

# Comprehensive Annual Financial Report

For Fiscal Years Ended  
December 31, 2018 and 2017





## **Our Mission**

Provide integrated mobility solutions to service life's connections,  
improve public health  
and enhance quality of life.

# **Comprehensive Annual Financial Report**

**For Fiscal Years Ended  
December 31, 2018 and 2017**

Finance Department

**Robert K. Biles**  
Chief Financial Officer

**Troy Bingham**  
Comptroller



UTAH TRANSIT AUTHORITY

UTAH TRANSIT AUTHORITY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 Years Ended December 31, 2018 and 2017

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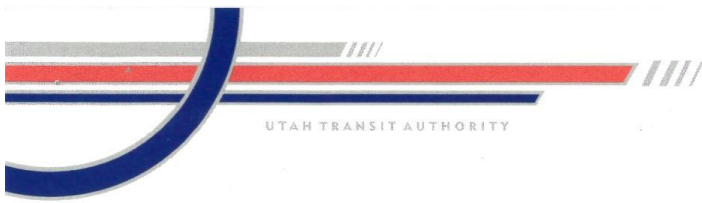
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# Introductory

For Fiscal Years Ended  
December 31, 2018 and 2017





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June 10, 2019

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, 2018 and 2017. 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 three-member full-time board of trustees. The Governor appoints nominees from the three appointing districts within the UTA service territory to serve as trustees. The names of the nominees are then forwarded to the Senate for confirmation. Once confirmed, an appointee is sworn in as a trustee.

Utah Transit Authority also has a nine-member local advisory council. The local advisory council representation includes: three members appointed by the Salt Lake County council of governments; one member appointed by the Mayor of Salt Lake City; two members appointed by the Utah County council of governments; one member appointed by the Davis County council of governments; one member appointed by the Weber County council of governments; and one member appointed by the councils of governments of Tooele and Box Elder counties. Terms for local advisory council members are indefinite.

The responsibility for the operation of the Authority is held by the board of trustees that hires, sets the salaries, and develops performance targets and evaluations for the Executive Director, Internal Auditor, and any chief level officer. The Executive Director is charged with certain responsibilities, some of which require coordination with, or providing advice to, the board of trustees. Legal counsel is provided by the Utah Attorney General's Office. An organizational chart which illustrates the reporting relationships follows in the introductory section.

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, 2017, the population of the Authority's service area is approximately 2,463,000 and represents 79.4% of the state's total population.



## Current Year Review

Besides building upon its strong legacy of providing service, continuous achievement, and transit leadership, the year also brought about significant changes to UTA's governance. The information below reviews the governance changes as well as providing a glimpse of the year's accomplishments.

**Governance.** In November 2018, following statutory changes, oversight of UTA transitioned from a 16-member voluntary Board of Trustees to a three-member full-time Board of Trustees. The Governor appoints nominees from the three appointing districts within the UTA service territory to serve as Trustees. The appointments are then forwarded to the Senate for confirmation. Once confirmed, an appointee is sworn in as a Trustee.

The Governor appointed and the Senate confirmed Trustees representing Salt Lake County (four year term), the district comprised of Davis, Weber, and Box Elder counties (three-year term), and the district comprised of Utah and Tooele counties (two-year term). After these initial staggered terms are completed, Board members will serve four-year terms. There are no limits relative to the number of terms a Trustee can serve. The Governor appointed the Salt Lake County Trustee to serve as Chair of the Board of Trustees.

A nine-member Local Advisory Council ("LAC") was also created. LAC representation includes: three members appointed by the Salt Lake County council of governments; one member appointed by the Mayor of Salt Lake City; two members appointed by the Utah County council of governments; one member appointed by the Davis County council of governments; one member appointed by the Weber County council of governments; and one member appointed by the councils of governments of Tooele and Box Elder counties. Terms for LAC members are indefinite.

LAC duties include reviewing, approving, and recommending final adoption by the Board of Trustees of UTA's service plans, project development plans and funding for all new capital development projects, and any plan for a transit-oriented development where UTA is involved, engaging with the safety and security team of UTA to ensure coordination with local municipalities and counties, assisting with coordinated mobility and constituent services provided by UTA, representing and advocating the concerns of citizens with the public transit district to the Board of Trustees, consulting with the Board of Trustees on certain duties given to the Board of Trustees, and setting the compensation packages of the Board of Trustees.



UVX Bus

Under the direction of the Board of Trustees, the Executive Director is charged with certain responsibilities, some of which require coordination with, or providing advice to, the Board of Trustees.

**Transit Service.** In August 2018 UTA began operations on the new Utah Valley Express (UVX) Bus Rapid Transit Line in Provo and Orem. UVX serves two major universities, BYU and UVU; Historic Downtown Provo; two regional malls, University Place and Provo Towne Centre, and the Provo and Orem FrontRunner stations. This line represented a significant increase in service for the area, with peak-hour headways

## Current Year Review (continued)

improving from every 15 minutes to every 6 minutes. In conjunction with the increase in service and an expanded pass program with BYU and UVU, ridership on the corridor increased from 2,373 average weekday boardings to 9,440.

Other improvements to service during this time include replacing MAX limited-stop service on 3500 South with local service on routes 33 and 35 to increase coverage. A new flex route, F605 was added in Bountiful and Centerville in December, to serve areas that were not previously covered by fixed-route service. UTA also extended service to the new IHC hospital in Layton and provided additional service to industrial areas on the west side of Salt Lake City.

In 2018 UTA made multiple adjustments to train and bus schedules due to the implementation of Positive Train Control on FrontRunner. These schedule adjustments have helped improve the on-time performance of FrontRunner, even as PTC impacted the end to end running time of the alignment. UTA also discontinued unproductive service on FrontRunner between Ogden and Pleasant View Stations. This service was replaced by additional bus service on Route 616.

UTA's on-time reliability results by mode are shown below. They are near the highest results within the transit industry.

Mode	2018	2017	2016	2015
Bus	91.41%	92.51%	91.07%	92.19%
TRAX	93.60%	91.91%	94.49%	93.98%
FrontRunner	85.92%	90.92%	89.96%	86.63%
Paratransit	94.74%	96.80%	97.85%	97.92%
Streetcar	99.41%	99.49%	99.50%	98.68%

System Enhancements. Keeping the transit system in a state of good repair is a high priority. During 2018, UTA continued the light rail vehicles overhaul program, inspected all rail bridges, installed new positive train control hardware at all remaining locations and installed positive train control software on the FrontRunner North alignment. UTA participated with Dominion Energy in stray current monitoring and completed an overhead catenary isolation project to help in its stray current mitigation efforts. UTA also completed curved rail replacements at three locations.

Last year, UTA replaced 24 transit buses, 36 paratransit and FLEX vehicles, and 50 rideshare vans and also purchased 4 new trolley buses for service expansion. And in conjunction with local government and transit rider input, over 80 bus stops were upgraded with shelters and other amenities.

As part of the first/last mile connection initiative, 60 ADA ramps, 7 bike lanes, and 2 sidewalk projects were constructed in 2018 with funding from a federal grant. Another bike lane and a multi-use trail were started last year and will be completed in the spring of 2019. Additional first/last mile projects to be constructed in 2019 under this program include bike lanes, pedestrian bridges, trails, sidewalks, and bike share facilities.

## Current Year Review (continued)

Environmental work was completed last year for a BRT line in Ogden. This 6-mile line will connect from our Ogden FrontRunner station to Weber State University and McKay Dee Hospital. The design phase of the Ogden BRT project will begin in 2019.

Ridership and Passenger Revenues. System ridership declined from 45.1 million in 2017 to 44.2 million in 2018. Passenger revenues declined by \$107,311 to \$52.1 million, a 0.21% decrease from 2017 passenger revenues.

Transit-Oriented Development. Four apartment buildings at the Sandy East Village TOD (“EV”), including 336 residential units, were sold at a record price for the area. A single-tenant office building at EV was also sold for a considerable profit. At the South Jordan TOD, work was completed on a 192-room full-service hotel, and ground was broken on a second 180,000 square foot, preleased office building. UTA also finalized a ground lease agreement for property at the 3900 South Meadowbrook TRAX Station, allowing for a 152-unit, mixed-use, mixed-income project.

Financial Stewardship. In March 2018, UTA retired \$121 million of its 2017 subordinate bonds and refunded \$3.4 million of its 2007A subordinate bonds through a \$116 million bond issue. Net present value savings from these transactions totaled \$5.6 million.

For the year, operating expenses were 0.2% below budget. Variances of budget to actual by expense category, in millions, are shown below.

Expense Category	Favorable (Unfavorable)
Parts and Warranty Recovery	\$2.43
Utilities	1.98
Services	1.67
Wages & Benefits	1.15
All Other Operating	(1.89)
Fuel	(2.28)
Capitalized Costs	(2.50)
Total	\$0.56

## Current Year Review (continued)

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.



Utah Transit Authority at Dusk



## 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:

### UTA Service Choices.

UTA is initiating an update to its Five-Year Mobility Plan with a robust community engagement process called UTA Service Choices. Through a survey, community leader workshops, public open houses and more, UTA is soliciting input from the community on how they would like to see UTA prioritize bus network resources. This process will result in a new bus network plan and vision that will guide future service changes and investments.

### 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 TOD goals and standards are met.

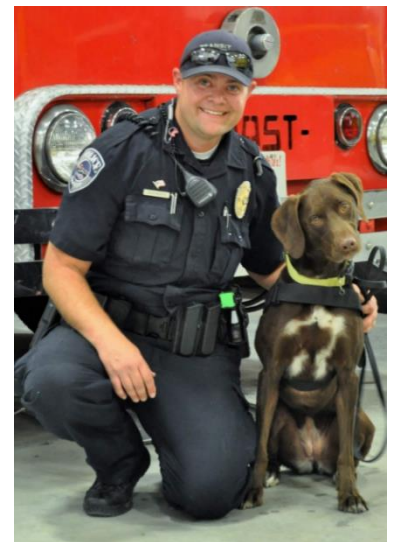
### State of Good Repair (SOGR).

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.

Several SOGR infrastructure projects are scheduled for 2019, including: \$11.1 million for information technology software and equipment replacement, \$10.3 million for the overhaul of our oldest TRAX light rail vehicles, \$6.6 million for TRAX track work at the Delta interlocking, 150 South Main switches and 400 South Main half grand union replacement, \$5 million for vehicle replacements, \$4.0 million for FrontRunner engine rebuilds, \$2.5 million for facility and safety equipment, and \$1.8 million for rail replacement. All other state of good repair infrastructure projects are estimated to cost \$5.3 million.

### Anticipated Capital Projects.

- In conjunction with six counties, two metropolitan planning agencies, and dozens of Utah cities, UTA was notified in late 2016 that it had been awarded a \$20 million TIGER grant which will be matched with local funding to improve *transit access* as well as trails and bikeways feeding into the transit system over the next five years. Projects in 2019 are estimated at almost \$15 million with all projects being completed by 2022.
- Salt Lake City International Airport is undergoing a \$3.6 billion renovation, including the relocation of its terminal building. The relocation of the terminal requires the realignment of UTA's light rail green line, the *Airport Line Project*, to a more central, transit-friendly location by 2020 at an estimated cost of \$25 million. The project is currently in design with construction scheduled to start in 2019.



UTA PD Officer Southworth & K9 Kaiya  
Winners of the 2018 UPOA Canine Trials

## Future Plans (continued)

- The **Depot District Service Facility** will replace the existing aging and undersized Central bus facility, allowing for growth of bus service, housing up to 150 alternative and standard fuel buses with the ability to expand to 250 buses in the future. The initial phase of the project constructed the compressed natural gas fueling and fare collection buildings on the site. Construction is expected to begin in late 2019 with the facility opening in 2021. The 2019 budget is \$27.3 million. Estimated cost for the facility is \$75.6 million.
- Funded by a grant from Salt Lake County worth \$5.9 million, two blocks of the **S-Line** in South Salt Lake will be double tracked. This will allow the S-Line to operate at 15-minute headways between the Sugar House area in Salt Lake City and the City of South Salt Lake. Work on these two blocks will be completed in 2019.
- Rapid growth within the Sandy TOD is accelerating the need to construct a 300-stall parking structure. Funded by a \$2 million STP grant from FHWA and \$3.4 million of proceeds from the sale of adjacent property, the parking structure is anticipated to be completed in 2019.



Depot District Clean Fuels Technology Center Drawings

### New funding.

Salt Lake City and UTA entered into an interlocal agreement in early 2019 for additional purchased service in certain routes within Salt Lake City. This purchased service, in the amount of \$5.4 million, provides for 15-minute headways and expanded hours of operation on three bus routes as well as the purchase of ten additional buses. This new service begins in August 2019.

Salt Lake County Commissioners approved implementation of the 4th quarter sales tax effective January 1, 2019. Beginning July 1, 2019, UTA will begin receiving its 40% share of this sales tax. Sales tax revenue of \$11.4 million was included in the 2019 budget for the last half of 2019 collections. Specific service and capital uses will be jointly developed by Salt Lake County and UTA in 2019.

## Future Plans (continued)

Utah County Commissioners approved implementation of the 4th quarter sales tax effective January 1, 2019. Beginning July 1, 2019, UTA will begin receiving its 40% share of this sales tax. Utah County and UTA entered into an interlocal agreement in October 2018 which specifies the use of this sales tax. UTA revenues from this sales tax shall be used in the following priority order:

- Make principal and interest payments on Utah County's 2016 Bonds for the Utah Valley Express.
- Pay for the additional operating and maintenance costs of Utah Valley Express with the annual amount limited to \$2.5 million in 2019 with a 2.4% annual growth factor applied thereafter.
- Reimbursement to Utah County for principal and interest previously paid on the Utah County 2016 Bonds.
- Reimbursement to Utah County for operations and maintenance costs for the Utah Valley Express previously paid to UTA.
- Reimbursement to Utah County for \$2.8 million previously paid to UTA pursuant to a September 2013 Design Funding Agreement.
- Reimbursement to Utah County for interest accrued on amounts paid to UTA for Utah Valley Express operations and maintenance costs.
- Deposit into a reserve account to provide for early redemption of the Utah County 2016 Bonds.
- Once the Utah County 2016 bonds are redeemed, UTA's revenues may be used for new transit service and any major transit projects within Utah County. The new transit service and major transit projects are subject to various consultation and approval requirements under state law and a service level agreement with Utah County.

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.



S-Line Train



## 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 2019 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>.

### 2018 Overview

#### *Employment, Wages, and Labor Force*

Continued strong labor market statistics in 2018 were a welcome surprise for an economy that seemed stretched to its limit at the close of 2017. Anticipated labor supply shortages were expected to cause some slowing for 2018, yet the year continued as a solid extension of 2017 trends.

The state's labor force grew by roughly 2.8 percent over the year, stretching its ranks to over 1.6 million in order to meet the growing demands of Utah's employers. Prime economic conditions drew new entrants to the labor force but did not raise the rate at which adults in the state participated in the labor market. Labor force participation remained unchanged from last year at 69.4 percent and still below the state's pre-Great Recession rate of 72.1 percent. Given that 2017 saw a small surge in the participation rate, it was anticipated that the acceleration would continue through 2018.

As expected with a growing economy, the unemployment rate remained low throughout the year, ending at an average of 3.1 percent which equates to fewer than 50,000 unemployed individuals per month throughout the year. Demand for skilled workers was especially high. Utahans with a Bachelor's degree or higher experienced an unemployment rate well under 2.0 percent in 2018.

Changes to federal tax policy appear to have had a positive effect on workers' paychecks. The average annual wage for payroll employees in the state was \$47,441, a \$1,715 increase from the prior year and a full percentage point higher than the prior year's increase.

Due to the challenges of spreading the economic boom throughout all corners of our state, executive leadership called for economic development attention to be given to state's rural counties with the specific goal of creating 25,000 jobs therein by 2020. At the close of 2018 the state remained ahead of the pace necessary to reach the goal, with over 18,000 jobs having been created since the goal's inception in 2017. While the larger rural counties naturally have led the way in creating the jobs, key shoulder counties such as Wasatch have outperformed, contributing more than their relative share, mainly as the result of spillover from the booming neighboring urban counties.





## The Economic Condition and Outlook (continued)

### *Personal Income*

Utah's total personal income in 2018 was an estimated \$143.1 billion, a 6.1 percent increase from \$134.8 billion in 2017. Utah's estimated 2018 per capita income was \$45,174, up 3.9 percent from \$43,459 in 2017. Both measures of estimated personal income growth in Utah were higher in 2018 than in 2017. In 2017, total personal income grew by 5.0 percent and per capita income grew by 3.0 percent. Additionally, Utah's 2018 estimated personal income growth and per capita personal income growth were higher than national averages.

### *Taxable Sales*

In 2018, total taxable sales in Utah increased by approximately 6.9 percent to an estimated \$65.2 billion. A labor market that is among the best in the nation and solid gains in wages and personal income were among the primary drivers of growth. High levels of both consumer and business confidence and a strong tourism industry were also factors propelling the economy. Each major component of Utah taxable sales increased in 2018. Business investment increased the most at 9.8 percent, followed by retail sales at 6.0 percent and taxable services at 5.2 percent.

## 2019 Outlook

### *Employment, Wages, and Labor Force*

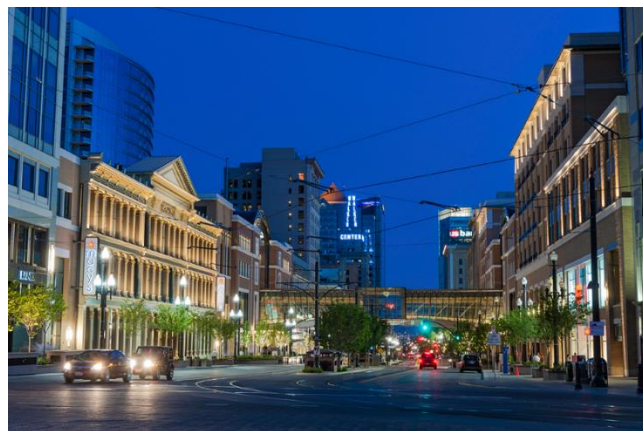
Lack of labor supply will continue as a point of concern in 2019 and may likely cause job growth to slow unless labor force participation is stimulated or population in migration increases. Housing affordability could influence both but in dissimilar ways. The need to increase household income to afford the purchase of a home could draw more individuals into the labor market. In migration, on the other hand, could put more upward pressure on housing prices, eventually making further in-migration a costly trend. Wages should further rise as employers continue to struggle filling positions, although 2019 should not be as strong as 2018 which was stimulated by federal tax cuts.

Policy decisions at the national level will continue to be a significant, yet unknown factor in predicting the economic trajectory for Utah in 2019. Trade policy is in flux, with tariffs now an emerging tool for shaping relationships between the United States and our trade partners. How that plays out economically is a question yet to be answered.

### *Personal Income*

Utah's total personal income in 2018 is estimated to have grown 6.1 percent; this is up from 5.0 percent in 2017, and higher than the estimated national average of 4.6 percent. The state's estimated 2018 per capita personal income growth of 3.9 percent is also higher than the state's growth in 2017, and higher than the estimated 2018 per capita income growth nationwide of 3.5 percent.

In 2019, Utah looks to remain one of the top labor markets and centers for growth in the nation. The state



Downtown Salt Lake City

## The Economic Condition and Outlook (continued)

has consistently experienced some of the fastest employment growth in the country since 2015, and this trend is likely to continue into 2019. With the unemployment rate hovering around 3.0 percent, and likely to fall further, businesses will face increased competition for a qualified workforce. This dynamic should lead to higher wages and put upward pressure on personal income.

While personal income should continue to expand in Utah in 2019, some headwinds may emerge. If the state's already tight labor market is unable to draw more individuals into the labor force, the lack of workers could act as a constraint on growth.

At the national level, worries over an economic slowdown are growing, and faster-than-anticipated interest rate hikes by the Federal Reserve could cool investment and overall economic activity in the state. With headwinds in mind, preliminary forecasts for Utah in 2019 predict strong total personal income growth above the national average; though growth will likely be slower than in 2018.

### *Taxable Sales*

Utah's strong labor economy should drive another year of solid growth in Utah taxable sales. Total taxable sales are forecasted to increase by 6.0 percent to \$69.1 billion in 2019. However, given that we are late in the business cycle, the likelihood of a slowdown or downturn is increasing. The slowing in the rate of growth for total taxable sales from 6.9 percent in 2018 to 6.0 percent in 2019 communicates this potential risk.

Senate Bill 2001, passed in the 2018 Second Special Session, will significantly affect taxable sales in 2019. This legislation, which followed the South Dakota v. Wayfair Supreme Court decision, requires remote sellers without physical nexus in the state to remit sales tax beginning January 1, 2019. The forecasted increase in retail sales of 9.2 percent in 2019 includes the increase in taxable sales expected from this legislative change. Senate Bill 2001 also created a sales tax exemption for purchases of manufacturing and mining equipment with an economic life of less than three years. Exempting purchases of these items from sales and use tax is expected to significantly reduce taxable business investment purchases in 2019. As a result, taxable business investment purchases is forecasted to decline by 6.4 percent in 2019. Overall impacts to total taxable sales due to Senate Bill 2001 are expected to be minimal as these two changes approximately offset each other. Taxable services is expected to have another year of consistent growth, increasing by an estimated 5.4 percent.

Forecasted growth in 2019 is barring any significant changes in the broader macroeconomic environment. Taxable sales forecasts are sensitive to changes in economic and political conditions. Specific conditions with the potential to impact 2019 taxable sales are primarily external in nature and include, but are not limited to, monetary and tax policy decisions, national political climate, commodity prices, and geopolitical instability. Any significant changes in these and other economic or political conditions could result in changes to employment, disposable income, and consumer confidence, which will in turn affect Utah 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

In February 2018, the Authority issued its \$83,765,000 Sales Tax Revenue Bonds, Series 2018 to fund the construction or replacement of transit capital assets including positive train control, relocation of the Airport TRAX station, the Utah Valley Express bus rapid transit system, Phase 1 of the Depot District maintenance facility, a bus maintenance facility in Tooele County, and replacement of two TRAX interlocking systems. True interest cost for the bonds was 3.597%.

In February 2018, the Authority issued its \$115,540,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2018. These bonds were issued to refund the then outstanding balance of its \$132,329,109 Series 2007A Subordinate Lien Capital Appreciation Bond in the amount to \$3,415,000 and to retire the then outstanding balance of its \$120,575,000 Sales Tax Revenue Refunding Bonds, Series 2017 in the amount of \$120,575,000. True interest cost for the bonds was 3.694%.

As of December 31, 2018, the Authority had \$2,127,656,498 in outstanding bonds.

For a more complete review of the Authority's financing activities please refer to Section Two 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 unqualified 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.

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 government 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, 2017. 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; Troy Bingham, Comptroller; the Accounting Department Employees of UTA; Blair Lewis, Graphic Artist; and Eric Vance, Photographer.

Sincerely,



Robert K. Biles  
Chief Financial Officer  
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

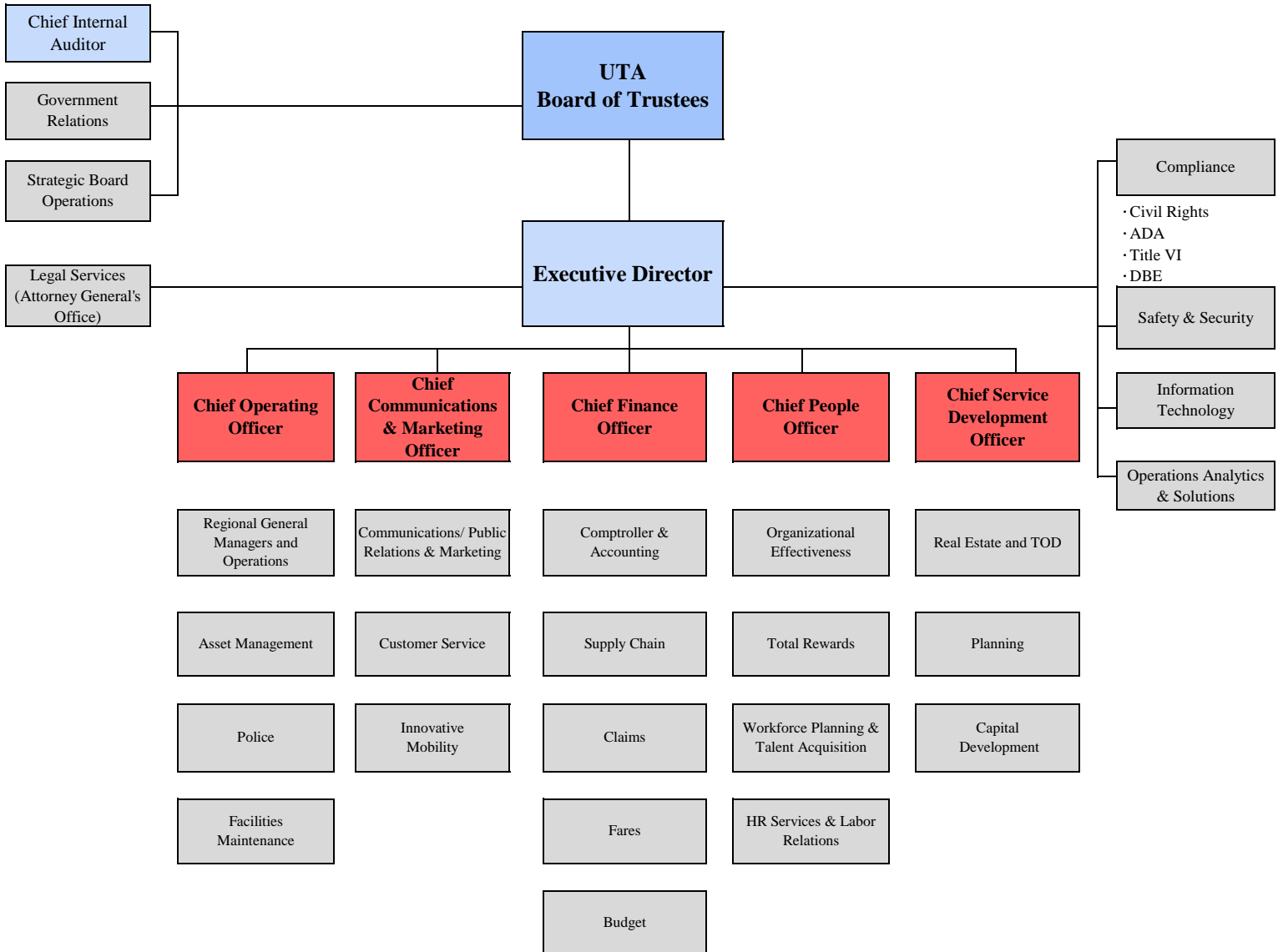
**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

## Organizational Chart

Revised 4/10/2019



## UTA Board of Trustees



Beth Holbrook



Carlton Christensen  
Board Chair



Kent Millington



## Board of Trustees and Administration

### Board of Trustees

BOARD CHAIR .....	Carlton Christensen
BOARD TRUSTEE .....	Beth Holbrook
BOARD TRUSTEE .....	Kent Millington

### Officers of the Authority

BOARD CHAIR .....	Carlton Christensen
INTERIM EXECUTIVE DIRECTOR .....	Steve Meyer
SECRETARY/TREASURER AND CHIEF FINANCIAL OFFICER .....	Robert K. Biles
COMPTROLLER.....	Troy Bingham

### Administration of the Authority

INTERIM EXECUTIVE DIRECTOR .....	Steve Meyer
CHIEF OF INTERNAL AUDIT .....	Riana de Villiers
CHIEF COMMUNICATIONS AND MARKETING OFFICER .....	Nichol Bourdeaux
CHIEF FINANCIAL OFFICER .....	Robert K. Biles
CHIEF OPERATING OFFICER .....	Eddie Cumins
CHIEF PEOPLE OFFICER .....	Kim Ulibarri
CHIEF SERVICE DEVELOPMENT OFFICER .....	Michael DeMers





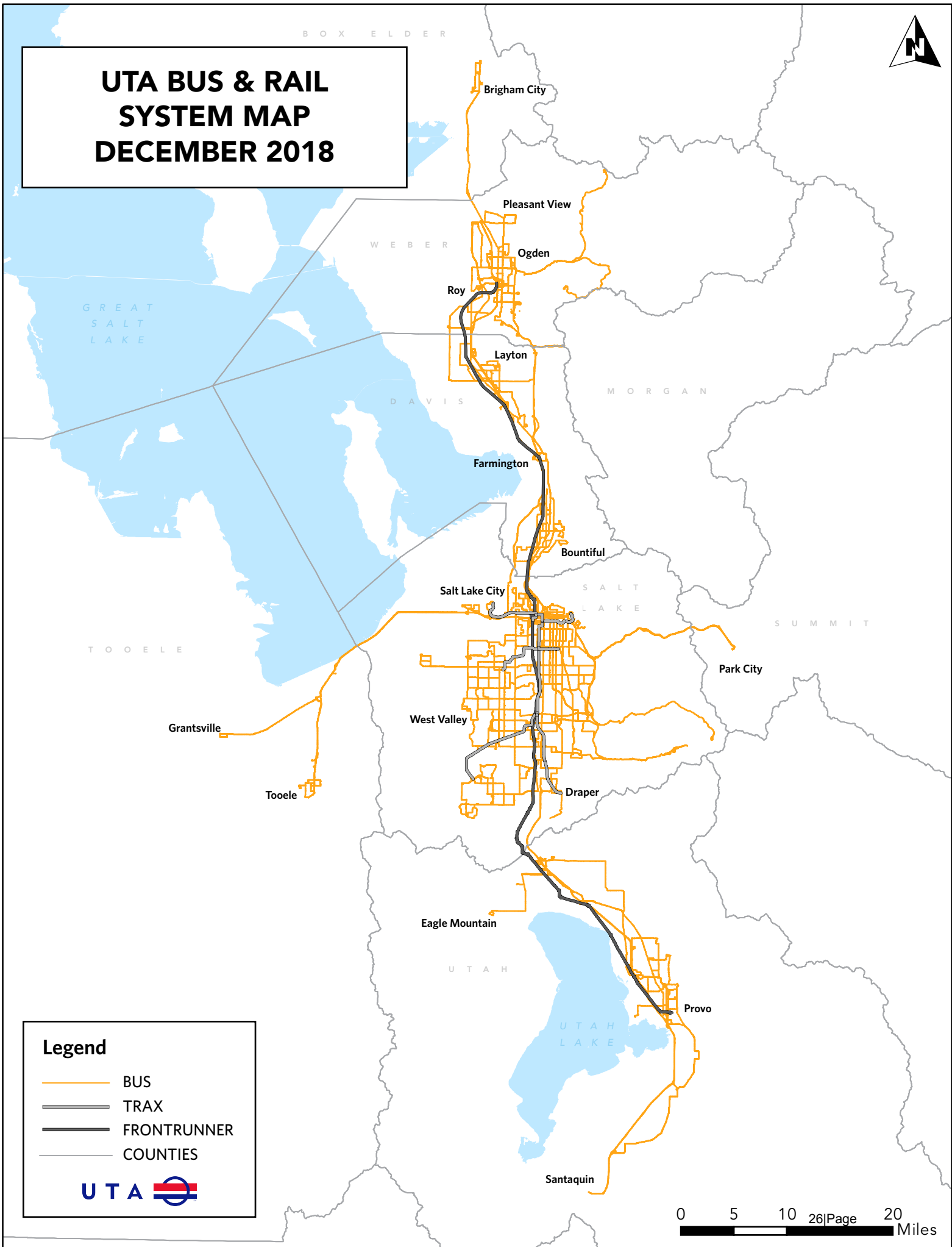
## Advisory Council Committee Members

### Board of Trustees





Name.....	Appointing Authority
Jeff Acerson .....	Utah County COG
Jacqueline Biskupski .....	Salt Lake City
Leonard Call .....	Davis COG
Erik Craythorne .....	Weber COG
Karen Cronin .....	Box Elder/Tooele COGs
Julie Fullmer .....	Utah County COG
Robert Hale.....	Salt Lake County COG
Clint Smith.....	Salt Lake COG
Troy Walker .....	Salt Lake COG




# UTA BUS & RAIL SYSTEM MAP DECEMBER 2018



**Legend**

-  BUS
-  TRAX
-  FRONTRUNNER
-  COUNTIES



# Financial

For Fiscal Years Ended  
December 31, 2018 and 2017





**KEDDINGTON & CHRISTENSEN, CPAS**  
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the business-type activities, discretely presented component unit, and the remaining fund information of Utah Transit Authority (the "Authority"), component unit of the State of Utah, as of and for the years ended December 31, 2018 and 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, discretely presented component unit, and the remaining fund information of Utah Transit Authority, as of December 31, 2018 and 2017, and the respective changes in net position and, where applicable, cash flows thereof for the years 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, schedule of changes in net pension liability, and schedule of contributions, and notes to the required supplementary information 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 as 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental budget to actual schedule, and schedule of expenditures of federal awards as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplemental budget to actual schedule, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 4, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 4, 2019

UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

This section of Utah Transit Authority's (UTA) annual financial report presents our discussion and analysis of UTA's financial performance during the fiscal years ended on December 31, 2018 and December 31, 2017.

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

FINANCIAL STATEMENTS

UTA'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. UTA 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 UTA's significant accounting policies.

CONDENSED STATEMENTS OF NET POSITION

	<u>2018</u>	<u>2017</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2016</u>
<b>Assets</b>					
Current and other assets	\$ 395,157,482	\$ 350,629,354	\$ 44,528,128	13%	\$ 305,969,763
Capital assets, net	<u>3,089,897,011</u>	<u>3,068,709,875</u>	<u>21,187,136</u>	1%	<u>3,104,597,334</u>
Total assets	<u>3,485,054,493</u>	<u>3,419,339,229</u>	<u>65,715,264</u>	2%	<u>3,410,567,097</u>
<b>Deferred outflows of resources</b>	<u>120,421,199</u>	<u>109,761,191</u>	<u>10,660,008</u>	10%	<u>116,778,163</u>
<b>Liabilities</b>					
Current liabilities	100,621,113	101,099,455	(478,342)	0%	71,620,455
Long-term liabilities	<u>2,522,176,260</u>	<u>2,422,375,239</u>	<u>99,801,021</u>	4%	<u>2,387,091,356</u>
Total liabilities	<u>2,622,797,373</u>	<u>2,523,474,694</u>	<u>99,322,679</u>	4%	<u>2,458,711,811</u>
<b>Deferred inflows of resources</b>	<u>3,383,699</u>	<u>11,948,307</u>	<u>(8,564,608)</u>	-72%	<u>5,489,735</u>
<b>Net position</b>					
Net investment in capital assets	827,646,243	894,275,843	(66,629,600)	-7%	924,260,135
Restricted	132,734,222	89,153,732	43,580,490	49%	67,415,969
Unrestricted	<u>18,914,155</u>	<u>10,247,844</u>	<u>8,666,311</u>	85%	<u>71,467,610</u>
Total net position	<u>\$ 979,294,620</u>	<u>\$ 993,677,419</u>	<u>\$ (14,382,799)</u>	-1%	<u>\$ 1,063,143,714</u>

2018 Results

In May 2018, the Utah Transit Authority sold \$83,765,000 of Senior Sales Tax Revenue bonds, Series 2018 (the "Series 2018 Bonds"). This bond transaction increased the amount held in escrow and the corresponding restricted net position of UTA. The remaining amount at the end of 2018 in escrow and restricted for future capital project expenses was \$51.7 million.

Every year the pension is evaluated by an actuary that determines the future cost in the pension based on the plan described in Footnote 7 of these financial statements. Due to an aging workforce that is growing closer to retirement and the increased year over year salaries increases of these employees, the assumption of the pension have increased \$19.0 million. Advance refunding gains from previous refunding continue to be amortize, so the net increase in the deferred outflow of resources only reflects a \$10.7 million increase.

The pension's investment rate of return decreased significantly from an 18.0% rate of return for 2017 to -7.8% for 2018. This resulted in \$8.6 million decrease in deferred inflow of resources in 2018.

UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

CONDENSED STATEMENTS OF NET POSITION (continued)

2018 Results (continued)

An increase in unrestricted net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2018, UTA's unrestricted net position increased \$8.7 million from the December 31, 2017 net position.

2017 Results

On December 29, 2017, Utah Transit Authority direct placed \$120,575,000 Sales Tax Revenue Refunding Bonds, Series 2017 (the "2017 Subordinate Bonds"). This bond transaction involved the refunding of parts of the 2012 UTA Subordinate Bonds. The primary purpose for issuing the 2017 Refunding, was to take advantage of advance refunding some of UTA's bond portfolio before the tax law changed in 2018. It should be noted that the true interest cost of the 2017 Bonds was 2.41%, while the true interest cost on the refunded issues were 4.048%. UTA's intention is to refund the 2017 bonds in March 2018 for an overall net present value savings.

UTA conducted a biennial inventory in fall of 2017. The inventory resulted in 1,553 records (\$87.0 million of original asset value) being removed from the books with a net book value of \$8.9 million. Sales of land, buildings, and vehicles during the normal course of the year accounted for the remaining \$27.9 million in reductions to capital assets in 2017 and \$17.9 million reduction to accumulated depreciation. Capital projects at UTA added \$134.8 million for 2017 while depreciation decreased remaining assets by \$149.4 million. The net effect of these transactions was a decrease in capital asset of \$35.9 million.

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

	<u>2018</u>	<u>2017</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2016</u>
Operating revenues	\$ 54,464,392	\$ 54,525,870	\$ (61,478)	0%	\$ 52,891,021
Operating expenses	<u>401,161,541</u>	<u>\$ 427,777,940</u>	<u>(26,616,399)</u>	-6%	<u>422,543,342</u>
Excess of operating expenses over operating revenues	(346,697,149)	(373,252,070)	26,554,921	7%	(369,652,321)
Non-operating revenues	359,435,799	\$ 334,913,449	24,522,350	7%	313,184,316
Non-operating expenses	91,000,388	\$ 88,190,962	2,809,426	3%	86,226,784
Income (loss) before contributions	<u>(78,261,738)</u>	<u>(126,529,583)</u>	<u>48,267,845</u>	38%	<u>(142,694,789)</u>
Capital contributions	<u>63,878,939</u>	<u>\$ 57,063,288</u>	<u>6,815,651</u>	12%	<u>20,164,612</u>
Change in net position	<u>\$ (14,382,799)</u>	<u>\$ (69,466,295)</u>	<u>\$ 55,083,496</u>	79%	<u>\$ (122,530,177)</u>
Total net position, January 1	\$ 993,677,419	\$ 1,063,143,714			\$ 1,185,673,891
Total net position, December 31	\$ 979,294,620	\$ 993,677,419			\$ 1,063,143,714





UTAH TRANSIT AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

**SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31**

	<u>2018</u>	<u>2017</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2016</u>
Operating					
Passenger revenue	\$ 52,051,892	\$ 52,159,203	\$ (107,311)	0%	\$ 50,624,354
Advertising	2,412,500	2,366,667	45,833	2%	2,266,667
Total operating revenue	54,464,392	54,525,870	(61,478)	0%	52,891,021
Non-operating					
Contributions from other gov'ts (sales tax)	282,933,591	265,770,775	17,162,816	6%	245,008,417
Federal noncapital assistance	61,820,668	62,313,994	(493,326)	-1%	63,334,769
Interest income	6,525,872	2,873,787	3,652,085	127%	1,732,939
Other	8,155,668	3,954,893	4,200,775	106%	3,108,191
Total non-operating revenue	359,435,799	334,913,449	24,522,350	7%	313,184,316
Capital contributions	63,878,939	57,063,288	6,815,651	12%	20,164,612
Total revenues	<u>\$ 477,779,130</u>	<u>\$ 446,502,607</u>	<u>\$ 31,276,523</u>	7%	<u>\$ 386,239,949</u>

**2018 Results**

Since UTA 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 2018, UTA recognized \$17.2 million (6%) in increased contributions of sales tax.

Interest income has increased \$3.7 million due to a favorable rate of return environment and UTA having more funds to be able to invest at these terms. UTA continues to have positive returns on its current investments at transit oriented developments and those transactions in 2018 represent \$1.5 million of the increase from 2017.

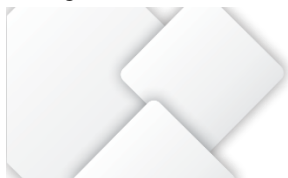
Other revenues reflects the final sales and divestitures from other transit-oriented development agreements which vary from year to year. This year’s increase can be attributed to sale of the Sandy East Village apartments for \$4.7 million at our Sandy Civic Center TRAX station in Sandy.

Capital contributions increased by \$7.0 million due to the state and local participation in the construction of the Provo-Orem Bus Rapid Transit line by donating the land under the dedicated lanes to UTA worth \$20.1 million at the time of the exchange.

**2017 Results**

Passenger revenue showed a slight increase of \$1.5 million (3%) in 2017. In 2017 UTA released its new mobile application for purchasing fares and continued consumer education campaigns on fare types that were already existing. This campaign has seen significant success in converting cash customers to electronic fare pay cards or the mobile application.

Since UTA 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 2017, UTA recognized \$20.8 million (8%) in increased contributions of sales tax.



UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

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

2017 Results (continued)

In 2017, the investment market has been favorable. Treasury management made a concerted effort to have more funds available for investment transactions even with declining cash balances in escrow so interest income increased in 2017 by almost \$1.1 million (66%).

With the completion of the major rail lines, UTA has continued to assess property and liquidate land no longer needed to support UTA's purpose. In 2017, UTA sold approximately 22.15 acres of land which contributed approximately \$2.8 million in other revenue.

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

	<u>2018</u>	<u>2017</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2016</u>
Operating expenses					
Bus service	\$ 96,719,747	\$ 88,928,063	\$ 7,791,684	9%	\$ 85,841,973
Rail service	75,157,087	72,895,607	2,261,480	3%	84,165,069
Paratransit service	21,857,632	19,572,367	2,285,265	12%	19,341,116
Other services	3,056,191	2,982,176	74,015	2%	2,949,643
Operations support	45,557,749	41,932,571	3,625,178	9%	37,831,682
Administration	39,593,947	31,423,844	8,170,103	26%	37,636,519
Major investment studies	-	-	-		1,204,124
Capital Maintenance Projects	38,654,111	20,602,425	18,051,686	88%	-
Depreciation	80,565,077	149,440,887	(68,875,810)	-46%	153,573,216
Total operating expenses	<u>\$ 401,161,541</u>	<u>\$ 427,777,940</u>	<u>\$ (26,616,399)</u>	-6%	<u>\$ 422,543,342</u>

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

2018 Results

The operational cost for all direct service decreased in 2018 by \$26.8 million as a result of a change in accounting estimate for depreciation that created a decrease in the current year depreciation expense (see Note 4 of the financials for more information on the current year impact).

Personnel cost for UTA in 2018 was 65.2% of total operating expense (including capital maintenance projects) less depreciation. Overall, personnel cost rose by \$19.4 million (10.3%) in 2018. Operating expense less personnel cost increased by \$22.7 million (25.5%), all of which is the result of increased system maintenance costs. Within operating expense, administration expense increased by \$8.1 million (26%), due to increased personnel, maintenance of the information systems infrastructure, increased risk management expense, and general pension related expense increases. Capital maintenance projects increased by \$18.1 million (88%), due to unreimbursed UDOT charges related to Provo-Orem BRT (\$10.3 million), TIGER project for other communities (\$5.6 million) that are new in 2018, and Light Rail vehicle damage repairs (\$1.8 million).

2017 Results

Overall expenses for 2017 increased \$5.2 million or 1% increase from 2016. Most differences within Administration and Operating Support between 2017 and 2016 can be attributed to a reorganization of department personnel that occurred in September 2017 to align department functions and leadership to accomplish UTA's goals and objectives. A significant decrease in rail services can be attributed to no significant reclassification of capital construction in progress back to rail operations and maintenance in 2017.

UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

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

2017 Results (continued)

Those significant but infrequent non-capital expenses are now being captured in newly created category of Capital maintenance projects, instead of directly attributed to each mode of transit.

Like in most service agencies, personnel is the largest expense. Personnel cost for UTA in 2017 was 67.9% of total operating expense less depreciation. Overall, personnel cost rose by \$11.4 million (6.4%) in 2017. Operating expense less personnel cost decreased by \$1.2 million (1.3%) due changes in spending that can occur from department to department and year to year.

CAPITAL ASSET ACTIVITY

	<b>2018</b>	<b>2017</b>	<b>Difference</b>	<b>Percent difference</b>	<b>2016</b>
Land	\$ 440,917,126	\$ 425,736,158	\$ 15,180,968	4%	\$ 444,428,115
Construction in process	109,972,902	205,102,231	(95,129,329)	-46%	98,584,168
Infrastructure	2,515,426,407	2,528,679,092	(13,252,685)	-1%	2,660,455,033
Building and building improvements	302,473,214	132,444,199	170,029,015	128%	-
Revenue vehicles	753,650,299	757,025,778	(3,375,479)	0%	768,632,495
Leased revenue vehicles	60,365,705	-	60,365,705	-	-
Equipment	144,817,612	326,289,349	(181,471,737)	-56%	-
Land improvements	79,140,497	12,300,402	66,840,095	543%	-
Leased land improvements	75,804,461	-	75,804,461	-	-
Intangibles	9,585,417	22,537,996	(12,952,579)	-57%	-
Other	-	-	-	-	420,530,145
Accumulated depreciation and amortization	<u>(1,402,256,629)</u>	<u>(1,341,405,330)</u>	<u>(60,851,299)</u>	5%	<u>(1,288,032,621)</u>
Total capital assets, net	<u>\$ 3,089,897,011</u>	<u>\$ 3,068,709,875</u>	<u>\$ 21,187,136</u>	1%	<u>\$ 3,104,597,335</u>

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

2018 Results

In 2018, UTA more clearly defined what constituted an asset and relooked at the prior asset category assignments and asset useful lives. This resulted in large transfers of assets between categories and adjusted accumulated depreciation for each category of capital assets (see note 4 for more details).

UTA expended approximately \$86.0 million for capital assets in 2018 that increased construction in progress. UTA finished the development and construction of the Provo-Orem Bus Rapid Transit (BRT) route and associated maintenance facilities, Positive Train Control, the relocation of the Airport TRAX Station design, the double tracking of streetcar, the replacement of at TRAX bridge at 7200 South, and several other projects designed to enhance the system and passenger experience which added \$181.8 million to various asset categories in 2018.

UTA retired or disposed of \$23.9 million in historical asset value through land sales and buses and equipment auctions. The depreciable assets disposed in 2018, removed \$19.7 million of accumulated depreciation from the capital asset records.



UTAH TRANSIT AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 Years Ended December 31, 2018 and 2017

SUMMARY OF CAPITAL ASSET ACTIVITY (continued)

2017 Results

UTA expended approximately \$135.1 million for capital assets in 2017. Approximately \$28.3 million was expended for revenue vehicle replacements. This program included forty-three (43) buses, seven (7) ski buses, thirty-six (36) Rideshare vans, and twenty-three (23) paratransit vans. In 2017, UTA expended \$118.0 million on major strategic projects. This included the development and construction of the Provo-Orem Bus Rapid Transit (BRT) route, Positive Train Control, the Depot District (fueling and maintenance facility to support bus operations), and several other projects designed to enhance the system and passenger experience.

DEBT ADMINISTRATION

Bond rating agencies have rated UTA 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: May 2018

	<u>Standard &amp;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: August 2017

	<u>Standard &amp;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

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

2018 Debt Issuance

During 2018, UTA issued the following subordinated and senior lien bonds:

Senior Sales Tax Revenue, Series 2018: \$83,765,000

Subordinated Sales Tax Revenue Refunding Bonds, Series 2018: \$115,540,000

Proceeds from the Series 2018 Senior Lien bond are being used for new capital projects financing. Proceeds from the Series 2018 Subordinated Lien bond issue were used to refund the Series 2017 revenue bonds (\$112.1 million) and Series 2007A revenue bonds (\$3.4 million).



UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

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SUMMARY OF DEBT ADMINISTRATION ACTIVITY (continued)

2017 Debt Issuance

During 2017, UTA issued the following bonds:

2017 Series Subordinate Lien revenue bonds: \$120,575,000

Proceeds from the Series 2017 Subordinate Lien bond issue were used to refund the majority of refundable maturities of the Series 2012A revenue bonds.

SIGNIFICANT ACTIVITIES

2018 Results

The governance of UTA was changed in 2018 as part of the State of Utah legislative session, and the new board started in the fall of 2018. This legislative change has allowed for more sales tax allocation to transit from counties in UTA's service area. The county commissioners in both Utah and Salt Lake County approved 4th quarter sales tax increases for their jurisdictions and UTA is scheduled to start receiving its 40% share of those sales taxes funds in the fall 2019.

*Transit Service* - On time performance for 2018 was 92.1%.

*Transit-oriented Development (TOD)* –

- Jordan Valley TOD construction has started on a new Starbucks
- Sandy East Village TOD sold the first phase of apartment buildings and the office building.
- 3900 South Meadowbrook TRAX Station TOD broke ground for the mixed-used office and residential facility that is already long-termed leased

UTA provided special event support for the following events:

- Warriors over the Wasatch Air Show
- Utah Jazz games
- University of Utah events
- Brigham Young University events
- Weber State events
- Utah Valley University events
- LDS Church General Conferences
- The Salt Lake City Marathon
- Other special events

2017 Results

*Transit Service* - In 2017, UTA continued to optimize and improve the transit system to provide opportunities for more customers. UTA offered 15-minute service and extended hours to the State Capitol building during the 2017 legislative session, leading to a 69.5% increase in ridership on Route 500 during the session.

UTAH TRANSIT AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 Years Ended December 31, 2018 and 2017

SIGNIFICANT ACTIVITIES (continued)

2017 Results (continued)

In Weber and Davis Counties, UTA replaced three low-performing routes with Paratransit and Vanpool service. The funds saved from these routes were combined with Proposition 1 money to implement planned service improvements to five routes in the area, including evening and weekend service. In addition, UTA continued to use Proposition 1 funds to improve bus stop access and amenities in Weber and Davis counties.

UTA's overhaul of ski service in Salt Lake County was completed in late 2016 but yielded a 25% increase in total ridership during the 2016-2017 ski season. UTA further refined ski service in 2017 to address overcrowding during high-demand times of day.

On time performance for 2017 was 91.7%.

*Transit-oriented Development (TOD)* - Two apartment buildings at the Jordan Valley TOD, including 270 residential units, were sold at a record price for the area. At the Sandy East Village TOD, construction was completed on a 150,000 square foot office building and a fourth residential building. At the South Jordan TOD, work was completed on the first of two 180,000 sf office buildings, and work continued on a 192-room full-service hotel.

*Customer Service* - UTA's new mobile application was launched in late September 2017 and by the end of the year was selling \$20,000 in tickets each month. UTA provided special event support for Utah Jazz games, University of Utah and Brigham Young University events, LDS Church General Conferences, the Salt Lake City Marathon, Salt Lake City Fan X, the Utah Arts Festival, and other special events.

*Environment* – As of December 31, 2017 over 72% of UTA's transit bus fleet are clean diesel, clean diesel electric hybrid and CNG. Buses, Frontrunner, TRAX and vanpool services eliminated more than 2,300 tons of air pollutants and 82,000 tons of greenhouse gas emissions from commuters who chose to ride transit verses driving.

RIDERSHIP COMPARISON

The following information provides an annual comparison of ridership by service for years 2018, 2017, and 2016.

Source: National Transit Database

	<u>2018</u>	<u>2017</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2016</u>
Bus service	19,624,936	19,748,489	<i>(123,553)</i>	-1%	20,033,242
Light rail service	17,899,715	18,823,578	<i>(923,863)</i>	-5%	19,220,024
Commuter rail service	5,082,168	4,854,099	<i>228,069</i>	5%	4,545,849
Paratransit service	394,816	385,969	<i>8,847</i>	2%	389,019
Vanpools	1,174,696	1,264,410	<i>(89,714)</i>	-7%	1,333,781
Total ridership	<u>44,176,331</u>	<u>45,076,545</u>	<u><i>(900,214)</i></u>	-2%	<u>45,521,915</u>

2018 Results

In 2018, UTA realize a 2.0% decrease in overall ridership from 2017. Commuter Rail and Paratransit services showed slight increases in 2018 as demand for these services. Light Rail and Vanpool services experienced a decrease in ridership in 2018.



UTAH TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended December 31, 2018 and 2017

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RIDERSHIP COMPARISON (continued)

2017 Results

In 2017, UTA realized a 1.0% decrease in overall ridership from 2016. However, commuter rail's attraction to the business commuter community resulted in a 6.8% increase in ridership. Ridership on all other transit declined.



UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENTS OF NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 103,037,555	\$ 85,459,300
Receivables		
Contributions from other governments (sales tax)	50,725,259	49,421,054
Federal grants	24,146,542	44,106,915
Other	4,443,339	17,002,669
State of Utah	9,930,141	-
Parts and supplies inventories	35,551,784	31,689,267
Prepaid expenses	2,842,013	2,783,802
<b>Total Current Assets</b>	<b><u>230,676,633</u></b>	<b><u>230,463,007</u></b>
<b>Noncurrent Assets:</b>		
Restricted assets (Cash equivalents and investments)		
Bonds funds	47,668,250	42,768,329
Interlocal agreements	7,040,441	6,355,541
Represented employee benefits	4,133,950	3,894,919
Escrow funds	66,174,772	28,754,015
Self-insurance deposits	7,716,809	7,534,841
Total restricted assets	<u>132,734,222</u>	<u>89,307,645</u>
Non-Depreciable Capital Assets:		
Land	440,917,126	425,736,158
Construction in progress	109,972,902	205,102,231
Total Non-Depreciable Capital Assets	<u>550,890,028</u>	<u>630,838,389</u>
Depreciable Capital Assets:		
Land improvements	79,140,497	12,300,402
Leased Land Improvements	75,804,461	-
Building and buildig improvements	302,473,214	132,444,199
Infrastructure	2,515,426,407	2,528,679,092
Revenue vehicles	753,650,299	757,025,778
Leased revenue vehicles	60,365,705	-
Equipment	144,817,612	326,289,349
Intangibles	9,585,417	22,537,996
Total Depreciable Capital Assets	<u>3,941,263,612</u>	<u>3,779,276,816</u>
Total Capital Assets	<u>4,492,153,640</u>	<u>4,410,115,205</u>
Less accumulated depreciation and amortization	(1,402,256,629)	(1,341,405,330)
Amount recoverable - interlocal agreement	22,047,787	22,858,702
Other assets	9,698,840	8,000,000
<b>Total Noncurrent Assets</b>	<b><u>3,254,377,860</u></b>	<b><u>3,188,876,222</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,485,054,493</u></b>	<b><u>\$ 3,419,339,229</u></b>



UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENTS OF NET POSITION (continued)**

	<u>2018</u>	<u>2017</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Advanced debt refunding	\$ 88,490,542	\$ 97,189,416
Assumptions changes related to pensions	31,930,657	12,571,775
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 120,421,199</b>	<b>\$ 109,761,191</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable:		
Other	\$ 37,169,641	\$ 54,120,255
State of Utah	138,224	
Accrued liabilities, primarily payroll-related	22,242,526	20,199,621
Accrued interest	4,165,847	4,096,739
Accrued self-insurance liability	1,155,787	1,495,598
Current portion of long-term debt	24,126,320	14,815,329
Payable from restricted assets	-	153,913
Unearned revenue	11,622,768	6,218,000
<b>Total Current Liabilities</b>	<b>100,621,113</b>	<b>101,099,455</b>
<b>Long-Term Liabilities:</b>		
Long-term debt	2,385,014,132	2,316,957,516
Long-term accrued interest	5,614,014	4,541,169
Long-term self-insurance liability	-	-
Long-term net pension liability	131,548,114	100,876,554
<b>Total Long-term Liabilities</b>	<b>2,522,176,260</b>	<b>2,422,375,239</b>
<b>TOTAL LIABILITIES</b>	<b>2,622,797,373</b>	<b>2,523,474,694</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Changes to earnings on pension plan investments	3,383,699	11,948,307
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,383,699</b>	<b>11,948,307</b>
<b>NET POSITION</b>		
Net investment in capital assets	827,646,243	894,275,843
Restricted for:		
Debt service	47,668,250	42,768,329
Interlocal agreements	7,040,441	6,201,628
Represented employee benefits	4,133,950	3,894,919
Escrow funds	66,174,772	28,754,015
Self-insurance deposits	7,716,809	7,534,841
Unrestricted	18,914,155	10,247,844
<b>TOTAL NET POSITION</b>	<b>\$ 979,294,620</b>	<b>\$ 993,677,419</b>

UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENTS OF EXPENSES AND CHANGES IN NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
Passenger fares	\$ 52,051,892	\$ 52,159,203
Advertising	2,412,500	2,366,667
<b>Total operating revenues</b>	<b><u>54,464,392</u></b>	<b><u>54,525,870</u></b>
<b>OPERATING EXPENSES</b>		
Bus service	96,719,747	88,928,063
Rail service	75,157,087	72,895,607
Paratransit service	21,857,632	19,572,367
Other service	3,056,191	2,982,176
Operations support	45,557,749	41,932,571
Administration	39,593,947	31,423,844
Capital maintenance projects	38,654,111	20,602,425
Depreciation	80,565,077	149,440,887
<b>Total operating expenses</b>	<b><u>401,161,541</u></b>	<b><u>427,777,940</u></b>
<b>Excess of operating expenses over operating revenues</b>	<b><u>(346,697,149)</u></b>	<b><u>(373,252,070)</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Contributions from other governments (sales tax)	282,933,591	265,770,775
Federal preventative maintenance grants	61,820,668	62,313,994
Investment income	6,525,872	2,873,787
Other	8,155,668	3,954,893
Interest expense	(91,000,388)	(88,190,962)
<b>Net non-operating revenues</b>	<b><u>268,435,411</u></b>	<b><u>246,722,487</u></b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b><u>(78,261,738)</u></b>	<b><u>(126,529,583)</u></b>
<b>Capital contributions:</b>		
Federal grants	31,585,004	53,960,024
Local	12,151,003	2,850,116
Capital contribution	20,142,932	253,148
<b>Total capital contributions</b>	<b><u>63,878,939</u></b>	<b><u>57,063,288</u></b>
Change in Net Position	(14,382,799)	(69,466,295)
Total Net Position, January 1	<u>993,677,419</u>	<u>1,063,143,714</u>
<b>TOTAL NET POSITION, DECEMBER 31</b>	<b><u>\$ 979,294,620</u></b>	<b><u>\$ 993,677,419</u></b>

UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENTS OF CASH FLOW**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Passenger receipts	\$ 53,155,758	\$ 51,888,773
Advertising receipts	2,450,000	2,400,000
Payments to vendors	(137,245,416)	(61,003,247)
Payments to employees	(124,125,880)	(121,899,204)
Employee benefits paid	(81,158,163)	(72,204,917)
<b>Net cash used in operating activities</b>	<b><u>(286,923,701)</u></b>	<b><u>(200,818,595)</u></b>
<b>Cash flows from noncapital financing activities:</b>		
Contributions from other governments (sales tax)	283,545,887	261,995,834
Federal preventative maintenance grants	67,144,601	43,612,395
Other receipts (payments)	6,202,743	-
<b>Net cash provided by noncapital financing activities</b>	<b><u>356,893,231</u></b>	<b><u>305,608,229</u></b>
<b>Cash flows from capital and related financing activities:</b>		
Contributions for capital projects		
Federal	46,222,427	42,166,150
Local	16,414,407	2,850,116
Proceeds from the sale of revenue bonds	218,105,085	171,075,197
Deposit into escrow for refunding bonds	(125,172,395)	(120,367,951)
Payment of bond principal	(18,921,211)	(11,732,743)
Interest paid on revenue bonds	(105,194,215)	(101,448,581)
Proceeds from leases	14,377,000	27,141,000
Purchases of property, facilities, and equipment	(67,528,327)	(135,610,609)
Proceeds from the sale of property	5,948,541	22,508,754
<b>Net cash used in capital and related financing activities</b>	<b><u>(15,748,688)</u></b>	<b><u>(103,418,667)</u></b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	-	(39,961,457)
Proceeds from the sales of investments	-	29,995,400
Interest on investments	5,062,618	3,492,448
<b>Net cash provided by investing activities</b>	<b><u>5,062,618</u></b>	<b><u>(6,473,609)</u></b>
Net increase in cash and cash equivalents	59,283,460	(5,102,642)
Cash and cash equivalents at beginning of year	136,807,856	141,910,498
Cash and cash equivalents at end of year	<b><u>\$ 196,091,316</u></b>	<b><u>\$ 136,807,856</u></b>

UTAH TRANSIT AUTHORITY  
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**COMPARATIVE STATEMENTS OF CASH FLOWS (continued)**

	<u>2018</u>	<u>2017</u>
<b>Reconciliation of Cash to the Statement of Net Position</b>		
Cash and cash equivalents at year end from cash flows	\$ 196,091,316	\$ 136,807,856
Investments	39,680,462	37,959,089
	<u>\$ 235,771,778</u>	<u>\$ 174,766,945</u>
Cash and investments as reported on the Statement of Net Position		
Cash and cash equivalents	\$ 103,037,555	\$ 85,459,300
Restricted assets (cash equivalents and investments)		
Bonds funds	47,668,250	42,768,329
Interlocal agreements	7,040,441	6,355,541
Represented employee benefits	4,133,950	3,894,919
Escrow funds	66,174,772	28,754,015
Self-insurance deposits	7,716,809	7,534,841
	<u>\$ 235,771,777</u>	<u>\$ 174,766,945</u>
	<u>2018</u>	<u>2017</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (346,697,149)	\$ (373,252,070)
Adjustments to reconcile excess of operating expenses over operating revenues to net cash used in operating activities:		
Pension expense	(2,748,070)	2,583,870
Depreciation	80,565,076	149,440,887
Changes in assets and liabilities:		
Receivables	-	-
Parts and supplies inventories	(3,862,516)	(3,327,623)
Prepaid expenses	(58,211)	(123,743)
Accounts payable - trade and restricted	(16,967,292)	27,031,728
Accrued liabilities	1,703,097	(2,934,547)
Unearned revenue	1,141,364	(237,097)
	<u>\$ (286,923,701)</u>	<u>\$ (200,818,595)</u>

See accompanying notes to the financial statements

UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash in Bank	\$ -	\$ 1,586,481
Cash Advanced Advance CFO	604,152	-
Cash in Utah State Treasury	-	5,607,680
<b>Total Cash</b>	<b><u>604,152</u></b>	<b><u>7,194,161</u></b>
Investments at fair value as determined by quoted market prices	192,047,892	196,506,139
Prepaid Benefits	1,095,081	-
Interest Receivable	-	8,422
Dividends Receivable	7,859	352
Accounts Receivable - Benefits	10,978	11,741
Accounts Receivable - Contributions	880,663	828,834
<b>Total Receivables</b>	<b><u>899,500</u></b>	<b><u>849,349</u></b>
Total Assets	194,646,625	204,549,649
<b>LIABILITIES</b>		
Accounts Payable	-	16,541
Withholding Taxes Payable	108,077	28,546
<b>Total Liabilities</b>	<b><u>108,077</u></b>	<b><u>45,087</u></b>
<b>NET POSITION</b>		
Net Position Held in Trust for Pension Benefits	<b><u>\$ 194,538,548</u></b>	<b><u>\$ 204,504,562</u></b>

UTAH TRANSIT AUTHORITY  
 FINANCIAL STATEMENTS  
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**COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

	<u>2018</u>	<u>2017</u>
<b>ADDITIONS</b>		
Employer Contributions	\$ 22,355,434	\$ 20,506,163
Participant Voluntary Contributions	223,572	697,576
<b>Total Contributions</b>	<b>22,579,006</b>	<b>21,203,739</b>
Investment Income		
Net Appreciation in Fair Value of Investments	(17,276,731)	29,971,343
Interest	94,458	84,944
Dividends	1,193,815	1,134,918
Other Income	300	-
<b>Total Investment Income</b>	<b>(15,988,158)</b>	<b>31,191,205</b>
Less: Investment Expense	641,763	592,585
<b>Net Investment Income</b>	<b>(16,629,921)</b>	<b>30,598,620</b>
<b>Total Additions</b>	<b>5,949,085</b>	<b>51,802,359</b>
<b>DEDUCTIONS</b>		
Monthly Benefits Paid	10,824,630	9,724,391
Lump Sum Distributions	4,650,189	3,283,751
Administrative Expense	440,279	324,912
<b>Total Deductions</b>	<b>15,915,098</b>	<b>13,333,054</b>
<b>NET INCREASE (DECREASE)</b>	<b>(9,966,013)</b>	<b>38,469,305</b>
<b>Net Position Held in Trust For Pension Benefits</b>		
Beginning of Year	204,504,561	166,035,257
<b>As of December 31</b>	<b>\$ 194,538,548</b>	<b>\$ 204,504,562</b>

UTAH TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2018 and 2017

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**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 2,463,015 which represents approximately 79.4% 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 three-member full-time board of trustees. The Governor appoints nominees from the three appointing districts within the UTA service territory to serve as trustees. The names of the nominees are then forwarded to the Senate for confirmation. Once confirmed, an appointee is sworn in as a trustee.

Utah Transit Authority also has a nine-member local advisory board. The local advisory board representation includes: three members appointed by the Salt Lake County council of governments; one member appointed by the Mayor of Salt Lake City; two members appointed by the Utah County council of governments; one member appointed by the Davis County council of governments; one member appointed by the Weber County council of governments; and one member appointed by the councils of governments of Tooele and Box Elder counties. Terms for local advisory board members are indefinite.

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 Pension Plan may be considered a fiduciary component unit. Due to the changes in governance in 2018, UTA is now considered a component unit of State of Utah.

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. 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 State 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 100% 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 Executive Director 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. As such there is no current provision for bad debts.

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. Capital Assets

Capital Assets 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. Railway infrastructure assets are capitalized when individual costs is at least \$50,000. Intangible software assets are capitalized when individual costs is at least \$10,000. All other property, facilities and equipment are capitalized if they have individual costs of at least \$5,000 and a useful life of over one year.

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

• Revenue service vehicles	4-30 years
• Leased revenue service vehicles	4-12 years
• Intangibles	4-20 years
• Equipment	4-20 years
• Land improvements	10-25 years
• Leased Land Improvement	50 years
• Buildings and building improvements	20-50 years
• Infrastructure	5-75 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 \$2,455,900 for incidents occurring after July 1, 2016. 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.



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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 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.
- *Self-insurance deposits:* This component of net position consists of the fund amount set aside for risk.
- *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.

NET POSITION	2018	2017
Net investment in capital assets	\$ 827,646,243	\$ 894,275,943
Restricted for:		
Debt Service	47,668,250	42,768,329
Interlocal agreements	7,040,441	6,201,628
Represented employee benefits	4,133,950	3,894,919
Escrow Fund	66,174,772	28,754,015
Self-insurance deposits	7,716,809	7,534,841
Unrestricted	18,914,154	10,247,844
<b>TOTAL NET POSITION</b>	<b>\$ 979,294,620</b>	<b>\$ 993,677,419</b>

**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, bond principal and bond interest. 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 local advisory board.

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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

R. Recent Accounting Pronouncements

GASB Statement 75  
*Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*  
Took Effect: June 30, 2018

GASB Statement 81  
*Irrevocable Split-Interest Agreements*  
Took Effect: December 31, 2017

GASB Statement 82  
*Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No. 73*  
Took Effect: June 15, 2017

GASB Statement 83  
*Certain Asset Retirement Obligations*  
Takes Effect: June 30, 2019

GASB Statement 84  
*Fiduciary Activities*  
Takes Effect: December 31, 2019

GASB Statement 85  
*Omnibus 2017*  
Took Effect: June 30, 2018

GASB Statement 86  
*Certain Debt Extinguishment Issues*  
Took Effect: June 30, 2018

GASB Statement 87  
*Leases*  
Takes Effect: December 31, 2020



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**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

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. 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>2018</u>	<u>2017</u>
Early Debt Retirement	\$ 47,384,438	\$ 17,699,386
Fuel Reserve	1,915,000	1,915,000
Operating Reserve	28,507,000	25,976,619
Parts Reserve	3,000,000	3,000,000
Stabilization Reserve	15,272,000	13,916,046
Total designated cash and cash equivalents	<u>\$ 96,078,438</u>	<u>\$ 62,507,051</u>

- *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 Executive Director, 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*) As of December 31, 2017, the designation for operating reserves had to be decreased to \$25,976,619 due to total amount of unrestricted cash available to designate. The low level of unrestricted cash was only temporary and the Authority was able to return to full designation of operating reserves in February 2018, after receiving some of the amounts owed to the Authority from other sources.
- *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*)

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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, 2018 and 2017, the balances in the Authority’s bank demand deposit accounts and certificate of deposit accounts according to the bank statements totaled \$17,599,147 and \$30,739,375, respectively, of which \$257,989 and \$274,040 were covered by Federal depository insurance.

- *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, 2018:

		Investment Maturity (in years)		
		Less than 1	1-5	TOTAL
U.S. Agencies	AA-A+/A/A- BBB+/BBB	-	\$ 48,304,144	\$ 48,304,144
Corporate Bonds	A+/A1/A+	\$ 13,600,749	2,425,518	16,026,268
MM - Cash		2,436,098	-	2,438,098
PTIF		78,979,313	-	78,979,313
Total Investments		\$ 95,016,161	\$ 50,729,662	\$ 145,745,823

- *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 does not exceed 90 days.

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- *Fair Value of Investments* – The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets of liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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, 2018 by organization and by fair value measurement:

	12/31/2018	Fair Value Measurements		
		Level 1	Level 2	Level 3
Zions Capital Advisors				
Agency	\$ 48,304,144	\$ 48,304,144	-	-
Corporate	16,026,268	-	\$ 16,026,268	-
Currency	1,099,517	1,099,517	-	-
Total Zions Capital Advisor investments	65,429,928	49,403,661	16,026,268	-
Zions Trustee Investments				
Money market	1,336,581	1,336,581	-	-
Total Zions Trustee investments	1,336,581	1,336,581	-	-
Public Treasurers Investment Fund	78,979,313	-	78,979,315	-
Total investments by fair value level	\$ 145,745,823	\$ 50,740,242	\$ 95,005,581	-





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**NOTE 4 – CAPITAL ASSETS**

Construction in progress for 2018 consists of following large projects:

- \$27.8 million for Positive Train Control to be completed September 30, 2019
- \$18.0 million for the Depot District expected to be completed August 31, 2021
- \$5.4 million for the Sugar House Double Track project completed February 2, 2019
- \$4.3 million for the Airport TRAX Station with an expected completion of April 2, 2021
- \$3.9 million for the I-15 Road Widening at 7200 S by UDOT expected to be completed by September 27, 2019.

A biennial inventory of capital assets is planned to be completed the latter half of 2019.

	Balance 12/31/2017	Increases	Transfers	Decreases	Balance 12/31/2018
Capital assets not being depreciated					
Land	\$ 425,736,158	\$ 19,259,000	\$ -	\$ (4,078,032)	\$ 440,917,126
Construction in Progress	205,102,231	86,039,389	-	(181,168,717)	109,972,903
Total capital assets not being depreciated	<u>630,838,389</u>	<u>105,298,389</u>	<u>-</u>	<u>(185,246,749)</u>	<u>550,890,029</u>
Capital assets being depreciated					
Infrastructure	2,528,679,092	-	(13,252,685)	-	2,515,426,407
Buildings and Building Improvements	132,444,199	25,091,055	145,611,098	(673,138)	302,473,214
Revenue Vehicles	757,025,778	35,408,999	(23,891,478)	(14,893,000)	753,650,299
Leased Revenue Vehicles	-	42,343,725	18,047,840	(25,860)	60,365,705
Equipment	326,289,349	3,146,819	(180,348,041)	(4,270,515)	144,817,612
Land improvements	12,300,402	54,250	66,785,845	-	79,140,497
Leased Land Improvements	-	75,804,461	-	-	75,804,461
Intangibles	22,537,996	-	(12,952,579)	-	9,585,417
Total capital assets being depreciated	<u>3,779,276,816</u>	<u>181,849,309</u>	<u>-</u>	<u>(19,862,513)</u>	<u>3,941,263,612</u>
Less: Accumulated depreciation					
Infrastructure	(651,651,962)	(38,120,418)	(24,996,060)	-	(714,768,440)
Buildings and Building Improvements	(64,302,569)	8,055,469	(61,335,558)	655,299	(116,927,359)
Revenue Vehicles	(361,922,236)	(33,229,497)	9,795,521	14,769,202	(370,587,010)
Leased Revenue Vehicles	-	(5,871,145)	(4,928,991)	18,761	(10,781,375)
Equipment	(231,855,525)	(9,361,139)	98,668,483	4,270,515	(138,277,666)
Land Improvements	(9,123,916)	(1,909,583)	(30,189,913)	-	(41,223,412)
Leased Land Improvements	-	(128,764)	-	-	(128,764)
Intangibles	(22,549,122)	-	12,986,518	-	(9,562,604)
Total accumulated depreciation	<u>(1,341,405,330)</u>	<u>(80,565,077)</u>	<u>-</u>	<u>19,713,777</u>	<u>(1,402,256,630)</u>
Capital assets being depreciated, net	<u>2,437,871,486</u>	<u>101,284,233</u>	<u>-</u>	<u>(148,737)</u>	<u>2,539,006,982</u>
Total capital assets, net	<u>\$ 3,068,709,875</u>	<u>\$ 206,582,622</u>	<u>\$ -</u>	<u>\$ (185,395,486)</u>	<u>\$ 3,089,897,011</u>



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	Balance 12/31/2016	Increases	Transfers	Decreases	Balance 12/31/2017
Capital assets not being depreciated					
Land	\$ 434,255,469	\$ 781,831	\$ -	\$ (9,301,142)	\$ 425,736,158
Construction in Progress	98,584,168	135,081,926	-	(28,563,863)	205,102,231
Total capital assets not being depreciated	<u>532,839,637</u>	<u>135,863,757</u>	<u>-</u>	<u>(37,865,005)</u>	<u>630,838,389</u>
Capital assets being depreciated					
Infrastructure	2,660,455,034	11,379,323	(129,429,792)	(13,725,473)	2,528,679,092
Buildings and Building Improvements	-	-	132,444,199	-	132,444,199
Revenue Vehicles	768,632,495	7,007,046	-	(18,613,763)	757,025,778
Leased Revenue Vehicles	-	-	-	-	-
Equipment	420,530,145	3,448,002	(25,670,921)	(72,017,877)	326,289,349
Land improvements	10,172,645	3,450,300	118,518	(1,441,061)	12,300,402
Leased Land Improvements	-	-	-	-	-
Intangibles	-	-	22,537,996	-	22,537,996
Total capital assets being depreciated	<u>3,859,790,319</u>	<u>25,284,671</u>	<u>-</u>	<u>(105,798,174)</u>	<u>3,779,276,816</u>
Less: Accumulated depreciation					
Infrastructure	(641,678,702)	(79,781,488)	60,999,641	8,808,587	(651,651,962)
Buildings and Building Improvements	-	-	(64,302,569)	-	(64,302,569)
Revenue Vehicles	(341,524,835)	(38,974,295)	101,368	18,475,526	(361,922,236)
Leased Revenue Vehicles	-	-	-	-	-
Equipment	(294,986,102)	(29,981,835)	25,769,407	67,343,005	(231,855,525)
Land Improvements	(9,842,982)	(703,269)	(18,725)	1,441,060	(9,123,916)
Leased Land Improvements	-	-	-	-	-
Intangibles	-	-	(22,549,122)	-	(22,549,122)
Total accumulated depreciation	<u>(1,288,032,621)</u>	<u>(149,440,887)</u>	<u>-</u>	<u>96,068,178</u>	<u>(1,341,405,330)</u>
Capital assets being depreciated, net	<u>2,571,757,698</u>	<u>(124,156,216)</u>	<u>-</u>	<u>(9,729,996)</u>	<u>2,437,871,486</u>
Total capital assets, net	<u>\$ 3,104,597,335</u>	<u>\$ 11,707,541</u>	<u>\$ -</u>	<u>\$ (47,595,001)</u>	<u>\$ 3,068,709,875</u>

During 2018, UTA has evaluated its capital assets and the associated accumulated depreciation of those assets and saw the need to better define assets, their useful lives, and their categories. This evaluation has led to change in useful lives of all categories of assets to be consistent for all assets in those respective categories. These new useful lives reflect the changing understanding of how long a transit asset is lasting after a decade of running service in the northern Utah environment. These changes in accounting estimates are reflected in the current year depreciation expense decrease from \$149.4 million in 2017 to \$80.6 million in 2018. Due to the revaluation of UTA's capital assets, a decrease in depreciation expense for 2018 of \$57,255,598 has been reflected in the financials. The difference in accumulated depreciation by type of capital asset is illustrated below.

Categories in which Useful Lives were Lengthened	Accounting Effect
Infrastructure	\$ (39,148,990.68)
Buildings and Building Improvements	(10,642,078.09)
Revenue and Leased Revenue Vehicles	(5,747,813.46)
Land Improvements and Leased Land Improvements	(1,716,715.95)
Net Effect of Change in Accounting Estimate	<u>\$ (57,255,598.18)</u>

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Depreciation expense by mode that mirrors the Comparative Statement of Revenues, Expenses, and Changes in Net Position.

Depreciation Expense	2018	2017
Bus Service	\$ 17,144,994	\$ 20,842,359
Rail Service	56,825,449	119,310,559
Paratransit Service	4,290,318	5,678,317
Vanpool Service	2,304,317	3,609,652
Total Depreciation Expense	\$ <u>80,565,077</u>	\$ <u>149,440,888</u>



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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.

	<u>2018</u>		<u>2017</u>
Operating assistance			
Federal preventive maintenance grants	\$ 59,382,716	\$	61,690,413
Federal operating assistance grants	<u>2,376,707</u>		<u>623,581</u>
	61,820,668		62,313,994
Capital projects			
Federal capital projects	31,585,004		55,040,181
Prior Year Federal capital projects	<u>4,041</u>		<u>(1,080,157)</u>
	31,589,045		53,960,024
Total federal assistance	<u>\$ 93,409,713</u>	\$	<u>116,274,018</u>
	<u>2018</u>		<u>2017</u>
Prior Year Federal Receivables	\$ (44,106,915)	\$	(13,611,438)
Received Operating Assistance	67,144,610		43,612,393
Received Federal Capital Projects	46,225,485		42,166,148
Year End Federal Receivables	<u>24,146,542</u>		<u>44,106,915</u>
Total Federal Assistance	<u>\$ 93,409,713</u>	\$	<u>116,274,018</u>

**NOTE 6 – SELF-INSURANCE CLAIMS LIABILITY**

Changes in the accrued claims liability in 2018 and 2017 were as follows:

	<u>Beginning liability</u>		<u>Changes in estimates</u>		<u>Claim payments</u>		<u>Ending liability</u>
2018	\$ 1,495,597	\$	3,117,762	\$	(3,457,572)	\$	1,155,787
2017	\$ 5,095,814	\$	1,082,185	\$	(4,682,402)	\$	1,495,597



## **NOTE 7 – PENSION PLANS**

### **A) General Information**

#### Deferred 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.

#### Defined Benefit Plan

The Authority offers its employees a single employer non-contributory defined benefit pension plan, The Utah Transit Authority Retirement Plan and Trust, which includes all employees of the Authority who are eligible and who have completed six months of service. The Plan is a qualified government plan and is not subject to all of the provisions of ERISA.

As a defined benefit pension plan, the Authority contributes such amounts as are necessary, on an actuarially-sound basis, to provide assets sufficient to meet the benefits to be paid. Required employee contributions were discontinued effective June 1, 1992. Participants may make voluntary contributions as described below. Interest on existing account balances is credited at 5% per year.

Although the Authority has not expressed any intention to do so, the Authority has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event the Plan terminates, the trustee will liquidate all assets of the Plan and will determine the value of the trust fund as of the next business day following the date of such termination. The trustee will allocate assets of the Plan among the participants and beneficiaries as required by law.

As of February 2016, U.S. Bank began serving as the administrator and custodian of the Plan, with Cambridge Associates, LLC (CA) serving as a third-party investment manager. Prior to February 2016, Fidelity Investments served as the administrator and custodian of the Plan, with Soltis Investment Advisors serving as a third-party investment manager.

### **B) Reporting Entity**

The Plan is administered by the Pension Committee that consists of nine (9) members, seven (7) appointed by the Authority and two (2) appointed by the Amalgamated Transit Union Local 382 in accordance with a collective bargaining agreement. The members of the Pension Committee may (but need not) be participants in the Plan. In the absence of a Pension Committee, the Plan Administrator assumes the powers, duties and responsibilities of the Pension Committee with respect to the administration of the Plan.

**NOTE 7 – PENSION PLANS (CONTINUED)**

**Membership**

The Plan's membership consisted of:

	<u>January 1, 2018</u>	<u>January 1, 2017</u>
Active participants:		
Fully vested	1,377	1,359
Partially vested	-	-
Not vested	788	725
Inactive participants not receiving benefits	343	316
Participants due refunds	12	12
Retirees and beneficiaries receiving benefits	629	561
Total	<u>3,149</u>	<u>2,973</u>

**C) Benefit Terms**

*Retirement Benefits*

Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 65, or any age with 37.5 years of service in the Plan.

For participants who began participating in the Administrative Plan prior to January 1, 1994, the annual benefit is based on a retirement benefit formula equal to:

- 2.3% of average compensation multiplied by the participant's years of service (not exceeding 20 years), plus
- 1.5% of the average compensation multiplied by the participant's years of service in excess of 20 years (but such excess not to exceed 9 years of service), plus
- 0.5% for one year plus 2.0% for years in excess of 30 years not to exceed 75% of average compensation.

For all other active participants, the annual benefit is based on a retirement benefit formula equal to:

- 2.0% of average compensation multiplied by the participant's years of service (not to exceed 37.5 years or 75% of average compensation)

Upon termination of employment, members may leave their retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

If employees terminate employment before rendering five years of service, they forfeit the right to receive their non-vested accrued plan benefits.

*Early Retirement Benefits*

The Plan allows for early retirement benefits if the participant has not reached the age of 65 but is at least age 55 with a vested benefit. Benefits under early retirement are equal to the value of the accrued pension, if the participant had retired at the age of 65, reduced 5% per year if the payments begin before age 65.

**NOTE 7 – PENSION PLANS (CONTINUED)**

*Disability Benefits*

The Plan allows for disability benefits. A member who becomes permanently disabled after 5 years of service will immediately receive the greater of the actuarially-reduced monthly accrued benefit or \$90 per month, reduced by any Authority sponsored disability plans. Payment of the disability benefit ends at age 65.

*Death Benefits*

If a participant's death occurs before age 55, but after 5 years of service, the present value of the participant's accrued vested benefit is payable to the participant's beneficiary in the form of a single lump sum regardless of the amount.

If a participant's death occurs after age 55 and 5 years of service, the participant's beneficiary can elect to receive a benefit equal to the greater of:

- 1) A survivor's pension as if the participant had retired on the date before the death with a 100% joint and survivor annuity in effect, or
- 2) The present value of the survivor's pension, or
- 3) If a spouse of 2 or more years or a minor child, the participant's contribution with interest, plus 50% of the average compensation, payable in the form of a lump sum, or
- 4) A 10-year term certain.

A participant may elect a joint and survivor annuity with 100%, 75% or 50% to be continued to the beneficiary upon the death of the participant.

*Lump Sum Distributions*

Payment in a lump sum, regardless of amount, may be made with the participant's written consent. Effective September 1, 2012, a participant who has not previously received benefits may elect a partial lump sum payment with the remaining part to be paid in the same manner as the traditional annuity.

During 2018 and 2017, 37 and 39 participants in each respective year elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$4,650,189 and \$3,283,751 for 2018 and 2017, respectively. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

**D) Contributions**

*Employer Contribution Requirements*

Contributions are received from the Authority in amounts determined by the Pension Committee and approved by the Board of Trustees based on the current collective bargaining agreement and the minimum and maximum funding levels recommended by the Plan's actuary.



**NOTE 7 – PENSION PLANS (CONTINUED)**

*Participant Voluntary Contributions*

A participant who is vested in the Plan may make voluntary contributions into the Plan, and transfer funds from the Employee 457 Deferred Compensation Plan, for the purpose of purchasing “permissive service credit” (as defined in Internal Revenue Code Section 415(N)(3)(A)), in the Plan. No more than 5 years of “permissive service credit” may be purchased. Any purchase of “permissive service credit” must be made in the final year of employment with the Authority.

**E) Change in Plan Custodian**

As of February 2016, U.S. Bank began serving as the administrator and custodian of the Plan, with Cambridge Associates, LLC (CA) serving as a third-party investment manager.

**F) Method of Accounting**

The Plan prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measureable in accordance with the terms of the Plan. Accordingly, the valuation of investments is shown at fair value and both realized and unrealized gains (losses) are included in net appreciation and depreciation in fair value of investments.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, which was adopted during the year ended December 31, 2014, addresses accounting and financial reporting requirements for pension plans. The requirements for GASB No. 67 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. Significant changes include an actuarial calculation of total and net pension liability. It also includes comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment disclosures. The implementation of GASB No. 67 did not significantly impact the accounting for accounts receivable and investment balances. The total pension liability, determined in accordance with GASB No. 67, is presented in Note 6 and in the Required Supplementary Information.





UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7 – PENSION PLANS (CONTINUED)**

**G) Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Net pension liability* - At December 31, 2018, the Authority reported a net pension liability of \$131,548,114. The net pension liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures.

Date	Total Pension Liability	Plan Fiduciary Net Position	Employers Net Pension Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total Plan Liability	Projected Covered Employee Payroll	Net position Liability as a percentage of Covered Employee Payroll
12/31/2018	\$326,086,663	\$194,538,549	\$131,548,114	59.66%	\$132,521,079	99.27%
12/31/2017	305,381,116	204,504,562	100,876,554	66.97%	126,690,540	79.62%
12/31/2016	278,960,378	166,035,257	112,925,121	59.50%	115,430,618	97.80%
12/31/2015	269,069,798	151,631,937	117,437,871	56.40%	110,727,134	106.10%
12/31/2014	247,692,651	146,854,399	100,838,252	59.30%	106,004,057	95.10%
1/1/2014	232,691,093	135,666,362	97,024,731	58.30%	102,099,985	95.00%

*Schedule is intended to show information for 10 years. Additional years will be displayed when available.*

*Deferred outflows of resources and deferred inflows of resources* - At December 31, 2018, 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	\$ (1,226,044)	\$ 7,632,639
Change of Assumptions	(2,157,655)	6,405,862
Net difference between projected and actual earnings	-	17,892,156
Contributions made subsequent	-	-
Total	<u>\$ (3,383,699)</u>	<u>\$ 31,930,657</u>

*Pension expense* - For the year ended December 31, 2018, the Authority recognized pension expense of \$25,103,504. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2019	\$8,144,192
2020	5,681,109
2021	4,313,036
2022	7,991,195
2023	1,906,202
Thereafter	511,224
Total	<u>\$28,164,198</u>

**NOTE 7 – PENSION PLANS (CONTINUED)**

*Actuarial assumptions* - The total pension liability in the January 1, 2018 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	7.0%, 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	3.44%

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2008.

*Discount rate:* The discount rate used to measure the total pension liability was 7.00%. 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.

The following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 7.0%.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total pension liability	\$ 367,575,226	\$ 326,086,663	\$ 291,631,806
Fiduciary net position	194,538,549	194,538,549	194,538,549
Net pension liability	173,036,677	131,548,114	97,093,257



**NOTE 7 – PENSION PLANS (CONTINUED)**

*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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	[a]	[b]	[a]-[b]
Balances as of December 31, 2017	\$ 305,381,116	\$ 204,504,562	\$ 100,876,554
Charges for the year			
Service cost	9,550,863	-	9,550,863
Interest on total pension liability	21,512,781	-	21,512,781
Differences between expected and actual experience	4,893,150	-	-
Changes of assumptions	-	-	-
Employer contributions	-	22,355,434	(22,355,434)
Member voluntary contributions	223,572	223,572	-
Net investment income	-	(16,629,921)	16,629,921
Benefit payments	(15,474,819)	(15,474,819)	-
Administrative expenses	-	(440,279)	440,279
Balance as of December 31, 2018	<u>\$ 326,086,663</u>	<u>\$ 194,538,549</u>	<u>\$ 131,548,114</u>

**H) Investments**

All Plan investments are stated at fair value. Most types of marketable or actively traded investments are priced by nationally known vendors. In the event that an investment is not priced by the primary vendor, the Custodian (US Bank) engages a secondary vendor or other source. See Note 4- Investments, Fair Value Measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



**NOTE 7 – PENSION PLANS (CONTINUED)**

*Investment Policy*

The Pension Committee has adopted an Investment Policy Statement (IPS). The IPS is reviewed by the Pension Committee once a year, and was amended effective February 2016 to revise the asset classes. A normal weighting is now indicated for each asset class. The IPS was also amended to provide a list of prohibited investments.

**I) Investments (continued)**

In setting the long-term asset policy for the Plan, the Committee has opted to provide a minimum and maximum allowable allocation to the major asset classes. The aggregate exposure to each of the asset classes is to remain within the following ranges:

	Policy Allocation	
	Target Allocation	Range
Global Equity	63%	51% - 75%
Liquid Diversifiers	10%	0% - 15%
Real Assets	4%	0% - 8%
Alternatives	22%	12% - 32%
Cash & Equivalents	1%	0% - 5%

*Rate of Return*

The long-term rate of return is selected by the Plan’s Pension Committee after a review of the expected inflation and long term real returns, reflecting expected volatility and correlation. The assumption currently selected is 7.00% per annum, net of investment expenses.

**J) Payment of Benefits**

Benefit payments to participants are recorded upon distribution.

**K) Administrative Expenses**

Expenses for the administration of the Plan are budgeted and approved by the Pension Committee. Administrative expenses are paid from investment earnings. Plan expenses are paid from Plan assets. For the years ended December 31, 2018 and 2017, the Plan paid \$440,279 and \$324,912 respectively, of administrative expenses. In April 2018 all administration of the plan was outsourced to Milliman and Advanced CFO. The board voted and approved this action at their January 2018 board meeting.

**L) Use of Estimates**

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, liabilities and changes therein and the disclosure of contingent assets and liabilities as of the date of the financial statements. Accordingly, actual results could differ from those estimates.



**NOTE 7 – PENSION PLANS (CONTINUED)**

**M) Risks and Uncertainties**

The Plan utilizes various investments which, in general are exposed to various risks such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

**N) Tax Status**

The Plan operates under an exemption from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code as a defined benefit plan.

**O) Mutual Fund Asset Coverage**

The Securities and Exchange Commission requires mutual fund companies to obtain fidelity bond coverage for the assets under their control. The bond coverage varies in amounts depending on the mutual fund.

**P) Reclassifications**

Certain amounts in the prior period presentation have been reclassified or added to conform to the current period financial statement presentation. These changes have no effect on previously reported amounts on the Comparative Statement of Changes in Fiduciary Net Position.

**Q) Subsequent Events**

The Plan has performed an evaluation of subsequent events through March 26, 2018, which is the date the basic financial statements were available to be issued. The IPS was amended effective February 2016 to identify Cambridge Associates, LLC (CA) as the investment manager, clarify the roles and responsibilities of the investment manager, and revise the long-term asset allocation policy for the Plan.

Starting in April 2018 all administration of the plan will be outsourced to Milliman and Advanced CFO. The board voted and approved this action at their January board meeting.

**R) Cash Deposits**

Custodial credit risk for cash deposits is the risk in the event of a bank failure, the Plan's cash deposits may not be returned. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per depositor per institution. Cash deposits and account balances in excess of \$250,000 are uninsured and uncollateralized. The Plan has no formal policy for cash deposit custodial credit risk. Cash deposits are presented in the financial statements at cost plus accrued interest, which is market or fair value.

Cash equivalents include amounts invested in the Utah Public Treasurer's Investment Fund. The Plan considers short-term investments with an original maturity of 3 months or less to be cash equivalents.

	<u>2018</u>	<u>2017</u>
Cash held in banking institution(s)	\$ 604,152	\$ 1,586,481
Cash held in Utah Public Treasurer's Investment Fund	-	5,607,680
Total Cash	<u>\$ 604,152</u>	<u>\$ 7,194,161</u>

**NOTE 7 – PENSION PLANS (CONTINUED)**

**S) Custodial Credit Risk**

Custodial credit risk for investments is in the risk that the counterparty to an investment will not fulfill its obligations. The Plan has no formal policy for custodial credit risk.

The Plan's rated investments are show below.

Fixed Income:			
	2018	\$ 44,511,657	AA/Aa Rated
	2017	\$ 41,223,319	AA/Aa Rated

**T) Investment Interest Rate Risk**

Investment interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Plan has no formal policy for investment interest rate risk. The table below shows the maturities of the Plan's investments.

Equity funds:			
	2018	\$121,933,057	No maturity dates
	2017	\$126,057,180	No maturity dates
Fixed Inc funds:			
	2018	\$ 44,511,657	Average effective duration: 5.3 years Average effective maturity: 7.5 years
	2017	\$ 41,223,319	Average effective duration: 5.3 years Average effective maturity: 7.5 years
Other funds:			
	2018	\$ 26,081,608	Average effective duration/maturity: n/a
	2017	\$ 29,225,640	Average effective duration/maturity: n/a

**U) Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan has no formal policy for concentration of credit risk. The following amounts represent 5% or more of the Plan's net position as of December 31, 2018 and/or 2017 invested with any one organization. (Investments with Fidelity representing less than 5% of the Plan's net position are not required to be disclosed, but are included in the detail of total Fidelity Investments in Note 4).

	<u>2018</u>	<u>2017</u>
Equity funds:		
Two Sigma Active US All Cap & Investments	\$ 16,287,880	\$ 631,784
Fixed funds:		
IR+M Core Bond Fund II	\$ 18,593,036	\$ 17,854,889
SSGA 3-10 US Treasury Index NL	-	-



**NOTE 7 – PENSION PLANS (CONTINUED)**

**V) Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets of liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



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**NOTE 7 – PENSION PLANS (CONTINUED)**

	<u>2018</u>	<u>2017</u>
Investments:		
Global Equity Funds:		
1607 Capital International Equity Fund	\$ 7,068,884	\$ 8,305,215
Arrowstreet International Equity	8,886,414	9,504,008
Artisan Global Value Institutional	6,504,923	7,932,866
Artisan Global Opportunities Trust	6,349,204	5,903,689
Causeway Emerging Markets Equity	6,547,729	6,402,017
Edgewood Growth Fund Institutional	7,054,931	5,764,661
Gqg Partners Intl Eqty	7,384,000	-
Independent Franchise Partners US Equity	7,196,531	7,743,633
Iridian Private Business Value Mid Cap	5,555,749	6,317,097
Iva International Fund I	2,921,780	-
John Hancock Disciplined Value I	6,086,912	6,732,130
Kiltearn Global Equity Fund	5,744,563	-
Mahout Global Emerging Markets	2,134,715	6,732,130
Mathews ASIA Small Companies	-	2,437,578
Oakmark International I	6,720,896	7,707,213
Overlook Partners Fund	2,477,772	-
RWC Horizon Equity Offshore Ltd.	4,695,445	2,871,724
RWC Horizon Equity Fund 97MSCLV	558,532	5,311,261
Two Sigma Active US All Cap & Investments	16,267,880	631,784
Vanguard FTSE Developed Markets EFT	1,871,213	13,389,450
Vanguard S&P 500 EFT	2,853,321	3,221,307
Wasatch Emerging Markets Small Cap	-	2,511,034
William Blair Small Cap Fund Class I	-	7,485,887
Total Global Equity Funds	<u>\$ 114,881,394</u>	<u>\$ 120,358,635</u>





UTAH TRANSIT AUTHORITY  
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**NOTE 7 – PENSION PLANS (CONTINUED)**

	<u>2018</u>	<u>2017</u>
Polen Capital:		
Adobe Systems Inc.	\$ 392,300	\$ 461,056
Automatic Data Process.	405,948	334,343
Align Technology Inc.	142,412	233,744
Accenture Plc	308,530	308,783
Booking Holdings	155,017	-
Celgene Corp.	-	227,609
Dollar General	322,835	184,811
Facebook Inc.	414,224	433,915
Alphabet Inc.	597,961	556,639
Gartner Inc.	245,964	205,784
Mastercard Inc.	187,895	138,948
Microsoft Corp.	609,318	256,107
Nestle Sa	229,845	325,197
Nike Inc.	355,650	307,225
Nvidia Corp	147,918	-
Oracle	251,079	266,518
O Reilly	413,885	-
The Priceline Group	-	245,021
Regeneron	230,076	213,545
Starbucks Corp.	347,374	273,309
Visa Inc.	478,810	382,081
Zoetis Inc.	336,172	119,010
Total Polen Capital	6,573,216	5,698,545
Total Equity	<u>\$ 121,454,607</u>	<u>\$ 126,057,180</u>



UTAH TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7 – PENSION PLANS (CONTINUED)**

	<u>2018</u>	<u>2017</u>
Fixed Income Funds:		
1607 Capital Tax Fixed Income Fund	\$ 3,130,603	\$ 3,263,465
Double Line Core Plus 4L3	7,138,145	5,108,695
IR+M Core Bond Fund II	18,593,036	17,854,889
PIMCO Income Fund Institutional	6,327,452	5,291,044
State Street Global Adv. 3-10 US Treasury	9,322,421	9,705,226
Total Fixed Income Funds	<u>44,511,657</u>	<u>41,223,319</u>
Liquid Diversifier Funds:		
AQR Style Premia 97MSCMCV9	3,489,659	3,886,150
AQR Style Premia 97MSCNHU4	-	271,103
AQR Style Premia Fund S 4	-	-
AQR Style Premia Fund Ltd	-	-
CCP Core Macro Fund LP	-	4,376,922
Fort Global Offshore Fund	4,890,738	5,111,965
ISAM SYSTEMATIC 97MSCNDS3	212,508	225,238
ISAM Systematic Trend	1,824,493	2,191,348
Renaissance Institutional Equity	6,008,085	3,698,940
Total Liquid Diversifier Funds	<u>16,425,483</u>	<u>19,791,665</u>
Real Asset Funds:		
AEW Global Properties	1,587,870	1,660,234
T. Rowe Price Global Natural Resources	3,546,308	4,226,988
Vanguard Short Term Inflation Protected Sec	2,543,785	1,530,046
Total Real Assets	<u>7,677,963</u>	<u>7,417,269</u>
Cash & Equivalents:		
US Bank Cash (First American US Money Mkt	1,978,162	2,016,706
Total Cash and Equivalents	<u>1,978,162</u>	<u>2,016,706</u>
<b>Total investments</b>	<b><u>\$ 192,047,872</u></b>	<b><u>\$ 196,506,139</u></b>

**W) 2018 and 2017 Valuation Methodology**

Level 1 – These investments are measured at fair value based on quoted prices in active markets.

Level 2 – These investments are measured at fair value based on inputs other than quoted prices included within Level 1. Observable inputs include quoted prices for similar assets in active or non-active markets. While the underlying asset values are quoted prices for the mutual funds, the net asset value (NAV) of the mutual funds is not publicly quoted in an active market.

Level 3 – These Investments are valued at fair value based on information obtained from the investment issuer.



UTAH TRANSIT AUTHORITY  
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**NOTE 7 – PENSION PLANS (CONTINUED)**

The following tables set forth by level, within the fair value hierarchy, the Plan’s investments at fair value as of December 31, 2018 and December 31, 2017.

<b>Investment Assets at Fair Value as of December 31, 2018</b>				
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Global Equities (NAV Level 2)	\$ 118,858,701	\$ 11,629,353	\$ 40,111,922	\$ 67,117,426
Fixed Income (NAV level 2)	44,511,657	-	6,327,452	38,184,205
Liquid diversifiers	19,347,261	-	2,921,780	16,425,481
Real assets (NAV level 2)	7,677,963	-	6,090,093	1,587,870
Money market	1,652,310	1,652,310	-	-
<b>Total investments at fair value</b>	<b>\$ 192,047,892</b>	<b>\$ 13,281,663</b>	<b>\$ 55,451,247</b>	<b>\$ 123,314,982</b>

<b>Investment Assets at Fair Value as of December 31, 2017</b>				
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Global Equities (NAV Level 2)	\$ 126,057,180	\$ 11,430,886	\$ 49,768,407	\$ 64,857,888
Fixed Income (NAV level 2)	41,223,319	-	5,291,044	35,932,275
Liquid diversifiers	19,791,665	-	-	19,791,665
Real assets (NAV level 2)	7,417,269	-	5,757,035	1,660,234
Money market	2,016,706	2,016,706	-	-
<b>Total investments at fair value</b>	<b>\$ 196,506,139</b>	<b>\$ 11,430,886</b>	<b>\$ 62,833,191</b>	<b>\$ 122,242,062</b>

**X) Net Asset Value Per Share**

The mutual funds in the global equities, fixed income and real assets classes Level 2 are stated at net asset value or its equivalent, which is the practical expedient for estimating the fair value of those investments. The following tables provide additional disclosures concerning the investments measured at fair value based on NAV as of December 31, 2018 and 2017.

<b>2018</b>				
	<b>Fair Value</b>	<b>Unfunded Commitment</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Global Equities (NAV Level 2)	\$ 40,111,922	\$ -	Daily	Daily
Fixed Income (NAV level 2)	6,327,452	-	Daily	Daily
Liquid diversifier(NAV level 2)	2,921,780	-	Daily	Daily
Real assets (NAV level 2)	6,090,093	-	Daily	Daily
<b>Total</b>	<b>\$ 55,451,247</b>	<b>\$ -</b>		

**NOTE 7 – PENSION PLANS (CONTINUED)**

	2017			
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Global Equities (NAV Level 2)	\$ 49,768,407	\$ -	Daily	Daily
Fixed Income (NAV level 2)	5,291,044	-	Daily	Daily
Real assets (NAV level 2)	5,757,035	-	Daily	Daily
Total	<u>\$ 60,816,485</u>	<u>\$ -</u>		

Global Equity – intended to provide capital appreciation, current income, and growth of income mostly through the ownership of public equities representing an ownership interest in a company. The objective for investment managers in this category is to exceed the results represented by the annualized return of the MSCI All Country World Index, net over annualized rolling three to five-year time periods.

Fixed Income – intended to provide diversification and protection against downward moves in the equity market and serves as a deflation hedge and a predictable source of income. Weighted average duration of the allocation will be within 1 year of the Barclays Capital Aggregate Bond Index, as measured on a quarterly basis.

Real Assets – intended to provide real return through investments which has inflation sensitive characteristics. Investments could include REITs, natural resource equities, MLPs, inflation linked bonds and commodities.

**Y) Money-Weighted Rate of Return**

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

<u>Fiscal Year Ending December 31</u>	<u>Net Money-Weighted Rate of Return</u>
2018	-7.77%
2017	18.01%



**NOTE 7 – PENSION PLANS (CONTINUED)**

**Z) Net Pension Liability**

The net pension liability is the Plan’s total pension liability determined in accordance with GASB No. 67, less the Plan’s fiduciary net position. The Plan’s net pension liability was \$131,548,114 and \$100,876,554 as of December 31, 2018 and December 31, 2017, respectively. A portion of this change is attributed to the Plan’s change of methods and assumptions.

The Plan’s net pension liability is mainly attributed to significant plan changes made during 1999 and 2011, which resulted in benefit increases. Fiduciary net position as a percent of total pension liability decreased to 59.81% at December 31, 2018 from 66.97% at December 31, 2017.

**AA) Actuarial Methods and Assumptions**

Actuarial valuation of the Plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed for the five consecutive calendar years ending December 31, 2008. The total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The significant actuarial assumptions and methods used in the January 1, 2018 valuation are as follows:

- Actuarial Cost Method – Entry Age Normal
- Inflation – 2.30%
- Employer Annual Payroll Growth Including Inflation – 3.40%
- Salary Increases – 5.4% for the first five years of employment; 3.4% per annum thereafter
- Mortality – RP 2014 Blue Collar Mortality Table, with MP-2014 projection scale
- Investment Rate of Return – 7.0%, net of investment expenses
- Retirement Age – Table of rates by age and eligibility
- Cost of Living Adjustments – None
- Percent of Future Retirements Electing Lump Sum – 20%

**BB) Target Allocations**

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 the compound nominal rates of return for each major asset class included in the Plan’s target asset allocations as of December 31, 2017, is summarized in the table below.

Asset Class	Target Asset Allocation	Long Term Expected Return
Global Equities	63%	6.9%
Fixed Income	22%	4.4%
Liquid Diversifiers	10%	5.8%
Real Assets	4%	7.8%
Cash & Equivalents	1%	3.3%
Total	100%	6.5%

The 7.00% assumed investment rate of return is comprised of an inflation rate of 2.3% and a real return of 4.70% net of investment expense.

**NOTE 7 – PENSION PLANS (CONTINUED)**

**CC)Discount Rate and Rate Sensitivity Analysis**

The discount rate used to measure the total pension liability was 7.00%. The discount rate incorporates a municipal bond rate of 3.44% based on the Bond Buyer General, Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on the actuarially determined rates. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the net pension liability using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

	1.00% Decrease 6.00%	Current Rate 7.00%	1.00% Increase 8.00%
Total pension liability	\$ 367,575,226	\$ 326,086,663	\$ 291,631,806
Fiduciary net position	194,538,549	194,538,549	194,538,549
Net pension liability	173,036,677	131,548,114	97,093,257

**DD)Employer Contribution Requirements**

The Authority’s contribution rate consists of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by participants during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial accrued liability over the service life of the vested participants in preparation for the Authority’s adoption of GASB 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*. The rates are determined using the entry age actuarial cost method.

The Authority’s Board of Trustees adopted a contribution rate policy of 16% for 2017 and 16% for 2018 and subsequent years.

Employer contributions in 2018 and 2017 totaled \$22,355,434 and \$20,506,163 respectively, which represented 110.4% and 101.2% of the annual actuarial recommended contributions, respectively.

**EE) Party-in-Interest Transactions**

Cambridge Associates is the Plan’s investment manager and they charge fees for the services they provide, the transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services for the years ended December 31, 2018 and 2017 were \$364,729 and \$592,585, respectively.



UTAH TRANSIT AUTHORITY  
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**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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 7,085,000</u>	<u>\$ 768,469</u>	<u>\$ 7,853,469</u>

*Defeasence 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	6,265,000	4,603,856	10,868,856
2023	6,605,000	4,266,019	10,871,019
2024-2028	38,750,000	15,588,563	54,346,094
2029-2032	39,205,000	4,250,006	54,318,494
	<u>\$ 107,760,000</u>	<u>\$ 44,378,513</u>	<u>\$ 152,138,513</u>



**NOTE 8 – LONG TERM DEBT (continued)**

B. Series 2006C Revenue Bond (continued)

*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*

On March 15, 2018 the remaining debt service for this bond was defeased through the issuance of the Series 2018 Sales Tax Revenue Subordinate Refunding Bond.

*Series 2007A Subordinate Lien Capital Interest Bond*

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	-	5,794,750	5,794,750
2023	5,300,000	5,662,250	10,962,250
2024-2028	24,870,000	24,982,250	49,852,250
2029-2033	42,500,000	17,038,250	59,538,250
2034-2035	43,225,000	2,188,375	68,120,750
	\$ <u>121,455,000</u>	\$ <u>73,331,625</u>	\$ <u>194,786,625</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.





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**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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	23,570,000	1,922,813	25,492,813
2023	24,840,000	652,050	25,492,050
	<u>\$ 54,295,000</u>	<u>\$ 10,353,919</u>	<u>\$ 64,648,919</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% (\$5,085,101) of the interest payable on the 2009B bonds.

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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Scheduled Federal Subsidy Payment</u>
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	-	15,522,286	15,522,286	5,432,800
2023	-	15,522,286	15,522,286	5,432,800
2024-2028	-	77,611,433	77,611,433	27,164,001
2029-2033	55,890,000	72,171,656	128,061,656	25,260,080
2034-2038	140,560,000	41,157,362	181,717,362	14,405,077
2039	65,000,000	1,929,525	66,929,525	675,334
	<u>\$ 261,450,000</u>	<u>\$ 270,481,406</u>	<u>\$ 531,931,406</u>	<u>\$ 94,668,492</u>



UTAH TRANSIT AUTHORITY  
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**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% (\$3,709,776) of the interest payable on the 2010A bonds.

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
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	-	11,410,000	11,410,000	3,993,500
2023	-	11,410,000	11,410,000	3,993,500
2024-2028	-	57,050,000	57,050,000	19,967,500
2029-2033	-	57,050,000	57,050,000	19,967,500
2034-2038	29,700,000	55,862,219	85,562,219	19,551,776
2039-2040	170,300,000	11,762,569	182,062,569	4,116,900
	<u>\$ 200,000,000</u>	<u>\$ 238,774,788</u>	<u>\$ 438,774,788</u>	<u>\$ 83,571,176</u>



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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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 7,844,000	\$ 7,844,000
2020	-	7,844,000	7,844,000
2021	-	7,844,000	7,844,000
2022	-	7,844,000	7,844,000
2023	-	7,844,000	7,844,000
2024-2028	-	39,220,000	40,631,200
2029-2033	1,440,000	39,191,200	39,220,000
2034-2038	50,485,000	36,126,700	86,611,700
2039-2042	119,675,000	16,289,000	135,964,000
	\$ <u>171,600,000</u>	\$ <u>170,046,900</u>	\$ <u>341,646,900</u>

*Defeasence 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.

On December 28, 2017 a portion of the original debt service for this bond was defeased through the issuance of the \$120,575,000 Series 2017 Sales Tax Revenue Refunding Bond.

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, 2017, \$4,245,000 of the 2012A Revenue Bond was defeased from the escrow fund.



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**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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	-	29,592,463	29,592,463
2023	8,030,000	29,416,463	37,446,463
2024-2028	191,195,000	123,545,706	314,740,706
2029-2033	201,265,000	74,354,025	275,619,025
2034-2038	237,505,000	28,615,400	266,120,400
	\$ <u>668,655,000</u>	\$ <u>377,395,096</u>	\$ <u>1,046,050,096</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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	8,875,000	8,943,875	17,818,875
2023	6,750,000	8,553,250	15,303,250
2024-2024	45,750,000	36,139,500	81,983,500
2029-2033	51,825,000	24,273,875	76,098,875
2034-2037	70,115,000	7,625,625	77,740,625
	\$ <u>192,005,000</u>	\$ <u>113,891,625</u>	\$ <u>305,896,625</u>



UTAH TRANSIT AUTHORITY  
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**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 June 15, 2018, \$62,000,000 of the 2014A Revenue Bond was defeased from the escrow fund.

*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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 4,602,300	\$ 4,602,300
2020	-	4,602,300	4,602,300
2021	-	4,602,300	4,602,300
2022	-	4,602,300	4,602,300
2023	-	4,602,300	4,602,300
2024-2028	36,890,000	22,466,250	59,356,250
2029-2031	89,890,000	7,181,000	97,071,000
	<u>\$ 126,780,000</u>	<u>\$ 52,658,750</u>	<u>\$ 179,438,750</u>

*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:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2032	\$ 18,911,498	\$ 13,443,503	\$ 32,355,001
	<u>\$ 18,911,498</u>	<u>\$ 13,443,503</u>	<u>\$ 32,355,001</u>



**NOTE 8 – LONG TERM DEBT (continued)**

J. Series 2016 Utah County Subordinated Transportation Sales Tax Revenue Bond

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 inter-local agreement that requires the Authority to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to December 31, 2028.

The amount owed to Utah County increased by \$960,616 in FY 2018 based on an agreement which states that Utah County will loan UTA an amount of \$2,500,000 per year for operations and maintenance costs until December 31, 2028 or until the Authority assumes responsibility for such funding. The project opened on August 6, 2018, so the amount was prorated for the year.

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2028	\$ 65,960,616	\$ 22,718,868	\$ 87,718,868
	\$ 65,960,616	\$ 22,718,868	\$ 87,718,868

K. Series 2017 Sales Tax Revenue Refunding Bonds (Sub)

Purpose: Advanced refunding \$119,675,000 of the 2012 bonds. The cash flow savings as a result of the refunding is \$80,531,986

Interest rates: 2.41%

Original amount: \$120,575,000

Economic Gain as a result of refunding: \$26,665,362.89

On March 15, 2018 the original debt service for this bond was defeased through the issuance of the \$120,575,000 Series 2018 Sales Tax Revenue Subordinate Refunding Bond.

L. Series 2018 Revenue Bonds

On March 15, 2018, the Authority issued \$83,765,000 in senior sales tax revenue bonds and \$115,540,000 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 2017 revenue bonds, certain 2007A revenue bonds, and to finance certain capital projects. These resources are intended to provide all future debt payments for the 2017 and 2007A Bonds in the amount of \$125,172,394 of 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. The advanced refundings were undertaken to reduce total debt service payments over the next 14 years by \$122,907,069, and resulted in an economic gain of \$5,587,749.09.

The financing for certain construction projects consisted of \$88,500,000 and include funds for the Salt Lake City Airport Light Rail Station relocation of \$24,905,000.



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**NOTE 8 – LONG TERM DEBT (continued)**

L. Series 2018 Revenue Bonds (continued)

*Series 2018 Senior Lien Revenue Bond*

Purpose: Finance Capital Projects - \$58,860,000 for other projects and \$24,905,000 for the Salt Lake City Airport Light Rail Station relocation.

Interest rates: 3.25-5.00%

Original amount: \$83,765,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,500,000	\$ 3,612,400	\$ 5,112,400
2020	-	3,537,400	3,537,400
2021	-	3,537,400	3,537,400
2022	-	3,537,400	3,537,400
2023	-	3,537,400	3,537,400
2024-2028	-	17,687,000	17,687,000
2029-2033	19,420,000	17,687,000	37,107,000
2034-2036	62,845,000	5,430,650	68,275,650
	<u>\$ 83,765,000</u>	<u>\$ 58,566,650</u>	<u>\$ 142,331,650</u>

*Series 2018 Subordinate Lien Revenue Bond*

Purpose: Advanced refunding of \$112,125,000 of the 2017 revenue bonds and associated accreted interest of \$3,975,864, and \$3,415,000 of the 2007A revenue bonds; debt service reserve

Interest rates: 3.125-5.00%

Original amount: \$115,540,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 420,000	\$ 5,133,894	\$ 5,553,894
2020	440,000	5,112,894	5,552,894
2021	3,235,000	5,090,894	8,325,894
2022	3,395,000	4,929,144	8,324,144
2023	3,565,000	4,759,394	8,324,394
2024-2028	20,245,000	20,956,219	41,201,219
2029-2033	13,775,000	16,917,631	30,692,631
2034-2038	2,155,000	14,548,950	16,703,950
2039-2041	66,665,000	7,451,530	74,116,530
	<u>\$ 113,895,000</u>	<u>\$ 84,900,550</u>	<u>\$ 198,795,550</u>



UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 Years Ended December 31, 2018 and 2017

**NOTE 8 – LONG TERM DEBT (continued)**

M. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 420,447	\$ 77,768	\$ 498,215
2020	429,322	68,893	498,215
2021	438,385	59,830	498,215
2022	447,640	50,575	498,215
2023	457,089	41,126	498,215
2024-2027	1,718,648	66,679	1,785,327
	<u>\$ 3,911,531</u>	<u>\$ 364,871</u>	<u>\$ 4,276,402</u>

N. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 720,885	\$ 10,762	\$ 731,647
2020	424,988	1,870	426,858
	<u>\$ 1,145,873</u>	<u>\$ 12,632</u>	<u>\$ 1,158,505</u>

O. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 243,467	\$ 910	\$ 44,377
	<u>\$ 243,467</u>	<u>\$ 910</u>	<u>\$ 244,377</u>





UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 Years Ended December 31, 2018 and 2017

**NOTE 8 – LONG TERM DEBT (continued)**

P. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 195,686	\$ 32,021	\$ 227,707
2020	198,904	28,803	227,707
2021	202,175	25,532	227,707
2022	205,500	22,207	227,707
2023	208,879	18,828	227,707
2024-2028	1,040,061	41,546	1,081,607
	<u>\$ 2,051,205</u>	<u>\$ 168,937</u>	<u>\$ 2,220,142</u>

Q. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 912,006	\$ 27,575	\$ 939,581
2020	923,940	15,640	939,580
2021	700,361	3,804	704,165
	<u>\$ 2,536,307</u>	<u>\$ 47,019</u>	<u>\$ 2,583,326</u>

R. 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:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 415,524	\$ 6,648	\$ 422,172
2020	315,543	1,616	317,159
	<u>\$ 731,067</u>	<u>\$ 8,264</u>	<u>\$ 739,331</u>



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

S. 2017 Issuance 12-Year Lease Financing

Purpose: Acquisition of 47 buses and equipment  
 Interest rates: 2.2440%  
 Original amount: \$24,390,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,835,389	\$ 484,922	\$ 2,320,311
2020	1,877,001	443,310	2,320,311
2021	1,919,557	400,754	2,320,311
2022	1,963,077	357,234	2,320,311
2023	2,007,585	312,726	2,320,311
2024-2028	10,741,663	859,891	11,601,554
2029	2,103,279	23,672	2,126,951
	\$ <u>22,447,551</u>	\$ <u>2,882,509</u>	\$ <u>25,330,060</u>

T. 2017 Issuance 5-Year Lease Financing

Purpose: Acquisition of 13 flex/paratransit vehicles  
 Interest rates: 1.8200%  
 Original amount: \$1,444,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 283,932	\$ 18,427	\$ 302,359
2020	289,143	13,216	302,359
2021	294,449	7,910	302,359
2022	274,656	2,506	277,162
	\$ <u>1,142,180</u>	\$ <u>42,059</u>	\$ <u>1,184,239</u>

U. 2017 Issuance 4-Year Lease Financing

Purpose: Acquisition of 36 RideShare vans  
 Interest rates: 1.7700%  
 Original amount: \$1,307,000 (\*\*A vehicle was totaled and paid off in 2018, therefore principal was reduced by \$28,893\*\*)

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 314,520	\$ 14,017	\$ 328,538
2020	320,176	8,362	328,538
2021	297,713	2,648	300,361
	\$ <u>932,409</u>	\$ <u>25,027</u>	\$ <u>957,431</u>

UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 Years Ended December 31, 2018 and 2017

**NOTE 8 – LONG TERM DEBT (continued)**

V. 2018 Issuance 12-Year Lease Financing

Purpose: Acquisition of 24 buses and 2 Trolley style buses  
 Interest rates: 3.295%  
 Original amount: \$12,496,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 865,736	\$ 396,411	\$ 1,262,147
2020	894,697	367,450	1,262,147
2021	924,626	337,521	1,262,147
2022	955,557	306,590	1,262,147
2023	987,522	274,625	1,262,147
2024-2028	5,455,798	854,938	6,310,736
2029-2030	2,341,197	77,918	2,419,115
	\$ <u>12,425,133</u>	\$ <u>2,615,453</u>	\$ <u>15,040,586</u>

W. 2018 Issuance 5-Year Lease Financing

Purpose: Acquisition of 36 flex/paratransit vehicles  
 Interest rates: 3.057%  
 Original amount: \$381,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 71,802	\$ 10,467	\$ 82,269
2020	74,028	8,241	82,269
2021	76,323	5,946	82,269
2022	78,689	3,580	82,269
2023	74,273	1,140	75,413
	\$ <u>375,115</u>	\$ <u>29,374</u>	\$ <u>404,489</u>

X. 2018 Issuance 4-Year Lease Financing

Purpose: Acquisition of 60 RideShare vans  
 Interest rates: 3.022%  
 Original amount: \$1,500,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 359,099	\$ 39,494	\$ 398,593
2020	370,103	28,490	398,593
2021	381,444	17,149	398,593
2022	359,916	5,461	365,377
	\$ <u>1,470,562</u>	\$ <u>90,594</u>	\$ <u>1,561,156</u>



UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 Years Ended December 31, 2018 and 2017

**NOTE 8 – LONG TERM DEBT (continued)**

Y. Capital Leased Assets

The following represents the assets acquired through the 2015, 2016, 2017 and 2018 series capital leases and the corresponding accumulated depreciation.

	2015 Series Leases		2016 Series Leases		2017 Series Leases		2018 Series Leases
Revenue vehicles							
12-year lease	\$ 4,859,620	\$	2,480,000	\$	23,680,879	\$	9,245,110
5-year lease	3,626,139		3,719,002		-		-
4-year lease	1,587,375		1,647,000		1,267,806		275,397
Subtotal	10,073,134		7,846,002		24,948,685		9,520,507
Accumulated depreciation	(5,094,073)		(3,599,034)		(2,657,979)		(139,879)
Total capital assets (net)	\$ 4,979,061	\$	4,246,968	\$	22,290,706	\$	9,380,628



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

Long Term Debt Summary Table FY 2018

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Amount due within one year
<b>Bonds</b>					
Series 2005A Revenue Bond	\$ 8,635,000	\$ -	\$ (1,550,000)	\$ 7,085,000	\$ 1,635,000
Series 2006C Revenue Bond	112,845,000	-	(5,085,000)	107,760,000	5,350,000
Series 2007A Capital Appreciation	2,332,069	-	(2,332,069)	-	-
Series 2007A Current Interest Bond	124,020,000	-	(2,565,000)	121,455,000	2,710,000
Series 2008A Revenue Bond	54,295,000	-	-	54,295,000	5,885,000
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	171,600,000	-	-	171,600,000	-
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	-
Series 2016 UTCT	65,000,000	960,616	-	65,960,616	-
Series 2017 Revenue Bond (Sub)	120,575,000	-	(120,575,000)	-	-
Series 2018 Revenue Bond (Sr)	-	83,765,000	-	83,765,000	1,500,000
Series 2018 Revenue Bond (Sub)	-	115,540,000	(1,645,000)	113,895,000	420,000
2015 12-Year Lease	4,323,227	-	(411,696)	3,911,531	420,447
2015 5-Year Lease	1,857,256	-	(711,383)	1,145,873	720,885
2015 4-Year Lease	636,293	-	(392,826)	243,467	231,295
2016 12-Year Lease	2,243,724	-	(192,520)	2,051,204	195,686
2016 5-Year Lease	3,437,053	-	(900,746)	2,536,307	912,006
2016 4-Year Lease	1,140,985	-	(409,918)	731,067	415,524
2017 12-Year Lease	24,390,000	-	(1,942,449)	22,447,551	1,835,389
2017 5-Year Lease	1,444,000	-	(301,821)	1,142,179	283,931
2017 4-Year Lease	1,307,000	-	(374,592)	932,408	314,520
2018 12-Year Lease	-	12,496,000	(70,867)	12,425,133	865,736
2018 5-Year Lease	-	381,000	(5,885)	375,115	71,802
2018 4-Year Lease	-	1,500,000	(29,439)	1,470,561	359,099
	<u>2,167,883,105</u>	<u>214,642,616</u>	<u>(139,496,211)</u>	<u>2,243,029,510</u>	<u>24,126,320</u>
<b>Unamortized Premiums</b>					
Series 2005A Revenue Bond	176,244	-	(63,865)	112,379	
Series 2006C Revenue Bond	6,866,239	-	(822,061)	6,044,178	
Series 2007A Current Interest Bond	6,224,106	-	(483,106)	5,741,000	
Series 2008A Revenue Bond	1,450,701	-	(332,679)	1,118,022	
Series 2012A Revenue Bond	14,013,078	-	(562,398)	13,450,680	
Series 2015A Revenue Bond (Sr)	95,034,418	-	(9,085,303)	85,949,114	
Series 2015A Revenue Bond (Sub)	28,420,439	-	(2,738,465)	25,681,975	
Series 2016 Revenue Bond	11,704,515	-	(935,741)	10,768,774	
Series 2018 Revenue Bond (Sr)	-	7,562,137	(319,290)	7,242,847	
Series 2018 Revenue Bond (Sub)	-	10,277,332	(275,359)	10,001,973	
	<u>163,889,740</u>	<u>17,839,469</u>	<u>(15,618,267)</u>	<u>166,110,942</u>	
<b>Total Long Term Debt</b>	<u>\$ 2,331,772,845</u>	<u>\$ 232,482,085</u>	<u>\$(155,114,478)</u>	<u>\$ 2,409,140,452</u>	<u>\$ 24,126,320</u>

UTAH TRANSIT AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 Years Ended December 31, 2018 and 2017

**NOTE 8 – LONG TERM DEBT (continued)**

Long Term Debt Summary Table FY 2017

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Amount due within one year
<b>Bonds</b>					
Series 2005A Revenue Bond	\$ 10,105,000	\$ -	\$ (1,470,000)	\$ 8,635,000	\$ 1,550,000
Series 2006C Revenue Bond	117,670,000	-	(4,825,000)	112,845,000	5,085,000
Series 2007A Capital Appreciation	2,332,069	-	-	2,332,069	-
Series 2007A Current Interest Bond	126,475,000	-	(2,455,000)	124,020,000	2,565,000
Series 2008A Revenue Bond	54,295,000	-	-	54,295,000	-
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	282,755,000	-	(111,155,000)	171,600,000	-
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	-
Series 2016 UTCT	14,499,803	50,500,197	-	65,000,000	-
Series 2017 Revenue Bond (Sub)	-	120,575,000	-	120,575,000	-
2015 12-Year Lease	4,726,469	-	(403,242)	4,323,227	411,755
2015 5-Year Lease	2,559,388	-	(702,133)	1,857,256	711,447
2015 4-Year Lease	1,030,227	-	(393,934)	636,293	399,765
2016 12-Year Lease	2,433,129	-	(189,405)	2,243,724	192,520
2016 5-Year Lease	4,325,650	-	(888,597)	3,437,053	900,225
2016 4-Year Lease	1,546,418	-	(405,433)	1,140,985	410,448
2017 12-Year Lease	-	24,390,000	-	24,390,000	1,942,449
2017 5-Year Lease	-	1,444,000	-	1,444,000	301,820
2017 4-Year Lease	-	1,307,000	-	1,307,000	344,899
	<u>2,092,554,651</u>	<u>198,216,197</u>	<u>(122,887,744)</u>	<u>2,167,883,105</u>	<u>14,815,328</u>
<b>Unamortized Premiums</b>					
Series 2005A Revenue Bond	254,368	-	(78,125)	176,244	
Series 2006C Revenue Bond	7,742,907	-	(876,667)	6,866,239	
Series 2007A Current Interest Bond	6,726,090	-	(501,982)	6,224,106	
Series 2008A Revenue Bond	1,783,381	-	(332,679)	1,450,701	
Series 2012A Revenue Bond	24,557,337	-	(10,544,259)	14,013,078	
Series 2015A Revenue Bond (Sr)	104,119,722	-	(9,085,303)	95,034,418	
Series 2015A Revenue Bond (Sub)	31,158,903	-	(2,738,465)	28,420,439	
Series 2016 Revenue Bond	12,640,256	-	(935,741)	11,704,515	
	<u>188,982,964</u>	<u>-</u>	<u>(25,093,221)</u>	<u>163,889,740</u>	
<b>Total Long Term Debt</b>	<u>\$ 2,281,537,615</u>	<u>\$ 198,216,197</u>	<u>\$(147,980,965)</u>	<u>\$ 2,331,772,845</u>	<u>\$ 14,815,328</u>



UTAH TRANSIT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
Years Ended December 31, 2018 and 2017

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**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, 2018, the Authority also has purchasing commitments for several capital projects. The largest of these commitments are as follows:

- \$66.3 million Depot District
- \$ 8.7 million Bus Replacements
- \$ 5.9 million Sandy Civic Center Parking Structure
- \$ 5.2 million Electric Bus Implementation
- \$ 3.8 million TRAX Airport Relocation Design
- \$ 2.0 million Positive Train Control

**NOTE 10 –SUBSEQUENT EVENTS**

The Authority has no subsequent events to report and has performed an evaluation of subsequent events through June 4, 2019 which is the date the basic financial statements were available to be issued.

# Required Supplementary Information

For Fiscal Years Ended  
December 31, 2018 and 2017





UTAH TRANSIT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Years Ended December 31, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>					
Service cost	\$ 9,550,863	\$ 8,368,262	\$ 7,711,706	\$ 7,545,807	\$ 7,284,379
Interest on total pension liability	21,512,781	20,368,031	19,604,345	18,717,411	17,623,248
Voluntary member contributions	223,572	697,576	437,923	916,567	275,663
Gains or losses	4,893,150	4,915,564	(927,077)	(1,973,177)	-
Assumption changes or inputs	-	5,079,447	(3,955,702)	7,725,363	-
Benefits paid	(15,474,819)	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Net change in total pension liability	20,705,547	26,420,738	9,890,580	21,377,147	15,001,558
Total pension liability - beginning	305,381,116	278,960,378	269,069,798	247,692,651	232,691,093
Total pension liability - ending (a)	326,086,663	305,381,116	278,960,378	269,069,798	247,692,651
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 22,355,434	\$ 20,506,163	\$ 19,603,952	\$ 16,745,254	\$ 15,366,694
Contributions - members	223,572	697,576	437,923	916,567	275,663
Net investment income	(16,629,921)	30,598,620	7,591,211	(1,085,458)	5,946,916
Benefits paid	(15,474,819)	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Administrative expense	(440,279)	(324,912)	(249,141)	(244,011)	(219,504)
Net change in plan fiduciary net position	(9,966,013)	38,469,305	14,403,330	4,777,528	11,188,037
Plan fiduciary net position - beginning	204,504,562	166,035,257	151,631,927	146,854,399	135,666,362
Plan fiduciary net position - ending (b)	194,538,549	204,504,562	166,035,257	151,631,927	146,854,399
Net pension liability / (asset) - ending (a-b)	\$ 131,548,114	\$100,876,554	\$112,925,121	\$ 117,437,871	\$ 100,838,252
Plan fiduciary net position as a percentage of the total pension liability	59.66%	66.97%	59.50%	56.40%	59.29%
Projected covered employee payroll	\$ 132,521,079	\$126,690,540	\$115,430,618	\$ 110,727,134	\$ 106,004,057
Net pension liability as a percentage of covered employee payroll	99.27%	79.62%	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.

UTAH TRANSIT AUTHORITY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Years Ended December 31, 2018 and 2017

**STATEMENT OF REQUIRED EMPLOYER CONTRIBUTION – 10 YEARS**

Year	Actuarial Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Projected Covered Employee Payroll	Contribution as Percentage of Covered Payroll
2018	\$21,203,373	\$22,355,434	\$(754,498)	\$132,521,079	16.87%
2017	20,270,486	20,506,163	(235,677)	\$126,690,540	16.19%
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%

**MONEY-WEIGHTED RATE OF RETURN – 10 YEARS**

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

Fiscal Year Ending December 31	Net Money-Weighted Rate of Return
2018	-7.77%
2017	18.01%
2016	4.90%
2015	-0.72%
2014	4.31%

*Schedule is intended to show information for 10 years. Additional years will be displayed when available.*



UTAH TRANSIT AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
Years Ended December 31, 2018 and 2017

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**NOTE 1 – VALUATION DATE**

The valuation date is January 1, 2018. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2018. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2018. 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, open
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	7.00%, 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



# Supplementary Schedules

For Fiscal Years Ended  
December 31, 2018 and 2017



UTAH TRANSIT AUTHORITY  
SUPPLEMENTARY SCHEDULE (Unaudited)  
Years Ended December 31, 2018 and 2017

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BUDGET (Non-GAAP Budget Basis) AND ACTUAL**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>			
Contributions from other gov'ts, sales tax	\$278,909,000	\$282,933,591	\$4,024,591
Federal preventative maintenance grants	60,827,000	61,820,668	993,668
Passenger revenues	50,337,000	52,051,892	1,714,892
Advertising	2,483,000	2,412,500	(70,500)
Investment income	3,732,000	6,525,872	2,793,872
Other income	6,772,000	8,155,668	1,383,668
Total revenues	<u>403,060,000</u>	<u>413,900,191</u>	<u>10,840,191</u>
<b><u>Operating Expenses</u></b>			
Bus services	\$97,522,000	\$96,719,747	\$802,253
Rail services	76,339,000	75,157,087	1,181,913
Paratransit services	23,010,000	21,858,532	1,151,468
Other services (less non-operating)	3,210,000	3,056,191	153,809
Operations support	45,154,000	45,557,749	(403,749)
Administration (less non-operating)	32,394,000	34,784,200	(2,390,200)
Total operating expenses	<u>277,629,000</u>	<u>277,133,506</u>	<u>495,494</u>
<b><u>Non-Operating Expenses (Revenues)</u></b>			
Interest expense	104,777,000	91,000,388	13,776,612
Principal	9,200,000	10,845,000	(1,645,000)
Non-operating	5,505,000	4,809,747	695,253
Total non-operating expenses	<u>119,482,000</u>	<u>106,655,135</u>	<u>12,826,865</u>
<b><u>Total Operating and Non-Operating Expenses</u></b>	<u>\$397,111,000</u>	<u>\$383,788,641</u>	<u>\$13,322,359</u>
<b><u>Capital Expenses (Revenues)</u></b>			
Federal and local grants	(\$56,114,493)	(\$31,585,904)	(\$24,528,589)
Local contributions	(14,318,487)	(12,151,003)	(2,167,484)
Capital lease	(21,163,045)	-	(21,163,045)
Bonds	(50,877,399)	-	(50,877,399)
Project Expenses	191,178,829	124,693,500	66,485,329
Total capital expenses (revenues)	<u>\$48,705,405</u>	<u>\$80,956,593</u>	<u>(\$32,251,188)</u>
Project Expenses-less transfers to Capital Assets in 2018		<u>(86,039,389)</u>	
Capital Maintenance Projects		<u>38,654,111</u>	
Total Revenues (Operating and Capital)		457,637,098	
- Less Total Expenses (Operating, Non-Operating, and Capital (after Capitalization)		(422,442,752)	
- Less Depreciation Expense		(80,565,077)	
- Less Non-Cash Capital Contributions		20,142,932	
+ Plus Principal Payments on Long-term Debt		<u>10,845,000</u>	
Change in Net Position (Statement of Revenues, Expenses, and Changes in Net Position)		<u>\$ (14,382,799)</u>	

# Statistical

For Fiscal Years Ended  
December 31, 2018 and 2017



UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**NET POSITION AS OF December 31 - 10 years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Capital Investment in Net Assets	\$ 827,646,243	\$ 894,275,843	\$ 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
Restricted	132,734,222	89,153,732	67,415,969	78,064,113	62,860,625	7,252,625	3,952,493	3,929,644	4,071,242	3,813,103
Unrestricted	18,914,155	10,247,844	71,467,610	76,467,063	137,910,343	242,267,181	304,753,885	276,960,064	505,464,819	527,478,988
Total Net Position	979,294,620	993,677,419	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
Restatement	-	-	-	(9,497,521)	(115,047,267)	4,931,557	-	-	-	-
Total Net Position, Restated	\$ 979,294,620	\$ 993,677,419	\$ 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

**CHANGE IN NET POSITION - 10 YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues	\$ 54,464,392	\$ 54,525,870	\$ 52,891,021	\$ 54,346,242	\$ 53,761,223	\$ 52,044,200	\$ 46,422,916	\$ 41,527,090	\$ 36,893,396	\$ 35,163,780
Operating Expenses	401,161,541	427,777,940	422,543,342	394,062,733	398,626,029	378,224,993	319,322,223	288,531,160	257,267,580	255,931,379
Operating loss	(346,697,149)	(373,252,070)	(369,652,321)	(339,716,491)	(344,864,806)	(326,180,793)	(272,899,307)	(247,004,070)	(220,374,184)	(220,767,599)
Non-Operating Revenues	268,435,411	246,722,487	226,957,532	209,462,264	182,843,232	173,520,664	200,370,290	205,877,440	219,663,490	220,089,438
Income (loss) before capital contributions	(78,261,738)	(126,529,583)	(142,694,789)	(130,254,227)	(162,021,574)	(152,660,129)	(72,529,017)	(41,126,630)	(710,694)	(678,161)
Capital contributions	63,879,839	57,063,288	20,164,612	9,068,708	11,389,311	56,255,200	98,811,340	44,985,270	159,744,074	275,609,643
Change in net position	\$ (14,381,899)	\$ (69,466,295)	\$ (122,530,177)	\$ (121,185,519)	\$ (150,632,263)	\$ (96,404,929)	\$ 26,282,323	\$ 3,858,640	\$ 159,033,380	\$ 274,931,482



UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**Revenue History by Source - 10 Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating	\$ 54,464,392	\$ 54,525,870	\$ 52,891,021	\$ 54,346,242	\$ 53,761,223	\$ 52,044,200	\$ 46,422,916	\$ 41,527,090	\$ 36,893,396	\$ 35,163,780
Sales taxes	282,933,591	265,770,775	245,008,417	227,703,023	214,683,276	203,806,329	196,693,543	183,091,524	171,893,732	171,854,169
Investment	6,525,872	2,873,787	1,732,939	2,831,406	5,803,226	1,455,039	1,892,549	3,672,397	3,827,161	9,389,045
Other	8,155,668	3,954,893	3,108,191	8,314,065	3,724,610	4,347,724	2,351,713	3,483,140	2,929,254	2,797,757
	<u>352,079,523</u>	<u>327,125,325</u>	<u>302,740,568</u>	<u>293,194,736</u>	<u>277,972,335</u>	<u>261,653,292</u>	<u>247,360,721</u>	<u>231,774,151</u>	<u>215,543,543</u>	<u>219,204,751</u>
Federal Grants										
Federal Preventative										
Maintenance Grants	61,820,668	62,313,994	59,772,235	49,452,677	47,760,737	47,986,240	46,719,891	47,735,443	46,500,000	44,974,000
Federal Planning										
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
Federal Capital Grants	31,585,104	53,960,024	17,054,298	7,819,096	8,025,628	48,669,408	85,168,542	44,864,016	156,727,641	256,527,803
	<u>93,405,772</u>	<u>116,274,018</u>	<u>80,389,067</u>	<u>59,819,108</u>	<u>58,780,504</u>	<u>100,523,900</u>	<u>133,874,199</u>	<u>104,183,439</u>	<u>215,865,405</u>	<u>316,726,526</u>
Other Capital										
Contributions	32,293,935	3,103,264	3,110,314	1,249,612	3,363,683	7,585,792	13,642,798	121,254	3,046,433	19,081,840
	<u>\$ 477,779,230</u>	<u>\$ 446,502,607</u>	<u>\$ 386,239,949</u>	<u>\$ 354,263,456</u>	<u>\$ 340,116,522</u>	<u>\$ 369,762,984</u>	<u>\$ 394,877,718</u>	<u>\$ 336,078,844</u>	<u>\$ 434,455,381</u>	<u>\$ 555,013,117</u>

**Expense History by Function - 10 Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Bus Service	\$ 96,719,747	\$ 88,928,063	\$ 85,841,973	\$ 77,092,676	\$ 79,060,631	\$ 78,894,435	\$ 78,894,799	\$ 81,208,651	\$ 79,522,988	\$ 79,054,373
Rail Service	75,157,087	72,895,607	84,165,069	67,254,632	70,365,953	61,086,101	46,049,338	38,135,480	33,787,601	34,681,800
Paratransit Service	21,858,532	19,572,367	19,341,116	18,511,580	18,748,699	18,202,211	17,516,117	16,054,555	14,570,401	14,595,021
Other Service	3,056,191	2,982,176	2,949,643	2,918,871	3,183,892	701,656	596,583	535,897	589,356	517,571
Operations Support	45,557,749	41,932,571	37,831,682	32,051,926	28,380,563	28,439,826	25,247,271	21,643,830	23,147,075	26,083,512
Administration <sup>1</sup>	39,593,947	31,423,844	38,840,643	35,189,725	35,409,918	28,533,912	26,664,222	26,340,573	22,286,055	26,105,521
Capital Maintenance										
Projects	38,654,111	20,602,425	-	-	-	-	-	-	-	-
Depreciation	80,565,077	149,440,887	153,573,216	161,043,323	163,476,373	162,366,852	124,353,893	104,612,174	83,364,104	74,893,581
Interest <sup>2</sup>	91,000,388	88,190,962	85,415,870	80,575,328	91,311,842	87,132,004	48,462,258	42,878,130	17,313,507	23,050,963
Recoverable Sales Tax,										
Interlocal <sup>3</sup>	810,914	810,914	810,914	810,914	810,914	810,914	810,914	810,914	810,914	1,099,293
	<u>\$ 492,973,743</u>	<u>\$ 516,779,816</u>	<u>\$ 508,770,126</u>	<u>\$ 475,448,975</u>	<u>\$ 490,748,785</u>	<u>\$ 466,167,911</u>	<u>\$ 368,595,395</u>	<u>\$ 332,220,204</u>	<u>\$ 275,392,001</u>	<u>\$ 280,081,635</u>

<sup>1</sup> Includes major investment studies

<sup>2</sup> Reported as non-capitalized interest

<sup>3</sup> See Notes to the Financial Statement, Note 2.K



UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Box Elder <sup>1</sup>	\$ 1,898,308	\$ 1,957,740	\$ 1,790,352	\$ 1,552,291	\$ 1,418,268	\$ 1,300,577	\$ 1,279,794	\$ 1,226,730	\$ 1,269,478	\$ 1,297,586
Davis	31,883,835	30,633,547	27,606,440	23,178,724	21,459,683	20,023,042	18,692,038	17,880,017	16,964,089	17,091,892
Salt Lake	174,704,191	163,407,564	153,201,907	146,866,479	139,199,088	132,741,112	129,169,357	120,094,110	112,379,366	112,076,511
Tooele <sup>2</sup>	2,815,189	2,302,492	1,798,971	1,521,097	1,384,631	1,349,366	1,364,179	1,207,539	1,227,109	1,136,816
Utah	45,665,232	43,023,303	38,601,427	36,221,930	33,752,513	31,905,764	30,576,235	27,743,162	25,397,367	25,222,227
Weber	25,966,836	24,446,129	22,009,320	18,362,502	17,469,093	16,486,468	15,611,940	14,939,966	14,656,323	15,029,137
	<u>\$ 282,933,591</u>	<u>\$ 265,770,775</u>	<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>

<sup>1</sup> Includes Brigham City, Perry and Willard cities only

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

**LOCAL TRANSIT SALES TAX RATES BY COUNTY - 10 YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Box Elder	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%
Davis	0.6500%	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%
Salt Lake	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%
Tooele	0.4000%	0.4000%	0.4000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%
Utah	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%
Weber	0.6500%	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%



UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**PRINCIPAL CONTRIBUTORS OF SALES TAX BY COUNTY - 2009 and 2018**

	2018			2009		
	Rank	Percentage of contributions	Amount	Rank	Percentage of contributions	Amount
Salt Lake County	1	61.75%	\$ 174,704,191	1	65.22%	\$ 112,076,511
Utah County	2	16.14%	45,665,232	2	14.68%	25,222,227
Davis County	3	11.27%	31,883,835	3	9.95%	17,091,892
Weber County	4	9.18%	25,966,836	4	8.75%	15,029,137
Box Elder County	5	0.67%	1,898,308	5	0.76%	1,297,586
Tooele County	6	1.00%	2,815,189	6	0.66%	1,136,816
			<u>\$ 282,933,591</u>			<u>\$ 171,854,169</u>

**FARES - 10 Years**

	2018	2017	2016	2015	2014	2013	2012 (4/1/12)	2011 (5/1/11)	2010 (11/1/10)	2009 (4/1/09)
<b>Cash Fares</b>										
Base Fare	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.35	\$ 2.25	\$ 2.00	\$ 2.00
Senior Citizen/Disabled	1.25	1.25	1.25	1.25	1.25	1.25	1.15	1.10	1.00	1.00
Ski Bus	4.50	4.50	4.50	4.50	4.50	4.50	4.25	4.00	3.50	3.50
Paratransit (Flextrans)	4.00	4.00	4.00	4.00	4.00	4.00	3.50	2.75	2.50	2.50
Commuter Rail Base Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.35	2.25	2.00	3.00
Commuter Rail Additional Station	0.60	0.60	0.60	0.60	0.60	0.60	0.55	0.50	0.50	0.50
Commuter Rail Maximum Rate	10.30	10.30	10.30	10.30	10.30	10.30	5.10	5.25	5.00	6.00
Express	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.00	4.50	4.50
Streetcar	1.00	1.00	1.00	1.00	1.00	1.00	n/a	n/a	n/a	n/a
<b>Monthly Passes</b>										
Adult	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 78.50	\$ 75.00	\$ 67.00	\$ 67.00
Minor	62.75	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75
College Student	62.75	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75
Senior Citizen/Disabled	41.75	41.75	41.75	41.75	41.75	41.75	39.25	37.50	33.50	33.50
Express	198.00	198.00	198.00	198.00	198.00	198.00	189.00	180.00	162.00	162.00
Paratransit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	84.00
<b>Other Fares</b>										
Day Pass	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 5.75	\$ 5.50	\$ 5.00	\$ 5.00
Group Pass	15.00	15.00	15.00	15.00	15.00	15.00	14.00	13.50	12.00	13.75
Summer Youth	99.00	99.00	99.00	99.00	99.00	99.00	n/a	n/a	n/a	99.50
Token - 10-Pack	22.50	22.50	22.50	22.50	22.50	22.50	21.00	20.25	17.75	17.75
Paratransit - 10-Ride Ticket	40.00	40.00	40.00	40.00	40.00	40.00	35.00	30.00	25.00	22.00
Paratransit - 30-Ride Ticket	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.00
Ski Day Pass	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.00	7.00	7.00

UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**DEBT SERVICE COVERAGE - 10 YEARS**

Fiscal Year	Bonds		Sales Taxes Collected (less Proposition 1)	Coverage Ratio of Sales Taxes	Personal Income of UTA Service Area	Percentage of Personal Income	Per Capita
	Principle	Interest					
2009	\$ 6,665,000	\$ 59,841,145	\$ 171,854,169	2.58	\$ 71,636,728,000	0.09%	\$ 30.81
2010	6,960,000	63,782,164	171,893,732	2.43	73,036,786,000	0.10%	32.13
2011	7,300,000	71,932,011	183,091,524	2.31	77,738,053,000	0.10%	35.48
2012	7,615,000	71,837,998	196,693,543	2.48	82,025,459,000	0.10%	35.05
2013	7,450,000	84,319,531	203,806,329	2.22	85,916,480,000	0.11%	39.83
2014	7,810,000	91,382,184	214,683,276	2.16	89,319,546,000	0.11%	42.46
2015	11,445,000	84,785,200	227,703,023	2.37	93,617,901,000	0.10%	40.48
2016	13,570,000	94,893,898	238,584,981	2.20	103,831,295,168	0.10%	44.00
2017	8,750,000	77,765,121	256,742,750	2.97	109,771,147,642	0.08%	34.80
2018	10,845,000	89,110,270	273,007,256	2.73	n/a	n/a	n/a

Source: Note 8

Note: Does not include Utah County Provo Orem BRT debt  
 2018 income numbers not available as of June 2019

**DEMOGRAPHIC AND ECONOMIC STATISTICS - 10 YEARS**

Fiscal Year	Estimated Population	Personal Income in UTA Service Area	Per Capita Personal Income	Unemployment Rate	
2009	2,158,269	\$71,636,728,000	\$33,192	6.0%	
2010	2,201,736	73,036,786,000	33,172	7.5%	
2011	2,233,268	77,738,053,000	34,809	6.0%	
2012	2,266,836	82,025,459,000	36,185	5.6%	
2013	2,303,781	85,916,480,000	37,294	3.5%	
2014	2,335,999	89,319,546,000	38,236	3.5%	
2015	2,377,256	93,617,901,000	39,381	3.4%	
2016	2,418,075	103,772,062,000	42,915	3.1%	Percentage of Utah
2017	2,463,015	108,805,744,000	44,176	3.0%	79.40%
2018	n/a	n/a	n/a	3.0%	

Source: US Dept of Commerce, Bureau of Economic Analysis, Regional Data (www.bea.gov)  
 Unemployment rate- Utah Department of Workforce Services  
 2018 statistic not available as of June 2019



UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**PRINCIPAL EMPLOYERS - 2009 and 2017**

2017					2009				
Employer	Industry	Employees	Rank	% Total Employment	Employer	Employees	Rank	% Total Employment	
Intermountain Healthcare	Health Care	20,000 +	1	1.3%	Intermountain Healthcare	15,250-20,498	1	1.5%	
University of Utah (inc. Hospital)	Higher Education	20,000 +	1	1.3%	State of Utah	14,700-22,494	4	1.4%	
State of Utah	State Government	20,000 +	1	1.3%	University of Utah	15,000-19,999	2	1.5%	
Brigham Young University	Higher Education	15,000-19,999	4	1.0%	Brigham Young University	15,000-19,999	2	1.5%	
Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999	4	1.0%	Wal Mart Stores	9,250-14,494	6	0.9%	
Hill Air Force Base	Federal Government	10,000-14,999	6	0.7%	Hill Air Force Base	10,000-14,494	5	1.0%	
Utah State University	Higher Education	7,000-9,999	7	0.5%					
Davis County School District	Public Education	7,000-9,999	7	0.5%	Davis County School District	7,000-9,999	7	0.7%	
Granite School District	Public Education	7,000-9,999	7	0.5%	Granite School District	7,000-9,999	7	0.7%	
Smith's Food and Drug Centers	Grocery Stores	7,000-9,999	7	0.5%					
Alpine School District	Public Education	7,000-9,999	7	0.5%	Alpine School District	5,000-6,999	10	0.5%	
Jordan School District	Public Education	5,000-6,999	8	0.3%	Jordan School District	7,000-9,999	7	0.7%	
Salt Lake County	Local Government	5,000-6,999	8	0.3%	Salt Lake County	5,000-6,999	10	0.5%	
U.S. Postal Service	Federal Government	5,000-6,999	8	0.3%					
Utah Valley University	Higher Education	5,000-6,999	8	0.3%					
<b>Total Employment</b>				<b>1,510,208</b>				<b>1,020,408</b>	

Source: Department of Workforce Services

Largest Employers by County

Annual Report of Labor Market Information

2018 data not available at time of report

<https://jobs.utah.gov/wi/data/firm/majoremployers.html>

<https://jobs.utah.gov/wi/pubs/em/annual/current/index.html>

**FULL-TIME EQUIVALENT AUTHORITY EMPLOYEES - 10 YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Bus operations	1039	1030	1028	951	945	911	963	950	998	1023
Rail operations	573	580	563	527	542	526	506	425	335	314
Paratransit operations	203	191	191.5	188	183	176	168	168	140	141
Other services	9	9	9	12	10	10	12	11	11	11
Support services	412	365	366	349	323	335	293	284	239	249
Administration	212	243	212	210	207	195	217	224	238	242
<b>Total</b>	<b>2447</b>	<b>2417</b>	<b>2368</b>	<b>2237</b>	<b>2210</b>	<b>2153</b>	<b>2159</b>	<b>2062</b>	<b>1961</b>	<b>1980</b>

Source: Budget document



UTAH TRANSIT AUTHORITY  
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**TREND STATISTICS - 10 YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Passengers</b>										
Bus service	19,624,935	19,749,855	20,033,242	20,560,068	20,165,174	19,695,711	21,222,669	21,560,358	21,716,864	20,657,019
Rail service	22,981,884	23,677,677	23,765,873	24,349,674	24,337,451	22,814,274	19,421,608	16,944,264	14,790,418	14,707,601
Paratransit service	394,816	386,977	389,019	388,169	372,499	383,453	715,034	683,336	509,625	500,242
Vanpool service	1,174,696	1,264,410	1,333,780	1,423,675	1,404,285	1,387,816	1,446,766	1,417,183	1,346,949	1,353,697
<b>Total passengers</b>	<u>44,176,331</u>	<u>45,078,919</u>	<u>45,521,914</u>	<u>46,721,586</u>	<u>46,279,409</u>	<u>44,281,254</u>	<u>42,806,077</u>	<u>40,605,141</u>	<u>38,363,856</u>	<u>37,218,559</u>
<b>Revenue Miles</b>										
Bus service	17,911,404	17,454,404	15,462,834	15,367,510	15,660,520	15,706,028	15,091,645	15,869,340	16,412,862	16,777,762
Rail service	12,084,767	12,082,292	12,070,277	11,988,005	11,784,146	11,681,251	7,905,460	6,019,693	5,312,506	5,568,699
Paratransit service	2,798,928	2,727,127	2,505,343	2,293,887	2,513,535	2,932,842	3,252,193	4,094,325	2,799,362	2,928,929
Vanpool service	6,354,828	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016
<b>Total Revenue Miles</b>	<u>39,149,927</u>	<u>38,713,262</u>	<u>36,556,604</u>	<u>36,383,889</u>	<u>36,818,003</u>	<u>37,373,312</u>	<u>33,803,276</u>	<u>34,026,114</u>	<u>31,867,052</u>	<u>33,075,406</u>
<b>Total Miles</b>										
Bus service	20,247,617	19,899,364	17,511,624	17,662,486	17,864,847	17,191,018	16,553,983	17,416,367	18,820,702	19,342,359
Rail service	12,285,634	12,202,976	12,189,876	12,368,934	11,814,332	11,773,929	7,987,022	6,073,807	5,365,270	5,626,707
Paratransit service	3,376,772	3,263,607	3,254,559	3,192,367	2,844,468	3,493,247	4,088,027	5,256,369	3,473,129	3,637,806
Vanpool service	6,354,828	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016
<b>Total miles</b>	<u>42,264,851</u>	<u>41,815,386</u>	<u>39,474,209</u>	<u>39,958,274</u>	<u>39,383,449</u>	<u>39,511,385</u>	<u>36,183,010</u>	<u>36,789,299</u>	<u>35,001,423</u>	<u>36,406,888</u>
<b>Passengers per Mile</b>										
Bus service	1.10	1.13	1.30	1.34	1.29	1.25	1.41	1.36	1.32	1.23
Rail service	1.90	1.96	1.97	2.03	2.07	1.95	2.46	2.81	2.78	2.64
Paratransit service	0.14	0.14	0.16	0.17	0.15	0.13	0.22	0.17	0.18	0.17
Vanpool service	0.18	0.20	0.20	0.21	0.20	0.20	0.19	0.18	0.18	0.17
<b>Ttl. Passengers per Revenue Mile</b>	<u>1.13</u>	<u>1.16</u>	<u>1.25</u>	<u>1.28</u>	<u>1.26</u>	<u>1.18</u>	<u>1.27</u>	<u>1.19</u>	<u>1.20</u>	<u>1.13</u>
<b>Revenue Hours</b>										
Bus service	1,284,186	1,258,448	1,087,055	1,070,139	1,108,894	933,662	834,985	866,268	897,294	904,282
Rail service	527,187	513,389	511,082	506,233	487,435	641,914	536,066	388,826	295,227	374,300
Paratransit service	180,342	162,198	162,734	160,383	164,527	191,016	227,013	300,760	201,994	211,369
<b>Total revenue hours</b>	<u>1,991,715</u>	<u>1,934,035</u>	<u>1,760,871</u>	<u>1,736,755</u>	<u>1,760,856</u>	<u>1,766,592</u>	<u>1,598,064</u>	<u>1,555,854</u>	<u>1,394,515</u>	<u>1,489,951</u>
<b>Passengers per Revenue Hour</b>										
Bus service	15.28	15.69	18.43	19.21	18.18	21.10	25.42	24.89	24.20	22.84
Rail service	43.59	46.12	46.50	48.10	49.93	35.54	36.23	43.58	50.10	39.29
Paratransit service	2.19	2.39	2.39	2.42	2.26	2.01	3.15	2.27	2.52	2.37
<b>Total passengers per mile</b>	<u>21.59</u>	<u>22.65</u>	<u>25.09</u>	<u>26.08</u>	<u>25.48</u>	<u>24.28</u>	<u>25.88</u>	<u>25.19</u>	<u>26.54</u>	<u>24.07</u>
<b>Total System</b>										
Fare revenue	\$48,122,586	\$52,159,202	\$50,624,354	\$52,112,909	\$51,461,223	\$49,977,533	\$44,489,583	\$39,693,757	\$35,160,063	\$33,530,449
Operating expense	\$300,954,051	\$257,734,612	\$268,970,126	\$242,516,933	\$235,149,656	\$215,858,141	\$194,968,330	\$183,918,986	\$173,903,476	\$181,037,798
Cost per revenue mile	\$7.69	\$6.66	\$7.36	\$6.67	\$6.39	\$5.78	\$5.77	\$5.41	\$5.46	\$5.47
Cost per passenger	\$6.81	\$5.72	\$5.91	\$5.19	\$5.08	\$4.87	\$4.55	\$4.53	\$4.53	\$4.86
Fare revenue per passenger	\$1.09	\$1.16	\$1.11	\$1.12	\$1.11	\$1.13	\$1.04	\$0.98	\$0.92	\$0.90

Note: Does not include commuter bus or contract transportation.  
 Source: NTD

UTAH TRANSIT AUTHORITY  
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**OPERATING INDICATORS AND CAPITAL ASSETS - 10 YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Number of bus routes*	114	119	125	126	121	119	125	119	127	128
Number of rail routes										
Light rail	4	4	4	4	4	4	3	3	3	3
Commuter rail	1	1	1	1	1	1	1	1	1	1
Bus Service Miles (weekday)	57,378	56,162	53,612	49,625	51,629	55,733	64,186	64,493	67,012	68,537
Rail Service Miles (weekday)										
Light Rail	8,853	8,814	8,815	8,828	8,547	8,216	6,978	5,107	3,910	3,684
commuter Rail	4,664	4,623	4,627	4,651	4,638	4,488	2,390	2,327	2,469	2,725
Average Passengers (weekday)	151,901	156,288	155,873	161,862	161,339	152,644	152,934	142,186	134,736	141,047
Buses	561	582	567	555	535	493	570	495	496	501
Paratransit vehicles (buses/vans)	182	148	129		84	113	110	112	96	101
Rail vehicles										
Light rail	146	146	146	146	146	146	122	122	55	55
Commuter rail	81	81	81	81	81	81	57	55	37	37
Vanpool vehicles	453	453	503	495	479	470	494	485	414	403
Park and ride lots <sup>1</sup>			46	41						
Rail Park and Ride	42	42								
Non-Rail and and ride	12	12								
Bus Stops	6,100	6,100	6,196	6,250	6,250	6,273	6,333	6,600	6,645	6,410
Rail Stails										
Light Rail	57	57	57	57	51	51	41	41	28	28
Commuter Rail	16	16	16	16	16	16	16	7	8	8

\* Including flex

<sup>1</sup> As of 2017 started distinguishing between rail and non rail park and ride lots

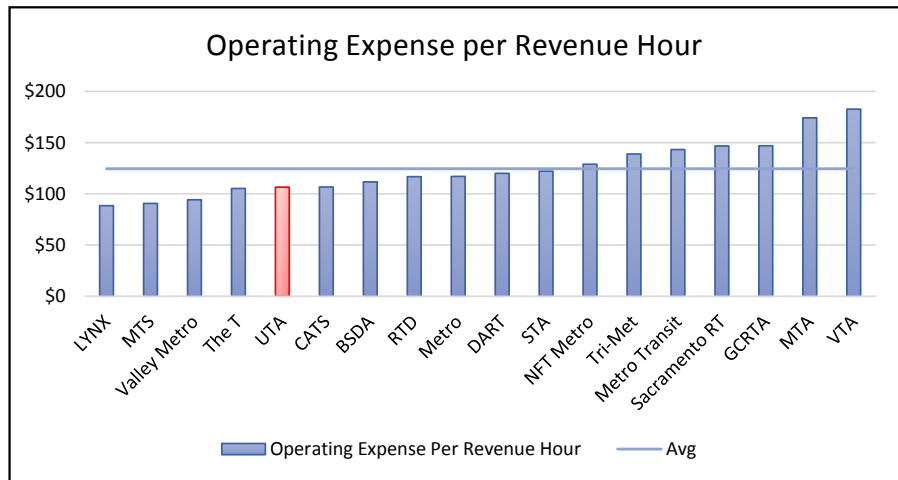
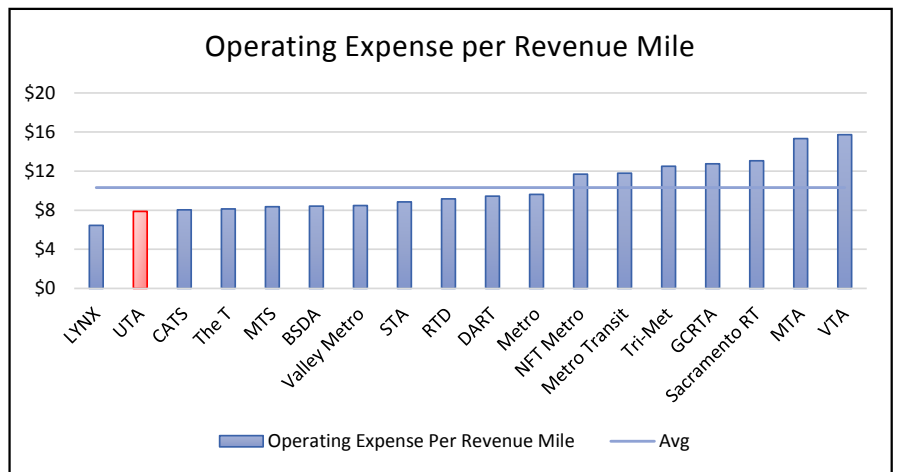


**PERFORMANCE MEASURES - BUS SERVICE**

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2017), 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	\$ 7.88	\$ 106.47
Baltimore, MD	MTA	15.33	174.13
Buffalo, NY	NFT Metro	11.69	128.85
Charlotte, NC	CATS	8.04	106.62
Cleveland, OH	GCRTA	12.75	146.88
Dallas, TX	DART	9.44	119.99
Denver, CO	RTD	9.16	116.73
Ft Worth, TX	The T	8.13	105.21
Houston, TX	Metro	9.62	116.98
Minneapolis, MN	Metro Transit	11.79	143.21
Orlando, FL	LYNX	6.45	88.41
Phoenix, AZ	Valley Metro	8.48	94.20
Portland, OR	Tri-Met	12.50	138.86
Sacramento, CA	Sacramento RT	13.06	146.68
San Diego	MTS	8.36	90.60
San Jose, CA	VTA	15.73	182.65
Spokane, WA	STA	8.85	122.07
St Louis, MO	BSDA	8.42	111.58
Average		\$ 10.32	\$ 124.45
Maximum		15.73	182.65
Minimum		6.45	88.41
Standard Deviation		2.69	26.69

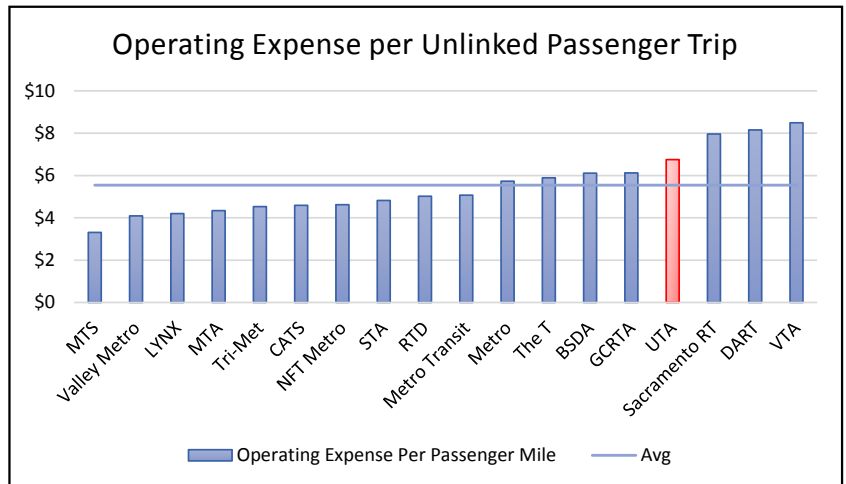
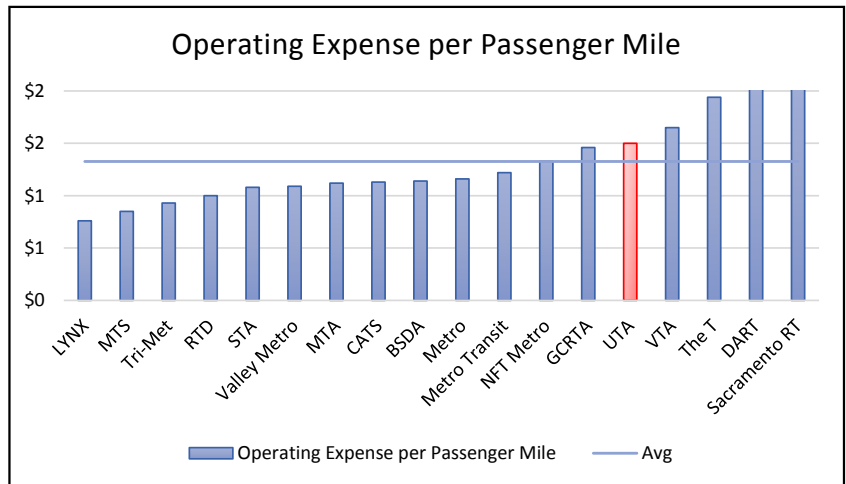


UTAH TRANSIT AUTHORITY  
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**PERFORMANCE MEASURES - BUS SERVICE (continued)**

**Cost Effectiveness**

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 1.50	\$ 6.75
Baltimore, MD	MTA	1.12	4.34
Buffalo, NY	NFT Metro	1.33	4.62
Charlotte, NC	CATS	1.13	4.59
Cleveland, OH	GCRTA	1.46	6.12
Dallas, TX	DART	2.22	8.15
Denver, CO	RTD	1.00	5.02
Ft Worth, TX	The T	1.94	5.89
Houston, TX	Metro	1.16	5.73
Minneapolis, MN	Metro Transit	1.22	5.07
Orlando, FL	LYNX	0.76	4.20
Phoenix, AZ	Valley Metro	1.09	4.09
Portland, OR	Tri-Met	0.93	4.53
Sacramento, CA	Sacramento RT	2.30	7.96
San Diego	MTS	0.85	3.31
San Jose, CA	VTA	1.65	8.49
Spokane, WA	STA	1.08	4.82
St Louis, MO	BSDA	1.14	6.11
Average		\$ 1.33	\$ 5.54
Maximum		2.30	8.49
Minimum		0.76	3.31
Standard Deviation		0.44	1.49



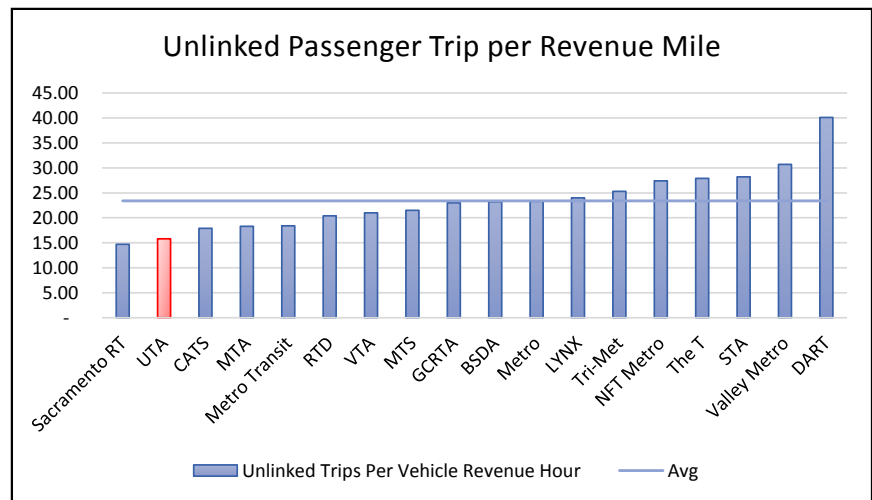
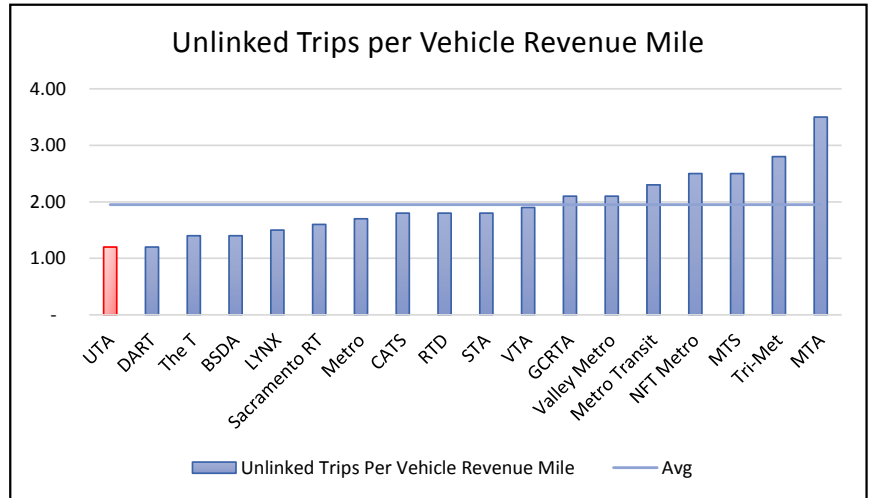


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**PERFORMANCE MEASURES - BUS SERVICE (continued)**

**Service Effectiveness**

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	1.20	15.80
Baltimore, MD	MTA	3.50	40.10
Buffalo, NY	NFT Metro	2.50	27.90
Charlotte, NC	CATS	1.80	23.20
Cleveland, OH	GCRTA	2.10	24.00
Dallas, TX	DART	1.20	14.70
Denver, CO	RTD	1.80	23.30
Ft Worth, TX	The T	1.40	17.90
Houston, TX	Metro	1.70	20.40
Minneapolis, MN	Metro Transit	2.30	28.20
Orlando, FL	LYNX	1.50	21.00
Phoenix, AZ	Valley Metro	2.10	23.00
Portland, OR	Tri-Met	2.80	30.70
Sacramento, CA	Sacramento RT	1.60	18.40
San Diego	MTS	2.50	27.40
San Jose, CA	VTA	1.90	21.50
Spokane, WA	STA	1.80	25.30
St Louis, MO	BSDA	1.40	18.30
Average		1.95	23.39
Maximum		3.50	40.10
Minimum		1.20	14.70
Standard Deviation		0.60	6.08



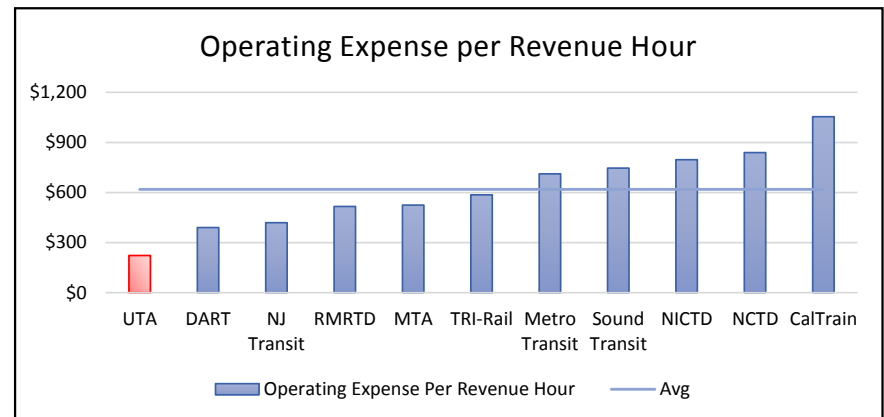
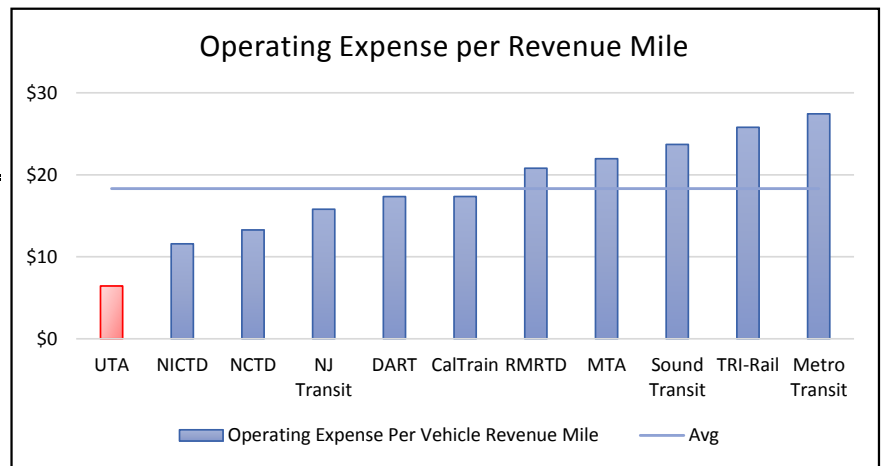
**PERFORMANCE MEASURES - COMMUTER RAIL**

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2017), 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	\$ 6.44	\$ 222.55
Albuquerque, NM	RMRTD	20.80	796.25
Baltimore, MD	MTA	21.96	838.89
Chesterton, IN	NICTD	11.58	418.98
Dallas, TX	DART	17.34	390.06
Minneapolis, MN	Metro Transit	27.43	1,053.85
Newark, NJ	NJ Transit	15.80	516.24
Oceanside, CA	NCTD	13.27	524.37
Pompano Beach, FL	TRI-Rail	25.79	746.03
San Carlos, CA	CalTrain	17.35	585.80
Seattle, WA	Sound Transit	23.70	711.69

Average	\$	18.31	\$ 618.61
Maximum		27.43	1,053.85
Minimum		6.44	222.55
Standard Deviation		6.38	237.44

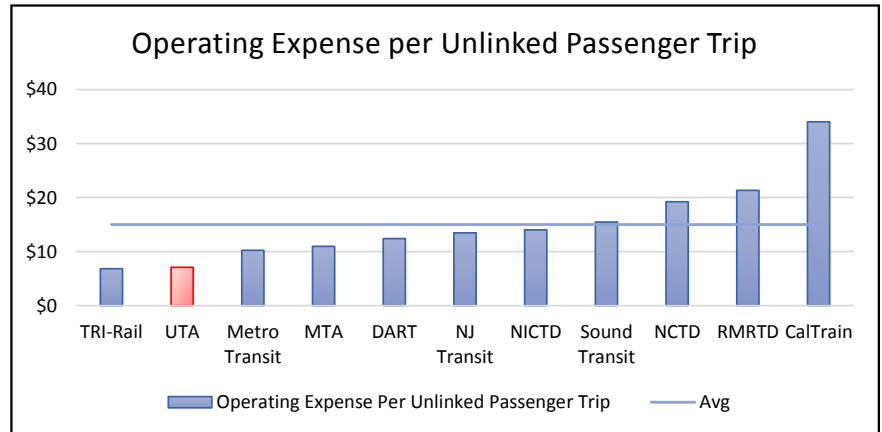
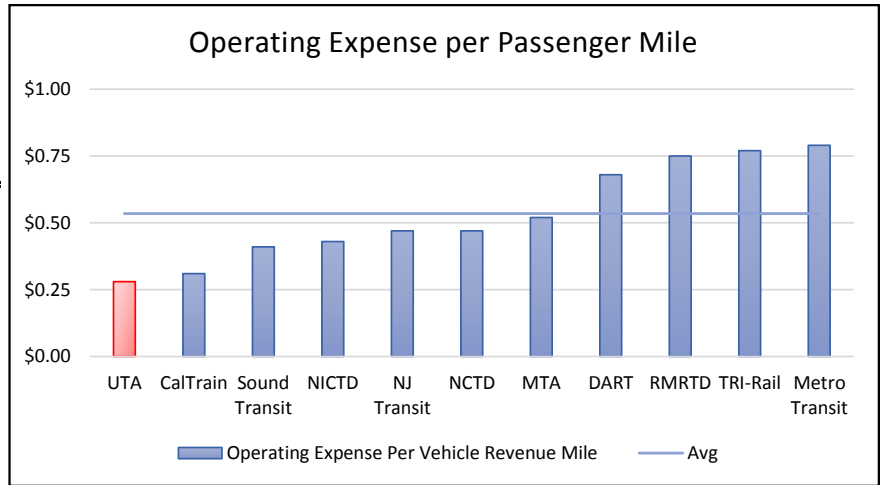


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**PERFORMANCE MEASURES - COMMUTER RAIL (continued)**

**Cost Effectiveness**

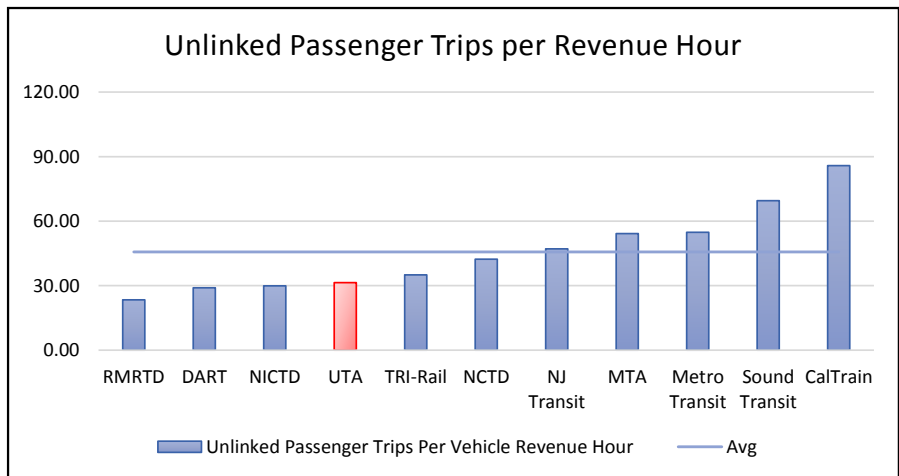
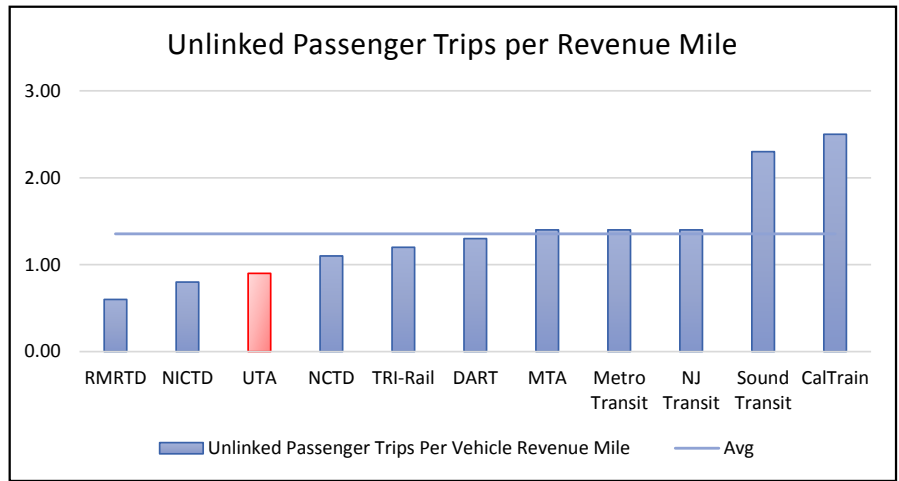
City	Agency	Operating Expenses Per Passenger Mile	Operating Expenses Per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.28	\$ 7.09
Albuquerque, NM	RMRTD	0.75	34.03
Baltimore, MD	MTA	0.52	15.47
Chesterton, IN	NICTD	0.43	14.02
Dallas, TX	DART	0.68	13.47
Minneapolis, MN	Metro Transit	0.79	19.23
Newark, NJ	NJ Transit	0.47	10.97
Oceanside, CA	NCTD	0.47	12.41
Pompano Beach, FL	TRI-Rail	0.77	21.34
San Carlos, CA	CalTrain	0.31	6.83
Seattle, WA	Sound Transit	0.41	10.24
Average		\$ 0.53	\$ 15.01
Maximum		0.79	34.03
Minimum		0.28	6.83
Standard Deviation		0.18	7.74



**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	31.40
Albuquerque, NM	RMRTD	0.60	23.40
Baltimore, MD	MTA	1.40	54.20
Chesterton, IN	NICTD	0.80	29.90
Dallas, TX	DART	1.30	29.00
Minneapolis, MN	Metro Transit	1.40	54.80
Newark, NJ	NJ Transit	1.40	47.10
Oceanside, CA	NCTD	1.10	42.30
Pompano Beach, FL	TRI-Rail	1.20	35.00
San Carlos, CA	CalTrain	2.50	85.80
Seattle, WA	Sound Transit	2.30	69.50
Average		1.35	45.67
Maximum		2.50	85.80
Minimum		0.60	23.40
Standard Deviation		0.58	19.20

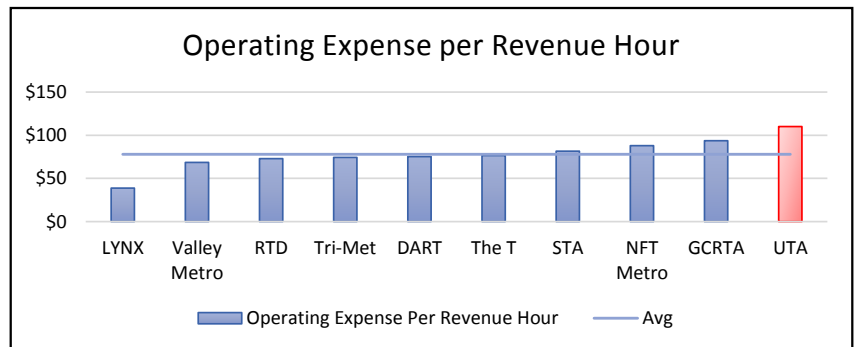
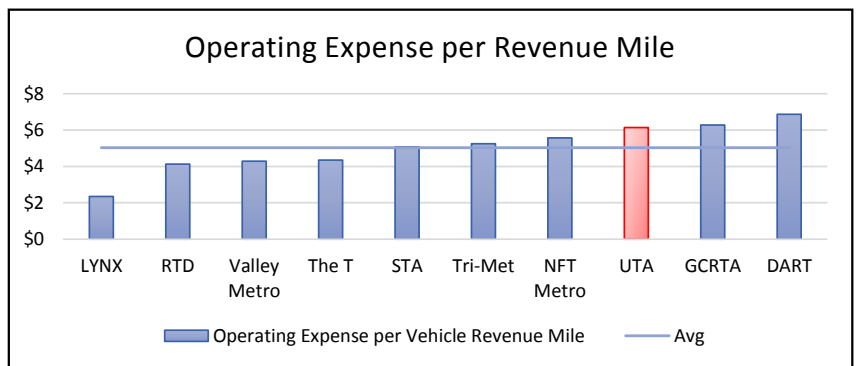


**PERFORMANCE MEASURES - DEMAND RESPONSE**

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2017), 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	\$ 6.55	\$ 110.06
Buffalo, NY	NFT Metro	5.71	87.94
Cleveland, OH	GCRTA	6.56	93.67
Dallas, TX	DART	5.94	75.25
Denver, CO	RTD	4.66	72.92
Fort Worth, TX	The T	4.88	76.48
Orlando, FL	LYNX	2.20	38.79
Phoenix, AZ	Valley Metro	5.32	68.53
Portland, OR	Tri-Met	5.78	74.35
Spokane, WA	STA	5.39	81.55
Average		\$ 5.30	\$ 77.95
Maximum		6.56	110.06
Minimum		2.20	38.79
Standard Deviation		1.25	18.44



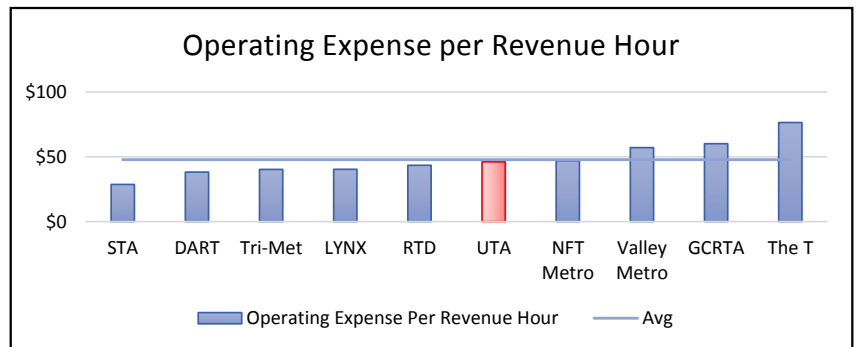
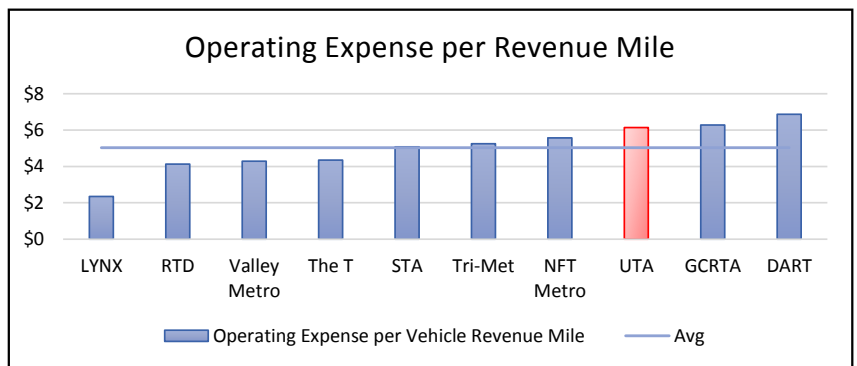
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**PERFORMANCE MEASURES - DEMAND RESPONSE (continued)**

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2017), and compares the Authority's performance with other like transit agencies.

**Cost Effectiveness**

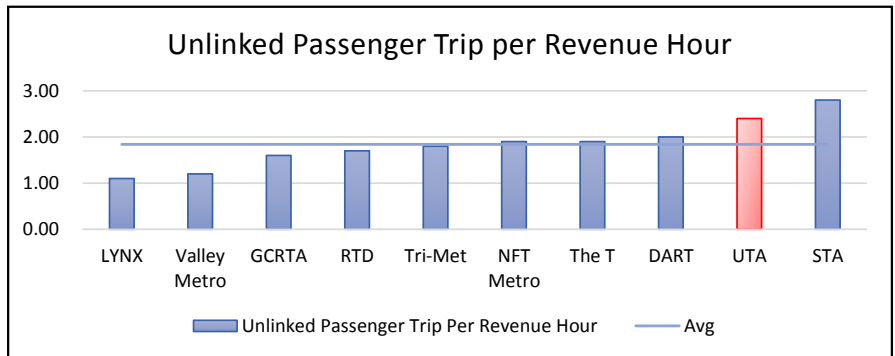
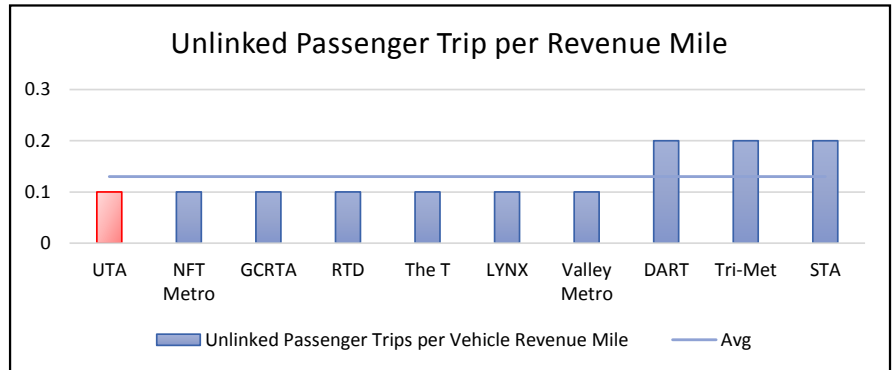
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 4.22	\$ 46.13
Buffalo, NY	NFT Metro	5.37	47.02
Cleveland, OH	GCRTA	7.30	60.14
Dallas, TX	DART	3.18	38.23
Denver, CO	RTD	4.99	43.47
Fort Worth, TX	The T	4.88	76.48
Orlando, FL	LYNX	4.01	40.37
Phoenix, AZ	Valley Metro	5.93	57.12
Portland, OR	Tri-Met	4.39	40.29
Spokane, WA	STA	3.19	28.68
Average		\$ 4.75	\$ 47.79
Maximum		7.30	76.48
Minimum		3.18	28.68
Standard Deviation		1.26	13.55



**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	0.10	2.40
Buffalo, NY	NFT Metro	0.10	1.90
Cleveland, OH	GCRTA	0.10	1.60
Dallas, TX	DART	0.20	2.00
Denver, CO	RTD	0.10	1.70
Fort Worth, TX	The T	0.10	1.90
Orlando, FL	LYNX	0.10	1.10
Phoenix, AZ	Valley Metro	0.10	1.20
Portland, OR	Tri-Met	0.20	1.80
Spokane, WA	STA	0.20	2.80
Average		0.13	1.84
Maximum		0.20	2.80
Minimum		0.10	1.10
Standard Deviation		0.05	0.51



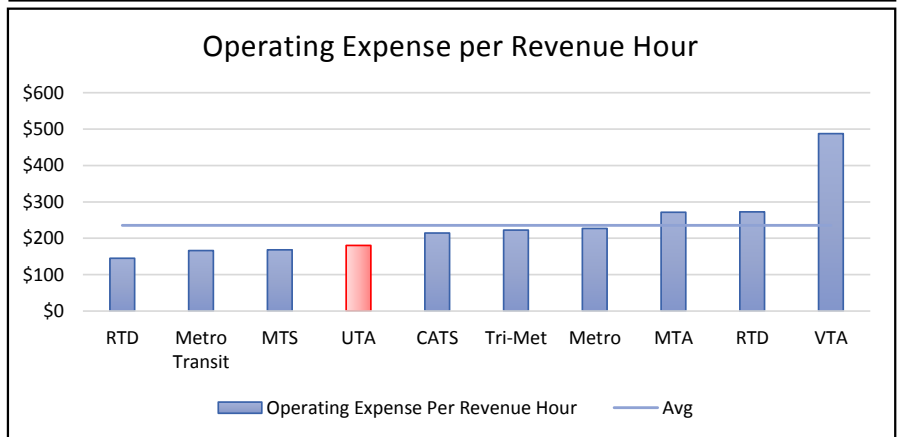
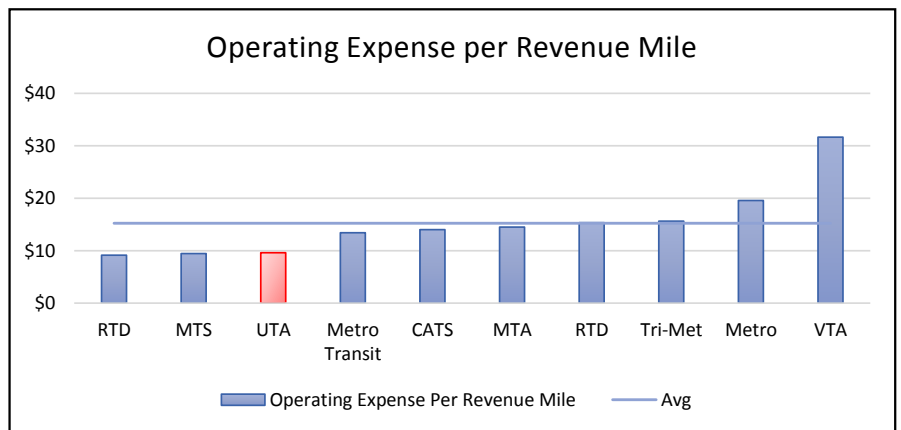
**PERFORMANCE MEASURES - LIGHT RAIL**

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2017), 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	\$ 9.61	\$ 180.35
Baltimore, MD	MTA	14.50	271.50
Charlotte, NC	CATS	14.01	214.45
Denver, CO	RTD	9.14	145.09
Houston, TX	Metro	19.57	227.04
Minneapolis, MN	Metro Transit	13.42	166.23
Portland, OR	Tri-Met	15.63	222.51
Sacramento, CA	RTD	15.34	272.55
San Diego, CA	MTS	9.45	168.24
San Jose, CA	VTA	31.65	487.58

Average	\$ 15.23	\$ 235.55
Maximum	31.65	487.58
Minimum	9.14	145.09
Standard Deviation	6.63	98.56



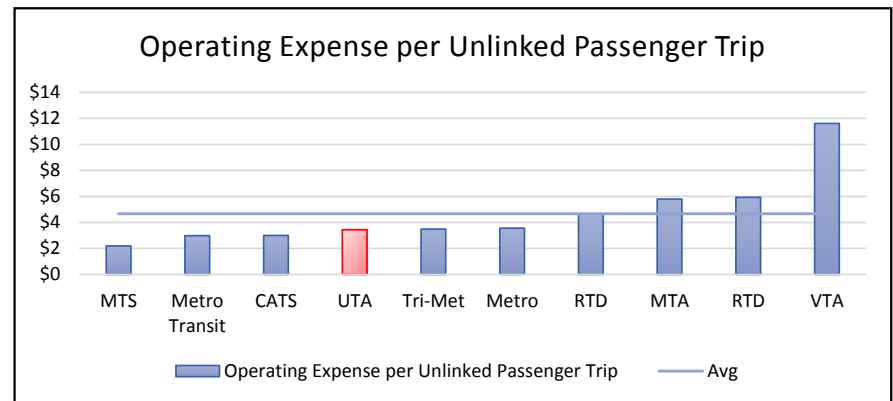
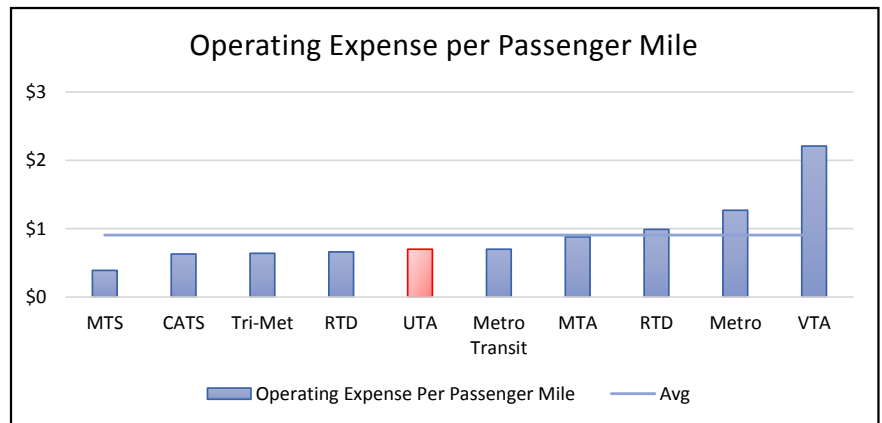


UTAH TRANSIT AUTHORITY  
 STATISTICAL SECTION  
 Year Ended December 31, 2018 and 2017

**PERFORMANCE MEASURES - LIGHT RAIL (continued)**

**Cost Effectiveness**

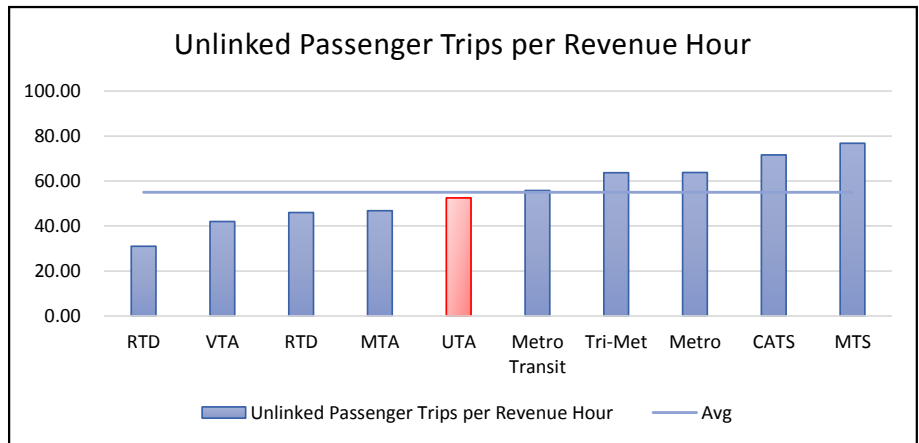
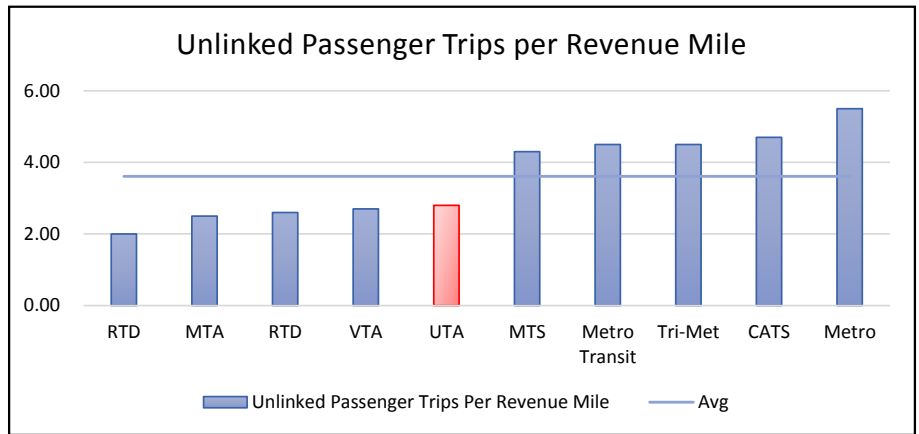
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.70	\$ 3.44
Baltimore, MD	MTA	0.88	5.80
Charlotte, NC	CATS	0.63	3.00
Denver, CO	RTD	0.66	4.67
Houston, TX	Metro	1.27	3.56
Minneapolis, MN	Metro Transit	0.70	2.98
Portland, OR	Tri-Met	0.64	3.49
Sacramento, CA	RTD	0.99	5.93
San Diego, CA	MTS	0.39	2.19
San Jose, CA	VTA	2.21	11.61
Average		\$ 0.91	\$ 4.67
Maximum		2.21	11.61
Minimum		0.39	2.19
Standard Deviation		0.52	2.73



**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	2.80	52.50
Baltimore, MD	MTA	2.50	46.80
Charlotte, NC	CATS	4.70	71.60
Denver, CO	RTD	2.00	31.00
Houston, TX	Metro	5.50	63.80
Minneapolis, MN	Metro Transit	4.50	55.80
Portland, OR	Tri-Met	4.50	63.70
Sacramento, CA	RTD	2.60	46.00
San Diego, CA	MTS	4.30	76.80
San Jose, CA	VTA	2.70	42.00
Average		3.61	55.00
Maximum		5.50	76.80
Minimum		2.00	31.00
Standard Deviation		1.21	14.16



# Compliance

For Fiscal Years Ended  
December 31, 2018 and 2017





KEDDINGTON & CHRISTENSEN, CPAS  
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the discretely presented component unit, and the remaining fund information of Utah Transit Authority (the "Authority"), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 4, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Keddington & Christensen, LLC*

Keddington & Christensen, LLC  
Salt Lake City  
June 4, 2019



**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited Utah Transit Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

### ***Basis for Qualified Opinion on Federal Transit Cluster and Transit Services Program Cluster***

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the Federal Transit Cluster (CFDA 20.500, 20.507, 20.525, and 20.526), and Transit Services Programs Cluster (CFDA 20.513, 20.516, and 50.521) described in finding number 2018-001 for Equipment and Real Property Management. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to those programs.

### ***Qualified Opinion on Federal Transit Cluster and Transit Services Program Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Federal Transit Cluster and Transit Services Program Cluster for the year ended December 31, 2018.

### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2018.

### ***Other Matters***

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Utah Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Keddington & Christensen, LLC*

Keddington & Christensen, LLC  
Salt Lake City, Utah  
June 4, 2019



UTAH TRANSIT AUTHORITY  
 Schedule of Expenditures of Federal Funds (Continued)  
 For the year ended December 31, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
<b>Federal Transit Cluster - Federal Transit Administration Programs</b>					
Federal Transit - Capital investment Grants	20.500	UT-2016-007-00		\$ 39,050	
Federal Transit - Capital investment Grants	20.500	UT-2017-001-00			20,445,072
Federal Transit - Capital investment Grants	20.500	UT-2017-006-00			176,086
Total Capital Investment Grants					<u>20,660,208</u>
Federal Transit - Formula Grant	20.507	UT-2018-009.00			44,071,452
Federal Transit - Formula Grant	20.507	UT-2018-005			2,325,122
Federal Transit - Formula Grant	20.507	UT-2018-006			348,000
Total Federal Transit-Formula Grant					<u>46,744,574</u>
Federal Transit - State of Good Repairs	20.525	UT-2018-004.00			<u>15,311,264</u>
Bus and Bus Facilities Formula Program	20.526	UT-2017-002.00			213,153
Bus and Bus Facilities Formula Program	20.526	UT-2017-013-00			19,707
Bus and Bus Facilities Formula Program	20.526	UT-2018-010-00			12,664
Total Bus and Bus Facilities Formula Program					<u>245,524</u>
<b>Federal Transit Cluster - Federal Transit Administration Programs total</b>				<b>\$ -</b>	<b>\$ 82,961,570</b>
<b>Transit Services Programs Cluster - Federal Transit Administration Programs</b>					
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-16-0006		268,476	372,844
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013		1,343,627	1,412,988
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-015			69,815
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-016			41,974
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-017		53,035	288,227
Total Enhanced Mobility for Seniors and Individuals with Disabilities				<u>1,665,138</u>	<u>2,185,848</u>
Utah Department of Transportation - Job Access and Reverse Commute Program	20.516	17-8233	11-8785		388,138
Utah Department of Transportation - Job Access and Reverse Commute Program	20.516	UT-37-X0003	17-8233		184,511
Total UDOT Job Access and Reverse Commute Program				<u>-</u>	<u>572,649</u>
Utah Department of Transportation - New Freedom Program	20.521	17-8233	11-8785		241,847
Utah Department of Transportation - New Freedom Program	20.521	UT-37-X0003	17-8233		184,511
Total UDOT- New Freedom Program					<u>426,358</u>
<b>Transit Services Program Cluster - Federal Transit Administration Programs total</b>				<b>\$ 1,665,138</b>	<b>\$ 3,184,855</b>

UTAH TRANSIT AUTHORITY  
 Schedule of Expenditures of Federal Funds (Continued)  
 For the year ended December 31, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2018 (Continued)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Infrastructure Investment - Federal Transit Administration Programs</b>					
Federal Transit Administration - National Infrastructure Investment (TIGER)	20.933	UT-2018-002			4,096,689
<b>National Infrastructure Investment - Federal Transit Administration Programs total</b>				<b>\$ -</b>	<b>\$ 4,096,689</b>
<b>Highway Planning &amp; Construction Cluster - Federal Highway Administration Programs</b>					
Federal Highway Administration - Highway Planning and Construction (CMAQ)	20.505	17-8508	17-8508		127,595
Federal Highway Administration - Highway Planning and Construction (CMAQ)	20.505	20-CMAQ-19			1,080,363
<b>Highway Planning &amp; Construction Cluster - Federal Highway Administration Programs total</b>				<b>\$ -</b>	<b>1,207,958</b>
<b>Federal Railroad Administration Program</b>					
Railroad Safety Technology Grants	20.321	UT-2017-011			1,748,624
<b>Federal Transit Administration Programs</b>					
Federal Transit - Capital investment Grants	20.514	UT-2017-012-00			29,814
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>\$ -</b>	<b>\$ 93,229,510</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
CDGB - Entitlement Grants Cluster	14.225	1812JH	1812JH		68,366
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b>\$ -</b>	<b>\$ 68,366</b>
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
FEMA Rail and Transit Security Grant Program	97.075	15-RA-00035			22,363
FEMA Rail and Transit Security Grant Program	97.075	16-RA-00045			86,457
FEMA Rail and Transit Security Grant Program	97.075	17-RA-00042			3,017
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>				<b>\$ -</b>	<b>\$ 111,837</b>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				<b>\$ 1,665,138</b>	<b>\$ 93,409,713</b>



UTAH TRANSIT AUTHORITY  
 Schedule of Expenditures of Federal Funds (Continued)  
 For the year ended December 31, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2018 (Continued)**

Reconciliation of federal expenditures to federal revenues	
Comparative Statement of Revenues, Expenses and Change in Net Position (2018)	
Federal preventative maintenance grants	\$ 61,820,668
Capital Contributions: Federal grants	<u>31,585,004</u>
Total per Comparative Statement of Revenues, Expenses and Change in Net Position (2018)	93,405,672
Total per Schedule of Expenditures of Federal Awards for the year ending December 31, 2018	<u>93,409,713</u>
Difference	<u>\$ (4,041)</u>

**Previous Over/(Under)stated Revenues reflected in 2018 Statement of Revenues, Expenses and Change in Net Position**

<b>Transit Services Program Cluster</b>	<b>CFDA#</b>	<b>Grant #</b>	<b>Amount</b>
Federal Transit – Enhanced Mobility for Seniors and Individuals with disabilities	20.513	UT-2016-013	\$ <u>4,041</u>
<b>Total Federal Transit – Transit Services Program Cluster Total</b>			<u>4,041</u>
<b>Total Adjustment</b>			<u>\$ 4,041</u>



UTAH TRANSIT AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

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A. Basis of Accounting

The supplementary schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

B. Pass-Through Awards

The Authority receives certain expenditures of federal awards from pass through awards of various state and other governmental agencies. The total amount of such pass-through awards is included in the supplementary schedule of expenditures of federal awards.

C. Non-Cash Federal Assistance

No non-cash federal assistance was received during the year ended December 31, 2018.

D. Subrecipients

The Authority provided \$1,665,138 of federal award funds to subrecipients during the year.

E. Indirect Cost Rate

The Authority did not use the 10 percent de minimis indirect cost rate.



UTAH TRANSIT AUTHORITY  
 Schedule of Findings and Questioned Costs  
 For the year ended December 31, 2018 and 2017

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**Section I. Summary of Auditor's Results**

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Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness identified?   X   yes    no
- Significant Deficiency    yes   X   none reported

Noncompliance material to financial statements noted?    yes   X   no

Federal Awards

Internal control over major federal programs:

- Material weakness identified?   X   yes    no
- Significant Deficiency(s) identified    yes   X   none reported

Type of auditor's report issued on compliance for major federal programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

  X   yes    no

Identification of major federal programs:

CFDA No(s).	Names of Federal Program or Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Administration Program Cluster
20.513, 20.516, 20.521,	Transit Services Program Cluster
20.933	National Infrastructure Investment

Dollar threshold used to distinguish between Type A and Type B Programs \$   2,802,291  

Auditee qualified as low-risk auditee?    yes   X   no

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**Section II. Financial Statement Findings**

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None reported.



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Section III. Federal Award Findings and Questions Cost

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MATERIAL WEAKNESS

**2018 – 001** Noncompliance and Internal Control over Compliance

**Program Name/CFDA Title:** Federal Transit Cluster, Transit Services Program Cluster

**CFDA Numbers:** 20.500, 20.507, 20.525, 20.526, 20.513, 20.516, 20.521

**Federal Agency:** U.S. Department of Transportation

**Questioned Costs:** \$0

**Requirement:** Equipment and Real Property Management

**Criteria:** The Authority is required to properly track and safeguard equipment purchased with federal funds. This is accomplished by maintaining asset records with sufficient descriptions or other identifying information to properly locate assets purchased with federal funds. Additionally, the Authority is required to perform inventory counts of such equipment at least every two years.

**Condition:** During our tests of compliance over Equipment and Real Property Management, it was noted that in our sample of 40 items, in 3 instances the sampled item could not be located.

**Cause:** The 2017 inventory of the Authority's smaller equipment purchased with federal funds was not sufficiently thorough to ensure disposition of items were properly reflected in the Authority's records.

**Effect:** If equipment is not tracked more carefully, there is a risk that equipment may be misappropriated or otherwise disposed of and not properly reflected in the records.

**Context:** The Authority maintains asset listings of two main categories: 1) rolling stock (busses, trains, vehicles, etc.) and 2) equipment. Rolling stock makes up the majority of the value of assets related to this compliance requirement. Additionally, rolling stock is necessary to the Authority's day-to-day operations and are tracked as individual assets with serial numbers, asset numbers, and other identifying information. The discrepancies observed related primarily to equipment which were older and fully depreciated according to the Authority's records.

**Recommendation:** We recommend the Authority more carefully plan and perform inventory counts over smaller equipment.



UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2018 and 2017

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MATERIAL WEAKNESS

**2017 – 001 Noncompliance and Internal Control over Compliance**

**Program Name/CFDA Title:** Federal Transit Cluster  
**CFDA Numbers:** 20.500, 20.507, 20.525, and 20.526  
**Federal Agency:** U.S. Department of Transportation  
**Questioned Costs:** \$0  
**Requirement:** Equipment and Real Property Management

**Criteria:** The Authority is required to properly track, safeguard, and maintain equipment purchased with federal funds. This is accomplished by maintaining asset records with sufficient descriptions or other identifying information to properly locate assets purchased with federal funds. Additionally, the Authority is required to perform inventory counts of such equipment at least every two years.

**Condition:** During our tests of compliance over Equipment and Real Property Management, it was noted that in our sample of 40 items, in 7 instances the sampled item could not be located, and in 2 other instances, the sampled items did not appear to be properly maintained.

**Cause:** The descriptions or other identifying information maintained on those 7 items was not sufficient to locate those assets. Also, the inventory of the Authority's smaller equipment purchased with federal funds was not sufficiently thorough to ensure disposition of items were properly reflected in the Authority's records.

**Effect:** If equipment is not tracked more carefully, there is a risk that equipment may be misappropriated or otherwise disposed of and not properly reflected in the records.

**Context:** The Authority maintains asset listings of two main categories: 1) rolling stock (busses, trains, vehicles, etc.) and 2) equipment. Rolling stock makes up the majority of the value of assets related to this compliance requirement. Additionally, rolling stock is necessary to the Authority's day-to-day operations and are tracked as individual assets with serial numbers, asset numbers, and other identifying information. Due to the large number of equipment items and their relatively small dollar amount, equipment is sometimes grouped together and historically has not been adequately described or identified in the Authority's records. The discrepancies observed related primarily to equipment which were older and fully depreciated according to the Authority's records.

**Recommendation:** We recommend the Authority ensure sufficient identifying information is maintained on the smaller equipment purchased with federal funds. We also recommend the Authority more carefully plan and perform inventory counts over smaller equipment.

UTAH TRANSIT AUTHORITY  
Schedule of Findings and Questioned Costs  
For the year ended December 31, 2018 and 2017

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***Views of Responsible Officials and Planned Corrective Action:***

**2018-001 Views:** Management agrees with the Finding 2018-001. The correction of the capital asset records held by the Authority and the internal controls surrounding the entire inventory started in 2017 but was not planned to be completed by the 2018 audit. After the 2018 inventory is complete by December 31, 2019, UTA will be able to find and identify all asset (including grant funded asset). The item not found should have been removed as part of the 2017 capital asset write-off.

**2017-001 Views:** Management agrees with the Finding 2017-001. The correction of the capital asset records held by the Authority and the internal controls surrounding the entire inventory started in 2017 but was not planned to be completed by the 2017 audit. Six (6) of the items identified in the forty (40) items sampled were assets misclassified as equipment but will be reclassified and identifying in 2018 as part of redefining non-movable asset classifications and descriptions. After this project is complete by September 30, 2018, UTA will be able to find and identify all asset (including grant funded asset). The remaining item not found should have been removed as part of the 2017 capital asset write-off. The proper maintenance of grant funded assets will be addressed in 2018 through policy and proper assignment of oversight of all assets held by the Authority.





# Other Supplementary Information

For Fiscal Years Ended  
December 31, 2018 and 2017





KEDDINGTON & CHRISTENSEN, CPAS  
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

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

**Report on Compliance**

We have audited Utah Transit Authority's (the "Authority") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the Authority for the year ended December 31, 2018.

State compliance requirements were tested for the year ended December 31, 2018 in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Restricted Revenue
- Open and Public Meetings Act
- Treasurer's Bond
- Special and Local Service District Board Members

***Management's Responsibility***

Management is responsible for compliance with the state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

## ***Opinion on Compliance***

In our opinion, Utah Transit Authority complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Keddington & Christensen, LLC*

Keddington & Christensen, LLC  
Salt Lake City, Utah  
June 4, 2019