

Valley Metro® Regional Public Transportation Authority - Phoenix, AZ

Annual Comprehensive Financial Report

FISCAL YEAR ENDED JUNE 30, 2023



Valley Metro
Regional Public Transportation Authority
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Fiscal Year Ended June 30, 2023

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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 27, 2023

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

The annual comprehensive financial report of the Valley Metro Regional Public Transportation Authority (the Authority) for the fiscal year ended June 30, 2023, is hereby submitted as mandated by state statute. The statute requires that the Authority annually issue a report on its financial position and activity, and that the Authority's records be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the Authority on both a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the Authority's activities have been included.

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

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

The independent certified public accounting firm of CliftonLarsonAllen LLP whose report is included herein, has audited the basic financial statements and related notes. As stated in the independent auditors' report, the goal of the independent audit was to provide reasonable assurance that the basic financial statements of the Authority for the fiscal year ended June 30, 2023, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing accounting principles used and significant estimates made by management; and evaluating the overall financial

statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the basic financial statements of the Authority as of and for the fiscal year ended June 30, 2023, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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 auditors' reports on internal controls and compliance with applicable laws and regulations are included in a separately issued Single Audit Report.

PROFILE OF THE AUTHORITY

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

In fiscal year 2023, the Authority was governed by a nineteen-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. 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 Fountain Hills, Gilbert, Queen Creek, Wickenburg, and Youngtown. 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, paratransit, 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.

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 greater than the total annual appropriated budget require approval of the Board of Directors. The Authority maintains budgetary control by conducting both monthly and 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 in central Arizona and measures approximately 9,200 square miles. The metropolitan area is home to the state capitol and includes the City of Phoenix, making it Arizona's major center of political and economic activity. According to the US Census Bureau the population in Maricopa County had most resident growth in the Country, adding 56,831 residents in 2022. Maricopa County is home to over 15 institutions of higher learning, including Arizona State University; various cultural attractions; professional baseball (Arizona Diamondbacks), basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals) and hockey (Arizona Coyotes); and Sky Harbor International Airport, one of the top fifteen busiest airports in the United States with over 1,200 daily flights.

Despite significant increases in consumer price inflation in the Phoenix area as compared to the national average, economic projections for the Phoenix area remain optimistic. Projections published in September 2023 by the University of Arizona, Economic and Business Research Center indicate personal income for the Phoenix area is forecasted to increase by 6.6%, retail sales growth of 3.5% and non-farm employment of 2.3% in calendar year 2024. Residential permits are projected to continue to decrease by 8.8% over the same period.

Sales tax projections prepared by Arizona Department of Transportation forecast revenues to grow by 3.21% in fiscal year 2024.

Major Initiatives

On November 2, 2004, the voters of Maricopa County approved Proposition 400, the continuation of the transportation tax, for a twenty-year period, beginning in calendar year 2006. This was a major milestone in transportation funding and service in the region. The Proposition had unanimous support from the Mayors of all the cities in the region and the Maricopa County Board of Supervisors, the Maricopa Association of Governments Regional Council, and the Arizona Department of Transportation. It also had the support of nearly every major business and community agency in the region. With the passage of Proposition 400, a new era began for the Authority. For the 20-year period 2006 to 2025, a significant stream of regional funds has vitalized public transportation in the region. Valley Metro's mission is to continue to put those funds to work to serve our member agencies and their residents effectively and efficiently.

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

In August 2023, Governor Hobbs signed the enabling legislation passed by the legislature that will allow the extension of Proposition 400 (Prop 400E) to go to Maricopa County voters in fall 2024. After the previous Governor's veto and a record-setting legislative session, this is a noteworthy accomplishment. The version of Prop 400E that is going to voters is a compromise that does keep our bus, rail and paratransit services whole, allowing us to maintain service levels for our many riders, workers, students and families who rely on our system. If passed by the voters, the extension of Proposition 400 will provide the capacity for growth with a greater share of regional transportation sales tax revenues being dedicated to public transit (from 33.3% to 37%).

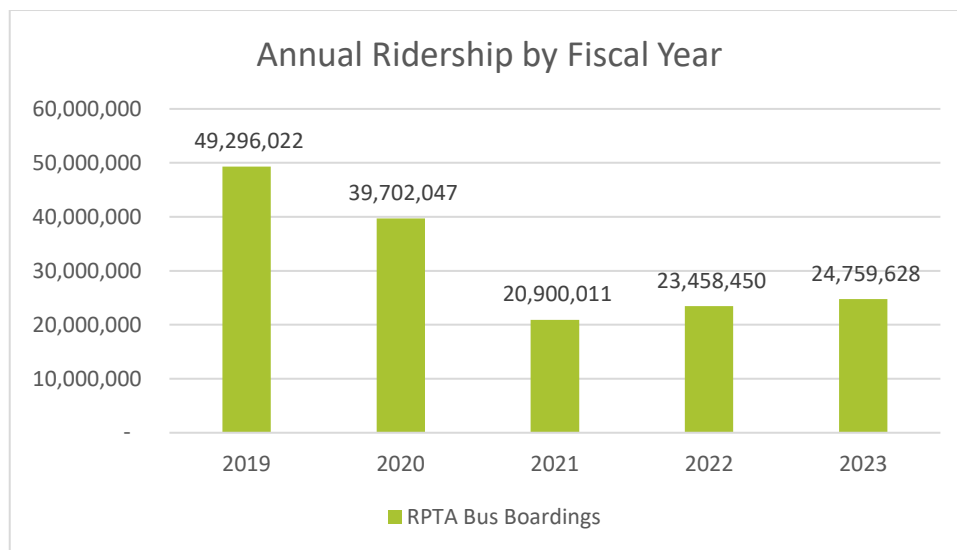
During fiscal 2023, the following major accomplishments were achieved:

- The Authority is driving into the future with new technology and options for riders to purchase fare and more easily access their transit system. In February 2023, the Authority enabled riders to purchase 1-Ride and 1-Day passes on their mobile devices.
- The Authority actively worked with a third-party consultant to plan for a transformative shift towards more sustainable transportation alternatives for residents and visitors. One example of this change is the potential purchase of electric buses. With their zero-emission operation and numerous environmental and community benefits, these eco-friendly vehicles are revolutionizing public transportation systems across the country.

- Valley Metro celebrate those who travel with the environment in mind. In October 2022, the 35th Annual Clean Air Campaign recognized 18 valley commuters and organizations who are committed to promoting and using alternative modes of transportation.
- Valley Metro was named one of the 2023 Best Workplaces for Commuters offering exceptional employee commuter benefits, including subsidized transit passes, extensive telework program, emergency ride home program, incentives, and trip tracking.

Improving Ridership

The number of customers choosing public transit is increasing from the reduced levels experienced during the COVID-19 pandemic. Ridership increased by 5.5% from fiscal year 2022 to 2023 from 23.5 million to 24.8 million, respectively. Increases in population and employment in the region will continue to drive increased demand for quality public transportation and improved air quality.



Source: Valley Metro's Annual Ridership Reports

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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 22nd 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 annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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,



Jessica Mefford-Miller
Chief Executive Officer



Ken Kessler
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Regional Public Transportation Authority
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Valley Metro Regional Public Transportation Authority

Phoenix Arizona

For the Fiscal Year Ended June 30, 2023

Board of Directors

Chair, Councilmember Laura Pastor, Phoenix
Vice Chair, Councilmember Bill Stipp, Goodyear
Treasurer, Councilmember O.D. Harris, Chandler
Councilmember Maxine White, Avondale
Councilmember Clay Goodman, Buckeye
Vice Mayor Monica Dorcey, El Mirage
Vice Mayor Peggy McMahon, Fountain Hills
Mayor Brigitte Peterson, Gilbert
Councilmember Lauren Tolmachoff, Glendale
Supervisor Jack Sellers, Maricopa County
Councilmember Francisco Heredia, Mesa
Councilmember Jon Edwards, Peoria
Vice Mayor Jeff Brown, Queen Creek
Councilmember Kathy Littlefield, Scottsdale
Councilmember Aly Cline, Surprise
Vice Mayor Jennifer Adams, Tempe
Councilmember Adolfo Gamez, Tolleson
Mayor Rui Pereira, Wickenburg
Mayor Michael LeVault, Youngtown

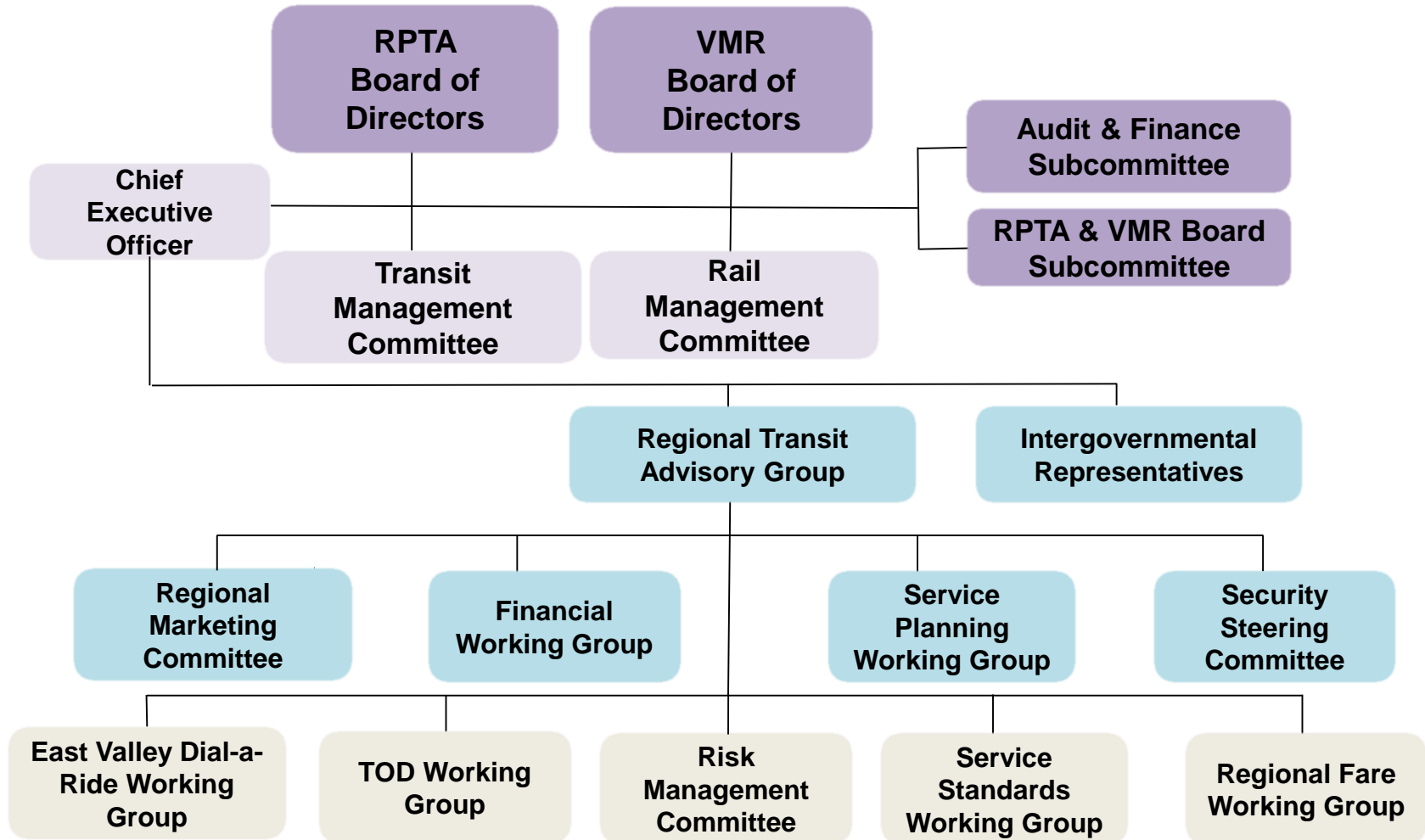
Staff Leadership Team

Jessica Mefford-Miller, Chief Executive Officer
Melissa Boyles, Chief of Staff
Alexis Tameron Kinsey, Director, Government Relations
Jim Hillyard, Chief Administrative Officer
Michael Wawro, Chief Legal Officer
Trevor Collon, Chief of Capital Development, Interim
Hillary Foose, Director, Communication and Strategic Initiatives
Penny Lynch, Director, Human Resources
Ken Kessler, Chief Financial Officer
Darren Curry, Chief Maintenance Officer
Mike Pal, Chief Transportation Officer
Adrian Ruiz, Director, Safety, Security, and Quality Assurance
Sebrina Beckstrom, Chief Auditor

Prepared By

Finance Division Staff

Valley Metro Organization



Financial Section

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Valley Metro Regional Public Transportation Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the Authority adopted new accounting guidance for subscription-based information technology arrangements, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Our opinions are not modified with respect to this matter.

Emphasis of Matter – Correction of An Error

As discussed in Note 2 to the financial statements, the Authority restated beginning net position for the business-type activities and beginning fund balance for the Transit Service Operations enterprise fund due to the capitalization of \$2,101 thousand of work in progress in fiscal year 2022, which should have been recorded as an expense during that period. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension/OPEB (asset)/liability and schedule of pension/OPEB contributions and the budgetary comparison schedule for the General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining nonmajor fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the 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 solely 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 effectiveness of the Authority’s 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 the Authority’s internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Phoenix, Arizona
December 27, 2023

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, 2023. 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

- Public transportation funds sales tax revenue exceeded the board approved revised budget by \$16.8 million or 7.5% and previous fiscal year revenues by \$19.1 million or 8.6%.
- Passenger fare revenues increased by \$1.8 million or 43.6% as a result of increases to ridership and front-door boarding during the entire fiscal year. In fiscal year 2022, rear-door boarding and limited fare collection enforcement occurred from July of 2021 through September of 2021 on buses in an effort to protect passengers from COVID-19. Front-door boarding and full fare collection enforcement did not resume until October of 2021.
- The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology arrangements*, in fiscal year 2023. With this implementation, the Authority recorded right to use assets of \$7.0 million, accumulated amortization of \$1.1 million, and liabilities of \$5.5 million. Further information on GASB No. 96 can be found at Note 12.
- In fiscal year 2023, the Authority received \$0.3 million from the Federal Transit Administration as part of the American Rescue Plan Act (ARP) to reimburse the Authority for eligible expenses and lost revenue associated with the COVID-19 pandemic. This was a decrease of \$69.3 million compared to 2022 in federal operating grant support received for the COVID-19 pandemic. As a result of the reduction in operating assistance both charges for services to member cities for transit service operations and transfers from the General Fund of public transportation sales tax to the transit service operations fund increased.

OVERVIEW OF THE FINANCIAL STATEMENTS

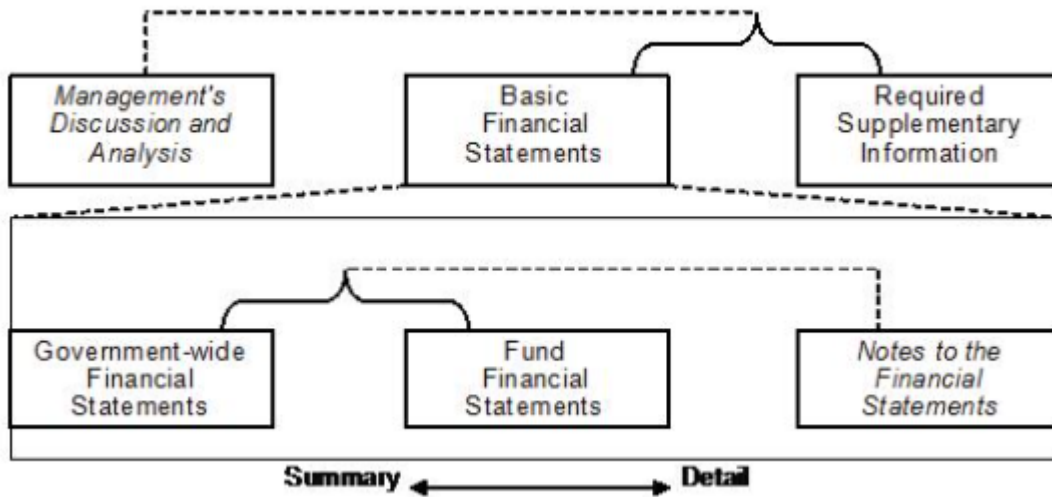
The financial statements are presented as follows:

- Government-wide reporting – presents financial statements on a government-wide basis.
- Fund financial statements – presents governmental and proprietary fund financial statements, with the focus on major funds within each fund type.
- Measurement focus for governmental activities – the government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. The current financial resources focus and modified accrual basis of accounting are followed for the governmental fund financial statements.
- Measurement focus for business type activities – the business type financial statements are reported using a flow of economic resources measurement focus and full accrual basis of accounting.
- 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; the General Fund budget to actual statement is presented as required supplementary information. The Authority has presented this information for nonmajor governmental funds and 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 Annual Comprehensive Financial Report (ACFR) 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, and notes to the financial statements.

Required Components of the Annual Comprehensive Financial Report



Government-wide Financial Statements

The government-wide financial statements (see pages 17 - 20) are designed to provide a broad overview of the Authority’s finances in a manner similar to those used by private businesses. All of the activities of the Authority, except those of a fiduciary nature, are included in these statements.

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

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

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

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

Fund Financial Statements

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

Governmental funds – Governmental funds are used to account for most of the Authority's basic services. Unlike the governmental activities column on the government-wide financial statement, these fund financial statements (pages 21 - 23) 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. 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 (pages 40 - 44).

Proprietary funds – Proprietary funds are used to account for business-type activities of the Authority. Enterprise funds are used for activities that primarily serve customers outside the governmental unit. The proprietary fund financial statements (pages 25 - 29) are prepared using the same long-term focus as the government-wide financial statements. The enterprise funds generally provide information similar to the business-type activities column of the government-wide financial statements, but provide more detail and additional information (i.e., cash flows).

Notes to the Financial Statements – The notes to the financial statements (pages 30 – 66) 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 required supplementary information other than the MD&A.

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

Valley Metro
Regional Public Transportation Authority
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, 2023, 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, 2023 compared to the prior year:

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

	Governmental		Business-type		Total		Percent Change
	Activities		Activities		Primary Government		
	2023	2022	2023	2022 As Restated	2023	2022 As Restated	
Current and other assets	\$ 138,221	\$120,038	\$ 213,224	\$ 180,225	\$ 351,445	\$ 300,263	17.0 %
Noncurrent assets							
Investments	14,027	16,638	—	—	14,027	16,638	(15.7)%
Net other postemployment benefits asset	374	326	948	793	1,322	1,119	18.1 %
Lease receivable	—	—	767	—	767	—	100.0 %
Capital assets, net of accumulated depreciation	4,197	6,383	120,117	109,502	124,314	115,885	7.3 %
Leases, net of accumulated amortization	7,717	8,367	171	34	7,888	8,401	(6.1)%
Subscription-based information technology arrangements, net of accumulated amortization	2,734	—	3,090	—	5,824	—	100.0 %
Total assets	167,270	151,752	338,317	290,554	505,587	442,306	14.3 %
Deferred outflows related to pensions and other postemployment benefits	1,943	2,414	4,991	5,974	6,934	8,388	(17.3)%
Deferred charge on debt refunding	—	—	311	624	311	624	(50.2)%
Total deferred outflows of resources	1,943	2,414	5,302	6,598	7,245	9,012	(19.6)%
Other liabilities	2,448	1,562	197,066	144,051	199,514	145,613	37.0 %
Long-term liabilities	22,440	18,340	100,547	112,297	122,987	130,637	(5.9)%
Total liabilities	24,888	19,902	297,613	256,348	322,501	276,250	16.7 %
Deferred inflows related to pensions and other postemployment benefits	520	3,027	1,319	7,370	1,839	10,397	(82.3)%
Deferred inflows for debt refunding	—	—	115	170	115	170	(32.4)%
Deferred inflows related to leases	—	—	1,135	—	1,135	—	100.0 %
Total deferred inflows of resources	520	3,027	2,569	7,540	3,089	10,567	(70.8)%
Net position:							
Net Investment in capital assets,	4,220	6,090	101,425	89,894	105,645	95,984	10.1 %
Restricted	501	458	22,713	19,423	23,214	19,881	16.8 %
Unrestricted	139,084	124,689	(80,701)	(76,053)	58,383	48,636	20.0 %
Total net position	\$ 143,805	\$131,237	\$ 43,437	\$ 33,264	\$ 187,242	\$ 164,501	13.8 %

The Authority's total net position increased by \$22.7 million in FY 2023. This increase was comprised of an increase of \$12.6 million in governmental activities and \$10.2 million in business-type activities.

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

The largest portion of net position is the net investment in capital assets of \$105.6 million. The largest portions of the net investment in capital assets are the transit fleet, buildings used for transit fleet operations. 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.

There was a \$51.2 million or 17.0% increase in current and other assets. The largest changes were an increase in cash and cash equivalents and investments, including restricted investments, of \$56.3 million and a decrease in the due from rail - PTF advance bond proceeds of \$3.9 million. Cash and cash equivalents and investments, including restricted investments, increased as a result of revenues exceeding the budget and expenses being less than the budget. Two major revenue categories exceeded the budget, sales tax-public transportation funds revenue and interest earnings by \$16.8 million and \$7.7 million, respectively. Two major expense categories were under budget, regional customer service and local and express bus service \$2.7 million and \$4.9 million respectively. Due from rail advance bond proceeds were \$0 in the current year as the final payment occurred during the reporting period.

The most significant changes to non-current assets were addition of lease receivables and subscription-based information technology arrangements and an increase in capital assets. A line item was added for lease receivables to account for the contract with an advertising company for leased advertising space on the fixed route buses. A line item was added for subscription-based information technology arrangements as a result of the implementation of the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Capital Assets, net of accumulated depreciation, increased by \$8.4 million primarily as a result of additions to work in progress and transit fleet offset by annual depreciation costs and asset disposals.

Other Liabilities increased by \$53.9 million or 37.0%. The primary cause of the increase was a \$55.9 million increase in the amounts due to other governments. The largest change to this liability was amounts due to Valley Metro Rail, Inc. from the Authority. That liability increased by \$56.3 million primarily due to the increase in PTF owed for the local match contribution on South Central Extension/Downtown Hub.

Deferred outflows and inflows of resources changed by a decrease of \$1.8 million or 19.6% and increase of \$7.5 million or 70.8%, respectively. The change was caused by the deferred outflows and deferred inflows related to pensions and other postemployment benefits. The primary cause of the decrease in deferred outflow of resources related to pensions and other postemployment benefits was a decrease in the deferred outflow for changes of assumptions or other inputs of \$2.0 million in the current year. The primary cause of the decrease in deferred inflow of resources related to pensions and other postemployment benefits was a \$8.4 million decrease in the deferred inflow for net difference between projected and actual earnings on pension plan investments.

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

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 (*in thousands of dollars*).

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2023	2022	2023	2022 As Restated	2023	2022 As Restated	
REVENUES							
Program revenues:							
Charges for services	\$ 330	\$ 345	\$ 79,438	\$ 46,668	\$ 79,768	\$ 47,013	69.7 %
Operating grants and contributions	13,087	12,584	13,629	74,489	26,716	87,073	(69.3)%
Capital grants and contributions	—	816	21,522	10,375	21,522	11,191	92.3 %
General revenues:							
Sales taxes	245,958	226,630	—	—	245,958	226,630	8.5 %
Interest earnings	3,697	(549)	4,149	96	7,846	(453)	(1,832.0)%
Other	49	36	1,109	390	1,158	426	171.8 %
Total revenues	263,121	239,862	119,847	132,018	382,968	371,880	3.0 %
EXPENSES							
Governmental activities:							
Regional planning	3,537	1,915	—	—	3,537	1,915	84.7 %
Transportation demand management	1,360	1,217	—	—	1,360	1,217	11.8 %
Regional customer services	14,941	10,724	—	—	14,941	10,724	39.3 %
Administration	5,842	4,404	—	—	5,842	4,404	32.7 %
AZ Lottery fund disbursements	10,267	11,031	—	—	10,267	11,031	(6.9)%
Business-type activities:							
Transit service operations	—	—	179,976	134,020	179,976	134,020	34.3 %
Light rail transit	—	—	144,304	98,812	144,304	98,812	46.0 %
Total expenses	35,947	29,291	324,280	232,832	360,227	262,123	37.4 %
Excess (deficit) before transfers	227,174	210,571	(204,433)	(100,814)	22,741	109,757	(79.3)%
Transfers in (out)	(214,606)	(129,480)	214,606	129,480	—	—	N/A
Increase (decrease) in net position	12,568	81,091	10,173	28,666	22,741	109,757	(79.3)%
Net position - beginning, as restated	131,237	50,146	33,264	4,598	164,501	54,744	200.5 %
Net position - ending	\$ 143,805	\$131,237	\$ 43,437	\$ 33,264	\$187,242	\$ 164,501	13.8 %

For governmental activities the revenue line items with the most significant changes were capital grants and contributions, sales taxes, and interest earnings. In fiscal year 2023 there were no capital contributions for shared IT projects from Valley Metro Rail, Inc. recorded in the governmental funds. However, in fiscal year 2022 there were \$816 thousand of capital contributions from Valley Metro Rail Inc., recorded in the governmental funds for shared IT capital projects. Sales tax-public transportation funds revenue exceeded the previous fiscal year by \$19.1 million or 8.6% as a result of economic growth and inflation. Interest earnings exceeded the previous fiscal year by \$4.2 million as a result of rising interest rates.

For governmental activities the expenses line items with the most significant changes were regional planning, regional customer service, and transfers out. Regional planning expenses increased by \$1.6 million or 84.8% primarily as a result of an increase in systems and service development costs. This increase was the result of costs to develop a zero-emissions transition plan for the Authority and conduct an origin and destination study to collect data about customer travel patterns and demographics to better plan transit routes and service. Regional customer service expenses increased by \$4.2 million or 39.3% primarily as a result of increases in call center and other program expenses. The increase to expenses for the call center were the result of payments to a new vendor hired to provide enhanced customer

service integrated with the new fare collection system. The increase in expenses for regional customer service other programs were the result of increased support costs for the aging fare collection infrastructure. Transfers out increased as additional sales tax funding was required to be transferred from the general fund to business-type activities to provide additional funding for transit operation expenses.

For business-type activities the revenue line items with the most significant changes were charges for services, operating grants and contributions, and interest earnings. Charges for services increased as a result of an increase in the revenue provided by member cities to fund regional transit services. This additional funding from member cities was required as Federal Transit Administration COVID-19 relief operating grant funding decreased compared to the prior fiscal year. Operating grants and contributions decreased as the Federal Transit Administration had provided \$69.6 million in operating grants for transit service operations in fiscal year 2022 for COVID-19 relief, however, in the current year only \$0.3 million of the COVID-19 relief funding was available to reimburse the Authority for eligible expenses and lost revenue associated with the COVID-19 pandemic. Other federal assistance was used in lieu of the COVID relief monies, however, there was still a substantial decrease in the total federal grant assistance used for business-type activities. Interest earnings exceeded the previous fiscal year by \$4.1 million as a result of rising interest rates.

For business-type activities the expenses for both transit service operations and light rail operations had significant increases. Transit service operation increases were the result of increased costs associated with operating local and express bus service and paratransit service compared to fiscal year 2022. Local and express bus costs increased as a result of increases in the cost of fuel, transit service contractor costs, and costs paid by the Authority for bus service provided by the City of Phoenix. In addition, in fiscal year 2022, the cost of City of Phoenix provided bus service had been reduced by \$9.9 million because of a credit for COVID-19 relief monies from the Federal Transit Authority received by the City of Phoenix. However, in fiscal year 2023 the reduction to cost of City of Phoenix service for COVID-19 relief monies had been \$549 thousand. Paratransit service costs for service provided by the City of Phoenix increased. In fiscal year 2022, the cost of City of Phoenix provided paratransit service had been reduced by \$15.3 million because of a credit for COVID-19 relief monies from the Federal Transit Authority received by the City of Phoenix. However, in the current year the reduction to cost of City of Phoenix service for COVID-19 relief monies had been \$15 thousand. Light Rail Operations costs increased primarily as a result of increases in light rail staff and administration costs, specifically, payroll and pension expenses. Payroll costs increased as a result of an increase in salaries because of a 5% cost of living increase for all staff, hiring incentives for essential workers, and an average annual merit increase of 3%.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

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

Governmental Funds

The focus of the governmental funds financial statements (pages 21 - 23) is to provide information on near-term inflows, outflows and balances of spendable resources. The fund balance of the governmental funds is \$149.9 million, an increase of \$14.6 million, or 10.8%, from the previous year. Of the \$149.9 million fund balance, \$129 thousand is restricted for transit planning and transportation demand management purposes. Of the \$149.9 million fund balance, \$52.1 million is assigned for the General fund operating reserve and capital reserve. The remainder is either nonspendable or unassigned fund balance in the General Fund (see Note 8 - page 52). Unassigned 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 \$149.9 million fund balance, \$97.4 million is unassigned.

The general fund accounts for activities that include regional customer service, financial management and agency administration. Excess general fund revenues over expenditures were \$230.3 million for the year versus \$200.8 million in the prior year, up \$29.5 million or 14.7%. General fund revenues increased \$24.0 million or 10.1% over the previous year. Public Transportation Fund (PTF) sales tax revenue increased by \$19.1 million or 8.6% in fiscal year 2023 to \$240.5 million due to a substantial increase in amount of sales tax collected for retail sales, contracting, restaurant and bar, rental real property and personal property, see the Statistical section - Maricopa County Transportation Excise Tax Revenue Collections by Category for additional information. General fund expenditures were \$31.4 million in the current year a decrease of \$5.5 million or -15.0% compared to the prior year. The most significant expense changes were to regional customer service call center and other programs. Call center expenses increased as a result of payments to a new vendor hired to provide enhanced customer service integrated with the new fare collection system. Other programs expenses decreased because in fiscal year 2022 as a result of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, as amended which resulted in the recording of over \$8 million regional customer service expenditures for the office space lease and in the current year there was no such expense. This large decrease was offset by increases in expenses as a result of increased support costs for the aging fare collection infrastructure.

Non-major governmental funds account for activities that include regional planning and trip reduction. Excess non-major governmental funds expenditures over revenues were \$4.2 million for the year versus \$1.8 million in the prior year, up \$2.4 million or 129.3%. Non-major governmental funds revenues were relatively consistent with the prior year increasing by only \$98 thousand. Non-major governmental fund expenditures were \$5.6 million in the current year an increase of \$2.5 million or 78.4% compared to the prior year. The most significant increase in expenses was to regional planning-systems and service development as a result of costs to develop a zero-emissions transition plan for the Authority and conduct an origin and destination study to collect data about customer travel patterns and demographics to better plan transit routes and service.

Proprietary Funds

The proprietary fund financial statements (pages 25 - 29) are prepared on the same accounting basis and measurement focus as the government-wide financial statements, full accrual but provide additional detail since each enterprise fund is a major fund and is shown discretely on the fund statements.

The Transit Service Operations (TSO) Fund accounts for the activities related to the operations of local and express bus, paratransit and vanpool services for the region. In addition, the TSO Fund contains PTF bond financing activities to support the Transit Life Cycle Program (TLCP).

The TSO Fund net position increased by \$14.8 million in the current year. Changes to the statement of revenues, expenses, and changes in Fund net position for the Transit service operations fund are described below.

- TSO operating revenues of \$50.1 million increased by \$31.0 million mainly due to increases in charges for services and fare revenues. Charges for services increased significantly by \$28.5 million or 196.3% as additional funding was needed from member cities as Federal Transit Administration COVID-19 relief operating grant funding decreased compared to the prior fiscal year. Passenger fare revenues increased by \$1.8 million or 43.6% as a result of increases to ridership and front-door boarding during the entire fiscal year 2023. In fiscal year 2022 front door boarding only occurred between October 2021 through June 2022. Rear-door boarding and limited fare collection enforcement occurred from July of 2021 through September of 2021 on buses in an effort to protect passengers from COVID-19. Front-door boarding and full fare collection enforcement did not resume until October of 2021.

Valley Metro
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Management's Discussion and Analysis (Continued)

- TSO operating expenses of \$174.4 million increased by \$46.4 million. The increase was primarily the result of increases in bus service delivery costs of \$23.1 million and paratransit service costs of \$23.1 million. Local and express bus costs increased as a result of increases to the cost of fuel, transit service contractor costs, and costs paid by the Authority for bus service provided by the City of Phoenix. In addition, in fiscal year 2022, the cost of City of Phoenix provided bus service had been reduced by \$9.9 million because of a credit for COVID-19 relief monies from the Federal Transit Authority received by the City of Phoenix. However, in fiscal year 2023 the reduction to cost of City of Phoenix service for COVID-19 relief monies had been \$549 thousand. Paratransit service costs for service provided by the City of Phoenix increased. In fiscal year 2022, the cost of City of Phoenix provided paratransit service had been reduced by \$15.3 million because of a credit for COVID-19 relief monies from the Federal Transit Authority received by the City of Phoenix. However, in the current year the reduction to cost of City of Phoenix service for COVID-19 relief monies had been \$15 thousand.
- Non-Operating revenues of \$13.0 million decreased by \$61.4 million. This decrease was primarily the result of a \$69.3 million decrease in the amount of Federal Transit Authority COVID-19 pandemic relief funding compared to fiscal year 2022. Other federal assistance was utilized in lieu of the COVID-19 relief monies, however, there was still a substantial decrease in the total federal grant assistance.
- Non-operating expenses of \$5.5 million increased by \$3.8 million. This increase was primarily the result of lead Agency disbursements increasing by \$3.2 million. Lead agency disbursements increased compared to the prior year for money distributed to cities for bus replacements, bus stop improvements, and to the City of Phoenix for fare collection system.
- Transfers in from the General Fund of sales tax-public transportation funding of \$110.1 million increased by \$76.9 million. Additional funding was required as compared to the prior year costs for bus and paratransit increased, while federal transit operating grant assistance decreased.

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

The VMR Fund has a deficit net position of \$72.3 million as of June 30, 2023 as compared to a deficit net position of \$67.7 million at the end of the previous year. Changes to the statement of revenues, expenses, and changes in Fund net position for the Valley Metro Rail fund are described below.

- The VMR Fund operating activities are primarily staffing services by RPTA employees performing work for Valley Metro Rail, Inc. In FY23 operating revenues were \$30.4 million and operating expenses were \$32.0 million. Total operating revenues increased by \$2.5 million and operating expenses increased by approximately \$3.4 million due to an increase of charges for services for payroll related expenses for Valley Metro Rail Inc.
- Non-Operating expenses include lead agency disbursements to Valley Metro Rail, Inc. to fund light rail capital project development, design and construction, and disbursements. Lead agency disbursements were \$111.4 million compared to \$69.1 million in the prior year. These disbursements were used by Valley Metro mainly to fund costs of capital projects (Northwest Extension-Phase II, South Central Extension/Downtown Hub, Tempe Streetcar, and OMC Expansion), and rail and streetcar vehicle acquisition costs. Bond Interest expense related to light rail bond funded activities was \$0.9 million in fiscal year 2023. In addition, interest income was \$4.1 million due to rising interest rates.

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

- Net transfers into the VMR on RPTA fund of sales tax revenue from the general fund totaled \$104.5 million for the year an increase of \$8.3 million or 8.6%. The increase in transfers into the Valley Metro Rail Fund is the same as the increase in sales tax received by the general fund.

OVERALL AND GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's adopted budget for the General Fund for fiscal year 2023 was \$237.9 million in revenues, \$31.0 million of expenditures, and \$220.9 million of transfers to other funds. The adopted budget was revised and the revised budget for fiscal year 2023 was \$240.1 million in revenues, \$32.8 million of expenditures, and \$223.0 million of transfers to other funds.

The General Fund actual revenues were higher than the revised budget by \$21.6 million or 9.0% primarily as sales tax - Public Transportation Funds proceeds exceeded the budget by \$16.8 million due to economic growth and inflation. In addition, interest earnings exceeded the budget by \$3.5 million as a result of rising interest rates. General Fund expenditures were less than the revised budget by \$3.8 million or 11.6%. This was primarily the result of a reduction in regional customer service expenses for marketing, the call center, and other programs of \$2.7 million. Transfers out were \$4.9 million less than the revised budget or 2.2% because transit service operations fund transfers were less than expected. Transfers to the transit service operations fund were less than budgeted as both lead agency disbursements and capital outlay were below budget and therefore a lesser amount of transfers were required.

DEBT ADMINISTRATION AND CAPITAL ASSETS

Debt Administration

At June 30, 2023, the Authority had total bonded debt outstanding (including unamortized premium) of \$64.8 million related to business-type activities. The Authority has pledged future transportation excise tax revenues to repay this outstanding debt. The Authority's current bond ratings on transportation excise revenue tax bonds are AA+ from Standard & Poor's and AA from Fitch.

<i>(in millions of dollars)</i>	Business-type Activities	
	2023	2022
Revenue bonds payable:		
2014 Bond Series	\$ 37.9	\$ 49.3
2016 Bond Series	8.2	8.2
2019 Bond Series	16.4	23.6
Plus unamortized premium:		
2014 Bond Series premium payable	1.5	3.0
2016 Bond Series premium payable	\$ —	0.3
2019 Bond Series premium payable	0.8	1.4
Total	<u>\$ 64.8</u>	<u>\$ 85.8</u>

Additional information on the Authority's bonded debt and other long-term liabilities can be found in Note 13 on page 57.

Long term debt also increased as subscription-based information technology arrangements liabilities were added to the balance sheet due to implementation of the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023.

Capital Assets

As of June 30, 2023, the Authority had \$138.0 million invested in various capital assets, leased assets, and subscription-based information technology arrangements net of accumulated depreciation and amortization. Major capital asset events in the current year attributing to the change included the following:

- The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology arrangements*, in fiscal year 2023. With this implementation, the Authority recorded right to use assets of \$7.0 million and accumulated amortization of \$1.2 million. Further information on GASB No. 96 can be found at Note 11.
- In business-type activities, \$12.4 million in expenditures were capitalized as additions to CIP for the fare collection modernization project scheduled to be completed during FY2024 and for 39 paratransit vehicles that had been paid for but not placed into service at June 30, 2023.
- In business-type activities, there were increases to the transit fleet value as a result of vehicles purchased during the year. 10 MCI motor coaches were added to the transit fleet that caused a \$7.0 million increase. 6 Gillig 29 foot buses were added to the transit fleet that caused a \$3.1 million increase. 26 paratransit vans were added to the transit fleet that caused a \$1.7 million increase.
- The Authority also retired 11 buses, 5 shuttle van, and 20 vanpool vans from the transit fleet. This caused a \$7.0 million decrease in asset value and a \$6.4 million accumulated depreciation as almost all the disposed assets were fully depreciated.

The table on the next page provides a breakdown of capital assets of the Authority at June 30, 2023 with comparative information for the previous year. Additional information on the Authority's capital assets may be found in Note 9 on pages 53 - 54.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2023	2022	2023	2022 As Restated	2023	2022 As Restated	
Non-depreciable assets:							
Land	\$ —	\$ —	\$ 5,292	\$ 5,292	\$ 5,292	\$ 5,292	0.0 %
Work-in-progress	—	2,981	17,402	4,955	17,402	7,936	119.3 %
Depreciable assets:							
Transit fleet	—	—	81,725	82,385	81,725	82,385	(0.8)%
Vehicles	29	4	30	—	59	4	1,375.0 %
Building	—	—	9,025	9,316	9,025	9,316	(3.1)%
Site improvements	14	17	2,188	2,764	2,202	2,781	(20.8)%
Computers & software	4,018	3,165	—	—	4,018	3,165	27.0 %
Ticket Vending Machines	—	—	546	657	546	657	(16.9)%
Equipment	31	42	3,900	4,122	3,931	4,164	(5.6)%
Furniture & fixtures	105	174	—	—	105	174	(39.7)%
Infrastructure	—	—	9	11	9	11	(18.2)%
Leased Asset - Office Space	7,717	8,365	171	34	7,888	8,399	(6.1)%
Subscription-Based Information Technology Arrangements	2,734	—	3,090	—	5,824	—	100.0 %
Total assets	\$ 14,648	\$ 14,748	\$ 123,378	\$ 109,536	\$ 138,026	\$ 124,284	11.1 %

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The adopted FY24 combined operating and capital budget is \$475.5 million, which is a \$22.6 million increase from the FY23 budget of \$452.8 million. The adopted fiscal year 2024 budget includes \$283.5 million for operations, \$88.5 million to be passed through to Valley Metro Rail, and \$103.5 million for capital improvements and debt service payments. The increase in budgeted costs was primarily the result of increases in budgeted expenses for fixed route bus service, demand service, and regional fleet purchases. The budgeted cost increase for fixed route service is primarily the result of increases in contractual rates for service providers, higher fuel costs, and contracted fare collection services. The budgeted cost increase for demand service is the result of increased contractor costs on both paratransit and ridechoice programs, as well as increases in costs of City of Phoenix provided transit paid for by the Authority. Regional fleet purchases are budgeted to exceed FY2023.

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 1400, Phoenix, AZ 85003.



The Federal Transit Administration (FTA) awards Valley Metro with a Low-No Emission grant to incorporate 40-ft. battery electric buses into the current fleet. The grant includes charging stations, bus facility upgrades and workforce development. Benefits from this transition to zero emissions fleet supports overall air quality of the region and the communities served by public transit. “These investments will allow Valley Metro to better serve the transit needs of the greater Phoenix area, while replacing aging buses and bus facilities with cleaner and safer transportation options. I’ll continue working with local leaders from across the region to ensure that our Bipartisan Infrastructure Law meets the needs of all Metro Phoenix communities,” said U.S. Senator Mark Kelly.

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
June 30, 2023
(In thousands of dollars)

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 8,258	\$ 33,078	\$ 41,336
Investments	119,081	106,902	225,983
Restricted cash and cash equivalents	—	21,765	21,765
Receivables	28	359	387
Interfund balances	(30,435)	30,435	—
Due from other governments	41,059	20,238	61,297
Lease receivable	—	372	372
Prepaid Items	230	75	305
Total current assets	<u>138,221</u>	<u>213,224</u>	<u>351,445</u>
Noncurrent Assets:			
Investments	14,027	—	14,027
Net pension and other postemployment benefits asset	374	948	1,322
Lease receivable	—	767	767
Capital assets, not being depreciated	—	22,694	22,694
Capital assets, net of accumulated depreciation	4,197	97,423	101,620
Leases, net of accumulated amortization	7,717	171	7,888
Subscription-Based Information Technology Arrangements, net of accumulated amortization	2,734	3,090	5,824
Total noncurrent assets	<u>29,049</u>	<u>125,093</u>	<u>154,142</u>
Total assets	<u>167,270</u>	<u>338,317</u>	<u>505,587</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions and other postemployment benefits	1,943	4,991	6,934
Deferred charge on debt refunding	—	311	311
Total deferred outflows of resources	<u>1,943</u>	<u>5,302</u>	<u>7,245</u>
Liabilities			
Current Liabilities:			
Accounts payable	1,843	19,124	20,967
Accrued salaries and benefits	234	554	788
Due to other governments	293	175,361	175,654
Bond interest payable	—	1,609	1,609
Lease interest payable	50	—	50
Unearned revenues	—	381	381
Other liabilities	28	37	65
Total current liabilities	<u>2,448</u>	<u>197,066</u>	<u>199,514</u>
Noncurrent liabilities:			
Due within one year			
Compensated absences payable	985	2,251	3,236
Revenue bonds payable	—	20,155	20,155
Lease Liability	567	26	593
Subscription-Based Information Technology Arrangements liability	481	481	962
Total Due within one year	<u>2,033</u>	<u>22,913</u>	<u>24,946</u>

Valley Metro
Regional Public Transportation Authority
Statement of Net Position (Continued)
June 30, 2023
(In thousands of dollars)

Due in more than one year			
Due to other governments	—	2,782	2,782
Net pension and other postemployment benefits liability	10,742	27,245	37,987
Compensated absences payable	297	320	617
Revenue bonds payable, including unamortized premium	—	44,687	44,687
Lease liability	7,311	149	7,460
Subscription-Based Information Technology Arrangements liability	2,057	2,451	4,508
Total Due in more than one year	<u>20,407</u>	<u>77,634</u>	<u>98,041</u>
Total noncurrent liabilities	22,440	100,547	122,987
Total liabilities	<u>24,888</u>	<u>297,613</u>	<u>322,501</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions and other postemployment benefits	520	1,319	1,839
Deferred inflows for debt refunding	—	115	115
Deferred inflows related to leases	—	1,135	1,135
Total deferred inflows of resources	<u>520</u>	<u>2,569</u>	<u>3,089</u>
Net Position			
Net investment in capital assets	4,220	101,425	105,645
Restricted for OPEB benefits	374	948	1,322
Restricted for debt service	—	21,765	21,765
Restricted for transit planning	84	—	84
Restricted for transportation demand management	43	—	43
Unrestricted	139,084	(80,701)	58,383
Total Net Position	<u>\$ 143,805</u>	<u>\$ 43,437</u>	<u>\$ 187,242</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Activities
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Programs				
Governmental activities:				
Regional planning:				
Corridor and facility planning	\$ 166	\$ —	\$ —	\$ —
Systems and service development	2,907	—	225	—
Program support	464	—	—	—
Transportation demand management:				
Trip reduction	636	—	542	—
Ridesharing	687	—	602	—
Other programs	37	—	—	—
Regional customer services:				
Marketing	2,768	—	—	—
Call center	6,601	323	—	—
Other programs	5,572	7	150	—
AZ Lottery funds	10,267	—	11,568	—
Administration:				
Executive director's office	1,983	—	—	—
Finance & management services	3,859	—	—	—
Total governmental activities	<u>35,947</u>	<u>330</u>	<u>13,087</u>	<u>—</u>
Business-type activities:				
Transit service operations	179,976	48,990	12,907	21,522
Light rail transit	144,304	30,448	722	—
Total business-type activities	<u>324,280</u>	<u>79,438</u>	<u>13,629</u>	<u>21,522</u>
Total primary government	<u>\$ 360,227</u>	<u>\$ 79,768</u>	<u>\$ 26,716</u>	<u>\$ 21,522</u>

General revenues:
Sales taxes:
Public transportation funds
Regional area road funds
Gain (Loss) on investments
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**

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (166)		\$ (166)
(2,682)		(2,682)
(464)		(464)
(94)		(94)
(85)		(85)
(37)		(37)
(2,768)		(2,768)
(6,278)		(6,278)
(5,415)		(5,415)
1,301		1,301
(1,983)		(1,983)
(3,859)		(3,859)
<u>(22,530)</u>		<u>(22,530)</u>
—	\$ (96,557)	(96,557)
—	(113,134)	(113,134)
—	(209,691)	(209,691)
\$ (22,530)	\$ (209,691)	\$ (232,221)
\$ 240,501	\$ —	\$ 240,501
5,457	—	5,457
3,697	4,149	7,846
49	1,109	1,158
(214,606)	214,606	—
<u>35,098</u>	<u>219,864</u>	<u>254,962</u>
12,568	10,173	22,741
<u>131,237</u>	<u>33,264</u>	<u>164,501</u>
<u>\$ 143,805</u>	<u>\$ 43,437</u>	<u>\$ 187,242</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Balance Sheet
Governmental Funds
June 30, 2023
(In thousands of dollars)

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 8,258	\$ —	\$ 8,258
Investments	133,108	—	133,108
Receivables	19	9	28
Due from other governments	40,596	463	41,059
Due from other funds	13,315	361	13,676
Prepaid Items	230	—	230
Total assets	<u>195,526</u>	<u>833</u>	<u>196,359</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	1,386	457	1,843
Accrued salaries and benefits	198	36	234
Due to other funds	43,917	194	44,111
Due to other governments	293	—	293
Other liabilities	—	17	17
Total liabilities	<u>45,794</u>	<u>704</u>	<u>46,498</u>
Fund balances:			
Nonspendable:			
Prepays	230	—	230
Restricted	—	129	129
Assigned	52,138	—	52,138
Unassigned	97,364	—	97,364
Total fund balances	<u>149,732</u>	<u>129</u>	<u>149,861</u>
Total liabilities and fund balances	<u>\$ 195,526</u>	<u>\$ 833</u>	<u>\$ 196,359</u>
Reconciliation of the balance sheet to the statement of net position			
Fund balances, total governmental funds balance sheet			\$ 149,861
Amounts reported for governmental activities in the statement of net position are different because:			
Governmental capital assets			11,880
Less accumulated depreciation			(7,683)
Governmental lease assets			8,930
Less accumulated amortization			(1,213)
Governmental Subscription-Based Information Technology Arrangements assets			3,273
Less accumulated amortization			(539)
Contingent Liability			(11)
Lease Liability			(7,878)
Subscription-Based Information Technology Arrangements Liability			(2,538)
Lease interest payable			(50)
Governmental compensated absences			(1,282)
Net pension/OPEB assets			374
Net pension/OPEB liability			(10,742)

(Continued)

Valley Metro
Regional Public Transportation Authority
Balance Sheet (Continued)
Governmental Funds
June 30, 2023
(In thousands of dollars)

Deferred outflows of resources related to pensions/OPEB liabilities	1,943
Deferred inflows of resources related to pensions/OPEB liabilities	(520)
Net position of governmental activities, statement of net position	<u>\$ 143,805</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Sales taxes:			
Public transportation funds	\$ 240,501	\$ —	\$ 240,501
Regional area road funds	5,457	—	5,457
Intergovernmental:			
AZ Lottery fund proceeds	11,568	—	11,568
State & county grants & federal pass through grants	—	425	425
Federal Transit Administration	150	—	150
CMAQ	—	944	944
Charges for services	330	—	330
Interest Earnings	3,697	—	3,697
Miscellaneous	1	48	49
Total revenues	<u>261,704</u>	<u>1,417</u>	<u>263,121</u>
Expenditures:			
Current:			
Regional planning:			
Corridor and facility planning	—	181	181
Systems and service development	—	3,188	3,188
Program support & administration	—	511	511
Transportation demand management:			
Trip reduction	—	704	704
Ridesharing	—	803	803
Other programs	—	37	37
Regional customer services:			
Marketing	2,869	—	2,869
Call center	6,841	—	6,841
Other programs	4,955	—	4,955
Administration:			
Executive director's office	2,107	—	2,107
Finance & management services	3,238	—	3,238
AZ lottery fund disbursements	10,267	—	10,267
Debt Service			
Principal	916	204	1,120
Interest	130	6	136
Capital outlay	47	—	47
Total expenditures	<u>31,370</u>	<u>5,634</u>	<u>37,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>230,334</u>	<u>(4,217)</u>	<u>226,117</u>
Other financing sources (uses):			
Transfers in	—	3,505	3,505
Transfers out	(218,111)	—	(218,111)
Financing of Subscription-Based Information Technology Arrangements	2,402	709	3,111
Total other financing sources (uses)	<u>(215,709)</u>	<u>4,214</u>	<u>(211,495)</u>
Net change in fund balances	14,625	(3)	14,622
Fund balance, beginning	135,107	132	135,239
Fund balance, ending	<u>\$ 149,732</u>	<u>\$ 129</u>	<u>\$ 149,861</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, 2023

(In thousands of dollars)

Net change in fund balances, total governmental funds	\$ 14,622
The change in net position reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense resulting in the following differences:	
Depreciation expense was less than capital outlay expense	(1,020)
Net loss on disposals	(153)
Reduction in capitalized construction in progress	(1,013)
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.	
	(35)
3. The governmental funds, under the modified accrual basis of accounting, do not report contingent liabilities 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.	
Reversal of prior year contingent liability	115
Current year contingent liability	(11)
4. Pension/OPEB 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/OPEB liability is measured a year before the Authority's report date.	
	1,031
5. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.	
	(1,049)
6. With leases in which RPTA is the lessee, an expenditure is recorded in the governmental funds for the amount of the present value of the future lease payments; however, in the statement of activities, the present value of the future lease is recognized as an intangible asset and amortized over the lease term. The Debt Service principal payments related to leases was \$547 thousand. In addition, the amortization expense for the right-to-use lease assets was \$(621) thousand. Also there was a \$(3) thousand difference between the expenses reported in the two statements as a result of Lease entries.	
	(77)
7. With Subscription-Based Information Technology Arrangements(SBITA), an expenditure is recorded in the governmental funds for the amount of the present value of the future lease payments; however, in the statement of activities, the present value of the future lease is recognized as an intangible asset and amortized over the lease term. The Debt Service principal payments related to SBITAs was \$573 thousand. In addition, amortization expenses for the SBITA assets was \$(539) thousand. Also, there was a \$124 thousand difference between expenses reported in the two statements as a result of SBITA entries.	
	158
Change in net position of governmental activities, statement of activities	<u>\$ 12,568</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Net Position
Proprietary Funds
June 30, 2023
(In thousands of dollars)

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Assets			
Current assets			
Cash and cash equivalents	\$ 121	\$ 32,957	\$ 33,078
Investments	—	106,902	106,902
Restricted cash and cash equivalents	4,176	17,589	21,765
Accounts receivable	359	—	359
Due from other governments	17,347	2,891	20,238
Due from other funds	33,544	10,012	43,556
Lease receivable	372	—	372
Prepaid Items	75	—	75
Total current assets	<u>55,994</u>	<u>170,351</u>	<u>226,345</u>
Noncurrent assets			
Net other postemployment benefits asset	73	875	948
Lease receivable	767	—	767
Capital assets, not being depreciated	22,694	—	22,694
Capital assets, net of accumulated depreciation	97,423	—	97,423
Lease or SBITA assets, net of accumulated amortization	56	115	171
Subscription-Based Information Technology Arrangements, net of accumulated amortization	316	2,774	3,090
Total noncurrent assets	<u>121,329</u>	<u>3,764</u>	<u>125,093</u>
Total assets	<u>177,323</u>	<u>174,115</u>	<u>351,438</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions and other postemployment benefits	406	4,585	4,991
Deferred charge on debt refunding	148	163	311
Total Deferred Outflows of Resources	<u>554</u>	<u>4,748</u>	<u>5,302</u>
Liabilities			
Current liabilities:			
Accounts payable	19,124	—	19,124
Accrued salaries and benefits	55	499	554
Due to other funds	13,121	—	13,121
Due to other governments	10,261	165,100	175,361
Bond payable - current	3,883	16,272	20,155
Bond interest payable	292	1,317	1,609
Compensated absences payable	232	2,019	2,251
Lease liability	9	17	26
Subscription-Based Information Technology Arrangements liability	65	416	481
Unearned revenue	381	—	381
Other liabilities	2	35	37
Total current liabilities	<u>47,425</u>	<u>185,675</u>	<u>233,100</u>

Valley Metro
Regional Public Transportation Authority
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023
(In thousands of dollars)

Noncurrent liabilities:

Due to other governments	2,782	—	2,782
Net pension and other postemployment benefits liability	2,093	25,152	27,245
Compensated absences payable	33	287	320
Revenue bonds payable, including unamortized premium	8,204	36,483	44,687
Lease liability	49	100	149
Subscription-Based Information Technology Arrangements liability	255	2,196	2,451
Total noncurrent liabilities	<u>13,416</u>	<u>64,218</u>	<u>77,634</u>
Total liabilities	<u>60,841</u>	<u>249,893</u>	<u>310,734</u>

Deferred Inflows of Resources

Deferred inflows related to pensions and other postemployment benefits	101	1,218	1,319
Deferred inflows on debt refunding	54	61	115
Deferred inflows related to leases	1,135	—	1,135
Total Deferred Inflows of Resources	<u>1,290</u>	<u>1,279</u>	<u>2,569</u>

Net Position

Net investment in capital assets	101,266	159	101,425
Restricted for OPEB benefits	73	875	948
Restricted for debt service	4,176	17,589	21,765
Unrestricted	10,231	(90,932)	(80,701)
Total net position	<u>\$ 115,746</u>	<u>\$ (72,309)</u>	<u>\$ 43,437</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 42,968	\$ 30,448	\$ 73,416
Fare Revenues	6,022	—	6,022
Miscellaneous	1,108	1	1,109
Total operating revenues	<u>50,098</u>	<u>30,449</u>	<u>80,547</u>
Operating Expenses:			
Local & express bus service	114,352	—	114,352
Light rail staff and administration	—	31,472	31,472
Paratransit service	45,352	—	45,352
Vanpool service	762	—	762
Safety and security	588	—	588
Depreciation	13,298	—	13,298
Lease and SBITA amortization	95	542	637
Total operating expenses	<u>174,447</u>	<u>32,014</u>	<u>206,461</u>
Operating income (loss)	<u>(124,349)</u>	<u>(1,565)</u>	<u>(125,914)</u>
Non-Operating Revenues (Expenses):			
Lead agency disbursements	(4,616)	(111,409)	(116,025)
Federal Grants	12,619	—	12,619
IRS fuel tax credit	261	—	261
Lease income	3	—	3
Interest income	91	4,058	4,149
Loss on disposal of capital assets	(378)	—	(378)
Capital conveyance	(239)	—	(239)
VMR Contribution - Lease or SBITA assets	—	722	722
Member Contribution	24	—	24
Interest expense	(296)	(881)	(1,177)
Total non-operating revenues (expenses)	<u>7,469</u>	<u>(107,510)</u>	<u>(100,041)</u>
Income (loss) before contributions and transfers	<u>(116,880)</u>	<u>(109,075)</u>	<u>(225,955)</u>
Capital contributions	21,522	—	21,522
Transfers in	110,109	104,497	214,606
Changes in net position	14,751	(4,578)	10,173
Net position, beginning, as restated	100,995	(67,731)	33,264
Net position, ending	<u>\$ 115,746</u>	<u>\$ (72,309)</u>	<u>\$ 43,437</u>

See accompanying notes to the financial statements.

Valley Metro
Regional Public Transportation Authority
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

	Business-Type Activities - Enterprise Funds		
	Transit Service Operations	Valley Metro Rail	Total Proprietary Funds
Cash flows from operating activities			
Receipts from customers	\$ 42,502	\$ 30,808	\$ 73,310
Payments to suppliers	(158,262)	(1,567)	(159,829)
Payments to employees	(2,704)	(28,063)	(30,767)
Net cash provided by (used in) operating activities	(118,464)	1,178	(117,286)
Cash flows from noncapital and related financing activities			
Transfers in - sales taxes	110,109	104,497	214,606
Receipts from federal operating grants	13,989	—	13,989
Lead agency disbursements	(2,853)	(58,591)	(61,444)
Due to other funds	2,243	(1,776)	467
IRS fuel tax credit	385	—	385
Member Contribution	(130)	—	(130)
and related financing activities	123,743	44,130	167,873
Cash flows from capital and related financing activities			
Purchases of capital assets	(28,579)	—	(28,579)
Conveyance of capital assets	(239)	—	(239)
Proceeds from the sale of capital assets	611	—	611
Principal paid on long-term debt	(3,440)	(15,190)	(18,630)
Interest paid on capital debt	(679)	(3,084)	(3,763)
Capital contributions	27,498	—	27,498
Advance bond proceeds received	—	3,914	3,914
(Payments) Receipts on leases and SBITAs	(88)	57	-31
related financing activities	(4,916)	(14,303)	-19,219
Cash flows from investing activities			
Interest received on investments	91	4,058	4,149
Net cash provided by (used in) investing activities	91	4,058	4,149
Net increase in cash and cash equivalents	454	35,063	35,517
Cash and cash equivalents, beginning of year	3,843	122,385	126,228
Cash and cash equivalents, end of year	\$ 4,297	\$ 157,448	\$ 161,745
Cash and Cash Equivalents			
Cash and Cash Equivalents	\$ 121	\$ 32,957	\$ 33,078
Investments	—	106,902	106,902
Restricted Cash	4,176	17,589	21,765
Total Cash and Cash Equivalents	\$ 4,297	\$ 157,448	\$ 161,745
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (124,349)	\$ (1,565)	\$ (125,914)
Adjustments to reconcile operating income (loss) to net			

Valley Metro
Regional Public Transportation Authority
Statement of Cash Flows (Continued)
Proprietary Funds
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

cash provided by (used in) operating activities:			
Depreciation	13,298	—	13,298
Lease and SBITA Amortization	95	542	637
(Increase) decrease in assets/deferred outflows:			
Accounts receivable	(213)	—	(213)
Due from other governments	(5,764)	(2,891)	(8,655)
Net other postemployment benefits asset	(9)	(146)	(155)
Deferred outflows related to pensions and other postemployment benefits	66	917	983
Other assets	(74)	—	(74)
Increase (decrease) in liabilities/deferred inflows:			
Accounts payable	1,713	—	1,713
Accrued salaries and benefits	6	160	166
Due to other governments	(3,481)	3,910	429
Compensated absences payable	(31)	(3)	(34)
Unearned revenue	381	—	381
Net Pension and other postemployment benefits liability	393	5,810	6,203
Deferred inflows related to pensions and other postemployment benefits	(495)	(5,556)	(6,051)
Other liabilities	—	—	—
Net cash provided by (used in) operating activities	<u>\$ (118,464)</u>	<u>\$ 1,178</u>	<u>\$ (117,286)</u>
Noncash Transactions affecting Financial Position			
Amortization of deferred amount on refunding	\$ (122)	\$ (134)	\$ (256)
Amortization of premium	418	1,943	2,361

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.

For the year ended June 30, 2023, the Authority implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. As a result, the Authority's financial statements have been modified to reflect the implementation of this new standard. Due to the contractual agreement with the Valley Metro Rail, Inc.(VMR), as described in Note 1a, the Authority and VMR have joint agreements with various vendors that include SBITAs. These arrangements are funded by both entities based on usage. All assets and liabilities related to joint SBITAs agreements are recorded in the Authority's financial statements and the VMR contributions towards the SBITA asset is recorded in the Authority's financial statements.

All GASB issued statements that had an effective date for implementation for the year ended June 30, 2023 were considered in the preparation of the financial statements; however, there were no additional GASB statements that impacted the financial statements or presentation for the fiscal year ended June 30, 2023, with the exception of GASB 96.

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 2023, the members included the cities of Avondale, Buckeye, Chandler, El Mirage, Glendale, Goodyear, Mesa, Peoria, Phoenix, Scottsdale, Surprise, Tempe and Tolleson, the towns of Fountain Hills, Gilbert, Queen Creek, Wickenburg, and Youngtown and Maricopa County. A municipality may have one elected official serve on the Authority's Board of Directors by adopting an ordinance declaring its participation.

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

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

b. Basic Financial Statements

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

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

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

Internally imposed use of net position by the reporting government, whether by administrative policy or legislative action of the reporting government, are not shown on the government-wide financial statements. Note 8 discusses the internally imposed use of fund balance/net position in the various funds to demonstrate the government's intended use.

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

revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

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

c. Basis of Presentation

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

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

Governmental Funds

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

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

Other Non-major Governmental Funds are reported in a single column and combining statements are presented following the required supplementary information other than the MD&A.

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, except for principal and interest on general long-term debt, claims, and judgments, compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under lease contracts are reported as other financing sources.

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 recorded as deferred inflows of resources.

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

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

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

e. Budgetary Basis of Accounting

An annual budget of revenues and expenditures is prepared and adopted by the Board of Directors each fiscal year for all funds. The legal level of budgetary control is the total annual appropriated budget. Costs in excess of the total annual appropriated budget require approval of the Board of Directors. Transfers of appropriations between departments require the approval of the Chief Executive Officer. The Authority prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP) for the governmental and proprietary funds. An explanation of differences between budgetary basis and GAAP basis is provided in each of the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual for governmental funds and in the Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual for 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 required supplementary information. These statements must display original budget, amended budget and actual results (on a budgetary basis). Budgetary comparisons for the major enterprise funds are presented after the combining statements following the notes to the financial statements. Where necessary, a reconciliation has been provided of the adjustments required to convert the budgetary revenues and expenditures or changes in net 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 Transit Service Operations Fund and Valley Metro Rail Enterprise Fund should be allocated to the General Fund.

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

g. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The Authority uses the consumption method to report prepaid items when they are purchased. They are recorded as assets and the expenditure/expense is recognized when the assets are consumed or used.

h. Capital Assets

All capital assets, whether owned by governmental activities or business-type activities, must be recorded and depreciated in the government-wide and proprietary fund 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 acquisition 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.

Depreciation has been provided using the straight-line method based on the estimated useful lives of the assets. Amortization of the leased assets has been provided using the straight-line method based on the shorter of the lease period or the estimated useful life the leased asset.

The estimated useful lives are as follows:

<u>Assets</u>	<u>Useful Life (Years)</u>
Equipment	3-20
Vehicles	
Vans	4
Cars	4-10
Buses less than 30 feet	10
Buses greater than 40 feet	12
Computers and software	3-7
Site Improvements	5-33
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/expenses associated with operating, capital projects and capital maintenance.

k. Compensated Absences

Employees of the Authority are entitled to 25.4 - 35.8 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 financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts, and the difference between the reacquisition price and the net carrying amount of the old debt, are amortized over the life of the bonds using a method that approximates the effective interest rate 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 assets 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 assets that applies to future periods and will be recognized as a revenue in future periods.

n. Pension and Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' 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. Leases and Subscription-Based Information Technology Arrangements

Leases - As lessee, the Authority recognizes lease liabilities with an initial, individual value of \$50,000 or more. The Authority uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Authority's estimated incremental borrowing rate is based on historical yields obtained from the Municipal Bond Information Service for investment grade tax-exempt governmental bonds plus 75 basis points.

As lessor, the Authority recognizes lease receivables with an initial, individual value of \$50,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Authority charges the lessee) and the implicit rate cannot be determined, the Authority uses its own estimated incremental borrowing rate as a discount rate to measure lease receivables. The Authority's estimated incremental borrowing rate is calculated as described above.

Subscription-based information technology arrangements - The Authority recognizes subscription liabilities with an initial, individual value of \$500,000 or more. The Authority uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the lease. The Authority's estimated incremental borrowing rate is calculated using the same methodology as leases as described above. Due to the contractual agreement with the Valley Metro Rail, Inc., (VMR) as described in Note 1a, the Authority and VMR have joint agreements with various vendors that include SBITAs. These arrangements are funded by both entities based on usage. All assets and liabilities related to joint SBITAs agreements are recorded in the Authority's financial statements while a VMR Contribution - Lease or SBITA asset is recorded in the Valley Metro Rail Fund for VMR contributions toward the subscription payments only.

p. 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.

q. 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.

r. 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.

s. 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/expenses during the reporting financial period. Actual results could differ from these estimates.

t. Restricted Cash and Cash Equivalents and Investments

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

2. Restatement of Net Position:

The Authority restated beginning net position for the business-type activities and the Transit Service Operations enterprise fund due to capitalization of \$2,101 thousand as work in progress in fiscal year 2022, which should have been recorded as an expense during that period. This resulted in a decrease to beginning net position of \$2,101 thousand.

All amounts presented in thousands of dollars

	<u>Business-Type Activities</u>	<u>Transit Service Operations</u>
Net position/Fund Balance at 6/30/22, as Previously Reported	\$ 35,365	\$ 103,096
Work in Progress Adjustment	(2,101)	(2,101)
Net position/Fund Balance at 7/1/22, as Restated	<u>\$ 33,264</u>	<u>\$ 100,995</u>

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2023

3. Reconciliation of Governmental Fund Financial Statements to Government-Wide Statements (In thousands of dollars):

	Total Governmental Funds	Long-term Assets/ Liabilities	Reclassifications for Internal Balances and Eliminations	Statement of Net Position Totals
Assets				
Cash and cash equivalents	\$ 8,258	\$ —	\$ —	\$ 8,258
Investments	133,108	—	—	133,108
Receivables	28	—	—	28
Due from other funds	13,676	—	(13,676)	—
Due from other governments	41,059	—	—	41,059
Prepaid items	230	—	—	230
Net pension and other postemployment benefits asset	—	374	—	374
Capital assets (net)	—	4,197	—	4,197
Lease assets (net)	—	7,717	—	7,717
Subscription-Based Information Technology Arrangements (net)	—	2,734	—	2,734
Total assets	196,359	15,022	(13,676)	197,705
Deferred Outflows of Resources				
Deferred outflows related to pensions and other postemployment benefits	—	1,943	—	1,943
Total Deferred Outflows of Resources	—	1,943	—	1,943
Liabilities				
Accounts payable	1,843	—	—	1,843
Accrued salaries and benefits	234	—	—	234
Due to other funds	44,111	—	(13,676)	30,435
Due to other governments	293	—	—	293
Other liabilities	17	11	—	28
Lease interest payable	—	50	—	50
Compensated absences	—	1,282	—	1,282
Lease Liability	—	7,878	—	7,878
Subscription-Based Information Technology Arrangements Liability	—	2,538	—	2,538
Net pension and other postemployment benefits liability	—	10,742	—	10,742
Total liabilities	46,498	22,501	(13,676)	55,323
Deferred Inflows of Resources				
Deferred inflows related to pensions and other postemployment benefits	—	520	—	520
Total Deferred Inflows of Resources	—	520	—	520
Fund Balance/Net Position				
Total fund balance/net position	\$ 149,861	\$ (6,056)	\$ —	\$ 143,805

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2023

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 (*In thousands of dollars*):

Cost of capital assets	\$	11,880
Accumulated depreciation		<u>(7,683)</u>
Capital assets, net	\$	<u>4,197</u>

When lease assets that are to be used in governmental activities are leased, the lease 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 lease assets among the assets of the Authority as a whole (*In thousands of dollars*):

Cost of Lease Assets	\$	8,930
Accumulated amortization		<u>(1,213)</u>
Lease assets, net	\$	<u>7,717</u>

When subscription-based information technology arrangement (SBITA) assets that are to be used in governmental activities, the SBITA 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 SBITA assets among the assets of the Authority as a whole (*In thousands of dollars*):

Cost of Subscription-Based Information Technology Arrangements	\$	3,273
Accumulated amortization		<u>(539)</u>
Subscription-Based Information Technology Arrangements, net	\$	<u>2,734</u>

Interfund transactions between governmental activities of \$13.7 million are eliminated in the consolidation of these activities for the Statement of Net Position.

Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Therefore, other contingent liabilities of \$11 thousand, lease interest payable of \$50 thousand, compensated absences payable of \$1,282 thousand, lease liabilities of \$7,878 thousand, and subscription-based information technology arrangement liability of \$2,538 thousand are not reported as a liability in the funds.

Net other postemployment benefits (OPEB) asset is a long-term asset and therefore, is not reported as an asset in the funds. Net pension and OPEB 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 and OPEB 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 (*In thousands of dollars*):

Valley Metro
Regional Public Transportation Authority
Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2023

	Total Governmental Funds	Capital Purchases	Depreciation and Disposals	Work in Progress Expensed	Compensated Absences	Expenses for Contingent Liabilities
Revenues						
Sales taxes	\$ 245,958	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	13,087	—	—	—	—	—
Interest earnings	3,697	—	—	—	—	—
Charges for services	330	—	—	—	—	—
Miscellaneous	49	—	—	—	—	—
Total revenues	<u>263,121</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures/Expenses						
Regional planning	3,880	—	—	—	—	—
Transportation demand management	1,544	—	—	—	—	—
Regional customer services	14,665	—	54	—	—	—
AZ Lottery fund disbursements	10,267	—	—	—	—	—
Administration	5,345	—	1,166	1,013	34	(104)
Capital outlay	47	(47)	—	—	—	—
Loss on Investments	—	—	—	—	—	—
Debt Service Principal	1,120	—	—	—	—	—
Debt Service Interest	136	—	—	—	—	—
Total expenditures/expenses and other uses	<u>37,004</u>	<u>(47)</u>	<u>1,220</u>	<u>1,013</u>	<u>34</u>	<u>(104)</u>
Other financing uses/ changes in net position						
Transfers in	3,505	—	—	—	—	—
Transfers out	(218,111)	—	—	—	—	—
Financing of Subscription- Based Information Technology Arrangements	3,111	—	—	—	—	—
Net transfers	<u>(211,495)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change for the year	<u>\$ 14,622</u>	<u>\$ 47</u>	<u>\$ (1,220)</u>	<u>\$ (1,013)</u>	<u>\$ (34)</u>	<u>\$ 104</u>

(Continued on next page)

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 increases by the amount of the financial resources expended for capital outlay \$47 thousand, whereas net position decreases by the amounts of disposals and depreciation expense charged for the year \$1,220 thousand.

In the current year, there were \$1,013 thousand capitalized as work in progress were not eligible to be capitalized and were therefore reported as administrative expenses in the current year.

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<u>Pension Contributions</u>	<u>Pension Expense</u>	<u>Costs of Capitalized SBITA</u>	<u>Amortization of Leases</u>	<u>Amortization of SBITA</u>	<u>Long-Term Debt Transactions</u>	<u>Statement of Activities Totals</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 245,958
—	—	—	—	—	—	13,087
—	—	—	—	—	—	3,697
—	—	—	—	—	—	330
—	—	—	—	—	—	49
—	—	—	—	—	—	263,121
—	—	(439)	1	88	8	3,538
—	—	(269)	1	80	5	1,361
—	—	(672)	618	140	134	14,939
—	—	—	—	—	—	10,267
(1,031)	1,049	(1,891)	2	231	29	5,843
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	(1,120)	—
—	—	—	—	—	(137)	(1)
(1,031)	1,049	(3,271)	622	539	(1,081)	35,947
—	—	—	—	—	—	3,505
—	—	—	—	—	—	(218,111)
—	—	—	—	—	(3,111)	—
—	—	—	—	—	(3,111)	(214,606)
\$ 1,031	\$ (1,049)	\$ 3,271	\$ (622)	\$ (539)	\$ (2,030)	\$ 12,568

The governmental funds do not report the change in unpaid compensated absences in the amount of \$34 thousand 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.

The governmental funds, under a modified accrual basis of accounting, do not report contingent liabilities as an expenditure of \$11 thousand as they were not paid with available financial resources. or the reversal of the prior year expenditure of \$115 thousand that was recorded as an expense in the current period as it was paid in the current period with available financial resources.

Pension contributions of \$1,031 thousand 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 of \$1,049 thousand, 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.

When subscription-based information technology arrangements (SBITA) are entered into for the governmental activities, an expenditure is recorded in the governmental funds in the amount of the present value of the future SBITA payments; however, in the statement of activities, the present value of future SBITA payments are recognized as intangible assets and amortized over the SBITA term. Total lease expenditures for governmental funds are \$3,271 thousand.

Amortization expenses of \$622 thousand and \$539 thousand for leases and SBITAs reported in the statement of activities does not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.

Financing of leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from SBITA acquisitions in the amount of \$3,111 thousand. Further repayment of principal related to leases is reported as an expenditure in the governmental funds. These payments of \$1,120 thousand have the effect of reducing fund balance because current financial resources have been used. For the government-wide statements; however, these payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. Additionally, interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for accrued interest related to leases and SBITAs in the amount of \$39 thousand. The net of these items is \$2,030 thousand presented as Long-Term Debt Transactions in table above.

4. Deposits and Investments

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

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

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

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

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

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

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

a. Deposits

The carrying amount of the Authority's deposits at June 30, 2023, was \$40.5 million and the bank ledger balance was \$43.0 million. The difference of \$2.5 million represents outstanding checks. Of the bank balance, \$1.5 million was covered by federal depository insurance and \$41.5 million was covered by collateral held by the pledging financial institution in the Authority's name. Further, cash held with the bond fund trustee was \$22.6 million which was held with the trustee in a commercial money market account. \$21.8 million held by the bond trustee is reported as restricted for debt service payments scheduled for July 1, 2023, the remaining \$0.8 thousand that will be used for future debt service payments is reported as cash and cash equivalents.

b. Investments

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

Fair Value Reporting

The Authority categorizes its fair value measurements for investments within the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Level 1 debt and equity securities are valued based on prices quoted in active markets for those securities. Level 2 securities are valued using a matrix pricing technique that values

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securities based on their relationship to benchmark quoted prices. Level 3 securities, whose stated market prices are unobservable by the market place, are priced by the investment manager using discounted cash flow techniques.

The Authority has the following investments within the hierarchy framework as of June 30, 2023 (In thousands of dollars):

	Fair value measurement using		
	Amount	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)
Investments by fair value level			
US Treasury Notes/Bills	\$ 32,477	\$ —	\$ 32,477
US Agencies:			
Federal Home Loan Bank	2,328	—	2,328
Corporate bonds	2,640	—	2,640
	<u>\$ 37,445</u>	<u>\$ —</u>	<u>\$ 37,445</u>
External investment pools measured at fair value			
State Investment Pool 5	\$ 202,565		
Total investments	<u>\$ 240,010</u>		

Investments in the State Treasurer’s investment pools are valued at the pool’s share price multiplied by the number of shares the Authority held. The fair value of a participant’s position in the pools approximates the value of that participant’s pool shares. The State Board of Investment provides oversight for the State Treasurer’s investment pools.

Credit Risk

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and any of its agencies, corporations or instrumentalities, collateralized repurchase agreements, certificates of deposit and the LGIP. The Authority’s investment policy does not further limit its investment choices. The LGIP is operated by the Arizona State Treasurer’s Office, as authorized by Arizona Revised Statutes §35-326. Arizona Revised Statutes §35-312 and §35-313 regulate authorized investments.

At June 30, 2023, credit risk for the Authority’s investments was as follows (In thousands of dollars):

Investments type	Rating							Total Amount
	AAA	AA+	AA	AA-	A+	A	A-	
US Agencies:								
Federal Home Loan Bank	\$ —	\$2,328	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,328
Corporate bonds	—	—	—	—	733	621	1,286	2,640
State Investment Pool 5	202,565	—	—	—	—	—	—	202,565
Total investments	<u>\$ 202,565</u>	<u>\$2,328</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 733</u>	<u>\$ 621</u>	<u>\$1,286</u>	<u>\$ 207,533</u>

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the County will not be able to recover the value of its investments or collateral securities that are in an outside party's possession. Without limiting the requirements of Title 35, the Authority's policy is that collateralization is required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level is the greater of the requirements imposed by Title 35, or 102% of market value of principal and accrued interest. Collateral is to always be held by a designated third-party with whom a custodial agreement exists and a safekeeping receipt must be issued to the Authority. Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, provides for disclosures of custodial credit risk associated with investment securities. An exception is provided for investments in external investment pools and for investments in open-ended mutual funds.

Concentration of Credit Risk.

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

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

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

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

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

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

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The Authority had investments at June 30, 2023, of 5 percent or more in the State's investment pool. Total percentage of these securities is 84.40%. These security types have no maximum investment restrictions.

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the Authority's investment policy provides for matching investment maturities with anticipated cash flow requirements while maintaining an emphasis on liquidity. Unless matched to a specific cash flow requirement, the Authority will not directly invest in securities maturing more than two years from the date of purchase. Valley Metro RPTA Investment Funds may be invested in securities exceeding two years if the maturity of such investments are made to coincide as close as practicable with the expected use of the funds.

At June 30, 2023, the Authority had the following investments in debt securities (*In thousands of dollars*):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>< 1 yr</u>	<u>1-2 years</u>
US Treasury Notes/Bills	\$ 32,477	\$ 22,279	\$ 10,198
US Agencies:			
Federal Home Loan Bank	2,328	—	2,328
Corporate bonds	2,640	1,139	1,501
State Investment Pool 5	202,565	202,565	—
	<u>\$ 240,010</u>	<u>\$ 225,983</u>	<u>\$ 14,027</u>

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Position follows (*In thousands of dollars*):

Cash, deposits, and investments:

Carrying amount of the Authority's deposits	\$ 40,540
Cash and investments with bond fund trustee - unrestricted	796
Cash and investments with bond fund trustee - restricted	21,765
Valley Metro RPTA Investment Funds	37,445
Investments in the LGIP	202,565
	<u>\$ 303,111</u>

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Statement of net position:			
Cash and cash equivalents	\$ 8,258	\$ 33,078	\$ 41,336
Investments	133,108	106,902	240,010
Restricted cash and cash equivalents	—	21,765	21,765
Total	<u>\$ 141,366</u>	<u>\$ 161,745</u>	<u>\$ 303,111</u>

5. **Receivables and Due from Other Governments**

All receivable balances at June 30, 2023 are displayed on the financial statements and are expected to be collected in full; therefore, an allowance for uncollectibles has not been recorded.

As mentioned in Note 1, Valley Metro Rail, Inc.,(VMR) contracts with the Authority for administrative functions, including personnel, HR administration, and computer support services. All VMR staff is hired and employed by RPTA but works solely under the direction of VMR and its Board of Directors through a contractual arrangement with RPTA. As of June 30, 2023, the authority was owed \$2.9 million for payroll and fringe benefits and \$19.9 million to reimburse shared contractual services. Both amounts are expected to be repaid to by VMR next fiscal year.

Receivables are primarily result from public transportation funds sales tax due from the Arizona State Treasurer, 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/expenses associated with operating, capital projects and capital maintenance. Due from Other Governments at June 30, 2023 consist of the following (*In thousands of dollars*):

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Due from Other Governments			
Reimbursement for Payroll and Fringe Benefits	\$ 2	\$ 2,891	\$ 2,893
Reimbursement for Shared Contractual Services	19,943	—	19,943
Due from Valley Metro Rail, Inc.	\$ 19,945	\$ 2,891	\$ 22,836
Arizona State Treasurer-PTF Funds	20,653	—	20,653
AZ Dept of Transportation	—	184	184
City of Avondale	—	153	153
City of Goodyear	—	56	56
City of Peoria	—	110	110
City of Phoenix	—	11,740	11,740
City of Surprise	—	408	408
City of Tempe	—	3,874	3,874
City of Tolleson	—	93	93
Gila River Indian Community	—	9	9
Internal Revenue Service	—	169	169
Maricopa Association of Governments	355	—	355
Maricopa County	106	551	657
Total Due from Other Governments	<u>\$ 41,059</u>	<u>\$ 20,238</u>	<u>\$ 61,297</u>

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

During FY15, the Authority and Valley Metro Rail, Inc., (VMR) Boards amended the interagency LRT Program Agreement, whereby the Authority 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, the Authority advanced 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 was paid from the collection of PTF Sales Taxes by the Authority and payment of related debt principal. As debt service payments are made, RPTA will record lead agency disbursements expense and reduce the note receivable.

As of June 30, 2023, PTF Advance Bond Proceeds balance remaining totaled \$0 as the final payment occurred during the reporting period. Principal and interest payments for the advance bond proceeds are shown below. *(In thousands of dollars).*

<u>Fiscal Year End</u>	<u>Interest Debt Service Payments</u>	<u>Principal Debt Service Payments</u>
2023	\$ 1,330,882	\$ 3,913,715

* Note A portion of the total Series 2014 Bond Issue interest expense is allocated to the Series 2014 Advance. The allocation is based on the ratio of Series 2014 Advance Note Payable \$69,583.7 million versus the Total Series 2014 Bond Proceeds \$135.4 million.

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, 2023. The following interfund receivables and payables are included in the fund financial statements at June 30, 2023 *(In thousands of dollars):*

	<u>Due from other Funds</u>				
	<u>General</u>	<u>Non-major Governmental</u>	<u>Transit Service Operations</u>	<u>Valley Metro Rail</u>	<u>Total</u>
<u>Due to other funds</u>					
Governmental funds:					
General Fund	\$ —	\$ 361	\$ 33,544	\$ 10,012	\$ 43,917
Non-major Governmental funds	194	—	—	—	194
Total governmental funds	<u>194</u>	<u>361</u>	<u>33,544</u>	<u>10,012</u>	<u>44,111</u>
Enterprise funds:					
Transit Service Operations	13,121	—	—	—	13,121
Total enterprise funds	<u>13,121</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,121</u>
Grand totals	<u>\$ 13,315</u>	<u>\$ 361</u>	<u>\$ 33,544</u>	<u>\$ 10,012</u>	<u>\$ 57,232</u>

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Notes to the Financial Statements (Continued)
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A Due from the General Fund to Non-Major Governmental Funds and Transit Service Operations is recorded for monies due to funds for earmarked sales tax revenue.

The Authority received the June 2023 PTF revenue distribution in July 2023. Therefore, the Valley Metro Rail allocation of PTF revenue is reported as due from the General Fund to the Valley Metro Rail fund.

A Due from Non-major Governmental Funds and Transit Service Operations to the General Fund is recorded for transfers to cover negative cash balances at June 30.

Interfund transfers are used for transfers of sales tax revenues from the General Fund to the various funds that receive earmarked sales tax revenues.

The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2023 (*In thousands of dollars*).

	Transfers Out	
	General	Total
Transfers In		
Non-major Governmental funds	\$ 3,505	\$ 3,505
Total governmental funds	<u>3,505</u>	<u>3,505</u>
Enterprise funds:		
Transit Service Operations 42	110,109	110,109
Valley Metro Rail 41	104,497	104,497
Total enterprise funds	<u>214,606</u>	<u>214,606</u>
Grand totals	<u>\$ 218,111</u>	<u>\$ 218,111</u>

Net transfers from governmental activities to business-type activities on the government-wide statement of activities are in the amount \$214,606 thousand.

8. Fund Balance Classifications

Fund Balance classifications reported in the governmental funds include the following (*In thousands of dollars*):

	<u>General</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Nonspendable			
Prepays	\$ 230	\$ —	\$ 230
Spendable			
Restricted for			
Corridor and facility planning	—	84	84
Clean Air Activities	—	45	45
Assigned for			
General fund operating reserve	39,309	—	39,309
Capital Reserve	12,829	—	12,829
Unassigned	97,364	—	97,364
Total	<u>\$ 149,732</u>	<u>\$ 129</u>	<u>\$ 149,861</u>

The restricted balance for Corridor and facility planning are for monies from the Maricopa Association of Governments for use on Corridor and facility planning activities. The Restricted for Clean Air activities are for monies contributed by vendors and the public for use on the Annual Clean Air Campaign Awards and Luncheon.

The assigned balance for general fund operating reserve are 17% of the fiscal year 2024 budgeted operating expenses set aside to accumulate sufficient reserve funds to satisfy general cash flow demands. The assigned balance for capital reserve are 20% of the fiscal year 2024 budgeted non-federal capital expenses of the authority set aside to ensure timely acquisition, replacement and upgrade of the Authority's capital assets. Both assignments were the result of a fund balance policy approved the Authority's board in January 2016.

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Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2023

9. Capital Assets

A summary of capital asset activity, for the government-wide financial statements, for the year ended June 30, 2023 (*In thousands of dollars*):

	Restated Balance, 6/30/2022	Increases	Decreases	Transfers and Adjustments	Balances, 6/30/2023
Governmental activities:					
Non-depreciable assets:					
Work in progress	\$ 2,981	\$ —	\$ (1,013)	\$ (1,968)	\$ —
Total non-depreciable assets	2,981	—	(1,013)	(1,968)	—
Depreciable/Amortizable assets:					
Site improvements	624	—	—	—	624
Computers & software	7,681	—	(154)	1,968	9,495
Equipment	617	18	(29)	—	606
Vehicles	286	29	—	—	315
Furniture & fixtures	840	—	—	—	840
Right-to-use lease assets - Buildings	8,959	—	—	(29)	8,930
Subscription Based IT Agreements	—	3,273	—	—	3,273
Total depreciable/amortizable assets at historical cost	19,007	3,320	(183)	1,939	24,083
Less accumulated depreciation/amortization for:					
Site improvements	(607)	(3)	—	—	(610)
Computers & software	(4,516)	(961)	—	—	(5,477)
Equipment	(575)	(30)	30	—	(575)
Vehicles	(282)	(4)	—	—	(286)
Furniture & fixtures	(666)	(69)	—	—	(735)
Right-to-use lease assets - Buildings	(594)	(621)	—	2	(1,213)
Subscription Based IT Agreements	—	(539)	—	—	(539)
Total accumulated depreciation/amortization	(7,240)	(2,227)	30	2	(9,435)
Total Governmental activities capital assets being depreciated/amortized, net	11,767	1,093	(153)	1,941	14,648
Governmental activities capital assets, net	14,748	1,093	(1,166)	(27)	14,648
Business-type activities:					
Non-depreciable assets:					
Land	5,292	—	—	—	5,292
Work in progress	4,954	12,448	—	—	17,402
Total non-depreciable assets	10,246	12,448	—	—	22,694
Depreciable/amortizable assets:					
Transit fleet	144,805	11,801	(6,981)	—	149,625
Vehicles	328	31	(61)	—	298
Building	13,391	—	—	—	13,391
Site improvements	10,228	—	—	—	10,228
Computers & software	94	—	—	—	94
Ticket vending machines	1,663	—	—	—	1,663
Equipment	10,252	219	—	—	10,471
Furniture & fixtures	127	—	—	—	127

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Notes to the Financial Statements (Continued)
Fiscal Year Ended June 30, 2023

					(Continued)
Infrastructure	29	—	—	—	29
Right-to-use lease assets - Buildings	35	155	—	26	216
Subscription Based IT Agreements	—	3,700	—	—	3,700
Total depreciable assets at historical cost	180,952	15,906	(7,042)	26	189,842
Less accumulated depreciation/amortization for:					
Transit fleet	(62,420)	(11,876)	6,396	—	(67,900)
Vehicles	(328)	(1)	61	—	(268)
Building	(4,075)	(291)	—	—	(4,366)
Site improvements	(7,464)	(576)	—	—	(8,040)
Computers & software	(94)	—	—	—	(94)
Ticket vending machines	(1,006)	(111)	—	—	(1,117)
Equipment	(6,130)	(441)	—	—	(6,571)
Furniture & fixtures	(127)	—	—	—	(127)
Infrastructure	(18)	(2)	—	—	(20)
Right-to-use lease assets - Buildings	(1)	(27)	—	(17)	(45)
Subscription Based IT Agreements	—	(610)	—	—	(610)
Total accumulated depreciation/amortization	(81,663)	(13,935)	6,457	(17)	(89,158)
Total Business-type capital assets being depreciated/amortized, net	99,289	1,971	(585)	9	100,684
Business-type activities capital assets, net	\$ 109,535	\$ 14,419	\$ (585)	\$ 9	\$ 123,378

*Increases include adjustments for the implementation of GASB Statement No. 96.

See Note 2 for explanation of restated balance at July 1, 2022.

Depreciation/Amortization expense was charged to the following functions in the basic financial statements (*In thousands of dollars*):

	Governmental	Business-Type
Regional planning	\$ 87	\$ —
Transportation demand management	81	—
Regional customer services	813	—
Administration	1,246	—
Transit service operations	—	13,393
Valley Metro Rail	—	542
Total depreciation/amortization expense	\$ 2,227	\$ 13,935

10. Due to Other Governments

Payables to cities, towns, and Gila River Indian Community result from accrued member city billings for transportation services and lead agency disbursements for capital transportation projects which are funded by the Authority. Payables to the Federal Transit Administration include proceeds from vehicle disposals these proceeds are classified as either current if they are planned to be repaid on or before June 30, 2024 or non current if they are planned to be used for eligible federal projects after June 30, 2024. Payables to Valley Metro Rail Inc., for Public Transportation Funding and reimbursements are discussed more fully in Note 18.

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Due to Other Governments at June 30, 2023 consist of the following (*In thousands of dollars*):

	Due to Other Governments By Fund Type		
	Governmental Funds	Proprietary Funds	Total
<u>Due to Other Governments</u>			
Public Transportation Funding	\$ —	\$ 165,100	\$ 165,100
Reimbursement to Valley Metro Rail, Inc.	—	808	808
Due to Valley Metro Rail, Inc.	\$ —	\$ 165,908	\$ 165,908
State of Arizona	8	—	8
City of Chandler	—	83	83
City of El Mirage	—	41	41
City of Glendale	—	835	835
City of Peoria	—	77	77
City of Phoenix	285	3,042	3,327
City of Scottsdale	—	73	73
City of Surprise	—	5	5
City of Tempe	—	3,661	3,661
City of Tolleson	—	52	52
Gila River Indian Community	—	11	11
Federal Transit Administration	—	1,253	1,253
Town of Fountain Hills	—	24	24
Town of Gilbert	—	295	295
Town of Youngtown	—	1	1
Total Due to Other governments (Current Liabilities)	<u>\$ 293</u>	<u>\$ 175,361</u>	<u>\$ 175,654</u>
Federal Transit Administration	<u>\$ —</u>	<u>\$ 2,782</u>	<u>\$ 2,782</u>
Total Due to Other governments (Non Current Liabilities)	<u>\$ —</u>	<u>\$ 2,782</u>	<u>\$ 2,782</u>

11. Leases payable

The Authority has several leasing arrangements, summarized below.

Lessee activities

Beginning on January 1, 2011, the Authority entered into a new contract to lease office space for a 15 year term which included 22,250 square feet of building space. The remaining liability for this lease is \$7.2 million as of June 30, 2023. Right to use assets, net of amortization for these leases is \$7.1 million as of June 30, 2023. Interest expense recognized on these leases was \$106 thousand for fiscal year ended June 30, 2023 (all recorded as governmental activities). Principal payments totaling \$501 thousand were recognized in year ended June 30, 2022 (all recorded as governmental activities). Final payment on these leases is expected in fiscal year 2036. Further, beginning on March 1, 2022, the Authority entered into a new contract to lease additional office space on the 3rd Floor of the same building for a 3.5 year term (with two five year extension option) which included 1,680 square feet of building space. The remaining liability for this lease is \$577 thousand as of June 30, 2023. Right to use assets, net of amortization for these leases is \$566 thousand as of June 30, 2023. Interest expense recognized on these leases was \$9

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thousand for fiscal year ended June 30, 2023 (all recorded as governmental activities). Principal payments totaling \$40 thousand were recognized in year ended June 30, 2023 (all recorded as governmental activities). Final payment on these leases is expected in fiscal year 2036.

Beginning on November 1, 2021, Valley Metro Rail Inc. (VMR) and the Authority entered into a new contract to lease data center space for five years (with a three year extension option). The contract is funded by both VMR and the Authority. The asset and liability associated with this contract were recorded by both VMR and the Authority in fiscal year 2022. Starting in fiscal year 2023, the asset and liability is recorded by the Authority only while VMR continues to contribute a portion towards the lease payments. For fiscal year 2023, the Authority recorded the full liability on its financial statements and recorded a lease contribution for VMR contribution toward payments. Therefore, this lease asset ending balance of \$142 thousand at June 30, 2022, and the lease liability an ending balance of \$144 thousand at June 30, 2022 have been removed from VMR's financial statements and added to the Authority's financial statements as shown in Note 9 - Capital assets and in Note 13 - Long-term liabilities. For fiscal year 2023, the full remaining liability for this lease is \$251 thousand as of June 30, 2023. Right to use assets, net of amortization for these leases is \$245 thousand as of June 30, 2023. Interest expense recognized on these leases was \$3 thousand for fiscal year ended June 30, 2023 (all recorded as governmental activities). Principal payments totaling \$37 thousand were recognized in year ended June 30, 2023 (\$11 thousand was recorded as governmental activities and \$26 thousand was recorded as business-type activities). Final payment on these leases is expected in fiscal year 2030.

The Authority's future minimum payments under lease agreements are as follows (*in thousands of dollars*):

Fiscal Year ending June 30:	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 567	\$ 111	\$ 678	\$ 26	\$ 2	\$ 28
2025	587	103	690	26	1	27
2026	603	94	697	26	1	27
2027	613	85	698	27	1	28
2028	622	76	698	28	1	29
2029-2033	3,204	241	3,445	42	—	42
2034-2036	1,682	30	1,712	—	—	—
	<u>\$ 7,878</u>	<u>\$ 740</u>	<u>\$ 8,618</u>	<u>\$ 175</u>	<u>\$ 6</u>	<u>\$ 181</u>

Lessor activities

Beginning on June 28, 2023, RPTA, as a lessor, entered into a lease agreement involving advertisements on buses that ends on June 30, 2026. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$1.1 million. The contract includes terms and conditions for variable payments that are not included in the measurement of the lease receivable. Per the contract, \$400 thousand will be paid to the Authority annually or 65% of contractor's net advertising revenues, whichever is greater.

12. Subscription-Based Information Technology Arrangements

Valley Metro Rail Inc. (VMR) and the Authority have entered into joint subscription-based information technology arrangements (SBITAs) involving:

- Office productivity software
- Access management security software
- Data visualization and business intelligence software
- Collaboration for chat, video conferencing, and file sharing software
- Email and calendaring for business communication software
- Diagramming and vector graphics software
- Workflow automation software
- Enterprise resource planning and human resources software that integrates finance, human resources, procurement, business processes
- Physical asset maintenance software
- Cybersecurity software
- Geographical information software
- Trip planning, ride matching, vanpool management, and commuter incentive software

All assets and liabilities related to joint SBITA are recorded in the Authority's financial statements while VMR records contributions toward the subscription payments only. Total amounts for subscription and lease payments are classified as Contribution to the Authority on VMR's financial statements and were \$722 thousand for the fiscal year 2023.

The Authority's future minimum payments under SBITAs are as follows (*in thousands of dollars*):

Fiscal Year ending June 30:	Governmental activities			Business-type activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 481	\$ 54	\$ 535	\$ 481	\$ 63	\$ 544
2025	516	41	557	550	50	600
2026	329	31	360	427	39	466
2027	347	23	370	450	28	478
2028	366	14	380	474	16	490
2029-2030	499	6	505	550	6	556
	<u>\$ 2,538</u>	<u>\$ 169</u>	<u>\$ 2,707</u>	<u>\$ 2,932</u>	<u>\$ 202</u>	<u>\$ 3,134</u>

13. Long-Term Liabilities

a. Transportation Excise Tax Revenue Bonds

Bonds have been issued to advance-refund previously issued bonds. In April 2016, Series 2016 Bonds were issued to advance refund certain Series 2009 maturities (\$23.6 million). In June 2019, Series 2019 Bonds were issued to refund certain Series 2009 maturities (\$26.3

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million). The Authority has pledged future transportation excise tax revenues to repay the outstanding transportation revenue bonds for the 2016 and 2019 Refunding Bonds. The bonds are payable solely from excise tax revenues and are payable through July 1, 2025.

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 \$115.0 million and sold at a premium of \$20.4 million. 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 \$2.5 million to \$14.0 million will be made through 2025; coupon interest rates range from 3.00 to 5.25 percent with average True Interest Cost at 2.43 percent. As of June 30, 2023, 2014 Series Bond expenditures to date for the light rail program totaled \$135.4 million on an accrual basis.

For the fiscal year ended June 30, 2023, the revenues available for service of all Bond debt were \$240.5 million while total debt service requirements were \$3.2 million interest and \$18.6 million principal. Interest expense of \$1.1 million on the Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds, includes interest of \$3.2 million, bank charges and fees of \$1.9 thousand, annual amortization of the deferred amount on the refunding of \$255.3 thousand and a reduction for the annual amortization of premium expense of \$2.4 million.

Transportation Excise Revenue Bonds annual debt service requirements at June 30, 2023 were as follows (*In thousands of dollars*):

2014 Revenue Bonds Series:

Year Ending			Total	Premium
June 30	Principal	Interest	Debt Service	Amortization
2024	\$ 12,000	\$ 1,361	\$ 13,361	\$ 1,014
2025	12,630	698	13,328	520
2026	13,295	—	13,295	—
Total	<u>\$ 37,925</u>	<u>\$ 2,059</u>	<u>\$ 39,984</u>	<u>\$ 1,534</u>

2016 Refunding Revenue Bonds Series:

Year Ending			Total	Premium
June 30	Principal	Interest	Debt Service	Amortization
2024	\$ 8,155	\$ —	\$ 8,155	\$ —
Total	<u>\$ 8,155</u>	<u>\$ —</u>	<u>\$ 8,155</u>	<u>\$ —</u>

2019 Refunding Revenue Bonds Series:

Year Ending			Total	Premium
June 30	Principal	Interest	Debt Service	Amortization
2024	\$ —	\$ 820	\$ 820	\$ 551
2025	8,005	420	8,425	282
2026	8,390	—	8,390	—
Total	<u>\$ 16,395</u>	<u>\$ 1,240</u>	<u>\$ 17,635</u>	<u>\$ 833</u>

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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, 2023 was as follows (*In thousands of dollars*):

	Balance, July 1, 2022	Additions	Reductions	Transfers and Adjustments	Balance, June 30, 2023	Due Within One Year
Governmental Activities						
Net Pension and other postemployment benefits liability	\$ 8,642	\$ 4,896	\$ (2,796)	\$ —	\$ 10,742	\$ —
Compensated absences payable	1,248	1,020	(986)	—	1,282	985
Lease Liability	8,450	—	(549)	(23)	7,878	567
Subscription-Based Information Technology Arrangements Liability	—	2,960	(422)	—	2,538	481
Total Governmental Activities						
Long-term Liabilities	<u>\$ 18,340</u>	<u>\$ 8,876</u>	<u>\$ (4,753)</u>	<u>\$ (23)</u>	<u>\$ 22,440</u>	<u>\$ 2,033</u>
Business-type Activities						
Due to Other Governments	\$ 2,782	\$ —	\$ —	\$ —	\$ 2,782	\$ —
Net Pension and other postemployment benefits liability	21,042	12,868	(6,665)	—	27,245	—
Compensated absences payable	2,606	2,299	(2,334)	—	2,571	2,251
Revenue bonds payable:						
2014 Revenue bonds payable	49,330	—	(11,405)	—	37,925	12,000
2014 Bond premium	3,017	—	(1,483)	—	1,534	—
2016 Revenue bonds payable	8,155	—	—	—	8,155	8,155
2016 Bond premium	326	—	(326)	—	—	—
2019 Revenue bonds payable	23,620	—	(7,225)	—	16,395	—
2019 Bond premium	1,385	—	(552)	—	833	—
Lease Liability	34	144	(26)	23	175	26
Subscription-Based Information Technology Arrangements Liability	—	3,409	(477)	—	2,932	481
Total Business-Type						
Long-term Liabilities	<u>\$ 112,297</u>	<u>\$ 18,720</u>	<u>\$ (30,493)</u>	<u>\$ 23</u>	<u>\$ 100,547</u>	<u>\$ 22,913</u>

*Additions include adjustments for the implementation of GASB Statement No. 96.

14. 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 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.

15. Contractual and Other Commitments

a. 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, 2023 (In thousands of dollars):

<u>Contract Type</u>	<u>Commitment</u>	<u>Spent-to-date</u>	<u>Remaining</u>
Bus Operations Contracts	\$ 108,624	\$ 61,412	\$ 47,212
Paratransit & Mobility Center Contracts	137,397	111,108	26,289
Operations and maintenance	128,799	37,413	91,386
Vanpool Contracts	40,335	24,158	16,177
Information Technology Contracts	9,939	6,684	3,255
Planning, Construction, and Design	70,868	30,175	40,693
Various Legal, Marketing, Human Resources, Government Relations, Planning, Customer Service and Finance Contracts	49,978	6,184	43,794
Total	<u>\$ 545,940</u>	<u>\$ 277,134</u>	<u>\$ 268,806</u>

The contractual commitments shown above include joint contracts entered into on behalf of both the Authority and Valley Metro Rail, Inc.. Services provided by the contractor can benefit both the Authority and Valley Metro Rail, Inc. All contracts recorded in the table above with the classification of operations and maintenance and planning, construction and design represent joint contractual commitments. Joint information technology contracts with an initial commitment of \$9.3 million and with a remaining commitment of \$2.7 million are included in the table above. Joint contracts classified as Various Legal, Marketing, Human Resources, Government Relations, Planning, Customer Service and Finance Contracts with an initial commitment of \$6.6 million and with a remaining commitment of \$4.0 million are included in the table above.

b. Coronavirus Relief ARP funding

During fiscal year 2023, the Authority received Federal Transit Administration(FTA) funding of \$0.3 million from the City of Phoenix. The funding was provided from the FTA as part of the American Rescue Plan Act (ARP) to provide financial relief from the effects of the COVID-19 pandemic for transit service providers.

16. Contingencies

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

17. 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.

18. Related Party Transactions

As mentioned in Note 1 (a), all of the five member cities of Valley Metro Rail Inc., (VMR) Board of Directors are also member cities of the sixteen-member Authority's Board of Directors. The Board members of the cities of Chandler, Mesa, 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, 2023, VMR incurred costs of \$30.7 million for services provided by the Authority. At June 30, 2023, the Authority reported \$22.8 million receivable from VMR and 165.9 million payable to VMR; Net payable is \$143.1 million.

19. Pension and Other Postemployment Benefits (OPEB)

The Authority contributes to the Arizona State Retirement System (ASRS) plan described below. All Valley Metro Rail, Inc., 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.

At June 30, 2023, the Authority reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) related to the ASRS pension plan to which it contributes (*In thousands of dollars*):

Statement of net position and statement of activities	Governmental activities	Business-type activities	Total
Net pension and OPEB asset	\$ 374	\$ 948	\$ 1,322
Net pension and OPEB liability	10,742	27,245	37,987
Deferred outflows of resources related to pensions and OPEB	1,943	4,991	6,934
Deferred inflows of resources related to pensions and OPEB	520	1,319	1,839
Pension and OPEB expense	1,049	3,661	4,710

The Authority reported \$1,031 thousand of pension and OPEB contributions as 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.

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

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

* With actuarially reduced benefits

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for monthly long-term disability equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17 percent (12.03 percent for retirement and 0.14 percent for long-term disability) of the members' annual covered payroll, and statute required the Authority to contribute at the actuarially determined rate of 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 percent for long-term disability) of the active members' annual covered payroll. In addition, the Authority was required by statute to contribute at the actuarially determined rate of 9.68 percent (9.62 percent for retirement, 0.06 percent for health insurance premium benefit) of annual covered payroll of retired members who worked for the Authority in positions that an employee who contributes to the ASRS would typically fill.

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The Authority's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2023, were \$3,633 thousand, \$33 thousand, and \$43 thousand, respectively.

During the fiscal year 2023, the Authority paid for ASRS pension and OPEB contributions as follows: 23.3% from the general fund, 72.2% from major enterprise funds, and 4.5% from other funds.

Liability. At June 30, 2023, the Authority reported the following asset and liabilities for its proportionate share of the net pension/OPEB asset or liability (*In thousands of dollars*).

<u>ASRS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Pension	\$ 10,736	\$ 27,230	\$ 37,966
Health insurance premium benefit	(374)	(948)	(1,322)
Long-term disability	6	15	21

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022.

The Authority's proportion of the net asset or net liability was based on the Authority's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Authority's proportion measured as of June 30, 2022, and the change from its proportion measured as of June 30, 2021, were:

<u>ASRS</u>	<u>Proportion June 30, 2022</u>	<u>Increase (decrease) from June 30, 2021</u>
Pension	0.22554%	0.00524%
Health insurance premium benefit	0.22972%	0.00618%
Long-term disability	0.22798%	0.00556%

Expense. For the year ended June 30, 2023, the Authority recognized pension and OPEB expense (*In thousands of dollars*):

<u>ASRS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Pension	\$ 1,100	\$ 3,796	\$ 4,896
OPEB - Health insurance premium benefit	(53)	(143)	(196)
OPEB - Long-term disability	2	8	10

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Deferred outflows/inflows of resources. At June 30, 2023, the Authority reported outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources (*In thousands of dollars*):

	Pension		Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 323	\$ —	\$ —	\$ 674	\$ 11	\$ 20
Changes of assumptions or other inputs	1,884	—	21	36	12	53
Net difference between projected and actual earnings on pension plan investments	—	999	—	45	—	1
Changes in proportion and differences between contributions and proportionate share of contributions	961	—	—	10	13	1
Contributions subsequent to the measurement date	3,633	—	33	—	43	—
Total	\$ 6,801	\$ 999	\$ 54	\$ 765	\$ 79	\$ 75

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows (*In thousands of dollars*):

Year Ending June 30	Pension	Health insurance premium benefit	Long-term disability
2024	\$ 2,422	\$ (204)	\$ (2)
2025	(119)	(222)	(3)
2026	(1,736)	(243)	(8)
2027	1,602	(39)	—
2028	—	(36)	(10)
Thereafter	—	—	(16)

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

ASRS

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.0%
Projected salary increases	2.9-8.4% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent base increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of geometric real rates of return for each major asset class of ASRS are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-term expected geometric real rate of return
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	(0.20)%
Real Estate	20%	6.00%
Total	100%	

Discount Rate. At June 30, 2022, the discount rate used to measure the total pension/OPEB liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Proportionate Share of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate. The following table presents the Authority's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0 percent, as well as what the Authority's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate (*In thousands of dollars*):

Authority's proportionate share of the	1% Decrease (6.0%)	Current discount rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 56,017	\$ 37,965	\$ 22,913
OPEB - Net insurance premium benefit liability (asset)	(950)	(1,321)	(1,636)
OPEB - Net long-term disability liability	36	22	8

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

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TRANSIT + COMMUNITY

(formerly Rail~volution)

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Community Connects Us.**

Phoenix, AZ
Nov 5-8, 2023
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Workshops &
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mpactmobility.org/conference



Valley Metro hosted the 2023 Mpact Conference (formerly Rail~volution) November 5-8, 2023. The conference is a national gathering focused on transit, connected mobility options and transit-oriented development. Through more than 60 conference sessions as well as plenaries and networking events, attendees delve into issues facing cities and regions everywhere, including climate change, transit-oriented development, housing affordability and designing cities around transit and emerging mobility options.

Required Supplementary Information

**Valley Metro
Regional Public Transportation Authority**

Required Supplementary Information

Schedule of proportionate share of the net pension/OPEB (asset)/liability for Cost-Sharing Plan

Fiscal Year Ended June 30, 2023

(In thousands of dollars)

**ASRS -
Pension**

	Reporting Fiscal Year (Measurement Date)									
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)
Authority's proportion of the net pension liability	0.233%	0.226%	0.220%	0.221%	0.203%	0.185%	0.189%	0.184%	0.175%	NA
Authority's proportionate share of the net pension liability	\$37,965	\$29,637	\$38,170	\$32,228	\$28,339	\$28,871	\$ 30,442	\$ 28,687	\$25,911	
Authority's covered payroll	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039	\$ 17,659	\$ 16,963	\$15,755	
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	137.99%	116.06%	160.22%	137.78%	137.81%	160.05%	172.38%	169.11%	164.47%	
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

**ASRS - Health
insurance
premium
benefit**

	Reporting Fiscal Year (Measurement Date)						2017
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	through 2014
Authority's proportion of the net OPEB (asset)	0.237%	0.230%	0.223%	0.224%	0.208%	0.187%	NA
Authority's proportionate share of the net OPEB (asset)	\$(1,321)	\$(1,119)	\$ (158)	\$ (62)	\$ (75)	\$ (102)	
Authority's covered payroll	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039	
Authority's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	(4.80)%	(4.38)%	(0.66)%	(0.27)%	(0.36)%	(0.57)%	

**Valley Metro
Regional Public Transportation Authority**

Required Supplementary Information

Schedule of proportionate share of the net pension/OPEB (asset)/liability for Cost-Sharing Plan

Fiscal Year Ended June 30, 2023

(In thousands of dollars)

Plan fiduciary net position as a percentage of the total OPEB liability	137.79%	130.24%	104.33%	101.62%	102.20%	103.57%
---	---------	---------	---------	---------	---------	---------

ASRS - Long-term disability

Reporting Fiscal Year (Measurement Date)

							2017
	2023	2022	2021	2020	2019	2018	through
	(2022)	(2021)	(2020)	(2019)	(2018)	(2017)	2014

Authority's proportion of the net OPEB liability	0.235%	0.228%	0.223%	0.224%	0.205%	0.185%	NA
--	--------	--------	--------	--------	--------	--------	----

Authority's proportionate share of the net OPEB liability	\$ 22	\$ 47	\$ 169	\$ 146	\$ 107	\$ 67
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Authority's covered payroll	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039
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Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.08%	0.18%	0.71%	0.62%	0.52%	0.37%
--	-------	-------	-------	-------	-------	-------

Plan fiduciary net position as a percentage of the total OPEB liability	95.40%	90.38%	68.01%	72.85%	77.83%	84.44%
---	--------	--------	--------	--------	--------	--------

NA - Not Available. Pension schedules in the Required Supplementary Information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Valley Metro
Regional Public Transportation Authority
Schedule of Pension/OPEB Contributions
Fiscal Year Ended June 30, 2023
(In thousands of dollars)

ASRS - Pension

	Reporting Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$3,633	\$3,342	\$2,971	\$2,777	\$2,613	\$2,242	\$1,945	\$1,916	\$1,847	\$1,686
Authority's contributions in relation to the statutorily required contribution	3,633	3,342	2,971	2,777	2,613	2,242	1,945	1,916	1,847	1,686
Authority's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Authority's covered payroll	\$30,279	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039	\$17,659	\$16,963	\$15,755
Authority's contributions as a percentage of covered payroll	12.00%	12.15%	11.63%	11.66%	11.17%	10.90%	10.78%	10.85%	10.89%	10.70%

ASRS - Health insurance premium benefit

	2023	2022	2022	2021	2020	2019	2018	2016 through 2014
	Statutorily required contribution	\$ 33	\$ 58	\$ 99	\$ 118	\$ 106	\$ 90	\$ 101
Authority's contributions in relation to the statutorily required contribution	33	58	99	118	106	90	101	
Authority's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Authority's covered payroll	\$30,279	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039	
Authority's contributions as a percentage of covered payroll	0.11%	0.21%	0.39%	0.50%	0.45%	0.44%	0.56%	

ASRS - Long-term disability

	Reporting Fiscal Year							
	2023	2022	2022	2021	2020	2019	2018	2016 through 2014
Statutorily required contribution	\$ 43	\$ 53	\$ 46	\$ 41	\$ 37	\$ 33	\$ 25	NA
Authority's contributions in relation to the statutorily required contribution	43	53	46	41	37	33	25	
Authority's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Authority's covered payroll	\$30,279	\$27,512	\$25,537	\$23,823	\$23,391	\$20,564	\$18,039	
Authority's contributions as a percentage of covered payroll	0.14%	0.19%	0.18%	0.17%	0.16%	0.16%	0.14%	

NA - Not Available. Pension schedules in the Required Supplementary Information are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Valley Metro
Regional Public Transportation Authority**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund

Fiscal Year Ended June 30, 2023

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance between Final Budget and Actual Amounts
	Original	Final		
Revenues:				
Sales taxes:				
Public transportation funds	\$ 221,427	\$ 223,669	\$ 240,501	\$ 16,832
Regional area road funds	4,955	4,955	5,457	502
Intergovernmental:				
AZ Lottery fund proceeds	11,200	11,200	11,568	368
Federal Transit Administration	133	133	150	17
Charges for services	—	—	330	330
Interest earnings	155	155	3,697	3,542
Miscellaneous	—	—	1	1
Total revenues	<u>237,870</u>	<u>240,112</u>	<u>261,704</u>	<u>21,592</u>
Current:				
Regional Customer Services:				
Marketing	3,254	3,254	2,765	(489)
Call Center	6,498	7,119	6,587	(532)
Other Programs	5,951	7,087	5,445	(1,642)
AZ Lottery Fund Disbursements	11,200	11,200	10,267	(933)
Administration:				
Executive director's office	1,783	1,783	1,980	197
Finance & management services	2,124	2,124	1,877	(247)
Capital Outlay	211	211	47	(164)
Total expenditures	<u>31,021</u>	<u>32,778</u>	<u>28,968</u>	<u>(3,810)</u>
Excess of revenues over expenditures	206,849	207,334	232,736	25,402
Other financing uses:				
Transfers out	(220,881)	(223,033)	(218,111)	4,922
Total other financing uses	<u>(220,881)</u>	<u>(223,033)</u>	<u>(218,111)</u>	<u>4,922</u>
Net change in fund balance	(14,032)	(15,699)	14,625	30,324
Fund balance, beginning	135,107	135,107	135,107	—
Fund balance, ending	<u>\$ 121,075</u>	<u>\$ 119,408</u>	<u>\$ 149,732</u>	<u>\$ 30,324</u>

Explanation of differences between budgetary basis and GAAP basis

Change in Fund Balance - Budgetary basis	\$ 14,625
Lease related items - Expenditures (all other items)	2,402
Lease related items - Other financing sources (uses)	(2,402)
Net change in Fund Balance - GAAP basis	<u>\$ 14,625</u>



If you've been wanting to change up your commute, why not try biking to work in April for Valley Bike Month? On April 19, Bike to Work Day events are being held in Phoenix, Mesa and more. Take advantage of the spring weather by participating in the many events held by Valley Metro's partners across the Valley. From family rides to a biking art tour, participants of all ages can take part in the fun.

Combining Statements

Combining Statements

Nonmajor Governmental Funds

The Transit Planning Fund is a special revenue fund and 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 is a special revenue fund and 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.

Valley Metro
Regional Public Transportation Authority
 Combining Balance Sheet
 Non-major Governmental Funds
 June 30, 2023
(In thousands of dollars)

	<u>Transit Planning</u>	<u>Transportation Demand Management</u>	<u>Total Special Revenue Funds</u>
Assets			
Receivables	\$ —	\$ 9	\$ 9
Due from other governments	221	242	463
Due from other funds	361	—	361
Total assets	<u>582</u>	<u>251</u>	<u>833</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	455	2	457
Accrued salaries and benefits	26	10	36
Due to other funds	—	194	194
Other liabilities	17	—	17
Total liabilities	<u>498</u>	<u>206</u>	<u>704</u>
Fund balances:			
Restricted	84	45	129
Total fund balances	<u>84</u>	<u>45</u>	<u>129</u>
Total liabilities and fund balances	<u>\$ 582</u>	<u>\$ 251</u>	<u>\$ 833</u>

**Valley Metro
Regional Public Transportation Authority**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

Fiscal Year Ended June 30, 2023

(In thousands of dollars)

	Transit Planning	Transportation Demand Management	Total Special Revenue Funds
Revenues:			
Sales taxes:			
State & county grants & federal pass through grants	\$ 225	\$ 200	\$ 425
CMAQ	—	944	944
Miscellaneous	13	35	48
Total revenues	<u>238</u>	<u>1,179</u>	<u>1,417</u>
Expenditures:			
Current:			
Regional planning:			
Corridor and facility planning	181	—	181
Systems and service development	3,188	—	3,188
Program support & administration	511	—	511
Transportation demand management:			
Trip reduction	—	704	704
Ridesharing	—	803	803
Other programs	—	37	37
Debt Service			
Principal	123	81	204
Interest	2	4	6
Total expenditures	<u>4,005</u>	<u>1,629</u>	<u>5,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,767)</u>	<u>(450)</u>	<u>(4,217)</u>
Other financing sources (uses):			
Transfers in	3,326	179	3,505
Financing of Subscription-Based Information Technology Arrangements	439	270	709
Total other financing sources (uses)	<u>3,765</u>	<u>449</u>	<u>4,214</u>
Net change in fund balances	(2)	(1)	(3)
Fund balance, beginning	86	46	132
Fund balance, ending	<u>\$ 84</u>	<u>\$ 45</u>	<u>\$ 129</u>

Other Supplementary Information

**Valley Metro
Regional Public Transportation Authority**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

Transit Planning Fund

Fiscal Year Ended June 30, 2023

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance between Final Budget and Actual Amounts
	Original	Final		
Revenues:				
Intergovernmental:				
State & county grants & pass through grants	\$ 225	\$ 425	\$ 225	\$ (200)
Federal Transit Administration	—	555	—	(555)
Miscellaneous	—	—	13	13
Total revenues	<u>225</u>	<u>980</u>	<u>238</u>	<u>(742)</u>
Expenditures:				
Current:				
Regional planning:				
Corridor and facility planning	410	410	166	(244)
Systems and service development	1,556	2,842	2,937	95
Program support & administration	666	666	463	(203)
Total expenditures	<u>2,632</u>	<u>3,918</u>	<u>3,566</u>	<u>(352)</u>
Excess of revenues over expenditures	<u>(2,407)</u>	<u>(2,938)</u>	<u>(3,328)</u>	<u>(390)</u>
Other financing uses:				
Transfers in	2,407	2,938	3,326	388
Total other financing uses	<u>2,407</u>	<u>2,938</u>	<u>3,326</u>	<u>388</u>
Net change in fund balance	—	—	(2)	(2)
Fund balance, beginning	86	86	86	—
Fund balance, ending	<u>\$ 86</u>	<u>\$ 86</u>	<u>\$ 84</u>	<u>\$ (2)</u>

Explanation of differences between budgetary basis and GAAP basis

Change in Fund Balance - budgetary basis	\$ (2)
SBITA related items - Expenditures (All other items)	(439)
SBITA related items - Other financing sources	439
Net change in Fund Balance - GAAP basis	<u>\$ (2)</u>

**Valley Metro
Regional Public Transportation Authority**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

Transportation Demand Management Fund

Fiscal Year Ended June 30, 2023

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance between Final Budget and Actual Amounts
	Original	Final		
Revenues:				
Intergovernmental:				
State grants & pass through grants	\$ 150	\$ 150	\$ 200	\$ 50
CMAQ	951	951	944	(7)
Miscellaneous	45	45	35	(10)
Total revenues	<u>1,146</u>	<u>1,146</u>	<u>1,179</u>	<u>33</u>
Expenditures:				
Current:				
Transportation Demand Management:				
Trip reduction	665	665	636	(29)
Ridesharing	697	697	686	(11)
Other programs	45	45	37	(8)
Total expenditures	<u>1,407</u>	<u>1,407</u>	<u>1,359</u>	<u>(48)</u>
Excess of revenues over expenditures	<u>(261)</u>	<u>(261)</u>	<u>(180)</u>	<u>81</u>
Other financing uses:				
Transfers In	<u>261</u>	<u>261</u>	<u>179</u>	<u>(82)</u>
Total other financing uses	<u>261</u>	<u>261</u>	<u>179</u>	<u>(82)</u>
Net change in fund balance	—	—	(1)	(1)
Fund balance, beginning	<u>46</u>	<u>46</u>	<u>46</u>	<u>—</u>
Fund balance, ending	<u>\$46</u>	<u>\$ 46</u>	<u>\$ 45</u>	<u>\$ (1)</u>

Explanation of differences between budgetary basis and GAAP basis

Change in Fund Balance - budgetary basis	\$ (1)
SBITA related items - Expenditures (All other items)	(270)
SBITA related items - Other financing sources	270
Net change in Fund Balance - GAAP basis	<u>\$ (1)</u>

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, 2023
(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance between Final Budget and Actual Amounts
	Original	Final		
Operating Revenues:				
Charges for services	\$ 48,750	\$ 50,224	\$ 42,968	\$ (7,256)
Fare revenues	5,857	5,857	6,022	165
Federal Operating Grants	10,777	10,777	12,619	1,842
Miscellaneous	881	881	1,108	227
Total operating revenues	66,265	67,739	62,717	(5,022)
Operating Expenses:				
Local & express bus service	118,246	121,341	114,352	6,989
Paratransit service	46,031	46,031	45,352	679
Vanpool service	970	970	762	208
Safety and security	740	740	588	152
Administration and general	—	—	73	(73)
Capital outlay	66,477	66,477	24,499	41,978
Total operating expenses	232,464	235,559	185,626	49,933
Operating income (loss)	(166,199)	(167,820)	(122,909)	44,911
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(8,031)	(8,031)	(4,616)	3,415
IRS fuel tax credit	—	—	261	261
Interest income	—	—	91	91
Loss on disposal of capital asset	—	—	(378)	(378)
Capital conveyance	(651)	(651)	(239)	412
Member Contribution	150	150	24	(126)
Debt Service	(4,025)	(4,025)	(4,025)	—
Total nonoperating revenues (expenses)	(12,557)	(12,557)	(8,882)	3,675
Capital Contributions	56,886	56,886	21,522	(35,364)
Transfers in	121,870	123,491	110,109	(13,382)
Total other financing sources	178,756	180,377	131,631	(48,746)
Change in net position	\$ —	\$ —	\$ (160)	\$ (160)

Explanation of differences between budgetary basis and GAAP basis

Change in net position - budgetary basis	\$ (160)
Capital outlay is an expense for budgetary purposes, but assets are capitalized and not expensed for GAAP Purposes	24,499
Depreciation is not a budgeted expenses, but is an expense for GAAP purposes	(13,298)
Lease and SBITA amortization is not a budgeted expense, but is an expense for GAAP Purposes	(95)
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes	3,440
Bond premium reductions is not a budgeted expense, but is an expense reduction for GAAP purposes	418
Deferred charge on debt refunding is not a budgeted expense, but is an expense for GAAP purposes	(122)
Lease income and interest income is not a budgeted expense, but is income for GAAP purposes	3
Lease interest expenses are not a budgeted expense, but is an expense for GAAP purposes	(7)
SBITA interest are not a budgeted expense, but is an expense for GAAP purposes	(1)
Compensated absence expense is not recorded for budgetary purposes, but are recorded for GAAP purposes	32
Pension and OPEB expense is not recorded for budgetary purposes, but are recorded for GAAP purposes	(186)
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes	228
Changes in net position per the statement of revenues, expenses and changes in fund net position	\$ 14,751

**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, 2023

(in thousands of dollars)

	Budgeted Amounts		Actual Amounts	Variance between Final Budget and Actual Amounts
	Original	Final		
Operating Revenues:				
Charges for services	\$ 34,871	\$ 34,871	\$ 30,448	\$ (4,423)
Miscellaneous	—	—	1	1
Total operating revenues	<u>34,871</u>	<u>34,871</u>	<u>30,449</u>	<u>(4,422)</u>
Operating Expenses:				
Light rail staff and administration	34,871	34,871	30,449	4,422
Total operating expenses	<u>34,871</u>	<u>34,871</u>	<u>30,449</u>	<u>4,422</u>
Operating income (loss)	—	—	—	—
Non-Operating Revenues (Expenses):				
Lead agency disbursements	(113,265)	(113,265)	(111,409)	1,856
Interest income	25	25	4,058	4,033
Debt service	<u>(18,304)</u>	<u>(18,304)</u>	<u>(17,481)</u>	<u>823</u>
Total nonoperating revenues (expenses)	<u>(131,544)</u>	<u>(131,544)</u>	<u>(124,832)</u>	<u>6,712</u>
Income (loss) before transfers	(131,544)	(131,544)	(124,832)	6,712
Transfers in	96,343	96,343	104,497	8,154
Total other financing sources	<u>96,343</u>	<u>96,343</u>	<u>96,343</u>	<u>96,343</u>
Change in net position - budgetary basis	<u>\$ (35,201)</u>	<u>\$ (35,201)</u>	<u>\$ (20,335)</u>	<u>\$ 14,866</u>

Explanation of differences between budgetary basis and GAAP basis

Change in net position - budgetary basis	\$ (20,335)
Lease and SBITA amortization is not a budgeted expense, but is an expense for GAAP Purposes	(542)
Debt service principal payments are recorded for budgetary purposes, but are not recorded for GAAP purposes	14,845
Bond premium reductions is not a budgeted expense, but is an expense reduction for GAAP purposes	1,943
Deferred charge on debt refunding is not a budgeted expense, but is an expense for GAAP purposes	(134)
Lease interest expenses are not a budgeted expense, but is an expense for GAAP purposes	(1)
SBITA interest are not a budgeted expense, but is an expense for GAAP purposes	(54)
Contributions from Valley Metro Rail, Inc., for Lease or SBITA assets are not budgeted, but are recorded for GAAP purposes	722
Compensated absence expenses is not recorded for budgetary purposes, but is an expense for GAAP purposes.	3
Pension and OPEB expense is not recorded for budgetary purposes, but are recorded for GAAP purposes	(3,475)
Pension contributions are recorded for budgetary purposes, but are not recorded for GAAP purposes	2,450
Changes in net position per the statement of revenues, expenses and changes in fund net position	<u>\$ (4,578)</u>



The 36th Annual Clean Air Campaign Awards and Luncheon, held on Friday, October 20, 2023 at the Omni Tempe Hotel at ASU in Tempe, AZ, was a great success. Guests enjoyed music from Gaetano, a lively keynote address from Danny Zelisko, and the humor of Sean McLaughlin from AZ Family, who served as master of ceremonies.

Statistical Section

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

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	<u>FY 2013/14 (2)</u>	<u>FY 2014/15</u>	<u>FY 2015/16 (3)</u>	<u>FY 2016/17</u>
Governmental activities				
Net Investment in capital assets	\$ 1,970	\$ 1,905	\$ 1,917	\$ 1,282
Restricted	2,791	3,121	2,549	2,023
Unrestricted	48,703	49,712	70,340	50,218
Total governmental activities net position	<u>\$ 53,464</u>	<u>\$ 54,738</u>	<u>\$ 74,806</u>	<u>\$ 53,523</u>
Business-type activities				
Net Investment in capital assets	\$ 43,206	\$ 34,551	\$ 21,963	\$ 20,272
Restricted	14,100	23,461	21,946	22,955
Unrestricted	(33,320)	(43,169)	(68,017)	(91,764)
Total business-type activities net position	<u>\$ 23,986</u>	<u>\$ 14,843</u>	<u>\$ (24,108)</u>	<u>\$ (48,537)</u>
Primary government				
Net Investment in capital assets	\$ 45,176	\$ 36,456	\$ 23,880	\$ 21,554
Restricted	16,891	26,582	24,495	24,978
Unrestricted	15,383	6,543	2,323	(41,546)
Total primary government net position	<u>\$ 77,450</u>	<u>\$ 69,581</u>	<u>\$ 50,698</u>	<u>\$ 4,986</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.
- (3) Total business-type activities net position was restated as of 7/1/16 due to changes in asset categories and depreciation expense that was not previously recorded for prior year activity.
- (4) Total business-type activities net position was restated as of 7/1/22 due to capitalization of \$2,101 thousand as work in progress in fiscal year 2022 which should have been recorded as an expense during that period.

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22 (4)</u>	<u>FY 2022/23</u>
\$ 1,676	\$ 1,166	\$ 1,778	\$ 5,605	\$ 6,090	\$ 4,220
625	47	149	186	458	501
36,673	24,392	16,516	44,355	124,689	139,084
<u>\$ 38,974</u>	<u>\$ 25,605</u>	<u>\$ 18,443</u>	<u>\$ 50,146</u>	<u>\$ 131,237</u>	<u>\$ 143,805</u>
\$ 54,557	\$ 58,587	\$ 77,550	\$ 85,817	\$ 89,894	\$ 101,425
20,155	19,704	20,436	20,955	19,423	22,713
(70,579)	(50,695)	(71,582)	(102,174)	(76,053)	(80,701)
<u>\$ 4,133</u>	<u>\$ 27,596</u>	<u>\$ 26,404</u>	<u>\$ 4,598</u>	<u>\$ 33,264</u>	<u>\$ 43,437</u>
\$ 56,233	\$ 59,753	\$ 79,328	\$ 91,422	\$ 95,984	\$ 105,645
20,780	19,751	20,585	21,141	19,881	23,214
(33,906)	(26,303)	(55,066)	(57,819)	48,636	58,383
<u>\$ 43,107</u>	<u>\$ 53,201</u>	<u>\$ 44,847</u>	<u>\$ 54,744</u>	<u>\$ 164,501</u>	<u>\$ 187,242</u>

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

	<u>FY 2013/14 (2,3)</u>	<u>FY 2014/15</u>	<u>FY 2015/16 (4)</u>	<u>FY 2016/17</u>
Expenses				
Governmental activities:				
Regional planning:				
Long range	\$ —	\$ —	\$ —	\$ —
Short range	—	—	—	—
Capital	—	—	—	—
Corridor and Facility Planning	231	699	1,046	345
Systems and Service Development	818	1,767	1,061	1,094
Program support	302	257	292	334
Transportation demand management:				
Trip reduction	682	601	661	611
Ridesharing	589	579	577	582
Other programs	201	180	270	145
Regional customer services:				
Marketing	1,863	2,320	2,122	2,311
Call center	3,713	3,776	3,639	4,330
Other programs	2,661	2,721	2,799	2,926
AZ Lottery Fund Disbursements	10,795	10,534	10,768	10,366
Administration:				
Executive director's office	995	1,094	947	1,050
Finance & management services	1,175	1,412	1,497	2,359
Total governmental activities expenses	<u>24,025</u>	<u>25,940</u>	<u>25,679</u>	<u>26,453</u>
Business-type activities:				
Transit service operations	148,885	119,341	130,327	153,066
Light rail transit	<u>108,938</u>	<u>55,243</u>	<u>84,324</u>	<u>101,890</u>
Total business-type activities expenses	<u>257,823</u>	<u>174,584</u>	<u>214,651</u>	<u>254,956</u>
Total primary government expenses	<u>\$ 281,848</u>	<u>\$ 200,524</u>	<u>\$ 240,330</u>	<u>\$ 281,409</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.
- (4) Total business-type activities net position was restated as of 7/1/16 due to changes in asset categories and depreciation expense that was not previously recorded for prior year activity.
- (5) Total business-type activities net position was restated as of 7/1/22 due to capitalization of \$2,101 thousand as work in progress in fiscal year 2022, which should have been recorded as an expense during that period.

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22 (5)</u>	<u>FY 2022/23</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
466	545	200	836	178	166
1,112	1,859	1,314	717	1,203	2,907
307	371	476	637	534	464
606	436	497	525	567	636
560	472	603	638	613	687
24	48	35	8	37	37
2,197	2,119	2,082	2,193	2,015	2,768
4,206	4,654	4,905	4,451	4,710	6,601
2,830	3,893	3,951	3,618	3,999	5,572
10,670	16,299	10,227	11,028	11,031	10,267
1,471	1,565	1,709	1,421	1,858	1,983
2,276	3,297	3,508	3,736	2,546	3,859
<u>26,725</u>	<u>35,558</u>	<u>29,507</u>	<u>29,808</u>	<u>29,291</u>	<u>35,947</u>
157,724	160,084	166,362	151,185	134,020	179,976
63,137	69,453	115,830	136,856	98,812	144,304
<u>220,861</u>	<u>229,537</u>	<u>282,192</u>	<u>288,041</u>	<u>232,832</u>	<u>324,280</u>
<u>\$ 247,586</u>	<u>\$ 265,095</u>	<u>\$ 311,699</u>	<u>\$ 317,849</u>	<u>\$ 262,123</u>	<u>\$ 360,227</u>

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

	<u>FY 2013/14 (2)</u>	<u>FY 2014/15</u>	<u>FY 2015/16 (3)</u>	<u>FY 2016/17</u>
Program revenues				
Governmental activities:				
Charges for services	\$ 168	\$ 174	\$ 192	\$ 192
Operating grants and contributions	13,147	13,929	13,328	13,371
Capital grants and contributions	—	—	54	—
Total governmental activities program revenues	<u>13,315</u>	<u>14,103</u>	<u>13,574</u>	<u>13,563</u>
Business-type activities:				
Charges for services				
Transit service operations:				
Local & express bus service	31,041	31,474	30,670	33,526
Paratransit service	4,418	4,410	4,701	6,737
Vanpool service	411	287	323	325
Other activities	5,421	4,873	4,615	4,832
Light rail transit	14,035	14,950	15,641	14,730
Operating grants and contributions	9,868	11,990	5,420	1,867
Capital grants and contributions	22,996	2,223	10,587	16,923
Total business-type activities program revenues	<u>88,190</u>	<u>70,207</u>	<u>71,957</u>	<u>78,940</u>
Total primary government program revenues	<u>\$ 101,505</u>	<u>\$ 84,310</u>	<u>\$ 85,531</u>	<u>\$ 92,503</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,710)	\$ (11,837)	\$ (12,106)	\$ (12,890)
Business-type activities	(169,633)	(104,377)	(142,695)	(176,017)
Total primary government net expense	<u>\$ (180,343)</u>	<u>\$ (116,214)</u>	<u>\$ (154,801)</u>	<u>\$ (188,907)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Sales taxes	\$ 126,416	\$ 132,029	\$ 136,039	\$ 141,792
Interest earnings	146	162	288	423
Other income	633	279	404	80
Transfers in (out)	(113,275)	(109,916)	(104,556)	(150,691)
Total governmental activities	<u>13,920</u>	<u>22,554</u>	<u>32,175</u>	<u>(8,396)</u>
Business-type activities:				
Interest earnings	139	186	133	346
Other income	2,498	1,596	1,289	550
Transfers in (out)	113,275	109,916	104,556	150,691
Total business-type activities:	<u>115,912</u>	<u>111,698</u>	<u>105,978</u>	<u>151,587</u>
Total primary government	<u>\$ 129,832</u>	<u>\$ 134,252</u>	<u>\$ 138,153</u>	<u>\$ 143,191</u>
Change in net position:				
Governmental activities	\$ 3,210	\$ 10,717	\$ 20,069	\$ (21,286)
Business-type activities	(53,721)	7,321	(36,717)	(24,429)
Total primary government net expense	<u>\$ (50,511)</u>	<u>\$ 18,038</u>	<u>\$ (16,648)</u>	<u>\$ (45,715)</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.
- (3) Total business-type activities net position was restated as of 7/1/16 due to changes in asset categories and depreciation expense that was not previously recorded for prior year activity.

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22 (4)</u>	<u>FY 2022/23</u>
\$ 193	\$ 199	\$ 199	\$ 282	\$ 345	\$ 330
13,134	12,968	13,045	13,034	12,584	13,087
—	—	—	2,187	816	—
<u>13,327</u>	<u>13,167</u>	<u>13,244</u>	<u>15,503</u>	<u>13,745</u>	<u>13,417</u>
36,763	39,225	37,182	17,223	13,415	32,141
7,496	9,079	8,245	3,100	3,196	12,736
334	314	337	176	117	214
5,272	5,723	5,231	2,627	1,968	3,899
18,712	20,904	22,999	25,120	27,972	30,448
11,631	8,698	13,095	48,308	74,489	13,629
39,972	14,778	32,484	24,201	10,375	21,522
<u>120,180</u>	<u>98,721</u>	<u>119,573</u>	<u>120,755</u>	<u>131,532</u>	<u>114,589</u>
<u>\$ 133,507</u>	<u>\$ 111,888</u>	<u>\$ 132,817</u>	<u>\$ 136,258</u>	<u>\$ 145,277</u>	<u>\$ 128,006</u>
\$ (13,398)	\$ (22,391)	\$ (16,265)	\$ (14,305)	\$ (15,546)	\$ (22,530)
(100,681)	(130,816)	(162,620)	(167,286)	(101,300)	(209,691)
<u>\$ (114,079)</u>	<u>\$ (153,207)</u>	<u>\$ (178,885)</u>	<u>\$ (181,591)</u>	<u>\$ (116,846)</u>	<u>\$ (232,221)</u>
\$ 150,066	\$ 160,461	\$ 168,626	\$ 191,337	\$ 226,630	\$ 245,958
765	1,426	1,032	90	(549)	3,697
591	65	297	38	36	49
(152,573)	(152,930)	(160,854)	(145,457)	(129,480)	(214,606)
<u>(1,151)</u>	<u>9,022</u>	<u>9,101</u>	<u>46,008</u>	<u>96,637</u>	<u>35,098</u>
219	656	241	15	96	4,149
559	693	334	8	390	1,109
<u>152,573</u>	<u>152,930</u>	<u>160,854</u>	<u>145,457</u>	<u>129,480</u>	<u>214,606</u>
<u>153,351</u>	<u>154,279</u>	<u>161,429</u>	<u>145,480</u>	<u>129,966</u>	<u>219,864</u>
<u>\$ 152,200</u>	<u>\$ 163,301</u>	<u>\$ 170,530</u>	<u>\$ 191,488</u>	<u>\$ 226,603</u>	<u>\$ 254,962</u>
\$ (14,549)	\$ (13,369)	\$ (7,164)	\$ 31,703	\$ 81,091	\$ 12,568
52,670	23,463	(1,190)	(21,806)	28,666	10,173
<u>\$ 38,121</u>	<u>\$ 10,094</u>	<u>\$ (8,354)</u>	<u>\$ 9,897</u>	<u>\$ 109,757</u>	<u>\$ 22,741</u>

(4) Total business-type activities net position was restated as of 7/1/22 due to capitalization of \$2,101 thousand as work in progress in fiscal year 2022, which should have been recorded as an expense during that period.

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

	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>
General fund:				
Nonspendable:				
Prepaid Items	\$ —	\$ 86	\$ 195	\$ 334
Restricted	2,527	2,820	2,224	1,967
Assigned	—	—	—	—
Unassigned	49,385	59,916	80,587	60,628
Total general fund	<u>\$ 51,912</u>	<u>\$ 62,822</u>	<u>\$ 83,006</u>	<u>\$ 62,929</u>
All other governmental funds:				
Nonspendable:				
Prepaid Items	\$ —	\$ —	\$ 1	\$ —
Restricted	263	301	325	56
Unassigned	—	—	—	—
Total all other governmental funds	<u>\$ 263</u>	<u>\$ 301</u>	<u>\$ 326</u>	<u>\$ 56</u>

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>	<u>FY 2022/23</u>
\$ 363	\$ 212	\$ 103	\$ 139	\$ 147	\$ 230
506	—	—	—	—	—
—	—	—	—	—	52,138
46,417	39,597	30,023	56,492	134,960	97,364
<u>\$ 47,286</u>	<u>\$ 39,809</u>	<u>\$ 30,126</u>	<u>\$ 56,631</u>	<u>\$ 135,107</u>	<u>\$ 149,732</u>

\$ 8	\$ —	\$ —	\$ —	\$ —	\$ —
74	22	130	138	132	129
—	—	(23)	—	—	—
<u>\$ 82</u>	<u>\$ 22</u>	<u>\$ 107</u>	<u>\$ 138</u>	<u>\$ 132</u>	<u>\$ 129</u>

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23
\$	150,066	\$ 160,461	\$ 168,626	\$ 191,337	\$ 226,630	\$ 245,958
	11,529	11,464	11,473	11,477	11,160	11,568
	245	448	301	430	424	425
	194	183	163	178	143	150
	1,166	873	1,108	949	857	944
	193	199	199	282	345	330
	765	1,426	1,032	90	(549)	3,697
	592	65	296	38	36	49
	164,750	175,119	183,198	204,781	239,046	263,121
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	466	545	200	836	179	181
	1,112	1,859	1,314	717	1,213	3,188
	307	371	476	637	539	511
	606	436	497	525	571	704
	560	472	603	638	618	803
	24	48	35	8	37	37
	2,197	2,119	2,082	2,193	2,026	2,869
	4,214	4,654	4,905	4,451	5,319	6,841
	2,795	3,880	3,951	3,605	11,556	4,955
	1,471	1,565	1,709	1,421	1,871	2,107
	2,229	2,930	3,102	2,429	1,663	3,238
	10,670	10,299	12,227	13,028	11,031	10,267
					2,509	1,120
					107	136
	1,139	550	842	2,300	816	47
	27,790	29,728	31,943	32,788	40,055	37,004
	136,960	145,391	151,255	171,993	198,991	226,117
	1,555	2,223	1,714	1,929	1,806	3,505
	(154,127)	(155,153)	(162,567)	(147,386)	(131,286)	(218,111)
					8,959	3,111
	(152,572)	(152,930)	(160,853)	(145,457)	(120,521)	(211,495)
\$	(15,612)	(7,539)	(9,598)	\$ 26,536	\$ 78,470	\$ 14,622

— %

— %

— %

— %

6.7 %

3.4 %

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

	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>
Governmental activities				
Regional area road funds	\$ 4,641	\$ 4,711	\$ 4,780	\$ 4,828
Public transportation funds	121,774	127,318	131,259	136,964
Total governmental activities sales taxes	<u>\$ 126,415</u>	<u>\$ 132,029</u>	<u>\$ 136,039</u>	<u>\$ 141,792</u>
Business-type activities				
Regional area road funds	\$ —	\$ —	\$ —	\$ —
Public transportation funds	—	—	—	—
Total business-type activities sales taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Primary government				
Regional area road funds	\$ 4,641	\$ 4,711	\$ 4,780	\$ 4,828
Public transportation funds	121,774	127,318	131,259	136,964
Total primary government sales taxes	<u>\$ 126,415</u>	<u>\$ 132,029</u>	<u>\$ 136,039</u>	<u>\$ 141,792</u>

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>	<u>FY 2022/23</u>
\$ 4,891	\$ 4,979	\$ 5,092	\$ 5,180	\$ 5,242	\$ 5,457
145,174	155,482	163,534	186,157	221,388	240,501
<u>\$ 150,065</u>	<u>\$ 160,461</u>	<u>\$ 168,626</u>	<u>\$ 191,337</u>	<u>\$ 226,630</u>	<u>\$ 245,958</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 4,891	\$ 4,979	\$ 5,092	\$ 5,180	\$ 5,242	\$ 5,457
145,174	155,482	163,534	186,157	221,388	240,501
<u>\$ 150,065</u>	<u>\$ 160,461</u>	<u>\$ 168,626</u>	<u>\$ 191,337</u>	<u>\$ 226,630</u>	<u>\$ 245,958</u>

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

	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16 (3)</u>	<u>FY 2016/17</u>
Regional area road funds				
Freeways	\$ 196,106	\$ 205,305	\$ 212,021	\$ 221,710
Regional Public Transportation Authority / Maricopa Association of Governments (1)	9,283	9,423	9,560	9,656
Arterial streets	38,397	40,145	41,388	43,187
Total regional area road fund distributions	<u>243,786</u>	<u>254,873</u>	<u>262,969</u>	<u>274,553</u>
Public transportation funds	121,774	127,318	131,259	136,964
Department of Revenue administrative fee	—	—	2,582	2,554
Total Maricopa County transportation excise tax revenue distributions	<u>\$ 365,560</u>	<u>\$ 382,191</u>	<u>\$ 396,810</u>	<u>\$ 414,071</u>

Source: The Maricopa County Transportation Excise Tax Tables for FY 2023 provided by the Arizona Department of Transportation, Financial Management Services, Office of Financial Planning.

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

- (1) The Authority received a portion of the RARF excise tax funds for transit costs through December 31, 2005. On January 1, 2006 these funds are distributed evenly to the Authority and the Maricopa Association of Governments to be used for administrative and planning purposes per Proposition 400. These funds are netted from the Freeway funds.
- (2) Distributions are a mix of both Proposition 300 and Proposition 400 collections.
- (3) In FY2015/16, the Arizona Department of Revenue assessed a fee of \$2.58 million on Regional Transportation Authorities per Laws 2015, 1st Regular Session, Chapter 323 (HB 2617) to recover a portion of administrative, program, and other operating costs incurred.

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>	<u>FY 2022/23</u>
\$ 235,390	\$ 252,203	\$ 264,782	\$ 302,950	\$ 363,170	\$ 394,978
9,783	9,959	10,184	10,361	10,485	10,915
45,776	49,026	51,404	58,536	69,807	75,834
<u>290,949</u>	<u>311,188</u>	<u>326,370</u>	<u>371,847</u>	<u>443,462</u>	<u>481,727</u>
145,172	155,482	163,023	185,644	221,388	240,501
2,531	1,950	1,534	1,539	—	396
<u>\$ 438,652</u>	<u>\$ 468,620</u>	<u>\$ 490,927</u>	<u>\$ 559,030</u>	<u>\$ 664,850</u>	<u>\$ 722,622</u>

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

Fiscal Year (1)	Retail Sales	Contracting	Utilities	Restaurant and Bar	Rental Real Property	Rental Personal Property	Other	Total
2013/14	\$ 186,406	\$ 37,243	\$31,271	\$ 38,532	\$ 38,547	\$ 12,091	\$ 21,470	\$ 365,560
2014/15	201,843	36,624	31,087	41,865	40,162	12,876	17,734	382,191
2015/16	214,340	34,543	31,929	44,262	41,794	13,574	16,368	396,810
2016/17	224,240	36,715	31,751	47,478	43,934	14,967	14,985	414,070
2017/18	236,060	40,952	32,895	50,443	46,278	16,229	15,795	438,652
2018/19	251,482	47,599	32,746	53,725	49,672	17,521	15,874	468,619
2019/20	272,930	55,563	31,467	50,533	47,742	17,984	14,883	491,102
2020/21	333,799	59,032	33,800	52,775	49,570	16,523	13,531	559,030
2021/22	385,609	72,465	34,995	69,009	60,330	22,625	19,817	664,849
2022/23	403,863	91,217	38,184	76,149	66,174	26,575	20,460	722,622

Source: The Maricopa County Transportation Excise Tax Tables for FY 2023 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.

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

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 leasing or renting real property, hotels and motels.
Rental of Real Property	Includes leasing or renting real property, hotels and motels.
Rental of Personal Property	Includes leasing or renting tangible personal property such as leased vehicles and construction equipment.
Other	Includes intrastate transportation of persons, freight or operations of property, intrastate telecommunication services, intrastate operation of pipelines for oil or natural or artificial gas, job printing, engraving, embossing and publication, publication of newspapers, magazines and other periodicals, operations of amusement places and miscellaneous other revenues.

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

	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>
Retail sales					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	50.990%	52.810%	54.020%	54.150%	53.810%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Contracting					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	10.190%	9.580%	8.710%	8.870%	9.340%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.512%	0.500%	0.500%	0.500%
Rental of Real Property (including hotels and motels) (1)					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	10.540%	10.510%	10.530%	10.610%	10.550%
Transaction Privilege Tax Rate	1.820%	1.820%	1.820%	1.820%	1.820%
Transportation Excise Tax Rate	0.512%	0.512%	0.512%	0.512%	0.512%
Restaurants and Bars					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	10.540%	10.950%	11.150%	11.470%	11.500%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Utilities					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	8.550%	8.130%	8.050%	7.670%	7.500%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Rental of Personal Property					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	3.310%	3.370%	3.420%	3.610%	3.700%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Communications					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	2.660%	2.170%	1.850%	1.580%	1.580%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Amusements					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	1.090%	1.220%	1.280%	1.190%	1.230%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Publishing and Printing					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.350%	0.380%	0.330%	0.300%	0.270%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Other					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	1.770%	0.880%	0.670%	0.560%	0.520%
Transaction Privilege Tax Rate	5.000%	5.000%	5.000%	5.000%	5.000%
Transportation Excise Tax Rate	0.500%	0.500%	0.500%	0.500%	0.500%
Mining					
Percent of Total Maricopa County					
Transaction Privilege Tax Collections	0.000%	0.000%	0.000%	0.000%	0.000%
Transaction Privilege Tax Rate	3.125%	3.125%	3.125%	3.125%	3.125%
Transportation Excise Tax Rate	0.313%	0.313%	0.313%	0.313%	0.313%

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

<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>	<u>FY 2022/23</u>
53.660 %	55.570 %	59.710 %	58.000 %	55.889 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
10.160 %	11.310 %	10.560 %	10.899 %	12.623 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
10.600 %	9.720 %	8.570 %	9.074 %	9.158 %
1.820 %	1.807 %	1.386 %	2.122 %	2.213 %
0.512 %	0.509 %	0.507 %	0.511 %	0.511 %
11.460 %	10.290 %	9.440 %	10.380 %	10.538 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
6.990 %	6.410 %	6.050 %	5.264 %	5.284 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
3.740 %	3.660 %	3.250 %	3.403 %	3.678 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
1.360 %	1.180 %	0.820 %	0.622 %	0.601 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
1.160 %	0.980 %	0.540 %	1.040 %	1.287 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
0.240 %	0.170 %	0.140 %	0.147 %	0.147 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
0.630 %	0.700 %	0.920 %	1.171 %	0.796 %
5.000 %	5.000 %	5.000 %	5.000 %	5.000 %
0.500 %	0.500 %	0.500 %	0.500 %	0.500 %
0.000 %	0.000 %	0.000 %	0.000 %	0.000 %
3.125 %	3.125 %	3.125 %	3.125 %	3.125 %
0.313 %	0.313 %	0.313 %	0.313 %	0.313 %

Valley Metro
Regional Public Transportation Authority
 Transportation Excise Tax Revenue Bonds
 Bond Coverage
 Last Ten Fiscal Years (In thousands of dollars)

Fiscal Year	Principal	Interest	Total	Pledged Revenue	Coverage
2014	\$ 5,290	\$ 7,140	\$ 12,430	\$ 121,774	9.80
2015	5,555	10,219	15,774	127,318	8.07
2016	14,020	9,265	23,285	131,259	5.64
2017	14,515	8,959	23,474	136,964	5.83
2018	15,230	8,207	23,437	145,174	6.19
2019	15,985	6,541	22,526	155,482	6.90
2020	16,805	6,028	22,833	163,534	7.16
2021	17,385	5,120	22,505	186,157	8.27
2022	18,285	4,179	22,464	221,388	9.86
2023	18,630	3,219	21,849	240,501	11.01

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 Ten Fiscal Years (In thousands of dollars)

Governmental Activities							
Fiscal Year Ended June 30	Working Capital Advance (2)	Leases (3)	Subscriptions (4)				
2014	NA	NA	NA				
2015	NA	NA	NA				
2016	NA	NA	NA				
2017	NA	NA	NA				
2018	NA	NA	NA				
2019	\$ 6,000	NA	NA				
2020	4,000	NA	NA				
2021	2,000	NA	NA				
2022	—	\$ 8,450	NA				
2023	—	7,878	\$ 2,538				

Business-type Activities							
Fiscal Year Ended June 30	Tax Revenue Bonds (includes Premium)	Leases (3)	Subscriptions (4)	Total Primary Government	Percentage of Personal Income	Per Capita	
2014	\$ 226,572	NA	NA	\$ 226,572	0.14 %	57.43	
2015	220,602	NA	NA	220,602	0.13 %	54.29	
2016	207,124	NA	NA	207,124	0.12 %	49.88	
2017	189,979	NA	NA	189,979	0.10 %	44.88	
2018	169,990	NA	NA	169,990	0.09 %	39.39	
2019	149,594	NA	NA	155,594	0.07 %	35.63	
2020	128,323	NA	NA	132,323	0.06 %	30.29	
2021	107,167	NA	NA	109,167	0.04 %	24.22	
2022	85,833	\$ 34	NA	94,317	0.04 %	20.92	
2023	64,842	175	\$ 2,932	78,365	(1)	(1)	

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

- (1) The information for FY 2023 was not available.
- (2) Fiscal year 2019 was the first year of a working capital advance from Arizona Department of Environmental Quality (ADEQ) therefore previous fiscal years were not included.
- (3) Fiscal year 2022, was the year the Authority implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which established the liability for leases. Therefore, previous fiscal years were not included.
- (4) Fiscal year 2023, was the year the Authority implemented the provisions of GAS Statement No. 96, *Subscription-Based Information Technology Arrangements*, which established the liability for subscriptions, Therefore, previous fiscal years were not included.

Valley Metro
Regional Public Transportation Authority
 Transportation Excise Tax Revenue Bonds
 Debt Service Revenue and Cost Per Capita
 Last Ten Fiscal Years (In thousands)

Fiscal Year	Principal	Interest	Total Cost	Revenue	Maricopa County Population (1)	Cost Per Capita	Revenue Per Capita
2014	\$ 5,290,000	\$ 7,139,987	\$ 12,429,987	\$121,774,260	3,944,859	3	31
2015	5,555,000	10,219,206	15,774,206	127,317,682	4,063,700	4	31
2016	14,020,000	9,265,445	23,285,445	131,258,744	4,152,800	6	32
2017	14,515,000	8,958,832	23,473,832	136,964,039	4,233,300	6	32
2018	15,230,000	8,206,581	23,436,581	145,174,471	4,315,600	5	34
2019	15,985,000	6,541,347	22,526,347	155,482,099	4,366,583	5	36
2020	16,805,000	6,028,022	22,833,022	163,533,938	4,367,835	5	35
2021	17,385,000	5,119,913	22,504,913	186,156,528	4,496,588	5	41
2022	18,285,000	4,178,575	22,463,575	221,387,752	4,507,419	5	49
2023	18,630,000	3,218,562	21,848,562	240,500,557	(2)	(2)	(2)

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

(2) The information for FY 2023 was not available.



Valley Metro riders now have a new, easy way to pay with the addition of mobile fare! Mobile fare is now available in the Valley Metro app. To access mobile fare, customers need to download the Valley Metro app and create an account with a valid email address. Riders can purchase passes by adding a payment method, including Apple and Google pay options. The 1-Ride and 1-Day passes are available for both full and reduced fare. The pass must be scanned when entering the bus or at the light rail platform to be activated. Only activated passes serve as valid fare.

Valley Metro
Regional Public Transportation Authority
Regional Population Statistics
Last Ten Fiscal Years (In thousands)

	<u>FY 2012/13</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>
Maricopa County	3,934	3,945	4,064	4,153	4,233
Avondale	78	80	81	83	84
Buckeye	56	59	62	65	68
Chandler	246	254	261	247	253
El Mirage	32	34	34	35	35
Gilbert	228	239	248	237	242
Glendale	231	238	240	246	247
Goodyear	72	76	79	77	80
Mesa	450	465	472	485	496
Peoria	161	167	164	164	168
Phoenix	1,486	1,537	1,563	1,615	1,626
Queen Creek	30	32	35	36	39
Scottsdale	222	231	237	247	250
Surprise	122	126	128	133	134
Tempe	165	173	176	182	185
Tolleson	7	7	7	7	7

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

The Regional Public Transportation Authority (“Authority”) was established in 1985 to develop a regional transit plan and to develop and operate a regional transit system in Maricopa County, Arizona. The Authority is governed by a nineteen-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 Fountain Hills, Gilbert, Queen Creek, Wickenburg and Youngtown. 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.

Note: The information for FY 2023 was not available.

<u>FY 2017/18</u>	<u>FY 2018/19</u>	<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>
4,316	4,367	4,368	4,497	4,552
86	88	89	91	92
74	80	92	101	106
257	261	276	279	281
36	36	36	36	36
248	254	268	273	275
251	252	248	250	252
83	87	95	102	105
509	518	504	509	512
172	176	191	195	198
1,660	1,681	1,608	1,625	1,644
43	51	60	66	71
255	258	241	243	243
138	142	143	149	154
192	196	181	184	186
7	7	7	7	7

Valley Metro
Regional Public Transportation Authority
 Top Ten Employers for Maricopa County
 For the Year 2022 and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Banner Health	41,435	1	1.79%	25,126	3	1.45%
Amazon.com	40,000	2	1.73%			
State of Arizona	39,172	3	1.69%	52,076	1	3.00%
Walmart	38,309	4	1.65%	31,837	2	1.84%
Arizona State University	34,421	5	1.49%	12,222	8	0.71%
Fry's Food Stores	21,012	6	0.91%			
University of Arizona	19,823	7	0.86%			
Dignity Health Arizona	16,525	8	0.71%			
City of Phoenix	15,645	9	0.68%	14,983	4	0.86%
Wells Fargo	15,500	10	0.67%	13,679	5	0.79%
Maricopa County				13,308	6	0.77%
Intel Corporation				11,000	10	0.63%
Bank of America				12,500	7	0.72%
JPMorgan Chase & Co.				11,407	9	0.66%
Total for Principal Employers	281,842		12.18%	198,138		11.43%
Total Employment in Maricopa County	2,314,882			1,733,535		

Source: The Phoenix Business Journal Book of Lists.

Arizona's Economy - www.azeconomy.org

Note: The information for FY 2023 was not available.

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Valley Metro
Regional Public Transportation Authority
Arizona Lottery Funds
Last Ten Fiscal Years (In thousands of dollars)

	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018	FY 2018/2019
Avondale						
Local transportation assistance funds received	\$ 225	\$ 229	\$ 230	\$ 224	\$ 225	\$ 218
Buckeye						
Local transportation assistance funds received	150	153	153	149	177	172
Chandler						
Local transportation assistance funds received	697	708	712	693	693	674
El Mirage						
Local transportation assistance funds received	94	95	96	93	95	92
Gilbert						
Local transportation assistance funds received	615	625	628	612	661	643
Glendale						
Local transportation assistance funds received	669	680	683	665	668	649
Goodyear						
Local transportation assistance funds received	193	196	197	192	214	208
Maricopa County						
Local transportation assistance funds received	839	853	857	834	842	818
Mesa						
Local transportation assistance funds received	1,295	1,316	1,323	1,288	1,319	1,282
Peoria						
Local transportation assistance funds received	455	462	464	452	458	445
Phoenix						
Local transportation assistance funds received	4,265	4,334	4,356	4,242	4,344	4,220
Queen Creek						
Local transportation assistance funds received	76	78	78	76	93	—
Scottsdale						
Local transportation assistance funds received	641	652	655	638	660	642
Surprise						
Local transportation assistance funds received	346	352	354	345	357	347
Tempe						
Local transportation assistance funds received	477	485	487	475	492	478
Tolleson						
Local transportation assistance funds received	19	20	20	19	20	19
Wickenburg						
Local transportation assistance funds received	19	19	19	19	19	18

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

- (1) 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 2019/2020</u>	<u>FY 2020/2021</u>	<u>FY 2021/2022</u>	<u>FY 2022/2023</u>
218	218	225	226
172	172	236	236
674	674	697	670
92	92	90	91
643	643	676	678
649	649	626	628
208	208	243	244
818	818	801	804
1,282	1,282	1,271	1,276
445	445	483	484
4,220	4,220	4,053	4,067
—	—	—	—
642	642	608	610
347	347	363	364
478	478	457	458
19	19	18	18
18	18	17	17

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)
2013	3,933,712	\$ 160,497,824	40,801	35.6	701,842	7.1%
2014	3,944,859	167,439,604	42,445	35.8	713,323	6.4%
2015	4,063,700	175,437,829	43,172	36.1	723,452	5.3%
2016	4,152,800	185,111,698	44,575	36.3	731,673	5.3%
2017	4,233,300	196,779,825	46,484	36.5	744,816	4.5%
2018	4,315,600	209,719,687	48,596	34.0	732,996	4.1%
2019	4,366,583	223,097,349	51,092	36.9	759,457	4.5%
2020	4,367,835	245,077,753	56,110	36.9	765,415	4.3%
2021	4,506,505	249,677,860	55,404	37.3	746,829	6.6%
2022	4,507,419	268,713,717	59,616	(5)	756,508	3.3%

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

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

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

(4) Source: Arizona Department of Education, Accountability and Research Section. School enrollment is based on the census at the start of the school year. Data was adjusted for fiscal years 2013 thru 2015.

(5) Median age was not yet available for the fiscal year 2023.

(6) Data was adjusted for fiscal year 2013 for Population and Income to be consistent with Workforce Informer Arizona for Maricopa County. Data was adjusted for fiscal year 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

Function/Program	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Governmental activities:										
Regional planning	8.1	8.9	8.3	7.3	9.0	8.6	6.8	7.3	8.5	9.2
Transportation demand management	7.3	7.2	6.1	16.6	6.8	5.8	5.7	5.7	5.7	5.8
Regional customer services	68.2	66.8	64.4	54.8	75.6	75.4	76.1	76.9	77.1	77.3
Administration	31.6	32.4	33.3	34.1	41.1	40.5	46.5	50.0	52.3	55.0
Total governmental activities FTE	<u>115.2</u>	<u>115.3</u>	<u>112.1</u>	<u>112.8</u>	<u>132.5</u>	<u>130.2</u>	<u>135.1</u>	<u>139.9</u>	<u>143.6</u>	<u>147.3</u>
Business-type activities:										
Transit service operations	11.8	15.8	16.7	18.3	21.3	21.1	20.8	24.0	25.6	26.2
Light rail transit (1)	161.0	165.2	183.2	179.1	210.3	224.8	271.2	279.2	281.9	290.6
Total business-type activities FTE	<u>172.8</u>	<u>181.0</u>	<u>199.9</u>	<u>197.4</u>	<u>231.6</u>	<u>245.9</u>	<u>292.0</u>	<u>303.2</u>	<u>307.5</u>	<u>316.8</u>
Total primary government FTE	<u>288.0</u>	<u>296.3</u>	<u>312.0</u>	<u>310.2</u>	<u>364.1</u>	<u>376.0</u>	<u>427.0</u>	<u>443.0</u>	<u>451.0</u>	<u>464.1</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 2012/2013</u>	<u>FY 2013/2014 (5)</u>	<u>FY 2014/2015</u>	<u>FY 2015/2016</u>	<u>FY 2016/2017</u>
Fixed Route System (1)					
City of Phoenix Transit System					
Total boardings	37,713,203	36,218,582	35,657,045	32,985,667	32,702,214
Revenue miles	15,306,424	15,807,220	15,789,798	16,117,459	18,331,497
Revenue hours	1,110,556	1,288,260	1,233,609	1,327,885	1,527,352
Operating cost	\$ 137,800,189	\$ 137,009,877	\$ 141,260,727	\$ 145,727,588	\$ 155,973,115
Operating cost per boarding	\$ 3.65	\$ 3.78	\$ 3.96	\$ 4.42	\$ 4.77
Farebox recovery ratio	24.4%	24.8%	23.5%	19.3%	17.3%
Regional Public Transportation Authority (2)					
Total boardings	9,326,130	14,660,186	14,393,943	12,905,511	11,867,741
Revenue miles	5,954,546	9,831,917	9,744,135	9,753,676	10,083,832
Revenue hours	439,516	719,979	721,629	728,762	758,197
Operating cost	\$ 43,378,047	\$ 63,991,098	\$ 66,927,052	\$ 67,265,366	\$ 69,590,174
Operating cost per boarding	\$ 4.65	\$ 4.36	\$ 4.65	\$ 5.21	\$ 5.86
Farebox recovery ratio	22.2%	22.6%	20.4%	18.3%	15.7%
City of Tempe					
Total boardings	5,814,968	NR	NR	NR	NR
Revenue miles	3,753,634	NR	NR	NR	NR
Revenue hours	233,981	NR	NR	NR	NR
Operating cost	\$ 25,892,432	NR	NR	NR	NR
Operating cost per boarding	\$ 4.45	NR	NR	NR	NR
Farebox recovery ratio	22.6%	NR	NR	NR	NR
City of Glendale - Luke Link (3)					
Total boardings	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	NR	NR
Total fixed route system					
Total boardings	52,854,301	50,878,768	50,050,988	45,891,178	44,569,955
Revenue miles	25,014,604	25,639,137	25,533,933	25,871,135	28,415,329
Revenue hours	1,784,053	2,008,239	1,955,238	2,056,647	2,285,549
Operating cost	\$ 207,070,668	\$ 201,000,975	\$ 208,187,779	\$ 212,992,954	\$ 225,563,289
Operating cost per boarding	\$ 3.92	\$ 3.95	\$ 4.16	\$ 4.64	\$ 5.06
Farebox recovery ratio	23.8%	24.1%	22.5%	19.0%	16.8%

Source: Reports prepared by the Regional Public Transportation Authority (RPTA).
Annual Transit Performance Report.

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

NR Not reported

Note: Information for fiscal year 2023 was not available at the time the ACFR was drafted.

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

	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
Dial-a-Ride System (1)						
Phoenix Dial-a-Ride						
Total boardings	336,318	328,170	355,948	370,720	313,603	339,092
Revenue miles	3,467,247	3,710,650	3,823,261	3,924,032	3,394,545	3,398,596
Revenue hours	255,835	263,459	271,807	260,845	263,622	267,299
Operating cost	\$ 17,299,362	\$ 17,330,044	\$ 16,947,935	\$ 17,083,365	\$ 18,301,279	\$ 19,524,465
Operating cost per boarding	\$ 51.44	\$ 52.81	\$ 47.61	\$ 46.08	\$ 58.36	\$ 57.58
Farebox recovery ratio	5.3 %	5.7%	6.0%	6.2%	4.6%	5.0%
Phoenix Reserve-a-Ride						
Total boardings	NR	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	NR	NR	NR
Phoenix Taxi						
Total boardings	18,821	37,892	58,966	55,074	51,952	48,408
Revenue miles	101,096	125,513	238,675	242,412	228,480	221,318
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	\$ 844,264	\$ 852,299	\$ 665,592	\$ 657,377	\$ 631,530	\$ 610,173
Operating cost per boarding	\$ 44.86	\$ 22.49	\$ 11.29	\$ 11.94	\$ 12.16	\$ 12.60
Farebox recovery ratio	17.9 %	20.4%	25.8%	26.1%	26.1%	23.0%
East Valley Dial-a-Ride						
Total boardings	279,597	316,618	343,411	358,484	315,518	250,106
Revenue miles	2,141,137	2,530,142	2,674,048	2,818,955	2,354,948	2,426,494
Revenue hours	79,573	89,164	88,551	104,079	88,720	163,261
Operating cost	\$ 10,973,348	\$ 11,035,889	\$ 10,802,255	\$ 12,453,370	\$ 11,743,510	\$ 11,199,040
Operating cost per boarding	\$ 39.25	\$ 34.86	\$ 31.46	\$ 34.74	\$ 37.22	\$ 44.78
Farebox recovery ratio	7.1 %	9.3%	11.3%	10.3%	9.6%	8.0%
Maricopa County STS						
Total boardings	NR	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	NR	NR	NR
Sun Cities Area Transit						
Total boardings	NR	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	NR	NR	NR
Valley Metro Northwest Dial-a-Ride (2)						
Total boardings	59,260	81,761	89,275	101,919	122,739	77,532
Revenue miles	451,977	589,846	602,238	720,661	919,294	859,325
Revenue hours	12,373	17,979	18,385	22,760	28,885	55,111
Operating cost	\$ 1,817,524	\$ 2,353,161	\$ 2,671,905	\$ 3,449,893	\$ 4,119,872	\$ 3,411,138
Operating cost per boarding	\$ 30.67	\$ 28.78	\$ 29.93	\$ 33.85	\$ 33.57	\$ 44.00
Farebox recovery ratio	4.1 %	4.3%	4.3%	3.7%	3.5%	2.0%

Source: Reports prepared by the Regional Public Transportation Authority:
Annual Transit Performance Report for fiscal years beginning FY 2012.

- (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.
- (3) In FY19 EVDAR and NWDAR combined to become Valley Metro Paratransit

NR - Not Reported

Note: Information for fiscal year 2023 was not available at the time the ACFR was drafted

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

	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022
	346,276	288,763	258,950	275,051
	3,429,929	3,043,440	2,909,659	3,078,618
	263,492	250,252	232,219	238,051
\$	20,080,991	\$ 19,415,796	\$ 17,161,306	\$ 19,477,944
\$	57.99	\$ 67.24	\$ 66.27	\$ 70.82
	4.5%	4.1%	0.5%	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
	54,720	48,830	40,606	37,744
	253,898	NR	NR	NR
	NR	NR	NR	NR
\$	733,345	\$ 642,385	\$ 649,333	\$ 1,305,526
\$	13.40	\$ 13.16	\$ 15.99	\$ 10.50
	11.2%	16.6%	8.2%	4.1%
	526,686	422,360	274,065	329,903
	6,163,714	4,071,103	3,588,962	4,180,733
	329,744	183,835	168,295	181,406
\$	27,751,268	\$ 23,260,053	\$ 18,919,401	\$ 20,100,000
\$	52.69	\$ 55.07	\$ 69.03	\$ 33.17
	5.8%	5.9%	4.9%	5.4%
	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	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	NR	NR	NR	NR
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A

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

	FY 2012/2013	FY 2013/2014	FY 2014/2015	FY 2015/2016	FY 2016/2017	FY 2017/2018
Dial-a-Ride System (1)						
Valley Metro Ridechoice						
Total boardings	144,299	48,834	51,850	48,675	44,075	67,427
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	\$ 2,374,019	\$ 1,148,091	\$ 1,104,528	\$ 1,028,574	\$ 1,062,949	\$ 1,463,422
Operating cost per boarding	\$ 16.45	\$ 23.51	\$ 21.30	\$ 21.13	\$ 24.12	\$ 21.70
Farebox recovery ratio	5.1%	15.3%	12.6%	13.3%	12.6%	24.0%
Scottsdale Taxi						
Total boardings	54,538	63,113	51,170	37,094	33,817	32,233
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	\$ 460,760	\$ 568,054	\$ 472,515	\$ 331,436	\$ 335,245	\$ 319,655
Operating cost per boarding	\$ 8.45	\$ 9.00	\$ 9.23	\$ 8.94	\$ 9.91	\$ 9.92
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Glendale Dial-a-Ride						
Total boardings	93,305	85,649	84,819	80,114	76,879	76,728
Revenue miles	388,368	389,372	391,406	354,503	293,920	280,391
Revenue hours	28,975	35,216	37,076	34,386	25,995	25,481
Operating cost	\$ 2,622,120	\$ 2,427,706	\$ 2,344,055	\$ 2,419,238	\$ 2,814,669	\$ 2,782,853
Operating cost per boarding	\$ 28.10	\$ 28.34	\$ 27.64	\$ 30.20	\$ 36.61	\$ 36.27
Farebox recovery ratio	1.7%	3.1%	3.3%	3.1%	2.6%	4.0%
Peoria Dial-a-Ride						
Total boardings	24,201	25,281	23,861	22,637	21,016	20,871
Revenue miles	98,999	101,211	86,519	81,683	79,174	83,401
Revenue hours	6,935	7,912	6,679	7,317	7,758	7,837
Operating cost	\$ 955,554	\$ 1,104,216	\$ 777,579	\$ 866,278	\$ 775,743	\$ 1,019,864
Operating cost per boarding	\$ 39.48	\$ 43.68	\$ 32.59	\$ 38.27	\$ 36.91	\$ 48.87
Farebox recovery ratio	2.7%	2.6%	3.8%	4.0%	3.5%	3.0%
El Mirage Dial-a-Ride						
Total boardings	NR	NR	NR	NR	NR	NR
Revenue miles	NR	NR	NR	NR	NR	NR
Revenue hours	NR	NR	NR	NR	NR	NR
Operating cost	NR	NR	NR	NR	NR	NR
Operating cost per boarding	NR	NR	NR	NR	NR	NR
Farebox recovery ratio	NR	NR	NR	NR	NR	NR
Surprise Dial-a-Ride						
Total boardings	5,926	NR	NR	NR	NR	NR
Revenue miles	17,880	NR	NR	NR	NR	NR
Revenue hours	1,976	NR	NR	NR	NR	NR
Operating cost	\$ 127,252	NR	NR	NR	NR	NR
Operating cost per boarding	\$ 24.03	NR	NR	NR	NR	NR
Farebox recovery ratio	3.8%	NR	NR	NR	NR	NR
Total Dial-a-Ride System						
Total boardings	997,444	987,318	1,059,300	1,074,717	1,142,308	1,096,336
Revenue miles	6,565,608	7,446,734	7,816,147	8,142,246	9,622,006	10,492,881
Revenue hours	385,667	413,730	422,498	429,387	478,822	621,276
Operating cost	\$ 36,629,939	\$ 36,819,460	\$ 35,786,364	\$ 35,786,364	\$ 49,855,716	\$ 48,263,639
Operating cost per boarding	\$ 36.72	\$ 37.29	\$ 33.78	\$ 33.30	\$ 43.64	\$ 44.02
Farebox recovery ratio	5.9%	7.0%	7.7%	7.6%	6.2%	6.7%

Source: Reports prepared by the Regional Public Transportation Authority:
Annual Transit Performance Report for fiscal years beginning FY 2012.

- (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 2023 was not available at the time the ACFR was drafted.

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

	FY 2012/2013	FY 2013/2014 (8)	FY 2014/2015	FY 2015/2016	FY 2016/2017
Shuttle/Circulator System					
City of Phoenix (1)					
Total boardings	1,876,635	2,679,891	2,669,161	1,631,035	1,022,887
Revenue miles	671,245	786,672	724,333	598,183	533,418
Revenue hours	48,686	71,356	62,471	57,138	50,595
Operating cost	\$ 5,337,126	\$ 6,228,762	\$ 5,270,763	\$ 3,188,246	\$ 3,430,970
Operating cost per boarding	\$ 2.84	\$ 2.32	\$ 1.97	\$ 1.95	\$ 3.35
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Tempe (2)					
Total boardings	3,081,111	NR	NR	NR	NR
Revenue miles	1,449,887	NR	NR	NR	NR
Revenue hours	145,472	NR	NR	NR	NR
Operating cost	\$ 10,001,270	NR	NR	NR	NR
Operating cost per boarding	\$ 3.25	NR	NR	NR	NR
Farebox recovery ratio	0.0%	NR	NR	NR	NR
City of Scottsdale (3) (4)					
Total boardings	897,167	955,627	880,858	864,534	894,633
Revenue miles	552,033	629,453	631,772	729,748	834,136
Revenue hours	171,339	57,547	59,377	64,851	70,174
Operating cost	\$ 2,581,006	\$ 2,687,328	\$ 3,555,556	\$ 4,709,528	\$ 5,144,000
Operating cost per boarding	\$ 2.88	\$ 2.81	\$ 4.04	\$ 5.45	\$ 6.05
Farebox recovery ratio	0.0%	0.0%	0.0%	0.0%	0.0%
City of Glendale (5)					
Total boardings	120,885	119,248	103,538	91,245	84,440
Revenue miles	95,244	93,981	90,554	93,335	98,046
Revenue hours	8,498	8,562	8,001	7,829	8,581
Operating cost	\$ 812,589	\$ 802,959	\$ 654,692	\$ 689,665	\$ 890,261
Operating cost per boarding	\$ 6.72	\$ 6.73	\$ 6.32	\$ 7.56	\$ 10.54
Farebox recovery ratio	3.3%	3.3%	3.7%	3.1%	2.3%
Regional Public Transportation Authority (6)					
Total boardings	293,613	3,172,246	2,752,254	3,278,149	2,899,066
Revenue miles	369,149	1,814,134	1,851,992	1,898,958	1,901,805
Revenue hours	28,723	180,374	200,237	204,012	203,069
Operating cost	\$ 1,920,057	\$ 10,913,672	\$ 11,196,470	\$ 12,075,097	\$ 12,212,501
Operating cost per boarding	\$ 6.54	\$ 3.44	\$ 4.07	\$ 3.68	\$ 4.21
Farebox recovery ratio	4.2%	0.7%	0.7%	0.5%	0.5%
Total Shuttle/Circulator System					
Total boardings	6,269,411	6,927,012	6,405,811	5,864,963	4,856,026
Revenue miles	3,137,558	3,324,240	3,298,651	3,320,224	3,367,405
Revenue hours	402,718	317,839	330,086	333,830	332,419
Operating cost	\$ 20,652,048	\$ 20,632,721	\$ 20,677,481	\$ 20,662,536	\$ 21,677,732
Operating cost per boarding	\$ 3.29	\$ 2.98	\$ 3.23	\$ 3.52	\$ 4.46
Farebox recovery ratio	0.4%	0.5%	0.5%	0.4%	0.4%

Source: Reports prepared by the Regional Public Transportation Authority:
Annual Transit Performance Report for fiscal years beginning FY 2012.

- (1) City of Phoenix - Alex, Dash, Mary & Smart
- (2) City of Tempe - FLASH, Orbit-Earth, Jupiter, Mars, Mercury & Venus
- (3) City of Scottsdale - Neighborhood Trolley, Miller Road Trolley, and Downtown Trolley
- (4) City of Glendale - GUS
- (5) RPTA- Mesa BUZZ
- (6) 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.
- (7) Commencing in FY14 Circulator transit services operated by City of Tempe were unified with RPTA circulator transit services.

Note: Information for FY 2023 was not available at the time the ACFR was drafted.

	FY 2017/2018	FY 2018/2019	FY 2019/2020	FY 2020/2021	FY 2021/2022
	938,187	841,375	700,522	306,278	248,970
	531,586	519,355	533,050	527,690	511,397
	50,525	49,053	50,526	48,365	50,082
\$	3,456,011	\$ 4,219,496	\$ 3,735,879	\$ 3,679,542	\$ 3,847,019
\$	3.68	\$ 5.02	\$ 5.33	\$ 12.01	\$ 15.45
	0.0%	0.0%	0.0%	0.0%	0.0%
	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
	798,825	771,902	645,431	179,671	227,111
	843,559	1,053,495	942,649	565,631	567,296
	69,801	77,717	69,183	39,644	38,941
\$	4,446,308	\$ 3,387,145	\$ 3,423,581	\$ 1,624,927	\$ 2,079,814
\$	5.57	\$ 4.39	\$ 5.30	\$ 9.04	\$ 9.16
	1.0%	0.0%	0.0%	0.0%	0.0%
	104,385	125,033	108,532	61,704	72,904
	98,756	94,565	91,418	94,875	98,655
	8,902	8,745	8,691	8,712	8,708
\$	966,039	\$ 1,093,323	\$ 983,186	\$ 666,032	\$ 715,045
\$	9.25	\$ 8.74	\$ 9.06	\$ 10.79	\$ 9.81
	1.0%	0.0%	0.0%	0.0%	0.0%
	2,790,091	2,844,489	2,292,727	794,266	1,487,504
	2,156,795	2,423,094	2,459,095	2,304,207	2,476,671
	212,809	231,833	229,552	220,741	224,760
\$	14,340,518	\$ 16,663,099	\$ 18,178,099	\$ 17,360,584	\$ 19,701,553
\$	5.14	\$ 5.86	\$ 7.93	\$ 21.86	\$ 13.24
	2.0%	0.7%	0.6%	4.7%	4.4%
	4,631,488	4,582,799	3,723,655	1,341,919	2,036,489
	3,630,696	4,090,509	4,026,212	3,492,403	3,649,079
	342,038	367,348	357,951	317,462	322,406
\$	23,208,876	\$ 25,363,063	\$ 25,291,229	\$ 23,331,085	\$ 26,343,430
\$	5.01	\$ 5.53	\$ 6.79	\$ 17.39	\$ 12.94
	1.0%	0.7%	0.4%	0.2%	0.2%

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

Fiscal Year	Local and Express Bus	Paratransit / Dial-a-Ride	Vanpool
2013/14	225	2	433
2014/15	223	1	431
2015/16	223	0	435
2016/17	230	0	438
2017/18	278	0	440
2018/19	253	0	420
2019/20	278	0	435
2020/21	275	25	291
2021/22	248	25	275
2022/23	248	51	257

Source: Reports prepared by the Regional Public Transportation Authority.

