
Total nonoperating revenues (expenses)	<u>(44,188,513)</u>	<u>(44,188,513)</u>	<u>(38,309,702)</u>	<u>5,878,811</u>
Income (loss) before transfers	(44,188,513)	(44,188,513)	(38,306,790)	5,881,723
Transfers in	66,688,513	66,688,513	60,908,430	(5,780,083)
Transfers out	<u>(22,500,000)</u>	<u>(22,500,000)</u>	<u>(4,772,328)</u>	<u>17,727,672</u>
Change in net position - budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,829,312</u>	<u>\$ 17,829,312</u>

(This page intentionally left blank)

## ***Statistical Section***

---

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



## **Statistical Section**

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

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

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 199,619	\$ 161,090	\$ 249,177	\$ 1,362,413
Restricted	-	-	-	-
Unrestricted	3,300,859	3,300,859	12,224,193	42,677,444
Total governmental activities net position	<u>\$ 3,500,478</u>	<u>\$ 3,461,949</u>	<u>\$ 12,473,370</u>	<u>\$ 44,039,857</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 11,497,494	\$ 12,283,769	\$ 27,042,048	\$ 47,945,807
Restricted	1,559,108	1,827,192	5,301,289	1,778,889
Unrestricted	1,250,277	1,299,780	17,159,298	21,142,003
Total business-type activities net position	<u>\$ 14,306,879</u>	<u>\$ 15,410,741</u>	<u>\$ 49,502,635</u>	<u>\$ 70,866,699</u>
Primary government				
Invested in capital assets, net of related debt	\$ 11,697,113	\$ 12,444,859	\$ 27,291,225	\$ 49,308,220
Restricted	1,559,108	1,827,192	5,301,289	1,778,889
Unrestricted	4,551,136	4,600,639	29,383,491	63,819,447
Total primary government net position	<u>\$ 17,807,357</u>	<u>\$ 18,872,690</u>	<u>\$ 61,976,005</u>	<u>\$ 114,906,556</u>

---

---

<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>
\$ 1,467,040	\$ 1,229,916	\$ 689,786	\$ 1,346,607	\$ 1,199,127	\$ 1,308,720
-	-	-	178,382	188,792	2,117,782
28,106,773	37,265,160	45,287,115	51,323,184	46,388,453	46,828,164
<u>\$ 29,573,813</u>	<u>\$ 38,495,076</u>	<u>\$ 45,976,901</u>	<u>\$ 52,848,173</u>	<u>\$ 47,776,372</u>	<u>\$ 50,254,666</u>
\$ 72,537,461	\$ 98,580,060	\$ 106,601,704	\$ 21,322,728	\$ 6,528,635	\$ 8,437,699
2,332,524	4,062,157	-	-	120,650	8,286,530
17,991,644	(9,329,497)	(36,226,944)	16,410,223	51,160,599	61,617,707
<u>\$ 92,861,629</u>	<u>\$ 93,312,720</u>	<u>\$ 70,374,760</u>	<u>\$ 37,732,951</u>	<u>\$ 57,809,884</u>	<u>\$ 78,341,936</u>
\$ 74,004,501	\$ 99,809,976	\$ 107,291,490	\$ 22,669,335	\$ 7,727,762	\$ 9,746,419
2,332,524	4,062,157	-	178,382	309,442	10,404,312
46,098,417	27,935,663	9,060,171	67,733,407	97,549,052	108,445,871
<u>\$ 122,435,442</u>	<u>\$ 131,807,796</u>	<u>\$ 116,351,661</u>	<u>\$ 90,581,124</u>	<u>\$ 105,586,256</u>	<u>\$ 128,596,602</u>

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>
<b><u>Expenses</u></b>				
Governmental activities:				
Regional planning:				
Long range	\$ 167,057	\$ 162,287	\$ 187,496	\$ 403,337
Short range	242,945	145,690	322,430	558,664
Capital	163,818	236,219	197,256	164,722
Program support	53,199	171,169	534,285	1,298,591
Transportation demand management:				
Trip reduction	784,056	931,196	865,290	719,854
Ridesharing	656,311	514,977	645,052	594,549
Other programs	267,869	486,102	326,903	385,257
Regional customer services:				
Marketing	-	-	-	2,578,094
Call center	-	-	-	3,087,948
Other programs	-	-	-	1,623,744
AZ Lottery Fund Disbursements	-	-	-	-
Administration:	238,134	400,777	514,158	1,712,451
Executive director's office	247,948	161,979	207,304	-
Communications & government relations	106,305	293,648	549,635	260,965
Finance & management services	51,652	51,652	-	715,001
Community funded transportation	90,972	180,099	-	-
Total governmental activities expenses	<u>3,070,266</u>	<u>3,735,795</u>	<u>4,349,809</u>	<u>14,103,177</u>
Business-type activities:	30,650,723	34,834,292	38,578,007	60,090,164
Transit service operations	4,710,645	5,123,118	5,767,760	-
Regional customer services	2,982,701	3,667,400	16,909,968	63,225,727
Light rail transit	<u>38,344,069</u>	<u>43,624,810</u>	<u>61,255,735</u>	<u>123,315,891</u>
Total business-type activities expenses	<u>\$ 41,414,335</u>	<u>\$ 47,360,605</u>	<u>\$ 65,605,544</u>	<u>\$ 137,419,068</u>
Total primary government expenses				

<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>
\$ 316,147	\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,945	\$ 147,932
735,888	317,886	358,149	1,063,291	307,283	298,472
224,767	154,523	106,185	113,073	113,311	138,819
1,113,474	1,183,750	1,049,353	997,203	704,870	659,732
819,553	897,234	1,052,649	909,742	779,921	776,881
592,460	561,620	504,614	590,062	571,187	666,966
373,833	424,091	250,976	42,633	40,145	143,291
3,110,366	2,810,408	2,585,192	2,201,863	2,018,631	2,049,382
3,599,018	3,807,893	3,896,440	3,833,319	3,578,569	3,547,025
1,857,934	2,129,063	2,015,543	1,960,196	2,447,288	2,603,690
-	-	-	-	10,345,984	10,200,055
1,033,066	1,111,340	1,128,667	1,284,141	992,735	905,972
-	-	-	-	-	-
908,275	799,503	750,461	682,197	827,759	1,082,966
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,684,781</u>	<u>14,489,820</u>	<u>14,006,568</u>	<u>13,778,841</u>	<u>22,889,628</u>	<u>23,221,183</u>
96,796,902	99,625,805	93,074,466	90,336,819	113,091,586	91,327,298
-	-	-	-	-	-
65,243,366	70,492,629	60,704,307	66,140,185	33,665,209	50,687,217
<u>162,040,268</u>	<u>170,118,434</u>	<u>153,778,773</u>	<u>156,477,004</u>	<u>146,756,795</u>	<u>142,014,515</u>
<u>\$ 176,725,049</u>	<u>\$ 184,608,254</u>	<u>\$ 167,785,341</u>	<u>\$ 170,255,845</u>	<u>\$ 169,646,423</u>	<u>\$ 165,235,698</u>

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

	<b>FY 2003/04</b>	<b>FY 2004/05</b>	<b>FY 2005/06</b>	<b>FY 2006/07</b>
<b>Program revenues</b>				
Governmental activities:				
Charges for services	\$ 32,501	\$ 49,642	\$ 75,295	\$ 25,046
Operating grants and contributions	1,949,879	2,288,916	2,358,485	2,494,611
Capital grants and contributions	92,140	172,438	48,382	198,777
Total governmental activities program revenues	2,074,520	2,510,996	2,482,162	2,718,434
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	15,487,044	18,135,892	18,963,733	20,131,861
Paratransit service	4,640,901	5,344,925	4,075,963	2,118,843
Vanpool service	534,764	526,891	692,342	685,743
Other activities	70,001	49,550	182,809	36,729
Regional customer services	4,378,852	4,962,128	3,376,143	-
Light rail transit	2,982,701	3,667,400	5,209,939	5,565,540
Operating grants and contributions	1,834,067	5,140,813	1,186,038	642,313
Capital grants and contributions	820,223	387,845	17,286,134	19,041,093
Total business-type activities program revenues	30,748,553	38,215,444	50,973,101	48,222,122
Total primary government program revenues	\$ 32,823,073	\$ 40,726,440	\$ 53,455,263	\$ 50,940,556
Net (Expense)/Revenue				
Governmental activities	\$ (995,746)	\$ (1,224,799)	\$ (1,867,647)	\$ (11,384,743)
Business-type activities	(7,595,516)	(5,409,366)	(10,282,634)	(75,093,769)
Total primary government net expense	\$ (8,591,262)	\$ (6,634,165)	\$ (12,150,281)	\$ (86,478,512)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Sales taxes	\$ 3,071,725	\$ 1,154,022	\$ 55,084,706	\$ 134,235,260
Interest earnings	83,977	103,981	124,312	1,664,357
Other income	966	1,047	-	-
Transfers in (out)	(1,139,423)	-	(44,329,950)	(92,948,387)
Total governmental activities	2,017,245	1,259,050	10,879,068	42,951,230
Business-type activities:				
Sales taxes	4,516,066	6,559,344	-	-
Interest earnings	320	2,774	44,578	945,155
Other income	-	-	-	2,564,291
Transfers in (out)	1,139,423	-	44,329,950	92,948,387
Total business-type activities:	5,655,809	6,562,118	44,374,528	96,457,833
Total primary government	\$ 7,673,054	\$ 7,821,168	\$ 55,253,596	\$ 139,409,063
Change in net position:				
Governmental activities	\$ 1,021,499	\$ 34,251	\$ 9,011,421	\$ 31,566,487
Business-type activities	(1,939,707)	1,152,752	34,091,894	21,364,064
Total primary government net expense	\$ (918,208)	\$ 1,187,003	\$ 43,103,315	\$ 52,930,551

FY 2007/08	FY 2008/09	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13
\$ -	\$ -	\$ 150,353	\$ 189,000	\$ 153,445	\$ 176,058
2,062,602	2,632,463	2,055,931	2,286,930	13,601,884	13,102,554
-	-	-	-	-	-
2,062,602	2,632,463	2,206,284	2,475,930	13,755,329	13,278,612
19,861,844	19,936,194	15,849,887	9,811,268	10,256,090	9,172,758
2,043,104	3,029,151	2,408,268	2,431,467	2,637,827	2,101,275
844,115	926,245	864,663	318,945	181,929	176,775
-	-	-	2,611,481	2,781,880	2,121,480
-	-	-	-	-	-
6,421,524	8,614,280	8,130,261	8,201,600	9,701,059	12,293,635
1,421,891	2,609,156	2,607,770	2,144,496	1,337,135	10,716,993
16,237,008	40,555,599	14,996,556	8,289,329	31,347,333	19,661,120
46,829,486	75,670,625	44,857,405	33,808,586	58,243,253	56,244,037
\$ 48,892,088	\$ 78,303,088	\$ 47,063,689	\$ 36,284,516	\$ 71,998,582	\$ 69,522,649
\$ (12,622,179)	\$ (11,857,357)	\$ (11,800,284)	\$ (11,302,911)	\$ (9,134,299)	\$ (9,942,571)
(115,210,782)	(94,447,809)	(108,921,368)	(122,668,418)	(88,513,542)	(85,770,478)
\$ (127,832,961)	\$ (106,305,166)	\$ (120,721,652)	\$ (133,971,329)	\$ (97,647,841)	\$ (95,713,049)
\$ 130,490,779	\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024
2,503,935	36,310	231,398	79,874	73,104	114,061
142,810	75,176	73,531	233,357	100,154	126,982
(134,981,389)	(92,630,562)	(84,745,330)	(89,250,166)	(108,464,090)	(106,156,202)
(1,843,865)	20,778,620	19,282,109	18,174,183	4,062,498	12,420,865
-	-	-	-	-	-
536,116	34,862	587,487	215,800	109,799	137,006
1,688,207	2,233,476	650,591	560,643	16,586	9,322
134,981,389	92,630,562	84,745,330	89,250,166	108,464,090	106,156,202
137,205,712	94,898,900	85,983,408	90,026,609	108,590,475	106,302,530
\$ 135,361,847	\$ 115,677,520	\$ 105,265,517	\$ 108,200,792	\$ 112,652,973	\$ 118,723,395
\$ (14,466,044)	\$ 8,921,263	\$ 7,481,825	\$ 6,871,272	\$ (5,071,801)	\$ 2,478,294
21,994,930	451,091	(22,937,960)	(32,641,809)	20,076,933	20,532,052
\$ 7,528,886	\$ 9,372,354	\$ (15,456,135)	\$ (25,770,537)	\$ 15,005,132	\$ 23,010,346

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	384,887	350,173	649,225	1,002,229
Unreserved, undesignated	2,915,972	2,950,686	1,638,892	1,433,788
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Unassigned				
Total general fund	<u>\$ 3,300,859</u>	<u>\$ 3,300,859</u>	<u>\$ 2,288,117</u>	<u>\$ 2,436,017</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in special revenue funds	-	-	-	-
Unreserved, undesignated, reported in special revenue funds	-	-	9,936,076	21,059,001
Nonspendable:				
Prepaid Items				
Restricted				
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,936,076</u>	<u>\$ 40,241,427</u>

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



<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
233,480	755,184	837,880	-	-	-
2,888,105	2,882,500	3,852,887	-	-	-
			6,797	10,554	8,201
				-	1,886,764
			52,164,648	47,178,722	47,544,772
<u>\$ 3,121,585</u>	<u>\$ 3,637,684</u>	<u>\$ 4,690,767</u>	<u>\$ 52,171,445</u>	<u>\$ 47,189,276</u>	<u>\$ 49,439,737</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
410,974	-	-	-	-	-
25,218,669	34,382,659	41,434,228	-	-	-
			3,372	-	-
			175,010	188,792	231,018
<u>\$ 25,629,643</u>	<u>\$ 34,382,659</u>	<u>\$ 41,434,228</u>	<u>\$ 178,382</u>	<u>\$ 188,792</u>	<u>\$ 231,018</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 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>
<b><u>Revenues</u></b>				
Sales taxes	\$ 3,071,725	\$ 1,154,022	\$ 55,084,706	\$ 134,235,260
Intergovernmental:				
AZ Lottery Proceeds	-	-	-	-
State & county grants & pass through grants	400,000	400,000	400,000	400,000
Federal Transit Administration	335,365	526,176	569,622	993,727
CMAQ	1,264,654	1,493,178	1,395,577	1,298,056
Other federal grants	42,000	42,000	41,668	1,604
Charges for services	32,501	49,642	75,295	25,046
Interest earnings	83,977	103,981	124,312	1,664,357
Miscellaneous	966	1,047	-	-
Total revenues	<u>5,231,188</u>	<u>3,770,046</u>	<u>57,691,180</u>	<u>138,618,050</u>
<b><u>Expenditures</u></b>				
Governmental activities:				
Regional planning:				
Long range	\$ 167,057	\$ 162,287	\$ 187,496	\$ 403,337
Short range	242,945	145,690	322,430	558,664
Capital	163,818	236,219	197,256	164,722
Program support	53,199	171,169	534,285	1,298,591
Transportation demand management:				
Trip reduction	784,056	931,196	865,290	719,854
Ridesharing	656,311	514,977	645,052	594,549
Other programs	267,869	486,102	326,903	385,257
Regional customer services:				
Marketing	-	-	-	2,578,094
Call center	-	-	-	3,087,948
Other programs	-	-	-	1,511,164
Administration:				
Executive director's office	238,134	400,777	514,158	1,712,451
Communications & government relations	247,948	161,979	207,304	260,965
Finance & management services	106,305	293,648	419,571	580,415
Community funded transportation	51,652	51,652	-	-
AZ Lottery Fund Expenditures	-	-	-	-
Capital outlay	115,173	214,350	218,151	765,641
Total expenditures	<u>3,094,467</u>	<u>3,770,046</u>	<u>4,437,896</u>	<u>14,621,652</u>
Excess of revenues over expenditures	<u>2,136,721</u>	<u>-</u>	<u>53,253,284</u>	<u>123,996,398</u>
Other financing sources (uses)				
Transfers in	-	-	814,701	9,349,388
Transfers out	(1,139,423)	-	(45,144,651)	(102,892,535)
Total other financing sources (uses)	<u>(1,139,423)</u>	<u>-</u>	<u>(44,329,950)</u>	<u>(93,543,147)</u>
Net change in fund balances	<u>\$ 997,298</u>	<u>\$ -</u>	<u>\$ 8,923,334</u>	<u>\$ 30,453,251</u>

<b>FY 2007/08</b>	<b>FY 2008/09</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>	<b>FY 2012/13</b>
\$ 130,490,779	\$ 113,297,696	\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024
-	-	-	-	11,665,674	11,224,800
422,887	455,671	688,659	635,647	400,200	480,217
268,661	612,190	266,015	799,840	589,367	364,784
1,287,054	1,411,497	1,101,257	851,443	946,643	1,032,753
84,000	-	-	-	-	-
-	-	-	189,000	153,445	176,058
2,503,935	36,310	231,398	79,874	73,104	114,061
144,672	228,281	223,988	233,357	100,154	126,982
<u>135,201,988</u>	<u>116,041,645</u>	<u>106,233,827</u>	<u>109,900,279</u>	<u>126,281,917</u>	<u>131,855,679</u>
\$ 311,129	\$ 292,509	\$ 308,339	\$ 101,121	\$ 161,939	\$ 147,932
733,017	317,886	358,149	1,063,291	307,283	298,472
222,439	154,523	106,185	113,073	113,311	138,819
1,104,198	1,183,750	1,049,353	997,203	704,870	659,732
816,128	897,234	1,052,649	909,742	779,921	776,881
601,220	561,620	504,614	590,062	571,187	666,966
370,142	424,091	250,976	42,633	40,142	143,291
3,084,872	2,810,408	2,585,192	2,201,863	2,018,631	2,049,382
3,563,629	3,807,893	3,896,440	3,833,319	3,578,569	3,547,025
1,380,563	1,733,413	1,662,194	1,815,740	2,447,288	2,603,690
1,030,804	1,111,340	1,128,667	1,284,141	992,744	905,972
-	-	-	-	-	-
318,945	462,737	419,178	359,637	453,137	692,811
-	-	-	-	-	-
-	-	-	-	10,345,984	10,200,055
1,078,709	384,564	61,909	1,113,456	274,580	575,762
<u>14,615,795</u>	<u>14,141,968</u>	<u>13,383,845</u>	<u>14,425,281</u>	<u>22,789,586</u>	<u>23,406,790</u>
120,586,193	101,899,677	92,849,982	95,474,998	103,492,331	108,448,889
11,165,777	9,975,889	9,658,964	1,447,579	9,957,202	1,093,168
(146,147,166)	(102,606,451)	(94,404,294)	(90,697,745)	(118,421,292)	(107,249,370)
(134,981,389)	(92,630,562)	(84,745,330)	(89,250,166)	(108,464,090)	(106,156,202)
<u>\$ (14,395,196)</u>	<u>\$ 9,269,115</u>	<u>\$ 8,104,652</u>	<u>\$ 6,224,832</u>	<u>\$ (4,971,759)</u>	<u>\$ 2,292,687</u>

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06 (1)</u>	<u>FY 2006/07 (1)</u>
Governmental activities				
Regional area road funds	\$ 3,071,725	\$ 1,154,022	\$ 3,938,570	\$ 4,047,593
Public transportation funds	-	-	51,146,136	130,187,667
Total governmental activities sales taxes	<u>\$ 3,071,725</u>	<u>\$ 1,154,022</u>	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>
Business-type activities				
Regional area road funds	\$ 4,516,066	\$ 6,559,344	\$ -	\$ -
Public transportation funds	-	-	-	-
Total business-type activities sales taxes	<u>\$ 4,516,066</u>	<u>\$ 6,559,344</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Regional area road funds	\$ 7,587,791	\$ 7,713,366	\$ 3,938,570	\$ 4,047,593
Public transportation funds	-	-	51,146,136	130,187,667
Total primary government sales taxes	<u>\$ 7,587,791</u>	<u>\$ 7,713,366</u>	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>

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

---

---

<u>FY 2007/08 (1)</u>	<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>	<u>FY 2011/12 (1)</u>	<u>FY 2012/13 (1)</u>
\$ 4,167,168	\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730
126,323,611	109,020,404	99,351,318	102,688,559	107,889,134	113,776,294
<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,167,168	\$ 4,277,292	\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730
126,323,611	109,020,404	99,351,318	102,688,559	107,889,134	113,776,294
<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>	<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06 (2)</u>	<u>FY 2006/07 (2)</u>
Regional area road funds				
Freeways	\$ 281,012	\$ 309,092	\$ 292,487	\$ 213,119
Regional Public Transportation Authority / Maricopa Association of Governments (1)	7,588	7,713	7,877	8,095
Arterial streets	-	-	16,127	41,050
Total regional area road fund distributions	<u>288,600</u>	<u>316,805</u>	<u>316,491</u>	<u>262,264</u>
Public transportation funds	-	-	51,146	130,188
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 288,600</u>	<u>\$ 316,805</u>	<u>\$ 367,637</u>	<u>\$ 392,452</u>

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.

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

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

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

---

---

<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>
\$ 205,576	\$ 176,235	\$ 159,604	\$ 165,321	\$ 173,334	\$ 182,806
8,334	8,555	8,742	8,845	8,928	9,119
<u>39,832</u>	<u>34,376</u>	<u>31,327</u>	<u>32,379</u>	<u>34,019</u>	<u>35,875</u>
253,742	219,166	199,673	206,545	216,281	227,800
126,324	109,020	99,351	102,689	107,889	113,776
<u>\$ 380,066</u>	<u>\$ 328,186</u>	<u>\$ 299,024</u>	<u>\$ 309,234</u>	<u>\$ 324,170</u>	<u>\$ 341,576</u>

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

<b>Fiscal Year</b>	<b>Retail Sales</b>	<b>Contracting</b>	<b>Utilities</b>	<b>Restaurant and Bar</b>	<b>Rental Real Property</b>	<b>Rental Personal Property</b>	<b>Other</b>	<b>Total</b>
2003/04	144,817	43,524	19,980	24,807	27,163	12,631	15,678	288,600
2004/05	158,179	52,325	20,813	27,191	29,310	12,624	16,363	316,805
2005/06 (1)	182,378	64,822	23,600	30,656	32,949	13,923	19,309	367,637
2006/07 (1)	187,817	73,864	26,697	33,073	36,398	15,053	19,550	392,452
2007/08 (1)	177,845	66,046	28,630	33,021	38,605	15,111	20,808	380,066
2008/09 (1)	153,681	46,865	28,510	30,763	37,757	13,470	17,140	328,186
2009/10 (1)	143,205	28,953	29,385	30,558	35,825	11,983	19,115	299,024
2010/11 (1)	152,003	28,012	29,511	31,729	35,731	11,606	20,643	309,235
2011/12 (1)	162,391	30,513	30,217	34,279	36,415	11,966	18,389	324,170
2012/13 (1)	172,934	32,660	30,976	36,429	38,097	12,130	18,349	341,574

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.

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:**

<b>Retail Sales</b>	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.
<b>Contracting</b>	Includes prime contracting and dealership of manufactured buildings and owner-builder operations.
<b>Utilities</b>	Includes producing and/or furnishing to consumers electricity, natural or artificial gas, and water.
<b>Restaurant and Bar</b>	Includes operations of restaurants and drinking establishments.
<b>Rental of Real Property</b>	Includes leasing or renting real property, hotels and motels.
<b>Rental of Personal Property</b>	Includes leasing or renting tangible personal property such as leased vehicles and construction equipment.
<b>Other</b>	Includes intrastate transportation of persons, freight or operations of property, intrastate telecommunication services, intrastate operation of pipelines for oil or natural or artificial gas, job printing, engraving, embossing and publication, publication of newspapers, magazines and other periodicals, operations of amusement places and miscellaneous other revenues.



(This page intentionally left blank)

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

	<u>FY 2003/04</u>	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	50.1800%	49.9300%	49.9300%	47.8600%	46.8000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Contracting					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	15.0800%	16.5200%	16.5200%	18.8200%	17.4000%
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	9.0500%	9.2500%	9.2500%	9.2700%	10.1000%
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	8.6000%	8.5800%	8.5800%	8.4300%	8.7000%
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	6.9200%	6.5700%	6.5700%	6.8000%	7.5000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Personal Property					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	4.3800%	3.9800%	3.9800%	3.8400%	4.0000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Communications					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	3.3400%	3.2000%	3.2000%	2.9300%	3.3000%
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%	1.0500%	1.0500%	1.0600%	1.1000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Publishing and Printing					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.6300%	0.6100%	0.6100%	0.5300%	0.5000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Other					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.7600%	0.3100%	0.3100%	0.4600%	0.6000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Mining					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Transaction Privilege Tax Rate	3.1250%	3.1250%	3.1250%	3.1250%	3.1250%
Transportation Excise Tax Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%

Source: The Maricopa County Transportation Excise Tax Tables for FY 2013 provided by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

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

---

---

<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>
46.8300%	46.8300%	49.1600%	50.1000%	50.6300%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
14.2800%	14.2800%	9.0600%	9.4000%	9.5600%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
11.5000%	11.5000%	11.5500%	11.2000%	11.1500%
1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
9.3700%	9.3700%	10.2600%	10.6000%	10.6700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
8.6900%	8.6900%	9.5400%	9.3000%	9.0700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
4.1000%	4.1000%	3.7500%	3.7000%	3.5500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
2.9900%	2.9900%	3.2700%	3.1000%	2.9700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.1900%	1.1900%	1.1800%	1.2000%	1.1400%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.4900%	0.4900%	0.5200%	0.4000%	0.4700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.5600%	0.5600%	1.7100%	1.0000%	0.7900%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
3.1250%	3.1250%	3.1250%	3.1250%	3.1250%
0.3125%	0.3125%	0.3125%	0.3125%	0.3125%

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

---

Fiscal Year	Principal	Interest	Total	Pledged Revenue	Coverage
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	18.89
2011	2,265,000	5,245,318	7,510,318	102,688,559	13.67
2012	5,085,000	5,053,018	10,138,018	107,889,134	10.64
2013	5,290,000	4,819,068	10,109,943	113,776,294	11.25

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

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

**Valley Metro**  
**Regional Public Transportation Authority**  
 Outstanding Debt by Type  
 Last Four 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	0.04%	27.52
2012	102,369,446	0.03%	26.35
2013	96,869,951	0.04%	24.94

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

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

---

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Cost</b>	<b>Revenue</b>	<b>Maricopa County Population (1)</b>	<b>Cost Per Capita</b>	<b>Revenue Per Capita</b>
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	\$ 4,115,811	\$ 1	\$ 24
2011	2,265,000	5,245,318	7,510,318	102,688,559	3,817,117	2	27
2012	5,085,000	5,053,018	10,138,018	107,889,134	3,884,705	3	28
2013	5,290,000	4,819,068	10,109,068	113,776,294	3,884,705	3	29

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

(This page intentionally left blank)

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

---

	<u>FY 2002/03 (1)</u>	<u>FY 2003/04 (1)</u>	<u>FY 2004/05 (1)</u>	<u>FY 2005/06 (1)</u>	<u>FY 2006/07 (1)</u>
Maricopa County	3,296,250	3,406,170	3,537,630	3,648,545	3,792,675
Avondale	47,610	54,200	60,490	66,110	72,210
Buckeye	N/A	N/A	N/A	N/A	N/A
Chandler	194,390	209,140	221,555	231,785	235,450
El Mirage	20,645	25,550	28,420	29,630	32,605
Gilbert	133,640	151,975	165,325	178,000	185,030
Glendale	227,495	231,150	234,225	236,030	243,540
Goodyear (2)	N/A	N/A	N/A	N/A	49,720
Mesa	427,550	435,380	448,845	452,355	451,360
Peoria	122,655	126,815	132,805	137,285	145,135
Phoenix	1,365,675	1,390,830	1,421,450	1,452,825	1,505,265
Queen Creek (2)	N/A	N/A	N/A	N/A	18,690
Scottsdale	214,090	218,095	221,980	223,835	237,120
Surprise (2)	45,125	51,885	64,210	78,265	98,140
Tempe	159,425	159,905	161,420	160,735	165,890
Tolleson (2)	N/A	N/A	N/A	N/A	N/A

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

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

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



---

---

<u>FY 2007/08 (1)</u>	<u>FY 2008/09 (1)</u>	<u>FY 2009/10 (1)</u>	<u>FY 2010/11 (1)</u>	<u>FY 2011/12 (1)</u>
3,907,492	3,987,942	4,023,331	3,817,117	3,884,705
75,256	76,648	76,900	76,238	76,870
N/A	50,143	52,764	50,876	54,102
241,205	244,376	245,087	236,123	241,214
33,583	33,647	33,610	31,797	32,067
203,656	214,820	217,521	208,453	219,666
246,076	248,435	249,197	226,721	229,008
55,954	59,436	61,916	65,275	69,018
456,344	459,682	461,102	439,041	444,856
151,541	155,557	158,709	154,065	157,653
1,538,568	1,561,485	1,575,423	1,445,632	1,464,727
21,363	23,329	24,926	26,361	27,249
240,126	242,337	243,501	217,385	219,713
104,895	108,761	109,482	117,517	119,530
167,871	172,641	174,833	161,719	164,659
N/A	N/A	6,923	6,573	6,579

**Valley Metro**  
**Regional Public Transportation Authority**  
 Top Ten Employers for Maricopa County  
 For the Year 2012

---

<b>Employer</b>	<b>2012</b>		
	<b>Employees</b>	<b>Rank</b>	<b>% of Total</b>
Banner Health Systems	22,400	1	1.54%
State of Arizona	22,000	2	1.52%
Wal-Mart Stores, Inc.	15,100	3	1.04%
City of Phoenix	13,000	4	0.90%
Maricopa County	12,500	5	0.86%
Frys Food Stores	12,400	6	0.85%
Intel Corporation	11,600	7	0.80%
Bank of America	11,200	8	0.77%
Wells Fargo & Company	10,700	9	0.74%
Honeywell	9,300	10	0.64%
Motorola			
US Postal Service - Arizona District			
Raytheon Missile Systems			
 Total for Principal Employers	 <u>140,200</u>		 <u>9.66%</u>
 Total Employment in Maricopa Cty	 1,451,500		

Source: Maricopa County Association of Governments, Employer Database (2012)  
 Arizona Department of Administration, Current Employment Statistics  
 Phoenix Business Journal Book of Lists

Note: The information for FY 2013 was not available at the time the CAFR was drafted.

(This page intentionally left blank)

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

	FY 2003/2004	FY 2004/2005	FY 2005/2006	FY 2006/2007	FY 2007/2008
Avondale					
Local transportation assistance funds received	252,589	277,421	299,299	317,127	331,478
Minimum local expenditures required	189,442	208,066	99,667	105,603	110,382
Percentage required	75.0%	75.0%	33.3%	33.3%	33.3%
Buckeye (1)					
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A
Chandler					
Local transportation assistance funds received	1,031,314	1,072,387	1,096,287	1,111,863	1,080,826
Minimum local expenditures required	343,771	357,462	365,064	370,250	359,915
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
El Mirage					
Local transportation assistance funds received	109,530	130,312	140,622	142,134	149,672
Minimum local expenditures required	82,148	97,734	105,467	106,600	112,254
Percentage required	75.0%	75.0%	75.0%	75.0%	75.0%
Gilbert					
Local transportation assistance funds received	709,012	778,323	818,025	853,858	849,374
Minimum local expenditures required	236,337	259,441	272,402	284,335	282,842
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Glendale					
Local transportation assistance funds received	1,206,948	1,186,391	1,158,998	1,132,226	1,117,962
Minimum local expenditures required	402,316	395,464	385,946	377,031	372,281
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Goodyear (1)					
Local transportation assistance funds received	NA	NA	NA	197,755	228,238
Minimum local expenditures required	NA	NA	NA	148,316	171,179
Percentage required	NA	NA	NA	75.0%	75.0%
Maricopa County (1)					
Local transportation assistance funds received	NA	NA	NA	NA	NA
Minimum local expenditures required	NA	NA	NA	NA	NA
Percentage required	NA	NA	NA	NA	NA
Mesa					
Local transportation assistance funds received	2,268,317	2,233,853	2,220,987	2,169,928	2,071,953
Minimum local expenditures required	2,268,317	2,233,853	2,220,987	2,169,928	2,071,953
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%
Peoria					
Local transportation assistance funds received	650,732	650,326	657,162	658,598	666,237
Minimum local expenditures required	216,911	216,775	218,835	219,313	221,857
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Phoenix					
Local transportation assistance funds received	7,245,430	7,138,976	7,033,839	6,969,140	6,909,870
Minimum local expenditures required	7,245,430	7,138,976	7,033,839	6,969,140	6,909,870
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%
Queen Creek (1)					
Local transportation assistance funds received	NA	NA	NA	76,224	85,796
Minimum local expenditures required	NA	NA	NA	57,168	64,347
Percentage required	NA	NA	NA	75.0%	75.0%
Scottsdale					
Local transportation assistance funds received	1,135,830	1,119,229	1,098,399	1,073,727	1,088,492
Minimum local expenditures required	378,610	373,076	365,767	357,551	362,468
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Surprise (1) (2)					
Local transportation assistance funds received	239,405	265,383	317,703	375,434	450,508
Minimum local expenditures required	179,554	88,373	105,795	125,019	150,019
Percentage required	75.0%	33.3%	33.3%	33.3%	33.3%
Tempe					
Local transportation assistance funds received	845,811	821,152	798,826	771,039	761,513
Minimum local expenditures required	281,937	273,717	266,009	256,756	253,584
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%
Tolleson					
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A
Wickenburg (1)					
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A

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.

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

<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011 (3)</u>	<u>FY 2011/2012 (4)</u>	<u>FY 2012/2013</u>
318,231	185,086	-	223,694	224,189
105,971	61,634	-		
33.3%	33.3%	0.0%		
171,121	121,083	-	149,278	149,608
128,341	90,812	-		
75.0%	75.0%	0.0%		
1,019,970	590,108	-	692,821	694,355
339,650	196,506	-		
33.3%	33.3%	0.0%		
142,011	81,249	-	93,297	93,504
106,508	60,937	-		
75.0%	75.0%	0.0%		
861,189	518,737	-	611,633	612,987
286,776	172,739	-		
33.3%	33.3%	0.0%		
1,040,568	599,909	-	665,234	666,707
346,509	199,770	-		
33.3%	33.3%	0.0%		
236,610	143,523	-	191,527	191,951
177,458	107,642	-		
75.0%	75.0%	0.0%		
NA	NA	NA	834,483	284,404
NA	NA	NA		
NA	NA	NA		
1,929,717	1,110,018	-	1,288,213	1,291,065
1,929,717	1,110,018	-		
100.0%	100.0%	0.0%		
640,826	375,639	-	452,030	453,030
213,395	125,088	-		
33.3%	33.3%	0.0%		
6,506,059	3,770,600	-	4,241,702	4,251,096
6,506,059	3,770,600	-		
100.0%	100.0%	0.0%		
91,884	57,536	-	76,030	-
68,913	43,152	-		
75.0%	75.0%	0.0%		
1,015,408	585,184	-	637,841	639,253
338,131	194,866	-		
33.3%	33.3%	0.0%		
443,564	262,631	-	344,813	345,576
147,707	87,456	-		
33.3%	33.3%	0.0%		
709,867	416,885	-	474,508	475,559
236,386	138,823	-		
33.3%	33.3%	0.0%		
N/A	16,500	-	19,204	19,247
N/A	12,375	-		
N/A	75.0%	0.0%		
N/A	N/A	N/A	N/A	6,363
N/A	N/A	N/A		
N/A	N/A	N/A		

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

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

<b>Fiscal Year</b>	<b>Population (1,2)</b>	<b>Income (1,2) (in thousands)</b>	<b>Per Capita Income (1,2)</b>	<b>Median Age (1,3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (2)</b>
2012	3,884,705	\$ 147,724,392	\$ 38,071	34.1	693,276	7.3%
2011	3,817,117	135,393,497	27,185	34.8	684,028	8.3%
2010	4,115,811	152,216,281	36,983	36.8	684,510	8.8%
2009	3,987,942	147,912,041	37,090	33.6	683,966	8.1%
2008	3,907,492	143,729,512	36,783	33.7	732,146	4.2%
2007	3,792,675	139,665,253	36,825	33.4	707,771	3.5%
2006	3,648,545	134,339,487	36,820	33.0	689,411	3.6%
2005	3,537,630	120,716,738	34,124	33.0	652,333	4.1%
2004	3,498,587	110,278,789	31,521	33.0	626,461	4.4%
2003	3,388,711	101,378,940	29,917	33.0	600,577	5.2%

(1) Calendar year

(2) Source: Arizona Office of Employment and Population Statistics, Labor Market Information, for Maricopa County

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

(3) For years through 2000, median age is based on the 1990 U.S. Census. For 2001 through 2008, median age is based on the 2000 U.S. Census. For calendar years 2009 - 2011, median age is from Maricopa Association of Governments Human Services Coordination Transportation Plan, 2010 and 2011 Update.

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Governmental activities:										
Regional planning	4.6	4.5	7.9	7.9	8.1	8.0	8.1	7.7	7.9	7.1
Transportation demand management	10.3	10.3	10.3	9.0	10.5	10.0	10.0	9.0	8.5	7.3
Regional customer services	4.7	4.7	4.2	71.5	74.6	78.2	78.3	72.9	73.3	78.2
Administration	7.9	8.9	14.8	20.1	22.2	22.2	22.2	20.4	19.5	15.5
Total governmental activities FTE	<u>27.5</u>	<u>28.4</u>	<u>37.1</u>	<u>108.5</u>	<u>115.4</u>	<u>118.5</u>	<u>118.6</u>	<u>110.0</u>	<u>109.1</u>	<u>108.1</u>
Business-type activities:										
Transit service operations	4.5	4.6	4.9	10.5	8.6	8.5	8.4	10.1	10.4	11.9
Light rail transit (1)	33.0	42.0	47.0	51.0	58.0	92.0	96.0	84.0	88.5	153.0
Total business-type activities FTE	<u>37.5</u>	<u>46.6</u>	<u>51.9</u>	<u>61.5</u>	<u>66.6</u>	<u>100.5</u>	<u>104.4</u>	<u>94.1</u>	<u>98.9</u>	<u>164.9</u>
Total primary government FTE	<u>65.0</u>	<u>75.0</u>	<u>89.0</u>	<u>170.0</u>	<u>182.0</u>	<u>219.0</u>	<u>223.0</u>	<u>204.0</u>	<u>208.0</u>	<u>273.0</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 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>
<b>Fixed Route System (1)</b>					
City of Phoenix Transit System					
Total boardings	37,543,692	40,427,904	42,909,890	44,182,683	44,101,320
Revenue miles	16,479,011	16,956,333	17,420,722	17,166,702	18,412,020
Revenue hours	1,089,891	1,115,462	1,146,819	1,166,967	1,166,986
Operating cost	\$ 90,376,532	\$ 93,661,178	\$ 89,543,836	\$ 93,058,555	\$ 108,350,712
Operating cost per boarding	\$ 2.41	\$ 2.32	\$ 2.09	\$ 2.11	\$ 2.46
Farebox recovery ratio	23.0%	24.8%	27.0%	26.6%	27.0%
Regional Public Transportation Authority (2)					
Total boardings	5,688,992	6,503,504	6,203,696	6,484,886	6,772,065
Revenue miles	4,799,475	4,971,133	4,379,307	4,956,352	5,521,319
Revenue hours	379,892	375,171	276,517	389,349	381,620
Operating cost	\$ 17,059,807	\$ 18,200,836	\$ 16,445,778	\$ 19,613,325	\$ 22,493,215
Operating cost per boarding	\$ 3.00	\$ 2.80	\$ 2.65	\$ 3.02	\$ 3.32
Farebox recovery ratio	19.7%	18.3%	23.1%	20.7%	20.2%
City of Tempe					
Total boardings	4,906,953	4,813,237	4,805,598	5,063,284	6,808,547
Revenue miles	3,814,559	3,826,195	3,797,053	3,868,790	4,497,200
Revenue hours	267,347	314,932	311,852	297,027	364,249
Operating cost	\$ 13,110,640	\$ 14,864,954	\$ 15,738,112	\$ 16,738,459	\$ 19,496,217
Operating cost per boarding	\$ 2.67	\$ 3.09	\$ 3.27	\$ 3.31	\$ 2.86
Farebox recovery ratio	20.6%	18.2%	17.3%	17.9%	16.2%
City of Glendale - Luke Link					
Total boardings	51,246	70,823	93,024	101,444	227,702
Revenue miles	106,326	131,400	139,789	142,109	252,413
Revenue hours	4,630	7,088	7,962	8,121	19,455
Operating cost	\$ 163,768	\$ 228,160	\$ 218,243	\$ 232,802	\$ 435,099
Operating cost per boarding	\$ 3.20	\$ 3.22	\$ 2.35	\$ 2.29	\$ 1.91
Farebox recovery ratio	30.5%	20.9%	26.8%	27.5%	227.5%
Total fixed route system					
Total boardings	48,190,883	51,815,468	54,012,208	55,832,297	57,909,634
Revenue miles	25,199,371	25,885,061	25,736,871	26,133,953	28,682,952
Revenue hours	1,741,760	1,812,653	1,743,150	1,861,464	1,932,310
Operating cost	\$ 120,710,747	\$ 126,955,128	\$ 121,945,969	\$ 129,643,141	\$ 150,775,243
Operating cost per boarding	\$ 2.50	\$ 2.45	\$ 2.26	\$ 2.32	\$ 2.60
Farebox recovery ratio	22.3%	23.1%	25.2%	24.6%	224.6%

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

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

NR Not reported

Note: Information for fiscal year 2012-13 was not available at the time the CAFR was drafted.



---

---

<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012</u>
42,670,621	44,642,019	35,806,019	37,437,652	37,122,975
18,826,324	18,238,826	17,692,736	16,915,379	16,013,826
998,142	1,172,816	1,196,437	1,125,763	1,225,077
\$ 117,350,016	\$ 109,867,153	\$ 113,744,493	\$ 130,360,068	\$ 138,046,662
\$ 2.75	\$ 2.46	\$ 3.18	\$ 3.48	\$ 3.72
27.5%	32.1%	30.9%	25.7%	25.1%
7,908,819	8,390,453	7,277,608	8,054,520	8,820,937
6,218,876	6,548,640	6,392,468	5,902,973	5,984,561
377,267	372,580	438,051	355,964	443,602
\$ 30,076,788	\$ 34,853,186	\$ 33,248,059	\$ 34,380,383	\$ 45,949,605
\$ 3.80	\$ 4.15	\$ 4.57	\$ 4.27	\$ 5.21
18.1%	15.5%	20.4%	20.9%	17.4%
4,896,103	5,846,385	5,217,425	8,313,058	5,435,181
4,372,291	4,752,561	4,889,470	5,678,666	3,803,757
326,640	371,445	370,738	498,944	285,591
\$ 19,947,661	\$ 27,191,179	\$ 28,676,837	\$ 24,851,193	\$ 24,989,805
\$ 4.07	\$ 4.65	\$ 5.50	\$ 2.99	\$ 4.60
16.6%	11.8%	17.2%	19.3%	20.0%
NA	NA	116,952	110,913	NA
NA	NA	101,154	99,773	NA
NA	NA	37,006	8,713	NA
NA	NA	\$ 820,392	\$ 786,101	NA
NA	NA	\$ 7.01	\$ 7.09	NA
NA	NA	3.1%	3.1%	NA
55,475,543	58,878,857	48,418,004	53,916,143	51,379,093
29,417,491	29,540,027	29,075,828	28,596,791	25,802,144
1,702,049	1,916,841	2,042,232	1,989,384	1,954,270
\$ 167,374,465	\$ 171,911,518	\$ 176,489,781	\$ 190,377,745	\$ 208,986,072
\$ 3.02	\$ 2.92	\$ 3.65	\$ 3.53	\$ 4.07
24.5%	25.5%	26.6%	23.9%	22.8%

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

	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>
<b>Dial-a-Ride System (1)</b>					
Phoenix Dial-a-Ride					
Total boardings	333,860	369,791	393,053	415,733	410,838
Revenue miles	3,687,477	3,901,614	4,084,991	4,276,365	NA
Revenue hours	255,922	262,372	274,099	285,137	287,882
Operating cost	\$ 10,385,900	\$ 11,150,114	\$ 12,375,324	\$ 12,452,214	\$ 13,655,624
Operating cost per boarding	\$ 31.11	\$ 30.15	\$ 31.49	\$ 29.95	\$ 33.24
Farebox recovery ratio	4.9%	4.8%	4.0%	5.0%	4.7%
Phoenix Reserve-a-Ride					
Total boardings	162,760	153,697	152,631	NR	NR
Revenue miles	540,282	540,388	518,616	NR	NR
Revenue hours	47,155	50,754	47,282	NR	NR
Operating cost	\$ 2,689,066	\$ 2,757,131	\$ 2,853,105	NR	NR
Operating cost per boarding	\$ 16.52	\$ 17.94	\$ 18.69	NR	NR
Farebox recovery ratio	3.2%	3.1%	2.7%	NR	NR
East Valley Dial-a-Ride					
Total boardings	240,879	222,736	223,130	220,153	226,050
Revenue miles	1,371,852	2,048,542	1,622,795	1,796,728	NA
Revenue hours	117,217	111,514	118,032	121,607	126,131
Operating cost	\$ 5,076,798	\$ 4,963,617	\$ 5,338,924	\$ 6,596,249	\$ 7,685,324
Operating cost per boarding	\$ 21.08	\$ 22.28	\$ 23.93	\$ 29.96	\$ 34.00
Farebox recovery ratio	7.0%	6.5%	6.6%	5.2%	5.0%
Maricopa County STS					
Total boardings	106,395	103,533	105,342	100,243	91,082
Revenue miles	732,376	730,180	523,119	913,009	NA
Revenue hours	70,238	67,836	41,189	56,585	49,524
Operating cost	\$ 1,587,982	\$ 1,534,951	\$ 3,249,859	\$ 3,312,076	\$ 3,368,464
Operating cost per boarding	\$ 14.93	\$ 14.83	\$ 30.85	\$ 33.04	\$ 36.98
Farebox recovery ratio	1.1%	1.0%	0.4%	0.3%	0.0%
Sun Cities Area Transit					
Total boardings	60,345	61,147	58,069	57,091	45,612
Revenue miles	226,194	229,917	254,897	230,472	NA
Revenue hours	19,226	20,015	22,648	21,802	16,526
Operating cost	\$ 671,365	\$ 671,410	\$ 714,915	\$ 689,473	\$ 697,877
Operating cost per boarding	\$ 11.13	\$ 10.98	\$ 12.31	\$ 12.08	\$ 15.30
Farebox recovery ratio	22.4%	22.7%	21.3%	23.5%	18.0%
Valley Metro Mobility Services					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
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					

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

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

NR Not reported

Note: Information for fiscal year 2012-13 was not available at the time the CAFR was drafted.

<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012</u>
391,420	396,474	353,674	328,502	337,182
4,806,031	4,064,584	3,675,478	3,464,880	3,485,711
292,601	295,057	283,686	257,874	308,915
\$ 14,759,075	\$ 14,991,465	\$ 14,749,818	\$ 15,519,920	\$ 16,848,817
\$ 37.71	\$ 37.81	\$ 41.70	\$ 47.24	\$ 49.97
4.1%	4.2%	7.3%	6.3%	5.8%
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
240,424	262,364	248,462	234,095	215,536
NA	2,090,445	2,123,274	2,191,197	1,299,371
131,842	137,604	129,168	128,335	117,381
\$ 8,461,088	\$ 9,760,107	\$ 9,322,558	\$ 9,096,936	\$ 9,411,479
\$ 35.19	\$ 37.20	\$ 37.52	\$ 38.86	\$ 43.67
4.6%	4.1%	4.9%	7.8%	6.0%
87,134	35,488	NR	NR	NR
NA	362,525	NR	NR	NR
47,511	24,641	NR	NR	NR
\$ 3,350,837	\$ 256,574	NR	NR	NR
\$ 38.46	\$ 7.23	NR	NR	NR
0.0%	0.0%	NR	NR	NR
34,924	27,652	30,509	14,715	NR
NA	109,741	120,305	53,614	NR
12,974	13,081	30,509	5,367	NR
\$ 560,024	\$ 610,581	\$ 558,965	\$ 228,146	NR
\$ 16.04	\$ 22.08	\$ 18.32	\$ 15.50	NR
22.0%	17.4%	18.6%	24.9%	NR
				33,058
				263,092
				8,841
				\$ 729,600
				\$ 22.07
				6.8%
				65,168
				NR
				NR
				\$ 1,400,700
				\$ 21.49
				9.1%
				53,476
				NR
				NR
				\$ 431,037
				\$ 8.06
				20.0%

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

	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>
<b>Dial-a-Ride System (1)</b>					
Glendale Dial-a-Ride					
Total boardings	81,768	86,132	87,831	89,055	84,132
Revenue miles	376,504	387,531	386,587	390,561	NA
Revenue hours	25,782	26,252	29,554	29,594	29,448
Operating cost	\$ 2,074,611	\$ 2,255,038	\$ 2,247,156	\$ 2,387,554	\$ 2,446,602
Operating cost per boarding	\$ 25.37	\$ 26.18	\$ 25.58	\$ 26.81	\$ 29.08
Farebox recovery ratio	4.7%	4.7%	5.0%	4.6%	3.3%
Peoria Dial-a-Ride					
Total boardings	30,399	29,258	33,805	42,560	45,790
Revenue miles	189,984	158,456	153,805	159,903	NA
Revenue hours	9,276	7,920	8,258	9,975	12,663
Operating cost	\$ 727,770	\$ 738,683	\$ 827,786	\$ 927,312	\$ 1,045,445
Operating cost per boarding	\$ 23.94	\$ 25.25	\$ 24.49	\$ 21.79	\$ 22.83
Farebox recovery ratio	5.0%	4.5%	4.0%	5.1%	4.5%
El Mirage Dial-a-Ride					
Total boardings	1,103	1,061	1,558	1,466	1,947
Revenue miles	9,172	7,230	10,017	12,284	NA
Revenue hours	1,834	NR	NR	1,613	1,820
Operating cost	\$ 93,632	\$ 76,813	\$ 70,459	\$ 74,023	\$ 99,256
Operating cost per boarding	\$ 84.89	\$ 72.40	\$ 45.22	\$ 50.49	\$ 50.98
Farebox recovery ratio	0.9%	1.0%	1.7%	2.0%	3.7%
Surprise Dial-a-Ride					
Total boardings	7,094	7,387	8,181	12,578	17,339
Revenue miles	43,716	48,768	68,291	86,045	NA
Revenue hours	3,881	4,891	5,016	6,554	8,037
Operating cost	\$ 162,931	\$ 185,646	\$ 283,624	\$ 367,093	\$ 506,921
Operating cost per boarding	\$ 22.97	\$ 25.13	\$ 34.67	\$ 29.19	\$ 29.24
Farebox recovery ratio	4.6%	4.3%	3.5%	3.5%	3.6%
Total Dial-a-Ride System					
Total boardings	1,024,603	1,034,742	1,063,600	938,879	920,843
Revenue miles	7,177,557	8,052,626	7,623,118	7,865,367	NA
Revenue hours	550,531	551,554	546,078	532,867	532,031
Operating cost	\$ 23,470,055	\$ 24,333,403	\$ 27,961,152	\$ 26,805,994	\$ 29,505,513
Operating cost per boarding	\$ 22.91	\$ 23.52	\$ 26.29	\$ 28.55	\$ 32.04
Farebox recovery ratio	5.4%	5.2%	4.5%	4.9%	4.4%

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

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

NR Not reported

Note: Information for fiscal year 2012-13 was not available at the time the CAFR was drafted.

<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012</u>
88,638	92,381	89,808	97,741	70,746
NA	408,986	411,136	406,413	404,838
30,642	30,594	29,927	30,347	29,957
\$ 2,878,740	\$ 2,431,098	\$ 2,430,543	\$ 2,604,743	\$ 2,489,211
\$ 32.48	\$ 26.32	\$ 27.06	\$ 26.65	\$ 35.19
3.8%	4.4%	4.3%	4.0%	4.2%
40,122	38,978	32,921	29,317	30,943
NA	212,812	158,846	122,789	141,596
14,875	14,567	13,218	8,156	7,652
\$ 1,239,982	\$ 1,239,982	\$ 1,109,380	\$ 1,006,618	\$ 903,468
\$ 30.91	\$ 31.81	\$ 33.70	\$ 34.34	\$ 29.20
3.2%	3.1%	2.9%	3.1%	3.0%
1,131	1,459	NR	NR	NR
NA	NA	NR	NR	NR
1,764	1,680	NR	NR	NR
\$ 97,262	\$ 102,139	NR	NR	NR
\$ 86.00	\$ 70.01	NR	NR	NR
2.3%	2.9%	NR	NR	NR
20,075	19,336	22,151	23,942	24,301
NA	79,989	83,761	81,859	84,636
8,698	7,918	8,561	8,601	8,955
\$ 589,469	\$ 644,740	\$ 591,150	\$ 617,751	\$ 661,287
\$ 29.36	\$ 33.34	\$ 26.69	\$ 25.80	\$ 27.21
3.7%	3.0%	3.8%	4.1%	3.7%
902,737	872,673	777,525	728,312	830,410
4,806,031	7,329,082	6,572,800	6,320,752	5,679,244
540,907	525,142	495,069	438,680	481,701
\$ 31,936,477	\$ 30,036,686	\$ 28,762,414	\$ 29,074,114	\$ 32,875,599
\$ 35.38	\$ 34.42	\$ 36.99	\$ 39.92	\$ 39.59
4.1%	4.3%	6.2%	6.8%	5.9%

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

	<u>FY 2002/2003</u>	<u>FY 2003/2004</u>	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>
<b>Shuttle/Circulator System</b>					
City of Phoenix (1)					
Total boardings	770,348	747,351	794,945	766,676	735,941
Revenue miles	604,325	577,579	601,547	580,884	580,080
Revenue hours	40,480	37,636	38,156	36,923	36,710
Operating cost	\$ 1,619,238	\$ 1,435,044	\$ 2,386,820	\$ 1,812,780	\$ 1,889,393
Operating cost per boarding	\$ 2.10	\$ 1.92	\$ 3.00	\$ 2.36	\$ 2.57
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Tempe (2)					
Total boardings	1,445,714	1,705,025	1,999,795	2,034,656	1,616,729
Revenue miles	441,587	487,780	475,609	479,595	482,538
Revenue hours	30,949	40,149	39,831	48,794	52,379
Operating cost	\$ 1,517,734	\$ 1,771,216	\$ 1,835,387	\$ 1,954,659	\$ 2,091,895
Operating cost per boarding	\$ 1.05	\$ 1.04	\$ 0.92	\$ 0.96	\$ 1.29
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Scottsdale (3) (4)					
Total boardings	49,498	52,599	92,139	125,435	274,961
Revenue miles	33,129	37,272	57,696	80,489	219,861
Revenue hours	4,683	6,185	8,167	14,025	33,828
Operating cost	\$ 308,684	\$ 377,726	\$ 547,764	\$ 953,477	\$ 1,887,546
Operating cost per boarding	\$ 6.24	\$ 7.18	\$ 5.94	\$ 7.60	\$ 6.86
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Glendale (5)					
Total boardings	54,093	59,692	82,569	96,258	97,681
Revenue miles	78,895	93,794	100,295	96,838	NR
Revenue hours	6,361	7,897	8,301	7,969	NR
Operating cost	\$ 185,407	\$ 203,149	\$ 144,934	\$ 158,442	NR
Operating cost per boarding	\$ 3.43	\$ 3.39	\$ 1.76	\$ 1.65	NR
Farebox recovery ratio	5.7%	5.9%	11.0%	10.3%	NR
Regional Public Transportation Authority (6)					
Total boardings	N/A	N/A	N/A	N/A	N/A
Revenue miles	N/A	N/A	N/A	N/A	N/A
Revenue hours	N/A	N/A	N/A	N/A	N/A
Operating cost	N/A	N/A	N/A	N/A	N/A
Operating cost per boarding	N/A	N/A	N/A	N/A	N/A
Farebox recovery ratio	N/A	N/A	N/A	N/A	N/A
Total Shuttle/Circulator System					
Total boardings	2,319,653	2,564,667	2,969,448	3,023,025	2,725,312
Revenue miles	1,157,936	1,196,425	1,235,147	1,237,806	1,282,479
Revenue hours	82,473	91,867	94,455	107,711	122,917
Operating cost	\$ 3,631,063	\$ 3,787,135	\$ 4,914,905	\$ 4,879,358	\$ 5,868,834
Operating cost per boarding	\$ 1.57	\$ 1.48	\$ 1.66	\$ 1.61	\$ 2.15
Farebox recovery ratio	N/A	N/A	N/A	N/A	N/A

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

- (1) City of Phoenix - Alex, Dash, Mary & Smart; prior to FY 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

Note: Information for FY 2013 was not available at the time the CAFR was drafted.

<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012</u>
1,799,974	2,599,292	2,643,678	1,410,810	1,325,435
1,614,317	1,960,474	1,609,412	624,617	518,763
79,529	118,173	99,367	37,488	39,210
\$ 7,173,722	\$ 9,626,975	\$ 7,306,773	\$ 4,062,374	\$ 3,849,920
\$ 3.99	\$ 3.70	\$ 2.76	\$ 2.88	\$ 2.90
0.1%	0.0%	0.0%	0.0%	0.0%
2,456,646	3,307,223	3,660,543	3,143,824	3,490,934
1,613,904	2,105,878	1,819,126	1,489,463	1,506,444
150,171	206,964	194,057	169,543	168,166
\$ 6,833,012	\$ 11,414,395	\$ 10,070,159	\$ 9,191,363	\$ 9,404,570
\$ 2.78	\$ 3.45	\$ 2.75	\$ 2.92	\$ 2.69
0.0%	0.0%	0.0%	0.0%	0.0%
384,000	572,925	652,230	897,858	969,718
-	439,307	358,482	619,658	480,480
48,240	48,648	37,006	N/A	60,857
\$ 2,400,000	\$ 2,627,403	N/A	\$ 2,570,545	\$ 2,645,244
\$ 6.25	\$ 4.59	N/A	\$ 2.86	\$ 2.73
0.0%	0.0%	N/A	N/A	0.0%
110,941	113,382	116,952	110,915	120,642
110,005	98,760	104,154	99,773	98,668
8,858	8,735	12,412	8,713	8,713
\$ 176,574	\$ 668,581	\$ 820,392	\$ 786,101	\$ 812,589
\$ 1.59	\$ 5.90	\$ 7.01	\$ 7.09	\$ 6.74
16.3%	3.6%	3.1%	3.1%	3.30%
N/A	80,133	200,504	211,887	204,176
N/A	60,795	105,935	104,540	279,762
N/A	5,755	8,726	8,044	22,045
N/A	\$ 319,570	\$ 547,823	\$ 618,061	\$ 1,653,801
N/A	\$ 3.99	\$ 2.73	\$ 2.92	\$ 8.10
N/A	0.0%	0.0%	0.0%	2.70%
4,751,561	6,672,955	7,273,907	5,775,294	6,110,905
3,338,226	4,665,214	3,997,109	2,938,051	2,884,117
286,798	388,275	351,568	223,788	298,991
\$ 16,583,308	\$ 23,988,343	\$ 18,745,147	\$ 17,228,444	\$ 18,366,124
\$ 3.49	\$ 3.59	\$ 2.58	\$ 2.98	\$ 3.01
0.2%	0.1%	N/A	0.1%	0.4%

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

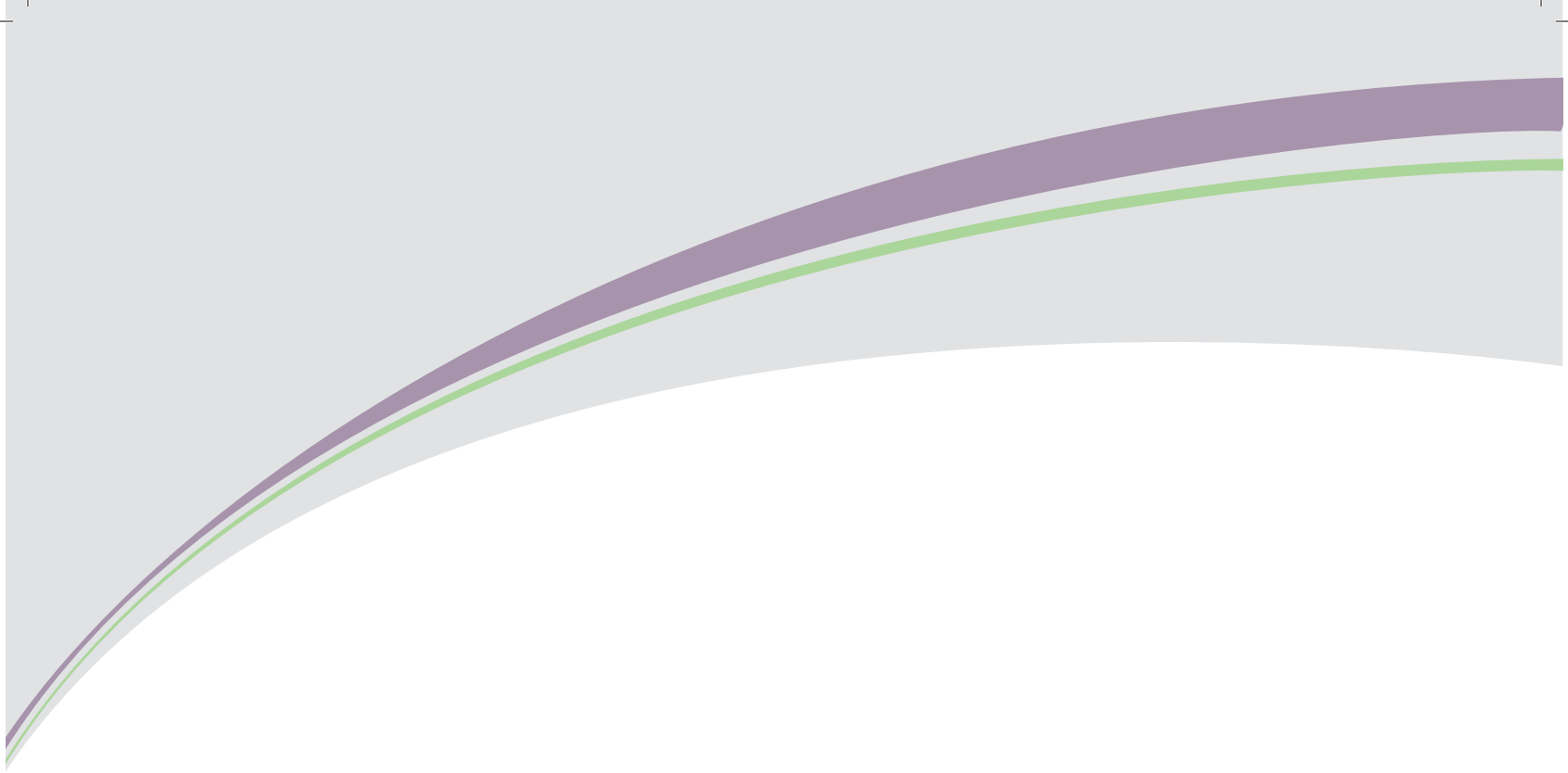
---

<b>Fiscal Year</b>	<b>Local and Express Bus</b>	<b>Paratransit / Dial-a-Ride</b>	<b>Vanpool</b>
2003/04	80	62	NA
2004/05	133	61	250
2005/06	181	57	303
2006/07	172	75	308
2007/08	192	76	347
2008/09	257	76	421
2009/10	251	111	376
2010/11	242	80	376
2011/12	205	58	400
2012/13	207	25	419

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

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





101 N. First Avenue | Suite 1300 | Phoenix, AZ 85003 | [ValleyMetro.org](http://ValleyMetro.org)