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Comprehensive Annual Financial Report

For Fiscal Year Ended December 31, 2016 and 2015



UTAH TRANSIT AUTHORITY



UTA Mission Statement

Utah Transit Authority
strengthens and connects communities
thereby enabling individuals to pursue a fuller life
with greater ease and convenience
by leading through partnering, planning and wise investments
of physical, economic and human resources.

Comprehensive Annual Financial Report

For Fiscal Years Ended
December 31, 2016 and 2015

Finance Department

Robert K. Biles

Vice President, Finance

Bryan Steele

Comptroller (Interim)



UTAH TRANSIT AUTHORITY

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Introductory



UTAH TRANSIT AUTHORITY



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www.rideuta.com

June 22, 2017

To the Board of Trustees
Utah Transit Authority and
Citizens within the UTA Service Area

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Utah Transit Authority (the Authority) for the fiscal years ended December 31, 2016 and 2015. This document has been prepared by the Authority's Finance Department using the guidelines recommended by the Government Finance Officers Association of the United States and Canada and conforms to accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standards Board.

This report contains financial statements and statistical data which provide full disclosure of all the material financial operations of the Authority. The financial statement and statistical information are the representation of the Authority's management which bears the responsibility for their accuracy, completeness and fairness.

The financial statements have been prepared on the accrual basis of accounting in conformance with generally accepted accounting principles. The Authority is accounted for as a single enterprise fund. This CAFR is indicative of the Authority's commitment to provide accurate, concise and high-quality financial information to the residents of its service area and to all other interested parties.

The Authority

The Utah Transit Authority was incorporated on March 3, 1970 under authority of the Utah Public Transit District Act of 1969 for the purpose of providing a public mass transportation system for Utah communities. The Authority is governed by a 16 member board of trustees which is the legislative body of the Authority and determines all questions of Authority policy. Twelve members of the Board of Trustees (one non-voting) are appointed by each county, municipality or combination of municipalities which have been annexed to the Authority. The Board also includes one member who is appointed by the State Transportation Commission who acts as a liaison between the Authority and the Transportation Commission, one member of the board is appointed by the Governor, one member is appointed by the Speaker of the Utah State House of Representatives and one member is appointed by the President of the State Senate.

All fifteen voting members have an equal vote as the Board of Trustees passes resolutions and ordinances and sets policies for the Authority.

The responsibility for the operation of the Authority is held by the President/CEO in accordance with the direction, goals and policies of the Authority's Board of Trustees. The President/CEO has full charge of the acquisition, construction, maintenance, and operation of the facilities of the Authority and of the administration of the business affairs of the Authority. The President/CEO supervises the executive staff which includes the Vice President of Operations, Vice President of External Affairs, Vice President of Finance, Chief Safety, Security, and Technology Officer, and Chief People Officer.

The Chief Executive Officer, General Counsel and the Internal Auditor for the Authority report to the Board of Trustees. An organizational chart which illustrates the reporting relationships follows in the introductory section.

The Regional General Managers and the General Manager of Rail Operations report to the Vice President of Operations. The executive staff meets weekly to coordinate management of the affairs of the organization. The executive staff and various other department officials meet as needed in a policy forum to review management policies and strategic direction and objectives for the organization. The Authority serves the largest segment of population in the State of Utah known as the Wasatch Front. Its service area includes Salt Lake, Davis, Utah, and Weber Counties, the cities of Tooele and Grantsville in Tooele County and that part of Tooele County comprising the unincorporated areas of Erda, Lakepoint, Stansbury Park and Lincoln, and the cities of Brigham City, Perry and Willard in Box Elder County.

According to the U.S. Census Bureau population estimates of July 1, 2016, the population of the Authority's service area is 2,372,914 and represents 77.8% of the state's total population.



Current Year Review

During the last year, UTA built upon its strong legacy of providing service, continuous achievement, and transit leadership. The information below provides a glimpse of the year’s accomplishments.

Transit Service – UTA took advantage of multiple opportunities to improve service in 2016. Most notable were the changes made possible by the adoption of Proposition One in Davis, Weber, and Tooele Counties. These funds allowed UTA to implement two new bus routes and provide seven others with more early, late, and weekend service. In addition, UTA worked aggressively on improving bus stops by using Proposition One funds to add shelters and benches and improve access to stops for mobility-disadvantaged customers.

In August UTA was able to leverage federal grant money to add Saturday service to six flex routes, improving access to multiple destinations in Ogden and southwest Salt Lake County.



UTA Flex Route Vehicle

In December UTA completed an overhaul of ski service that improved frequency on key corridors and added 35% more trips up Big and Little Cottonwood Canyons. This was a large effort that required cooperation among numerous internal and external stakeholders.

While increasing the amount of transit service is important, just as important to transit riders is that the bus or train arrives on time. UTA’s on-time reliability results by mode are shown below. They are near the highest results within the transit industry.

On-Time Reliability	2016	2015
Bus	91.07%	92.19%
TRAX	94.49%	93.98%
FrontRunner	89.96%	86.63%
Paratransit	97.85%	97.92%
Streetcar	99.50%	98.68%

System Enhancements - Keeping the transit system in a state of good repair is a high priority. During the year, UTA replaced 23 buses, 56 paratransit vans, and 55 rideshare vans, continued the light rail vehicles overhaul program, inspected all rail bridges, installed 4 miles of new fiber cable for the positive train control project, replaced worn train station tactile areas, and upgraded several rail grade crossings. In conjunction with local government, private partnerships, and transit rider input, over 100 bus stops were upgraded with shelters and other amenities. As part of the first/last mile connection initiative, bicycle storage was increased on buses and trains.

Ridership and Passenger Revenues - System ridership declined from 46.6 million in 2015 to 45.6 million in 2016. Passenger revenues declined by \$1.6 million to \$50.5 million, a 3.2% decrease from 2015 passenger revenues.

Current Year Review (continued)

Transit-Oriented Development – In 2016, transit-oriented development (TOD) centered on three locations located in Sandy, South Jordan, and West Jordan cities.

At the Jordan Valley TOD (located at the Jordan Valley TRAX station), construction was completed and leasing began on 270 residential units.

At the Sandy TOD (located at the Sandy Civic Center TRAX station), Construction was completed and leasing began on 272 residential units at the Sandy East Village TOD. A fourth residential building went under construction as well as a 150,000 square-foot office building.

At the South Jordan TOD (located at the South Jordan FrontRunner station), work commenced on the first of two 180,000 square-foot office buildings, as well as a full-service hotel.

Financial Stewardship - In August, UTA refunded \$156 million of short-term debt through a \$146 million long-term debt issue. As part of the refunding, the final maturity was set in 2032, three years earlier than previous plans and reducing budgeted debt service by \$8.6 million.

For the year, operating expenses were 5.8% below budget with lower than budgeted diesel fuel prices contributing almost 70% of the total \$14.8 million operating savings. Personnel cost savings from transitional position vacancies and additional parts warranty recoveries comprised the rest of the favorable budget variance.



UTA Reforms - Throughout 2016, UTA built upon its 2014 foundational reforms by focusing on overhaul of policies, procedures, and personnel. In August, the Board appointed Jerry Benson, a 32-year employee of UTA, to be the President/CEO.

In November, the President/CEO restructured the organization to reduce the number of executives. Three Vice Presidents (Operations, External Affairs, and Finance), two Chief Officers (Safety, Security & Technology and People), the General Counsel, and the Chief Internal Officer now comprise the executive team. Department reporting relationships were better aligned to match the executives' responsibilities. To meet evolving needs for customer and community service, several departmental positions were reassigned to new departments.

Jerry Benson, UTA President/CEO

For a more complete review of the Authority's current year financial activities, please refer to section two which contains the Auditor's Report, Management's Discussion and Analysis, the Financial Statements and accompanying notes.

Future Plans

UTA will continue its partnerships with federal, state, and local governments and stakeholders to identify and provide innovative, cost-effective, and successful transit solutions for the Wasatch Front community. Future plans include the following:

Provo-Orem Transportation Improvement Project. Construction began in 2016 on the combination bus rapid transit (BRT) and road project which is the result of a partnership between Utah County, the State of Utah, and UTA. UTA received a Federal Transit Administration Small Starts Grant in December of 2016. The BRT will connect the Orem

Future Plans(continued)

FrontRunner station, Utah Valley University, Brigham Young University, and the Provo FrontRunner station with 10-minute service. Completion of the \$192 million improvement project is expected in mid-2018.

Transit Oriented Development (TOD) projects. As noted in the Current Year section, there are three active TODs with phases completed or under construction. Additional projects and development phases in Sandy, West Jordan, South Jordan, South Salt Lake, and Provo are in various stages of planning and approvals. UTA will continue to work on these and other TOD projects to ensure that UTA's transit oriented development goals and standards are met.

State of Good Repair (SOGR). Recent transportation infrastructure failures in various parts of the United States increased the emphasis to ensure that future long-term infrastructure maintenance and replacement needs were identified, funded, and completed in a timely manner. In the next year, UTA will continue to refine its long-term SOGR work plan with an emphasis on development and approval of a detailed five-year work plan.

Anticipated Capital Projects.

- UTA received a TIGER grant for \$20 million to provide first and last mile infrastructure improvements such as trails, bike lanes and sidewalks to improve access to transit. Environmental work is underway with construction expected to start in the fall of 2017 and continue through 2022.
- UTA is currently working to meet the federally mandated Positive Train Control deadline of December 2018. Approximately 40% of the \$30 million capital project was completed at the end of 2016. Work will continue throughout 2017 with final acceptance planned for 2018. UTA's positive train control improvements will be in place well before the deadline.
- Part of the \$1.8 billion Salt Lake International Airport improvement project includes moving the terminus of UTA's light rail green line, the Airport Line Project, to a more central, transit-friendly location by 2020. Anticipated cost of the Airport Line Project is approximately \$66 million. The project is currently in design with construction scheduled to start in the first quarter of 2018.
- Completion of the CNG fueling facility last December was the first step in establishing the Depot District Service Center for bus maintenance. Once completed, the Depot District Service Center, which serves Salt Lake City and surrounding areas, will be a state-of-the-art maintenance facility which can maintain a 200-bus service fleet. Design work is completed with the initial phase of construction planned for 2018.



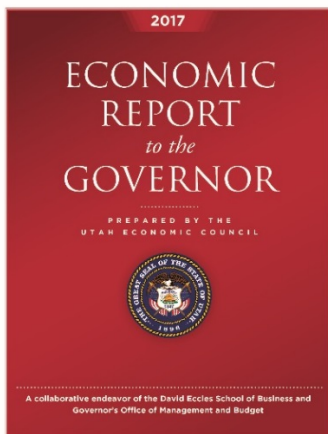
TRAX Airport Station

Over the next few years, UTA will seek to build upon its reputation as a successful and innovative transit organization by increasing service reliability, strategically adding cost-effective service, and improving passenger amenities while maintaining strong financial management. Just as important, UTA's Board and staff will be working to earn the public's trust through increased accountability and transparency initiatives.



The Economic Condition and Outlook

The Utah Governor's Office of Management and Budget in collaboration with the David Eccles School of Business at the University of Utah, prepared the 2017 Economic Report to the Governor. The Economic Report focuses on an estimated summary of the previous year and a forecast for the forthcoming year. The primary goal of the report is to improve the reader's understanding of the Utah economy. The report is a collaborative effort of both public and private entities which devote a significant amount of time to this report ensuring that it contains the latest economic and demographic information. Below are several excerpts from the Economic Report. For more detailed information, the entire report is available on the Gardner Policy Institute's website at <http://gardner.utah.edu>.



Overview of the Economy - Utah's strong overall economic growth in 2016 was coupled with excellent labor market outcomes.

Labor force, the measure of individuals holding or actively seeking a job, increased 3.0 percent over 2015, driven by in-migration to the state and strong opportunities in the majority of economic sectors. The state's growing reputation as an optimal location to find economic opportunity and high quality of life, along with increasing wages, are the most likely drivers of labor force growth. It is important, however, to note the differences in labor force growth across the age groups, which is a lasting effect of the Great Recession. Compared to 2007, only the 55-64 year olds in Utah participated in the labor force at a higher rate in 2016. The 20-24 year olds participated at roughly the same rate. All other age groups still show participation rates lower than 2007, including those in

their prime working age. Individuals in the 16-19 age group lagged the farthest behind at 2.9 percentage points lower than 2007.

2016 ended with the state experiencing an average unemployment rate of 3.4 percent. The year began with a seasonally adjusted count of unemployed equaling 49,500. As is sometimes the case with strong economies, the number grew over time, reaching a peak of 59,200 in the summer as individuals realized the opportunities for employment and jumped into the labor market to begin or renew a job search. From the summer peak, as people found jobs, unemployment declined, ending the year below 47,000.

Utah employers created roughly 49,500 jobs in 2016. This is essentially the same number created in 2015 which is surprising to most local economists who were expecting a slight slow-down anticipating capacity constraints from tightening labor markets. New labor force entrants and population in-migration loosened the constraints, allowing employers to continue adding jobs to the Utah labor market in response to healthy demand for their products and services.

Every industry but Mining, Oil, and Gas added jobs in 2016. Despite 2015 predictions, the effects of oil prices continued to cause job shedding in the first half of the year, then some gains occurred in the latter half, netting the industry essentially zero change overall. In contrast, significant gains were experienced in industries such as Construction, which grew by 6.8 percent, Leisure and Hospitality, which grew at 6.1 percent, and Professional and Business Services, growing at 5.4 percent. This mix of fastest growing industries exemplifies the robust economic conditions of the state, with incomes increasing, housing in high demand, and the tech sector blossoming.



Mount Olympus, Wasatch Front Mountains

The Economic Condition and Outlook (continued)

Wages tell an even stronger story than was the case in past years. Average annual pay increased by 3.5 percent over the year, marking the third year in a row of accelerating wage gains.

Utah's total personal income in 2016 was an estimated \$124.5 billion, a 5.7 percent increase from \$117.8 billion in 2015. Utah's estimated 2016 per capita income was \$40,864, up 4.0 percent from the 2015 level of \$39,308. This 2016 growth rate is slightly higher than the average annual state growth rates of 5.5 percent for total personal income, and 3.9 percent for per capita income during the 2012 to 2015 period. In the last two years, Utah's growth in per capita personal income has been significantly higher than that of the U.S. economy as a whole.

Utah total taxable sales continued to grow in 2016. Growth was steady, increasing by approximately 4.4 percent to an estimated \$56.3 billion. A strong labor market and consumer spending were among the primary drivers of growth. Historically low interest rates, a strong tourism industry, and low motor fuel prices were also drivers of growth. Growth in 2016 retail sales and taxable services is estimated at 5.0 percent and 4.7 percent, respectively, while business investment purchases are estimated to decline by 1.9 percent.

Outlook 2017 – Utah managed to avoid the chokehold of tight labor markets in 2016 and current momentum indicates 2017 could share in that advantage as well. No current signals at the state level indicate Utah will veer off its current expansionary path. Labor shortages will naturally plague some employers of high-skilled, specialized work, but continued in-migration and a primed education pipeline should help to ease those pinches.

With a new national administration poised to take the helm at the beginning of 2017, the potential for change leaves forecasters somewhat muddled as to what may create head- or tailwinds at the federal level. Key economic indicators that will likely play a role in shaping the 2017 economy include inflation, interest rates, and the value of the dollar. Kept in balance, these indicators will only play out in the background of our thriving Utah economy. However, if balance isn't achieved, a sharp run for any of those measures could hinder business investment and hiring by Utah employers.

Utah total personal income in 2016 is estimated to have grown 5.7 percent. This represents a vibrancy that far surpasses income growth at the national level. Per capita personal income is estimated to have grown at a 4.0 percent rate in 2016, which is nearly double the estimated national per capita income growth rate of 2.4 percent, but slightly slower than last year's Utah per capita income growth rate of 4.4 percent. Utah's personal income is expected to continue to grow strongly in the next few years, albeit somewhat more slowly than the robust growth of the last couple years. Utah personal income growth is also expected to continue to surpass the growth of US personal income. Utah's vibrant and growing economy will continue to produce an environment with strong employment growth and low unemployment, which will continue to create upward pressure on Utah's personal income growth.



Given the strong state of the Utah economy, the trend of steady growth is forecasted to continue in 2017. Total taxable sales are expected to increase by 5.0 percent. Higher forecasted growth in total taxable sales in 2017 can be partially attributed to a forecasted rebound in business investment purchases. After two straight years of decline, 2017 business investment purchases are forecasted to increase by 4.8 percent as declines in the oil and gas and mining industries level out. In 2017 retail sales are projected to grow by 5.1 percent and taxable services are projected to increase by 4.9 percent. Forecasted growth can be attributed to healthy economic fundamentals. High consumer confidence and moderately strong growth in employment, total wages, and consumer expenditures are all contributing factors to increasing taxable sales.

Debt Administration

The Authority has sold Sales Tax Revenue Bonds to partially finance the purchase and construction of various capital assets, and to refund other outstanding bond issues. Payment of debt service on the outstanding bonds is secured by a pledge of sales tax revenues and other revenues of the Authority.

During 2016, the Authority issued a sales tax revenue bond for the purpose of refunding previously-issued debt.

- The Series 2016 Subordinated Sales Tax Revenue Refunding Bonds were issued in the amount of \$145,691,497 to refund \$13,990,000 of the Series 2013 Sales Tax Revenue Bonds, \$80,370,000 of the Series 2014A Sales Tax Revenue Bonds, and \$62,000,000 of the Series 2014B Sales Tax Revenue Bonds. These bonds represented all of the Authority's variable rate debt.

For a more complete review of the Authority's financing activities please refer to the Financial Section of this report which contains the Auditors Report, Management's Discussion and Analysis, the Financial Statements and accompanying notes.

Independent Audit

State law requires that the Authority cause an independent audit to be performed on an annual basis. The Authority's independent auditors, Keddington and Christensen, LLC, have rendered an unmodified audit report on the Authority's financial statements. The auditor's report on the financial statements with accompanying notes is included in the Financial Section of the Comprehensive Annual Financial Report.



Bus route at the Utah State Capital

The Authority also has a single audit of all federally funded programs administered by this agency as a requirement for continued funding eligibility.

The Single Audit is mandatory for most local governments including the Utah Transit Authority.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Utah Transit Authority for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both general 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis requires dedicated extra efforts of the staff of several departments.

I wish to express my appreciation to all department staff and managers who contributed to this report with special recognition to Teri Black, Executive Assistant; Bryan Steele, Comptroller (Interim); the staff of the Accounting Department; Blair Lewis, Graphic Artist; and Eric Vance, Photographer.

Sincerely,



Robert K. Biles
Vice President, Finance
Utah Transit Authority





Government Finance Officers Association

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

Presented to

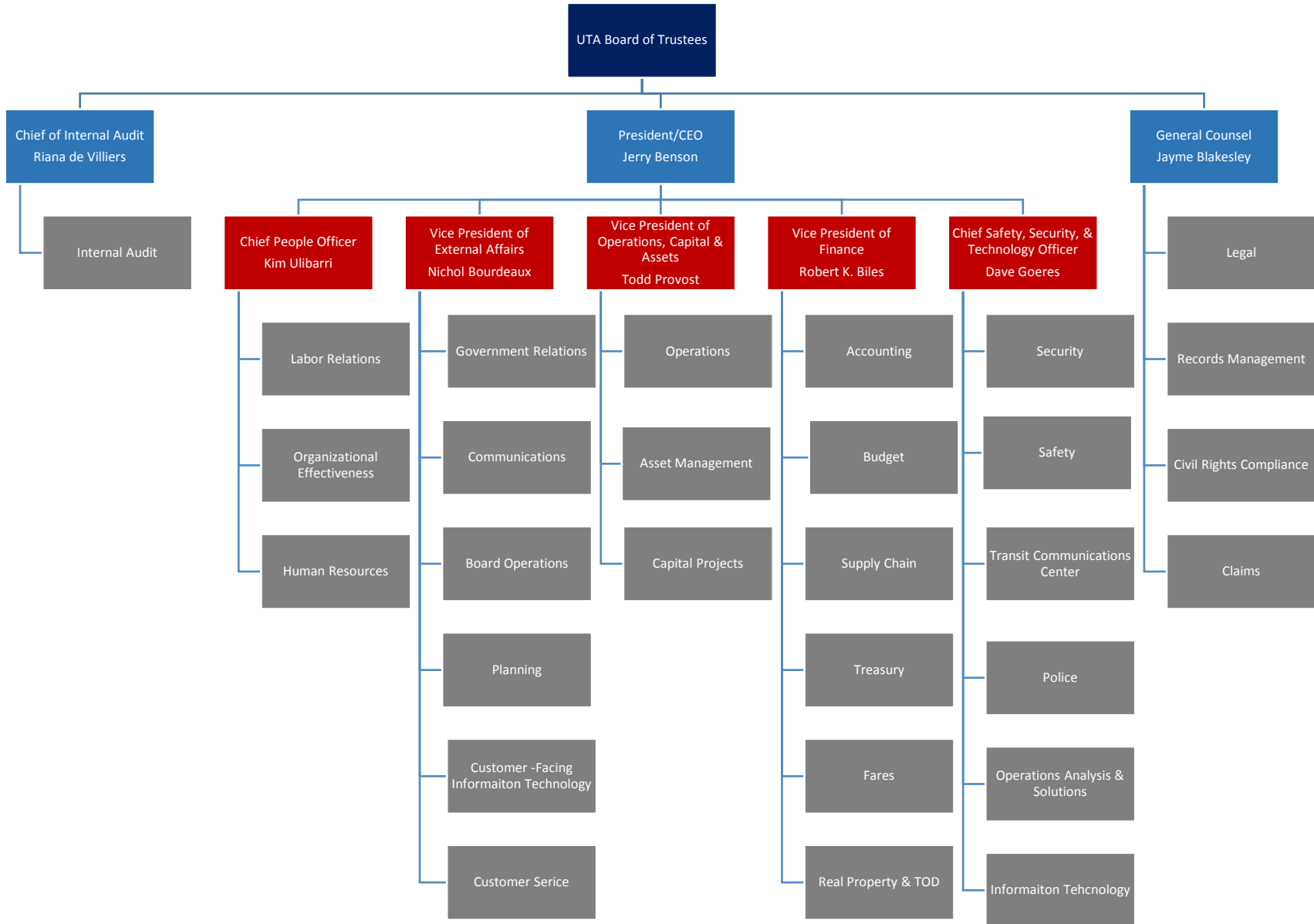
Utah Transit Authority

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Organizational Chart



Utah Transit Authority Board of Trustees May 2017



Robert McKinley
Board Chair



Board Vice Co-Chair
Jeff Hawker



Board Vice Co-Chair
Sherrie Hall Everett



Jeff Acerson



Cortland G. Ashton



Gregory S. Bell



Necia Christensen



Karen Cronin



Babs DeLay



Charles G. Henderson



Dannie R. McConkie



P. Bret Milburn



Michael Romero



Brent Taylor



Troy Walker

Board of Trustees Appointments

Appointed By	Current Member	Term Ending	# Terms Served
Governor of the State of Utah	Greg Bell	September, 2020	1
Speaker of the House	Babs De Lay	January, 2020	1
The Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Robert McKinley	December, 2017	1
Municipalities with Utah County	Jeff Acerson	November, 2019	1
President of the Senate	Cort Ashton	November, 2020	1
Salt Lake City	Pending Appointment	TBD	0
Municipalities within Weber County and Brigham City, Perry and Willard in Box Elder County	Brent Taylor	February, 2021	1
Municipalities with Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Necia Christensen	May, 2019	5
Utah County	Sherrie Hall Everett	March, 2020	1
Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Jeff Hawker	October, 2020	2
Unincorporated Salt Lake County	Charles G. Henderson	May, 2020	3
Utah Transportation Commission	Dannie R. McConkie	May, 2017	1
The municipalities with Davis County	P. Bret Millburn	August, 2020	3
The municipalities with Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Pending Appointment	TBD	0
Municipalities with Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Troy Walker	March, 2020	2
Municipalities and unincorporated areas within the district that are located within a county that is not annexed into the UTA district	Karen Cronin	October, 2020	1

Board of Trustees and Administration

Board of Trustees as of May 31, 2017

BOARD CHAIR	Robert W. McKinley
VICE CO-CHAIR	Jeff Hawker
VICE CO-CHAIR	Sherrie Hall Everett
TRUSTEE	Jeff Acerson
TRUSTEE	Cortland G. Ashton
TRUSTEE	Gregory S. Bell
TRUSTEE	Necia Christensen
TRUSTEE	Karen Cronin
TRUSTEE	Babs DeLay
TRUSTEE	Charles G. Henderson
TRUSTEE	Dannie R. McConkie
TRUSTEE	P. Bret Millburn
TRUSTEE	Michael E. Romero
TRUSTEE	Brent Taylor
TRUSTEE	Troy K. Walker

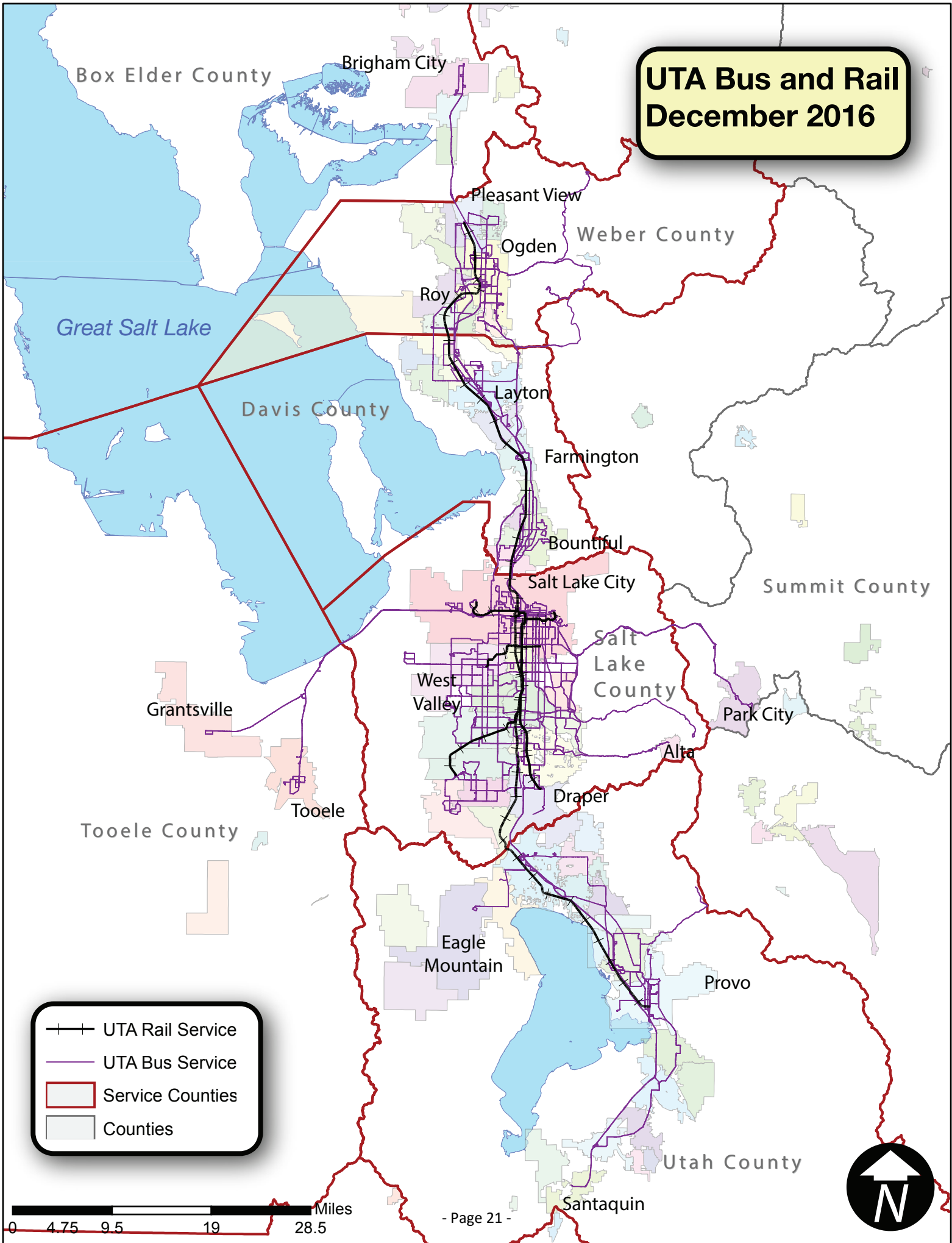
Officers of the Authority

BOARD CHAIR	Robert W. McKinley
VICE CO-CHAIR	Jeff Hawker
VICE CO-CHAIR	Sherrie Hall Everett
PRESIDENT/CHIEF EXECUTIVE OFFICER	Jerry Benson
GENERAL COUNSEL	Jayne L. Blakesley
SECRETARY/TREASURER and VICE PRESIDENT FINANCE	Robert K. Biles
COMPTROLLER	Bryan R. Steele (Interim)

Administration of the Authority

PRESIDENT/CHIEF EXECUTIVE OFFICER	Jerry Benson
GENERAL COUNSEL	Jayne L. Blakesley
CHIEF OF INTERNAL AUDIT	Riana de Villiers
VICE PRESIDENT OF EXTERNAL AFFAIRS	Nichol Bourdeaux
VICE PRESIDENT FINANCE	Robert K. Biles
VICE PRESIDENT OPERATIONS, CAPITAL & ASSETS	Todd Provost
CHIEF PEOPLE OFFICER	Kim Ulibarri
CHIEF SAFETY, SECURITY AND TECHNOLOGY OFFICER	Dave Goeres

UTA Bus and Rail December 2016





Financial



UTAH TRANSIT AUTHORITY

For Fiscal Year Ended December 31, 2016 and 2015



INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees,
Utah Transit Authority
Salt Lake City, Utah

We have audited the accompanying financial statements of Utah Transit Authority (the “Authority”) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Utah Transit Authority, as of December 31, 2016 and 2015, and the respective changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Utah Transit Authority's basic financial statements. The introductory section and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017, on our consideration of the Authority's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Keddington & Christensen, LLC

Keddington & Christensen, LLC
Salt Lake City
June 20, 2017

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

This section of Utah Transit Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2016 and December 31, 2015.

Following this Management Discussion and Analysis are the basic financial statements of the Authority, together with the notes thereto, which are essential to a full understanding of the information contained in the financial statements.

FINANCIAL STATEMENTS

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP), promulgated by the Governmental Accounting Standards Board. The Authority reports as a single enterprise fund. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

FINANCIAL HIGHLIGHTS

In November 2015, voters in three (3) of the counties within the Authority's service area approved a transportation initiative (Prop 1) which increased sales tax by a quarter of one percent (.25%). Forty percent (40%) of this revenue is dedicated to support transit service and enhancements within those specific counties. The tax became effective in Davis and Weber counties on April 1, 2016 and in Tooele County on July 1, 2016.

On August 16, 2016, the Authority sold \$145.7 million of Subordinated Sales Tax Revenue Refunding Bonds. The purpose of these bonds was to eliminate interest-rate risk by reducing the Authority's exposure to short-term debt. This issuance was viewed favorably by the rating agencies and resulted in a rating upgrade for the Authority.

The Authority continues to recognize the importance of reserves. Reserves have been established for debt service, service stabilization, capital improvement, fuel and parts. These reserves were increased by \$7.15 million during the year and stood at \$58.54 million at the end of the year. Refunding savings of \$4.3 million were included in that increase and added to the Debt Rate Service Stabilization reserve bringing its December 31, 2016 balance to \$14.86 million.

In December 2016, the Authority was awarded federal funding in the amount of \$70.98 million dollars by the U.S. Department of Transportation and Federal Transit Administration for the design, right-of-way acquisition, and construction of a 10.52 mile bi-directional Bus Rapid Transit (BRT) line located in Utah County. The project begins at the Orem Intermodal Center and ends at the Provo Intermodal Center and includes a total of 18 stations and the purchase of 25 vehicles. The project also includes an aerial bridge replacement with BRT guideway, bicycle, trail and pedestrian access site improvements, and construction of an expanded bus maintenance facility.



Downtown Salt Lake City – Clean Air Initiative

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

CONDENSED STATEMENTS OF NET POSITION

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Assets					
Current and other assets	\$ 238,290,698	\$ 231,099,087	\$ 7,191,611	3%	\$ 255,392,107
Restricted assets	67,679,065	79,953,763	(12,274,698)	-15%	63,186,315
Capital assets	<u>3,104,597,334</u>	<u>3,210,158,029</u>	<u>(105,560,695)</u>	-3%	<u>3,329,090,423</u>
Total assets	<u>3,410,567,097</u>	<u>3,521,210,879</u>	<u>(110,643,782)</u>	-3%	<u>3,647,668,845</u>
Deferred outflows of resources	<u>116,778,163</u>	<u>125,000,198</u>	<u>(8,222,035)</u>	-7%	<u>2,028,608</u>
Liabilities					
Current liabilities	71,620,455	66,390,159	5,230,296	8%	70,900,996
Long-term liabilities	<u>2,387,091,356</u>	<u>2,392,487,053</u>	<u>(5,395,697)</u>	0%	<u>2,160,447,389</u>
Total liabilities	<u>2,458,711,811</u>	<u>2,458,877,212</u>	<u>(165,401)</u>	0%	<u>2,231,348,385</u>
Deferred inflows of resources	<u>5,489,735</u>	<u>1,659,974</u>	<u>3,829,761</u>	231%	<u>1,153,885</u>
Net position					
Net investment in capital assets	924,260,135	1,031,142,715	(106,882,580)	-10%	1,217,298,938
Restricted	67,415,969	78,064,113	(10,648,144)	-14%	62,860,625
Unrestricted	<u>71,467,610</u>	<u>76,467,063</u>	<u>(4,999,453)</u>	-7%	<u>137,035,620</u>
Total net position	<u>\$ 1,063,143,714</u>	<u>\$ 1,185,673,891</u>	<u>\$ (122,530,177)</u>	-10%	<u>\$ 1,417,195,183</u>

2016 Results

In 2016, the Authority was awarded \$70.98 million in the form of a federal grant for the construction of the Provo-Orem Bus Rapid Transit system. This grant represented 50% of the cost of the project, with the remaining 50% funded by Utah County. This project increased receivables at year end by over \$17.7 million, and increased construction in progress by \$20 million.

In August 2016, the Utah Transit Authority sold its \$145,691,497 Subordinated Sales Tax Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds"). This bond transaction was issued for a total par amount of \$145,691,497 and generated \$12,932,675 of Reoffering Premium, and refunded the Authority's bond issues for Series 2013 (Senior Bonds), Series 2014A (Subordinate Bonds), and Series 2014B (Subordinate Bonds) in full. This issuance represented a refunding of all of the Authority's variable rate short-term bond debt and reduced the Authority's interest rate exposure. The Series 2016 Bonds and the Series 2015 Bonds allowed the Authority to consolidate its restricted reserve requirements.

The Series 2015 bond issuance included \$20 million restricted for the payment of a portion of the outstanding principal and interest of the refunded bonds through 2017. This cash flow strategy is referred to as a crossover refunding. This restricted account contributed approximately \$8.5 million towards outstanding principal and interest in 2016 which explains the reduction of restricted assets from 2015 to 2016.

Capital assets decreased by \$105.5 million primarily due to depreciation expense of \$153.6 million exceeding capital asset additions of \$48.1 million. In addition, the Authority performed a comprehensive multi-year review of construction in progress reported under capital assets. This review identified many projects that no longer met the requirements for asset recognition and required restatement as expense. Restatement was applied beginning in 2014 for those projects under this criteria. The net effect was a reduction of capital assets in the amount of \$14.2 million in 2014 and \$9.5 million in 2015.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

CONDENSED STATEMENTS OF NET POSITION (continued)

2016 Results (continued)

As the second year reporting the *Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*, the Authority recorded a net pension liability decrease of \$4.5 million (3.8%) as a result of the Authority's continued dedication to contributing 16% of wages to the pension plan.

The Authority's Board remained steadfast in its dedication to building reserves for the stabilization of services and debt management. In 2016, the Board authorized an increase of almost \$7.2 million to these reserves. At year end, these reserves equaled \$58.5 million of cash and cash equivalents.

An increase in net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2016, the Authority's net position decreased to \$1.06 billion from \$1.19 billion as of December 31, 2015. The majority of this change (96%) is directly attributed to the decrease in the net investment in capital assets due to depreciation and restatement, and the consolidation of the debt service reserve requirements.

2015 Results

In 2015, the Authority implemented the *Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment to GASB Statement No. 27*. The effect of this Statement is the recording of the Authority's net pension liability as of December 31, 2015 which increased deferred outflows of resources by \$16.3 million, increased long-term liabilities by \$117.4 million, and increased deferred inflows of resources by \$1.7 million.

On January 26, 2015, Utah Transit Authority sold its \$668,655,000 Sales Tax Revenue Refunding Bonds, Series 2015A (the "2015A Senior Bonds") and \$192,005,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2015A (the "2015A Subordinate Bonds"). These two bond issues together are referred to as the "2015A Bonds". This major bond transaction was issued for a total par amount of \$860,660,000 and generated \$156,955,532 of Original Issue Premium, and involved the refunding of parts of four UTA bond issues, namely the 2008A (Senior Bonds), 2009A (Senior Bonds), 2007A (Subordinate Bonds), and the 2012 (Subordinate Bonds).

The primary purpose for issuing the 2015A Bonds, was for overall debt service savings. It should be noted that the True Interest Cost of the 2015A Bonds was 3.209%. This compares to the TIC for each of the refunded bond issues of 5.008%, 3.972%, 4.701%, and 4.048%, for the 2008A, 2009A, 2007A, and 2012 bonds, respectively.

This refunding resulted in total interest savings of \$85,201,883, with net present value savings of \$77,660,118, or 9.023% net savings of refunded principal. This represents average annual cash flow savings of \$3,550,078. The transaction closed on February 25, 2015.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

CONDENSED STATEMENTS OF NET POSITION (continued)

2015 Results (continued)

Additional benefits to UTA as a result of this refunding are the following;

1. Elimination of Capital Appreciation Bonds.
2. A Rating upgrade on UTA's Subordinate Debt Portfolio by Standard & Poors, from A to A+.
3. A reaffirmation of all other prior bond ratings, as rated by Standard & Poors, Moody's, and Fitch.
4. A reshaping of the debt service schedule by smoothing out of the steep increase in debt service beginning in 2017.
5. Elimination of Bond specific Debt Service Reserve Fund for all Senior Debt.
6. This transaction also allowed us to make several changes to the Bond Indenture, adding important items to generate flexibility benefiting the overall bond program.



Rider using the UTA mobile app

The Authority's Board remained steadfast in its dedication to building reserves for the stabilization of services and debt management. In 2015, the Board authorized an increase of almost \$8.0 million to these reserves. At year end, these reserves equaled \$51.4 million of cash and cash equivalents.

Capital assets decreased by \$118.9 million primarily due to depreciation expense of \$161.0 million exceeding capital asset additions of \$48.6 million.

An increase in net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2015, the Authority's net position decreased to \$1.21 billion from \$1.43 billion as of December 31, 2014 due to the increase in long-term liabilities from the implementation of the *GASB Statement No. 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement 27* which resulted in an increased long-term liability of \$117m, and the issuance of the Series 2015 bonds.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Operating revenues	\$ 52,891,021	\$ 54,346,242	\$ (1,455,221)	-2.7%	\$ 53,761,223
Operating expenses	422,543,342	403,560,254	18,983,088	4.7%	412,835,043
Excess of operating expenses over operating revenues	(369,652,321)	(349,214,012)	(20,438,309)	-5.9%	(359,073,820)
Non-operating revenues	313,184,316	290,848,506	22,335,810	7.7%	274,965,988
Non-operating expenses	86,226,784	81,386,242	4,840,542	5.9%	92,122,756
Income (loss) before contributions	(142,694,789)	(139,751,748)	(2,943,041)	-2.1%	(176,230,588)
Capital contributions	20,164,612	9,068,708	11,095,904	122.4%	11,389,311
Change in net position	<u>\$ (122,530,177)</u>	<u>\$ (130,683,040)</u>	<u>\$ 8,152,863</u>	6.2%	<u>\$ (164,841,277)</u>
Total net position, January 1	\$ 1,185,673,891	\$ 1,417,195,183			\$ 1,577,104,903
Prior period adjustment		(100,838,252) ¹			4,931,557 ²
Total net position, December 31	\$ 1,063,143,714	\$ 1,185,673,891			\$ 1,417,195,183

¹ Effect of GASB Statement No. 68 implementation, net pension liability as of January 1, 2015.

² Recognition of represented employees trust in the amount of \$3.26m, restatement of \$1.67m of current liabilities to equity.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Operating					
Passenger revenue	\$ 50,624,354	\$ 52,112,909	\$(1,488,555)	-2.9%	\$ 51,461,223
Advertising	2,266,667	2,233,333	33,334	1.5%	2,300,000
Total operating revenue	52,891,021	54,346,242	(1,455,221)	-2.7%	53,761,223
Non-operating					
Contributions from other gov'ts (sales tax)	245,008,417	227,703,023	17,305,394	7.6%	214,683,276
Federal noncapital assistance	63,334,769	52,000,012	11,334,757	21.8%	50,754,876
Interest income	1,732,939	2,831,406	(1,098,467)	-38.8%	5,803,226
Other	3,108,191	8,314,065	(5,205,874)	-62.6%	3,724,610
Total non-operating revenue	313,184,316	290,848,506	22,335,810	7.7%	274,965,988
Capital contributions	20,164,612	9,068,708	11,095,904	122.4%	11,389,311
Total revenues	<u>\$ 386,239,949</u>	<u>\$ 354,263,456</u>	<u>\$31,976,493</u>	9.0%	<u>\$ 340,116,522</u>

2016 Results

Passenger revenue showed a slight decrease of \$1.5 million (2.9%) in 2016. This can be attributed to the low price of fuel and milder weather patterns. In addition, the Authority extended its FarePay discount fare program as a continued support of the conversion campaign from 2015.

Since the Authority does not have the ability to tax, it relies on contributions dedicated by other governments for the purpose of mass transit in the form of sales tax as supplementary income to operations and development. As Utah's economy continues to improve and unemployment rates continue to decrease, this sales tax amount continues to increase. In 2016, the Authority recognized \$17.3 million (6.2%) in increased contributions of sales tax. Of that increase, \$6.4 million (37%) came from the quarter-cent sales tax of Prop 1.

Federal noncapital support increased by \$11.3 million (22%) in 2016. This funding is distributed by the Federal Transit Administration (FTA) to transit agencies based on the age and use of their systems. As much of the Authority's rail system reaches the threshold of eligibility for federal preventive maintenance support, it is expected this funding will increase as demand for maintenance increases.

Capital contributions increased by over \$11 million due to the federal and local participation in the construction of the Provo-Orem BRT line.

2015 Results

Passenger revenue showed a slight increase of \$585,000 (1.3%) in 2015. This year, the Authority began to focus on electronic fare media (FarePay) through increased consumer education campaigns and fare incentives for conversion. This conversion campaign has seen significant success in converting cash customers to FarePay, however, the incentives have had an impact on passenger revenue growth.



Riders board TRAX at University of Utah

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31 (continued)

2015 Results (continued)

Since the Authority does not have the ability to tax, it relies on contributions dedicated by other governments for the purpose of mass transit in the form of sales tax as supplementary income to operations and development. As Utah's economy continues to improve and unemployment rates continue to decrease, this sales tax amount continues to increase. In 2015, the Authority recognized \$13.0 million (6.2%) in increased contributions of sales tax.

In 2015, the investment market did not provide the same opportunities for short-term investments as 2014. With a decreased number of investment transactions, interest income decreased in 2015 by almost \$3.0 million.

With the completion of the major rail lines, the Authority has begun to assess property and liquidate land no longer needed to support the Authority's purpose. In 2015, the Authority sold approximately 37.5 acres of land which contributed approximately \$5.6m in other revenue.

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Operating expenses					
Bus service	\$ 85,841,973	\$ 77,702,167	\$ 8,139,806	10.5%	\$ 79,141,904
Rail service	84,165,069	74,266,265	9,898,804	13.3%	83,558,762
Paratransit service	19,341,116	18,573,738	767,378	4.1%	18,748,699
Other services	2,949,643	2,971,534	(21,891)	-0.7%	3,183,892
Operations support	37,831,682	35,901,226	1,930,456	5.4%	28,949,480
Administration	37,636,519	32,443,603	5,192,916	16.0%	33,287,754
Major investment studies	1,204,124	658,400	545,724	82.9%	2,488,179
Depreciation	153,573,216	161,043,323	(7,470,107)	-4.6%	163,476,373
Total operating expenses	<u>\$ 422,543,342</u>	<u>\$ 403,560,256</u>	<u>\$ 18,983,086</u>	4.7%	<u>\$ 412,835,043</u>

2016 Results

Personnel cost for the Authority in 2016 was 66.2% of total operating expense less depreciation. Overall, personnel cost rose by \$11.5 million (7.0%) in 2016.

The operational cost for all direct service increased in 2016 by \$20.7 million as a result of increased system maintenance costs. These costs included the light rail vehicle mid-life overhaul project, pedestrian crossing upgrades, grade crossing replacements, tactile replacements, and other technology improvements to enhance the passenger experience.

Operating expense less personnel cost increased by \$11.6 million (19.6%), all of which is the result of increased system maintenance costs.



Warehouse parts clerk

Within operating expense, administration expense increased by \$5.1 million (16%), due to increased personnel and maintenance of the information systems infrastructure and increased risk management expense.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31 (continued)

2015 Results

Personnel cost for the Authority in 2015 was 68.7% of total operating expense less depreciation. Overall, personnel cost rose by \$7.1 million (4.4%) in 2015.

With this increase as a reference, the operational cost for all direct service decreased in 2015 as a result of lower fuel costs as well as continued operational efficiencies and resource utilization adjustments.

Operating expense less personnel cost decreased by \$13.9 million (15.4%) due to the decreased cost of fuel and reduced planning and studies cost.

Within operating expense, operational support increased by almost \$7.0 million (24.0%) directly attributed to an increased cost for facility maintenance and public safety.

CAPITAL ASSET ACTIVITY

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Land and right of ways	\$ 444,428,115	\$ 444,484,721	\$ (56,606)	0.0%	\$ 445,737,902
Infrastructure	2,660,455,033	2,660,455,033	-	0.0%	2,659,779,176
Revenue vehicles	768,632,495	778,085,676	(9,453,181)	-1.2%	763,036,847
Other	420,530,145	420,778,076	(247,931)	-0.1%	411,580,491
Construction in process	98,584,168	52,277,885	46,306,283	88.6%	41,264,699
Depreciation	(1,288,032,621)	(1,145,923,364)	(142,109,257)	12.4%	(992,308,692)
Total capital assets, net	<u>\$ 3,104,597,335</u>	<u>\$ 3,210,158,027</u>	<u>\$ (105,560,692)</u>	-3.3%	<u>\$ 3,329,090,423</u>

2016 Results

The Authority expended approximately \$47.1 million for capital assets in 2016. Approximately \$34.7 million was expended for major capital projects, with \$20.6 million spent on the construction of the Provo-Orem BRT line and \$11.6 million on the federally-mandated positive train control system. Additional projects include revenue vehicle replacement purchases, a fuel storage tank, and transit enhancements funded through Prop 1 sales tax.

2015 Results

The Authority expended approximately \$34.6 million for capital assets in 2015. Approximately \$18.9 million was expended for revenue vehicle replacements. This program included twenty-three (23) buses, fifty-five (55) RideShare vans, and fifty-six (56) paratransit vans.

In 2015, the Authority expended \$15.7 million on major strategic projects. This included the Depot District (fueling and maintenance facility to support bus operations), the continued development of several Bus Rapid Transit (BRT) routes, and several other projects designed to enhance the system and passenger experience.

Readers wanting additional information should refer to Note 4 in the notes to the financial statements.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

DEBT ADMINISTRATION

Bond rating agencies have rated the Authority based on the types of bonds issued and an analysis of several financial conditions and influencing factors. The following chart summarizes those ratings by bond and agency:

A. Ratings Summary

Effective: August 2016

	<u>Standard & Poor's</u>	<u>Fitch</u>	<u>Moody's</u>
Senior Lien Bonds			
Current rating	AAA	AA	Aa2
Outlook	Stable	Stable	Stable
Subordinate Lien Fixed Rate Bonds			
Current rating	A+	AA	A1
Outlook	Stable	Stable	Stable

Effective: April 2015

	<u>Standard & Poor's</u>	<u>Fitch</u>	<u>Moody's</u>
Senior Lien Bonds			
Current rating	AAA	AA	Aa2
Outlook	Stable	Stable	Stable
Subordinate Lien Fixed Rate Bonds			
Current rating	A	A+	A1
Outlook	Stable	Stable	Stable

B. 2016 Debt Issuance

During 2016, the Authority issued the following subordinated lien bonds:

Subordinated Sales Tax Revenue Refunding Bonds, Series 2016: \$147,691,497

Proceeds from the Series 2016 Subordinated Lien bond issue were used to refund the variable rate short-term refundable maturities of the Series 2013 revenue bonds (\$13.9 million), Series 2014A revenue bonds (\$80.4 million), and 2014B revenue bonds (\$62.0 million).

C. 2015 Debt Issuance

During 2015, the Authority issued the following senior lien bonds:

2015 Series Senior Lien revenue bonds: \$668,655,000

Proceeds from the Series 2015 Senior Lien bond issue were used to refund the remaining refundable maturities of the Series 2008A revenue bonds (\$645.7 million), and \$44.55 million of the refundable maturities of the Series 2009A revenue bonds.

2015 Series Subordinate Lien revenue bonds: \$192,500,000

Proceeds from the Series 2015 Subordinate Lien bond issue were used to refund the majority of refundable maturities of the Series 2007A capital appreciation revenue bonds (\$132.3 million), and a small portion (\$4.3 million) of the refundable maturities of the Series 2012A revenue bonds.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

DEBT ADMINISTRATION (continued)

D. Interest Expense

Interest expense increased to \$85.4 million in 2016 from \$80.6 million in 2015. The majority of this increase was the effect of the full year's interest burden of the Series 2015 bonds (\$3.0 million), with the remaining amount attributed to the Series 2016 bonds and restructuring of the Authority's debt.

Readers wanting additional information should refer to Note 8 in the notes to financial statements.

SIGNIFICANT ACTIVITIES

2016 Results

Transit Service - UTA took advantage of multiple opportunities to improve service in 2016. Most notable were the changes made possible by the adoption of Proposition One in Davis, Weber, and Tooele counties. These funds allowed UTA to implement two new bus routes and provide seven others with more early, late, and weekend service, an overall increase of 15% in annual bus service in Davis and Weber counties. In addition, UTA worked aggressively on improving 70 bus stops by using Proposition One funds to add shelters and benches and improve access to stops for mobility-disadvantaged customers. Over 500 hours of service was added in Tooele County.



Ski bus service

In August, UTA was able to leverage federal grant money to add Saturday service to six flex routes, improving access to multiple destinations in Ogden and southwest Salt Lake County.

In December, UTA completed an overhaul of ski service that improved frequency on key corridors and added 35% more trips up Big and Little Cottonwood Canyons. This was a large effort that required cooperation among numerous internal and external stakeholders.

On time performance for 2016 was 93.66%.

Transit-oriented Development (TOD) - Jordan Valley TOD construction was completed and lease-up began on 270 residential units. Construction was also completed and lease-up began on 272 residential units at the Sandy East Village TOD. A fourth residential building started construction as well as a 150,000 square foot office building. At the South Jordan TOD, work commenced on the first of two 180,000 square foot office buildings as well as a full-service hotel.

Customer Service - UTA's redesigned website was launched. Signage and maps at UTA's TRAX and FrontRunner platforms were updated as were destination maps at the Airport station. Wayfinding signage was implemented at eight key stations.

The authority provided special event support for the Warriors over the Wasatch Air Show and the Veterans Administration Wheelchair Games as well as Utah Jazz games, University of Utah and Brigham Young University events, LDS Church General Conferences, the Salt Lake City Marathon, and other special events.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2016 and 2015

SIGNIFICANT ACTIVITIES (continued)

2016 Results (continued)

Environment - Adding 24 CNG buses raised the percentage of clean fuel vehicles in UTA's fleet to 62%. FrontRunner service eliminated 63.7 million commuter mile emissions and vanpooling reduced greenhouse gas emissions by 35.2 million pounds.

Stewardship - The Authority was awarded several grants including \$71 million in small starts funds for the Provo-Orem bus rapid transit system, \$20 million in TIGER funds for first/last mile solutions, and \$2.4 million in discretionary funds. Taking advantage of historically low borrowing costs, the Authority replaced \$156 million in short-term notes with \$146 million in long-term, fixed-rated debt. Net savings from the component rebuild shop totaled \$1.3 million and CNG fuel savings from UTA's CNG fueling station topped \$400,000.



Sandy TOD – East Village Apartments

2015 Results

In conjunction with Utah County, the Utah Department of Transportation, the cities of Provo and Orem, and the Mountainland Association of Governments, the Authority continued the development of the Provo Orem Transportation Improvement Project (TRIP) which includes a bus rapid transit system.

Two new transit-oriented development (TOD) groundbreakings occurred in 2015 for Phases 2 and 3 of the Sandy TOD site. Phase 2 includes a 60,000 square foot office building preleased to the Utah State Division of Child and Family Services. Phase 3 includes construction of 67 apartment units.

Transit access improvements included increasing capacity for safe bicycle storage on trains and buses as well as providing bus amenities at 104 bus stops. In addition, the Authority launched several mobility management programs including a shared and donated vehicle program, RidePilot scheduling and dispatch software, and the first phase of the One-Click transportation and referral system.

The Authority hosted the 2015 American Public Transit Association Rail Conference and International Rail Rodeo.

Voters approved Proposition 1 in Weber, Davis, and Tooele counties. The Proposition adds a one-tenth cent transit sales tax with the tax becoming effective in 2016. Through extensive pre-election public outreach efforts, the Authority discussed potential service changes with over 8,000 citizens.

Continuous improvement initiatives included launching and facilitating the Community Transit Advisory Committee and starting the Light Rail Benchmarking Group in conjunction with the Imperial College of London. Another continuous improvement project increased the miles per gallon for all transit modes resulting in annual savings of over \$600,000.

In August, the Authority added service to twelve bus routes, TRAX, and the S-line. Changes included increased frequency and extended hours of service.

The Authority continued design and construction of the federally-mandated positive train control system and completed construction of the Depot District CNG fueling facility.

UTAH TRANSIT AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended December 31, 2016 and 2015

RIDERSHIP COMPARISON

The following information provides an annual comparison of ridership by service for years 2016, 2015, and 2014.

Reported as passenger boardings in thousands

	<u>2016</u>	<u>2015</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2014</u>
Bus service	20,495	20,377	118	0.6%	20,487
Light rail service	18,762	19,704	(942)	-4.8%	19,868
Commuter rail service	4,546	4,645	(99)	-2.1%	4,416
Paratransit service	424	427	(3)	-0.7%	427
Vanpools	1,346	1,424	(78)	-5.5%	1,401
Total ridership	<u>45,573</u>	<u>46,577</u>	<u>(1,004)</u>	-2.2%	<u>46,599</u>

2016 Results

In 2016, the Authority realized a 2.2% decrease in overall ridership from 2015. Bus service increased in 2016 as the Authority continued to evaluate the demand for service, including service to the ski resorts during the season and additional service enhancements funded through Prop 1 sales tax revenue. Light rail experienced a decrease in ridership which can be attributed to low fuel costs which directly affect ridership. Other services experience little change.

2015 Results

In 2015, the Authority realized no change in overall ridership from 2014. However, commuter rail's attraction to the business commuter community resulted in a 5.2% increase in ridership. Light rail and bus operations reduced ridership slightly.



UTAH TRANSIT AUTHORITY
 FINANCIAL STATEMENTS (Unaudited)
 Years Ended December 31, 2016 and 2015

COMPARATIVE STATEMENTS OF NET POSITION

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 103,689,945	\$ 123,456,952
Receivables		
Contributions from other governments (sales tax)	45,646,114	41,966,003
Federal grants	13,611,438	8,292,008
Other	20,837,335	8,450,195
Parts and supplies inventories	28,361,640	21,871,283
Prepaid expenses	2,627,731	2,735,237
Total Current Assets	<u>214,774,203</u>	<u>206,771,678</u>
Noncurrent Assets:		
Amount recoverable - interlocal agreement	23,516,495	24,327,409
Restricted assets (Cash equivalents and investments)		
Bonds funds	51,279,017	62,996,201
Interlocal agreements	5,663,895	6,476,298
Represented employee benefits	3,269,716	3,039,873
Escrow funds	34,837	81,091
Self-insurance deposits	7,431,600	7,360,300
Total restricted assets	<u>67,679,065</u>	<u>79,953,763</u>
Property, facilities and equipment:		
Land and improvements	130,401,281	130,457,888
Rights of way	314,026,833	314,026,833
Infrastructure	2,660,455,033	2,660,455,034
Revenue vehicles	768,632,495	778,085,676
Other property and equipment	420,530,145	420,778,076
Construction in progress	98,584,168	52,277,886
Total property, facilities and equipment	<u>4,392,629,955</u>	<u>4,356,081,393</u>
Less accumulated depreciation and amortization	<u>(1,288,032,621)</u>	<u>(1,145,923,364)</u>
Total Noncurrent Assets	<u>3,195,792,894</u>	<u>3,314,439,201</u>
TOTAL ASSETS	<u>3,410,567,097</u>	<u>3,521,210,879</u>
DEFERRED OUTFLOWS OF RESOURCES		
Advanced debt refunding	101,200,263	108,648,743
Assumptions changes related to pensions	15,577,900	16,351,455
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 116,778,163</u>	<u>\$ 125,000,198</u>

See accompanying notes to the financial statements.

UTAH TRANSIT AUTHORITY
 FINANCIAL STATEMENTS (Unaudited)
 Years Ended December 31, 2016 and 2015

COMPARATIVE STATEMENTS OF NET POSITION (continued)

	<u>2016</u>	<u>2015</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 26,979,344	\$ 18,445,210
Accrued liabilities, primarily payroll-related	19,533,949	18,980,139
Accrued interest	4,226,445	4,162,032
Accrued self-insurance liability	2,336,975	2,284,463
Current portion of long-term debt	11,733,893	15,048,301
Payable from restricted assets	263,096	1,889,650
Unearned revenue	6,546,753	5,580,364
Total Current Liabilities	<u>71,620,455</u>	<u>66,390,159</u>
Long-Term Liabilities:		
Long-term debt	2,269,803,569	2,272,615,756
Long-term accrued interest	1,603,827	1,203,331
Long-term self-insurance liability	2,758,839	1,230,095
Long-term net pension liability	112,925,121	117,437,871
Total Long-term Liabilities	<u>2,387,091,356</u>	<u>2,392,487,053</u>
TOTAL LIABILITIES	<u>2,458,711,811</u>	<u>2,458,877,212</u>
DEFERRED INFLOWS OF RESOURCES		
Changes to earnings on pension plan investments	5,489,735	1,659,974
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,489,735</u>	<u>1,659,974</u>
NET POSITION		
Net investment in capital assets	924,260,135	1,031,142,715
Restricted for:		
Debt service	51,279,017	62,996,201
Interlocal agreements	5,400,799	4,586,648
Represented employee benefits	3,269,716	3,039,873
Escrow funds	34,837	81,091
Self-insurance deposits	7,431,600	7,360,300
Unrestricted	71,467,610	76,467,063
TOTAL NET POSITION	<u>\$ 1,063,143,714</u>	<u>\$ 1,185,673,891</u>

See accompanying notes to the financial statements.

UTAH TRANSIT AUTHORITY
 FINANCIAL STATEMENTS (Unaudited)
 Years Ended December 31, 2016 and 2015

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Passenger fares	\$ 50,624,354	\$ 52,112,909
Advertising	2,266,667	2,233,333
Total operating revenues	<u>52,891,021</u>	<u>54,346,242</u>
OPERATING EXPENSES		
Bus service	85,841,973	77,702,167
Rail service	84,165,069	74,266,265
Paratransit service	19,341,116	18,573,738
Other service	2,949,643	2,971,534
Operations support	37,831,682	35,901,226
Administration	37,636,519	32,443,603
Major investment studies	1,204,124	658,400
Depreciation	153,573,216	161,043,323
Total operating expenses	<u>422,543,342</u>	<u>403,560,256</u>
Excess of operating expenses over operating revenues	<u>(369,652,321)</u>	<u>(349,214,014)</u>
NON-OPERATING REVENUES (EXPENSES)		
Contributions from other governments (sales tax)	245,008,417	227,703,023
Federal preventative maintenance grants	59,772,235	49,452,677
Federal planning grants	3,562,534	2,547,335
Investment income	1,732,939	2,831,406
Other	3,108,191	8,314,065
Interest expense	(85,415,870)	(80,575,328)
Recoverable sales tax - interlocal agreement	(810,914)	(810,914)
Net non-operating revenues	<u>226,957,532</u>	<u>209,462,264</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(142,694,789)</u>	<u>(139,751,750)</u>
Capital contributions:		
Federal grants	17,054,298	7,819,096
Local	3,110,314	1,249,614
Total capital contributions	<u>20,164,612</u>	<u>9,068,710</u>
Change in Net Position	(122,530,177)	(130,683,040)
Total Net Position, January 1 (as restated)	1,185,673,891	1,316,356,931
TOTAL NET POSITION, DECEMBER 31	<u>\$ 1,063,143,714</u>	<u>\$ 1,185,673,891</u>

See accompanying notes to the financial statements.

UTAH TRANSIT AUTHORITY
 FINANCIAL STATEMENTS (Unaudited)
 Years Ended December 31, 2016 and 2015

COMPARATIVE STATEMENTS OF CASH FLOWS

	2016	2015
Cash flows from operating activities:		
Passenger receipts	\$ 52,415,749	\$ 51,764,499
Advertising receipts	2,350,000	2,050,000
Payments to vendors	(89,435,633)	(82,746,969)
Payments to employees	(120,050,277)	(115,194,297)
Employee benefits paid	(57,292,584)	(52,988,743)
Other receipts (payments)	2,387,103	3,444,927
Net cash used in operating activities	(209,625,642)	(193,670,583)
Cash flows from noncapital financing activities:		
Contributions from other governments (sales tax)	241,328,306	225,556,379
Federal preventative maintenance grants	62,709,565	48,690,739
Federal planning assistance grants	3,562,534	2,547,335
Other receipts (payments)	(11,974,847)	-
Net cash provided by noncapital financing activities	295,625,558	276,794,453
Cash flows from capital and related financing activities:		
Contributions for capital projects		
Federal	8,797,538	12,599,212
Local	2,629,071	273,373
Proceeds from the sale of revenue bonds	181,796,975	1,028,019,422
Deposit into escrow for refunding bonds	(156,360,000)	(1,000,196,793)
Payment of bond principal	(15,416,104)	(12,054,502)
Interest paid on revenue bonds	(93,649,947)	(85,928,937)
Purchases of property, facilities, and equipment	(48,012,521)	(46,053,156)
Proceeds from the sale of property	477,031	10,975,741
Net cash used in capital and related financing activities	(119,737,957)	(92,365,640)
Cash flows from investing activities:		
Purchases of investments	(37,567,565)	(109,429,557)
Proceeds from the sales of investments	38,248,601	81,120,723
Interest on investments	694,709	1,965,924
Net cash provided by investing activities	1,375,743	(26,342,910)
Net increase in cash and cash equivalents	(32,362,298)	(35,584,680)
Cash and cash equivalents at beginning of year	174,272,793	209,857,474
Cash and cash equivalents at end of year	<u>\$ 141,910,495</u>	<u>\$ 174,272,793</u>

See accompanying notes to the financial statements.

COMPARATIVE STATEMENTS OF CASH FLOWS (continued)

	<u>2016</u>	<u>2015</u>
Reconciliation of cash to the Statement of Net Position:		
Cash and cash equivalents at year end from cash flows	\$ 141,910,495	\$ 174,272,793
Investments	29,458,515	29,137,922
Total cash and cash equivalents and investments	<u>171,369,010</u>	<u>203,410,715</u>
Cash and investments as reported on the Statement of Net Position		
Cash and cash equivalents	103,689,945	123,456,952
Restricted assets (Cash equivalents and investments)		
Bonds funds	51,279,017	62,996,201
Interlocal agreements	5,663,895	6,476,298
Represented employee benefits	3,269,716	3,039,873
Escrow funds	34,837	81,091
Self-insurance deposits	7,431,600	7,360,300
Total cash and cash equivalents and investments	<u>\$ 171,369,010</u>	<u>\$ 203,410,715</u>

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (369,652,321)	\$ (349,214,012)
Adjustments to reconcile excess of operating expenses over operating revenues to net cash used in operating activities:		
Pension expense	90,566	1,908,135
Depreciation	153,573,216	161,043,323
Other revenues	2,631,160	1,280,554
Changes in assets and liabilities:		
Receivables	(375,690)	232,832
Parts and supplies inventories	(6,490,357)	(1,802,544)
Prepaid expenses	107,506	2,471
Accounts payable - trade and restricted	6,907,580	(6,114,070)
Accrued liabilities	2,135,064	(1,848,366)
Unearned revenue	1,447,634	841,094
Advanced collections	-	-
Net cash used in operating activities	<u><u>\$ (209,625,642)</u></u>	<u><u>\$ (193,670,583)</u></u>

See accompanying notes to the financial statements.



NOTE 1 – DESCRIPTION OF THE AUTHORITY OPERATIONS AND DEFINITION OF THE ENTITY

A. Organization

The Utah Transit Authority (Authority) was incorporated on March 3, 1970 under authority of the Utah Public Transit District Act of 1969 for the purpose of providing a public mass transportation system for Utah communities.

The Authority's service area lies in the region commonly referred to as the Wasatch Front. The service area extends from the Wasatch Mountains on the east to the Great Salt Lake on the west, is approximately 100 miles long and 30 miles wide, and consists of an area of approximately 1,400 square miles that covers all or portions of six (6) principal counties (Box Elder, Davis, Salt Lake, Tooele, Utah and Weber). The service area also includes a small portion of Juab County. The total population within the six principal counties is approximately 2,400,000 which represents approximately 82% of the state's total population.

The Authority's operations include commuter rail service from Ogden to Provo, light rail service in Salt Lake County, and bus service, paratransit service for the transit disabled, rideshare and van pool programs system wide.

The Authority is governed by a 16 member Board of Trustees, which is the legislative body of the Authority and determines Authority policy. Twelve members of the Board of Trustees are appointed by each county municipality or combination of municipalities annexed to the Authority. In addition, one trustee is appointed by the Governor of Utah, one is appointed by the President of the State Senate, one is appointed by the Speaker of the State House of Representatives, and one is appointed by the State Transportation Commission.

B. Reporting Entity

The Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - An Amendment of GASB Statement No. 14*. Accordingly, the accompanying financial statements include only the accounts and transactions of the Authority. Under the criteria specified in Statements No. 14 and No. 39, the Authority has no component units nor is it considered a component unit of any municipality or government. The Authority has, however, a slight connection with some municipalities by virtue of the fact that the Board of Trustees is appointed by the municipalities served by the Authority, and the municipalities serve as the taxing authority for sales tax contributed to support transit provided by the Authority.

These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Authority is not financially accountable for any other organizations nor are any municipalities financially accountable for the Authority. Additionally, the Authority has considered the provisions of GASB No. 39 which follows the concept of economic independence. The Authority does not raise or hold economic resources for the direct benefit of a governmental unit and other governmental units do not have the ability to access economic resources held by the Authority. This is evidenced by the fact that the Authority is a legally and fiscally separate and distinct organization under the provision of the Utah Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Authority reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

B. Standards for Reporting Purposes

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by GASB.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Federal Planning Assistance and Preventative Maintenance Grants

Federal planning assistance grants received from the Federal Transit Administration (FTA) and preventative maintenance grants are recognized as revenue and receivable during the period in which the related expenses are incurred and eligibility requirements are met. The FAST Act is a fully funded five-year authorization of surface transportation programs. This Act allows for the replacement and repair of aging infrastructure.

D. Federal Grants for Capital Expenditures

The U.S. Department of Transportation, through contracts between the Authority and the FTA, provides federal funds of 35% to 93% of the cost of property, facilities and equipment acquired by the Authority through federal grants. Grant funds for capital expenditures are earned and recorded as capital contribution revenue when the capital expenditures are made and eligibility requirements are met.

E. Classification of Revenues and Expenses

- *Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as passenger revenues and advertising revenues.
- *Operating expenses:* Operating expenses include payments to suppliers, employees, and third parties on behalf of employees and all payments that do not result from transactions defined as capital and related financing, non-capital financing, or investing activities.
- *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. Examples of non-operating revenues would be the contributions from other governments (sales tax), federal grants and investment income.
- *Non-operating expenses:* Non-operating expenses include payments from transactions defined as capital and related financing, non-capital financing or investing activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Contributions from Other Governments

The counties and municipalities who receive transit services from the Authority have agreed to contribute a portion of sales tax to the Authority in exchange for service. These contributions are received by the Authority approximately 60 days after the collection of the sales tax, and as such are recorded as an accrual to revenue and receivable during that period.

The following percentage of sales have been authorized as Local Option Sales Tax and dedicated to support transit:

Salt Lake County	0.6875%
Davis County	0.6500%
Weber County	0.6500%
Box Elder County	0.5500%
Utah County	0.5260%
Tooele County	0.4000%

G. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and amounts invested in a repurchase agreement, a certificate of deposit and the Utah Public Treasurers' Investments Fund, including restricted cash equivalents. The Authority considers short-term investments with an original maturity of three (3) months or less to be cash equivalents (Note 3).

H. Investments

Cash in excess of operating requirements is invested by the Authority. The Authority's investments comply with the Utah Money Management Act, and are stated at fair value, which is primarily determined based upon quoted market prices at year end (Note 3).

Investment policy: The Authority's investment policy is established and may be amended by the President/CEO within the parameters established by the Board of Trustees and the Utah Money Management Act.

I. Receivables

Receivables consist primarily of amounts due to the Authority from sales tax collections, federal grants, local government partners, pass sales and investment income. Management does not believe any credit risk exists related to these receivables.

J. Parts and Supplies Inventories

Parts and supplies inventories are stated at the lower of cost (using the moving average cost method) or market. Inventories generally consist of fuel, lube oil, antifreeze and repair parts held for consumption. Inventories are expensed as used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Property, Facilities and Equipment

Property, facilities and equipment are stated at historical cost. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property, facilities and equipment are capitalized if they have individual costs of at least \$5,000 and a useful life of over one year.

Except for sales of assets in which the unit fair market value is less than \$5,000 from the sale of property, proceeds from facilities and equipment purchased with funds provided by federal grants for capital expenditures are remitted to the FTA on the same percentage basis that such funds were provided by grant contracts with the FTA, or used for similar capital expenses.

Depreciation is calculated using the straight-line method over the established useful lives of individual assets as follows:

Land and Rights of Way	Not depreciated
Infrastructure and Land Improvements	10-50 years
Revenue Vehicles	5-25 years
Other Property and Equipment	3-10 years

L. Amount Recoverable – Interlocal Agreement

In 2008, the Authority entered into an agreement with the Utah Department of Transportation (UDOT) which required the Authority to pay UDOT \$15 million in 2008 and \$15 million in 2009 for the rights to Salt Lake County's 2% of the 0.25% part 17 sales tax through the years 2045.

The Authority records such payments made to other entities for rights to future revenues as Amount Recoverable – Interlocal Agreement. This amount is amortized over the life of the agreement.

M. Compensated Absences

Vacation pay is accrued and charged to compensation expense as earned. Sick pay benefits are accrued as vested by Authority employees.

N. Risk Management

The Authority is exposed to various risks of loss related to torts; theft, damage and destruction of assets; environmental matters; worker's compensation self-insurance; damage to property; and injuries to passengers and other individuals resulting from accidents, errors and omissions.

Under the Governmental Immunity Act, the maximum statutory liability in any one accident is \$2,407,700 for incidents occurring after July 1, 2014. The Authority is self-insured for amounts up to this limit. The Authority has Railroad Liability Coverage of \$100 million per annum with \$5 million of risk retention. The Authority is self-insured for worker's compensation up to the amount of \$1 million per incident and has excess insurance for claims over this amount. The Authority has insurance for errors and omissions and damage to property in excess of \$100,000 per annum.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Risk Management (continued)

The Authority has insurance or retains the risk depending on what is in the Authority's best interest for all other matters. There has been no significant reduction in insurance coverage or settlements in excess of insurance coverage during the last three years.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable (Note 6).

O. Pensions

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

P. Net Position

The Authority's net position is classified as follows:

- *Net investment in capital assets:* This component of net position consists of the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- *Restricted for debt service:* This component of net position consists of the amount restricted by bond covenants for debt service.
- *Restricted for interlocal agreement:* This component of net position consists of the amounts restricted by interlocal agreements with Mountain Accord and the municipalities of Willard, Perry and Brigham City in Box Elder County.
- *Restricted for represented employee benefits:* This component of net position consists of the amount restricted by the Utah Transit Authority Bargaining Unit Employees' Insurance Trust Account Agreement for the purpose of providing represented employee benefits.
- *Restricted for escrows:* This component of net position consists of the amount restricted by escrow agreement.
- *Unrestricted:* This component of net position consists of that portion of net position that does not meet the definition of restricted or net investment in capital assets. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Budgetary and Accounting Controls

The Authority's annual budgets are approved by the Board of Trustees, as provided for by law. Operating and non-operating revenues and expenditures are budgeted on the accrual basis, except for depreciation. Capital expenditures and grant reimbursements are budgeted on a project basis. Multi-year projects are approved in whole, but are budgeted based on estimated annual expenses.

The Authority adopts its annual budget in December of the preceding year based on recommendations of staff and the Board Planning and Development Committee.

The first step in developing the Authority's budget is a review of the Transit Development Program and Long Range Financial Plan. This plan then acts as a focus for the development of programs and objectives. Concurrent with the development of programs and objectives, revenues for the coming year are estimated. The estimates of the coming year's revenues are then used as a guide for the Authority to determine the amount of change in service to be provided in the following year. Once the level of service for the coming year is determined, each manager develops a departmental budget.

The departmental budgets are then combined to form a preliminary budget request.

The Executive staff reviews the programs, objectives and requests to balance the total budget with the project revenues and service requirements and priorities. Once the preliminary budget is balanced, the Board Finance and Operations Committee reviews the budget request.

Within 30 days after the tentative budget is approved by the Board, and at least 30 days before the Board adopts its final budget, the Board sends a copy of the tentative budget, a signature sheet and notice of the time and place for a budget hearing to the chief administrative officers and legislative bodies of each municipality and unincorporated county area within the district of the Authority.

Within 30 days after it is approved by the Board and at least 30 days before the Board adopts its final budget, the Board sends a copy of the tentative budget to the Governor and the Legislature for examination and comment.

Before the first day of each fiscal year, the Board adopts the final budget by an affirmative vote of a majority of all the trustees. Copies of the final budget are filed in the office of the Authority. If for any reason the Board has not adopted the final budget on or before the first day of any fiscal year, the tentative budget for such year, if approved by formal action of the Board, is deemed to be in effect for such fiscal year until the final budget for such fiscal year is adopted.

The Board may, by an affirmative vote of a majority of all trustees, adopt an amended final budget when reasonable and necessary, subject to any contractual conditions or a requirement existing at the time the need for such amendment arises.

Individual department budgets are monitored for authorized expenditures on a department total rather than on a department line-item basis.

The Board must approve all increases or decreases to the net operating expense line, total capital budget line and total operating revenue line of the Authority's operating and capital budgets.

The Authority's budgetary process follows Title 17B, Chapter 1, Section 702 of the Utah Code Annotated, as amended. The annual budget is submitted to the State Auditors' Office within 30 days of adoption.

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Budgetary and Accounting Controls (continued)

The following table shows actual revenues, operating expenses, and capital expenses for 2016 compared to budget. (Depreciation expense is not a budgeted item.)

	<u>2016 Budget</u>	<u>2016 Actual</u>	<u>Difference</u>
<u>Revenues</u>			
Contributions from other gov'ts, sales tax	\$ 241,979,732	\$ 245,008,417	\$ 3,028,685
Federal non-capital assistance	57,588,000	63,334,769	5,746,769
Passenger revenues	53,257,967	50,624,354	(2,633,613)
Advertising	2,283,000	2,266,667	(16,333)
Investment income	2,237,000	1,732,939	(504,061)
Other income	5,179,704	3,108,191	(2,071,513)
Total revenues	\$ 362,525,403	\$ 366,075,337	\$ 3,549,934
<u>Operating Expenses</u>			
Bus services	\$ 87,683,183	\$ 82,476,517	\$ 5,206,666
Rail services	75,669,773	68,933,765	6,736,008
Paratransit services	20,851,218	19,172,673	1,678,545
Other services	2,416,343	2,796,086	(379,743)
Operations support	39,317,298	36,248,482	3,068,816
Administration	28,952,339	32,311,210	(3,358,871)
Planning and development	4,569,000	3,040,969	1,528,031
Major investment studies	850,000	1,204,124	(354,124)
Total operating expenses	\$ 260,309,154	\$ 246,183,826	\$ 14,125,328
<u>Non-Operating Expenses (Revenues)</u>			
Series 2015 Refunding Reserve	\$ (8,970,655)	\$ -	\$ -
Interest expense	94,630,655	80,575,328	14,055,327
Amortized charges	-	810,914	(810,914)
Disposition of real estate	-	(5,642,129)	5,642,129
Total non-operating expenses (revenues)	\$ 94,630,655	\$ 75,744,113	\$ 18,886,542
<u>Capital Expenses (Revenues)</u>			
Federal and local grants	\$ (56,178,370)	\$ (17,054,298)	\$ (39,124,072)
Local contributions	(66,139,321)	(3,110,314)	(63,029,007)
Sale of assets	(2,000,000)	-	(2,000,000)
Capital lease	(10,408,239)	-	(10,408,239)
State of good repair capital projects	73,459,127	30,341,181	43,117,946
Provo-Orem BRT	106,000,000	16,750,597	89,249,403
Other capital projects	22,432,260	22,786,301	(354,041)
Total capital expenses (revenues)	\$ 67,165,457	\$ 49,713,467	\$ 17,451,990

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Recent Accounting Pronouncements

GASB Statement 72
Fair Value Measurement and Application
Issued: February 2015

This statement addresses accounting and fair value reporting issues related to fair value measurements by clarifying the definition of fair value, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. This statement establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. This statement is effective for the Authority's fiscal year beginning January 1, 2016.

GASB Statement 71
Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68
Issued: November 2013

This statement addresses an issue regarding application of the transition provision of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement is effective for the Authority's fiscal year beginning January 1, 2015.

GASB Statement 68
Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27
Issued: June 2012

This statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to government entities that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria.

This statement requires entities providing defined benefit pension to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This statement is effective for the Authority's fiscal year beginning January 1, 2015.

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority maintains a cash, cash equivalents and investment pool of restricted, designated, and unrestricted amounts to be used to manage the daily cash requirements necessary to support the Authority. The Authority’s cash balance consisted of the following as of December 31, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents		
Restricted	\$ 58,138,257	\$ 50,815,841
Designated	58,546,501	51,399,708
Unrestricted	45,957,595	72,057,244
Investments		
Restricted	<u>9,540,808</u>	<u>29,137,922</u>
Total cash, cash equivalents, and investments	<u>\$ 172,183,161</u>	<u>\$ 203,410,714</u>

While the Authority’s carrying amount of cash and cash equivalents on December 31, 2016 was \$162,642,353, the balance of the Authority’s bank accounts and cash on-hand was \$171,940,932 with the difference being outstanding checks and deposits in transit.

A. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are defined as funds restricted by legal requirement(s) outside of the Authority. The Authority is required to maintain certain accounts in connection with the issuance of bonds which are restricted per the bond covenants.

The Authority is currently acting as the trustee of funds for use by a consortium of other governments called the Mountain Accord. In addition, the Authority is acting as the trustee of funds for a represented employee benefits trust.

B. Designated Cash and Cash Equivalents

Designated cash and cash equivalents are considered designated through action by the Authority’s Board of Trustees and have no outside legal restrictions. Designations include funds to stabilize operations and debt service in the case of changing economic environments. The following amounts were considered designated by the Board of Trustees as of December 31 of the respective years:

	<u>2016</u>	<u>2015</u>
Early Debt Retirement	\$ 14,858,258	\$ 10,535,764
Fuel Reserve	1,915,000	1,915,000
Operating Reserve	25,247,693	23,405,698
Parts Reserve	3,000,000	3,000,000
Stabilization Reserve	<u>13,525,550</u>	<u>12,543,246</u>
Total designated cash and cash equivalents	<u>\$ 58,546,501</u>	<u>\$ 51,399,708</u>

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

B. Designated Cash and Cash Equivalents (continued)

- *Designated for early debt retirement reserves* - This component of net position consists of savings experienced in the amount of actual variable interest expense from budgeted variable interest expense for the same time period, one-time contributions as determined by the President/CEO, and any unused monies from debt service reserve funds established for specific bonds when no longer encumbered for the initially reserved debt. Permitted use of these reserves is defined in the *Executive Limitations Policy No. 2.4.6 Debt Service Reserve and Rate Stabilization Fund Created*.
- *Designated for fuel reserves* - This component of net position consists of the amount designated by the Board of Trustees to mitigate the financial impact of unexpected and rapidly rising fuel prices. (*Executive Limitations Policy No. 2.3.3 Budgeting*)
- *Designated for operating reserves* - This component of net position consists of 9.33% (one month expense, plus 1%) of the annual budgeted operating expense, and is required by the Board of Trustees. (*Executive Limitations Policy No. 2.3.3 Budgeting*)
- *Designated for parts reserves* - This component of net position consists of the amount designated by the Board of Trustees to be accumulate funds in anticipation of a State of Good Repairs requirement. (*Executive Limitations Policy No. 2.3.3 Budgeting*)
- *Designated for stabilization reserves* - This component of net position consists of 5% of the Authority's annual budget for the purpose of preserving service levels when the Authority is facing a revenue shortfall or cost overrun due to extraordinary circumstances, such as an economic downturn or rapid rise in fuel prices or any combination of such events. (*Executive Limitations Policy No. 2.1.8 Service Stabilization Reserve Fund*)

C. Deposits and Investments

Deposits and investments for the Authority are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council (the Council). Following are discussions of the Authority's exposure to various risks related to its cash management activities.

- *Custodial Credit Risk* - Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be recovered. The Authority's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the Authority to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council.

At December 31, 2016 and 2015, the balances in the Authority's bank demand deposit accounts and certificate of deposit accounts according to the bank statements totaled \$17,940,932 and \$15,564,520, respectively, of which \$ 286,388 and \$ 277,847 were covered by Federal depository insurance.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Deposits (continued)

- Credit Risk* - Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Authority’s policy for limiting the credit risk of investments is to comply with the Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s investor Service or Standard & Poor’s; bankers acceptances; obligations of the U.S. treasury and U.S. government sponsored enterprise; bonds and notes of political subdivision of the state of Utah; fixed rate corporate obligations and variable rated securities rated “A” or higher by two nationally recognized statistical rating services as defined in the Act.

The Authority is authorized to invest in the Utah Public Treasurers’ Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to the participants on an amortized cost basis. The income, gains and losses, net of administration fees of the PTIF are allocated based upon the participants’ average daily balances.

The following are the Authority’s investment as of December 31, 2016:

		Investment Maturity (in years)		
		Less than 1	1-5	TOTAL
U.S. Agencies	AAA	\$ -	\$ 35,640,796	\$ 35,640,796
Corporate Bonds	A+/A1/A+	-	14,457,636	14,457,636
MM - Cash		33,029,467	-	33,029,467
PTIF		62,062,374	-	62,062,374
Total investments		\$ 95,091,841	\$ 50,098,432	\$ 145,190,273

- Interest Rate Risk* - Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The Authority manages its exposure by strictly complying with its Investment Policy which complies with the Act. The Authority’s policy relating to specific investment-related risk is to adhere to the Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the fund to be invested. The maximum adjusted weighted average maturity of the portfolio is 432 days, or 1.18 years.



NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

C. Deposits (continued)

- *Fair Value of Investments* – The Authority measures and records investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:
 - Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities where the Authority has direct access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation does not require any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.
 - Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and securitized certificates of deposit.
 - Level 3 – Valuations based on inputs that are unobservable and significant to overall fair value measurement.

The Authority invests with Zions Capital Advisors and the Utah Public Treasurers Investment Fund. Both of these organizations meet the requirements of the Utah Money Management Act. The following are the Authority’s investment as of December 31, 2016 by organization and by fair value measurement:

	12/31/2016	Fair Value Measurements		
		Level 1	Level 2	Level 3
Zions Capital Advisors				
Agency	\$ 35,640,796	\$ 35,640,796		
Corporate	14,457,636		14,457,636	
Currency	186,136	186,136		
Total Zions Capital Advisor investments	<u>50,284,568</u>	<u>35,826,932</u>	<u>14,457,636</u>	<u>-</u>
Zions Trustee Investments				
Money market	32,843,331	32,843,331		
Total Zions Trustee investments	<u>32,843,331</u>	<u>32,843,331</u>	<u>-</u>	<u>-</u>
Public Treasurers Investment Fund	62,062,374		62,062,374	
Total investments by fair value level	<u>\$145,190,273</u>	<u>\$ 68,670,263</u>	<u>\$ 76,520,010</u>	<u>\$ -</u>

UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 – PROPERTY, FACILITIES, AND EQUIPMENT

Construction in progress of \$98,584,168 and \$52,277,885 December 31, 2016 and 2015, respectively, consists of costs incurred in connection with the Authority’s Provo/Orem Bus Rapid Transit (BRT) project, federally-mandated positive train control, and other bus and rail passenger enhancement projects. These costs consist of engineering, design, and construction.

	Balance 12/31/2015	Increases	Transfers	Decreases	Balance 12/31/2016
Capital assets not being depreciated					
Land	\$ 120,285,242	\$ -	\$ -	\$ (56,606)	\$ 120,228,636
Rights of way	314,026,833	-	-	-	314,026,833
Construction in process	52,277,885	47,091,778	(785,495)	-	98,584,168
Total capital assets not being depreciated	486,589,960	47,091,778	(785,495)	(56,606)	532,839,637
Capital assets being depreciated					
Infrastructure	2,660,455,034	-	-	-	2,660,455,034
Revenue vehicles	778,085,676	690,215	390,458	(10,533,854)	768,632,495
Other property and equipment	420,778,076	308,484	395,037	(951,452)	420,530,145
Land improvements	10,172,645	-	-	-	10,172,645
Total capital assets being depreciated	3,869,491,431	998,699	785,495	(11,485,306)	3,859,790,319
Less accumulated depreciation					
Infrastructure	(561,696,515)	(79,982,187)	-	-	(641,678,702)
Revenue Vehicles	(313,271,388)	(38,781,665)	-	10,528,218	(341,524,835)
Other property and equipment	(261,499,439)	(34,438,115)	-	951,452	(294,986,102)
Land improvements	(9,456,022)	(386,960)	-	-	(9,842,982)
Total accumulated depreciation	(1,145,923,364)	(153,588,927)	-	11,479,670	(1,288,032,621)
Capital assets being depreciated, net	2,723,568,067	(152,590,228)	785,495	(5,636)	2,571,757,698
Total capital assets, net	\$3,210,158,027	\$(105,498,450)	\$ -	\$ (62,242)	\$3,104,597,335
	Balance 12/31/2014	Increases	Transfers	Decreases	Balance 12/31/2015
Capital assets not being depreciated					
Land	\$ 121,638,389	\$ -	\$ 59,905	\$(1,413,052)	\$ 120,285,242
Rights of way	314,026,833	-	-	-	314,026,833
Construction in process	41,264,699	23,311,285	(11,187,229)	(1,110,870)	52,277,885
Total capital assets not being depreciated	476,929,921	23,311,285	(11,127,324)	(2,523,922)	486,589,960
Capital assets being depreciated					
Infrastructure	2,659,779,176	2,570,987	1,977,325	(3,872,454)	2,660,455,034
Revenue vehicles	763,036,847	18,903,834	482,413	(4,337,418)	778,085,676
Other property and equipment	411,580,491	3,769,441	8,567,621	(3,139,477)	420,778,076
Land improvements	10,072,680	-	99,965	-	10,172,645
Total capital assets being depreciated	3,844,469,194	25,244,262	11,127,324	(11,349,349)	3,869,491,431
Less accumulated depreciation					
Infrastructure	(481,956,454)	(79,740,968)	-	907	(561,696,515)
Revenue Vehicles	(278,895,209)	(38,642,743)	-	4,266,564	(313,271,388)
Other property and equipment	(222,568,671)	(42,091,947)	-	3,161,179	(261,499,439)
Land improvements	(8,888,358)	(567,664)	-	-	(9,456,022)
Total accumulated depreciation	(992,308,692)	(161,043,322)	-	7,428,650	(1,145,923,364)
Capital assets being depreciated, net	2,852,160,502	(135,799,060)	11,127,324	(3,920,699)	2,723,568,067
Total capital assets, net	\$3,329,090,423	\$(112,487,775)	\$ -	\$(6,444,621)	\$3,210,158,027

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 – FEDERAL FINANCIAL ASSISTANCE

The Authority receives a portion of its funding from the through the U.S. Department of Transportation’s Federal Transit Administration (FTA) in the form of federal preventative maintenance, federal operating assistance, and federal capital assistance grants. The majority of these grants require the Authority to participate in the funding of the service and/or capital project. The FTA retains ownership in assets purchased with federal funds.

	2016	2015
Operating assistance		
Federal preventive maintenance grants	\$ 59,772,235	\$ 49,452,677
Federal operating assistance grants	3,562,534	2,547,335
	<u>63,334,769</u>	<u>52,000,012</u>
Capital projects		
Federal capital projects	17,054,298	7,819,096
	<u>17,054,298</u>	<u>7,819,096</u>
Total federal assistance	<u>\$ 80,389,067</u>	<u>\$ 59,819,108</u>

NOTE 6 – SELF-INSURANCE CLAIMS LIABILITY

Changes in the accrued claims liability in 2016 and 2015 were as follows:

	Beginning liability	Changes in estimates	Claim payments	Ending liability
2016	\$ 3,514,558	\$ 3,344,989	\$ (1,763,733)	\$ 5,095,814
2015	\$ 3,571,622	\$ 2,237,055	\$ (2,294,119)	\$ 3,514,558
2014	\$ 3,286,821	\$ 3,017,462	\$ (2,732,661)	\$ 3,571,662

NOTE 7 – PENSION PLANS

A. General Information about the Pension Plan

Plan description: The Utah Transit Authority Employee Retirement Plan (the “Plan”) is a single-employer defined benefit plan. The Plan’s provisions were adopted by a resolution of the Authority’s Board of Trustees, which appoints those who serve as trustees of the Plan. Any amendments to the Plan are adopted by a resolution of the Authority’s Board of Trustees.

Benefits provided: The Plan covers all eligible employees and provides retirement benefits to Plan members and their beneficiaries. The Plan also provides disability benefits to Plan members. Retirement benefits are as follows:

Final average salary	Years of service required	Age eligibility for benefit	Benefit percent per year
Highest 5 years	5 years	Must be age 55 or older	2% for every year of service. A year of service consists of 1,000 hours worked during a calendar year.

Participation: As of December 31, 2016, there were 1,973 active participants, 312 inactive participants, and 515 retirees and beneficiaries.

NOTE 7 – PENSION PLANS (continued)

A. General Information about the Pension Plan (continued)

- Contributions:* Through December 31, 2016, contributions to the Plan were recommended by an annual actuarial report and are approved by the Authority’s Board of Trustees. As of January 1, 2014, a contribution based on a percentage of payroll was approved by the Authority’s Board of Trustees. This percentage will be reviewed by the Board of Trustees annually as updated actuarial valuation reports become available. The Board of Trustees approved a contribution rate of 15% for 2015, and 16% for 2016 through 2034. This contribution rate is consistent with the Authority’s adopted Plan funding policy which is focused on restoring the Plan’s funding status to 100% within 20 years. Post 2034 contributions are assumed equal to the 8.2% of pay normal cost rate (including administrative expenses) from the 01/01/2015 plan funding valuation. The actual amount contributed by the employer during the 2016 fiscal year was \$19,603,952.



UTA Police Officer

- Reporting* - The Plan issues a publicly available financial report that includes financial statements and required supplementary information of that Plan. This report may be requested from the Authority’s Comptroller’s Office.

By mail: Utah Transit Authority
 Comptroller’s Office
 669 West 200 South
 Salt Lake City, UT 84101

By email: FEvans@rideuta.com

By phone: (801) 287-2523

B. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

- Net pension liability* - At December 31, 2016, the Authority reported a net pension liability of \$112,925,121. The net pension liability was measured as of December 31, 2016, and was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures.
- Deferred outflows of resources and deferred inflows of resources* - At December 31, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred inflows of resources	Deferred outflows of resources
Differences between expected and actual experience	\$ (2,133,382)	\$ -
Changes of assumptions	(3,356,353)	5,272,867
Net difference between projected and actual earnings	-	10,305,033
Contributions made subsequent to measurement date	-	-
Total	<u>\$ (5,489,735)</u>	<u>\$ 15,577,900</u>

NOTE 7 – PENSION PLANS (continued)

B. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- *Pension expense* - For the year ended December 31, 2016, the Authority recognized pension expense of \$3,365,259. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31	Deferred outflows (inflows) of resources
2017	\$ 3,365,259
2018	3,365,259
2019	3,365,259
2020	902,176
2021	(465,899)
Thereafter	(443,889)

- *Actuarial assumptions* - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	5.40% per annum for the first five (5) years of employment; 3.40% per annum thereafter
Investment rate of return	7.25%, net of investment expenses
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Pre-retirement; Employee Table; Post-retirement Annuitant Table)
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.78%

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2008.



NOTE 7 – PENSION PLANS (continued)

B. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- *Long-term rate of return:* The long-term rate of return is selected by the Plan’s Pension Committee after a review of expected inflation and long-term real returns, reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocations as of December 31, 2016, is summarized in the table below.

Asset Class	Target Asset Allocation	Long-term Expected Return
Global Equities	63%	6.7%
Fixed Income	22%	4.0%
Liquid Diversifiers	10%	5.1%
Real Assets	4%	6.1%
Cash & Equivalents	1%	2.8%
Total	100%	6.0%

The 7.25% assumed investment rate of return is comprised of an inflation rate of 2.3% and a real return of 4.90% net of investment expense.

- *Discount rate:* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed contribution rates as recommended by the Authority’s Pension Committee and approved by the Board of Trustees. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive participants. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



UTA Dispatch Center

The following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 7.25%.

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total pension liability	\$ 318,014,666	\$ 278,960,378	\$ 246,700,715
Fiduciary net position	166,035,257	166,035,257	166,035,257
Net pension liability	151,979,409	112,925,121	80,665,458

UTAH TRANSIT AUTHORITY
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NOTE 7 – PENSION PLANS (continued)

B. Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- *Schedule of valuation change:* The following tables show the pension valuation change over the past five (5) years.

Actuarial valuation date	Actuarial value of assets	Actuarial liability (AAL) using entry age normal	Unfunded AAL (UAAL)	Funded ratio	Approximate covered payroll	UAAL as a % of covered payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/2016	\$ 166,035,257	\$ 278,960,378	\$ 112,925,121	59.52%	\$ 115,430,618	97.83%
12/31/2015	151,631,927	269,069,798	117,437,871	56.35%	110,727,134	106.06%
12/31/2014	146,854,399	247,692,651	100,838,252	59.29%	106,004,057	95.13%
1/1/2014	130,546,313	235,908,403	105,362,090	55.34%	106,590,548	98.85%
1/1/2013	118,878,693	222,734,287	103,855,594	53.37%	102,099,985	101.72%

- *Schedule of changes in total pension liability, plan fiduciary net position, and net pension liability:* The following table shows the change to the total pension liability, the plan fiduciary net position, and the net pension liability during the year.

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2015	\$ 269,069,798	\$ 151,631,927	\$ 117,437,871
Changes for the year:			
Service cost	7,711,706		7,711,706
Interest on total pension liability	19,604,345		19,604,345
Effect of member voluntary contributions	437,923		437,923
Effect of economic/demographic gains or losses	(927,077)		(927,077)
Effect of assumptions changes or inputs	(3,955,702)		(3,955,702)
Benefit payments	(12,980,615)	(12,980,615)	
Employer contributions		19,603,952	(19,603,952)
Member contributions		437,923	(437,923)
Net investment income		7,591,211	(7,591,211)
Administrative expenses		(249,141)	249,141
Balances as of December 31, 2016	\$ 278,960,378	\$ 166,035,257	\$ 112,925,121

NOTE 7 – PENSION PLANS (continued)

C. Defined Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, the Authority has an obligation of due care in selecting the third party administrators. In the opinion of management, the Authority has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan. The deferred compensation assets are held by third party plan administrators and are generally invested in money market funds, stock or bond mutual funds or guarantee funds as selected by the employee.



Facilities employee



NOTE 8 – LONG TERM DEBT

The following provides detailed information about each of the Authority’s debt issuances along with a summary of the long-term debt activity for the year.

A. Series 2005A Revenue Bond

Purpose: Advanced refunding of the 1997 Series Revenue Bonds
 Interest rate: 3.25-5.25%
 Original amount: \$20,630,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 1,470,000	\$ 491,925	\$ 1,961,925
2018	1,550,000	412,650	1,962,650
2019	1,635,000	329,044	1,964,044
2020	1,720,000	240,975	1,960,975
2021	1,815,000	148,181	1,963,181
2022	1,915,000	50,269	1,965,269
	<u>\$ 10,105,000</u>	<u>\$ 1,673,044</u>	<u>\$ 11,778,044</u>

Defeasance of Debt - On August 10, 2005, the Authority defeased certain 1997 Series revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority’s financial statements. The 1997 Series revenue bonds relating to this issuance were defeased on December 15, 2007.

B. Series 2006C Revenue Bond

Purpose: Advanced refunding of the 2002A Series revenue bonds
 Interest rates: 5.00-5.25%
 Original amount: \$134,650,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 4,825,000	\$ 6,051,019	\$ 10,876,019
2018	5,085,000	5,790,881	10,875,881
2019	5,350,000	5,516,963	10,866,963
2020	5,635,000	5,228,606	10,863,606
2021	5,950,000	4,924,500	10,874,500
2022-2026	34,900,000	19,452,563	54,352,563
2027-2031	45,345,000	8,978,158	54,323,158
2032	10,580,000	277,725	10,857,725
	<u>\$ 117,670,000</u>	<u>\$ 56,220,415</u>	<u>\$ 173,890,415</u>

NOTE 8 – LONG TERM DEBT (continued)

B. Series 2006C Revenue Bond

Defeasance of Debt - On October 24, 2006, the Authority defeased certain 2002A Series revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. The 2002A Series revenue bonds relating to this issuance were defeased on December 15, 2012.

C. Series 2007A Capital Appreciation/Capitalized Interest Bond(s)

Purpose: Partial advanced refunding of the 2005B revenue bonds; construction and acquisition of improvements to the transit system.

Interest rates

Capital Appreciation Bonds: 4.55-5.05%
 Capital Interest Bonds: 5.00%

Original amount

Capital Appreciation Bonds: \$132,329,109
 Capital Interest Bonds: \$128,795,000

Debt service requirements to maturity, including interest:

Series 2007A Subordinate Lien Capital Appreciation Bond

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 190,309	\$ 190,309
2018	-	200,002	200,002
2019	-	210,188	210,188
2020	-	220,894	220,894
2021	-	232,145	232,145
2022-2026	-	1,350,592	1,350,592
2027-2031	-	1,631,406	1,631,406
2032	2,332,069	197,982	2,530,051
	<u>\$ 2,332,069</u>	<u>\$ 4,233,518</u>	<u>\$ 6,565,587</u>

Series 2007A Subordinate Lien Capital Interest Bond

Year ending December 31	Principal	Interest	Total
2017	\$ 2,455,000	\$ 6,262,375	\$ 8,717,375
2018	2,565,000	6,136,875	8,701,875
2019	2,710,000	6,005,000	8,715,000
2020	2,850,000	5,866,000	8,716,000
2021	-	5,794,750	5,794,750
2022-2026	16,970,000	27,198,500	44,168,500
2027-2031	35,655,000	20,453,125	56,108,125
2032-2035	63,270,000	8,014,250	71,284,250
	<u>\$ 126,475,000</u>	<u>\$ 85,730,875</u>	<u>\$ 212,205,875</u>

Defeasance of Debt - On June 19, 2007, the Authority defeased certain 2005B Series revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. The 2005B Series revenue bonds relating to this issuance were defeased on December 15, 2015.

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 8 – LONG TERM DEBT (continued)

D. Series 2008A Revenue Bond

Purpose: Cost of acquisition and construction of certain improvements to the Authority’s transit system.
 Interest rates: 4.75-5.25%
 Original amount: \$700,000,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 2,850,488	\$ 2,850,488
2018	-	2,850,488	2,850,488
2019	5,885,000	2,696,006	8,581,006
2020	-	2,541,525	2,541,525
2021	-	2,541,525	2,541,525
2022-2023	48,410,000	2,574,863	50,984,863
	<u>\$ 54,295,000</u>	<u>\$ 16,054,895</u>	<u>\$ 70,349,895</u>

E. Series 2009B Federally Taxable-Issuer Subsidy “Build America Bonds”

The Authority has elected to treat the 2009B bonds as “Build America Bonds” for the purposes of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipated cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2009B bonds. However due to federal sequestration, the Authority’s subsidy payments for 2016 were discounted by 6.8%, or \$369,430. The Authority has projected a continued discount of this subsidy in 2017 of 6.9%, or \$374,863.

Purpose: Cost of acquisition and construction of certain improvements to the Authority’s transit system.
 Interest rates: 5.937%
 Original amount: \$261,450,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total	Scheduled Federal Subsidy Payment
2017	\$ -	\$ 15,522,287	\$ 15,522,287	\$ 5,057,937
2018	-	15,522,287	15,522,287	5,432,800
2019	-	15,522,286	15,522,286	5,432,800
2020	-	15,522,286	15,522,286	5,432,800
2021	-	15,522,286	15,522,286	5,432,800
2022-2026	-	77,611,433	77,611,433	27,164,002
2027-2031	21,005,000	76,383,512	97,388,512	26,734,229
2032-2036	114,120,000	56,576,642	170,696,642	19,801,825
2037-2039	126,325,000	13,342,962	139,667,962	4,670,037
	<u>\$ 261,450,000</u>	<u>\$ 301,525,981</u>	<u>\$ 562,975,981</u>	<u>\$ 105,164,663</u>

NOTE 8 – LONG TERM DEBT (continued)

F. Series 2010A Federally Taxable-Issuer Subsidy “Build America Bonds”

The Authority has elected to treat the 2010A bonds as “Build America Bonds” for the purposes of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipated cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2010A bonds. However due to federal sequestration, the Authority’s subsidy payments for 2016 were discounted by 6.8%, or \$271,558. The Authority has projected a continued discount of this subsidy in 2016 of 6.9%, or \$275,551.

Purpose: Cost of acquisition and construction of certain improvements to the Authority’s transit system.
 Interest rates: 5.705%
 Original amount: \$200,000,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total	Scheduled Federal Subsidy Payment
2017	\$ -	\$ 11,410,000	\$ 11,410,000	\$ 3,717,949
2018	-	11,410,000	11,410,000	3,993,500
2019	-	11,410,000	11,410,000	3,993,500
2020	-	11,410,000	11,410,000	3,993,500
2021	-	11,410,000	11,410,000	3,993,500
2022-2026	-	57,050,000	57,050,000	19,967,500
2027-2031	-	57,050,000	57,050,000	19,967,500
2032-2036	-	57,050,000	57,050,000	19,967,500
2037-2040	200,000,000	33,394,788	233,394,788	11,688,176
	<u>\$ 200,000,000</u>	<u>\$ 261,594,788</u>	<u>\$ 461,594,788</u>	<u>\$ 91,282,624</u>



Passengers waiting to board FrontRunner



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 – LONG TERM DEBT (continued)

G. Series 2012A Revenue Bond

Purpose: Refunding of \$32,020,000 of the 2006AB variable rate bonds; refunding of \$100,000,000 of the 2011AB variable rate bonds; and the cost of acquisition and construction of certain improvements to the Authority’s transit system.

Interest rates: 4.00-5.00%

Original amount: \$295,520,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 13,401,750	\$ 13,401,750
2018	-	13,401,750	13,401,750
2019	-	13,401,750	13,401,750
2020	-	13,401,750	13,401,750
2021	2,840,000	13,330,750	16,170,750
2022-2026	16,440,000	64,316,250	80,756,250
2027-2031	20,295,000	59,753,125	80,048,125
2032-2036	16,315,000	55,468,975	71,783,975
2037-2041	154,755,000	41,578,425	196,333,425
2042	72,110,000	1,802,750	73,912,750
	<u>\$ 282,755,000</u>	<u>\$ 289,857,275</u>	<u>\$ 572,612,275</u>

Defeasance of Debt - On November 28, 2012, the Authority defeased all of the 2011AB variable rate revenue bonds, and certain 2006AB Series variable rate revenue bonds. The 2006AB and 2011AB Series revenue bonds relating to this issuance were defeased on November 28, 2012.

H. Series 2015A Revenue Bonds

On February 25, 2015, the Authority issued \$668,655,000 in senior sales tax revenue bonds and \$192,005,000 in subordinate sales tax revenue bonds to provide resources to purchase qualifying open market securities that were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of certain 2008A revenue bonds, certain 2009A revenue bonds, certain 2007A capital appreciation revenue bonds, and certain 2012A revenue bonds. These resources are intended to provide all future debt payments of \$904,901,591 of senior and subordinate sales tax revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority’s financial statements. These advanced refundings were undertaken to reduce total debt service payments over the next 23 years by \$85,099,817, and resulted in an economic gain of \$77,660,118. As of December 31, 2016, no bonds have been defeased from the escrow fund.

The following represents the use of funds from this bond issuance:

Proceeds of refunding bonds	\$ 1,017,615,532
UTA contribution from existing debt service funds	5,805,640
Underwriters fees and other costs of issuance	(2,542,037)
Payment to refunded bond escrow agent	<u>\$ 1,020,879,135</u>

NOTE 8 – LONG TERM DEBT (continued)

H. Series 2015A Revenue Bonds (continued)

Series 2015A Senior Lien Revenue Bond

Purpose: Advanced refunding of \$645,705,000 of the 2008A revenue bonds and \$44,550,000 of the 2009A revenue bonds; debt service reserve
 Interest rates: 4.00-5.00%
 Original amount: \$668,655,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 31,072,663	\$ 31,072,663
2018	-	31,072,663	31,072,663
2019	-	31,072,663	31,072,663
2020	12,425,000	30,769,238	43,194,238
2021	18,235,000	30,029,138	48,264,138
2022-2026	116,990,000	138,883,404	255,873,404
2027-2031	201,520,000	93,692,250	295,212,250
2032-2036	218,445,000	47,833,900	266,278,900
2037-2038	101,040,000	5,114,500	106,154,500
	<u>\$ 668,655,000</u>	<u>\$ 439,540,419</u>	<u>\$ 1,108,195,419</u>

Series 2015A Subordinate Lien Revenue Bond

Purpose: Advanced refunding of \$129,997,040 of the 2007A capital appreciation revenue bonds and associated accreted interest of \$80,404,551, and \$4,245,000 of the 2012A revenue bonds; debt service reserve
 Interest rates: 3.00-5.00%
 Original amount: \$192,005,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 9,543,250	\$ 9,543,250
2018	-	9,543,250	9,543,250
2019	-	9,543,250	9,543,250
2020	2,850,000	9,500,500	12,350,500
2021	5,840,000	9,311,750	15,151,750
2022-2026	44,035,000	40,564,625	84,599,625
2027-2031	46,825,000	29,200,375	76,025,375
2032-2036	78,310,000	15,417,500	93,727,500
2037	14,145,000	353,625	14,498,625
	<u>\$ 192,005,000</u>	<u>\$ 132,978,125</u>	<u>\$ 324,983,125</u>

NOTE 8 – LONG TERM DEBT (continued)

I. Series 2016 Revenue Bonds

On August 24, 2016, the Authority issued \$145,691,497 in subordinate sales tax revenue bonds with a reoffering premium of \$12,932,675 to provide resources to purchase qualifying open market securities that were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of the 2013 revenue bonds and 2014AB revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority’s financial statements. These advanced refundings were undertaken to remove the Authority’s short-term debt which reduced total debt service payments by \$156,360,000 over the next three (3) years. This issuance resulted in an economic loss of \$8,045,006. As of December 31, 2016, no bonds have been defeased from the escrow fund.

The following represents the use of funds from this bond issuance:

Proceeds of refunding bonds	\$ 158,624,173
Underwriters fees and other costs of issuance	(739,655)
Payment to refunded bond escrow agent	<u>\$ 157,884,518</u>

Series 2016 Subordinate Lien Revenue Bond

Purpose: Refunding of \$13,990,000 of the 2013 short-term bonds, and refunding of \$142,370,000 of the 2014AB short-term bonds.
 Interest rates: 3.00-4.00%
 Original amount: \$145,691,498

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 4,602,300	\$ 4,602,300
2018	-	4,602,300	4,602,300
2019	-	4,602,300	4,602,300
2020	-	4,602,300	4,602,300
2021	-	4,602,300	4,602,300
2022-2026	-	23,011,500	23,011,500
2027-2031	126,780,000	15,840,350	142,620,350
	<u>\$ 126,780,000</u>	<u>\$ 61,863,350</u>	<u>\$ 188,643,350</u>



NOTE 8 – LONG TERM DEBT (continued)

I. Series 2016 Revenue Bonds (continued)

Series 2016 Subordinate Lien Capital Appreciation Revenue Bond

Purpose: Refunding of \$13,990,000 of the 2013 short-term bonds, and refunding of \$142,370,000 of the 2014AB short-term bonds.
 Interest rates: 3.32004%
 Original amount: \$18,911,498

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ -	\$ 639,541	\$ 639,541
2018	-	660,950	660,950
2019	-	683,076	683,076
2020	-	705,943	705,943
2021	-	729,575	729,575
2022-2026	-	4,030,992	4,030,992
2027-2031	-	4,752,410	4,752,410
2032	18,911,498	1,048,031	19,959,529
	<u>\$ 18,911,498</u>	<u>\$ 13,250,518</u>	<u>\$ 32,162,016</u>

J. 2015 Issuance 12-Year Lease Financing

Purpose: Acquisition of 10 CNG buses and equipment
 Interest rates: 2.0908%
 Original amount: \$5,283,500

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 403,242	\$ 94,973	\$ 498,215
2018	411,755	86,460	498,215
2019	420,447	77,768	498,215
2020	429,322	68,893	498,215
2021	438,385	59,830	498,215
2022-2026	2,334,708	156,366	2,491,074
2027	288,610	2,015	290,625
	<u>\$ 4,726,469</u>	<u>\$ 546,304</u>	<u>\$ 5,272,773</u>



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 8 – LONG TERM DEBT (continued)

K. 2015 Issuance 5-Year Lease Financing

Purpose: Acquisition of 20 flex/paratransit vehicles
 Interest rates: 1.3186%
 Original amount: \$3,583,370

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 702,133	\$ 29,514	\$ 731,647
2018	711,447	20,200	731,647
2019	720,885	10,762	731,647
2020	424,924	1,870	426,794
	<u>\$ 2,559,389</u>	<u>\$ 62,346</u>	<u>\$ 2,621,735</u>

L. 2015 Issuance 4-Year Lease Financing

Purpose: Acquisition of 50 RideShare vans
 Interest rates: 1.1778%
 Original amount: \$1,582,018

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 395,082	\$ 10,014	\$ 405,096
2018	399,765	5,332	405,097
2019	235,380	926	236,306
	<u>\$ 1,030,227</u>	<u>\$ 16,272</u>	<u>\$ 1,046,499</u>

M. 2016 Issuance 12-Year Lease Financing

Purpose: Acquisition of 5 buses and equipment for use in the canyons for ski service
 Interest rates: 1.6322%
 Original amount: \$2,480,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 189,405	\$ 38,302	\$ 227,707
2018	192,520	35,187	227,707
2019	195,686	32,021	227,707
2020	198,904	28,803	227,707
2021	202,175	25,532	227,707
2022-2026	1,061,854	76,680	1,138,534
2027-2028	392,586	5,901	398,487
	<u>\$ 2,433,130</u>	<u>\$ 242,426</u>	<u>\$ 2,675,556</u>

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 8 – LONG TERM DEBT (continued)

N. 2016 Issuance 5-Year Lease Financing

Purpose: Acquisition of 33 flex/paratransit vehicles
 Interest rates: 1.3008%
 Original amount: \$4,546,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 888,597	\$ 50,983	\$ 939,580
2018	900,226	39,355	939,581
2019	912,006	27,575	939,581
2020	923,940	15,640	939,580
2021	700,881	3,804	704,685
	<u>\$ 4,325,650</u>	<u>\$ 137,357</u>	<u>\$ 4,463,007</u>

O. 2016 Issuance 4-Year Lease Financing

Purpose: Acquisition of 56 RideShare vans
 Interest rates: 1.2298%
 Original amount: \$1,647,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2017	\$ 405,433	\$ 16,738	\$ 422,171
2018	410,448	11,724	422,172
2019	415,524	6,648	422,172
2020	315,012	1,616	316,628
	<u>\$ 1,546,417</u>	<u>\$ 36,726</u>	<u>\$ 1,583,143</u>

P. Capital Leased Assets

The following represents the assets acquired through the 2015 and 2016 series capital leases and the corresponding accumulated depreciation.

	2015 Series Leases	2016 Series Leases
Revenue vehicles		
12-year lease	\$ 4,859,620	\$ 2,409,786
5-year lease	3,626,139	-
4-year lease	1,587,375	1,107,052
Subtotal	10,073,134	3,516,838
Accumulated depreciation	(1,959,015)	(100,689)
Total capital assets (net)	\$ 8,114,119	\$ 3,416,149

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 8 – LONG TERM DEBT (continued)

	Balance 12/31/2015	Additions	Reductions	Balance 12/31/2016	Amount due within one year
Bonds					
Series 2005A Revenue Bond	\$ 11,505,000	\$ -	\$ (1,400,000)	\$ 10,105,000	\$ 1,470,000
Series 2006C Revenue Bond	122,240,000	-	(4,570,000)	117,670,000	4,825,000
Series 2007A Capital Appreciation	2,332,069	-	-	2,332,069	-
Series 2007A Current Interest Bond	128,795,000	-	(2,320,000)	126,475,000	2,455,000
Series 2008A Revenue Bond	54,295,000	-	-	54,295,000	-
Series 2009A Revenue Bond	-	-	-	-	-
Series 2009B Build America Bond	261,450,000	-	-	261,450,000	-
Series 2010A Build America Bond	200,000,000	-	-	200,000,000	-
Series 2012A Revenue Bond	288,030,000	-	(5,275,000)	282,755,000	-
Series 2013 Revenue Bond	13,995,000	-	(13,995,000)	-	-
Series 2014 Revenue Bond	142,370,000	-	(142,370,000)	-	-
Series 2015A Revenue Bond (Sr)	668,655,000	-	-	668,655,000	-
Series 2015A Revenue Bond (Sub)	192,005,000	-	-	192,005,000	-
Series 2016 Revenue Bond	-	126,780,000	-	126,780,000	-
Series 2016 Capital Appreciation	-	18,911,498	-	18,911,498	-
2015 12-Year Lease	5,121,375	-	(394,906)	4,726,469	403,242
2015 10-Year Lease	3,252,329	-	(692,941)	2,559,388	702,133
2015 4-Year Lease	1,420,682	-	(390,455)	1,030,227	395,082
2016 12-Year Lease	-	2,480,000	(46,871)	2,433,129	189,405
2016 10-Year Lease	-	4,546,000	(220,350)	4,325,650	888,597
2016 4-Year Lease	-	1,647,000	(100,582)	1,546,418	405,433
	<u>2,095,466,455</u>	<u>154,364,498</u>	<u>(171,776,105)</u>	<u>2,078,054,848</u>	<u>11,733,892</u>
Unamortized Premiums					
Series 2005A Revenue Bond	346,893	-	(92,525)	254,368	
Series 2006C Revenue Bond	8,670,588	-	(927,681)	7,742,907	
Series 2007A Current Interest Bond	7,247,623	-	(521,533)	6,726,090	
Series 2008A Revenue Bond	2,116,060	-	(332,679)	1,783,381	
Series 2012A Revenue Bond	26,000,208	-	(1,442,871)	24,557,337	
Series 2014 Revenue Bond	713,838	-	(713,838)	-	
Series 2015A Revenue Bond (Sr)	113,205,025	-	(9,085,303)	104,119,722	
Series 2015A Revenue Bond (Sub)	33,897,368	-	(2,738,465)	31,158,903	
Series 2016 Revenue Bond	-	12,932,675	(292,419)	12,640,256	
	<u>192,197,603</u>	<u>12,932,675</u>	<u>(16,147,314)</u>	<u>188,982,964</u>	
Total bonds	<u><u>\$ 2,287,664,058</u></u>	<u><u>\$ 167,297,173</u></u>	<u><u>\$(187,923,419)</u></u>	<u><u>\$ 2,267,037,812</u></u>	<u><u>\$ 11,733,892</u></u>



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2016 and 2015

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Authority is a defendant in various matters of litigation and has other claims pending as a result of activities in the ordinary courses of business. Management and legal counsel believe that by reason of meritorious defense, by insurance coverage or statutory limitations, these contingencies will not result in a significant liability to the Authority in excess of the amounts provided as accrued self-insurance liability in the accompanying financial statements.

As of December 31, 2016, the Authority also has purchasing commitments of approximately \$28.63 million for revenue vehicles, and approximately \$141.8 million to be paid to other contractors.

On December 22, 2016, Utah County issued a \$65 million subordinated transportation sales tax revenue bond to be used for the construction of the Provo-Orem BRT. The Authority and Utah County have entered into an interlocal agreement that requires the Authority to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to 2029.

NOTE 10 – RESTATEMENT OF THE FINANCIAL STATEMENTS FROM PRIOR YEARS

A review of construction in progress as it was originally reported was performed in 2016. This review determined many of the projects no longer met the requirements of an asset in progress and required a restatement of net position as of the beginning of the year ending December 31, 2015 in the amount of \$14,209,015.

The following restatements have been made to the Authority's beginning net position for the year ending December 31, 2015.

	<u>2015</u>	
Total Net Position, January 1 as previously reported	\$ 1,330,565,946	
Restatements		
Construction in progress	<u>(14,209,015)</u>	
RESTATED TOTAL NET POSITION, JANUARY 1	<u>\$ 1,316,356,931</u>	

In addition, the financial activity which occurred during the year ending December 31, 2015 related to the above items required restatement of the 2015 financial statements.

Statements of Net Position	<u>2015</u>	
Noncurrent assets	<u>\$ (9,497,521)</u>	Reduce construction in progress
Change in Net Position	<u>(9,497,521)</u>	
Statement of Revenues, Expenses, and Changes in Net Position		
Expenses		
Operating expenses	<u>9,497,521</u>	Expense previously reported as construction in progress
Change in Net Position	<u>(9,497,521)</u>	

The following restatements have been made to the Authority's ending net position for the year ending December 31, 2015.

	<u>2015</u>	
Total Net Position, December 31 as previously reported	\$ 1,209,380,427	
Prior Year Restatements		
Construction in progress	(14,209,015)	
2015 Restatements		
Construction in progress	<u>(9,497,521)</u>	
RESTATED TOTAL NET POSITION, DECEMBER 31	<u>\$ 1,185,673,891</u>	

NOTE 11 – SUBSEQUENT EVENTS

On April 26, 2017, the Authority’s Pension Committee approved a reduction of the investment earnings interest rate for the January 1, 2017 actuarial valuation. The new approved interest rate is 7 percent, reduced from the previous assumed rate of 7.25 percent. In addition, the Pension Committee approved an adjustment of the pre-retirement turnover assumption rate. Both of these changes are anticipated to result in an increase in the net pension liability in 2017.

The Authority has performed an evaluation of subsequent events through May xxx, 2017 which is the date the basic financial statements were available to be issued.





Required Supplementary Information



UTAH TRANSIT AUTHORITY

For Fiscal Year Ended December 31, 2016 and 2015

UTAH TRANSIT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 Years Ended December 31, 2016 and 2015

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – 10 YEARS

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	\$ 7,711,706	\$ 7,545,804	\$ 7,284,379
Interest on total pension liability	19,604,345	18,717,411	17,623,248
Effect of member voluntary contributions	437,923	916,567	275,663
Effect of economic/demographic (gains) or losses	(927,077)	(1,973,177)	-
Effect of assumption changes or inputs	(3,955,702)	7,725,363	-
Benefit payments	(12,980,615)	(11,554,824)	(10,181,732)
Net change in total pension liability	<u>\$ 9,890,580</u>	<u>\$ 21,377,144</u>	<u>\$ 15,001,558</u>
Total pension liability, beginning	\$ 269,069,795	\$ 247,692,651	\$ 232,691,093
Total pension liability, ending (a)	\$ 278,960,375	\$ 269,069,795	\$ 247,692,651
FIDUCIARY NET POSITION			
Employer contributions	\$ 19,603,952	\$ 16,745,254	\$ 15,366,694
Member voluntary contributions	437,923	916,567	275,663
Investment income net of investment expenses	7,591,211	(1,085,458)	5,946,916
Benefit payments	(12,980,615)	(11,554,824)	(10,181,732)
Administrative expenses	(249,141)	(244,011)	(219,504)
Net change in plan fiduciary net position	<u>\$ 14,403,330</u>	<u>\$ 4,777,528</u>	<u>\$ 11,188,037</u>
Fiduciary net position, beginning	\$ 151,631,927	\$ 146,854,399	\$ 135,666,362
Fiduciary net position, ending (b)	\$ 166,035,257	\$ 151,631,927	\$ 146,854,399
Net pension liability, ending = (a) - (b)	\$ 112,925,118	\$ 117,437,868	\$ 100,838,252
Fiduciary net position as a % of total pension liability	59.52%	56.35%	59.29%
Covered payroll	\$ 115,430,618	\$ 110,727,134	\$ 106,004,057
Net pension liability as a % of covered payroll	97.83%	106.06%	95.13%

This schedule is intended to present 10 years of information. Subsequent years will be added as the information becomes available.

STATEMENT OF REQUIRED EMPLOYER CONTRIBUTION – 10 YEARS

Year	Actuarially determined contribution	Contributions in relation to actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	\$ 17,147,568	\$ 19,603,952	(2,456,384)	\$ 115,430,618	16.98%
2015	16,609,070	16,745,254	(136,184)	110,727,134	15.12%
2014	14,757,446	15,366,694	(609,248)	106,004,057	14.50%
2013	14,352,279	13,338,052	1,014,227	102,099,985	13.06%
2012	12,206,257	11,645,982	560,275	96,750,285	12.04%
2011	10,114,755	10,114,755	-	91,265,129	11.08%
2010	10,047,874	10,047,874	-	93,259,215	10.77%
2009	10,658,339	10,658,339	-	88,834,546	12.00%
2008	7,679,956	7,679,956	-	75,324,187	10.20%
2007	7,466,273	7,466,273	-	69,571,444	10.73%

UTAH TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
Years Ended December 31, 2016 and 2015

NOTE 1 – VALUATION DATE

The valuation date is January 1, 2016. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2016. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2016. This is the employer’s fiscal year ending date.

NOTE 2 – METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market less unrealized
Cost of Living Adjustments	None
Inflation	2.3%
Salary increases	5.40% per annum for the first five years of employment; 3.40% per annum thereafter
Investment rate of return	7.25%, net of investment expenses
Retirement age	Table of Rates by Age and Eligibility
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 projection scale



Statistical



UTAH TRANSIT AUTHORITY

For Fiscal Year Ended December 31, 2016 and 2015

UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

NET POSITION AS OF DECEMBER 31 – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Capital investment in net assets	\$924,260,135	\$1,040,640,236	\$1,230,633,230	\$1,327,585,097	\$1,364,803,454	\$1,366,337,801	\$1,133,832,808	\$953,013,398	\$766,098,289	\$652,232,055
Restricted	67,415,969	78,064,113	62,860,625	7,252,625	3,952,493	3,929,644	4,071,242	3,813,103	3,932,060	3,966,065
Unrestricted	71,467,610	76,467,063	137,910,343	242,267,181	304,753,885	276,960,064	505,464,819	527,478,988	439,343,658	455,924,673
Total net position	1,063,143,714	1,195,171,412	1,431,404,198	1,577,104,903	1,673,509,832	1,647,227,509	1,643,368,869	1,484,305,489	1,209,374,007	1,112,122,793
Restatement		(9,497,521)	(115,047,267)	4,931,557						
Total net position, restated	\$1,063,143,714	\$1,185,673,891	\$1,316,356,931	\$1,582,036,460	\$1,673,509,832	\$1,647,227,509	\$1,643,368,869	\$1,484,305,489	\$1,209,374,007	\$1,112,122,793

CHANGE IN NET POSITION – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating revenues	\$52,891,021	\$54,346,242	\$53,761,223	\$52,044,200	\$46,422,916	\$41,527,090	\$36,893,396	\$35,163,780	\$34,906,043	\$25,641,509
Operating expenses	422,543,342	394,062,733	398,626,029	378,224,993	319,322,223	288,531,160	257,267,580	255,931,379	223,794,244	195,976,473
Operating loss	(369,652,321)	(339,716,491)	(344,864,806)	(326,180,793)	(272,899,307)	(247,004,070)	(220,374,184)	(220,767,599)	(188,888,201)	(170,334,964)
Non-operating revenues	226,957,532	209,462,264	182,843,232	173,520,664	200,370,290	205,877,440	219,663,490	220,089,438	216,032,690	218,100,208
Income (loss) before capital contributions	(142,694,789)	(130,254,227)	(162,021,574)	(152,660,129)	(72,529,017)	(41,126,630)	(710,694)	(678,161)	27,144,489	47,765,244
Capital contributions	20,164,612	9,068,708	11,389,311	56,255,200	98,811,340	44,985,270	159,744,074	275,609,643	70,106,725	389,238,889
Change in net position	\$122,530,177	\$121,185,519	\$150,632,263	-\$96,404,929	\$26,282,323	\$3,858,640	\$159,033,380	\$274,931,482	\$97,251,214	\$437,004,133



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

REVENUES BY SOURCE – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating	\$ 52,891,021	\$ 54,346,242	\$ 53,761,223	\$ 52,044,200	\$ 46,422,916	\$ 41,527,090	\$ 36,893,396	\$ 35,163,780	\$ 34,906,043	\$ 25,641,509
Sales taxes	245,008,417	227,703,023	214,683,276	203,806,329	196,693,543	183,091,524	171,893,732	171,854,169	188,547,380	191,688,539
Investment	1,732,939	2,831,406	5,803,226	1,455,039	1,892,549	3,672,397	3,827,161	9,389,045	16,070,989	9,149,060
Other	3,108,191	8,314,065	3,724,610	4,347,724	2,351,713	3,483,140	2,929,254	2,797,757	1,425,891	1,287,668
	302,740,568	293,194,736	277,972,335	261,653,292	247,360,721	231,774,151	215,543,543	219,204,751	240,950,303	227,766,776
Federal grants										
Federal preventive maintenance grants	59,772,235	49,452,677	47,760,737	47,986,240	46,719,891	47,735,443	46,500,000	44,974,000	32,908,557	26,772,123
Federal operating grants	3,562,534	2,547,335	2,994,139	3,868,252	1,985,766	11,583,980	12,637,764	15,224,723	12,768,044	4,724,497
Federal capital grants	17,054,298	7,819,096	8,025,628	48,669,408	85,168,542	44,864,016	156,727,641	256,527,803	65,383,547	386,037,075
	80,389,067	59,819,108	58,780,504	100,523,900	133,874,199	104,183,439	215,865,405	316,726,526	111,060,148	417,533,695
Other capital contributions	3,110,314	1,249,612	3,363,683	7,585,792	13,642,798	121,254	3,046,433	19,081,840	4,723,178	3,201,814
Total revenues	\$ 386,239,949	\$ 354,263,456	\$ 340,116,522	\$ 369,762,984	\$ 394,877,718	\$ 336,078,844	\$ 434,455,381	\$ 555,013,117	\$ 356,733,629	\$ 648,502,285

EXPENSES BY FUNCTION – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bus service	\$ 85,841,973	\$ 77,092,676	\$ 79,060,631	\$ 78,894,435	\$ 78,894,799	\$ 81,208,651	\$ 79,522,988	\$ 79,054,373	\$ 82,136,736	\$ 74,210,355
Rail service	84,165,069	67,254,632	70,365,953	61,086,101	46,049,338	38,135,480	33,787,601	34,681,800	29,938,257	18,502,185
Paratransit service	19,341,116	18,511,580	18,748,699	18,202,211	17,516,117	16,054,555	14,570,401	14,595,021	14,879,263	13,134,705
Other service	2,949,643	2,918,871	3,183,892	701,656	596,583	535,897	589,356	517,571	321,241	646,080
Operations support	37,831,682	32,051,926	28,380,563	28,439,826	25,247,271	21,643,830	23,147,075	26,083,512	23,561,835	20,713,291
Administration ¹	38,840,643	35,189,725	35,409,918	28,533,912	26,664,222	26,340,573	22,286,055	26,105,521	22,215,090	22,709,608
Depreciation	153,573,216	161,043,323	163,476,373	162,366,852	124,353,893	104,612,174	83,364,104	74,893,581	50,741,822	46,060,249
Interest ²	85,415,870	80,575,328	91,311,842	87,132,004	48,462,258	42,878,130	17,313,507	23,050,963	35,455,355	15,521,679
Recoverable sales tax, interlocal ³	810,914	810,914	810,914	810,914	810,914	810,914	810,914	1,099,293	232,816	
	\$ 508,770,126	\$ 475,448,975	\$ 490,748,785	\$ 466,167,911	\$ 368,595,395	\$ 332,220,204	\$ 275,392,001	\$ 280,081,635	\$ 259,482,415	\$ 211,498,152

¹ Includes major investment studies

² Reported as non-capitalized interest

³ See Notes to the Financial Statement, Note 2.K

UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

LOCAL CONTRIBUTIONS IN THE FORM OF SALES TAX BY COUNTY – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007 ³
Box Elder ¹	\$ 1,790,352	\$ 1,552,291	\$ 1,418,268	\$ 1,300,577	\$ 1,279,794	\$ 1,226,730	\$ 1,269,478	\$ 1,297,586	\$ 1,155,713	\$ 843,922
Davis	27,606,440	23,178,724	21,459,683	20,023,042	18,692,038	17,880,017	16,964,089	17,091,892	17,857,247	19,967,595
Salt Lake	153,201,907	146,866,479	139,199,088	132,741,112	129,169,357	120,094,110	112,379,366	112,076,511	125,688,483	124,548,526
Tooele ²	1,798,971	1,521,097	1,384,631	1,349,366	1,364,179	1,207,539	1,227,109	1,136,816	1,221,602	1,200,289
Utah	38,601,427	36,221,930	33,752,513	31,905,764	30,576,235	27,743,162	25,397,367	25,222,227	27,401,909	27,916,622
Weber	22,009,320	18,362,502	17,469,093	16,486,468	15,611,940	14,939,966	14,656,323	15,029,137	15,222,426	17,211,585
	<u>\$ 245,008,417</u>	<u>\$ 227,703,023</u>	<u>\$ 214,683,276</u>	<u>\$ 203,806,329</u>	<u>\$ 196,693,543</u>	<u>\$ 183,091,524</u>	<u>\$ 171,893,732</u>	<u>\$ 171,854,169</u>	<u>\$ 188,547,380</u>	<u>\$ 191,688,539</u>

¹ Includes Brigham City, Perry and Willard cities only

² Includes the cities of Tooele and Grantsville; and the unincorporated areas of Erda, Lakepoint, Stansbury Park and Lincoln

³ Amount varies from the financial statement due to accrual estimates

LOCAL TRANSIT SALES TAX RATES BY COUNTY – 10 YEARS

	2016	2015	2014	2013	2012 *	2011 *	2010	2009	2008	2007
Box Elder	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.3000%	0.2500%
Davis	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5000%	0.5000%
Salt Lake	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6338%
Tooele	0.4000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.2500%
Utah	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.4800%
Weber	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5000%	0.5000%



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

PRINCIPAL CONTRIBUTORS OF SALES TAX BY COUNTY – 10 YEARS

	2016			2007		
	Rank	Percentage of contributions	Amount	Rank	Percentage of contributions	Amount
Salt Lake County	1	62.53%	\$ 153,201,907	1	64.97%	\$ 124,548,526
Utah County	2	15.76%	38,601,427	4	14.56%	27,916,622
Davis County	3	11.27%	27,606,440	2	10.42%	19,967,595
Weber County	4	8.98%	22,009,320	3	8.98%	17,211,585
Box Elder County	5	0.73%	1,790,352	6	0.44%	843,922
Tooele County	6	0.73%	1,798,971	5	0.63%	1,200,289
			\$ 245,008,417			\$ 191,688,539

The Authority does not have taxing authority, and therefore is the recipient of contributions from other governments in the form of sales tax collected specifically to support mass transit within the government's boundaries.

FARES – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cash Fares										
Base Fare	\$2.50	\$2.50	\$2.50	\$2.50	\$2.35	\$2.25	\$2.00	\$2.00	\$1.75	\$1.60
Senior Citizen/Disabled	1.25	1.25	1.25	1.25	1.15	1.10	1.00	1.00	0.85	0.80
Ski Bus	4.50	4.50	4.50	4.50	4.25	4.00	3.50	3.50	4.00	3.25
Paratransit (Flextrans)	4.00	4.00	4.00	4.00	3.50	2.75	2.50	2.50	2.25	2.05
Commuter Rail Base Rate	2.50	2.50	2.50	2.50	2.35	2.25	2.00	3.00	2.50	n/a
Commuter Rail Additional Station	0.60	0.60	0.60	0.60	0.55	0.50	0.50	0.50	0.50	n/a
Commuter Rail Maximum Rate	10.30	10.30	10.30	10.30	5.10	5.25	5.00	6.00	5.50	n/a
Express	5.50	5.50	5.50	5.50	5.25	5.00	4.50	4.50	4.00	3.25
Streetcar	1.00	1.00	1.00	1.00	n/a	n/a	n/a	n/a	n/a	n/a
Monthly Passes										
Adult	\$83.75	\$83.75	\$83.75	\$83.75	\$78.50	\$75.00	\$67.00	\$67.00	\$58.50	\$53.50
Minor	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75	43.50	40.00
College Student	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75	43.50	40.00
Senior Citizen/Disabled	41.75	41.75	41.75	41.75	39.25	37.50	33.50	33.50	28.25	26.75
Express	198.00	198.00	198.00	198.00	189.00	180.00	162.00	162.00	145.00	107.00
Paratransit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	84.00	76.00	69.00
Other Fares										
Day Pass	\$6.25	\$6.25	\$6.25	\$6.25	\$5.75	\$5.50	\$5.00	\$5.00	\$4.50	\$4.25
Group Pass	15.00	15.00	15.00	15.00	14.00	13.50	12.00	13.75	12.50	n/a
Summer Youth	99.00	99.00	99.00	n/a	n/a	n/a	n/a	99.50	87.00	40.00
Token - 10-Pack	22.50	22.50	22.50	22.50	21.00	20.25	17.75	17.75	17.50	14.25
Paratransit - 10-Ride Ticket	40.00	40.00	40.00	40.00	35.00	30.00	25.00	22.00	20.00	18.50
Paratransit - 30-Ride Ticket	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.00	48.50	n/a
Ski Day Pass	n/a	n/a	n/a	n/a	n/a	8.00	7.00	7.00	7.00	6.00

UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

DEBT SERVICE COVERAGE – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Sales Tax	\$ 245,008,417	\$ 227,703,023	\$ 214,683,276	\$ 203,806,329	\$ 196,693,543	\$ 183,091,524	\$ 171,893,732	\$ 171,854,169	\$ 188,547,380	\$ 191,688,539
Debt service requirement										
Principal	13,570,000	11,445,000	7,810,000	7,450,000	7,615,000	7,300,000	6,960,000	6,665,000	6,395,000	6,135,000
Interest net of federal subsidies	94,893,898	84,785,200	91,382,184	84,319,531	71,837,998	71,932,011	63,782,164	59,841,145	43,952,198	24,061,595
Total debt service requirement	\$ 108,463,898	\$ 96,230,200	\$ 99,192,184	\$ 91,769,531	\$ 79,452,998	\$ 79,232,011	\$ 70,742,164	\$ 66,506,145	\$ 50,347,198	\$ 30,196,595
Coverage	2.26	2.37	2.16	2.22	2.48	2.31	2.43	2.58	3.74	6.35

DEMOGRAPHIC AND ECONOMIC STATISTICS – 10 YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Population	2,377,256	2,335,999	2,303,781	2,266,836	2,233,268	2,201,736	2,158,269	2,110,991	2,060,110	2,003,981
Personal income (in millions)	\$93,617,901	\$89,319,546	\$85,916,480	\$82,025,459	\$77,738,053	\$73,036,786	\$71,636,728	\$74,033,176	\$71,400,077	\$65,822,299
Per capita personal income	\$39,381	\$38,236	\$37,294	\$36,185	\$34,809	\$33,172	\$33,192	\$35,070	\$34,658	\$32,846
Utah unemployment rate	3.4%	3.5%	3.5%	5.6%	6.0%	7.5%	6.0%	3.7%	2.6%	2.9%

Source: US Dept of Commerce, Bureau of Economic Analysis, Regional Data (www.bea.gov)
 Unemployment rate - Utah Department of Workforce Services

2016 data not available at time of report



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

PRINCIPAL EMPLOYERS – 10 YEARS

Employer	Industry	2015			Employer	2006		
		Employees	Rank	% Total Employment		Employees	Rank	% Total Employment
Intermountain Healthcare	Healthcare	20,000+	1	1.4%	Intermountain Healthcare	20,000+	1	1.6%
University of Utah (including hospital)	Higher education/healthcare	20,000+	2	1.4%	State of Utah	20,000+	2	1.6%
State of Utah	Government	20,000+	3	1.4%	University of Utah (including hospital)	15,000-19,999	3	1.4%
Brigham Young University	Higher education	15,000-19,999	4	1.2%	Brigham Young University	15,000-19,999	4	1.4%
WalMart	Retail	15,000-19,999	5	1.2%	WalMart	10,000-14,999	5	1.0%
Hill Air Force Base	Government	10,000-14,999	6	0.9%	Hill Air Force Base	10,000-14,999	6	1.0%
Davis School District	Public education	7,000-9,999	7	0.6%	Davis School District	7,000-9,999	9	0.7%
Granite School District	Public education	7,000-9,999	8	0.6%	Granite School District	7,000-9,999	7	0.7%
Utah State University	Higher education	7,000-9,999	9	0.6%	Utah State University	5,000-6,999	10	0.5%
Smith's Food and Drug Center	Retail	5,000-6,999	10	0.5%	US Department of Treasury	5,000-6,999	15	0.5%
Alpine School District	Public education	5,000-6,999	11	0.5%	Smith's Food and Drug Center	5,000-6,999	12	0.5%
Jordan School District	Public education	5,000-6,999	12	0.5%	Alpine School District	5,000-6,999	14	0.5%
Salt Lake County	Government	5,000-6,999	13	0.5%	Jordan School District	7,000-9,999	8	0.7%
U.S. Postal Service	Government	5,000-6,999	14	0.5%	Salt Lake County	5,000-6,999	13	0.5%
Utah Valley University	Government	5,000-6,999	15	0.5%	Utah Valley State College	3,000-3,999	29	0.3%

Source: www.jobs.utah.gov/wi/bups/em/annualreport/xxannual/ (Department of Workforce Services)
 Data prior to 2006 not available

FULL-TIME EQUIVALENT EMPLOYEES – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bus operations	1,028	951	945	911	963	950	998	1,023	1,050	1,008
Rail operations	563	527	542	526	506	425	335	314	293	233
Paratransit operations	192	188	183	176	168	168	140	141	141	143
Other services	9	12	10	10	12	11	11	11	10	8
Support services	366	349	323	335	293	284	239	249	256	225
Administration	212	210	207	195	217	224	238	242	224	193
Total	2,368	2,237	2,210	2,153	2,159	2,062	1,961	1,980	1,974	1,810

Source: Budget document

UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

TREND STATISTICS— 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Passengers										
Bus service	20,033,242	20,560,068	20,165,174	19,695,711	21,222,669	21,560,358	21,716,864	20,657,019	23,395,624	23,279,164
Rail service	23,765,873	24,349,674	24,337,451	22,814,274	19,421,608	16,944,264	14,790,418	14,707,601	16,182,145	16,272,468
Paratransit service	389,019	388,169	372,499	383,453	715,034	683,336	509,625	500,242	478,242	492,994
Vanpool service	1,333,780	1,423,675	1,404,285	1,387,816	1,446,766	1,417,183	1,346,949	1,353,697	1,657,697	1,305,076
Total passengers	45,521,914	46,721,586	46,279,409	44,281,254	42,806,077	40,605,141	38,363,856	37,218,559	41,713,708	41,349,702
Revenue Miles										
Bus service	15,462,834	15,367,510	15,660,520	15,706,028	15,091,645	15,869,340	16,412,862	16,777,762	16,759,734	16,690,142
Rail service	12,070,277	11,988,005	11,784,146	11,681,251	7,905,460	6,019,693	5,312,506	5,568,699	4,412,001	2,818,235
Paratransit service	2,505,343	2,293,887	2,513,535	2,932,842	3,252,193	4,094,325	2,799,362	2,928,929	2,939,442	3,699,770
Vanpool service	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016	9,177,917	7,012,873
Total passengers	36,556,604	36,383,889	36,818,003	37,373,312	33,803,276	34,026,114	31,867,052	33,075,406	33,289,094	30,221,020
Total Miles										
Bus service	17,511,624	17,662,486	17,864,847	17,191,018	16,553,983	17,416,367	18,820,702	19,342,359	19,398,050	19,480,877
Rail service	12,189,876	12,368,934	11,814,332	11,773,929	7,987,022	6,073,807	5,365,270	5,626,707	4,454,559	2,836,899
Paratransit service	3,254,559	3,192,367	2,844,468	3,493,247	4,088,027	5,256,369	3,473,129	3,637,806	3,637,255	4,341,576
Vanpool service	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016	9,177,917	7,012,873
Total miles	39,474,209	39,958,274	39,383,449	39,511,385	36,183,010	36,789,299	35,001,423	36,406,888	36,667,781	33,672,225
Passengers per Mile										
Bus service	1.30	1.34	1.29	1.25	1.41	1.36	1.32	1.23	1.40	1.39
Rail service	1.97	2.03	2.07	1.95	2.46	2.81	2.78	2.64	3.67	5.77
Paratransit service	0.16	0.17	0.15	0.13	0.22	0.17	0.18	0.17	0.16	0.13
Vanpool service	0.20	0.21	0.20	0.20	0.19	0.18	0.18	0.17	0.18	0.19
Total passengers per mile	1.25	1.28	1.26	1.18	1.27	1.19	1.20	1.13	1.25	1.37
Revenue Hours										
Bus service	1,087,055	1,070,139	1,108,894	933,662	834,985	866,268	897,294	904,282	895,943	888,544
Rail service	511,082	506,233	487,435	641,914	536,066	388,826	295,227	374,300	326,610	243,349
Paratransit service	162,734	160,383	164,527	191,016	227,013	300,760	201,994	211,369	208,896	247,572
Total revenue hours	1,760,871	1,736,755	1,760,856	1,766,592	1,598,064	1,555,854	1,394,515	1,489,951	1,431,449	1,379,465
Passengers per Revenue Hour										
Bus service	18.43	19.21	18.18	21.10	25.42	24.89	24.20	22.84	26.11	26.20
Rail service	46.50	48.10	49.93	35.54	36.23	43.58	50.10	39.29	49.55	66.87
Paratransit service	2.39	2.42	2.26	2.01	3.15	2.27	2.52	2.37	2.29	1.99
Total passengers per mile	25.09	26.08	25.48	24.28	25.88	25.19	26.54	24.07	27.98	29.03

UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

TREND STATISTICS– 10 YEARS (continued)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total System										
Fare revenue	\$50,624,354	\$52,112,909	\$51,461,223	\$49,977,533	\$44,489,583	\$39,693,757	\$35,160,063	\$33,530,449	\$33,439,374	\$24,308,176
Operating expense	\$268,970,126	\$242,516,933	\$235,149,656	\$215,858,141	\$194,968,330	\$183,918,986	\$173,903,476	\$181,037,798	\$173,052,423	\$149,916,224
Cost per revenue mile	\$7.36	\$6.67	\$6.39	\$5.78	\$5.77	\$5.41	\$5.46	\$5.47	\$5.20	\$4.96
Cost per passenger	\$5.91	\$5.19	\$5.08	\$4.87	\$4.55	\$4.53	\$4.53	\$4.86	\$4.15	\$3.63
Fare revenue per passenger	\$1.11	\$1.12	\$1.11	\$1.13	\$1.04	\$0.98	\$0.92	\$0.90	\$0.80	\$0.59

Source: National Transit Database Annual Reports



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Years Ended December 31, 2016 and 2015

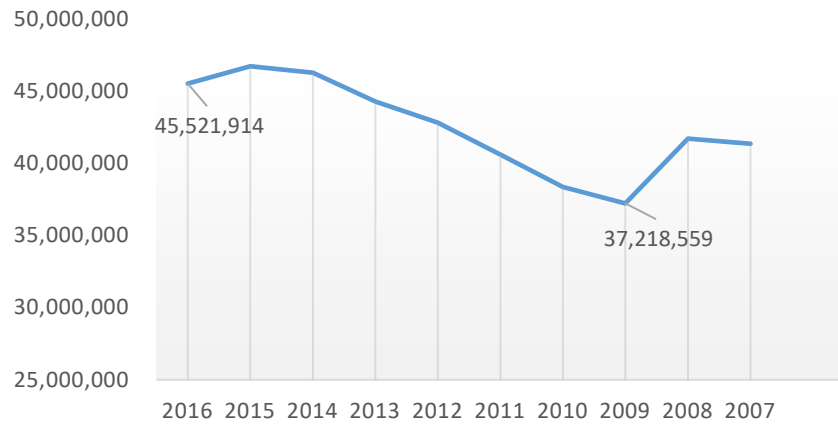
OPERATING INDICATORS AND CAPITAL ASSETS – 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Number of bus routes	125	126	121	119	125	119	127	128	120	117
Number of rail routes										
Light rail	4	4	4	4	3	3	3	3	3	3
Commuter rail	1	1	1	1	1	1	1	1	1	-
Bus service miles (weekday)	67,629	63,327	56,538	55,733	64,186	64,493	67,012	68,537	68,051	60,436
Rail service miles (weekday)										
Light rail	8,815	8,828	8,547	8,216	6,978	5,107	3,910	3,684	3,365	3,166
Commuter rail	4,627	4,651	4,638	4,488	2,390	2,327	2,469	2,725	2,725	-
Average passengers (weekday)	155,873	161,862	161,339	152,644	152,934	142,186	134,736	141,047	139,911	122,621
Buses	567	555	535	493	570	495	496	501	481	585
Paratransit vehicles (buses/vans)	129		84	113	110	112	96	101	105	102
Rail vehicles										
Light rail	146	146	146	146	122	122	55	55	55	69
Commuter rail	81	81	81	81	57	55	37	37	34	-
Vanpool vehicles	503	495	479	470	494	485	414	403	452	456
Park and ride lots	46	41								
Bus stops	6,196	6,250	6,250	6,273	6,333	6,600	6,645	6,410	6,380	6,975
Rail stations										
Light rail	57	57	51	51	41	41	28	28	28	25
Commuter rail	16	16	16	16	16	7	8	8	8	-

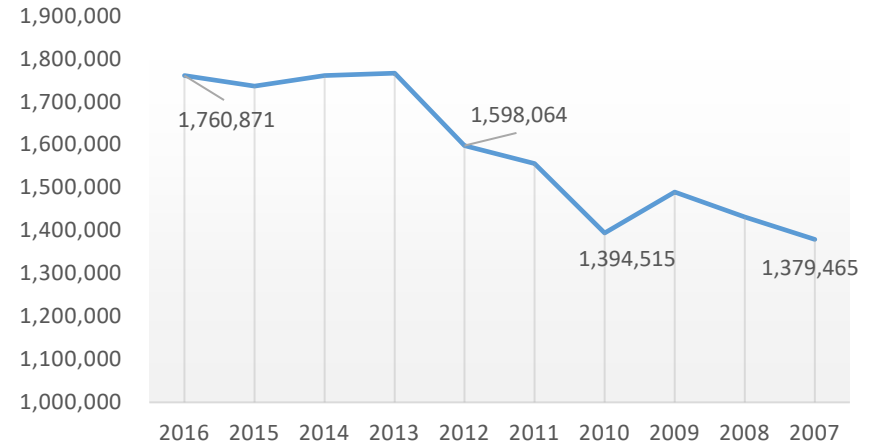




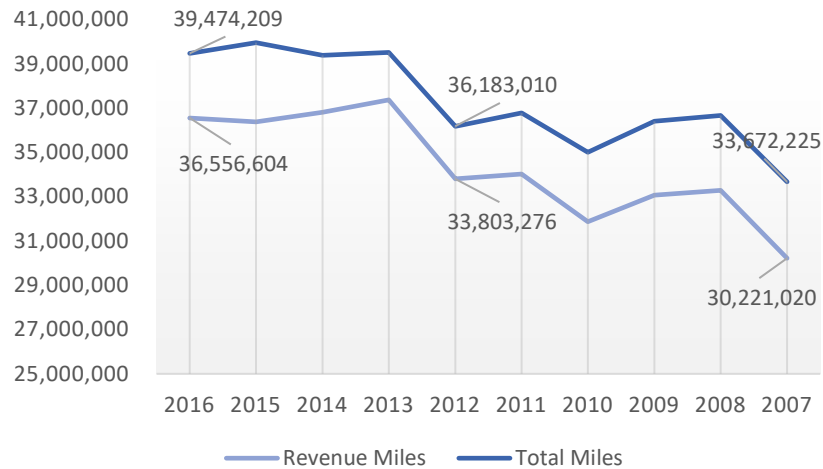
Ridership



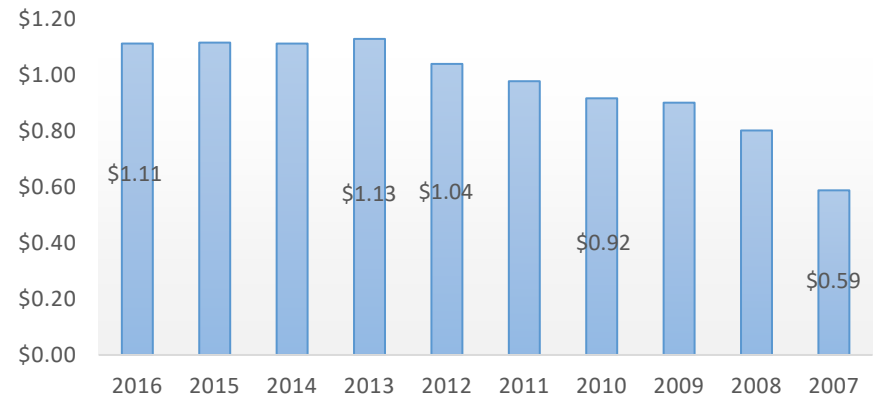
Revenue Hours



Revenue Miles to Total Miles



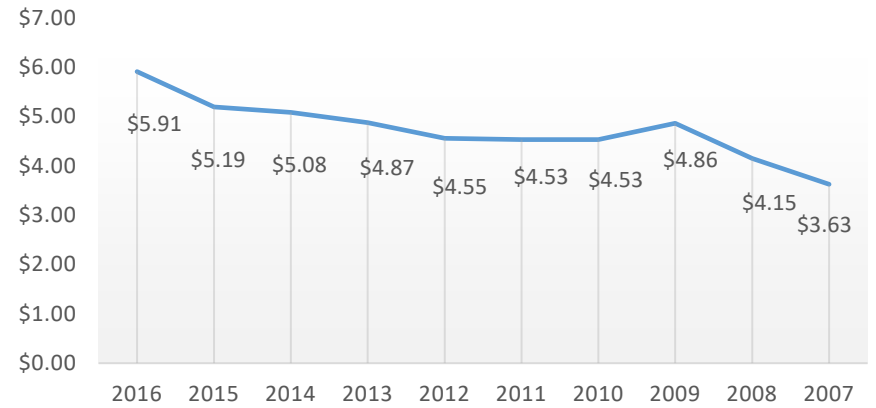
Fare Revenue per Passenger



Cost per Revenue Mile



Cost per Passenger

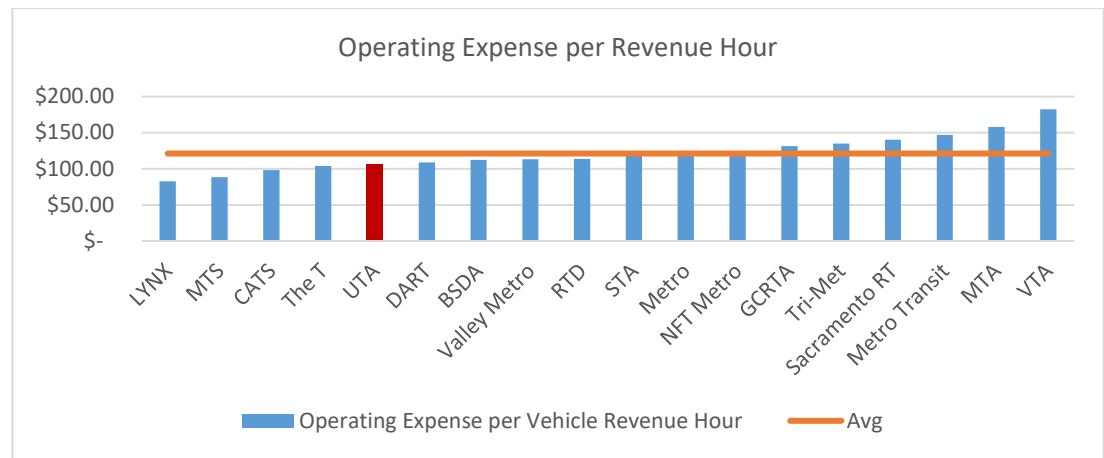
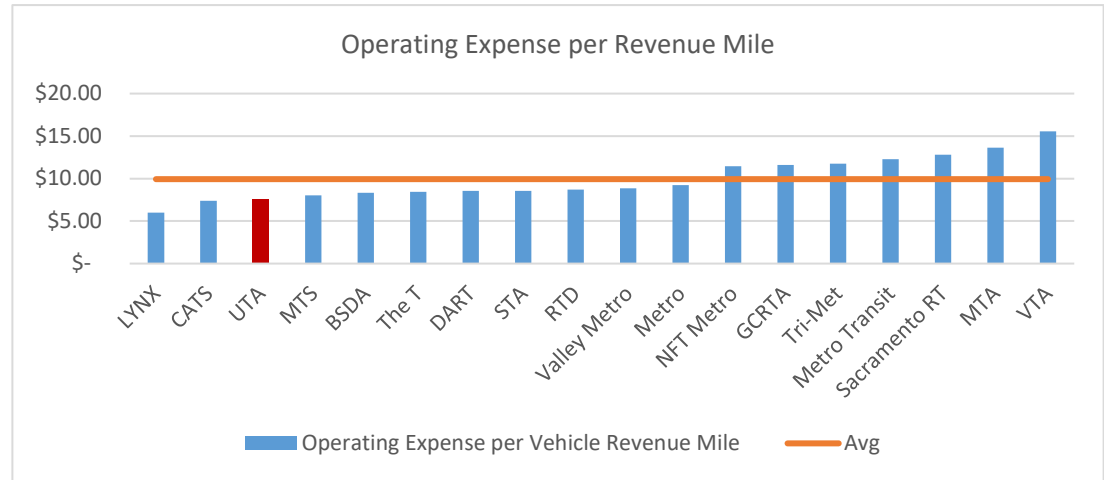


PERFORMANCE MEASURES – BUS SERVICE

The following charts contain information from the Federal Transit Administration’s National Transit Database (NTD) for the most recent year available (2015), and compares the Authority’s performance with other like transit agencies.

Service Efficiency

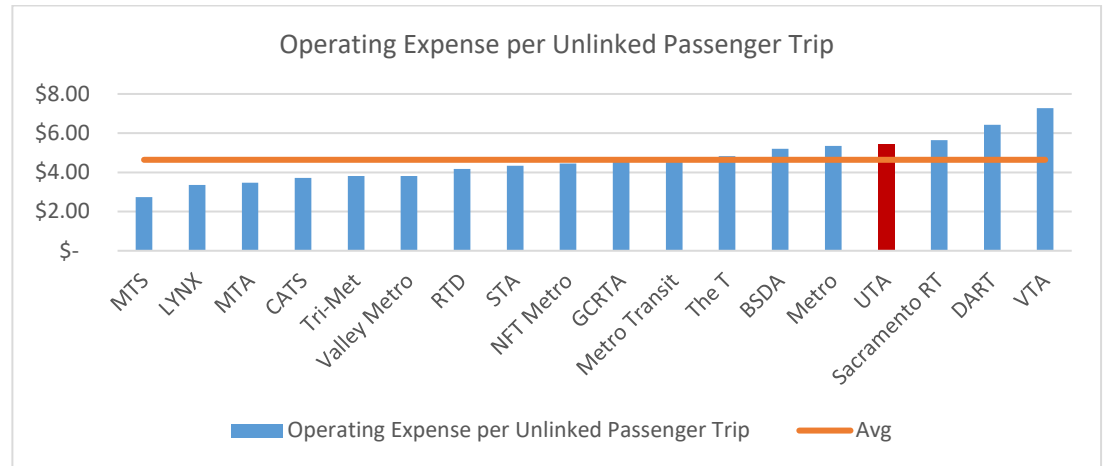
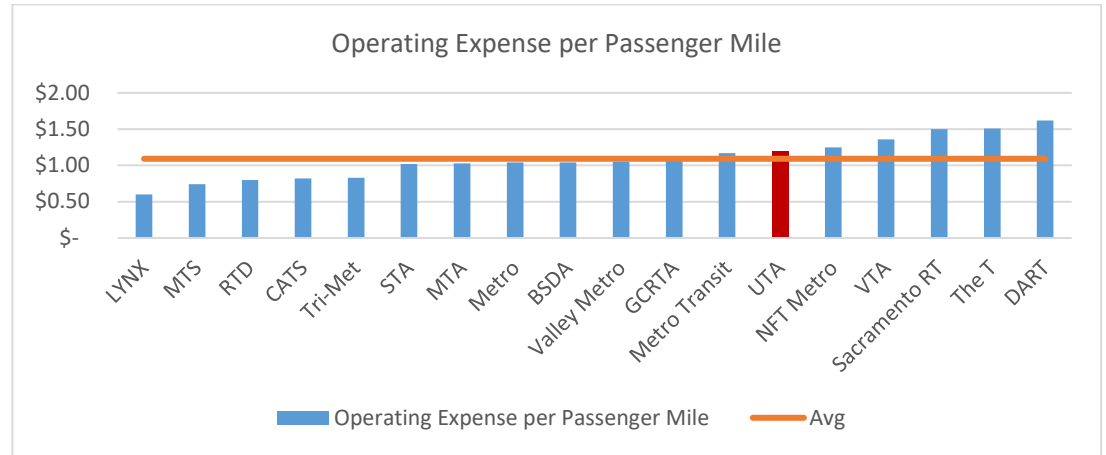
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 7.63	\$ 105.87
Baltimore, MD	MTA	13.64	157.98
Buffalo, NY	NFT Metro	11.46	122.59
Charlotte, NC	CATS	7.37	98.37
Cleveland, OH	GCRTA	11.61	131.53
Dallas, TX	DART	8.54	108.72
Denver, CO	RTD	8.69	113.83
Ft Worth, TX	The T	8.43	103.87
Houston, TX	Metro	9.24	119.29
Minneapolis, MN	Metro Transit	12.27	146.74
Orlando, FL	LYNX	6.00	82.86
Phoenix, AZ	Valley Metro	8.87	113.06
Portland, OR	Tri-Met	11.74	135.14
Sacramento, CA	Sacramento RT	12.82	140.40
San Diego	MTS	8.03	88.46
San Jose, CA	VTA	15.57	182.22
Spokane, WA	STA	8.55	118.29
St Louis, MO	BSDA	8.32	112.29
Average		\$ 9.93	\$ 121.20
Maximum		15.57	182.22
Minimum		6.00	82.86
Standard Deviation		2.55	24.69



PERFORMANCE MEASURES – BUS SERVICE (continued)

Cost Effectiveness

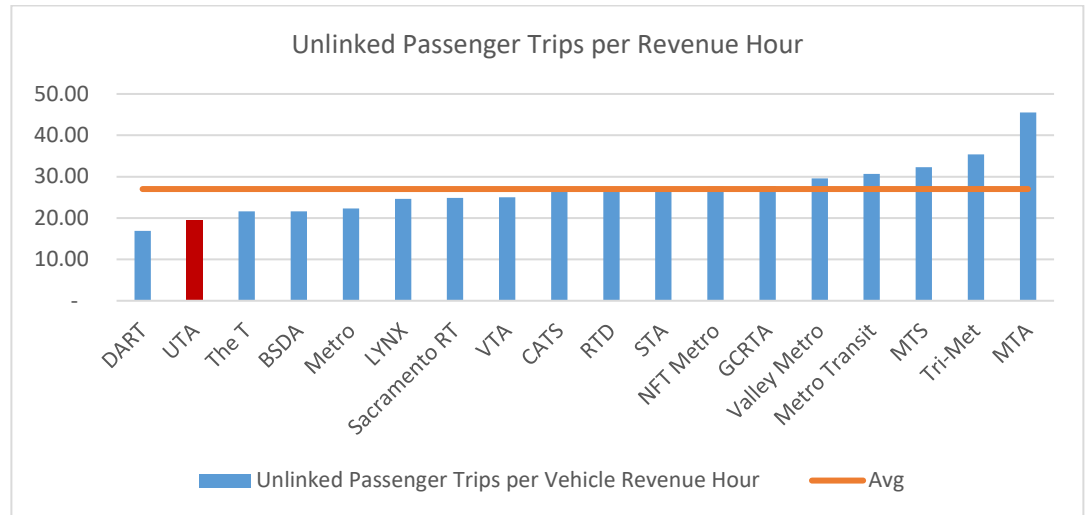
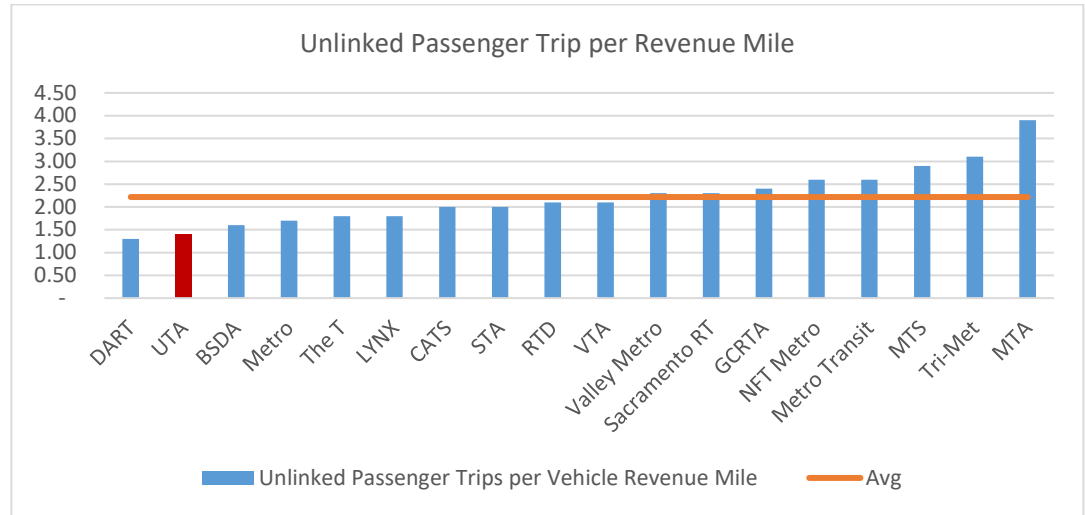
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 1.19	\$ 5.44
Baltimore, MD	MTA	1.03	3.47
Buffalo, NY	NFT Metro	1.25	4.45
Charlotte, NC	CATS	0.82	3.72
Cleveland, OH	GCRTA	1.09	4.75
Dallas, TX	DART	1.62	6.42
Denver, CO	RTD	0.80	4.17
Ft Worth, TX	The T	1.51	4.82
Houston, TX	Metro	1.04	5.35
Minneapolis, MN	Metro Transit	1.17	4.77
Orlando, FL	LYNX	0.60	3.36
Phoenix, AZ	Valley Metro	1.05	3.82
Portland, OR	Tri-Met	0.83	3.81
	Sacramento		
Sacramento, CA	RT	1.50	5.64
San Diego	MTS	0.74	2.74
San Jose, CA	VTA	1.36	7.28
Spokane, WA	STA	1.02	4.33
St Louis, MO	BSDA	1.04	5.20
Average		\$ 1.09	\$ 4.64
Maximum		1.62	7.28
Minimum		0.60	2.74
Standard Deviation		0.28	1.13



PERFORMANCE MEASURES – BUS SERVICE (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	1.40	19.50
Baltimore, MD	MTA	3.90	45.50
Buffalo, NY	NFT Metro	2.60	27.60
Charlotte, NC	CATS	2.00	26.40
Cleveland, OH	GCRTA	2.40	27.70
Dallas, TX	DART	1.30	16.90
Denver, CO	RTD	2.10	27.30
Ft Worth, TX	The T	1.80	21.60
Houston, TX	Metro	1.70	22.30
Minneapolis, MN	Metro Transit	2.60	30.70
Orlando, FL	LYNX	1.80	24.60
Phoenix, AZ	Valley Metro	2.30	29.60
Portland, OR	Tri-Met	3.10	35.40
Sacramento, CA	Sacramento RT	2.30	24.90
San Diego	MTS	2.90	32.30
San Jose, CA	VTA	2.10	25.00
Spokane, WA	STA	2.00	27.30
St Louis, MO	BSDA	1.60	21.60
Average		2.22	27.01
Maximum		3.90	45.50
Minimum		1.30	16.90
Standard Deviation		0.64	6.49

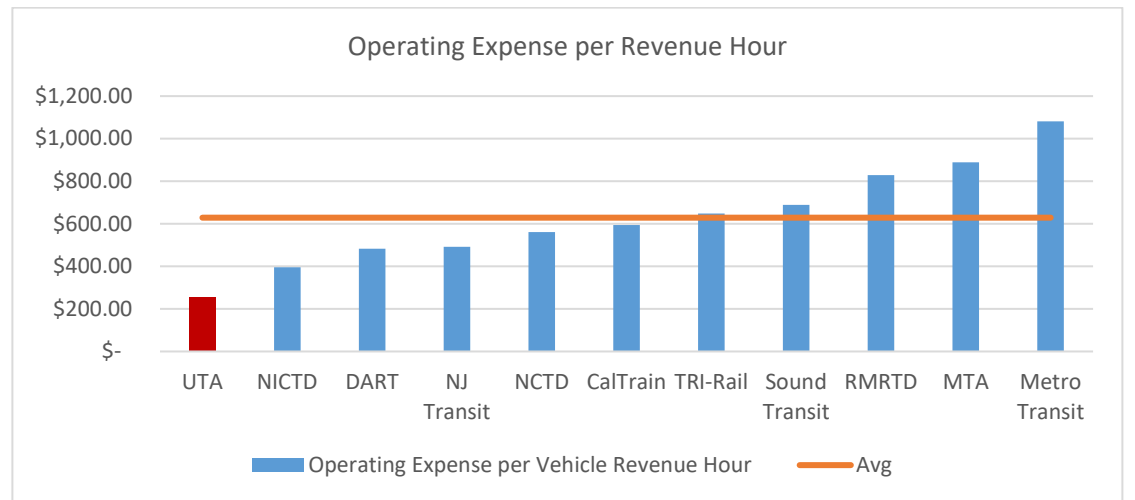
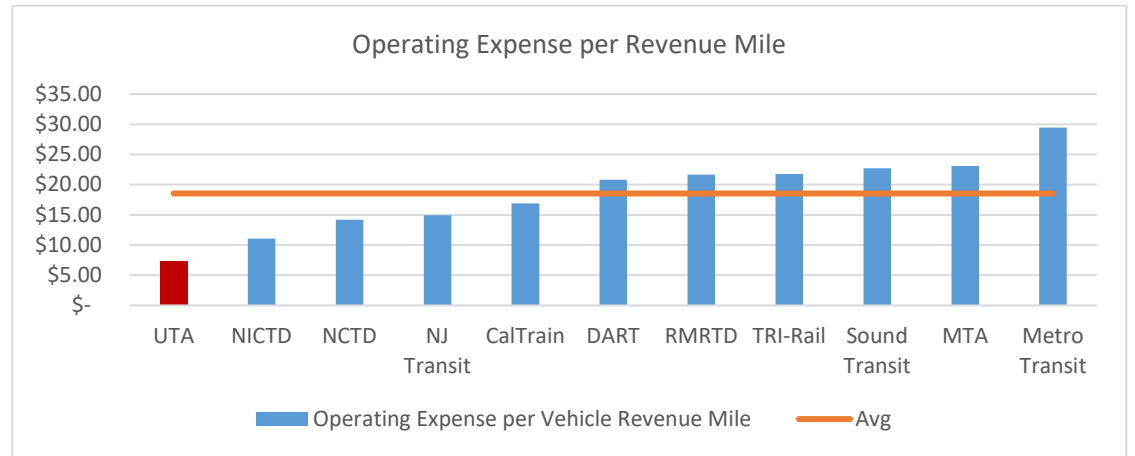


PERFORMANCE MEASURES – COMMUTER RAIL

The following charts contain information from the Federal Transit Administration’s National Transit Database (NTD) for the most recent year available (2015), and compares the Authority’s performance with other like transit agencies.

Service Efficiency

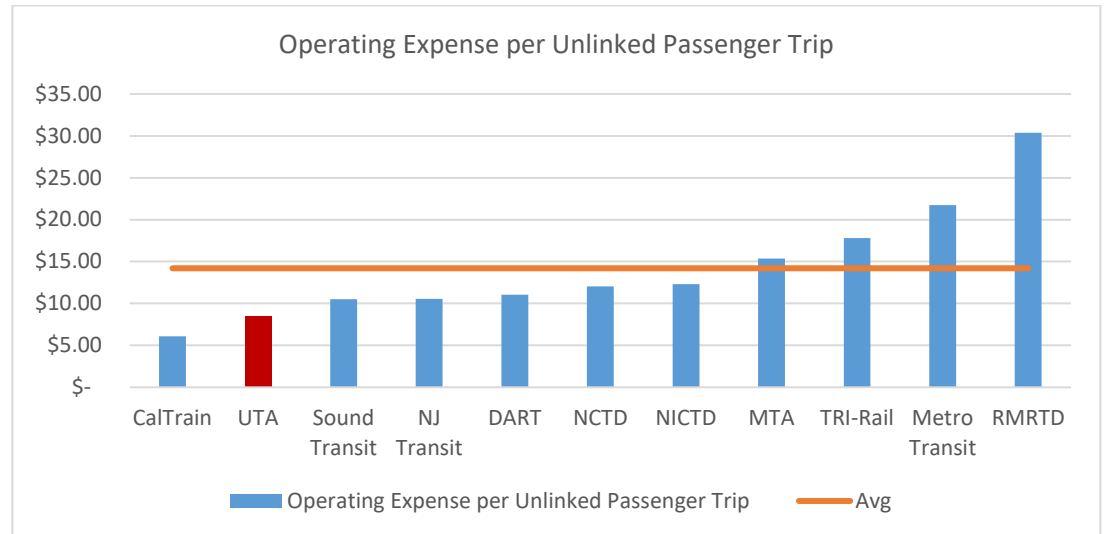
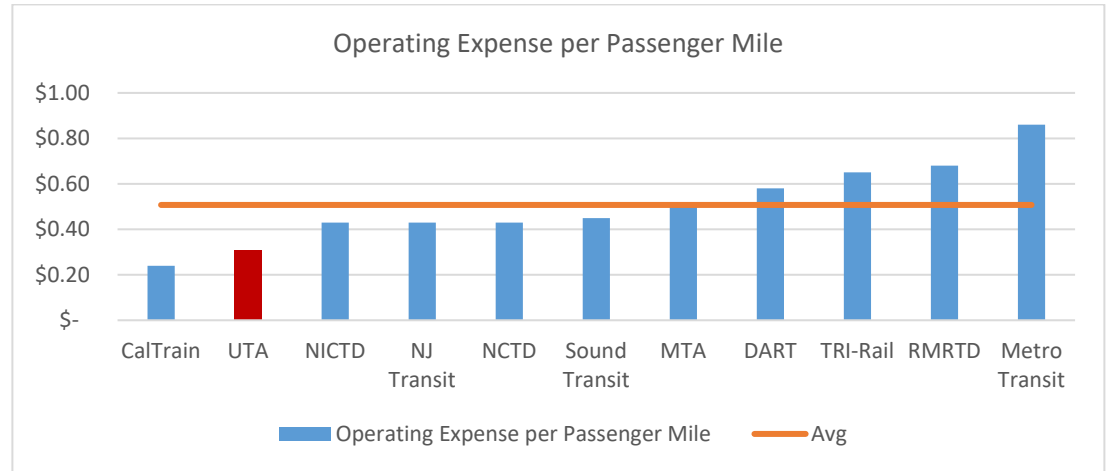
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 7.32	\$ 254.57
Albuquerque, NM	RMRTD	21.65	828.39
Baltimore, MD	MTA	23.11	889.15
Chesterton, IN	NICTD	11.05	395.29
Dallas, TX	DART	20.81	482.83
Minneapolis, MN	Metro Transit	29.47	1,081.84
Newark, NJ	NJ Transit	14.95	492.56
Oceanside, CA	NCTD	14.19	561.46
Pompano Beach, FL	TRI-Rail	21.79	647.71
San Carlos, CA	CalTrain	16.87	593.76
Seattle, WA	Sound Transit	22.72	689.54
Average		\$ 18.54	\$ 628.83
Maximum		29.47	1,081.84
Minimum		7.32	254.57
Standard Deviation		6.32	236.03



PERFORMANCE MEASURES – COMMUTER RAIL (continued)

Cost Effectiveness

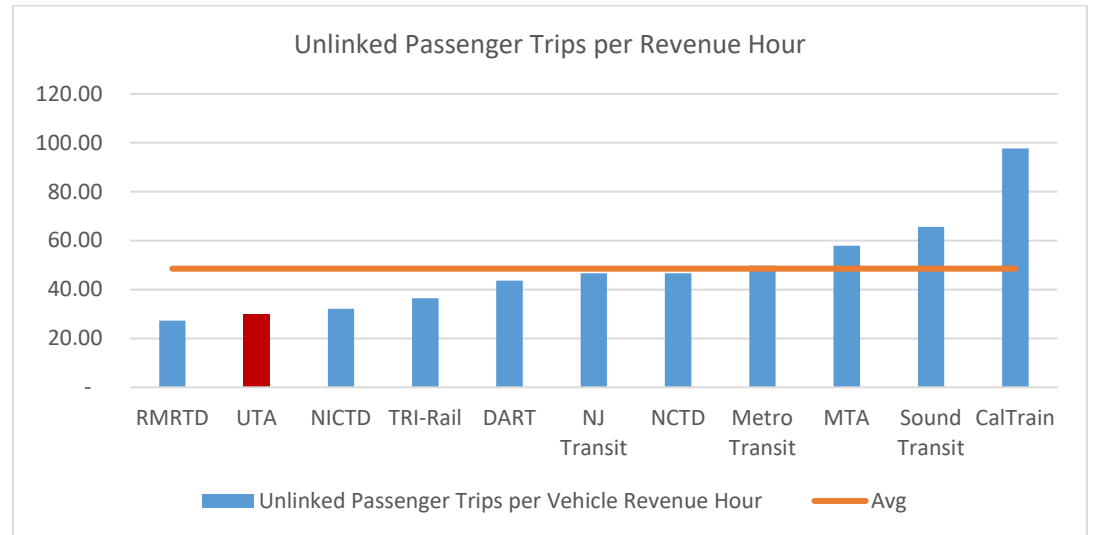
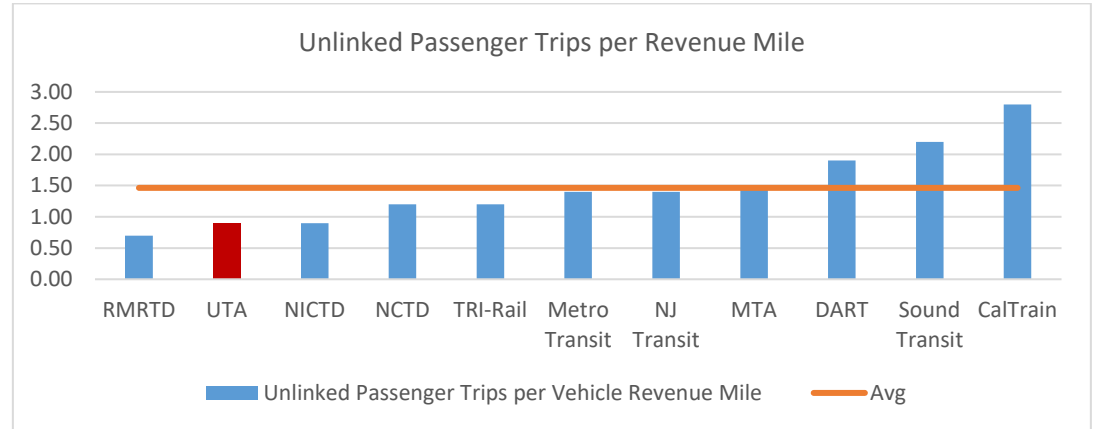
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.31	\$ 8.47
Albuquerque, NM	RMRTD	0.68	30.35
Baltimore, MD	MTA	0.52	15.36
Chesterton, IN	NICTD	0.43	12.30
Dallas, TX	DART	0.58	11.04
Minneapolis, MN	Metro Transit	0.86	21.74
Newark, NJ	NJ Transit	0.43	10.56
Oceanside, CA	NCTD	0.43	12.03
Pompano Beach, FL	TRI-Rail	0.65	17.79
San Carlos, CA	CalTrain	0.24	6.08
Seattle, WA	Sound Transit	0.45	10.52
Average		\$ 0.51	\$ 14.20
Maximum		0.86	30.35
Minimum		0.24	6.08
Standard Deviation		0.18	6.90



PERFORMANCE MEASURES – COMMUTER RAIL (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	0.90	30.10
Albuquerque, NM	RMRTD	0.70	27.30
Baltimore, MD	MTA	1.50	57.90
Chesterton, IN	NICTD	0.90	32.10
Dallas, TX	DART	1.90	43.70
Minneapolis, MN	Metro Transit	1.40	49.80
Newark, NJ	NJ Transit	1.40	46.60
Oceanside, CA	NCTD	1.20	46.70
Pompano Beach, FL	TRI-Rail	1.20	36.40
San Carlos, CA	CalTrain	2.80	97.70
Seattle, WA	Sound Transit	2.20	65.60
Average		1.46	48.54
Maximum		2.80	97.70
Minimum		0.70	27.30
Standard Deviation		0.62	20.09

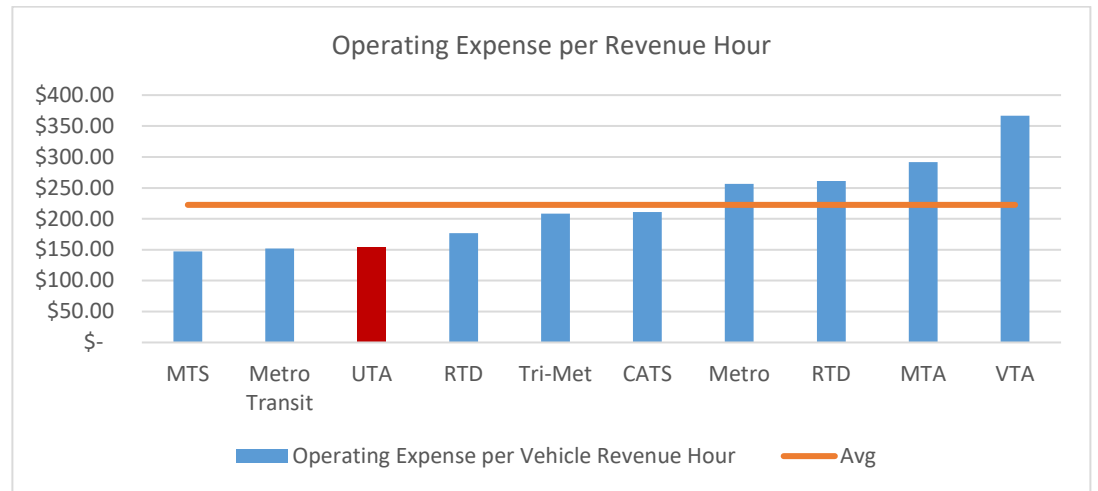
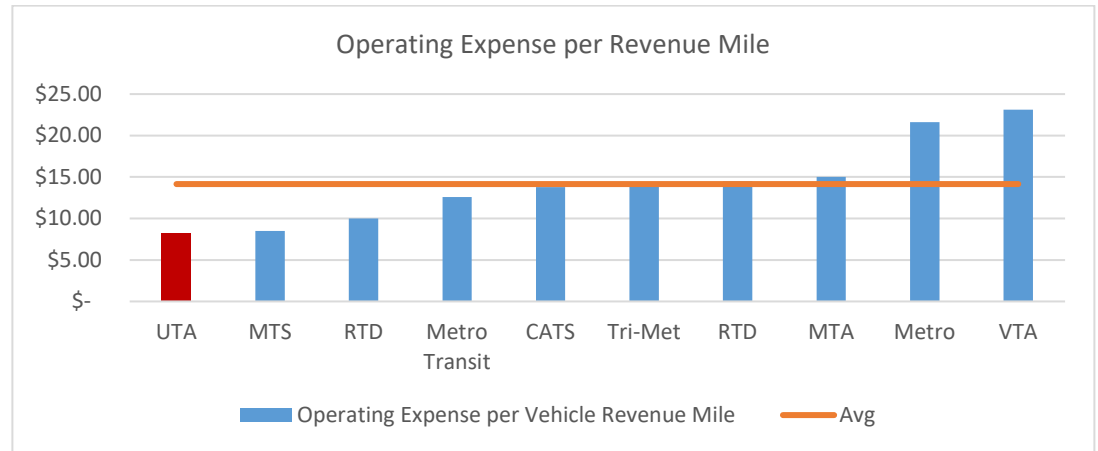


PERFORMANCE MEASURES – LIGHT RAIL

The following charts contain information from the Federal Transit Administration’s National Transit Database (NTD) for the most recent year available (2015), and compares the Authority’s performance with other like transit agencies.

Service Efficiency

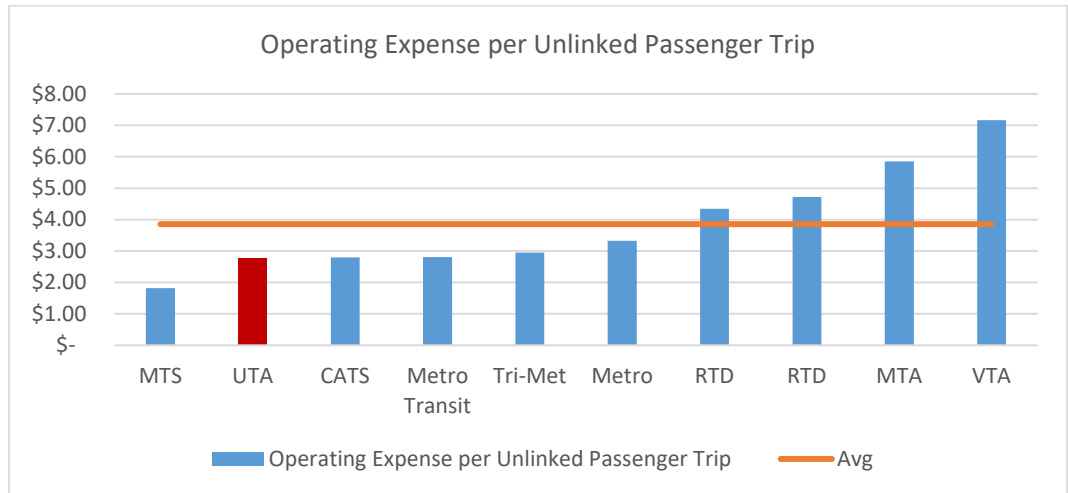
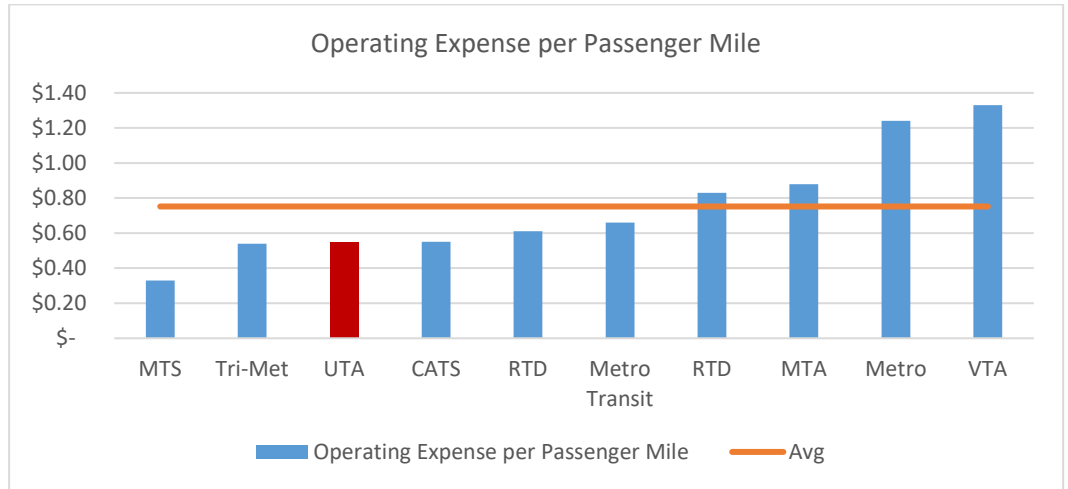
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 8.22	\$ 154.60
Baltimore, MD	MTA	15.00	291.43
Charlotte, NC	CATS	13.78	210.73
Denver, CO	RTD	10.00	176.69
Houston, TX	Metro	21.62	256.69
Minneapolis, MN	Metro Transit	12.59	151.77
Portland, OR	Tri-Met	14.22	208.36
Sacramento, CA	RTD	14.46	260.88
San Diego, CA	MTS	8.50	147.48
San Jose, CA	VTA	23.11	366.66
Average		\$ 14.15	\$ 222.53
Maximum		23.11	366.66
Minimum		8.22	147.48
Standard Deviation		4.99	71.38



PERFORMANCE MEASURES – LIGHT RAIL (continued)

Cost Effectiveness

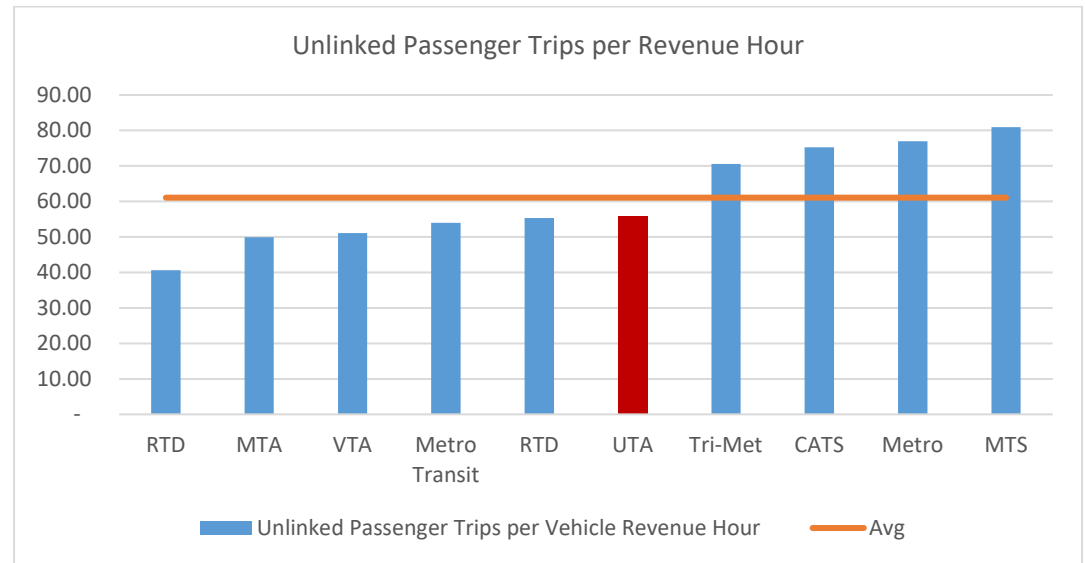
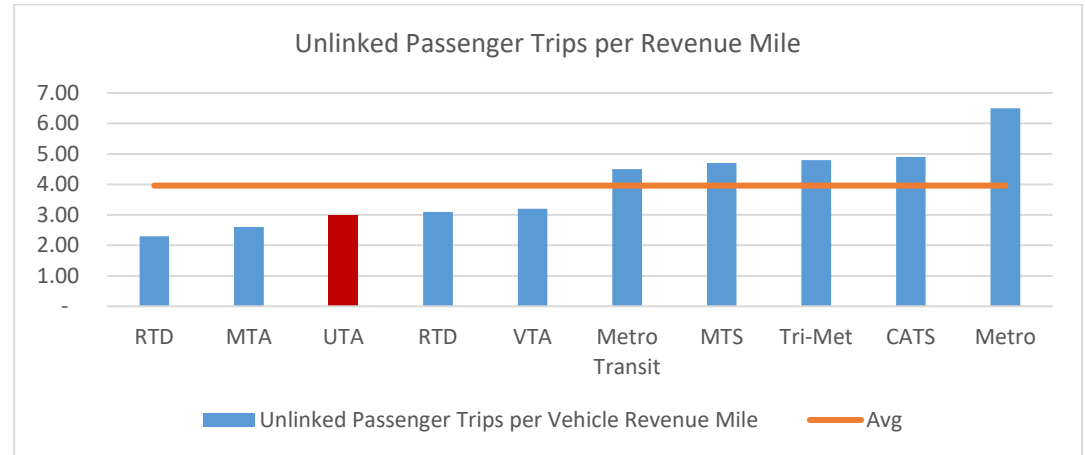
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.55	\$ 2.76
Baltimore, MD	MTA	0.88	5.85
Charlotte, NC	CATS	0.55	2.80
Denver, CO	RTD	0.61	4.35
Houston, TX	Metro	1.24	3.33
Minneapolis, MN	Metro Transit	0.66	2.81
Portland, OR	Tri-Met	0.54	2.95
Sacramento, CA	RTD	0.83	4.72
San Diego, CA	MTS	0.33	1.82
San Jose, CA	VTA	1.33	7.17
Average		\$ 0.75	\$ 3.86
Maximum		1.33	7.17
Minimum		0.33	1.82
Standard Deviation		0.32	1.65



PERFORMANCE MEASURES – LIGHT RAIL (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	3.00	56.00
Baltimore, MD	MTA	2.60	49.90
Charlotte, NC	CATS	4.90	75.30
Denver, CO	RTD	2.30	40.60
Houston, TX	Metro	6.50	77.00
Minneapolis, MN	Metro Transit	4.50	54.00
Portland, OR	Tri-Met	4.80	70.60
Sacramento, CA	RTD	3.10	55.30
San Diego, CA	MTS	4.70	80.90
San Jose, CA	VTA	3.20	51.10
Average		3.96	61.07
Maximum		6.50	80.90
Minimum		2.30	40.60
Standard Deviation		1.32	13.71

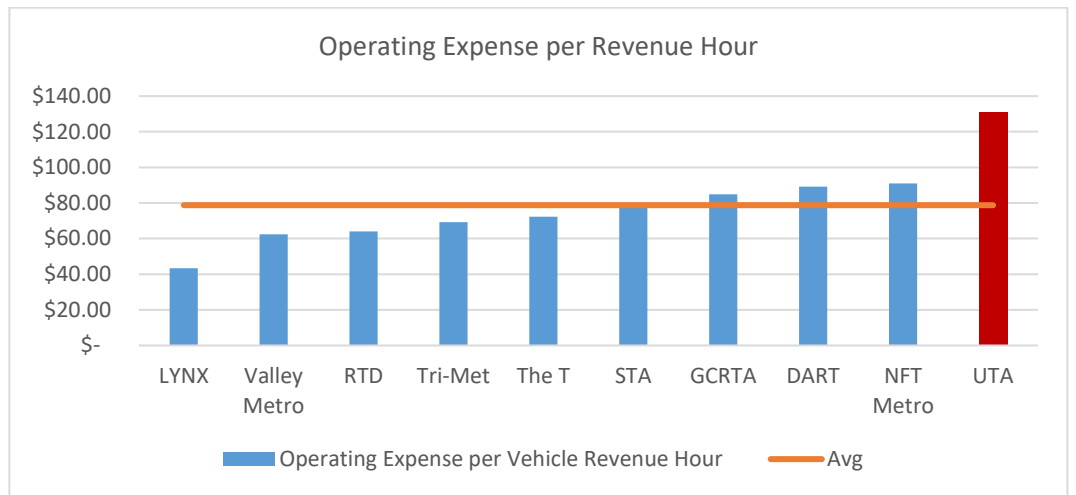
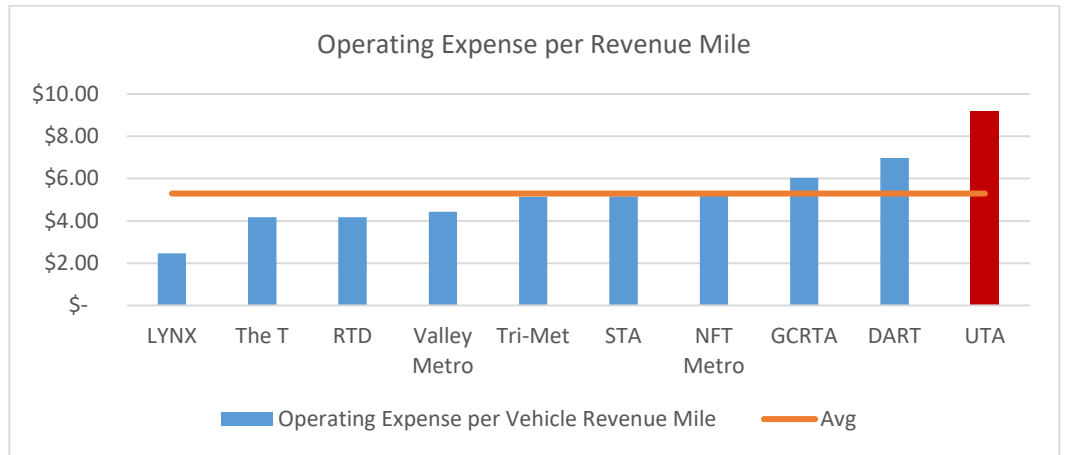


PERFORMANCE MEASURES – DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration’s National Transit Database (NTD) for the most recent year available (2015), and compares the Authority’s performance with other like transit agencies.

Service Efficiency

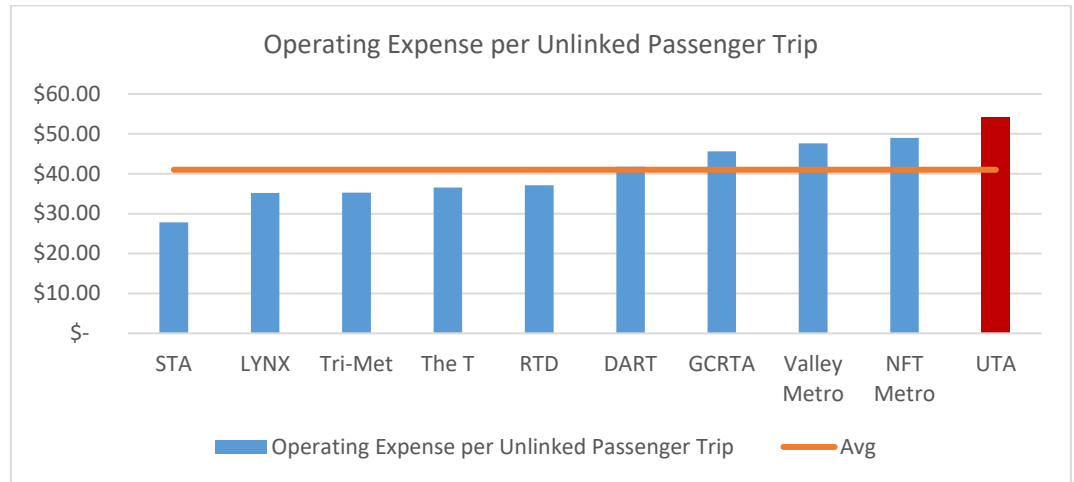
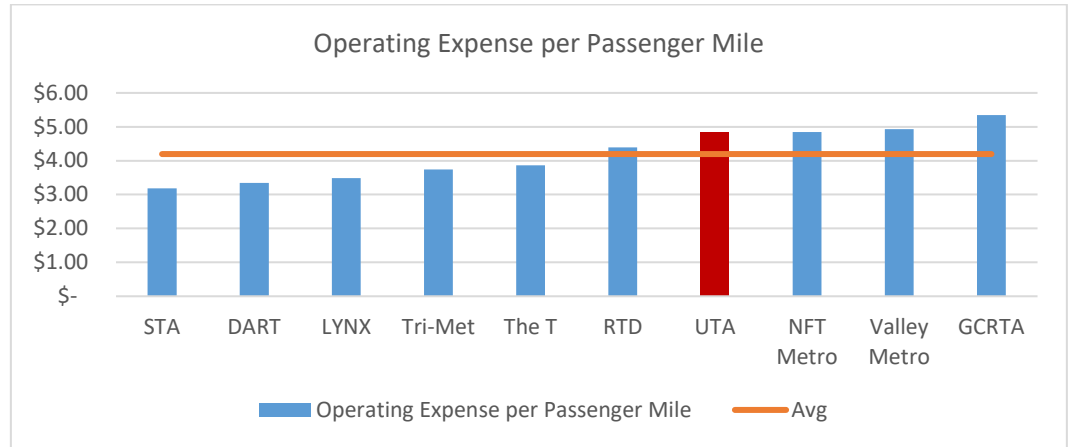
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 9.18	\$ 131.29
Buffalo, NY	NFT Metro	5.20	91.00
Cleveland, OH	GCRTA	6.04	84.94
Dallas, TX	DART	6.97	89.24
Denver, CO	RTD	4.18	64.07
Fort Worth, TX	The T	4.17	72.36
Orlando, FL	LYNX	2.46	43.40
Phoenix, AZ	Valley Metro	4.43	62.35
Portland, OR	Tri-Met	5.15	69.19
Spokane, WA	STA	5.16	79.74
Average		\$ 5.29	\$ 78.76
Maximum		9.18	131.29
Minimum		2.46	43.40
Standard Deviation		1.82	23.40



PERFORMANCE MEASURES – DEMAND RESPONSE (continued)

Cost Effectiveness

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 4.83	\$ 54.25
Buffalo, NY	NFT Metro	4.85	48.96
Cleveland, OH	GCRTA	5.35	45.64
Dallas, TX	DART	3.34	41.73
Denver, CO	RTD	4.39	37.07
Fort Worth, TX	The T	3.86	36.58
Orlando, FL	LYNX	3.49	35.20
Phoenix, AZ	Valley Metro	4.93	47.61
Portland, OR	Tri-Met	3.74	35.25
Spokane, WA	STA	3.18	27.77
Average		\$ 4.20	41.01
Maximum		5.35	54.25
Minimum		3.18	27.77
Standard Deviation		0.77	8.04



PERFORMANCE MEASURES – DEMAND RESPONSE (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	0.20	2.40
Buffalo, NY	NFT Metro	0.10	1.90
Cleveland, OH	GCRTA	0.10	1.90
Dallas, TX	DART	0.20	2.10
Denver, CO	RTD	0.10	1.70
Fort Worth, TX	The T	0.10	2.00
Orlando, FL	LYNX	0.10	1.20
Phoenix, AZ	Valley Metro	0.10	1.30
Portland, OR	Tri-Met	0.10	2.00
Spokane, WA	STA	0.20	2.90
Average		0.13	1.94
Maximum		0.20	2.90
Minimum		0.10	1.20
Standard Deviation		0.05	0.49

