

Valley Metro Regional Public Transportation Authority Phoenix, AZ
COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR
ENDED JUNE 30**

2015

Valley Metro

Regional Public Transportation Authority

Phoenix, Arizona

For the Fiscal Year Ended June 30, 2015

Board of Directors

Chair, Councilmember Jim McDonald, Avondale
Vice Chair, Councilmember Gary Sherwood, Glendale
Treasurer, Councilmember Thelda Williams, Phoenix
Vice Mayor Eric Orsborn, Buckeye
Vice Mayor Kevin Hartke, Chandler
Councilmember Lynn Selby, El Mirage
Councilmember Jenn Daniels, Gilbert
Vice Mayor Joe Pizzillo, Goodyear
Supervisor Steve Gallardo, Maricopa County
Vice Mayor Dennis Kavanaugh, Mesa
Vice Mayor Jon Edwards, Peoria
Councilmember Suzanne Klapp, Scottsdale
Vice Mayor Skip Hall, Surprise
Mayor Mark Mitchell, Tempe
Councilmember Kathie Farr, Tolleson
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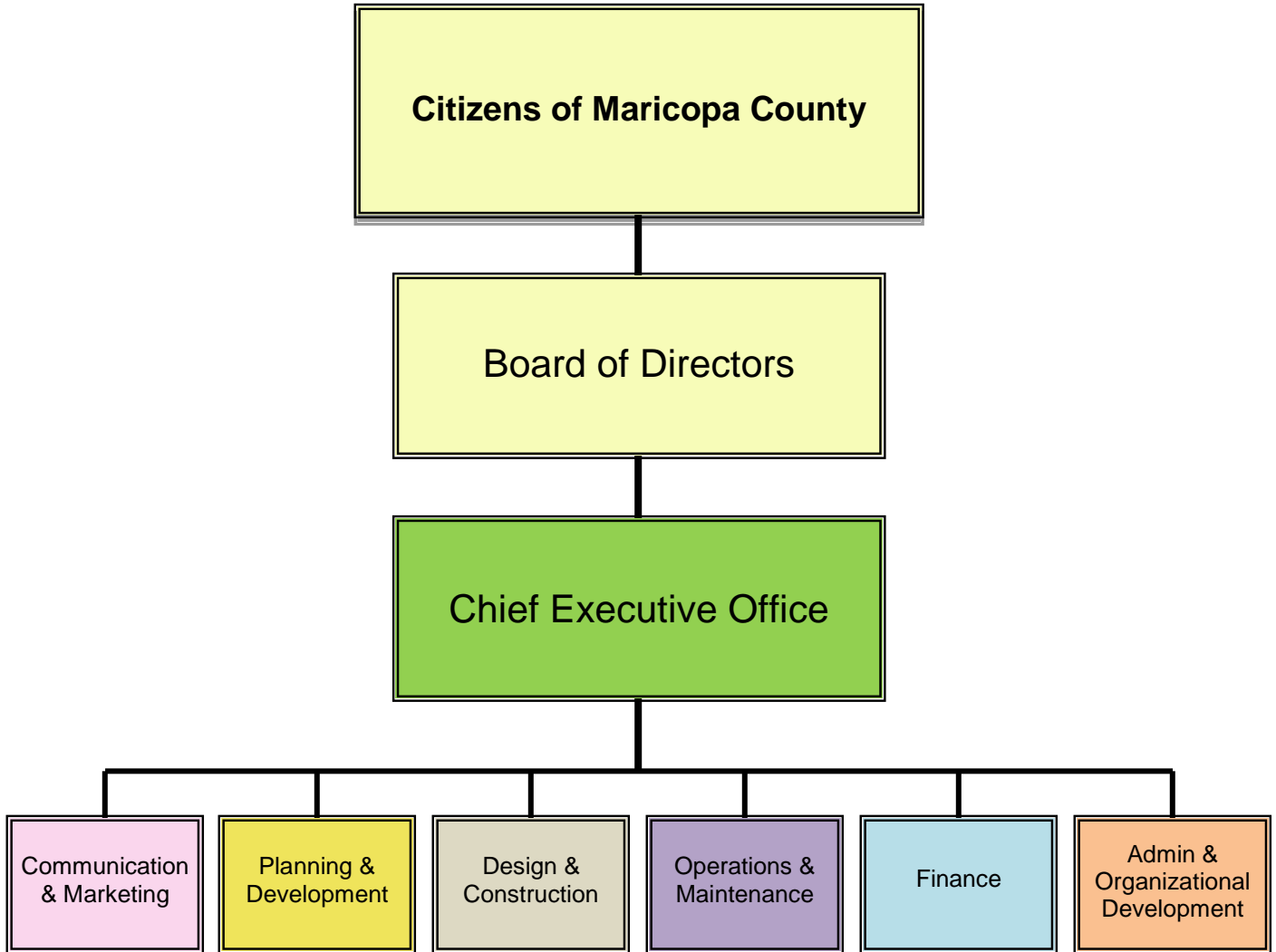
Staff Leadership Team

Eric Anderson, Interim Chief Executive Officer
Jyme Sue McLaren, Chief of Staff
Raymond Abraham, Chief Operations Officer
Rick Brown, Chief Engineer
Hillary Foose, Director Communications & Marketing
Wulf Grote, Director Planning and Development
Carol Ketcherside, Director of Administration & Organizational Development
John McCormack, Chief Financial Officer
Adrian Ruiz, Director, Safety & Security

Prepared By

Finance Division Staff

Valley Metro
Regional Public Transportation Authority
Organization Chart



Valley Metro
Regional Public Transportation Authority

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Introductory Section

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



December 21, 2015

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, 2015 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 is 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 is 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 auditor's 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, 2015 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 auditor's 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, 2015 are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's 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 auditor's 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, 2015, 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 2014-15, the members included Maricopa County, the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson and the Towns of Gilbert and Wickenburg. Any municipality in the County may join the Authority and have one elected official serve on the Board of Directors. A Chief Executive Officer, appointed by the Authority's Board of Directors, is responsible to carry out policy and plan, manage, supervise and coordinate all day-to-day activities. The Authority procures regional bus, dial-a-ride and vanpool services, provides regional transit and capital planning support, coordinates the County's transportation demand management activities, and provides general operational and administrative support to its members.

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

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

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The Authority serves Maricopa County, which is located in central Arizona. According to the US Census Bureau, Maricopa County measures 9,200 square miles, with a population estimated at 4,100,000 as of 2014. The metropolitan area is home to the state capitol and includes the City of Phoenix, population 1.5 million, making it Arizona's major center of political and economic activity. In fact, more than 60% of the state's population resides in Maricopa County, which is home to over 15 institutions of higher learning, including Arizona State University; various cultural attractions; professional baseball (Arizona Diamondbacks), basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals) and hockey (Phoenix Coyotes); and Sky Harbor International Airport one of the top ten busiest airports in the United States with over 20 million annual passenger boardings.

The County grew from just over 3.6 million residents in 2005 to 4.1 million residents in 2014, an increase of 12.3 percent. With the recession, population in the county stalled and declined slightly 2011, but rebounded with positive growth in years 2012, 2013 and 2014. According to the Maricopa County Association of Governments (MAG) recent forecasts, population is projected to grow 39 percent by 2030, reaching 5.7 million people.

Maricopa County currently accounts for about 60 percent of the state's population and attracts a continual inflow of immigrants seeking new opportunities. The total employment in Maricopa County grew to 1.8 million people in 2014. MAG planning projections forecast Maricopa County employment to increase substantially to 2.7 million jobs by year 2030.

In 2007 and 2008, the region's historically strong economic growth slowed and sales tax revenues fell with the nation-wide recession. In fiscal years 2009 and 2010 regional tax revenues fell 13.7% and 8.9% respectively. VMR responded to the times with staff reductions in 2009 and with service reductions in 2010. In fiscal years 2012, 2013, 2014 and 2015 regional tax revenues have rebounded, growing by 4.3%, 5.5%, 7.0% and 4.6% respectively. Long range sales tax projections prepared by ADOT forecast the local economy to grow by 5.5 percent per year through 2020 and then level off to 4.5 percent per year through year 2025.

Ridership in public transportation has grown by 19.4 % over the 2006-2015 ten year period, faster than the 2005-2014 ten year population growth rate of 12.3%. 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 continuing 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 \$1.089 billion has injected much needed resources into the region's transit network, allowing for the expansion and improvement of the entire system. Second, light rail transit began operating in December 2008, is carrying over 44,000 passengers per day, and has fueled the growth of public transit usage in the Valley.

Major Initiatives

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

To implement the projects approved with the passage of Proposition 400, staff worked with member agencies and other stakeholders to develop the Transit Life Cycle Program (TLCP). This project included the development of three major program elements: guiding principles, financial model and policies and procedures. The original guiding principles and the 20-year financial model were adopted by the Board in June 2005 and then revised and adopted in April 2010. The original policies for the TLCP were adopted by the Board in October 2005 and have been revised and adopted by the Board in June 2015. The six adopted guiding principles of the TLCP are as follows:

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

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

Valley Metro Operations Initiatives

- Valley Metro Operations

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

- During fiscal year 2013 the integration of City of Tempe operated bus service with East Valley bus services operated by RPTA was procured with a single contractor. The unified East Valley Bus Service operation commenced in July 2013 and operated successfully during fiscal years 2014 and 2015. The integration has resulted in greater efficiency of operations and consequential cost savings.
- Dial-a-Ride services have been traditionally provided by a fleet of specialized van-sized vehicles. In fiscal year 2013, Valley Metro implemented a demand response program which dispatches cab vehicles which are tailored to the specific customer need providing faster and more direct transportation service. Many Dial-a-Ride trips in the East Valley and West Valley cities are now provided in fuel efficient sedans generating substantial savings. Fiscal year 2015, the third year under the new delivery system, saw continuing passenger growth. In contrast to FY12, over 100,000 additional paratransit trips were delivered in FY15 while overall program costs were reduced by \$0.9 million.

- Customer Service

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

- Regional Marketing Program

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

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

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

vanpool matching, and is linked to ValleyMetro.org. Information for the Valley METRO Rail is also highlighted. Over time the site design and navigation are essential to delivering a "transit portal" for the entire region encompassing all transit modes.

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

- Regional Transportation Demand Management (TDM) Program
The Regional TDM Program, administered by Valley Metro Commute Solutions, provides commute options to the general public and Valley employers. Services include a computerized matching system for carpooling, vanpooling, transit and bicycle partner opportunities; marketing of alternative transportation modes and schedules; and technical assistance and training to participants in the Maricopa County Travel Reduction Program. Commute Solutions also manages the regional vanpool program and the Clean Air Campaign. This Clean Air Campaign is a private/public partnership that increases awareness of air quality and transportation issues and increases the use of alternative modes of transportation and work schedule options. A Clean Air Campaign Awards Luncheon is held annually.

Long-term Financial Planning

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

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

The initial issuance of Senior Bonds occurred in 2009 totaling \$105.0 million (\$50.0 million for Bus capital projects and \$55.0 million for Rail capital projects). The Authority uses bond proceeds for the payment or reimbursement of costs of capital expenditures in the regional transportation plan, including without limitation: relocation of utilities relating to the light rail system; planning, acquisition, construction and equipping expansions of the light rail system; bus transit centers and bus/rail transit centers; acquisition of buses and paratransit vehicles; acquisition, construction and equipment of park-and-ride facilities; and related capital costs. The Senior Bonds are funded solely by Prop 400 sales taxes and will be repaid before December 2025, the current sunset of the Public Transportation Fund sales tax revenue.

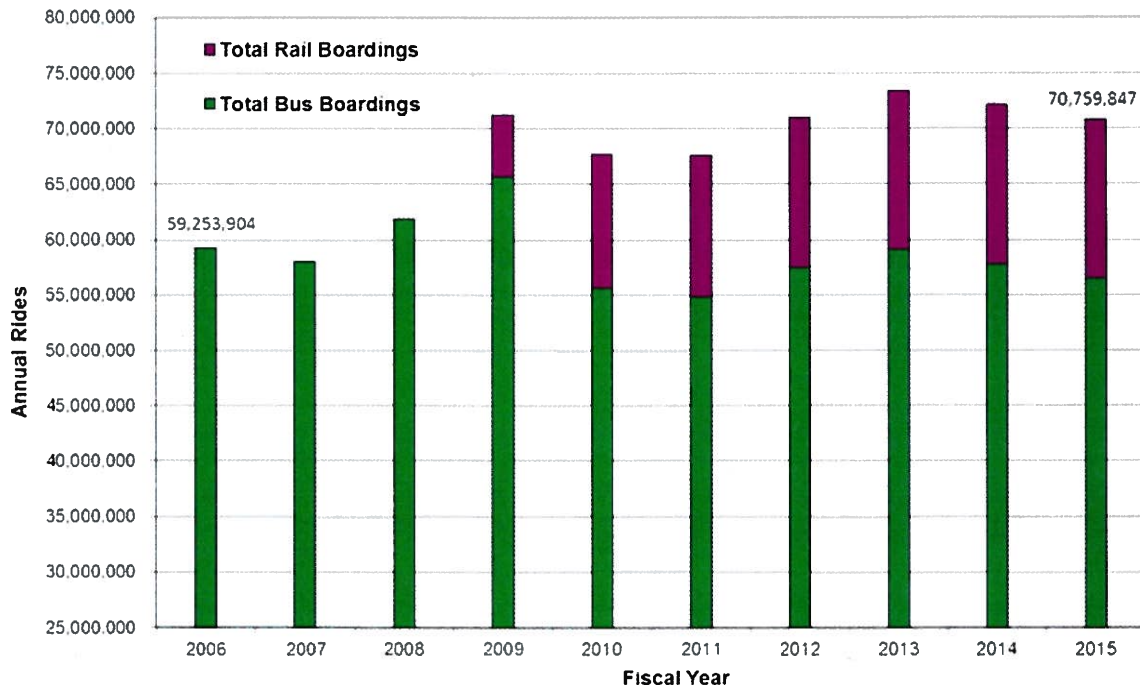
Planning Projects:

- Operations Planning
In FY13 and FY14, the Authority led a region-wide effort to develop operating service standards for fixed route (Bus and Rail) and paratransit (Dial A Ride) transit services. The service standards were adopted by the Authority Board of Directors in November 2013. A service planning working group was established to coordinate service changes throughout the region to optimize passenger service within available funding. Service changes recommended by the working group are brought to the Board for approval establishing the baseline for budget and long range financial planning to be incorporated into the TLCP.
- Long-Range Planning
Valley Metro provides transit information for the Long-Range Transit Plan for Maricopa County, and annual update to the transit element of the Maricopa Association of Governments' (MAG) Regional Transportation Plan (RTP).
- Short Range Planning
Valley Metro provides transit information for the MAG Annual Transportation Report on Prop 400 and preparation of Annual Transit Performance Report. In addition, Valley Metro:
 - Coordinates with all transit providers and funders in the MAG area on service and route planning activities including Supergrid, Arterial and Freeway Bus Rapid Transit (BRT), Express Bus routes, and Rural Connector routes.
 - Collects and analyzes information from operators and area communities to develop a Short Range Transit Program annual update that details regionally funded transit investments that will occur within the five year horizon of the plan.
 - Fulfills planning requirements of Title VI of the Civil Rights act as outlined in FTA Circular 4702.1A, addressing how service and project related impacts to minority and low income populations will be addressed, as well as the procedures used to address Title VI-related customer complaints.
- Transit Research and Survey
The Authority develops, implements, and provides analysis for comprehensive transit research surveys and studies. Information from the surveys is used to produce a database for transit planning purposes, including route evaluation and service adjustments. In FY 2015, Valley Metro commenced work on the regional Origins and Destinations Study, which includes an in-depth passenger survey and following analysis to support optimization of passenger services.
- 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 2015, regional public transportation ridership exceeded 70 million passengers, declining by 1.4 million riders versus last year. Ridership has grown by 11.5 million riders over the past ten years 19.4%, while regional population grew by approximately 12 percent.

Valley Metro Regional Bus and Rail Passenger Boardings by Fiscal Year
Fixed Route System
Ten Year Growth rate 19.4%



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, 2014. This was the eighteenth 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,

Eric J. Anderson
Interim 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, 2014

Executive Director/CEO

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Financial Section

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

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, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Valley Metro Regional Public Transportation Authority, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the Authority implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, for the year ended June 30, 2015, 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 and Schedule of Proportionate Share of the Net Pension Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information – Combining and Individual Fund Financial Statements and Schedules 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 21, 2015, 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 21, 2015

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, 2015. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Authority's financial activity, (3) identify changes in the Authority's financial position, (4) identify any material deviations from the financial plan (adopted annual budget) and (5) identify individual fund issues or concerns.

Financial Highlights

- The Authority's total net position decreased (\$7.8) million in FY 2015, comprised of an increase of \$1.3 million in governmental activities and a decrease of (\$9.1) million in business-type activities. Total net position of the Authority is \$69.6 million, of which \$6.6 million is unrestricted.
- The primary cause of the decrease in net position was due to restatement of FY 2014 net position in conformity with the GASB 68 requirement to recognize a proportional share of pension liabilities which are managed under the Arizona Retirement System. The FY 2014 restatement reduced net position by (\$25.9) million. FY15 activities increased net position by \$18.0 million.
- The governmental activities revenues increased by approximately \$6.1 million (4.3%) over the previous year primarily due to increasing sales tax revenue.
- The business-type activities revenues decreased by approximately (\$18.8) million (20.7%) from the previous year primarily due to reduction of capital expenditure funding requirements.
- At June 30, 2015, the Authority's governmental fund balance sheet reported a combined ending fund balance of \$63.1 million, an increase of \$10.9 million (21.0%) compared to the previous fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

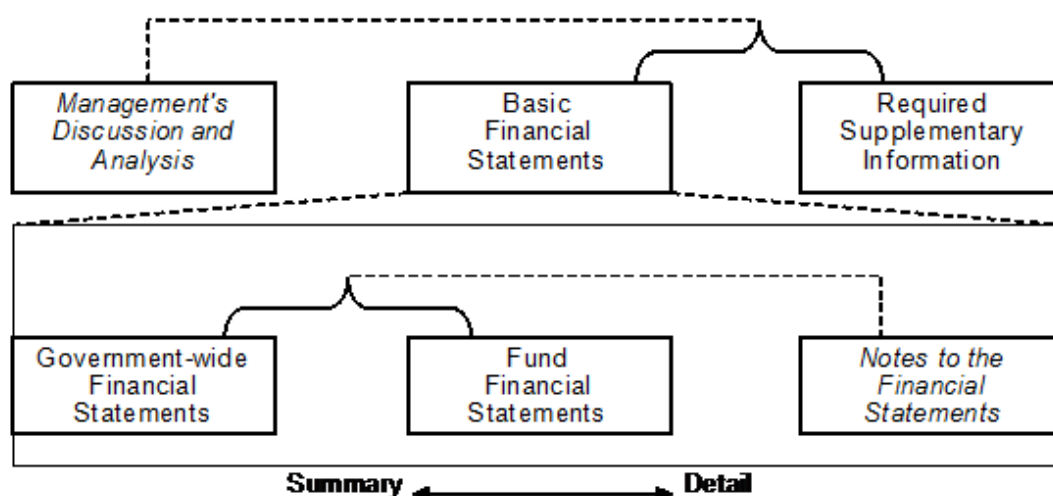
The financial statements are presented as follows:

- Government-wide reporting – presents financial statements on a government-wide basis.
- Fund financial statements – presents governmental and proprietary fund financial statements, with the focus on major funds within each fund type.
- Measurement focus for governmental activities – in the government-wide financial statements all activities, including the governmental activities, are reported using the economic resources measurement focus and accrual basis of accounting. The current financial resources focus and modified accrual basis of accounting are followed for the governmental fund financial statements.
- Budgetary reporting – the display of both the original adopted budget and the revised budget in the budgetary comparison schedules is required by GAAP. These schedules are only required for the General Fund and major special revenue funds; these statements are presented as part of the basic financial statements. The Authority has presented this information for the proprietary funds in Other Supplementary Information.

- Required narrative analysis – the financial statements are required to be accompanied by narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

Required Components of the Comprehensive Annual Financial Report



Government-wide Financial Statements

The government-wide financial statements (see pages 17 – 19) are designed to provide a broad overview of the Authority's finances in a manner similar to those used by private businesses. All of the activities of the Authority, except those of a fiduciary nature, are included in these statements.

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

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

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

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

Fund Financial Statements

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

Governmental funds – Governmental funds are used to account for most of the Authority's basic services. Unlike the governmental activities column on the government-wide financial statement, these fund financial statements (pages 20 - 25) focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information is useful in looking at the Authority's near-term financial requirements. Since the governmental activities on the statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two statements is provided following the fund financial statements and is also provided in Note 3 (page 40).

Proprietary funds – Proprietary funds are used to account for business-type activities of the Authority. Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The proprietary fund financial statements (pages 26 - 28) 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 29 – 58) 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. Beginning FY15, GASB 68 requires governments to present various disclosures related to the Pensions.

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Management's Discussion and Analysis (Continued)

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, 2015, with comparative information for the previous year.

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Position as of June 30, 2015 compared to the prior year:

<i>Condensed Statement of Net Position</i>							
<i>As of June 30</i>							
<i>(in thousands of dollars)</i>							
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2015	2014	2015	2014	2015	2014	
Current and other assets	\$ 65,178.9	\$ 53,150.0	\$ 162,378.2	\$ 109,936.6	\$ 227,557.1	\$ 163,086.6	39.5%
Noncurrent assets							
Cash and investments	-	-	154.5	101,147.0	154.5	101,147.0	-99.8%
Due from Rail - PTF advance bond proceeds	-	-	61,398.7	-	61,398.7	-	0.0%
Deferred charges	-	-	-	-	-	-	0.0%
Capital assets	1,904.7	1,970.2	72,341.7	83,972.3	74,246.4	85,942.5	-13.6%
Total assets	<u>\$ 67,083.6</u>	<u>\$ 55,120.2</u>	<u>\$ 296,273.2</u>	<u>\$ 295,055.9</u>	<u>\$ 363,356.7</u>	<u>\$ 350,176.1</u>	3.8%
Deferred outflows related to pensions	\$ 1,533.2	\$ -	\$ 2,686.1	\$ -	\$ 4,219.3	\$ -	0.0%
Total deferred outflows of resources	<u>\$ 1,533.2</u>	<u>\$ -</u>	<u>\$ 2,686.1</u>	<u>\$ -</u>	<u>\$ 4,219.3</u>	<u>\$ -</u>	0.0%
Other liabilities	\$ 2,575.6	\$ 1,460.7	\$ 57,677.7	\$ 49,591.4	\$ 60,253.3	\$ 51,052.1	18.0%
Long-term liabilities	9,651.9	195.4	223,559.2	221,479.1	233,211.1	221,674.5	5.2%
Total liabilities	<u>\$ 12,227.5</u>	<u>\$ 1,656.1</u>	<u>\$ 281,236.8</u>	<u>\$ 271,070.5</u>	<u>\$ 293,464.3</u>	<u>\$ 272,726.6</u>	7.6%
Deferred inflows related to pensions	\$ 1,651.7	\$ -	\$ 2,879.4	\$ -	\$ 4,531.0	\$ -	0.0%
Total deferred inflows of resources	<u>\$ 1,651.7</u>	<u>\$ -</u>	<u>\$ 2,879.4</u>	<u>\$ -</u>	<u>\$ 4,531.0</u>	<u>\$ -</u>	0.0%
Net position:							
Net Investment in capital assets,	\$ 1,904.7	\$ 1,970.2	\$ 34,551.0	\$ 43,205.6	\$ 36,455.6	\$ 45,175.8	-19.3%
Restricted	3,120.9	2,790.9	23,461.1	14,100.5	26,582.0	16,891.4	57.4%
Unrestricted	49,712.1	48,703.1	(43,169.1)	(33,320.7)	6,543.0	15,382.4	-57.5%
Total net position	<u>\$ 54,737.6</u>	<u>\$ 53,464.2</u>	<u>\$ 14,843.0</u>	<u>\$ 23,985.4</u>	<u>\$ 69,580.6</u>	<u>\$ 77,449.6</u>	-10.2%

The Authority's total net position decreased (\$7.9) million in FY 2015, comprised of an increase of \$10.7 million in governmental activities, an increase of \$7.3 million in business-type activities, and a restatement of (\$25.9) million in beginning net position in both governmental and business-type activities. As a result of the restatement, the Authority's total net position change is a decrease of (\$7.9) million as presented in the basic financial statements. Total net position of the Authority is \$69.6 million, of which \$6.6 million is unrestricted.

Of the \$69.6 million total net position, \$36.5 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 12 - 13), the Authority has pledged future transportation excise tax revenues to repay the outstanding debt obligations. The capital assets themselves are not intended to be used to liquidate these liabilities.

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Management's Discussion and Analysis (Continued)

Approximately \$6.6 million of the Authority's net position (9.5% 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 2015 Business-type restricted assets include \$19.3 million for cash escrowed for debt service. The remaining \$4.1 million reflects resources that are subject to other external restrictions. The governmental activities reported an increase of \$1.0 million (2.4%) of unrestricted net position over the prior year largely attributed to sales tax collection increases which were in excess of increases to expense activities of the Authority. The significant decrease of (\$9.8) million of unrestricted net position over the prior year in business-type activities is primarily due to a \$8.7 million increase to funds restricted for series 2014 debt service principal.

The net position of the Business-type activities was restated as of July 1, 2014. In accordance with GASB 68, a proportionate share of the Arizona State Retirement System unfunded net pension liability has been recorded. The Business-type activities portion of the liability was \$16.5 million. As a result, net position as stated in the June 30, 2014 CAFR, \$24.0 million, has been restated to \$7.5 million. Refer to Note 2 on page 39 for more information concerning the accounting change.

Changes in Net Position

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2015	2014	2015	2014	2015	2014	
REVENUES							
Program revenues:							
Charges for services	\$ 173.8	\$ 167.9	\$ 55,994.4	\$ 55,326.4	\$ 56,168.3	\$ 55,494.3	1.2%
Operating grants and contributions	13,929.4	13,147.3	11,989.8	9,867.7	25,919.1	23,015.0	12.6%
Capital grants and contributions	-	-	2,222.8	22,996.1	2,222.8	22,996.1	-90.3%
General revenues:					-		
Sales taxes	132,029.1	126,415.6	-	-	132,029.1	126,415.6	4.4%
Interest earnings	161.7	146.1	186.1	139.1	347.8	285.2	21.9%
Other	278.5	632.7	1,595.7	2,498.2	1,874.2	3,130.9	-40.1%
Total revenues	146,572.6	140,509.6	71,988.8	90,827.5	218,561.4	231,337.1	-5.5%
EXPENSES							
Governmental activities:							
Regional planning	2,722.2	1,351.1	-	-	2,722.2	1,351.1	101.5%
Transportation demand management	1,359.6	1,471.5	-	-	1,359.6	1,471.5	-7.6%
Regional customer services	8,817.7	8,473.1	-	-	8,817.7	8,473.1	4.1%
Administration	2,506.3	1,934.4	-	-	2,506.3	1,934.4	29.6%
AZ Lottery fund disbursements	10,534.4	10,795.3	-	-	10,534.4	10,795.3	-2.4%
Business-type activities:							
Transit service operations	-	-	119,341.3	148,884.7	119,341.3	148,884.7	-19.8%
Light rail transit	-	-	55,242.5	108,938.3	55,242.5	108,938.3	-49.3%
Total expenses	25,940.2	24,025.4	174,583.8	257,823.0	200,524.0	281,848.4	-28.9%
Excess (deficit) before transfers	120,632.4	116,484.2	(102,595.1)	(166,995.5)	18,037.3	(50,511.3)	-135.7%
Transfers in (out)	(109,915.6)	(113,274.7)	109,915.6	113,274.7	-	-	N/A
Increase (decrease) in net position	\$ 10,716.8	\$ 3,209.5	\$ 7,320.5	\$ (53,720.8)	\$ 18,037.3	\$ (50,511.3)	-135.7%

The largest sources of revenue for the Authority are sales taxes (60.4%). The major funding sources of governmental activities are sales taxes (90.1%) and federal and state grants (9.5%). The major funding sources for business-type activities in FY 2015 are charges for services to member cities (77.8%) and operating grants and contributions (16.7%). The Authority's overall

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Management's Discussion and Analysis (Continued)

revenues decreased by (\$12.8) million, or (5.5%), compared to last fiscal year. Total revenues of governmental activities increased by \$6.1 million, (4.3%) over the previous year primarily due to increased sales tax revenues, up \$5.6 million. Program revenues of business-type activities decreased by (\$18.0) million or (20.4%), compared to last fiscal year. Charges for Services increased minimally, up \$0.7 million 1.2%. Operating grants increased by \$2.1 million or 21.5% primarily due to the IRS Fuel Tax Credit, which increased by \$2.3 million. Capital grants and contributions decreased substantially by \$20.8 million due to reductions in federally funded bus fleet purchases.

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

Business-type activities are the largest users of resources for the Authority with \$174.6 million of expenses (87.1%) which include Transit Service operations and Light Rail Transit lead agency disbursements. Governmental activities expended \$25.9 million, with the largest being AZ Lottery Fund Disbursements of \$10.5 million and Regional Customer Services of \$8.8 million. Administration, Regional Planning, and Transportation Demand Management activities totaled \$6.6 million for the year.

Total Primary Government expenses decreased by (\$81.3) million, or (28.9%) compared to last fiscal year. The governmental expenses increased by \$1.9 million, or 8.0%, over the prior year. Regional Planning expenses were up \$1.4 million due to the periodic update of the Origins and Destinations Study. Business-type activity expenses were decreased by (\$83.2) million, or (32.3%), compared to the prior year. The decreases in business-type activity expenses were (\$29.5) million for Transit Service Operations (TSO) and (\$53.7) million for Light Rail Transit (VMR).

TSO expense activities decreased by (\$29.5) million. Bus service delivery costs increased by \$7.1 million and paratransit service costs increased by \$0.9 million. The operating increases were offset by reductions in non-operating and capital activities. Capital conveyances of bus fleet to Member Cities decreased by (\$20.7) million and Lead Agency disbursements decreased by (\$11.0) million. With the Series 2014 bond issue, debt service interest expense increased by \$3.1 million recognizing the first full twelve months of interest cost for the new bonds. All other TSO expense activities decreased by (\$1.0) million versus the prior year.

The VMR Fund expense activities decreased by (\$53.7) million primarily due to changes in Lead Agency Disbursements, down (\$62.7) million for light rail construction project activities (Central Mesa Extension (CME) and Northwest Extension (NWE) located in Phoenix). Under a new funding agreement and related accounting policy, bond-funded disbursements are initially recorded as a note receivable from Valley Metro Rail, Inc. and subsequently recorded to expense upon the payment of related bond debt principal. The amount of Note Receivable advance bond proceeds during FY15 was \$69.6 million, which effectively reduced the amount of Lead Agency disbursements recorded in FY15. The aggregate of Lead Agency Disbursements plus Note Receivable Advance Bond Proceeds totaled \$101.8 million for the year compared to \$94.9 million expended in FY14. The higher overall expenditure level was due to the increased level of construction activity on the CME and NWE projects. See Note 6 for details of the note receivable.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

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

Governmental Funds

The focus of the governmental funds financial statements (pages 20 – 25) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$63.1 million, an increase of \$10.9 million, or 21.0%, from the previous year. Of the \$63.1 million total fund balance, the Authority has designated \$3.2 million restricted for special purpose activities. The remainder is in unrestricted fund balance in the General Fund (see Note 8 - page 46). 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 \$63.1 million fund balance, \$59.9 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 (4.0%) over the previous year. Public Transportation Fund (PTF) sales tax revenue increased by \$5.5 million (4.6%) in FY15 to \$127.3 million. Regional Area Road Funds (RARF) sales tax revenues increased slightly by \$0.1 million (1.5%) in FY15 to \$4.7 million. The sales tax revenue increase was due to the improving economy in the region. The remaining General Fund revenues increased by \$0.3 million, General Fund expenditures decreased slightly by (\$0.3) million (1.3%) from \$21.9 to \$21.6 million. Excess General Fund revenues over expenditures were \$122.5 million for the year versus \$116.8 million in the prior year, up \$5.8 million or 4.9%.

The Transit Planning Fund accounts for activities related to the development of strategies to promote social and economic well-being of the community through the provision of an efficient and effective regional transit system. Revenues increased from \$0.3 million to \$1.0 million. Expenditures increased substantially from \$1.4 million to \$2.7 million due to the periodic update of the origins and destinations survey and analysis, which provides passenger information used to optimize service delivery. Total transfers into the Transit Planning Fund from the General Fund were \$1.7 million, up \$0.7 million over the prior year.

The Transportation Demand Management Fund accounts for activities related to the county-wide ridesharing program, trip reduction program and clean air campaign. From the prior year revenues from federal CMAQ and state and county grants decreased (\$0.1) million to \$1.4 million. Expenditures also decreased (\$0.1) million to \$1.4 million from the prior year primarily due to decreases in the trip reduction program costs.

Proprietary Funds

The proprietary fund financial statements (pages 26 – 28) are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each enterprise fund is a major fund and is shown discretely on the fund statements.

The Transit Service Operations (TSO) Fund accounts for the activities related to the operations of local and express bus, paratransit and vanpool services for the region. In addition, the TSO Fund contains PTF bond financing activities to support the Transit Life Cycle Program (TLCP). In FY15, in order to provide greater transparency for bond financing impacts to the light rail capital program

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Management's Discussion and Analysis (Continued)

(VMR Fund), all bond financing activities related to light rail are now shown in the VMR Fund. Only bus and paratransit capital financing activities are shown in the TSO Fund.

The TSO Fund net position increased by 65.5 million versus the prior year from (\$14.8) million to \$50.7 million. The beginning balance was restated to transfer light rail related debt to the VMR Fund, adding \$76.3 million. An adjustment to record pension liability in accordance with GASB 68 reduced net position by (\$1.3) million. See Note 2 for details of the restatement. Activities for FY15 consisted of the following:

- TSO operating revenues of \$50.4 million were decreased minimally by (\$0.2) million. The combined revenues from member charges for services and fare revenues accounted for the majority of the change. Charges to members were favorably impacted by the IRS fuel tax credit which provided \$2.6M funding in FY15.
- TSO Operating expenses of \$100.4 million increased by \$7.5 million (8.1%). Increases in local and express bus service costs of \$7.1 million, with \$3.2 million due to cost increases East Valley bus service (up 5.4%) and \$3.2 million due to charges for fixed route bus services purchased from the City of Phoenix. Of the Phoenix service increase, \$2.0 million was due to an accounting change whereby billings were recorded at full cost of operations in FY15, while in FY14 billings were net of fares collected. Paratransit service costs increased by \$0.9 million or 8.6% primarily due to increased passenger trips.
- Non-Operating revenues of \$2.9 million were up by \$1.8 million primarily due to IRS fuel tax credits received of \$2.6 million versus \$0.3 million last year. Gains on disposal of capital assets were \$0.2 million lower.
- Non-operating expenses of \$19.1 million decreased by \$37.0 million. Capital conveyances of bus fleet to Member Cities decreased by (\$20.7) million. The amounts of capital conveyances fluctuate from year to year based on cyclical needs to replace bus fleet. Lead Agency disbursements decreased by (\$11.0) million due to reduced levels of regional bus fleet purchases for which the Authority provides local funding match to federal grant funds. Debt service costs allocated to the TSO Fund were down (\$5.4) million, primarily due to the allocation of light rail debt service expenses from the TSO Fund to the VMR Fund.
- Capital Contributions of \$2.2 million were down (\$20.8) million primarily due to reduced federal funding to support bus fleet and facility purchases during the year.
- Net Transfers into the TSO from the General Fund of \$54.4 million were up by \$23.0 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 29).

The VMR Fund has net position of (\$35.9) million as of June 30, 2015 as compared to net position of \$38.8 million at the end of the previous year. The beginning balance was restated to transfer light rail related debt from the TSO Fund to the VMR Fund, reducing net position by (\$76.3) million. In addition, an adjustment to record pension liability in accordance with GASB 68 reduced net position by (\$15.2) million. See Note 2 for details of the restatement. FY15 activities increased net position by \$16.8 million.

- The VMR Fund operating activities are primarily staffing services by RPTA employees performing work for Valley Metro Rail, Inc. In FY15 operating revenues were \$15.0 million and expenses were \$15.1 million. Revenues and expenses were up by approximately \$1.0 million due to expansion of light rail construction and operating activities. Net operating loss in FY15 was (\$0.2) million, primarily due to non-cash accruals which are funded in future years.
- Non Operating expenses include Lead Agency Disbursements to Valley Metro Rail, Inc. to fund light rail capital project development, design and construction. Disbursements in FY15 were \$32.2 million versus \$94.9 million in FY14. Bond Interest expense related to light rail bond funded activities was \$7.9 million in FY15. Interest expenses were partially offset by Build America Bond Interest Subsidy of \$1.3 million and interest income of \$0.2 million. Total non-operating expense for the VMR Fund in FY 15 was \$38.6 million
- Net transfers into the VMR Fund of PTF from the General Fund and bond proceeds from the TSO fund totaled \$55.1 Million for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority revised the adopted FY15 budget down (\$32.6) million during the fiscal year, decreasing the overall budget from \$324.6 million to \$292.0 million. The primary changes were an increase to the operating budget of \$0.6 million from \$153.5 million to \$154.1 million for anticipated demand in the Northwest Valley Dial-a-Ride service. The capital budget change was a (\$33.2) million reduction with (\$16.9) million decreases due to postponement of fleet purchases, (\$14.1) million decrease in bus rapid transit facilities and (\$2.2) million reduction for all other capital expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the Authority had \$74.2 million invested in various capital assets, net of accumulated depreciation, for its governmental and business-type activities. The overall net decrease in the Authority's capital assets for the current fiscal year was (\$11.7) million, a decrease of (\$0.1) million for governmental activities and a decrease of (\$11.6) million for business-type activities for the current year. Major capital asset events in the current year attributing to the increase included the following:

- New capital assets added for Governmental Activities were \$0.4 million, offset by depreciation charges of (\$0.5) million. Primary additions were computer system upgrades.
- New capital assets added for Business Activities were \$0.1 million, offset by depreciation charges of (\$11.8) million. Primary additions were site improvements and equipment.
- Capital asset retirements for Business Activities were \$0.6 million for transit fleet and equipment.

The following table provides a breakdown of capital assets of the Authority at June 30, 2015 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 9 on pages 47 – 48.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2015	2014	2015	2014	2015	2014	
Non-depreciable assets:							
Land	\$ -	\$ -	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	\$ 5,292.0	0.0%
Work-in-progress	14.8	844.1	425.3	449.8	440.0	1,293.9	-66.0%
Depreciable assets:							
Transit fleet	-	-	44,678.2	54,896.6	44,678.2	54,896.6	-18.6%
Vehicles	34.4	55.0	53.8	77.7	88.1	132.7	-33.6%
Building	-	-	11,353.0	11,644.1	11,353.0	11,644.1	-2.5%
Site improvements	167.0	254.5	5,135.3	5,635.3	5,302.3	5,889.8	-10.0%
Computers & software	1,348.0	401.4	-	-	1,348.0	401.4	235.8%
Ticket Vending Machines	-	-	1,090.5	1,150.2	1,090.5	1,150.2	-5.2%
Equipment	275.9	341.0	4,288.3	4,799.3	4,564.2	5,140.3	-11.2%
Furniture & fixtures	64.6	74.2	-	-	64.6	74.2	-12.9%
Infrastructure	-	-	25.3	27.3	25.3	27.3	-7.2%
Total assets	<u>\$ 1,904.7</u>	<u>\$ 1,970.2</u>	<u>\$ 72,341.7</u>	<u>\$ 83,972.3</u>	<u>\$ 74,246.4</u>	<u>\$ 85,942.5</u>	-13.6%

Debt Administration

At June 30, 2015, the Authority had total bonded debt outstanding (including unamortized premium) of \$220.6 million related to business-type activities. The Authority has pledged future transportation excise tax revenues to repay this outstanding debt. The Authority's current bond ratings on transportation excise revenue tax bonds are AA+ from Standard & Poor's and AA from Fitch.

(in millions of dollars)	Business-type Activities	
	2015	2014
Revenue bonds payable:		
2009 Bond Series	\$ 81.9	\$ 87.5
2014 Bond Series	115.0	115.0
Plus unamortized premium:		
2009 Bond Series premium payable	3.3	3.7
2014 Bond Series premium payable	20.4	20.4
Total	\$ 220.6	\$ 226.6

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

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 12 on pages 49 - 51.

ECONOMIC FACTORS and NEXT YEAR's BUDGET

RPTA undertook a number of key initiatives during FY13, FY14, and FY15, as the agency continues the implementation of the TLCP operating and capital projects. Funding for these initiatives comes from a combination of regional sales tax revenues member city service payments and federal grants.

East Valley Bus Service Unification On January 24, 2013, the Authority's Board of Directors unanimously approved an action to authorize the CEO to execute a contract with First Transit, Inc. for unified East Valley fixed route bus operations and maintenance. This action unifies the RPTA-managed bus operations in Mesa with bus operations in Tempe, which were managed under a City of Tempe contract. With the unified bus operations contract, management staffing will be streamlined and economies of scale will be realized for purchasing, training and administrative functions. In addition, it will equate to lower operating costs as route scheduling is optimized using the two existing Mesa and Tempe bus operations facilities. The new service delivery contract took effect July 1, 2013 and expenditures in fiscal year 2014 and 2015 for the program generated favorable cost per vehicle mile of service when compared with the prior service models.

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

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

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

East Valley Dial a Ride Service	FY12	FY13	FY14	FY15
Trips Delivered	202,812	251,830	283,484	303,080
Total Program Cost \$M	\$ 8.80	\$ 6.80	\$ 7.70	\$ 7.90
Cost per Trip	\$ 43.39	\$ 27.00	\$ 27.16	\$ 26.07
(Costs shown are net program cost after fare collection applied)				

In FY15 EVDAR trips delivered were over 303,000; an increase of over 30% above over FY12 levels. Despite the significant increase in service delivered, overall program costs remain \$0.9 million below FY12 levels. Net cost per trip remains well below the former program at \$26.07.

Next Year's Budget

Funding Sources

The adopted FY16 combined operating and capital budget is \$286.9 million (down approximately 12% from fiscal year 2015). Public Transportation Funds are projected to increase by 5% to \$133.9 million with continuing improvement to region's economy. Federal grants are down by (\$4.7) million, primary decrease is due to bus fleet capital funding requirements. Fare revenues are anticipated to be level with FY15 levels. With the scheduled completion of the Central Mesa and Northwest LRT extensions to occur in late 2015 and early 2016, construction funding requirements will drop significantly. Series 2014 bond issue proceeds which were carried forward will be expended at lower levels in FY16, \$38.0 million versus \$80.0 million.

RPTA Operating and Capital Budgets Fiscal Years 2016 and 2015 Sources of Funds

Funding Sources	FY16	FY15	Change \$	Change %
Public Transportation Funds	\$ 133,866	\$ 127,672	\$ 6,194	5%
Transit Service Agreements	30,181	29,358	823	3%
Federal Grants	33,644	38,377	(4,733)	-12%
METRO Rail Reimbursement	16,889	15,274	1,615	11%
Fixed Route Fare Revenues	16,265	16,139	126	1%
AZ Lottery Proceeds	11,250	11,475	(225)	-2%
Regional Area Road Funds	4,782	4,711	71	2%
Other Revenues	2,025	1,643	382	23%
Carry forwards and Reserves	37,986	79,993	(42,007)	-53%
Total	\$ 286,888	\$ 324,642	\$ (37,754)	-12%

Next Year's Budget

Funding Uses

Decreases to Uses of Funds in fiscal year 2016 versus 2015 total (\$38.0) million. Lead Agency Disbursements are down (\$7.5) million primarily due to reduced PTF sales tax transfers to VMR. Transit service contracts and fuel costs are up \$4.9 million due to the scheduled contract rate increases for East Valley bus services and anticipated increased customer demand for paratransit service trips. Capital purchases are planned to decrease in FY 2016 by (\$4.6) million with reductions in planned bus fleet deliveries and bus facilities expenditures. Lead Agency Bond Disbursements are reduced by (\$31.0) million due to ramping down of construction activities for light rail in Phoenix and Mesa.

RPTA Operating and Capital Budgets Fiscal Years 2016 and 2015 Uses of Funds

Uses of Funds	FY16	FY15	Change \$	Change %
Lead agency disbursements	\$ 69,532	\$ 77,031	\$ (7,499)	-10%
Transit service contracts & fuel	89,150	84,257	4,893	6%
Capital	25,882	30,476	(4,594)	-15%
RPTA & METRO Personnel Costs	26,342	24,873	1,469	6%
Bond Principal & Interest	24,235	24,239	(4)	0%
Contractual Agreements	3,992	5,631	(1,639)	-29%
AZ Lottery Disbursements	11,200	11,200	-	0%
Lead Agency Bond Disbursements	25,000	56,016	(31,016)	-55%
Other Costs	11,205	10,807	398	4%
Sub Total	286,538	324,530	(37,992)	-12%
Carry forwards to Reserves	350	112	238	213%
Total	\$ 286,888	\$ 324,642	\$ (37,754)	-12%

The decreases in capital expenses correspond to projects programmed in the Transit Life Cycle Program (TLCP) for fiscal year 2016. The budget is balanced and cash reserves are in place to cover the continuing light rail expansion activities. Net position in the Government Funds is anticipated to remain stable. Net position in the Transit Services Funds will decline as depreciation charges will outpace new capital acquisition.

FINANCIAL CONTACT

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

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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 Ended June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and investments	\$ 57,743,659	\$ 112,057,696	\$ 169,801,355
Restricted cash and investments	-	19,129,869	19,129,869
Receivables	18,933	210,231	229,164
Due from other governments	12,050,152	18,072,842	30,122,994
Due from Rail - PTF advance bond proceeds	-	8,185,000	8,185,000
Interfund Balances	(4,720,093)	4,720,093	-
Prepaid Items	86,261	2,500	88,761
Total current assets	65,178,912	162,378,231	227,557,143
Noncurrent Assets:			
Restricted cash and investments	-	154,484	154,484
Due from Rail - PTF advance bond proceeds	-	61,398,715	61,398,715
Capital assets, not being depreciated	14,778	5,717,250	5,732,028
Capital assets, net of accumulated depreciation	1,889,886	66,624,476	68,514,362
Total noncurrent assets	1,904,664	133,894,925	135,799,589
Total assets	67,083,576	296,273,156	363,356,732
Deferred Outflows of Resources			
Deferred outflows related to pensions	1,533,212	2,686,078	4,219,290
Total deferred outflows of resources	1,533,212	2,686,078	4,219,290
Liabilities			
Liabilities:			
Current Liabilities			
Accounts payable	1,249,890	8,877,039	10,126,929
Accrued salaries and benefits	154,798	433,842	588,640
Due to other governments	26,349	28,172,647	28,198,996
Revenue bonds payable	-	14,020,000	14,020,000
Bond interest payable	-	5,109,603	5,109,603
Compensated absences payable	519,354	737,062	1,256,416
Other liabilities	625,195	327,497	952,692
Total current liabilities	2,575,586	57,677,690	60,253,276
Noncurrent liabilities:			
Net Pension liability	9,445,091	16,465,986	25,911,077
Compensated absences payable	206,821	511,043	717,864
Revenue bonds payable, including unamortized premium	-	206,582,125	206,582,125
Total noncurrent liabilities	9,651,912	223,559,154	233,211,066
Total liabilities	12,227,498	281,236,844	293,464,342
Deferred Inflows of Resources			
Deferred inflows related to pensions	1,651,655	2,879,392	4,531,047
Total deferred inflows of resources	1,651,655	2,879,392	4,531,047
Net Position			
Net investment in capital assets	1,904,664	34,550,961	36,455,625
Restricted for AZ Lottery proceeds	2,820,054	-	2,820,054
Restricted for debt service	-	19,284,353	19,284,353
Restricted for transit planning	116,733	-	116,733
Restricted for transportation demand management	184,094	-	184,094
Restricted for vanpool program	-	2,972,334	2,972,334
Restricted for capital outlay-FTA disposals	-	1,204,410	1,204,410
Unrestricted	49,712,090	(43,169,060)	6,543,030
Total Net Position	\$ 54,737,635	\$ 14,842,998	\$ 69,580,633

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Activities
Fiscal Year Ended June 30, 2015

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
	Expenses	Services	and Contributions	and Contributions
Programs				
Governmental activities:				
Regional planning:				
Corridor and Facility Planning	\$ 699,024	\$ -	\$ 37,432	\$ -
Systems and Service Development	1,766,588	5,442	981,005	-
Program support	256,546	-	-	-
Transportation demand management:				
Trip reduction	600,632	-	731,465	-
Ridesharing	578,886	-	578,704	-
Other programs	180,118	-	-	-
Regional customer services:				
Marketing	2,319,857	-	32,739	-
Call center	3,776,394	165,985	17,911	-
Other programs	2,721,436	2,415	105,717	-
AZ Lottery fund disbursements	10,534,411	-	11,444,400	-
Administration:				
Executive director's office	1,094,407	-	-	-
Finance & management services	1,411,924	-	-	-
Total governmental activities	25,940,223	173,842	13,929,373	-
Business-type activities:				
Transit service operations	119,341,286	41,044,930	11,989,759	2,222,823
Light rail transit	55,242,525	14,949,518	-	-
Total business-type activities	174,583,811	55,994,448	11,989,759	2,222,823
Total primary government	\$ 200,524,034	\$ 56,168,290	\$ 25,919,132	\$ 2,222,823

General revenues:

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

(Continued)

Net (Expense) Revenues and Changes in Net Position		
Governmental Activities	Business Type Activities	Total
\$ (661,592)		\$ (661,592)
(780,141)		(780,141)
(256,546)		(256,546)
130,833		130,833
(182)		(182)
(180,118)		(180,118)
(2,287,118)		(2,287,118)
(3,592,498)		(3,592,498)
(2,613,304)		(2,613,304)
909,989		909,989
(1,094,407)		(1,094,407)
(1,411,924)		(1,411,924)
(11,837,008)	-	(11,837,008)
-	\$ (64,083,774)	(64,083,774)
-	(40,293,007)	(40,293,007)
-	(104,376,781)	(104,376,781)
\$ (11,837,008)	\$ (104,376,781)	\$ (116,213,789)
127,317,682	-	127,317,682
4,711,434	-	4,711,434
161,726	186,059	347,785
278,546	1,595,672	1,874,218
(109,915,563)	109,915,563	-
22,553,825	111,697,294	134,251,119
10,716,817	7,320,513	18,037,330
44,020,818	7,522,485	51,543,303
\$ 54,737,635	\$ 14,842,998	\$ 69,580,633

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Balance Sheet
Governmental Funds
Fiscal Year Ended June 30, 2015

	General	Transit Planning	Transportation Demand Management	Total Governmental Funds
Assets				
Cash and investments	\$ 57,572,259	\$ 171,400	\$ -	\$ 57,743,659
Receivables	4,037	-	14,896	18,933
Due from other governments	11,439,696	312,238	298,218	12,050,152
Due from other funds	16,431	-	-	16,431
Prepaid Items	86,261	-	-	86,261
Total assets	<u>\$ 69,118,684</u>	<u>\$ 483,638</u>	<u>\$ 313,114</u>	<u>\$ 69,915,436</u>

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 832,935	\$ 319,061	\$ 97,894	\$ 1,249,890
Accrued salaries and benefits	115,364	24,739	14,695	154,798
Due to other funds	4,720,093	-	16,431	4,736,524
Due to other governments	3,244	23,105	-	26,349
Other Liabilities	625,195	-	-	625,195
Total liabilities	6,296,831	366,905	129,020	6,792,756

Deferred Inflows of Resources

Fund balances:				
Nonspendable:				
Prepays	86,261	-	-	86,261
Restricted:	2,820,054	116,733	184,094	3,120,881
Unassigned:	59,915,538	-	-	59,915,538
Total fund balances	62,821,853	116,733	184,094	63,122,680
Total liabilities and fund balances	<u>\$ 69,118,684</u>	<u>\$ 483,638</u>	<u>\$ 313,114</u>	<u>\$ 69,915,436</u>

Reconciliation of the balance sheet to the statement of net position

Fund balances, total governmental funds balance sheet \$ 63,122,680

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

Governmental capital assets	6,312,190
Less accumulated depreciation	(4,407,526)
Governmental compensated absences	(726,175)
Net pension liability	(9,445,091)
Deferred outflows of resources related to pensions	1,533,212
Deferred inflows of resources related to pensions	<u>(1,651,655)</u>

Net position of governmental activities, statement of net position \$ 54,737,635

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, 2015

	General	Transit Planning	Transportation Demand Management	Total Governmental Funds
Revenues:				
Sales taxes:				
Public transportation funds	\$ 127,317,682	\$ -	\$ -	\$ 127,317,682
Regional area road funds	4,711,434	-	-	4,711,434
Intergovernmental:				
AZ Lottery fund proceeds	11,444,400	-	-	11,444,400
State & county grants & Federal pass through grants	-	456,624	395,315	851,939
Federal Transit Administration	156,367	561,813	-	718,180
CMAQ	-	-	914,854	914,854
Charges for services	168,400	5,442	-	173,842
Interest earnings	161,726	-	-	161,726
Miscellaneous	214,076	4,431	60,039	278,546
Total revenues	<u>144,174,085</u>	<u>1,028,310</u>	<u>1,370,208</u>	<u>146,572,603</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and Facility Planning	-	699,024	-	699,024
Systems and Service Development	-	1,766,588	-	1,766,588
Program support & Administration	-	256,546	-	256,546
Transportation demand management:				
Trip reduction	-	-	600,632	600,632
Ridesharing	-	-	578,886	578,886
Other programs	-	-	180,118	180,118
Regional customer services:				
Marketing	2,319,857	-	-	2,319,857
Call center	3,776,394	-	-	3,776,394
Other programs	2,475,109	-	-	2,475,109
Administration:				
Executive director's office	1,094,407	-	-	1,094,407
Finance & management services	987,332	-	-	987,332
AZ Lottery fund disbursements	10,534,411	-	-	10,534,411
Capital outlay	441,072	-	-	441,072
Total expenditures	<u>21,628,582</u>	<u>2,722,158</u>	<u>1,359,636</u>	<u>25,710,376</u>
Excess (deficiency) of revenues over (under) expenditures	122,545,503	(1,693,848)	10,572	120,862,227
Other financing sources (uses):				
Transfers in	-	1,710,370	10,334	1,720,704
Transfers out	(111,636,267)	-	-	(111,636,267)
Total other financing sources (uses)	<u>(111,636,267)</u>	<u>1,710,370</u>	<u>10,334</u>	<u>(109,915,563)</u>
Net change in fund balances	10,909,236	16,522	20,906	10,946,664
Fund balance, beginning	51,912,617	100,211	163,188	52,176,016
Fund balance, ending	<u>\$ 62,821,853</u>	<u>\$ 116,733</u>	<u>\$ 184,094</u>	<u>\$ 63,122,680</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, 2015**

Net change in fund balances, total governmental funds	\$ 10,946,664
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 depreciation expense (\$506,616) exceeded capital outlay expense (\$441,072), net of the loss on capital assets (0) in the current period.	(65,544)
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.	
	(44,100)
3. Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the Authority's report date.	
	668,561
4. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
	(788,764)
Change in net position of governmental activities, statement of activities	<u>\$ 10,716,817</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues:				
Sales taxes:				
Regional area road funds	\$ 4,711,000	\$ 4,711,000	\$ 4,711,434	\$ 434
Public Transportation fund	127,672,000	125,538,704	127,317,682	1,778,978
Intergovernmental:				
AZ Lottery Fund Proceeds	11,200,000	11,200,000	11,444,400	244,400
Federal Transit Administration	-	-	156,367	156,367
Charges for Services	165,985	165,985	168,400	2,415
Interest earnings	20,000	20,000	161,726	141,726
Miscellaneous	-	-	214,076	214,076
Total revenues	143,768,985	141,635,689	144,174,085	2,538,396
Expenditures:				
Current:				
Regional Customer Services:				
Marketing	2,491,429	2,491,429	2,319,857	171,572
Call Center	4,269,317	4,269,317	3,776,394	492,923
Other Programs	2,661,008	2,661,008	2,475,109	185,899
AZ Lottery Fund Disbursements	11,200,000	11,200,000	10,534,411	665,589
Executive director's office	1,120,344	1,120,344	1,094,407	25,937
Finance & management services	981,646	981,646	987,332	(5,686)
Capital Outlay	611,751	611,751	441,072	170,679
Total expenditures	23,335,495	23,335,495	21,628,582	1,706,913
Excess of revenues over expenditures	120,433,490	118,300,194	122,545,503	4,245,309
Other financing uses:				
Transfers out	(120,385,358)	(136,333,744)	(111,636,267)	24,697,477
Total other financing uses	(120,385,358)	(136,333,744)	(111,636,267)	24,697,477
Net change in fund balance	48,132	(18,033,550)	10,909,236	28,942,786
Fund balance, beginning	89,280,681	94,688,844	51,912,617	(42,776,227)
Fund balance, ending	\$ 89,328,813	\$ 76,655,294	\$ 62,821,853	\$ (13,833,441)

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues:				
Intergovernmental:				
AZ Lottery Fund Proceeds	\$ 275,000	\$ 275,000	\$ -	\$ (275,000)
State & county grants & pass through grants	526,326	526,326	456,624	(69,702)
Federal Transit Administration	600,000	600,000	561,813	(38,187)
Charges for Services	-	-	5,442	5,442
Miscellaneous	-	-	4,431	4,431
Total revenues	<u>1,401,326</u>	<u>1,401,326</u>	<u>1,028,310</u>	<u>(373,016)</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and Facility Planning	1,234,851	1,234,851	699,024	535,827
Systems and Service Development	2,226,869	2,226,869	1,766,588	460,281
Program support & Administration	324,340	324,340	256,546	67,794
Total expenditures	<u>3,786,060</u>	<u>3,786,060</u>	<u>2,722,158</u>	<u>1,063,902</u>
Excess of revenues over expenditures	(2,384,734)	(2,384,734)	(1,693,848)	690,886
Other financing uses:				
Transfers in	2,384,734	2,384,734	1,710,370	(674,364)
Total other financing uses	<u>2,384,734</u>	<u>2,384,734</u>	<u>1,710,370</u>	<u>(674,364)</u>
Net change in fund balance	-	-	16,522	16,522
Fund balance, beginning	100,207	100,207	100,211	4
Fund balance, ending	<u>\$ 100,207</u>	<u>\$ 100,207</u>	<u>\$ 116,733</u>	<u>\$ 16,526</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
Transportation Demand Management Fund
Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Revenues:				
Intergovernmental:				
State grants & pass through grants	\$ 569,003	\$ 569,003	\$ 395,315	\$ (173,688)
CMAQ	964,000	964,000	914,854	(49,146)
Miscellaneous	-	-	60,039	60,039
Total revenues	1,533,003	1,533,003	1,370,208	(162,795)
Expenditures:				
Current:				
Transportation Demand Management:				
Trip reduction	620,000	620,000	600,632	19,368
Ridesharing	594,000	594,000	578,886	15,114
Other programs	338,285	338,285	180,118	158,167
Total expenditures	1,552,285	1,552,285	1,359,636	192,649
Excess of revenues over expenditures	(19,282)	(19,282)	10,572	29,854
Other financing uses:				
Transfers in	19,282	19,282	10,334	(8,948)
Total other financing uses	19,282	19,282	10,334	(8,948)
Net change in fund balance	-	-	20,906	20,906
Fund balance, beginning	88,588	88,588	163,188	74,600
Fund balance, ending	\$ 88,588	\$ 88,588	\$ 184,094	\$ 95,506

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Assets			
Current assets			
Cash and investments	\$ 20,329,758	\$ 91,727,938	\$ 112,057,696
Restricted cash and cash equivalents	3,828,328	15,301,541	19,129,869
Accounts Receivable	64,977	145,254	210,231
Due from other governments	10,923,192	7,149,650	18,072,842
Due from Rail - PTF advance bond proceeds	-	8,185,000	8,185,000
Due from other funds	-	4,720,093	4,720,093
Prepaid Items	1,250	1,250	2,500
Total current assets	35,147,505	127,230,726	162,378,231
Noncurrent assets			
Restricted cash and cash equivalents	97,502	56,982	154,484
Due from Rail - PTF advance bond proceeds	-	61,398,715	61,398,715
Capital assets, not being depreciated	5,717,250	-	5,717,250
Capital assets, net of accumulated depreciation	66,624,476	-	66,624,476
Total noncurrent assets	72,439,228	61,455,697	133,894,925
Total assets	107,586,733	188,686,423	296,273,156
Deferred Outflows of Resources			
Deferred outflows related to pensions	234,241	2,451,837	2,686,078
Total Deferred Outflows of Resources	234,241	2,451,837	2,686,078
Liabilities			
Current liabilities:			
Accounts payable	8,877,039	-	8,877,039
Accrued salaries and benefits	41,880	391,962	433,842
Due to other governments	4,616,156	23,556,491	28,172,647
Bond payable - current	2,778,556	11,241,444	14,020,000
Bond interest payable	1,049,772	4,059,831	5,109,603
Compensated absences payable	54,126	682,936	737,062
Other liabilities	327,497	-	327,497
Total current liabilities	17,745,026	39,932,664	57,677,690
Noncurrent liabilities:			
Net pension liability	1,297,233	15,168,753	16,465,986
Compensated absences payable	37,528	473,515	511,043
Revenue bonds payable, including unamortized premium	37,790,724	168,791,401	206,582,125
Total noncurrent liabilities	39,125,485	184,433,669	223,559,154
Total liabilities	56,870,511	224,366,333	281,236,844
Deferred Inflows of Resources			
Deferred inflows related to pensions	226,846	2,652,546	2,879,392
Total Deferred Inflows of Resources	226,846	2,652,546	2,879,392
Net Position			
Net investment in capital assets	34,550,961	-	34,550,961
Restricted for debt service	3,925,830	15,358,523	19,284,353
Restricted for vanpool program	2,972,334	-	2,972,334
Restricted for capital outlay-FTA reinvestment	1,204,410	-	1,204,410
Unrestricted	8,070,082	(51,239,142)	(43,169,060)
Total net position	\$ 50,723,617	\$ (35,880,619)	\$ 14,842,998

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, 2015

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 23,864,256	\$ 14,949,518	\$ 38,813,774
Fare Revenues	17,180,674	-	17,180,674
Federal Operating Grants	9,365,622	-	9,365,622
Miscellaneous	6,242	4,602	10,844
Total operating revenues	50,416,794	14,954,120	65,370,914
Operating Expenses:			
Local & express bus service	76,942,766	-	76,942,766
Light rail staff and administration	-	15,144,350	15,144,350
Paratransit service	10,781,223	-	10,781,223
Vanpool service	702,500	-	702,500
Safety and security	140,429	-	140,429
Administrative and general	1,255	-	1,255
Depreciation	11,771,187	-	11,771,187
Total operating expenses	100,339,360	15,144,350	115,483,710
Operating income (loss)	(49,922,566)	(190,230)	(50,112,796)
Non-Operating Revenues (Expenses):			
Lead agency disbursements	(16,334,238)	(32,191,758)	(48,525,996)
Federal Grant Subrecipient Disbursement	(100,000)	-	(100,000)
IRS fuel tax credit	2,574,074	-	2,574,074
Interest income	1,515	184,544	186,059
Gain on disposal of capital assets	50,063	-	50,063
Capital conveyance	(663,027)	-	(663,027)
Interest subsidy	248,760	1,336,068	1,584,828
Interest expense	(1,904,661)	(7,906,417)	(9,811,078)
Total non-operating revenues (expenses)	(16,127,514)	(38,577,563)	(54,705,077)
Income (loss) before contributions and transfers	(66,050,080)	(38,767,793)	(104,817,873)
Capital contributions	2,222,823	-	2,222,823
Transfers in	54,363,515	55,552,048	109,915,563
Changes in net position	(9,463,742)	16,784,255	7,320,513
Net position, beginning, as restated	60,187,359	(52,664,874)	7,522,485
Net position, ending	\$ 50,723,617	\$ (35,880,619)	\$ 14,842,998

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 41,142,175	\$ 14,949,518	\$ 56,091,693
Receipts from federal operating grants	9,365,622	-	9,365,622
Payments to suppliers	(82,572,770)	(2,054,304)	(84,627,074)
Payments to employees	(1,455,454)	(13,664,842)	(15,120,296)
Net cash provided by (used in) operating activities	(33,520,427)	(769,628)	(34,290,055)
Cash flows from noncapital and related financing activities			
Transfers in - sales taxes	54,363,515	50,831,955	105,195,470
Lead agency disbursements	-	(500,000)	(500,000)
IRS fuel tax credit	2,574,074	-	2,574,074
Federal grant subrecipient disbursements	(100,000)	-	(100,000)
Net cash provided by (used in) noncapital and related financing activities	56,837,589	50,331,955	107,169,544
Cash flows from capital and related financing activities			
Purchases of capital assets	(90,574)	-	(90,574)
Conveyance of capital assets	(663,027)	-	(663,027)
Principal payments on long-term debt/premium	(2,645,224)	(2,916,144)	(5,561,368)
Interest paid on capital debt	(2,165,675)	(7,740,506)	(9,906,181)
Advances on bond proceeds	-	(69,583,715)	(69,583,715)
Lead agency disbursements	(16,334,238)	(28,684,890)	(45,019,128)
Capital contributions	2,222,823	-	2,222,823
Interest subsidy	248,760	1,336,068	1,584,828
Net cash provided by (used in) capital and related financing activities	(19,427,155)	(107,589,187)	(127,016,342)
Cash flows from investing activities			
Interest received on investments	1,515	184,544	186,059
Net cash provided by (used in) investing activities	1,515	184,544	186,059
Net increase in cash and cash equivalents	3,891,522	(57,842,316)	(53,950,794)
Cash and cash equivalents, beginning of year, as restated	20,364,066	164,928,777	185,292,843
Cash and cash equivalents, end of year	\$ 24,255,588	\$ 107,086,461	\$ 131,342,049
From the Proprietary Funds Statement of Net Position			
Current cash and cash equivalents	24,158,086	107,029,479	131,187,565
Noncurrent cash and cash equivalents	97,502	56,982	154,484
Total cash and cash equivalents	\$ 24,255,588	\$ 107,086,461	\$ 131,342,049
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	(49,922,566)	(190,230)	(50,112,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	11,771,187	-	11,771,187
(Increase) decrease in assets:			
Accounts receivable	97,245	(144,666)	(47,421)
Due from other governments	4,548,230	-	4,548,230
Other assets	(1,250)	(1,250)	(2,500)
Increase (decrease) in liabilities:			
Accounts payable	(1,420,162)	(1,250)	(1,421,412)
Accrued salaries and benefits	23,434	(17,811)	5,623
Due to other governments	1,356,880	(748,176)	608,704
Compensated absences payable	1,519	130,219	131,738
Pension expense	108,333	1,266,750	1,375,083
Employer pension contributions	(115,486)	(1,063,214)	(1,178,700)
Other liabilities	32,209	-	32,209
Total adjustments	16,402,139	(579,398)	15,822,741
Net cash provided by (used in) operating activities	\$ (33,520,427)	\$ (769,628)	\$ (34,290,055)

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 2015, 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 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 8 discusses the internal reservations 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, 2015, the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net position liability. The Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information. In conjunction with GASB 68, the Authority implemented the provisions of GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement will require governments switching to new pension standards to acknowledge the start of deferred outflow of resources for pension contributions made from the measurement date of the beginning net pension liability to the start of the first fiscal year's implementation. In addition, the statements may report a separate section for deferred inflows of resources. These represent an acquisition of net position that applies to a future period (s). See Note 1m and 1n.

c. Basis of Presentation

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

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

The Authority reports the following major enterprise funds:

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

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

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

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

Governmental fund types are presented, in the fund financial statements, using the flow of current financial resources measurement focus and modified accrual basis of accounting. With this measurement focus, operating statements present increases and

decreases in net current assets and unrestricted fund balance is a measure of available spendable resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon thereafter to pay liabilities of the current period. The Authority considers revenues available under modified accrual, if they are earned by June 30 (all eligibility requirements have been met) and the revenue is expected to be collected within 120 days after year-end. Expenditures are recorded when the related fund liability is incurred.

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

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

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

Sales taxes, entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. For the governmental fund statements, grant revenue earned but not expected to be received within 120 days of year end is 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 a basis consistent with generally accepted accounting principles for the governmental and proprietary funds. Encumbrance accounting is used and all appropriations lapse at year end. Prior to final adoption, a proposed budget is presented to the Board of Directors for review and public comment is received. Final adoption of the budget must be on or before June 30 of each year.

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

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

f. Deposits and Investments

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

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

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

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

g. Prepaid Items

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

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 7 for further discussion of the interfund receivables/payables at June 30.

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

j. Receivables

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

k. Compensated Absences

Employees of the Authority are entitled to 15.0 - 31.5 paid time off days (vacation and sick leave) per calendar year - based on an eight-hour workday, depending upon length of service. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The current portion of the accrued compensated absences liability is based on the average annual amount of leave charged over the preceding three years. Generally, resources from the General Fund are used to liquidate the governmental funds liabilities for compensated absences.

l. Long-term Obligation

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

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

m. Deferred Outflows and Inflows of Resources

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

n. Pensions

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

o. Net Position

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

p. Fund Balances

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

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the Authority's Board of Directors, which is the highest level of decision-making authority within the Authority. Only RPTA's Board of Directors can remove or change the constraints placed on committed fund balances. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board of Directors at a Board of Directors meeting. The Board of

Directors must commit fund balances before the end of the fiscal year. Assigned fund balances are resources constrained by the Authority's intent to be used for Specific purposes, but are neither restricted nor committed. The Board of Directors has authorized the Chief Executive Officer or designee to make assignments of resources for a specific purpose. The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications.

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

q. Cash Equivalents

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

r. Use of Estimates

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

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2. Prior Period Adjustment

The July 1, 2014, government-wide net position and the net position of the Proprietary Funds and Governmental Activities do not agree to the prior year financial statements due to a change in accounting principle. Per GASB Statement No. 68, implemented in FY15, requires a restatement of the net position for the proportionate share of the ASRS's unfunded net pension liability. Further, to provide greater transparency to the impact of bond funding to the light rail transit business activities (VMR fund) the portion of bond proceeds and related debt service amounts are reallocated from the TSO fund.

	Net Position/ Fund Balances As Previously Stated	Restatement Due to Change in Accounting Principle GASB 68	Restatement Due to Change in Accounting Principle Debt service presentation	Net Position/ Fund Balances As Restated
Total Governmental Activities	\$ 53,464,149	\$ (9,443,331)	\$ -	\$ 44,020,818
Transit service operations	\$ (14,814,968)	\$ (1,296,991)	\$ 76,299,318	\$ 60,187,359
Light rail transit	38,800,370	(15,165,926)	(76,299,318)	(52,664,874)
Total Business-Type Activities/ Enterprise Funds	\$ 23,985,402	\$ (16,462,917)	\$ -	\$ 7,522,485

The financial statement line items affected by the restatement are as follows:

	Balances As Previously Stated	Restatement Due to Change in Accounting Principle GASB 68	Restatement Due to Change in Accounting Principle Debt service presentation	Balances As Restated
Business-Type Activities/Enterprise Funds				
Transit service operations:				
Current assets:				
Cash and investments	\$ 21,614,768	\$ -	\$ (5,166,435)	\$ 16,448,333
Restricted cash and cash equivalents	8,146,511	-	(6,708,190)	1,438,321
Accounts Receivable	162,810	-	(588)	162,222
Noncurrent assets:				
Restricted cash and cash equivalents	101,147,040	-	(98,664,588)	2,482,452
Current liabilities:				
Accounts payable	(10,298,451)	-	(1,250)	(10,299,701)
Bond payable - current	(5,555,000)	-	2,909,777	(2,645,223)
Bond interest payable	(4,796,578)	-	3,680,675	(1,115,903)
Deferred outflows related to pensions	-	84,561	-	84,561
Noncurrent liabilities:				
Net pension liability	-	(1,381,552)	-	(1,381,552)
Revenue bonds payable, including unamortized premium	(221,016,621)	-	180,249,917	(40,766,704)
Transit service operations total		(1,296,991)	76,299,318	
Light rail transit:				
Current assets:				
Cash and investments	54,384,524	-	5,166,435	59,550,959
Restricted cash and cash equivalents	-	-	6,708,190	6,708,190
Accounts Receivable	-	-	588	588
Noncurrent assets:				
Restricted cash and cash equivalents	-	-	98,664,588	98,664,588
Current liabilities:				
Accounts payable	-	-	1,250	1,250
Bond payable - current	-	-	(2,909,777)	(2,909,777)
Bond interest payable	-	-	(3,680,675)	(3,680,675)
Deferred outflows related to pensions	-	988,789	-	988,789
Noncurrent liabilities:				
Net pension liability	-	(16,154,715)	-	(16,154,715)
Revenue bonds payable, including unamortized premium	-	-	(180,249,917)	(180,249,917)
Light rail transit total		\$ (15,165,926)	\$ (76,299,318)	

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

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

	Total Governmental Funds	Long-term Assets/ Liabilities	Reclassifications for Internal Balances and Eliminations	Statement of Net Position Totals
Assets				
Cash and investments	\$ 57,743,659	\$ -	\$ -	\$ 57,743,659
Receivables	18,933	-	-	18,933
Due from other governments	12,050,152	-	-	12,050,152
Due from other funds	16,431	-	(16,431)	-
Prepaid items	86,261	-	-	86,261
Capital assets (net)	-	1,904,664	-	1,904,664
Total assets	<u>\$ 69,915,436</u>	<u>\$ 1,904,664</u>	<u>\$ (16,431)</u>	<u>\$ 71,803,669</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	-	1,533,212	-	1,533,212
Total Deferred Outflows of Resources	<u>-</u>	<u>1,533,212</u>	<u>-</u>	<u>1,533,212</u>
Liabilities				
Accounts payable	1,249,890	-	-	1,249,890
Accrued salaries and benefits	154,798	-	-	154,798
Due to other funds	4,736,524	-	(16,431)	4,720,093
Due to other governments	26,349	-	-	26,349
Other liabilities	625,195	-	-	625,195
Compensated absences	-	726,175	-	726,175
Net pension liability	-	9,445,091	-	9,445,091
Total liabilities	<u>6,792,756</u>	<u>10,171,266</u>	<u>(16,431)</u>	<u>16,947,591</u>
Deferred Inflows of Resources				
Deferred inflows related to pensions	-	1,651,655	-	1,651,655
Total Deferred Inflows of Resources	<u>-</u>	<u>1,651,655</u>	<u>-</u>	<u>1,651,655</u>
Fund Balance/Net Position				
Total fund balance/net position	<u>\$ 63,122,680</u>	<u>\$ (8,385,045)</u>	<u>\$ -</u>	<u>\$ 54,737,635</u>

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

Cost of capital assets	\$ 6,312,190
Accumulated depreciation	(4,407,526)
Capital assets, net	<u>\$ 1,904,664</u>

Interfund transactions between governmental activities of \$16,431 are eliminated in the consolidation of these activities for the Statement of Net Position.

Under the modified accrual basis of accounting, the governmental funds do not accrue for unpaid compensated absences in the amount of \$726,175 as a liability, as they are not paid with expendable available financial resources. However, the Statement of Net Position includes the unpaid compensated absences as long-term liabilities regardless of when financial resources are used, and thus a reduction in net position.

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

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

	Total Governmental Funds	Capital Purchases	Depreciation and Disposals	Compensated Absences	Pension Contributions	Pension Expense	Statement of Activities Totals
Revenues							
Sales taxes	\$ 132,029,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,029,116
Intergovernmental	13,929,373	-	-	-	-	-	13,929,373
Interest earnings	161,726	-	-	-	-	-	161,726
Charges for services	173,842	-	-	-	-	-	173,842
Miscellaneous	278,546	-	-	-	-	-	278,546
Total revenues	<u>146,572,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,572,603</u>
Expenditures/Expenses							
Current:							
Regional planning	2,722,158	-	-	-	-	-	2,722,158
Transportation demand management	1,359,636	-	-	-	-	-	1,359,636
Regional customer services	8,571,360	-	246,327	-	-	-	8,817,687
AZ Lottery fund disbursements	10,534,411	-	-	-	-	-	10,534,411
Administration	2,081,739	-	260,289	44,100	(668,561)	788,764	2,506,331
Capital outlay	441,072	(441,072)	-	-	-	-	-
Total expenditures/expenses and other uses	<u>25,710,376</u>	<u>(441,072)</u>	<u>506,616</u>	<u>44,100</u>	<u>(668,561)</u>	<u>788,764</u>	<u>25,940,223</u>
Other financing uses/changes in net position							
Transfers in	1,720,704	-	-	-	-	-	1,720,704
Transfers out	(111,636,267)	-	-	-	-	-	(111,636,267)
Net transfers	<u>(109,915,563)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(109,915,563)</u>
Net change for the year	<u>\$ 10,946,664</u>	<u>\$ 441,072</u>	<u>\$ (506,616)</u>	<u>\$ (44,100)</u>	<u>\$ 668,561</u>	<u>\$ (788,764)</u>	<u>\$ 10,716,817</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 (\$441,072), whereas net position decreases by the amounts of disposals and depreciation expense charged for the year (\$506,616).

The governmental funds do not report the change in unpaid compensated absences in the amount of (\$44,100) as expenditures, as they are not paid with expendable available financial resources. However, the Statement of Net Position includes the change in unpaid compensated absences as accrued expenses regardless of when financial resources are used, and thus a reduction in net position.

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

4. Deposits and Investments

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

a. Deposits

The carrying amount of the Authority's deposits at June 30, 2015, was \$153,720,690 and the bank ledger balance was \$154,996,197. The difference represents \$1,275,507 in deposits in transit and outstanding checks, (\$26,000) in cash contained in the TVM coin vaults, and (\$100) in Imprest funds. Of the bank balance, \$250,000 was covered by federal depository insurance and \$154,746,197 was covered by collateral held by the pledging financial institution in the Authority's name. Certificates of Deposit held with various financial institutions totaled \$6,707,543, are fully insured by FDIC and have a weighted average maturity of 285 days. Further, cash held with the bond fund trustee was \$19,134,455. Of this amount, \$8,039,534 was held for the debt service payment on July 1st. The remaining amount of \$11,094,921 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, 2015, the Authority's investment in the LGIP 5 totaled \$9,373,122, invested in money market mutual funds, has weighted average maturities of 40 days. The LGIP 7, which is a short-term fund that invests in only products backed by the full faith and credit of the

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United States Government, totaled \$149,898 and has weighted average maturities of 47 days.

Credit Risk. State statutes authorize the Authority to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit and the LGIP. The Authority's investment policy does not further limit its investment choices. The LGIP is operated by the Arizona State Treasurer's Office, as authorized by Arizona Revised Statutes §35-326. Arizona Revised Statutes §35-312 and §35-313 regulate authorized investments. The Authority's investment in the LGIP is stated at fair value, which is the same as the value of the Authority's pool shares. The LGIP 5 has a rating of AAAF/S1+ while the LGIP 7 has an AAA weighted average rating.

Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, provides for disclosures of custodial credit risk associated with investment securities. An exception is provided for investments in external investment pools and for investments in open-ended mutual funds.

Cash and Investments at June 30, 2015 consist of the following:

Carrying amount of the Authority's deposits	\$ 153,720,690
Certificates of Deposit	6,707,543
Investments in the LGIP	9,523,020
Cash and investments with bond fund trustee	<u>19,134,455</u>
Total cash and investments	<u>\$ 189,085,708</u>

5. Receivables and Due from Other Governments

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

Due from Other Governments at June 30, 2015 consist of the following:

	Due from Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<u>Due from Other Governments</u>			
Arizona State Treasurer-PTF Funds	\$ 10,916,034	\$ -	\$ 10,916,034
Arizona State University	1,624	-	1,624
AZ Dept of Transportation	97,428	106,561	203,989
City of Avondale	-	50,566	50,566
City of Buckeye	5,442	7,215	12,657
City of Glendale	-	166	166
City of Mesa	-	386,355	386,355
City of Phoenix	323,028	4,367,063	4,690,091
City of Scottsdale	131	-	131
City of Surprise	-	148,039	148,039
City of Tempe	26,570	4,955,783	4,982,353
City of Tolleson	-	20,495	20,495
Internal Revenue Service	-	838,727	838,727
Maricopa Assoc. of Governments	275,540	-	275,540
Maricopa County TRP/DOT	71,642	-	71,642
Town of Gilbert	-	29,405	29,405
Valley Metro Rail, Inc.	332,713	7,162,467	7,495,180
Total Due from Other Governments	<u>\$ 12,050,152</u>	<u>\$ 18,072,842</u>	<u>\$ 30,122,994</u>

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

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

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

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As of June 30, 2015, PTF Advance Bond Proceeds totaled \$69,583,715. Principal and interest payments follow the Series 2014 Debt Service schedule as shown in table below.

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

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

7. 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, 2015. The following interfund receivables and payables are included in the fund financial statements at June 30, 2015:

	Due from other Funds		
	General	Valley Metro Rail	Total
<u>Due to other funds</u>			
Governmental funds:			
General Fund	\$ -	\$ 4,720,093	\$ 4,720,093
Transportation Demand Management	16,431	-	16,431
Total governmental funds	<u>\$ 16,431</u>	<u>\$ 4,720,093</u>	<u>\$ 4,736,524</u>

The interfund balances for the governmental funds at June 30, 2015 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to grant and other reimbursements. The interfund balances for the proprietary funds at June 30, 2015 are for the June 2015 PTF Revenue allocation for the VMR portion.

Interfund transfers are primarily used for transfers of sales tax revenues from the General Fund to the various funds that receive earmarked sales tax revenues. Interfund transfers between the enterprise funds are for transfers of bond proceeds to fund light rail capital expenditures.

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Fiscal Year Ended June 30, 2015

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2015.

	<u>Transfers Out</u>
	<u>General</u>
<u>Transfers In</u>	
Governmental funds:	
Transit Planning	\$ 1,710,370
Transportation Demand Management	10,334
Total governmental funds	<u>1,720,704</u>
Enterprise funds:	
Transit Service Operations	54,363,515
Valley Metro Rail	55,552,048
Total enterprise funds	<u>109,915,563</u>
Grand totals	<u>\$ 111,636,267</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities are in the amount \$109,915,563.

8. Fund Balance Classifications

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

	<u>General</u>	<u>Transit Planning Fund</u>	<u>Transportation Demand Management Fund</u>	<u>Total</u>
Nonspendable				
Prepays	\$ 86,261	\$ -	\$ -	\$ 86,261
Spendable				
Restricted for				
AZ Lottery proceeds	2,820,054	-	-	2,820,054
Regional Planning activities	-	116,733	-	116,733
Clean Air Activities	-	-	184,094	184,094
Unassigned	59,915,538	-	-	59,915,538
	<u>\$ 62,821,853</u>	<u>\$ 116,733</u>	<u>\$ 184,094</u>	<u>\$ 63,122,680</u>

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

	<u>June 30, 2015 Balance</u>
<u>AZ Lottery Fund Balance</u>	
Maricopa County Restricted-no match	\$ 2,551,545
El Mirage-Restricted	268,509
	<u>\$ 2,820,054</u>

Maricopa County and City of El Mirage have executed Intergovernmental Agreements (IGA) with RPTA that allows for the holding of the funds on behalf of each government and requires spending for transit purposes in that jurisdiction. Maricopa County has two restrictions. The funds held prior to FY2012 have a 50% match restriction while funds received after FY 2012 have no match restriction. As of June 30, 2015, Maricopa County has used up the remaining funds having a 50% match restriction.

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Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2015

9. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2015:

	Balances, July 01, 2014	Increases	Decreases	Balances, June 30, 2015
Governmental activities:				
Non-depreciable assets:				
Work in progress	\$ 844,079	\$ 14,778	\$ (844,079)	\$ 14,778
Total non-depreciable assets	844,079	14,778	(844,079)	14,778
Depreciable assets:				
Site Improvements	586,662	27,982	-	614,644
Computers & software	2,797,806	1,133,285	(28,948)	3,902,143
Equipment	1,128,837	92,472	(12,056)	1,209,253
Vehicles	198,895	-	-	198,895
Furniture & fixtures	355,843	16,634	-	372,477
Total depreciable assets at historical cost	5,068,043	1,270,373	(41,004)	6,297,412
Less accumulated depreciation for:				
Site Improvements	(332,118)	(115,507)	-	(447,625)
Computers & software	(2,396,410)	(186,657)	28,948	(2,554,119)
Equipment	(787,869)	(157,569)	12,056	(933,382)
Vehicles	(143,888)	(20,628)	-	(164,516)
Furniture & fixtures	(281,629)	(26,255)	-	(307,884)
Total accumulated depreciation	(3,941,914)	(506,616)	41,004	(4,407,526)
Total Governmental activities capital assets being depreciated, net	1,126,129	763,757	-	1,889,886
Governmental activities capital assets, net	<u>\$ 1,970,208</u>	<u>\$ 778,535</u>	<u>\$ (844,079)</u>	<u>\$ 1,904,664</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 5,292,000	\$ -	\$ -	\$ 5,292,000
Work in progress	449,793	-	(24,543)	425,250
Total non-depreciable assets	5,741,793	-	(24,543)	5,717,250
Depreciable assets:				
Transit fleet	108,929,013	-	(450,885)	108,478,128
Vehicles	95,878	-	-	95,878
Building	13,390,733	-	-	13,390,733
Site improvements	8,686,758	68,169	-	8,754,927
Computers & software	271,461	-	-	271,461
Ticket Vending Machines	1,237,920	22,998	-	1,260,918
Equipment	9,970,423	74,015	(145,362)	9,899,076
Furniture & fixtures	127,037	-	-	127,037
Infrastructure	29,424	-	-	29,424
Total depreciable assets at historical cost	142,738,647	165,182	(596,247)	142,307,582
Less accumulated depreciation for:				
Transit fleet	(54,032,465)	(10,218,321)	450,885	(63,799,901)
Vehicles	(18,159)	(23,969)	-	(42,128)
Building	(1,746,618)	(291,103)	-	(2,037,721)
Site improvements	(3,051,469)	(568,175)	-	(3,619,644)
Computers & software	(271,461)	-	-	(271,461)
Ticket Vending Machines	(87,745)	(82,637)	-	(170,382)
Equipment	(5,171,087)	(585,020)	145,362	(5,610,745)
Furniture & fixtures	(127,037)	-	-	(127,037)
Infrastructure	(2,125)	(1,962)	-	(4,087)
Total accumulated depreciation	(64,508,166)	(11,771,187)	596,247	(75,683,106)
Total Business-type capital assets being depreciated, net	78,230,481	(11,606,005)	-	66,624,476
Business-type activities capital assets, net	<u>\$ 83,972,274</u>	<u>\$ (11,606,005)</u>	<u>\$ (24,543)</u>	<u>\$ 72,341,726</u>

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

	Government- Wide	Business- Type
Regional customer services	\$ 246,327	\$ -
Administration	260,289	-
Transit service operations	-	11,771,187
Total depreciation expense	<u>\$ 506,616</u>	<u>\$ 11,771,187</u>

The Authority's enterprise funds in the business-type activities had construction commitments totaling \$2.74 million at June 30, 2015. Only the currently payable portions of these contracts have been included in the accounts payable in the accompanying financial statements. See Note 14b.

10. Due to Other Governments

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

Due to Other Governments at June 30, 2015 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	\$ -	\$ 153,462	\$ 153,462
City of Chandler	-	154,182	154,182
City of Mesa	-	512,529	512,529
City of Peoria	-	40,338	40,338
City of Phoenix	-	914,751	914,751
City of Scottsdale	-	119,058	119,058
City of Surprise	-	10,047	10,047
City of Tempe	-	2,267,988	2,267,988
City of Tolleson	-	11,337	11,337
Gila River Indian Community	-	354,290	354,290
Maricopa Assoc. of Governments	23,105	-	23,105
Town of Fountain Hills	-	4,643	4,643
Town of Gilbert	-	52,814	52,814
Town of Youngtown	-	1,143	1,143
Valley Metro Rail, Inc.	3,244	23,576,065	23,579,309
Total Due to Other Governments	<u>\$ 26,349</u>	<u>\$ 28,172,647</u>	<u>\$ 28,198,996</u>

11. Operating Leases

The Authority leases office space and small office equipment under various operating lease agreements. Total lease expenditures were \$1,153,027 for the fiscal year ended June 30, 2015. The future minimum lease payments under noncancelable and final option of the operating lease at June 30, 2015 were as follows:

<u>June 30</u>		
2016	\$	1,165,943
2017		1,176,219
2018		1,187,344
2019		1,194,143
2020		1,205,009
2021-2025		6,182,574
2026		633,849
Total	\$	<u>12,745,081</u>

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

12. Long-Term Liabilities

a. Transportation Excise Tax Revenue Bonds

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

The Authority has pledged future transportation excise tax revenues to repay a total of \$100,075,000 in outstanding transportation revenue bonds. Proceeds of the bonds were used for improvements and expansions to the Authority's bus and light rail projects. The bonds are payable solely from excise tax revenues and are payable through July 1, 2025. For the fiscal year ended June 30, 2015, the revenues available for service of this debt were \$127,317,682 while total debt service requirements were \$4,547,943 interest and \$5,555,000 principal. Interest expense of \$9,811,078 on the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, includes Bank charges of \$6,368 and the annual amortization of premium expense of \$414,496.

In addition, a portion of the bonds are qualified Build America Bonds. As such, \$522,386 is received as a direct subsidy payment from the United States of America for a portion of the interest due on the bonds.

In November 2013, the Board approved the issuance of the Series 2014 transportation revenue bonds which are specifically for the purpose of payment or reimbursement of the costs of light rail capital projects expenditures in the regional transportation plan. The bonds were issued on January 14, 2014 in the amount of \$115,000,000 and sold at a premium of \$20,406,165. The 2014 Series Bonds are payable solely from the revenues received by the Authority from the transportation excise tax revenues collected by the Arizona Department of Revenue. The bonds are payable through July 1, 2025. Annual installments of \$2,453,169 to \$13,992,988 will be made through 2025; coupon interest rates range from 3.00 to 5.25 percent with average True Interest Cost at 2.43 percent. At June 30, 2015, the debt service expense included an accrual for interest costs of \$5,810,138. As of June 30, 2015, 2014 Series Bond expenditures to date for the light rail program totaled \$135,406,165 on an accrual basis.

In addition, on the VMR Central Mesa capital project, financing costs are included in the Project Construction Grant Agreement (PCGA) project budget. Through June 30, 2015, a federal reimbursement of \$1,062,442 has been recorded in the Valley Metro Rail Proprietary fund as a contra interest expense cost (interest subsidy) to the Transit Services Operations bond debt interest expense.

In FY15, a restatement due to change in accounting principle - debt service presentation was made to break out the debt service totals into RPTA and VMR portions. See Note 2 for the restatement of the Enterprise funds beginning net position and the line items that are affected. Previously, all debt service was classified in the Transit Service Operations fund (TSO). The restatement moves the Light Rail debt out of TSO and into the Valley Metro Rail fund. In the TSO fund, only the RPTA portion of the debt remains.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2015

Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2015 were as follows:

2009 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2016	\$ 5,835,000	\$ 4,282,006	\$ 10,117,006	\$ 414,495
2017	6,085,000	4,007,593	10,092,593	414,495
2018	6,380,000	3,705,368	10,085,368	414,495
2019	6,690,000	3,383,243	10,073,243	414,495
2020	7,025,000	3,040,368	10,065,368	414,495
2021-2025	40,605,000	9,104,435	49,709,435	1,243,485
2026	9,260,000	299,098	9,559,098	-
Total	<u>\$ 81,880,000</u>	<u>\$ 27,822,111</u>	<u>\$ 109,702,111</u>	<u>\$ 3,315,960</u>

2014 Revenue Bonds Series:

Year Ending June 30	Principal	Interest	Total Debt Service	Premium Amortization
2016	\$ 8,185,000	\$ 5,687,363	\$ 13,872,363	\$ 1,855,106
2017	8,430,000	5,353,837	13,783,837	1,855,106
2018	8,850,000	4,921,837	13,771,837	1,855,106
2019	9,295,000	4,456,594	13,751,594	1,855,106
2020	9,780,000	3,955,875	13,735,875	9,275,529
2021-2025	57,165,000	11,299,181	68,464,181	1,855,106
2026	13,295,000	348,994	13,643,994	1,855,106
Total	<u>\$ 115,000,000</u>	<u>\$ 36,023,681</u>	<u>\$ 151,023,681</u>	<u>\$ 20,406,165</u>

b. Summary of all Long-Term Liabilities

The net pension liability, compensated absences payable, and revenue bonds liability activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Additions	Reductions	Balance, June 30, 2015	Amount Due Within One Year
Governmental Activities					
Net Pension liability	\$ 9,443,331	\$ 2,321,976	\$ (2,320,216)	\$ 9,445,091	\$ -
Compensated absences payable	682,075	576,443	(532,343)	726,175	519,354
Total Governmental Activities					
Long-term Liabilities	<u>\$ 10,125,406</u>	<u>\$ 2,898,419</u>	<u>\$ (2,852,559)</u>	<u>\$ 10,171,266</u>	<u>\$ 519,354</u>
Business-type Activities					
Net Pension liability	\$ 16,462,917	\$ 4,061,161	\$ (4,058,092)	\$ 16,465,986	\$ -
Compensated absences payable	1,116,368	976,009	(844,272)	1,248,105	737,062
Revenue bonds payable:					
2009 Revenue bonds payable	87,435,000	-	(5,555,000)	81,880,000	5,835,000
2009 Bond premium	3,730,455	-	(414,495)	3,315,960	-
2014 Revenue bonds payable	115,000,000	-	-	115,000,000	8,185,000
2014 Bond premium	20,406,165	-	-	20,406,165	-
Total Business-Type					
Long-term Liabilities	<u>\$ 244,150,905</u>	<u>\$ 5,037,170</u>	<u>\$ (10,871,859)</u>	<u>\$ 238,316,216</u>	<u>\$ 14,757,062</u>

13. Risk Management

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

14. Contractual and Other Commitments

a. Underground Storage Tank Revolving Fund Replenishment

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

b. Commitments

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

As of June 30, 2015:

<u>Contract Type</u>	<u>Commitment</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Bus Operations Contracts	\$ 172,846,413	\$ 116,365,997	\$ 56,480,416
Paratransit & Mobility Center Contracts	62,366,014	33,833,175	28,532,839
Communications & Marketing Contracts	6,407,915	2,202,756	4,205,159
Vanpool Contracts	4,791,656	830,353	3,961,303
	<u>\$ 246,411,998</u>	<u>\$ 153,232,281</u>	<u>\$ 93,179,717</u>

In addition, the outstanding Intergovernmental commitments for FY 2015 were for the following projects: the Desert Sky Park-and-Ride, the East Baseline and 24th Street Park-and-Ride and the Park-and-Ride at Laveen and 59th Avenue. At June 30, 2015,

the Authority had outstanding contractual commitments for these services aggregating approximately \$2.74 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.

15. 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.

16. Lawsuits

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

17. Related Party Transactions

As mentioned in Note 1 (a), all of the five member cities of VMR's Board of Directors are also member cities of the sixteen-member Authority's Board of Directors. The Board members of the cities of Glendale, Phoenix, and Tempe represent their cities on both Boards. VMR contracts with the Authority for certain administrative functions, including personnel, administration, financial and accounting services, purchasing and computer support services. All VMR staff is hired and employed by the Authority but work solely under the direction of the VMR and its Board of Directors, through a contractual agreement with the Authority. For the period ended June 30, 2015, VMR incurred costs of \$16,061,804 for services provided by the Authority. At June 30, 2015, the Authority reported \$77,078,895 receivable from VMR and \$23,579,309 payable to VMR.

18. Pension

Effective FY15, GASB has implemented major Pension reporting standards for governmental entities. See Note 1b for further information on GASB Statements 68 and 71. The Authority contributes to the Arizona State Retirement System (ASRS) plan described below. All VMR staff are employees of Regional Public Transportation Authority (RPTA) who contributes to the ASRS on VMR's behalf. The plan is a component unit of the State of Arizona.

The Authority reported \$668,561 of Retirement pension expenditures in the governmental funds related to the ASRS pension plan to which it contributes.

A. Arizona State Retirement System

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

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

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

* With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 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 11.60 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the members' annual covered payroll.

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2015

In addition, the Authority was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.31 percent for retirement, 0.20 percent for health insurance premium benefit, and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked in positions that would typically be filled by an employee who contributes to ASRS. During FY15, the Authority did not make any alternative contributions.

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

Year ending June 30:	Health Benefit Supplement Fund	Long-Term Disability Fund
2015	\$ 100,081	\$ 20,355
2014	94,528	37,811
2013	95,636	35,312

During the fiscal year 2015, the Authority paid for ASRS pension contributions as follows: 36% from the Governmental activities, 6% from the Transit Service Operations Fund and 58% from the Valley Metro Rail Fund.

Pension Liability. At June 30, 2015, the Authority reported a liability of \$25,911,076 for its proportionate share of the net pension liability of the ASRS. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.175115 percent, which was an increase of 0.009122 percent from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources. For the year ended June 30, 2015, the Authority recognized pension expense for ASRS of \$2,163,847 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,316,877	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	4,531,047
Changes in proportion and differences between contributions and proportionate share of contributions	1,055,151	-
Contributions subsequent to the measurement date	1,847,261	-
Total	<u>\$ 4,219,289</u>	<u>\$ 4,531,047</u>

The deferred outflows of resources related to ASRS pensions resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2016	\$	(101,445)
2017		(101,445)
2018		(823,367)
2019		(1,132,762)

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

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of retrun	8.0%
Projected salary increases	3.0-6.75%
Inflation	3.0%
Permanent base increases	Included
Mortality rates	1994 GAM Scale BB

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	63%	7.03%
Fixed income	25%	3.20%
Real Estate	8%	4.75%
Commodities	4%	4.50%
Total	100%	

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

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

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
The Authority's proportionate share of the net pension liability	32,750,271	25,911,076	22,200,469

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

Beginning Net Position Restatement. The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, represents a change in accounting principle. Net position as of July 1, 2014, has been restated as follows for this change in accounting principle:

	<u>Statement of Activities</u>
Net position, June 30, 2014, as previously reported	\$ 77,449,551
Net pension liability	(27,595,285)
Deferred outflows - contributions during fiscal year 2014	<u>1,689,037</u>
Net position, July 1, 2014, as restated	<u><u>\$ 51,543,303</u></u>

Required Supplementary Information

Valley Metro
Regional Public Transportation Authority
Required Supplementary Information
Cost-Sharing Pension Plan
Fiscal Year Ended June 30, 2015

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

Arizona Retirement System

	Reporting Fiscal Year (Measurement Date)
	<u>2015</u> <u>(2014)</u>
Authority's proportion of the net pension liability	0.175%
Authority's proportionate share of the net pension liability	\$ 25,911,076
Authority's covered-employee payroll	\$ 15,754,697
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.80%
Plan fiduciary net position as a percentage of the total pension liability	69.49%

Schedule of the Authority's Pension Contributions

Arizona Retirement System

	Reporting Fiscal Year	
	<u>2015</u>	<u>(2014)</u>
Statutorily required contribution	\$ 1,847,261	\$ 1,685,753
Authority's contributions in relation to the statutorily required contribution	1,847,261	1,685,753
Authority's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 16,962,914	\$ 15,754,697
Authority's contributions as a percentage of covered-employee payroll	10.89%	10.70%

See accompanying notes to the financial statements.

Other Supplementary Information

Valley Metro
Regional Public Transportation Authority
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
Transit Service Operations Fund
Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Operating Revenues:				
Charges for services	\$ 29,413,976	\$ 29,634,840	\$ 23,864,256	\$ (5,770,584)
Fare revenues	16,971,535	16,971,535	17,180,674	209,139
Federal Operating Grants	8,854,356	9,204,241	9,365,622	161,381
Miscellaneous	-	-	6,242	6,242
Total operating revenues	<u>55,239,867</u>	<u>55,810,616</u>	<u>50,416,794</u>	<u>(5,393,822)</u>
Operating Expenses:				
Local & express bus service	79,679,599	79,679,599	76,949,919	2,729,680
Paratransit service	10,730,017	11,302,366	10,781,223	521,143
Vanpool service	768,568	768,568	702,500	66,068
Safety and security	332,189	332,189	140,429	191,760
Administrative and general	-	-	1,255	(1,255)
Lead agency disbursements	16,432,860	16,432,860	15,494,584 *	938,276
Contingency	1,429,999	1,429,999	-	1,429,999
Capital outlay	2,823,818	8,750	140,639	(131,889)
Total operating expenses	<u>112,197,050</u>	<u>109,954,331</u>	<u>104,210,549</u>	<u>5,743,782</u>
Operating income (loss)	<u>(56,957,183)</u>	<u>(54,143,715)</u>	<u>(53,793,755)</u>	<u>349,960</u>
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(7,408,111)	(465,540)	(839,654)	(374,114)
Federal Transit Administration grants	-	-	-	-
Other federal grants	-	-	(100,000)	(100,000)
IRS fuel tax credit	-	-	2,574,074	2,574,074
Interest income	-	-	1,515	1,515
Capital conveyance	(27,032,160)	(3,988,241)	(663,027)	3,325,214
Interest subsidy	-	-	248,760	248,760
Debt Service	(4,878,101)	(4,878,101)	(4,683,217)	194,884
Total nonoperating revenues (expenses)	<u>(39,318,372)</u>	<u>(9,331,882)</u>	<u>(3,461,549)</u>	<u>5,870,333</u>
Income (loss) before transfers	<u>(96,275,555)</u>	<u>(63,475,597)</u>	<u>(57,255,304)</u>	<u>6,220,293</u>
Capital Contributions	27,433,173	2,660,415	2,222,823	(437,592)
Transfers in	<u>81,637,074</u>	<u>80,239,823</u>	<u>54,363,515</u>	<u>(25,876,308)</u>
Change in net position budgetary basis	<u>\$ 12,794,692</u>	<u>\$ 19,424,641</u>	<u>\$ (668,966)</u>	<u>\$ (20,093,607)</u>
Explanation of differences between budgetary basis and GAAP basis				
Change in net position - budgetary basis			\$ (668,966)	
Capital outlay is an expense for budgetary purposes, but assets are capitalized and are not an expense for GAAP purposes			140,639	
Depreciation is not a budgeted expense, but is an expense for GAAP purposes			(11,771,187)	
Proceeds from disposition of assets increase financial resources for budgetary basis, but is not a revenue for GAAP basis			50,063	
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes			2,778,556	
Pension expense is not recorded for budgetary purposes, but is an expense for GAAP purposes			(108,333)	
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes			115,486	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ (9,463,742)</u>	

*Lead agency disbursements for Paratransit activities are reported as operating expenses in the adopted budget. The actual amount of \$15,494,584 for lead agency disbursements included in the total operating expenses above is presented as a non-operating expense in the Statement of Revenues, Expenses, and Changes in Fund Net Position for GAAP Purposes.

Valley Metro
Regional Public Transportation Authority
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
Valley Metro Rail Fund
Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
Operating Revenues:				
Charges for services	\$ 15,273,647	\$ 15,273,647	\$ 14,949,518	\$ (324,129)
Miscellaneous	-	-	4,602	4,602
Total operating revenues	<u>15,273,647</u>	<u>15,273,647</u>	<u>14,954,120</u>	<u>(319,527)</u>
Operating Expenses:				
Light rail staff and administration	<u>15,273,647</u>	<u>15,273,647</u>	<u>14,940,814</u>	<u>332,833</u>
Total operating expenses	<u>15,273,647</u>	<u>15,273,647</u>	<u>14,940,814</u>	<u>332,833</u>
Operating income (loss)	-	-	13,306	13,306
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(109,706,179)	(109,288,179)	(32,191,758) *	77,096,421
Interest subsidy	-	-	1,336,068	1,336,068
Interest income	-	-	184,544	184,544
Debt service	<u>(19,361,105)</u>	<u>(19,361,105)</u>	<u>(19,147,861)</u>	<u>213,244</u>
Total nonoperating revenues (expenses)	<u>(129,067,284)</u>	<u>(128,649,284)</u>	<u>(49,819,007)</u>	<u>78,830,277</u>
Income (loss) before transfers	(129,067,284)	(128,649,284)	(49,805,701)	78,843,583
Transfers in	<u>53,689,905</u>	<u>53,689,905</u>	<u>55,552,048</u>	<u>1,862,143</u>
Change in net position - budgetary basis	<u>\$ (75,377,379)</u>	<u>\$ (74,959,379)</u>	<u>\$ 5,746,347</u>	<u>\$ 80,705,726</u>
Explanation of differences between budgetary basis and GAAP basis				
Change in net position - budgetary basis			\$ 5,746,347	
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes			11,241,444	
Pension expense is not recorded for budgetary purposes, but is an expense for GAAP purposes			(1,266,750)	
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes			1,063,214	
Changes in net position per the statement of revenues, expenses and changes in fund net position			<u>\$ 16,784,255</u>	

*Under a new funding agreement, bond-funded disbursements are initially recorded as a note receivable from Valley Metro Rail, Inc. and subsequently recorded to expense upon the payment of related bond debt principal. The amount of Note Receivable advance bond proceeds during FY15 was \$69.6 million, which effectively reduced the amount of Lead Agency disbursements recorded in FY15. The aggregate of Lead Agency Disbursements plus Note Receivable Advance Bond Proceeds totaled \$101.8 million for the year compared to \$94.9 million expended in FY14.



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 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 249,177	\$ 1,362,413	\$ 1,467,040	\$ 1,229,916
Restricted	-	-	-	-
Unrestricted	12,224,193	42,677,444	28,106,773	37,265,160
Total governmental activities net position	<u>\$ 12,473,370</u>	<u>\$ 44,039,857</u>	<u>\$ 29,573,813</u>	<u>\$ 38,495,076</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 27,042,048	\$ 47,945,807	\$ 72,537,461	\$ 98,580,060
Restricted	5,301,289	1,778,889	2,332,524	4,062,157
Unrestricted	17,159,298	21,142,003	17,991,644	(9,329,497)
Total business-type activities net position	<u>\$ 49,502,635</u>	<u>\$ 70,866,699</u>	<u>\$ 92,861,629</u>	<u>\$ 93,312,720</u>
Primary government				
Invested in capital assets, net of related debt	\$ 27,291,225	\$ 49,308,220	\$ 74,004,501	\$ 99,809,976
Restricted	5,301,289	1,778,889	2,332,524	4,062,157
Unrestricted	29,383,491	63,819,447	46,098,417	27,935,663
Total primary government net position	<u>\$ 61,976,005</u>	<u>\$ 114,906,556</u>	<u>\$ 122,435,442</u>	<u>\$ 131,807,796</u>

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

<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2)</u>	<u>FY 2014/15</u>
\$ 689,786	\$ 1,346,607	\$ 1,199,127	\$ 1,308,720	\$ 1,970,208	\$ 1,904,664
-	178,382	188,792	2,117,782	2,790,890	3,120,881
45,287,115	51,323,184	46,388,453	46,828,164	48,703,051	49,712,090
<u>\$ 45,976,901</u>	<u>\$ 52,848,173</u>	<u>\$ 47,776,372</u>	<u>\$ 50,254,666</u>	<u>\$ 53,464,149</u>	<u>\$ 54,737,635</u>
\$ 106,601,704	\$ 21,322,728	\$ 6,528,635	\$ 8,437,699	\$ 43,205,572	\$ 34,550,961
-	-	120,650	8,286,530	14,100,480	23,461,097
(36,226,944)	16,410,223	51,160,599	61,617,707	(33,320,650)	(43,169,060)
<u>\$ 70,374,760</u>	<u>\$ 37,732,951</u>	<u>\$ 57,809,884</u>	<u>\$ 78,341,936</u>	<u>\$ 23,985,402</u>	<u>\$ 14,842,998</u>
\$ 107,291,490	\$ 22,669,335	\$ 7,727,762	\$ 9,746,419	\$ 45,175,780	\$ 36,455,625
-	178,382	309,442	10,404,312	16,891,370	26,581,978
9,060,171	67,733,407	97,549,052	108,445,871	15,382,401	6,543,030
<u>\$ 116,351,661</u>	<u>\$ 90,581,124</u>	<u>\$ 105,586,256</u>	<u>\$ 128,596,602</u>	<u>\$ 77,449,551</u>	<u>\$ 69,580,633</u>

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

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
<u>Expenses</u>				
Governmental activities:				
Regional planning:				
Long range	\$ 187,496	\$ 403,337	\$ 316,147	\$ 292,509
Short range	322,430	558,664	735,888	317,886
Capital	197,256	164,722	224,767	154,523
Corridor and Facility Planning	-	-	-	-
Systems and Service Development	-	-	-	-
Program support	534,285	1,298,591	1,113,474	1,183,750
Transportation demand management:				
Trip reduction	865,290	719,854	819,553	897,234
Ridesharing	645,052	594,549	592,460	561,620
Other programs	326,903	385,257	373,833	424,091
Regional customer services:				
Marketing	-	2,578,094	3,110,366	2,810,408
Call center	-	3,087,948	3,599,018	3,807,893
Other programs	-	1,623,744	1,857,934	2,129,063
AZ Lottery Fund Disbursements	-	-	-	-
Administration:	514,158	1,712,451	1,033,066	1,111,340
Executive director's office	207,304	-	-	-
Communications & government relations	549,635	260,965	908,275	799,503
Finance & management services	-	715,001	-	-
Community funded transportation	-	-	-	-
Total governmental activities expenses	<u>4,349,809</u>	<u>14,103,177</u>	<u>14,684,781</u>	<u>14,489,820</u>
Business-type activities:				
Transit service operations	38,578,007	60,090,164	96,796,902	99,625,805
Regional customer services	5,767,760	-	-	-
Light rail transit	16,909,968	63,225,727	65,243,366	70,492,629
Total business-type activities expenses	<u>61,255,735</u>	<u>123,315,891</u>	<u>162,040,268</u>	<u>170,118,434</u>
Total primary government expenses	<u>\$ 65,605,544</u>	<u>\$ 137,419,068</u>	<u>\$ 176,725,049</u>	<u>\$ 184,608,254</u>

- (1) Total business-type activities net position was restated as of 7/1/13 due to a change in accounting principle (GASB 65).
- (2) In FY14, Regional Planning Program activities and titles were changed as part of the budget process to realign the Planning department. Long range, short range and capital activities were replaced by Corridor and Facility Planning and Systems and Service Development.
- (3) Total governmental activities and business-type activities net position was restated as of 7/1/14 due to a change in accounting principle (GASB 68) and in Debt service presentation.

<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13 (1)</u>	<u>FY 2013/14 (2,3)</u>	<u>FY 2014/15</u>
\$ 308,339	\$ 101,121	\$ 161,945	\$ 147,932	\$ -	\$ -
358,149	1,063,291	307,283	298,472	-	-
106,185	113,073	113,311	138,819	-	-
-	-	-	-	231,494	699,024
-	-	-	-	818,072	1,766,588
1,049,353	997,203	704,870	659,732	301,508	256,546
1,052,649	909,742	779,921	776,881	682,022	600,632
504,614	590,062	571,187	666,966	588,880	578,886
250,976	42,633	40,145	143,291	200,556	180,118
2,585,192	2,201,863	2,018,631	2,049,382	1,863,098	2,319,857
3,896,440	3,833,319	3,578,569	3,547,025	3,713,351	3,776,394
2,015,543	1,960,196	2,447,288	2,603,690	2,661,189	2,721,436
-	-	10,345,984	10,200,055	10,795,306	10,534,411
1,128,667	1,284,141	992,735	905,972	995,036	1,094,407
-	-	-	-	-	-
750,461	682,197	827,759	1,082,966	1,174,829	1,411,924
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,006,568</u>	<u>13,778,841</u>	<u>22,889,628</u>	<u>23,221,183</u>	<u>24,025,341</u>	<u>25,940,223</u>
93,074,466	90,336,819	113,091,586	91,327,298	148,884,691	119,341,286
-	-	-	-	-	-
60,704,307	66,140,185	33,665,209	50,687,217	108,938,262	55,242,525
<u>153,778,773</u>	<u>156,477,004</u>	<u>146,756,795</u>	<u>142,014,515</u>	<u>257,822,953</u>	<u>174,583,811</u>
<u>\$ 167,785,341</u>	<u>\$ 170,255,845</u>	<u>\$ 169,646,423</u>	<u>\$ 165,235,698</u>	<u>\$ 281,848,294</u>	<u>\$ 200,524,034</u>

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

	FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09
Program revenues				
Governmental activities:				
Charges for services	\$ 75,295	\$ 25,046	\$ -	\$ -
Operating grants and contributions	2,358,485	2,494,611	2,062,602	2,632,463
Capital grants and contributions	48,382	198,777	-	-
Total governmental activities program revenues	2,482,162	2,718,434	2,062,602	2,632,463
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	18,963,733	20,131,861	19,861,844	19,936,194
Paratransit service	4,075,963	2,118,843	2,043,104	3,029,151
Vanpool service	692,342	685,743	844,115	926,245
Other activities	182,809	36,729	-	-
Regional customer services	3,376,143	-	-	-
Light rail transit	5,209,939	5,565,540	6,421,524	8,614,280
Operating grants and contributions	1,186,038	642,313	1,421,891	2,609,156
Capital grants and contributions	17,286,134	19,041,093	16,237,008	40,555,599
Total business-type activities program revenues	50,973,101	48,222,122	46,829,486	75,670,625
Total primary government program revenues	\$ 53,455,263	\$ 50,940,556	\$ 48,892,088	\$ 78,303,088
Net (Expense)/Revenue				
Governmental activities	\$ (1,867,647)	\$ (11,384,743)	\$ (12,622,179)	\$ (11,857,357)
Business-type activities	(10,282,634)	(75,093,769)	(115,210,782)	(94,447,809)
Total primary government net expense	\$ (12,150,281)	\$ (86,478,512)	\$ (127,832,961)	\$ (106,305,166)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Sales taxes	\$ 55,084,706	\$ 134,235,260	\$ 130,490,779	\$ 113,297,696
Interest earnings	124,312	1,664,357	2,503,935	36,310
Other income	-	-	142,810	75,176
Transfers in (out)	(44,329,950)	(92,948,387)	(134,981,389)	(92,630,562)
Total governmental activities	10,879,068	42,951,230	(1,843,865)	20,778,620
Business-type activities:				
Sales taxes	-	-	-	-
Interest earnings	44,578	945,155	536,116	34,862
Other income	-	2,564,291	1,688,207	2,233,476
Transfers in (out)	44,329,950	92,948,387	134,981,389	92,630,562
Total business-type activities:	44,374,528	96,457,833	137,205,712	94,898,900
Total primary government	\$ 55,253,596	\$ 139,409,063	\$ 135,361,847	\$ 115,677,520
Change in net position:				
Governmental activities	\$ 9,011,421	\$ 31,566,487	\$ (14,466,044)	\$ 8,921,263
Business-type activities	34,091,894	21,364,064	21,994,930	451,091
Total primary government net expense	\$ 43,103,315	\$ 52,930,551	\$ 7,528,886	\$ 9,372,354

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

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

FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13 (1)	FY 2013/14 (2)	FY 2014/15
\$ 150,353	\$ 189,000	\$ 153,445	\$ 176,058	\$ 167,915	\$ 173,842
2,055,931	2,286,930	13,601,884	13,102,554	13,147,266	13,929,373
-	-	-	-	-	-
2,206,284	2,475,930	13,755,329	13,278,612	13,315,181	14,103,215
15,849,887	9,811,268	10,256,090	9,172,758	31,040,857	31,474,293
2,408,268	2,431,467	2,637,827	2,101,275	4,418,487	4,410,179
864,663	318,945	181,929	176,775	410,899	287,365
-	2,611,481	2,781,880	2,121,480	5,421,162	4,873,092
-	-	-	-	-	-
8,130,261	8,201,600	9,701,059	12,293,635	14,034,959	14,949,518
2,607,770	2,144,496	1,337,135	10,716,993	9,867,680	11,989,759
14,996,556	8,289,329	31,347,333	19,661,120	22,996,095	2,222,823
44,857,405	33,808,586	58,243,253	56,244,036	88,190,139	70,207,030
\$ 47,063,689	\$ 36,284,516	\$ 71,998,582	\$ 69,522,648	\$ 101,505,320	\$ 84,310,245
\$ (11,800,284)	\$ (11,302,911)	\$ (9,134,299)	\$ (9,942,571)	\$ (10,710,160)	\$ (11,837,008)
(108,921,368)	(122,668,418)	(88,513,542)	(85,770,478)	(169,632,814)	(104,376,781)
\$ (120,721,652)	\$ (133,971,329)	\$ (97,647,841)	\$ (95,713,049)	\$ (180,342,974)	\$ (116,213,789)
\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618	\$ 132,029,116
231,398	79,874	73,104	114,061	146,051	161,726
73,531	233,357	100,154	126,982	632,661	278,546
(84,745,330)	(89,250,166)	(108,464,090)	(106,156,202)	(113,274,687)	(109,915,563)
19,282,109	18,174,183	4,062,498	12,420,865	13,919,643	22,553,825
-	-	-	-	-	-
587,487	215,800	109,799	137,006	139,093	186,059
650,591	560,643	16,586	9,322	2,498,190	1,595,672
84,745,330	89,250,166	108,464,090	106,156,202	113,274,687	109,915,563
85,983,408	90,026,609	108,590,475	106,302,530	115,911,970	111,697,294
\$ 105,265,517	\$ 108,200,792	\$ 112,652,973	\$ 118,723,395	\$ 129,831,613	\$ 134,251,119
\$ 7,481,825	\$ 6,871,272	\$ (5,071,801)	\$ 2,478,294	\$ 3,209,483	\$ 10,716,817
(22,937,960)	(32,641,809)	20,076,933	20,532,052	(53,720,844)	7,320,513
\$ (15,456,135)	\$ (25,770,537)	\$ 15,005,132	\$ 23,010,346	\$ (50,511,361)	\$ 18,037,330

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

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	649,225	1,002,229	233,480	755,184
Unreserved, undesignated	1,638,892	1,433,788	2,888,105	2,882,500
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Unassigned				
Total general fund	<u>\$ 2,288,117</u>	<u>\$ 2,436,017</u>	<u>\$ 3,121,585</u>	<u>\$ 3,637,684</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, designated, reported in				
special revenue funds	-	-	-	-
Unreserved, undesignated, reported in				
special revenue funds	9,936,076	21,059,001	410,974	-
		19,182,426	25,218,669	34,382,659
Nonspendable:				
Inventories				
Prepaid Items				
Restricted				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 9,936,076</u>	<u>\$ 40,241,427</u>	<u>\$ 25,629,643</u>	<u>\$ 34,382,659</u>

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

FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
837,880	-	-	-	-	-
3,852,887	-	-	-	-	-
	6,797	10,554	8,201	-	86,261
		-	1,886,764	2,527,491	2,820,054
	52,164,648	47,178,722	47,544,772	49,385,126	59,915,538
<u>\$ 4,690,767</u>	<u>\$ 52,171,445</u>	<u>\$ 47,189,276</u>	<u>\$ 49,439,737</u>	<u>\$ 51,912,617</u>	<u>\$ 62,821,853</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
41,434,228	-	-	-	-	-
	3,372	-	-	-	-
	175,010	188,792	231,018	263,399	300,827
		-	-	-	-
		-	-	-	-
<u>\$ 41,434,228</u>	<u>\$ 178,382</u>	<u>\$ 188,792</u>	<u>\$ 231,018</u>	<u>\$ 263,399</u>	<u>\$ 300,827</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 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
<u>Revenues</u>				
Sales taxes	\$ 55,084,706	\$ 134,235,260	\$ 130,490,779	\$ 113,297,696
Intergovernmental:				
AZ Lottery Proceeds	-	-	-	-
State & county grants & pass through grants	400,000	400,000	422,887	455,671
Federal Transit Administration	569,622	993,727	268,661	612,190
CMAQ	1,395,577	1,298,056	1,287,054	1,411,497
Other federal grants	41,668	1,604	84,000	-
Charges for services	75,295	25,046	-	-
Interest earnings	124,312	1,664,357	2,503,935	36,310
Miscellaneous	-	-	144,672	228,281
Total revenues	<u>57,691,180</u>	<u>138,618,050</u>	<u>135,201,988</u>	<u>116,041,645</u>
<u>Expenditures</u>				
Governmental activities:				
Regional planning:				
Long range	187,496	403,337	311,129	292,509
Short range	322,430	558,664	733,017	317,886
Capital	197,256	164,722	222,439	154,523
Corridor and Facility Planning	-	-	-	-
Systems and Service Development	-	-	-	-
Program support	534,285	1,298,591	1,104,198	1,183,750
Transportation demand management:				
Trip reduction	865,290	719,854	816,128	897,234
Ridesharing	645,052	594,549	601,220	561,620
Other programs	326,903	385,257	370,142	424,091
Regional customer services:				
Marketing	-	2,578,094	3,084,872	2,810,408
Call center	-	3,087,948	3,563,629	3,807,893
Other programs	-	1,511,164	1,380,563	1,733,413
Administration:				
Executive director's office	514,158	1,712,451	1,030,804	1,111,340
Communications & government relations	207,304	260,965	-	-
Finance & management services	419,571	580,415	318,945	462,737
Community funded transportation	-	-	-	-
AZ Lottery Fund Expenditures	-	-	-	-
Capital outlay	218,151	765,641	1,078,709	384,564
Total expenditures	<u>4,437,896</u>	<u>14,621,652</u>	<u>14,615,795</u>	<u>14,141,968</u>
Excess of revenues over expenditures	<u>53,253,284</u>	<u>123,996,398</u>	<u>120,586,193</u>	<u>101,899,677</u>
Other financing sources (uses)				
Transfers in	814,701	9,349,388	11,165,777	9,975,889
Transfers out	(45,144,651)	(102,892,535)	(146,147,166)	(102,606,451)
Total other financing sources (uses)	<u>(44,329,950)</u>	<u>(93,543,147)</u>	<u>(134,981,389)</u>	<u>(92,630,562)</u>
Net change in fund balances	<u>\$ 8,923,334</u>	<u>\$ 30,453,251</u>	<u>\$ (14,395,196)</u>	<u>\$ 9,269,115</u>

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

FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14 (1)	FY 2014/15 (1)
\$ 103,722,510	\$ 107,111,118	\$ 112,353,330	\$ 118,336,024	\$ 126,415,618	\$ 132,029,116
-	-	11,665,674	11,224,800	11,262,600	11,444,400
688,659	635,647	400,200	480,217	680,581	851,939
266,015	799,840	589,367	364,784	229,713	718,180
1,101,257	851,443	946,643	1,032,753	974,372	914,854
-	-	-	-	-	-
-	189,000	153,445	176,058	167,915	173,842
231,398	79,874	73,104	114,061	146,051	161,726
223,988	233,357	100,154	126,982	632,661	278,546
<u>106,233,827</u>	<u>109,900,279</u>	<u>126,281,917</u>	<u>131,855,679</u>	<u>140,509,511</u>	<u>146,572,603</u>
308,339	101,121	161,939	147,932	-	-
358,149	1,063,291	307,283	298,472	-	-
106,185	113,073	113,311	138,819	-	-
-	-	-	-	231,494	699,024
-	-	-	-	818,072	1,766,588
1,049,353	997,203	704,870	659,732	301,508	256,546
1,052,649	909,742	779,921	776,881	682,022	600,632
504,614	590,062	571,187	666,966	588,880	578,886
250,976	42,633	40,142	143,291	200,556	180,118
2,585,192	2,201,863	2,018,631	2,049,382	1,863,098	2,319,857
3,896,440	3,833,319	3,578,569	3,547,025	3,713,351	3,776,394
1,662,194	1,815,740	2,447,288	2,603,690	2,661,189	2,475,109
1,128,667	1,284,141	992,744	905,972	975,968	1,094,407
-	-	-	-	-	-
419,178	359,637	453,137	692,811	756,333	987,332
-	-	-	-	-	-
-	-	10,345,984	10,200,055	10,795,306	10,534,411
61,909	1,113,456	274,580	575,762	1,141,786	441,072
<u>13,383,845</u>	<u>14,425,281</u>	<u>22,789,586</u>	<u>23,406,790</u>	<u>24,729,563</u>	<u>25,710,376</u>
<u>92,849,982</u>	<u>95,474,998</u>	<u>103,492,331</u>	<u>108,448,889</u>	<u>115,779,948</u>	<u>120,862,227</u>
9,658,964	1,447,579	9,957,202	1,093,168	1,029,451	1,720,704
(94,404,294)	(90,697,745)	(118,421,292)	(107,249,370)	(114,304,138)	(111,636,267)
<u>(84,745,330)</u>	<u>(89,250,166)</u>	<u>(108,464,090)</u>	<u>(106,156,202)</u>	<u>(113,274,687)</u>	<u>(109,915,563)</u>
<u>\$ 8,104,652</u>	<u>\$ 6,224,832</u>	<u>\$ (4,971,759)</u>	<u>\$ 2,292,687</u>	<u>\$ 2,505,261</u>	<u>\$ 10,946,664</u>

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

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Governmental activities				
Regional area road funds	\$ 3,938,570	\$ 4,047,593	\$ 4,167,168	\$ 4,277,292
Public transportation funds	51,146,136	130,187,667	126,323,611	109,020,404
Total governmental activities sales taxes	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>
Business-type activities				
Regional area road funds	\$ -	\$ -	\$ -	\$ -
Public transportation funds	-	-	-	-
Total business-type activities sales taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government				
Regional area road funds	\$ 3,938,570	\$ 4,047,593	\$ 4,167,168	\$ 4,277,292
Public transportation funds	51,146,136	130,187,667	126,323,611	109,020,404
Total primary government sales taxes	<u>\$ 55,084,706</u>	<u>\$ 134,235,260</u>	<u>\$ 130,490,779</u>	<u>\$ 113,297,696</u>

<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>
\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358	\$ 4,711,434
99,351,318	102,688,559	107,889,134	113,776,294	121,774,260	127,317,682
<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>	<u>\$ 132,029,116</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,371,192	\$ 4,422,559	\$ 4,464,196	\$ 4,559,730	\$ 4,641,358	\$ 4,711,434
99,351,318	102,688,559	107,889,134	113,776,294	121,774,260	127,317,682
<u>\$ 103,722,510</u>	<u>\$ 107,111,118</u>	<u>\$ 112,353,330</u>	<u>\$ 118,336,024</u>	<u>\$ 126,415,618</u>	<u>\$ 132,029,116</u>

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

	<u>FY 2005/06 (2)</u>	<u>FY 2006/07 (2)</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Regional area road funds				
Freeways	\$ 292,487	\$ 213,119	\$ 205,576	\$ 176,235
Regional Public Transportation Authority / Maricopa Association of Governments (1)	7,877	8,095	8,334	8,555
Arterial streets	16,127	41,050	39,832	34,376
Total regional area road fund distributions	<u>316,491</u>	<u>262,264</u>	<u>253,742</u>	<u>219,166</u>
Public transportation funds	51,146	130,188	126,324	109,020
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 367,637</u>	<u>\$ 392,452</u>	<u>\$ 380,066</u>	<u>\$ 328,186</u>

Source: The Maricopa County Transportation Excise Tax Tables for FY 2014 provided by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

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

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

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

<u>FY 2009/10</u>	<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>
\$ 159,604	\$ 165,321	\$ 173,334	\$ 182,806	\$ 196,106	\$ 205,305
8,742	8,845	8,928	9,119	9,283	9,423
<u>31,327</u>	<u>32,379</u>	<u>34,019</u>	<u>35,875</u>	<u>38,397</u>	<u>40,145</u>
199,673	206,545	216,281	227,800	243,786	254,873
99,351	102,689	107,889	113,776	121,774	127,318
<u>\$ 299,024</u>	<u>\$ 309,234</u>	<u>\$ 324,170</u>	<u>\$ 341,576</u>	<u>\$ 365,560</u>	<u>\$ 382,191</u>

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

Fiscal Year	Retail Sales	Contracting	Utilities	Restaurant and Bar	Rental Real Property	Rental Personal Property	Other	Total
2005/06 (1)	182,378	64,822	23,600	30,656	32,949	13,923	19,309	367,637
2006/07 (1)	187,817	73,864	26,697	33,073	36,398	15,053	19,550	392,452
2007/08 (1)	177,845	66,046	28,630	33,021	38,605	15,111	20,808	380,066
2008/09 (1)	153,681	46,865	28,510	30,763	37,757	13,470	17,140	328,186
2009/10 (1)	143,205	28,953	29,385	30,558	35,825	11,983	19,115	299,024
2010/11 (1)	152,003	28,012	29,511	31,729	35,731	11,606	20,643	309,235
2011/12 (1)	162,391	30,513	30,217	34,279	36,415	11,966	18,389	324,170
2012/13 (1)	172,934	32,660	30,976	36,429	38,097	12,130	18,349	341,574
2013/14 (1)	186,406	37,243	31,271	38,532	38,547	12,091	21,470	365,560
2014/15 (1)	201,843	36,624	31,087	41,865	40,162	12,876	3,353	367,810

Source: The Maricopa County Transportation Excise Tax Tables for FY 2014 provided by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

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

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

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

Revenue Category Definitions:

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

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

	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>FY 2009/10</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	49.9300%	47.8600%	46.8000%	46.8300%	46.8300%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Contracting					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	16.5200%	18.8200%	17.4000%	14.2800%	14.2800%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Real Property (including hotels and motels) (1)					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	9.2500%	9.2700%	10.1000%	11.5000%	11.5000%
Transaction Privilege Tax Rate	1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
Transportation Excise Tax Rate	0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
Restaurants and Bars					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	8.5800%	8.4300%	8.7000%	9.3700%	9.3700%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Utilities					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	6.5700%	6.8000%	7.5000%	8.6900%	8.6900%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Rental of Personal Property					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	3.9800%	3.8400%	4.0000%	4.1000%	4.1000%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Communications					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	3.2000%	2.9300%	3.3000%	2.9900%	2.9900%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Amusements					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	1.0500%	1.0600%	1.1000%	1.1900%	1.1900%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Publishing and Printing					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.6100%	0.5300%	0.5000%	0.4900%	0.4900%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Other					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.3100%	0.4600%	0.6000%	0.5600%	0.5600%
Transaction Privilege Tax Rate	5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
Transportation Excise Tax Rate	0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
Mining					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Transaction Privilege Tax Rate	3.1250%	3.1250%	3.1250%	3.1250%	3.1250%
Transportation Excise Tax Rate	0.3125%	0.3125%	0.3125%	0.3125%	0.3125%

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

<u>FY 2010/11</u>	<u>FY 2011/12</u>	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>
49.1600%	50.1000%	50.6300%	50.9900%	52.8100%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
9.0600%	9.4000%	9.5600%	10.1900%	9.5800%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5120%
11.5500%	11.2000%	11.1500%	10.5400%	10.5100%
1.8200%	1.8200%	1.8200%	1.8200%	1.8200%
0.5120%	0.5120%	0.5120%	0.5120%	0.5120%
10.2600%	10.6000%	10.6700%	10.5400%	10.9500%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
9.5400%	9.3000%	9.0700%	8.5500%	8.1300%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
3.7500%	3.7000%	3.5500%	3.3100%	3.3700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
3.2700%	3.1000%	2.9700%	2.6600%	2.1700%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.1800%	1.2000%	1.1400%	1.0900%	1.2200%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
0.5200%	0.4000%	0.4700%	0.3500%	0.3800%
5.0000%	5.0000%	5.0000%	5.0000%	5.0000%
0.5000%	0.5000%	0.5000%	0.5000%	0.5000%
1.7100%	1.0000%	0.7900%	1.7700%	0.8800%
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 Six Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Pledged Revenue</u>	<u>Coverage</u>
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	18.89
2011	2,265,000	5,245,318	7,510,318	102,688,559	13.67
2012	5,085,000	5,154,718	10,239,718	107,889,134	10.54
2013	5,290,000	4,951,318	10,241,318	113,776,294	11.89
2014	5,555,000	7,139,987	12,694,987	121,774,260	9.59
2015	14,020,000	10,219,206	24,239,206	127,317,682	5.25

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

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

Note: On January 14, 2014, the Authority raised \$115,000,000 on bonds issued secured by its portion of the Transportation Excise Tax revenues collected by the Arizona Department of Revenue.

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

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

Fiscal Year Ended June 30	Business-type Activities		
	Transportation Excise Tax Revenue Bonds (includes Premium)	Percentage of Personal Income	Per Capita
2010	\$ 100,075,000	0.07%	\$ 26.35
2011	105,048,942	0.07%	27.52
2012	102,369,446	0.07%	26.35
2013	96,869,951	0.06%	24.63
2014	226,571,621	(1)	57.43
2015	220,602,125	(1)	55.03

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

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

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

Fiscal Year	Principal	Interest	Total Cost	Revenue	Maricopa County Population (1)	Cost Per Capita	Revenue Per Capita
2010	\$ -	\$ 5,259,888	\$ 5,259,888	\$ 99,351,318	4,023,132	\$ 1	\$ 25
2011	2,265,000	5,245,318	7,510,318	102,688,559	3,817,117	2	27
2012	5,085,000	5,154,718	10,239,718	107,889,134	3,884,705	3	28
2013	5,290,000	4,951,318	10,241,318	113,776,294	3,933,712	3	29
2014	5,555,000	7,139,987	12,694,987	121,774,260	3,944,859	3	31
2015	14,020,000	10,219,206	24,239,206	127,317,682	4,008,651	6	32

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

(2) Population and Per Capita estimates were not yet available for the fiscal year 2015.

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

	<u>FY 2004/05</u>	<u>FY 2005/06</u>	<u>FY 2006/07</u>	<u>FY 2007/08</u>	<u>FY 2008/09</u>
Maricopa County	3,638,481	3,792,675	3,907,492	3,987,942	4,115,811
Avondale	60,490	66,110	72,210	75,256	76,648
Buckeye	N/A	N/A	N/A	N/A	50,143
Chandler	221,555	231,785	235,450	241,205	244,376
El Mirage	28,420	29,630	32,605	33,583	33,647
Gilbert	165,325	178,000	185,030	203,656	214,820
Glendale	234,225	236,030	243,540	246,076	248,435
Goodyear (2)	N/A	N/A	49,720	55,954	59,436
Mesa	448,845	452,355	451,360	456,344	459,682
Peoria	132,805	137,285	145,135	151,541	155,557
Phoenix	1,421,450	1,452,825	1,505,265	1,538,568	1,561,485
Queen Creek (2)	N/A	N/A	18,690	21,363	23,329
Scottsdale	221,980	223,835	237,120	240,126	242,337
Surprise (2)	64,210	78,265	98,140	104,895	108,761
Tempe	161,420	160,735	165,890	167,871	172,641
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.

FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
4,023,132	3,817,117	3,884,705	3,933,712	3,944,859
76,900	76,238	76,870	77,511	79,646
52,764	50,876	54,102	56,460	59,470
245,087	236,123	241,214	246,197	254,276
33,610	31,797	32,067	32,472	33,532
217,521	208,453	219,666	227,603	239,277
249,197	226,721	229,008	231,109	237,517
61,916	65,275	69,018	72,275	75,664
461,102	439,041	444,856	450,310	464,704
158,709	154,065	157,653	160,552	166,934
1,575,423	1,445,632	1,464,727	1,485,751	1,537,058
24,926	26,361	27,249	29,510	32,236
243,501	217,385	219,713	222,213	230,512
109,482	117,517	119,530	121,629	126,275
174,833	161,719	164,659	165,158	172,816
6,923	6,573	6,579	6,632	6,929

Valley Metro
Regional Public Transportation Authority
Top Ten Employers for Maricopa County
For the Year 2014 and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	% of Total	Employees	Rank	% of Total
State of Arizona	49,278	1	2.72%	49,147	1	2.85%
Wal-Mart Stores, Inc.	32,169	2	1.77%	19,510	2	1.13%
Banner Health Systems	25,270	3	1.39%	14,447	4	0.84%
City of Phoenix	14,983	4	0.83%	13,617	5	0.79%
Wells Fargo & Company	14,713	5	0.81%	11,000	8	0.64%
Maricopa County	12,698	6	0.70%	15,218	3	0.88%
Arizona State University	12,222	7	0.67%	10,530	9	0.61%
Intel Corp.	11,900	8	0.66%			
JPMorgan Chase & Co.	11,042	9	0.61%			
Bank of America	11,000	10	0.61%			
Honeywell International Inc.				12,000	6	0.70%
U.S. Postal Services				11,406	7	0.66%
Basha's Family of Stores				9,646	10	0.56%
Total for Principal Employers	<u>195,275</u>		<u>10.77%</u>	<u>166,521</u>		<u>9.71%</u>
Total Employment in Maricopa Cty	1,813,869			1,723,600		

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

Note: The information for FY 2015 was not available at the time the CAFR was drafted.

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

	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>	<u>FY 2009/2010</u>	<u>FY 2010/2011 (3)</u>
Avondale						
Local transportation assistance funds received	299,299	317,127	331,478	318,231	185,086	-
Minimum local expenditures required	99,667	105,603	110,382	105,971	61,634	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Buckeye (1)						
Local transportation assistance funds received	N/A	N/A	N/A	171,121	121,083	-
Minimum local expenditures required	N/A	N/A	N/A	128,341	90,812	-
Percentage required	N/A	N/A	N/A	75.0%	75.0%	0.0%
Chandler						
Local transportation assistance funds received	1,096,287	1,111,863	1,080,826	1,019,970	590,108	-
Minimum local expenditures required	365,064	370,250	359,915	339,650	196,506	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
El Mirage						
Local transportation assistance funds received	140,622	142,134	149,672	142,011	81,249	-
Minimum local expenditures required	105,467	106,600	112,254	106,508	60,937	-
Percentage required	75.0%	75.0%	75.0%	75.0%	75.0%	0.0%
Gilbert						
Local transportation assistance funds received	818,025	853,858	849,374	861,189	518,737	-
Minimum local expenditures required	272,402	284,335	282,842	286,776	172,739	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Glendale						
Local transportation assistance funds received	1,158,998	1,132,226	1,117,962	1,040,568	599,909	-
Minimum local expenditures required	385,946	377,031	372,281	346,509	199,770	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Goodyear (1)						
Local transportation assistance funds received	NA	197,755	228,238	236,610	143,523	-
Minimum local expenditures required	NA	148,316	171,179	177,458	107,642	-
Percentage required	NA	75.0%	75.0%	75.0%	75.0%	0.0%
Maricopa County (1)						
Local transportation assistance funds received	NA	NA	NA	NA	NA	NA
Minimum local expenditures required	NA	NA	NA	NA	NA	NA
Percentage required	NA	NA	NA	NA	NA	NA
Mesa						
Local transportation assistance funds received	2,220,987	2,169,928	2,071,953	1,929,717	1,110,018	-
Minimum local expenditures required	2,220,987	2,169,928	2,071,953	1,929,717	1,110,018	-
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Peoria						
Local transportation assistance funds received	657,162	658,598	666,237	640,826	375,639	-
Minimum local expenditures required	218,835	219,313	221,857	213,395	125,088	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Phoenix						
Local transportation assistance funds received	7,033,839	6,969,140	6,909,870	6,506,059	3,770,600	-
Minimum local expenditures required	7,033,839	6,969,140	6,909,870	6,506,059	3,770,600	-
Percentage required	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Queen Creek (1)						
Local transportation assistance funds received	NA	76,224	85,796	91,884	57,536	-
Minimum local expenditures required	NA	57,168	64,347	68,913	43,152	-
Percentage required	NA	75.0%	75.0%	75.0%	75.0%	0.0%
Scottsdale						
Local transportation assistance funds received	1,098,399	1,073,727	1,088,492	1,015,408	585,184	-
Minimum local expenditures required	365,767	357,551	362,468	338,131	194,866	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Surprise (1) (2)						
Local transportation assistance funds received	317,703	375,434	450,508	443,564	262,631	-
Minimum local expenditures required	105,795	125,019	150,019	147,707	87,456	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Tempe						
Local transportation assistance funds received	798,826	771,039	761,513	709,867	416,885	-
Minimum local expenditures required	266,009	256,756	253,584	236,386	138,823	-
Percentage required	33.3%	33.3%	33.3%	33.3%	33.3%	0.0%
Tolleson						
Local transportation assistance funds received	N/A	N/A	N/A	N/A	16,500	-
Minimum local expenditures required	N/A	N/A	N/A	N/A	12,375	-
Percentage required	N/A	N/A	N/A	N/A	75.0%	0.0%
Wickenburg (1)						
Local transportation assistance funds received	N/A	N/A	N/A	N/A	N/A	N/A
Minimum local expenditures required	N/A	N/A	N/A	N/A	N/A	N/A
Percentage required	N/A	N/A	N/A	N/A	N/A	N/A

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

- (1) Data for fiscal years prior to membership of the Authority was not available.
- (2) Percentages of proceeds designated for expenditures have been revised according to the reported population starting FY 2005.

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

<u>FY 2011/2012 (4)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014</u>	<u>FY 2014/2015</u>
223,694	224,189	224,944	228,575
149,278	149,608	150,112	152,535
692,821	694,355	696,693	707,939
93,297	93,504	93,819	95,333
611,633	612,987	615,051	624,979
665,234	666,707	668,952	679,750
191,527	191,951	192,597	195,706
834,483	284,404	839,148	852,695
1,288,213	1,291,065	1,295,413	1,316,324
452,030	453,030	454,556	461,893
4,241,702	4,251,096	4,265,412	4,334,263
76,030	-	76,455	77,689
637,841	639,253	641,406	651,759
344,813	345,576	346,740	352,337
474,508	475,559	477,160	484,863
19,204	19,247	19,311	19,623
N/A	6,363	18,774	19,077

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

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

Fiscal Year	Population (1,6)	Income (1,6) (in thousands)	Per Capita Income (1,6)	Median Age (3)	School Enrollment (4)	Unemployment Rate (2,6)
2005	3,638,481	120,716,738	33,178	33.0	652,333	4.1%
2006	3,792,675	134,339,487	35,421	33.0	689,411	3.6%
2007	3,907,492	139,665,253	35,743	33.4	707,771	2.9%
2008	3,987,942	145,880,680	36,580	33.7	732,146	4.3%
2009	4,115,811	146,898,132	35,691	33.3	683,966	8.0%
2010	4,023,132	140,351,646	34,886	34.1	684,510	9.6%
2011	3,817,117	147,724,392	38,701	34.4	684,028	8.9%
2012	3,884,705	156,763,179	40,354	34.6	693,276	7.5%
2013	3,933,712	160,497,824	40,801	35.0	713,323	7.1%
2014	3,944,859	(5)	(5)	35.3	723,452	6.4%

(1) Source: Workforce Informer Arizona at www.workforce.az.gov for Maricopa County

(2) Source: U.S. Department of Commerce Bureau of Economic Analysis

(3) Source: U.S. Census Bureau, by calendar year. Data was adjusted for fiscal years 2009 through 2013 for Median age to be consistent with U.S. Census Bureau.

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

(5) Income and Per Capita estimates were not yet available for the fiscal year 2014.

(6) Data was adjusted for fiscal years 2005 through 2013 for Population and Income to be consistent with Workforce Informer Arizona for Maricopa County. Data was adjusted for fiscal years 2005 through 2013 for Unemployment Rate to be consistent with U.S. Department of Commerce Bureau of Economic Analysis.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function/Program										
Governmental activities:										
Regional planning	7.9	7.9	8.1	8.0	8.1	7.7	7.9	7.1	8.1	8.9
Transportation demand management	10.3	9.0	10.5	10.0	10.0	9.0	8.5	7.3	7.3	7.2
Regional customer services	4.2	71.5	74.6	78.2	78.3	72.9	73.3	78.2	68.2	66.8
Administration	14.8	20.1	22.2	22.2	22.2	20.4	19.5	15.5	31.6	32.4
Total governmental activities FTE	<u>37.2</u>	<u>108.5</u>	<u>115.4</u>	<u>118.4</u>	<u>118.6</u>	<u>110.0</u>	<u>109.2</u>	<u>108.1</u>	<u>115.2</u>	<u>115.3</u>
Business-type activities:										
Transit service operations	4.9	10.5	8.6	8.5	8.4	10.1	10.4	11.9	11.8	15.8
Light rail transit (1)	47.0	51.0	58.0	92.0	96.0	84.0	88.5	153.0	161.0	165.2
Total business-type activities FTE	<u>51.9</u>	<u>61.5</u>	<u>66.6</u>	<u>100.5</u>	<u>104.4</u>	<u>94.1</u>	<u>98.9</u>	<u>164.9</u>	<u>172.8</u>	<u>181.0</u>
Total primary government FTE	<u>89.1</u>	<u>170.0</u>	<u>182.0</u>	<u>218.9</u>	<u>223.0</u>	<u>204.1</u>	<u>208.1</u>	<u>273.0</u>	<u>288.0</u>	<u>296.3</u>

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 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>
Fixed Route System (1)					
City of Phoenix Transit System					
Total boardings	42,909,890	44,182,683	44,101,320	42,670,621	44,642,019
Revenue miles	17,420,722	17,166,702	18,412,020	18,826,324	18,238,826
Revenue hours	1,146,819	1,166,967	1,166,986	998,142	1,172,816
Operating cost	\$ 89,543,836	\$ 93,058,555	\$ 108,350,712	\$ 117,350,016	\$ 109,867,153
Operating cost per boarding	\$ 2.09	\$ 2.11	\$ 2.46	\$ 2.75	\$ 2.46
Farebox recovery ratio	27.0%	26.6%	27.0%	27.5%	32.1%
Regional Public Transportation Authority (2)					
Total boardings	6,203,696	6,484,886	6,772,065	7,908,819	8,390,453
Revenue miles	4,379,307	4,956,352	5,521,319	6,218,876	6,548,640
Revenue hours	276,517	389,349	381,620	377,267	372,580
Operating cost	\$ 16,445,778	\$ 19,613,325	\$ 22,493,215	\$ 30,076,788	\$ 34,853,186
Operating cost per boarding	\$ 2.65	\$ 3.02	\$ 3.32	\$ 3.80	\$ 4.15
Farebox recovery ratio	23.1%	20.7%	20.2%	18.1%	15.5%
City of Tempe					
Total boardings	4,805,598	5,063,284	6,808,547	4,896,103	5,846,385
Revenue miles	3,797,053	3,868,790	4,497,200	4,372,291	4,752,561
Revenue hours	311,852	297,027	364,249	326,640	371,445
Operating cost	\$ 15,738,112	\$ 16,738,459	\$ 19,496,217	\$ 19,947,661	\$ 27,191,179
Operating cost per boarding	\$ 3.27	\$ 3.31	\$ 2.86	\$ 4.07	\$ 4.65
Farebox recovery ratio	17.3%	17.9%	16.2%	16.6%	11.8%
City of Glendale - Luke Link					
Total boardings	93,024	101,444	227,702	NA	NA
Revenue miles	139,789	142,109	252,413	NA	NA
Revenue hours	7,962	8,121	19,455	NA	NA
Operating cost	\$ 218,243	\$ 232,802	\$ 435,099	NA	NA
Operating cost per boarding	\$ 2.35	\$ 2.29	\$ 1.91	NA	NA
Farebox recovery ratio	26.8%	27.5%	22.7%	NA	NA
Total fixed route system					
Total boardings	54,012,208	55,832,297	57,909,634	55,475,543	58,878,857
Revenue miles	25,736,871	26,133,953	28,682,952	29,417,491	29,540,027
Revenue hours	1,743,150	1,861,464	1,932,310	1,702,049	1,916,841
Operating cost	\$ 121,945,969	\$ 129,643,141	\$ 150,775,243	\$ 167,374,465	\$ 171,911,518
Operating cost per boarding	\$ 2.26	\$ 2.32	\$ 2.60	\$ 3.02	\$ 2.92
Farebox recovery ratio	25.2%	24.6%	22.5%	24.5%	25.5%

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

- (1) Fixed route systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.
- (2) The Regional Public Transportation Authority statistics include the City of Mesa fixed route system and the City of Scottsdale fixed route system that were separately managed through fiscal year 2004 and fiscal year 2001, respectively.
- (3) Shuttle/Circulator System statistics were included in the Fixed Route System statistics through fiscal year 2000. See Operating Indicators by Program - Shuttle / Circulator System.
- (4) NA - City of Glendale did not run a fixed route.
- (5) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.
- (6) Commencing FY14, Fixed Route Transit services operated by City of Tempe were united with fixed route services operated by RPTA.

NR Not reported

Note: Information for fiscal year 2015 was not available at the time the CAFR was drafted.

<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (5)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014 (6)</u>
35,806,019	37,437,652	37,122,975	37,713,203	36,218,582
17,692,736	16,915,379	16,013,826	15,306,424	15,807,220
1,196,437	1,125,763	1,225,077	1,110,556	1,288,260
\$ 113,744,493	\$ 130,360,068	\$ 138,046,662	\$ 137,800,189	\$ 137,009,877
\$ 3.18	\$ 3.48	\$ 3.72	\$ 3.65	\$ 3.78
30.9%	25.7%	25.1%	24.4%	24.8%
7,277,608	8,054,520	8,803,900	9,326,130	14,660,186
6,392,468	5,902,973	5,738,650	5,954,546	9,831,917
438,051	355,964	433,301	439,516	719,979
\$ 33,248,059	\$ 34,380,383	\$ 40,845,490	\$ 43,378,047	\$ 63,991,098
\$ 4.57	\$ 4.27	\$ 4.64	\$ 4.65	\$ 4.36
20.4%	20.9%	19.4%	22.2%	22.6%
5,217,425	8,313,058	5,435,181	5,814,968	NA
4,889,470	5,678,666	3,803,757	3,753,634	NA
370,738	498,944	285,591	233,981	NA
\$ 28,676,837	\$ 24,851,193	\$ 24,989,805	\$ 25,892,432	NA
\$ 5.50	\$ 2.99	\$ 4.60	\$ 4.45	NA
17.2%	19.3%	20.0%	22.6%	NA
116,952	110,913	NA	NA	NA
101,154	99,773	NA	NA	NA
37,006	8,713	NA	NA	NA
\$ 820,392	\$ 786,101	NA	NA	NA
\$ 7.01	\$ 7.09	NA	NA	NA
3.1%	3.1%	NA	NA	NA
48,418,004	53,916,143	51,362,056	52,854,301	50,878,768
29,075,828	28,596,791	25,556,233	25,014,604	25,639,137
2,042,232	1,989,384	1,943,969	1,784,053	2,008,239
\$ 176,489,781	\$ 190,377,745	\$ 203,881,957	\$ 207,070,668	\$ 201,000,975
\$ 3.65	\$ 3.53	\$ 3.97	\$ 3.92	\$ 3.95
26.6%	23.9%	23.3%	23.8%	24.1%

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

	FY 2004/2005	FY 2005/2006	FY 2006/2007	FY 2007/2008	FY 2008/2009
Dial-a-Ride System (1)					
Phoenix Dial-a-Ride					
Total boardings	393,053	415,733	410,838	391,420	396,474
Revenue miles	4,084,991	4,276,365	NA	4,806,031	4,064,584
Revenue hours	274,099	285,137	287,882	292,601	295,057
Operating cost	\$ 12,375,324	\$ 12,452,214	\$ 13,655,624	\$ 14,759,075	\$ 14,991,465
Operating cost per boarding	\$ 31.49	\$ 29.95	\$ 33.24	\$ 37.71	\$ 37.81
Farebox recovery ratio	4.0%	5.0%	4.7%	4.1%	4.2%
Phoenix Reserve-a-Ride					
Total boardings	152,631	NR	NR	NR	NR
Revenue miles	518,616	NR	NR	NR	NR
Revenue hours	47,282	NR	NR	NR	NR
Operating cost	\$ 2,853,105	NR	NR	NR	NR
Operating cost per boarding	\$ 18.69	NR	NR	NR	NR
Farebox recovery ratio	2.7%	NR	NR	NR	NR
Phoenix Taxi					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
East Valley Dial-a-Ride					
Total boardings	223,130	220,153	226,050	240,424	262,364
Revenue miles	1,622,795	1,796,728	NA	NA	2,090,445
Revenue hours	118,032	121,607	126,131	131,842	137,604
Operating cost	\$ 5,338,924	\$ 6,596,249	\$ 7,685,324	\$ 8,461,088	\$ 9,760,107
Operating cost per boarding	\$ 23.93	\$ 29.96	\$ 34.00	\$ 35.19	\$ 37.20
Farebox recovery ratio	6.6%	5.2%	5.0%	4.6%	4.1%
Maricopa County STS					
Total boardings	105,342	100,243	91,082	87,134	35,488
Revenue miles	523,119	913,009	NA	NA	362,525
Revenue hours	41,189	56,585	49,524	47,511	24,641
Operating cost	\$ 3,249,859	\$ 3,312,076	\$ 3,368,464	\$ 3,350,837	\$ 256,574
Operating cost per boarding	\$ 30.85	\$ 33.04	\$ 36.98	\$ 38.46	\$ 7.23
Farebox recovery ratio	0.4%	0.3%	0.0%	0.0%	0.0%
Sun Cities Area Transit					
Total boardings	58,069	57,091	45,612	34,924	27,652
Revenue miles	254,897	230,472	NA	NA	109,741
Revenue hours	22,648	21,802	16,526	12,974	13,081
Operating cost	\$ 714,915	\$ 689,473	\$ 697,877	\$ 560,024	\$ 610,581
Operating cost per boarding	\$ 12.31	\$ 12.08	\$ 15.30	\$ 16.04	\$ 22.08
Farebox recovery ratio	21.3%	23.5%	18.0%	22.0%	17.4%
Valley Metro Northwest Dial-a-Ride (2)					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					

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

- (1) Dial-a-ride systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.
- (2) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

NR Not reported

Note: Information for fiscal year 2015 was not available at the time the CAFR was drafted.

FY 2009/2010	FY 2010/2011	FY 2011/2012 (2)	FY 2012/2013	FY 2013/2014
353,674	328,502	337,182	336,318	328,170
3,675,478	3,464,880	3,485,711	3,467,247	3,710,650
283,686	257,874	308,915	255,835	263,459
\$ 14,749,818	\$ 15,519,920	\$ 16,848,817	\$ 17,299,362	\$ 17,330,044
\$ 41.70	\$ 47.24	\$ 49.97	\$ 51.44	\$ 52.81
7.3%	6.3%	5.8%	5.3%	5.7%
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
			18,821	37,892
			101,096	125,513
			NR	NR
			\$ 844,264	\$ 852,299
			\$ 44.86	\$ 22.49
			17.9%	20.4%
248,462	234,095	215,536	279,597	316,618
2,123,274	2,191,197	1,299,371	2,141,137	2,530,142
129,168	128,335	117,381	79,573	89,164
\$ 9,322,558	\$ 9,096,936	\$ 12,339,120	\$ 10,973,348	\$ 11,035,889
\$ 37.52	\$ 38.86	\$ 57.25	\$ 39.25	\$ 34.86
4.9%	7.8%	4.5%	7.1%	9.3%
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
NR	NR	NR	NR	NR
30,509	14,715	NR	NR	NR
120,305	53,614	NR	NR	NR
30,509	5,367	NR	NR	NR
\$ 558,965	\$ 228,146	NR	NR	NR
\$ 18.32	\$ 15.50	NR	NR	NR
18.6%	24.9%	NR	NR	NR
		33,058	59,260	81,761
		263,092	451,977	589,846
		8,841	12,373	17,979
		\$ 792,405	\$ 1,817,524	\$ 2,353,161
		\$ 23.97	\$ 30.67	\$ 28.78
		6.2%	4.1%	4.30%

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

	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>
Dial-a-Ride System (1)					
Valley Metro Ridechoice					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
Scottsdale Taxi					
Total boardings					
Revenue miles					
Revenue hours					
Operating cost					
Operating cost per boarding					
Farebox recovery ratio					
Glendale Dial-a-Ride					
Total boardings	87,831	89,055	84,132	88,638	92,381
Revenue miles	386,587	390,561	NA	NA	408,986
Revenue hours	29,554	29,594	29,448	30,642	30,594
Operating cost	\$ 2,247,156	\$ 2,387,554	\$ 2,446,602	\$ 2,878,740	\$ 2,431,098
Operating cost per boarding	\$ 25.58	\$ 26.81	\$ 29.08	\$ 32.48	\$ 26.32
Farebox recovery ratio	5.0%	4.6%	3.3%	3.8%	4.4%
Peoria Dial-a-Ride					
Total boardings	33,805	42,560	45,790	40,122	38,978
Revenue miles	153,805	159,903	NA	NA	212,812
Revenue hours	8,258	9,975	12,663	14,875	14,567
Operating cost	\$ 827,786	\$ 927,312	\$ 1,045,445	\$ 1,239,982	\$ 1,239,982
Operating cost per boarding	\$ 24.49	\$ 21.79	\$ 22.83	\$ 30.91	\$ 31.81
Farebox recovery ratio	4.0%	5.1%	4.5%	3.2%	3.1%
El Mirage Dial-a-Ride					
Total boardings	1,558	1,466	1,947	1,131	1,459
Revenue miles	10,017	12,284	NA	NA	NA
Revenue hours	NR	1,613	1,820	1,764	1,680
Operating cost	\$ 70,459	\$ 74,023	\$ 99,256	\$ 97,262	\$ 102,139
Operating cost per boarding	\$ 45.22	\$ 50.49	\$ 50.98	\$ 86.00	\$ 70.01
Farebox recovery ratio	1.7%	2.0%	3.7%	2.3%	2.9%
Surprise Dial-a-Ride					
Total boardings	8,181	12,578	17,339	20,075	19,336
Revenue miles	68,291	86,045	NA	NA	79,989
Revenue hours	5,016	6,554	8,037	8,698	7,918
Operating cost	\$ 283,624	\$ 367,093	\$ 506,921	\$ 589,469	\$ 644,740
Operating cost per boarding	\$ 34.67	\$ 29.19	\$ 29.24	\$ 29.36	\$ 33.34
Farebox recovery ratio	3.5%	3.5%	3.6%	3.7%	3.0%
Total Dial-a-Ride System					
Total boardings	1,063,600	938,879	920,843	902,737	872,673
Revenue miles	7,623,118	7,865,367	NA	4,806,031	7,329,082
Revenue hours	546,078	532,867	532,031	540,907	525,142
Operating cost	\$ 27,961,152	\$ 26,805,994	\$ 29,505,513	\$ 31,936,477	\$ 30,036,686
Operating cost per boarding	\$ 26.29	\$ 28.55	\$ 32.04	\$ 35.38	\$ 34.42
Farebox recovery ratio	4.5%	4.9%	4.4%	4.1%	4.3%

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

- (1) Dial-a-ride systems are comprised of various operators and contractors of service in Maricopa County; as the regional authority, the Regional Public Transportation Authority in its role compiles and reports on system efficiency and effectiveness performance indicators.
- (2) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.

NR Not reported

Note: Information for fiscal year 2015 was not available at the time the CAFR was drafted.

<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (2)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014</u>
		65,168	144,299	48,834
		NR	NR	NR
		NR	NR	NR
		\$ 1,521,274	\$ 2,374,019	\$ 1,148,091
		\$ 23.34	\$ 16.45	\$ 23.51
		8.4%	5.1%	15.3%
		53,476	54,538	63,113
		NR	NR	NR
		NR	NR	NR
		\$ 431,037	\$ 460,760	\$ 568,054
		\$ 8.06	\$ 8.45	\$ 9.00
		20.0%	0.0%	0.0%
89,808	97,741	96,683	93,305	85,649
411,136	406,413	404,838	388,368	389,372
29,927	30,347	29,957	28,975	35,216
\$ 2,430,543	\$ 2,604,743	\$ 2,620,334	\$ 2,622,120	\$ 2,427,706
\$ 27.06	\$ 26.65	\$ 27.10	\$ 28.10	\$ 28.34
4.3%	4.0%	4.0%	1.7%	3.1%
32,921	29,317	30,943	24,201	25,281
158,846	122,789	141,596	98,999	101,211
13,218	8,156	7,652	6,935	7,912
\$ 1,109,380	\$ 1,006,618	\$ 903,468	\$ 955,554	\$ 1,104,216
\$ 33.70	\$ 34.34	\$ 29.20	\$ 39.48	\$ 43.68
2.9%	3.1%	3.0%	2.7%	2.6%
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
22,151	23,942	24,301	5,926	NR
83,761	81,859	84,636	17,880	NR
8,561	8,601	8,955	1,976	NR
\$ 591,150	\$ 617,751	\$ 661,287	\$ 127,252	NR
\$ 26.69	\$ 25.80	\$ 27.21	\$ 24.03	NR
3.8%	4.1%	3.7%	3.8%	NR
777,525	728,312	856,347	997,444	987,318
6,572,800	6,320,752	5,679,244	6,565,608	7,446,734
495,069	438,680	481,701	385,667	413,730
\$ 28,762,414	\$ 29,074,114	\$ 36,117,742	\$ 36,629,939	\$ 36,819,460
\$ 36.99	\$ 39.92	\$ 42.18	\$ 36.72	\$ 37.29
6.2%	6.8%	5.4%	5.9%	7.0%

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

	<u>FY 2004/2005</u>	<u>FY 2005/2006</u>	<u>FY 2006/2007</u>	<u>FY 2007/2008</u>	<u>FY 2008/2009</u>
Shuttle/Circulator System					
City of Phoenix (1)					
Total boardings	794,945	766,676	735,941	1,799,974	2,599,292
Revenue miles	601,547	580,884	580,080	1,614,317	1,960,474
Revenue hours	38,156	36,923	36,710	79,529	118,173
Operating cost	\$ 2,386,820	\$ 1,812,780	\$ 1,889,393	\$ 7,173,722	\$ 9,626,975
Operating cost per boarding	\$ 3.00	\$ 2.36	\$ 2.57	\$ 3.99	\$ 3.70
Farebox recovery ratio	0.0%	0.0%	0.0%	0.1%	0.0%
City of Tempe (2)					
Total boardings	1,999,795	2,034,656	1,616,729	2,456,646	3,307,223
Revenue miles	475,609	479,595	482,538	1,613,904	2,105,878
Revenue hours	39,831	48,794	52,379	150,171	206,964
Operating cost	\$ 1,835,387	\$ 1,954,659	\$ 2,091,895	\$ 6,833,012	\$ 11,414,395
Operating cost per boarding	\$ 0.92	\$ 0.96	\$ 1.29	\$ 2.78	\$ 3.45
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Scottsdale (3) (4)					
Total boardings	92,139	125,435	274,961	384,000	572,925
Revenue miles	57,696	80,489	219,861	-	439,307
Revenue hours	8,167	14,025	33,828	48,240	48,648
Operating cost	\$ 547,764	\$ 953,477	\$ 1,887,546	\$ 2,400,000	\$ 2,627,403
Operating cost per boarding	\$ 5.94	\$ 7.60	\$ 6.86	\$ 6.25	\$ 4.59
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Glendale (5)					
Total boardings	82,569	96,258	97,681	110,941	113,382
Revenue miles	100,295	96,838	NR	110,005	98,760
Revenue hours	8,301	7,969	NR	8,858	8,735
Operating cost	\$ 144,934	\$ 158,442	NR	\$ 176,574	\$ 668,581
Operating cost per boarding	\$ 1.76	\$ 1.65	NR	\$ 1.59	\$ 5.90
Farebox recovery ratio	11.0%	10.3%	NR	16.3%	3.6%
Regional Public Transportation Authority (6)					
Total boardings	N/A	N/A	N/A	N/A	80,133
Revenue miles	N/A	N/A	N/A	N/A	60,795
Revenue hours	N/A	N/A	N/A	N/A	5,755
Operating cost	N/A	N/A	N/A	N/A	\$ 319,570
Operating cost per boarding	N/A	N/A	N/A	N/A	\$ 3.99
Farebox recovery ratio	N/A	N/A	N/A	N/A	0.0%
Total Shuttle/Circulator System					
Total boardings	2,969,448	3,023,025	2,725,312	4,751,561	6,672,955
Revenue miles	1,235,147	1,237,806	1,282,479	3,338,226	4,665,214
Revenue hours	94,455	107,711	122,917	286,798	388,275
Operating cost	\$ 4,914,905	\$ 4,879,358	\$ 5,868,834	\$ 16,583,308	\$ 23,988,343
Operating cost per boarding	\$ 1.66	\$ 1.61	\$ 2.15	\$ 3.49	\$ 3.59
Farebox recovery ratio	N/A	N/A	N/A	0.2%	0.1%

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

- (1) City of Phoenix - Alex, Dash, Mary & Smart; prior to FY 2008 included only Dash and Alex.
- (2) City of Tempe - FLASH, Orbit-Earth, Jupiter, Mars, Mercury & Venus; prior to FY 2008 included only FLASH, Neighborhood FLASH.
- (3) City of Scottsdale - Neighborhood Trolley, Miller Road Trolley, and Downtown Trolley; prior to FY 2008 included only Roundup.
- (4) City of Scottsdale did not track revenue miles for FY 2008.
- (5) City of Glendale - GUS
- (6) RPTA- Mesa BUZZ
- (7) In FY12, operating costs were reported under a new accounting standard to be consistent with the National Transit Database-NTD. The NTD reporting standard includes additional costs such as regional customer services and planning.
- (8) Commencing in FY14 Circulator transit services operated by City of Tempe were unified with RPTA circulator transit services.

Note: Information for FY 2015 was not available at the time the CAFR was drafted.

<u>FY 2009/2010</u>	<u>FY 2010/2011</u>	<u>FY 2011/2012 (7)</u>	<u>FY 2012/2013</u>	<u>FY 2013/2014 (8)</u>
2,643,678	1,410,810	1,325,435	1,876,635	2,679,891
1,609,412	624,617	518,763	671,245	786,672
99,367	37,488	39,210	48,686	71,356
\$ 7,306,773	\$ 4,062,374	\$ 3,849,920	\$ 5,337,126	\$ 6,228,762
\$ 2.76	\$ 2.88	\$ 2.90	\$ 2.84	\$ 2.32
0.0%	0.0%	0.0%	0.0%	0.0%
3,660,543	3,143,824	3,490,934	3,081,111	NR
1,819,126	1,489,463	1,506,444	1,449,887	NR
194,057	169,543	168,166	145,472	NR
\$ 10,070,159	\$ 9,191,363	\$ 9,404,570	\$ 10,001,270	NR
\$ 2.75	\$ 2.92	\$ 2.69	\$ 3.25	NR
0.0%	0.0%	0.0%	0.0%	NR
652,230	897,858	969,718	897,167	955,627
358,482	619,658	480,480	552,033	629,453
37,006	N/A	60,857	171,339	57,547
N/A	\$ 2,570,545	\$ 2,645,244	\$ 2,581,006	\$ 2,687,328
N/A	\$ 2.86	\$ 2.73	\$ 2.88	\$ 2.81
N/A	N/A	0.0%	0.0%	0.00%
116,952	110,915	120,642	120,885	119,248
104,154	99,773	98,668	95,244	93,981
12,412	8,713	8,713	8,498	8,562
\$ 820,392	\$ 786,101	\$ 812,589	\$ 812,589	\$ 802,959
\$ 7.01	\$ 7.09	\$ 6.74	\$ 6.72	\$ 6.73
3.1%	3.1%	3.3%	3.3%	3.30%
200,504	211,887	204,176	293,613	3,172,246
105,935	104,540	279,762	369,149	1,814,134
8,726	8,044	22,045	28,723	180,374
\$ 547,823	\$ 618,061	\$ 1,533,426	\$ 1,920,057	\$ 10,913,672
\$ 2.73	\$ 2.92	\$ 7.51	\$ 6.54	\$ 3.44
0.0%	0.0%	2.9%	4.2%	0.7%
7,273,907	5,775,294	6,110,905	6,269,411	6,927,012
3,997,109	2,938,051	2,884,117	3,137,558	3,324,240
351,568	223,788	298,991	402,718	317,839
\$ 18,745,147	\$ 17,228,444	\$ 18,245,749	\$ 20,652,048	\$ 20,632,721
\$ 2.58	\$ 2.98	\$ 2.99	\$ 3.29	\$ 2.98
N/A	0.1%	0.4%	0.4%	0.5%

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

<u>Fiscal Year</u>	<u>Local and Express Bus</u>	<u>Paratransit / Dial-a-Ride</u>	<u>Vanpool</u>
2005/06	181	57	303
2006/07	172	75	308
2007/08	192	76	347
2008/09	257	76	421
2009/10	251	111	376
2010/11	242	80	376
2011/12	205	58	400
2012/13	207	25	419
2013/14	225	2	433
2014/15	223	1	431

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

