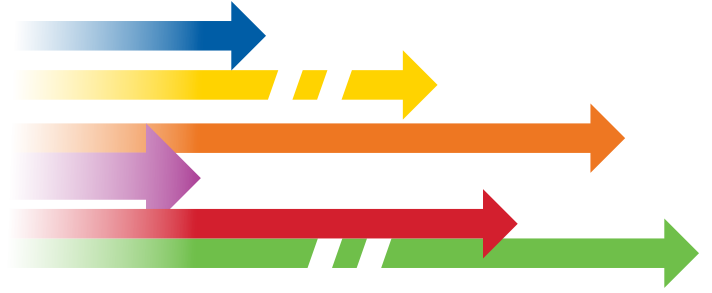


Comprehensive Annual Financial Report

For Fiscal Years Ended
December 31, 2019 and 2018





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, 2019 and 2018**

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, 2019 and 2018

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Introductory

For Fiscal Years Ended
December 31, 2019 and 2018





669 West 200 South
Salt Lake City, Utah 84101
1-888-RIDE-UTA
www.rideuta.com

June 2, 2020

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, 2019 and 2018. 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.



Provo-Orem Bus Rapid Transit Bus

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, 2018, the population of the Authority's service area is approximately 2,507,775 and represents 78.2% of the state's total population.



Current Year Review

UTA has a strong legacy of providing service, continuous achievement, and transit leadership. The information below provides a glimpse of the year's accomplishments.

Transit Service. 2019 was an extraordinary year for service improvements at UTA, with over half of bus routes experiencing some kind of change.



Central Station Bus Depot

The largest single driver of change in 2019 was the Funding our Future initiative, sponsored by Salt Lake City, which provided the resources to improve service levels on routes 2, 9, and 21, three corridors that provide east-west connections across the city, including downtown, the University of Utah and the Glendale/Poplar Grove and Sugar House neighborhoods. A number of bus stop improvements were also made in conjunction with the improvements to route 9. UTA also partnered with the University of Utah to expand an already existing terminal facility within the campus to accommodate the expanded service and reduce congestion at the University Hospital.

UTA expanded service in Weber County with a new trolley in downtown Ogden and a new flex route serving west Ogden and West Haven. The West Haven flex expands coverage to an area previously not served by transit.



Ogden Trolley

UTA provided a new all-day local connection between Utah County and Salt Lake County via routes 850 and 871. Previously this connection was only possible midday by using FrontRunner, which is a premium service at a higher fare. Improvements to these routes also greatly increased the level of service in Utah County on Sundays.

In Tooele County, UTA provided additional trips to and from Grantsville on route 454, and midday service between Tooele County and Salt Lake County on route F453. Previously only peak-hour service was available between Tooele and Salt Lake Counties.



Current Year Review (continued)

Other route changes associated with those described above were leveraged to provide additional service to the following neighborhoods and destinations:

- Avenues
- East Bench
- State Capitol
- Fort Union Blvd
- Thanksgiving Point
- International Center

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

Mode	2019	2018	2017	2016	2015
Bus	89.94%	91.41%	92.51%	91.07%	92.19%
TRAX	92.18%	93.60%	91.91%	94.49%	93.98%
FrontRunner	88.43%	85.92%	90.92%	89.96%	86.63%
Paratransit	95.24%	94.74%	96.80%	97.85%	97.92%
Streetcar	98.20%	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 2019, UTA continued the light rail vehicles overhaul program, inspected all rail bridges, and finished its Positive Train Control testing and implementation and is awaiting FRA approval of its Safety Plan (anticipated in 2020). UTA participated with Dominion Energy in stray current monitoring and completed a comprehensive review of its original substation inventory and the entire light rail overhead catenary system’s contact wire. UTA also completed curved rail replacements at one location and a two-block double track extension on its Sugarhouse Streetcar line.

In 2019, UTA replaced major trackwork elements at the Delta Interlocking, 150 South Interlocking, and the Half Grand special trackwork piece at 400 South and Main Street. UTA replaced 13 transit buses and 81 rideshare vans.

As part of the first/last mile connection initiative, in 2019, four bike lanes, one sidewalk project, two bike shares, three crosswalks, and one multi-use path project were constructed with funding from local partners and a federal grant. At the end of 2019 a total of 80 of the 161 projects included in the first/last mile connection initiative were complete. Another crosswalk project was started in 2019 and will be completed in the spring of 2020. Additional first/last mile projects to be constructed in 2020 under this program include bike lanes, bike parking, bike repair stands, bus stop improvements, a pedestrian bridge, a railroad crossing, and a sidewalk project.

Funded by a grant from Salt Lake County worth \$5.9 million, two blocks of the *S-Line* in South Salt Lake were double tracked in 2019. This now allows 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.

Environmental work was completed in 2018 for a BRT line in Ogden. This 6-mile line will connect UTA’s Ogden FrontRunner station to Weber State University and McKay Dee Hospital. The design phase of the Ogden BRT project began in 2019. UTA procured a design consultant and a construction contractor, and purchased two of the required properties for the project.

Current Year Review (continued)

Ridership and Passenger Revenues. System ridership increased by 401,827 going from 44.176 million in 2018 to 44.578 million in 2019. Passenger revenues increased by \$597,162 to \$52.6 million, a 1.15% increase from 2018 passenger revenues.

Transit-Oriented Development. Construction was completed on a new Starbucks at the Jordan Valley TOD, and ground was broken on a second phase of apartments. The Sandy Civic Center TOD development team continued to pursue design and entitlements for two new phases of development, including another phase of mixed-use residential and a 180,000 square foot office. Construction continued at 3900 South Meadowbrook TRAX Station on a mixed-used residential, retail, and training facility, the majority of which is preleased. Work continued on the third and final phase of development at the South Jordan FrontRunner Station TOD, consisting of a preleased office building.

Financial Stewardship. In November 2019, UTA refunded \$98 million of its 2012 subordinate bonds and \$125.1 million of its 2015A subordinate bonds through a \$118 million senior bond and a \$59.1 million subordinate bond issue. Net present value savings from these transactions totaled \$11.7 million.

For the year, operating expenses, excluding the unallocated Salt Lake County service budget of \$4.37 million, were 2.63% below budget. Variances of budget to actual by expense category, in millions, are shown below.

Expense Category	Favorable (Unfavorable)
Fuel	\$2.98
Services	2.37
Insurance and Claims	2.27
Utilities	1.87
Contingency	1.05
All Other Operating	(0.56)
Wages & Benefits	(0.99)
Parts and Warranty Recovery	(1.13)
Total	7.86

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



Future Plans

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

Future plans include the following:

UTA Service Choices.

UTA initiated an update to its Five-Year Mobility Plan with a robust community engagement process called UTA Service Choices in 2019. Over 3,500 people provided input through a survey, community leader workshops, public open houses and more. This feedback is being used to update UTA's bus network plan and vision and will guide future service changes and investments.

Future of Light Rail Transit

UTA's TRAX line turned 20-years old in 2019, marking a milestone in our region's history. This system has served the region well, but is aging and showing signs of wear. Additionally, new growth along the Wasatch Front has created increased demands for transportation. To address these concerns and new challenges, UTA is initiating a Future of Light Rail Transit study to explore how to strengthen and build upon this system, maximize operational efficiency, and prepare to meet the needs of the next twenty years.



Trax Red Line Train

Transit Oriented Development (TOD) projects.

As noted in the Current Year section, there are four active TODs with phases completed or under construction. Additional projects and development phases in Salt Lake City, Ogden, Clearfield, Sandy, and West Jordan are in various stages of planning and approvals. UTA will continue to work on current and pipeline TOD projects to ensure that UTA's and each community's goals and standards are met.

State of Good Repair (SGR).

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 SGR work plan with an emphasis on development and approval of a detailed five-year work plan.



Future Plans (continued)

Major SGR infrastructure projects scheduled for 2020, include:

- \$1.5 million for the curve replacements at South Temple and Main Street on the Blue Line and just east/north of the Historic Gardner Village stop on the Red Line.
- It also includes \$2 million for grade crossing replacements on the Blue and Red lines.

Major vehicle projects include:

- \$27.5 million for bus replacements
- \$2.9 million for paratransit vehicle replacements
- \$1.3 million for van pool vehicle replacements
- \$9.7 million for light rail vehicle overhaul work
- \$2.7 million for FrontRunner Engine Rebuilds
- \$1.5 million for bus engine and transmission replacements

The total budget for SGR projects is approximately \$50 million for the 2020 fiscal year.

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 2020 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. The estimated cost of this relocation is \$20 million. The project design is now complete and construction scheduled to start in 2020 and be completed in June 2021.
- 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 began in late 2019 with the facility opening in 2023. The 2020 budget is \$25 million. Estimated cost for the facility is \$95 million.

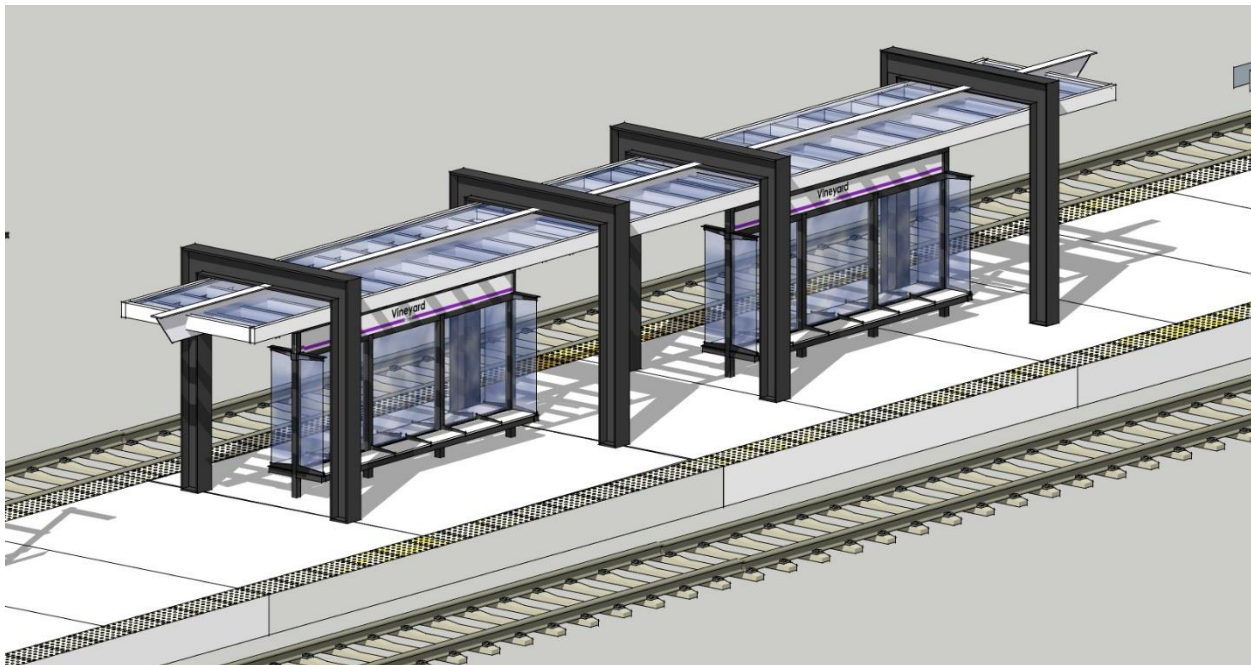


Depot District Clean Fuels Technology Center Drawings

Future Plans (continued)

- With a population boom of 63% last year, Vineyard City is one of the fastest growing cities in the United States. The Utah State Legislature obligated \$4 million to build a new FrontRunner station and UTA is contributing \$10 million to double track a 2-mile section north of the new platform. This project is currently being designed and will begin construction in mid-2020.
- 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 2020.

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.



Vineyard Platform Drawing



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 2020 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>.

The 2020 Economic Report was prepared and presented in January 2020, well before the economic impact of the COVID-19 pandemic became apparent. The 2019 Overview information remains accurate, and is presented below. As conditions have changed significantly since this report was prepared, the 2020 Outlook, although available, is not being presented.

According to recent COVID-19 report from the Governor’s Office, Utah’s economy is expected to go through three stages: 1) Urgent – the initial economic slowdown due to pandemic countermeasures, 2) Stabilization – a period where businesses and citizens begin operating under less restrictive countermeasures, and 3) Recovery – the period in which the economy recovers and reaches a new normal of economic activity. The Urgent stage began in March of 2020 and started transitioning to the Stabilization phase in May 2020. Transition to the Recovery stage is expected to begin in October 2020. The Recovery stage is expected to last until early 2022. The beginning and ending dates of these stages remain fluid.

2019 Overview

Employment, Wages, and Labor Force

The decade’s concluding year caps a chronicle centered on Utah’s resilient rebound from the Post Great Recession’s economic low point—the decade’s starting position. By 2012, Utah’s characteristic employment growth returned and has since featured yearly at-or-above-average (3.0%) employment gains. This vibrant economic story continued into 2019, setting the stage for an encouraging transition into the next decade.

The 2019 data is still accumulating, but the year’s employment gains are estimated to again measure around 3.0%. The seventh year of strong employment growth coupled with an already tight labor market further pushed down the unemployment rate to 2.4% by the year’s latter months—a rate matching Utah’s historical low.

Long-running economic expansions tend to lift all ships. It is no surprise that possessing higher education increases ones employment outlook. Workers with the highest level of educational attainment encounter the lowest unemployment rates—even in the worst of times. It is the lower education levels that undergo the most unemployment volatility, often being slowly and sometimes stubbornly reabsorbed by the economy. Utah’s strong seven-year employment gains have shrunk the unemployment disparity between the highest and lowest education segments to the narrowest gap since these data points were made available in 2005. This melding shows itself through a 2.4% unemployment rate in the last months of 2019.

The Economic Condition and Outlook (continued)

A textbook low-unemployment outcome featuring full employment across all education tiers, is strong wage growth. A lack of formidable wage gains throughout much of the Great Recession's rebound was the recovery's missing potency. But within the past two years, Utah's wage gains have been vigorous. The 2018 gains reached 4.2% (helped along by national tax stimulus), and 2019 should follow with another 3.7% increase. These gains can anchor their strength in all education tiers attaining full employment.

Personal Income

Utah's total personal income in 2019 was an estimated \$155.2 billion, a 6.0% increase from \$146.4 billion in 2018. Utah's estimated 2019 per capita income was \$48,332, up 4.3% from \$46,320 in 2018. Both measures of estimated personal income growth in Utah were lower in 2019 than in 2018. In 2018, total personal income grew by 7.2% and per capita income grew by 5.3%. In 2018, Utah's total personal income growth was the second highest in the nation, while its per capita personal income growth was the 15th highest.

Taxable Sales

In 2019, total taxable sales (sales and purchases subject to sales and use tax) in Utah increased by an estimated 4.4% to approximately \$67.8 billion. Growth in 2019 was slower than recent years and among the slowest years that the state has experienced since the Great Recession. Although growth in total taxable sales was buoyed by an increase in remote sales and by a labor market that is among the best in the nation, it was also tempered by an expansion of the manufacturing exemption and by a slowing in business and consumer spending. Growth rates for retail sales and taxable services were the lowest since 2010 when the recovery from the Great Recession began, increasing by 3.9% and 4.0% respectively in 2019. Business investment also underperformed recent years, declining by 3.5%. Conversely, all other sales not categorized in those three sectors increased by an estimated 29.0% in 2019.



FrontRunner at the Jordan Narrows



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 November 2019, the Authority issued its \$61,830,000 Sales Tax Revenue Bonds, Series 2019A to fund the construction or replacement of transit capital assets including traction power replacement, the Depot District maintenance facility, the Ogden/Weber State University bus rapid transit system, FrontRunner double tracking in Northern Utah County, and operator restrooms. True interest cost for the bonds was 2.733%.

In November 2019, the Authority issued its \$188,810,000 Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2019. These bonds were issued to refund the then outstanding balance of its \$171,600,000 Series 2012 Subordinated Sales Tax Revenue and Refunding Bonds in the amount of \$98,000,000 and to retire the then outstanding balance of its \$192,005,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2015A in the amount of \$75,000,000. True interest cost for the bonds was 3.469%.

In November 2019, the Authority issued its \$59,070,000 Federally Taxable Subordinate Sales Tax Revenue Refunding Bonds, Series 2019B. These bonds were issued to refund the then outstanding balance of its \$192,005,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2015A in the amount of \$50,135,000. True interest cost for the bonds was 3.607%.



Big Boy Locomotive on its way through Utah
Passing FrontRunner Train

As of December 31, 2019, the Authority had \$2,196,731,498 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 unmodified audit report on the Authority's financial statements. The auditor's report on the financial statements with accompanying notes is included in the Financial Section of the Comprehensive Annual Financial Report.

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, 2018. 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

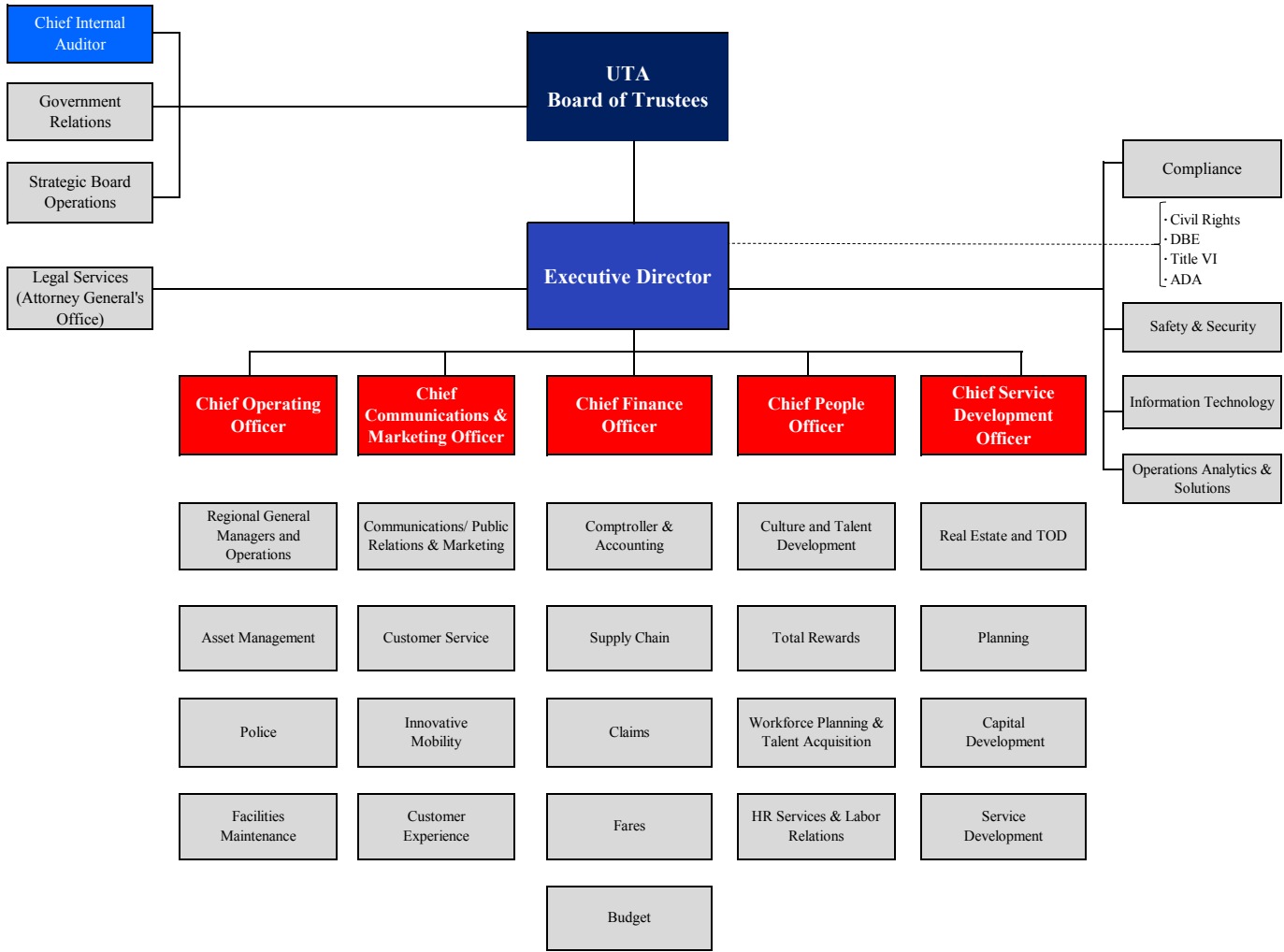
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

Organizational Chart



Revised 1/31/2019

UTA Board of Trustees



Beth Holbrook



Carlton Christensen
Board Chair



Kent Millington



Administration

Board of Trustees

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

Officers of the Authority

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

Administration of the Authority

EXECUTIVE DIRECTOR	Carolyn Gonot
CHIEF OF INTERNAL AUDIT	Riana DeVilliers
CHIEF COMMUNICATIONS AND MARKETING OFFICER	Nichol Bourdeaux
CHIEF FINANCIAL OFFICER	Robert K. Biles
CHIEF OPERATING OFFICER	Eddy Cumins
CHIEF PEOPLE OFFICER	Kim Ulibarri
CHIEF SERVICE DEVELOPMENT OFFICER	Mary DeLoretto

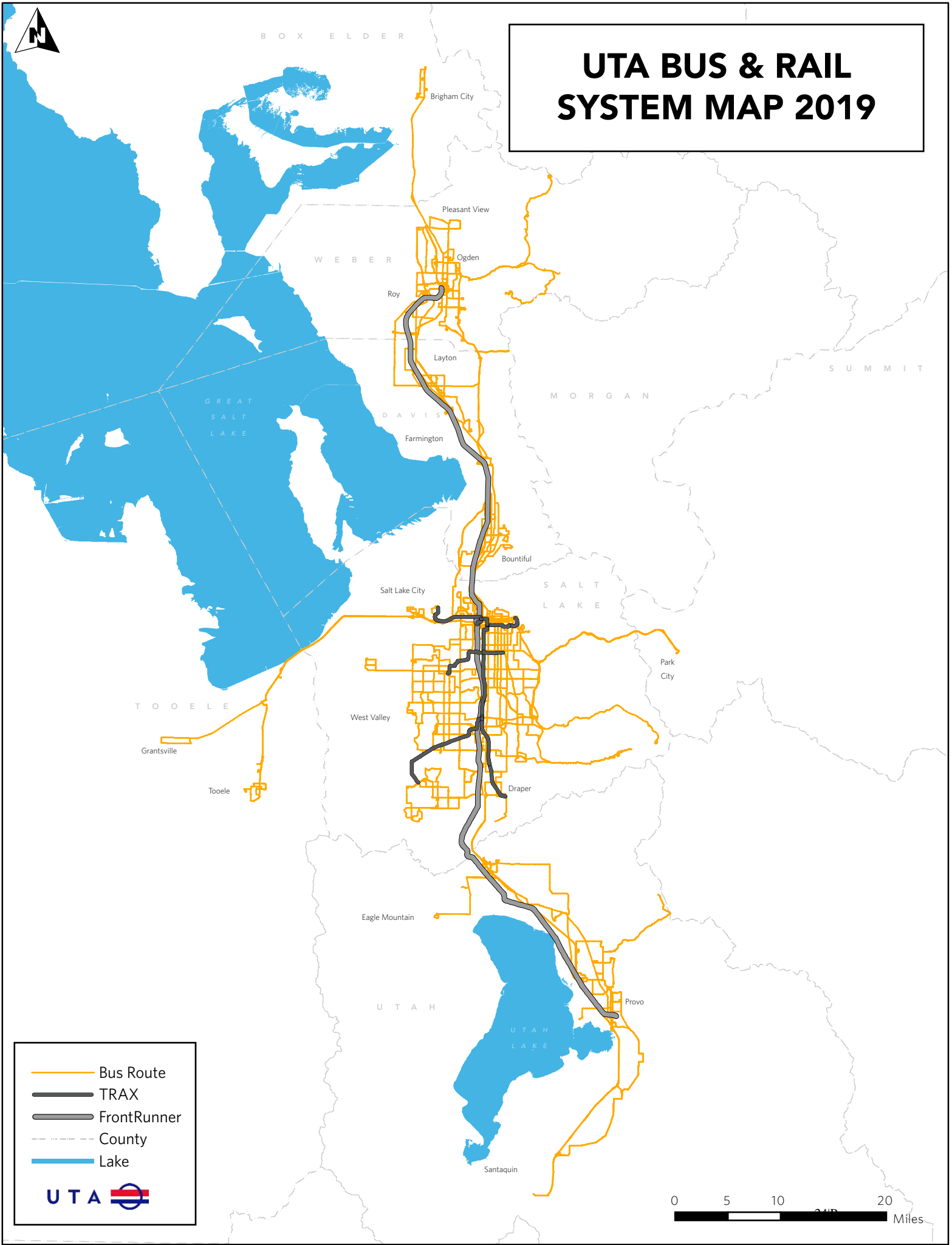


Local Advisory Council Members

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



UTA BUS & RAIL SYSTEM MAP 2019



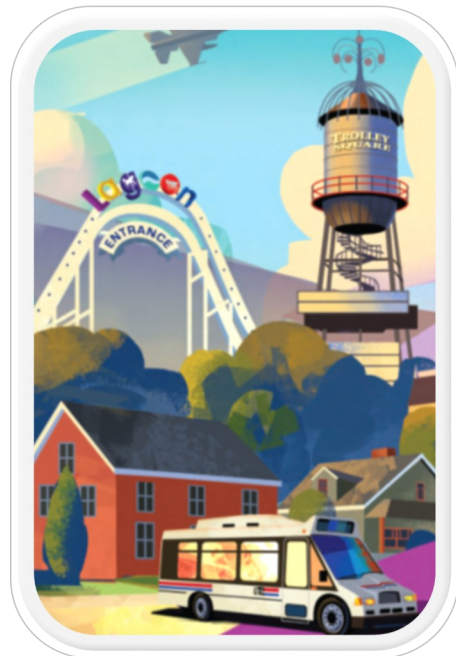
- Bus Route
- TRAX
- FrontRunner
- - - County
- Lake



0 5 10 20 Miles

Financial

For Fiscal Years Ended
December 31, 2019 and 2018





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"), a component unit of the State of Utah, as of and for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, 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 2, 2020, 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 2, 2020

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

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, 2019 and December 31, 2018.

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 (GASB). 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>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Assets					
Current and other assets	\$ 454,691,660	\$ 395,157,482	\$ 59,534,178	15%	\$ 350,629,354
Capital assets, net	2,949,391,911	3,089,897,011	<u>(140,505,100)</u>	-5%	3,068,709,875
Total assets	<u>3,404,083,571</u>	<u>3,485,054,493</u>	<u>(80,970,922)</u>	-2%	<u>3,419,339,229</u>
Deferred outflows of resources	<u>101,605,576</u>	<u>120,421,199</u>	<u>(18,815,623)</u>	-16%	<u>109,761,191</u>
Liabilities					
Current liabilities	83,812,739	91,107,642	<u>(7,294,903)</u>	-8%	101,099,455
Long-term liabilities	2,537,454,662	2,531,689,731	<u>5,764,931</u>	0%	2,422,375,239
Total liabilities	<u>2,621,267,401</u>	<u>2,622,797,373</u>	<u>(1,529,972)</u>	0%	<u>2,523,474,694</u>
Deferred inflows of resources	<u>11,653,452</u>	<u>3,383,699</u>	<u>8,269,753</u>	244%	<u>11,948,307</u>
Net position					
Net investment in capital assets	692,675,681	827,646,243	<u>(134,970,562)</u>	-16%	894,275,843
Restricted	66,948,773	66,559,450	<u>389,323</u>	1%	60,399,717
Unrestricted	113,143,840	85,088,927	<u>28,054,913</u>	33%	39,001,859
Total net position	<u>\$ 872,768,294</u>	<u>\$ 979,294,620</u>	<u>\$ (106,526,326)</u>	-11%	<u>\$ 993,677,419</u>

2019 Results

In November 2019, the Utah Transit Authority sold 2019 Series Senior Lien revenue bonds of \$250,640,000 and 2019 Series Subordinate Lien revenue bonds of \$59,070,000. The \$188,810,000 of proceeds from the Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2019 were used to refund the refundable maturities of the Series 2007 capital appreciation, 2012 and 2015 subordinate lien revenue bonds. The \$61,830,000 of proceeds from the Sales Tax Revenue Bonds, Series 2019A were used for new capital project financing. \$59,070,000 of proceeds from the Federally Taxable Subordinate Sales Tax Revenue Refunding Bonds, Series 2019B were used to refund certain maturities of the Series 2015 subordinate lien revenue bonds. These bond transactions increased the amount held in escrow and the corresponding restricted net position of UTA. The remaining amount of escrow at the end of 2019 and restricted for future capital project expenses was \$105.6 million.

The pension is evaluated by an actuary that determines the future cost of the pension based on the plan assumptions described in Footnote 7 of these financial statements. Due to investment returns significantly exceeding the pension earnings assumption, Deferred Outflow of Resources decreased by 18.8 million.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

CONDENSED STATEMENTS OF NET POSITION (continued)

2019 Results (continued)

Capital projects had \$17.6 million less payables to vendors at the end of 2019, due to less work performed at UTA construction sites in the fall and winter months leading up to the end of the year.

A change in unrestricted net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2019, UTA's unrestricted net position increased \$28.1 million from the December 31, 2018 net position.

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.

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 net position increased \$46.1 million from the December 31, 2017 net position.

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

	<u>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Operating revenues	\$ 55,111,554	\$ 54,464,392	\$ 647,162	1%	\$ 54,525,870
Operating expenses	457,897,920	401,161,541	56,736,379	14%	427,777,940
Excess of operating expenses over operating revenues	(402,786,366)	(346,697,149)	(56,089,217)	-16%	(373,252,070)
Non-operating revenues	348,993,103	359,435,799	(10,442,696)	-3%	334,913,449
Non-operating expenses	87,541,906	91,000,388	(3,458,482)	-4%	88,190,962
Income (loss) before contributions	(141,335,169)	(78,261,738)	(63,073,431)	-81%	(126,529,583)
Capital contributions	34,808,843	63,878,939	(29,070,096)	-46%	57,063,288
Change in net position	\$ (106,526,326)	\$ (14,382,799)	<u>\$ (92,143,527)</u>	-641%	\$ (69,466,295)
Total net position, January 1	<u>\$ 979,294,620</u>	<u>\$ 993,677,419</u>			<u>\$ 1,063,143,714</u>
Total net position, December 31	<u>\$ 872,768,294</u>	<u>\$ 979,294,620</u>			<u>\$ 993,677,419</u>

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31

	<u>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Operating					
Passenger revenue	\$ 52,649,054	\$ 52,051,892	\$ 597,162	1%	\$ 52,159,203
Advertising	2,462,500	2,412,500	50,000	2%	2,366,667
Total operating revenue	<u>55,111,554</u>	<u>54,464,392</u>	<u>647,162</u>	<u>1%</u>	<u>54,525,870</u>
Non-operating					
Contributions from other gov'ts (sales tax)	317,797,604	282,933,591	34,864,013	12%	265,770,775
Federal noncapital assistance	69,746,231	61,820,668	7,925,563	13%	62,313,994
Interest income	6,821,490	6,525,872	295,618	5%	2,873,787
Other	(45,372,222)	8,155,668	(53,527,890)	-656%	3,954,893
Total non-operating revenue	<u>348,993,103</u>	<u>359,435,799</u>	<u>(10,442,696)</u>	<u>-3%</u>	<u>334,913,449</u>
Capital contributions	34,808,843	63,878,939	(29,070,096)	-46%	57,063,288
Total revenues	<u>\$ 438,913,500</u>	<u>\$ 477,779,130</u>	<u>\$ (38,865,630)</u>	<u>-8%</u>	<u>\$ 446,502,607</u>

2019 Results

Passenger revenue held steady in 2019. In 2019 UTA started the process of reworking fare types and fares strategy under the guidance of UTA's Board of Trustees. Modifications and pilot programs were started in late 2019 to address low income riders but the overall results of these programs will not be known until 2020.

Since UTA does not have the ability to levy taxes, it relies on contributions dedicated by member governments in the form of sales tax. The 2018 legislative changes to Transit District Act allowed for counties in UTA's service area to add an additional ¼ cent sales tax in their county's dedicated contribution to fund transit needs. Salt Lake and Utah County both passed this ¼ cent sales tax with the transit portion becoming effective on July 1, 2019. In 2019, UTA recognized \$34.9 million (12%) increased contributions of sales tax.

In 2019, the Federal Government increased the amount contributed to UTA for operating assistance by \$7.9 million (13%). These allocations are based on an allocation formula that takes into account size, asset ages, and other factors of various transit agencies nationwide to determine the annual amounts.

Other revenues reflects the net effect of a \$51.4 million of undepreciated asset value write down resulting from the 2019 capital asset inventory. Please see Note 4 of the financial statements for additional information.

Capital contributions decreased by \$29.1 million due to the Provo-Orem Bus Rapid Transit line be completed and no further contributions from the State and local governments on the project.

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.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

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

2018 Results (continued)

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.

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

	<u>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Operating expenses					
Bus service	\$ 104,570,413	\$ 96,719,747	\$ 7,850,666	8%	\$ 88,928,063
Rail service	77,972,467	75,157,087	2,815,380	4%	72,895,607
Paratransit service	23,121,527	21,857,632	1,263,895	6%	19,572,367
Other services	3,247,699	3,056,191	191,508	6%	2,982,176
Operations support	47,056,444	45,557,749	1,498,695	3%	41,932,571
Administration	36,738,745	39,593,947	(2,855,202)	-7%	31,423,844
Capital Maintenance Projects	19,078,502	38,654,111	(19,575,609)	-51%	20,602,425
Depreciation	146,112,123	80,565,077	65,547,046	81%	149,440,887
Total operating expenses	<u>\$ 457,897,920</u>	<u>\$ 401,161,541</u>	<u>\$ 56,736,379</u>	14%	<u>\$ 427,777,940</u>

2019 Results

Overall expenses for 2019 increased \$56.7 million (14%) from 2018. Most expense differences are within capital maintenance projects and depreciation expenses categories. Capital maintenance projects are expenses that are significant but infrequent non-capital expenses that are not directly attributed to each mode of transit. The decrease of \$19.6 million (51%) in capital maintenance projects is due to changes in spending that can occur from year to year. The increase in depreciation expense of \$65.4 million was caused by the effects of a change in accounting estimate that occurred in 2018 that affected only that year's depreciation expenses.

Like most service agencies, personnel is the largest expense. Personnel cost for UTA in 2019 was 71.0% of total operating expense less depreciation. Overall, personnel cost rose by \$12.3 million (5.9%) in 2019. Operating expense less personnel cost decreased by \$21.1 million (18.9%) mainly due to the \$19.6 million reduction in capital maintenance projects.

ANALYSIS	<u>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Operating expense less depreciation	\$ 311,785,797	\$ 320,596,464	\$ (8,810,667)	-2.7%	\$ 278,337,053
Wages (50100-50199)	150,740,728	142,416,641	8,324,087	5.8%	131,228,632
Benefits (50200-50299)	70,530,094	66,566,327	3,963,767	6.0%	58,322,422
Operations less wages/benefits	90,514,975	111,613,496	(21,098,521)	-18.9%	88,785,999
Personnel cost	\$ 221,270,822	\$ 208,982,968	\$ 12,287,854	5.9%	\$ 189,551,054
% of operating expense	71.0%	65.2%	5.8%	8.9%	68.1%

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

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

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).

CAPITAL ASSET ACTIVITY

	2019	2018	Difference	Percent difference	2017
Land	\$ 408,225,179	\$ 440,917,126	\$ (32,691,947)	-7%	\$ 425,736,158
Construction in process	139,699,345	109,972,902	29,726,443	27%	205,102,231
Infrastructure	2,499,683,484	2,515,426,407	(15,742,923)	-1%	2,528,679,092
Building and building improvements	245,182,707	302,473,214	(57,290,507)	-19%	132,444,199
Revenue vehicles	752,446,315	753,650,299	(1,203,984)	0%	757,025,778
Leased revenue vehicles	66,592,155	60,365,705	6,226,450	10%	-
Equipment	60,703,740	144,817,612	(84,113,872)	-58%	326,289,349
Land improvements	105,928,156	79,140,497	26,787,659	34%	12,300,402
Leased land improvements	84,485,965	75,804,461	8,681,504	11%	-
Intangibles	18,292,597	9,585,417	8,707,180	91%	22,537,996
Accumulated depreciation and amortization	(1,431,847,732)	(1,402,256,629)	(29,591,103)	2%	(1,341,405,330)
Total capital assets, net	<u>\$ 2,949,391,911</u>	<u>\$ 3,089,897,011</u>	<u>\$ (140,505,100)</u>	-5%	<u>\$ 3,068,709,875</u>

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

2019 Results

In 2019, UTA continued to better define what constituted a capital asset, revisited asset categorization, and updated asset useful lives as part of the biennial asset inventory. This resulted in transfers of assets between categories and adjustments to balances for each category of capital assets (see Footnote 4 for more details).

UTA expended approximately \$57.1 million for capital assets in 2019. Approximately \$10.8 million was expended for revenue vehicle replacements. This program included thirteen (13) buses and eighty-one (81) Rideshare vans. In 2019, UTA expended \$46.3 million on major strategic projects. This included the development and start of construction of the Depot District (fueling and maintenance facility to support bus operations), various rail Infrastructure replacements, and several other projects designed to enhance the system and passenger experience.



UTAH TRANSIT AUTHORITY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 Years Ended December 31, 2019 and 2018

SUMMARY OF CAPITAL ASSET ACTIVITY (continued)

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 Footnote 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.

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:

Ratings Summary

Source: Zions Bank Financial Advisors

Effective date: November 2019	Standard & Poor's	Fitch	Moody's
Senior Lien Bonds			
Current rating	AA	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

During 2019, UTA issued the following bonds:

2019 Series Senior Lien revenue bonds: \$250,640,000
 2019 Series Subordinate Lien revenue bonds: \$59,070,000

\$188,810,000 of proceeds from the Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2019 were used to refund the refundable maturities of the Series 2007 capital appreciation, 2012 and 2015 subordinate lien revenue bonds. The \$61,830,000 of proceeds from the Sales Tax Revenue Bonds, Series 2019A were used for new capital project financing.

\$59,070,000 of proceeds from the Federally Taxable Subordinate Sales Tax Revenue Refunding Bonds, Series 2019B were used to refund certain maturities of the Series 2015 subordinate lien revenue bonds.

UTAH TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

SUMMARY OF DEBT ADMINISTRATION ACTIVITY (continued)

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).

SIGNIFICANT ACTIVITIES

2019 Results

Transit-oriented Development (TOD) –

- Construction was completed on a new Starbucks at the Jordan Valley TOD, and ground was broken on a second phase of apartments.
- The Sandy Civic Center TOD development team continued to pursue design and entitlements for two new phases of development, including another phase of mixed-use residential and a 180,000 square foot office.
- Construction continued at 3900 South Meadowbrook TRAX Station on a mixed-use residential, retail, and training facility, the majority of which is preleased.
- Work continued on the third and final phase of development at the South Jordan FrontRunner Station TOD, consisting of a preleased office building.

UTA provided special event support for the following events:

- 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

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.

UTAH TRANSIT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
Years Ended December 31, 2019 and 2018

SIGNIFICANT ACTIVITIES

2018 Results (continued)

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-use 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

RIDERSHIP COMPARISON

The following information provides an annual comparison of ridership by service for years 2019, 2018, and 2017.

	<u>2019</u>	<u>2018</u>	<i>Difference</i>	<i>Percent difference</i>	<u>2017</u>
Bus service	20,799,642	19,624,936	1,174,706	6.0%	19,748,489
Light rail service	17,128,008	17,899,715	(771,707)	-4.3%	18,823,578
Commuter rail service	5,193,879	5,082,168	111,711	2.2%	4,854,099
Paratransit service	388,265	394,816	(6,551)	-1.7%	385,969
Vanpools	1,068,364	1,174,696	(106,332)	-9.1%	1,264,410
Total ridership	<u>44,578,158</u>	<u>44,176,331</u>	<u>401,827</u>	<u>0.9%</u>	<u>45,076,545</u>

2019 Results

UTA realized a 0.9% increase in overall ridership from 2018. Bus and Commuter Rail services showed an increases in demand for this service. Light Rail, Paratransit and Vanpool services experienced a decrease in ridership in 2019.

2018 Results

In 2018, UTA realized 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
INTRODUCTORY SECTION
Year Ended December 31, 2019 and 2018

COMPARATIVE STATEMENTS OF NET POSITION

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 121,247,679	\$ 103,037,555
Restricted cash and cash equivalents	892,005	-
Receivables		
Contributions from other governments (sales tax)	61,526,161	50,725,259
Federal grants	16,963,742	24,146,542
Other	6,016,947	4,443,339
State of Utah	7,270,213	9,930,141
Restricted receivables	1,843,015	-
Parts and supplies inventories	36,043,834	35,551,784
Prepaid expenses	2,299,133	2,842,013
Total Current Assets	<u>254,102,729</u>	<u>230,676,633</u>
Noncurrent Assets:		
Restricted assets (Cash equivalents and investments)		
Bonds funds	44,906,842	47,668,250
Interlocal agreements	6,778,351	7,040,441
Represented employee benefits	4,596,492	4,133,950
Escrow funds	105,638,304	66,174,772
Self-insurance deposits	7,932,069	7,716,809
Total restricted assets	<u>169,852,058</u>	<u>132,734,222</u>
Non-Depreciable Capital Assets:		
Land	408,225,179	440,917,126
Construction in progress	139,699,345	109,972,902
	<u>547,924,524</u>	<u>550,890,028</u>
Depreciable Capital Assets:		
Land improvements	105,928,156	79,140,497
Leased Land Improvements	84,485,965	75,804,461
Building and building improvements	245,182,707	302,473,214
Infrastructure	2,499,683,484	2,515,426,407
Revenue vehicles	752,446,315	753,650,299
Leased revenue vehicles	66,592,155	60,365,705
Equipment	60,703,740	144,817,612
Intangibles	18,292,597	9,585,417
Total Depreciable Capital Assets	<u>3,833,315,119</u>	<u>3,941,263,612</u>
Total Capital Assets	<u>4,381,239,643</u>	<u>4,492,153,640</u>
Less accumulated depreciation and amortization	(1,431,847,732)	(1,402,256,629)
Amount recoverable - interlocal agreement	21,236,873	22,047,787
Other assets	9,500,000	9,698,840
Total Noncurrent Assets	<u>3,149,980,842</u>	<u>3,254,377,860</u>
TOTAL ASSETS	<u>\$ 3,404,083,571</u>	<u>\$ 3,485,054,493</u>

Readers wanting additional information should refer to the notes to the financial statements

UTAH TRANSIT AUTHORITY
INTRODUCTORY SECTION
Year Ended December 31, 2019 and 2018

COMPARATIVE STATEMENTS OF NET POSITION (continued)

	<u>2019</u>	<u>2018</u>
DEFERRED OUTFLOWS OF RESOURCES		
Advanced debt refunding	\$ 88,145,622	\$ 88,490,542
Assumptions changes related to pensions	13,459,954	31,930,657
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>101,605,576</u>	<u>120,421,199</u>
LIABILITIES		
Current Liabilities:		
Accounts payable		
Other	19,533,745	37,169,641
State of Utah	29,679	138,224
Accrued liabilities, primarily payroll-related	11,811,462	10,718,710
Current portion of compensated absences	1,664,512	2,010,345
Current portion of accrued interest	4,614,297	4,165,847
Current portion of long-term debt	33,413,386	24,126,320
Accrued self-insurance liability	862,650	1,155,787
Unearned revenue	11,883,008	11,622,768
Total Current Liabilities	<u>83,812,739</u>	<u>91,107,642</u>
Long-Term Liabilities:		
Long-term compensated absences	10,768,696	9,513,471
Long-term accrued interest	7,332,852	5,614,014
Long-term debt	2,415,488,275	2,385,014,132
Long-term net pension liability	103,864,839	131,548,114
Total Long-term Liabilities	<u>2,537,454,662</u>	<u>2,531,689,731</u>
TOTAL LIABILITIES	<u>2,621,267,401</u>	<u>2,622,797,373</u>
DEFERRED INFLOWS OF RESOURCES		
Changes to earnings on pension plan investments	11,653,452	3,383,699
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,653,452</u>	<u>3,383,699</u>
NET POSITION		
Net investment in capital assets	692,675,681	827,646,243
Restricted for		
Debt service	44,906,842	47,668,250
Interlocal agreements	9,513,370	7,040,441
Represented employee benefits	4,596,492	4,133,950
Self-insurance deposits	7,932,069	7,716,809
Unrestricted	113,143,840	85,088,927
TOTAL NET POSITION	<u>\$ 872,768,294</u>	<u>\$ 979,294,620</u>

Readers wanting additional information should refer to the notes to the financial statements

UTAH TRANSIT AUTHORITY
INTRODUCTORY SECTION
Year Ended December 31, 2019 and 2018

COMPARATIVE STATEMENTS OF EXPENSES AND CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Passenger fares	\$ 52,649,054	\$ 52,051,892
Advertising	2,462,500	2,412,500
Total operating revenues	<u>55,111,554</u>	<u>54,464,392</u>
OPERATING EXPENSES		
Bus service	104,570,413	96,719,747
Rail service	77,972,467	75,157,087
Paratransit service	23,121,527	21,857,632
Other service	3,247,699	3,056,191
Operations support	47,056,444	45,557,749
Administration	36,738,745	39,593,947
Capital maintenance projects	19,078,502	38,654,111
Depreciation	146,112,123	80,565,077
Total operating expenses	<u>457,897,920</u>	<u>401,161,541</u>
Excess of operating expenses over operating revenues	<u>(402,786,366)</u>	<u>(346,697,149)</u>
NON-OPERATING REVENUES (EXPENSES)		
Contributions from other governments (sales tax)	317,797,604	282,933,591
Federal preventative maintenance grants	69,746,231	61,820,668
Investment income	6,821,490	6,525,872
Other	(45,372,222)	8,155,668
Interest expense	(87,541,906)	(91,000,388)
Net non-operating revenues	<u>261,451,197</u>	<u>268,435,411</u>
LOSS BEFORE CONTRIBUTIONS	<u>(141,335,169)</u>	<u>(78,261,738)</u>
Capital contributions:		
Federal grants	16,395,068	31,585,004
Local	17,383,709	12,151,003
Capital contribution	1,030,066	20,142,932
Total capital contributions	<u>34,808,843</u>	<u>63,878,939</u>
Change in Net Position	(106,526,326)	(14,382,799)
Total Net Position, January 1	<u>979,294,620</u>	<u>993,677,419</u>
TOTAL NET POSITION, DECEMBER 31	<u>\$ 872,768,294</u>	<u>\$ 979,294,620</u>

Readers wanting additional information should refer to the notes to the financial statements

COMPARATIVE STATEMENTS OF CASH FLOW

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Passenger receipts	\$ 54,460,498	\$ 53,155,758
Advertising receipts	2,500,000	2,450,000
Payments to vendors	(111,394,592)	(137,245,416)
Payments to employees	(149,031,724)	(124,125,880)
Employee benefits paid	(68,287,980)	(81,158,163)
Net cash used in operating activities	<u>(271,753,798)</u>	<u>(286,923,701)</u>
Cash flows from noncapital financing activities:		
Contributions from other governments (sales tax)	307,813,615	283,545,887
Federal preventative maintenance grants	77,007,721	67,144,601
Other receipts	4,347,043	6,202,743
Net cash provided by noncapital financing activities	<u>389,168,379</u>	<u>356,893,231</u>
Cash flows from capital and related financing activities:		
Contributions for capital projects		
Federal	16,316,378	46,222,427
Local	15,795,005	16,414,407
Proceeds from the sale of revenue bonds	312,375,835	257,785,547
Deposit into escrow for refunding bonds	(254,152,865)	(125,172,395)
Payment of bond principal	(24,584,516)	(18,921,211)
Interest paid on revenue bonds	(87,695,985)	(105,194,215)
Proceeds from leases	9,880,000	14,377,000
Purchases of property, facilities, and equipment	(57,603,695)	(67,528,327)
Proceeds from the sale of property	1,653,736	5,948,541
Net cash used in capital and related financing activities	<u>(68,016,107)</u>	<u>23,931,774</u>
Cash flows from investing activities:		
Proceeds from the sales of investments	584,640	-
Interest on investments	6,236,850	5,062,618
Net cash provided by investing activities	<u>6,236,850</u>	<u>5,062,618</u>
Net increase in cash and cash equivalents	56,219,964	98,963,922
Cash and cash equivalents at beginning of year	<u>235,771,778</u>	<u>136,807,856</u>
Cash and cash equivalents at end of year	<u>\$ 291,991,742</u>	<u>\$ 235,771,778</u>

Readers wanting additional information should refer to the notes to the financial statements



COMPARATIVE STATEMENTS OF CASH FLOWS (continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of Cash to the Statement of Net Position		
Cash and cash equivalents at year end from cash flows	\$ 291,991,742	\$ 235,771,778
Total cash and cash equivalents and investments	<u>291,991,742</u>	<u>235,771,778</u>
Cash and investments as reported on the Statement of Net Position		
Cash and cash equivalents	121,247,679	103,037,555
Current Restricted Cash and Cash Equivalents	892,005	-
Noncurrent restricted assets (cash equivalents and investments)		
Bonds funds	44,906,842	47,668,250
Interlocal agreements	6,778,351	7,040,441
Represented employee benefits	4,596,492	4,133,950
Escrow funds	105,638,304	66,174,773
Self-insurance deposits	<u>7,932,069</u>	<u>7,716,809</u>
Total cash and cash equivalents and investments	<u>291,991,742</u>	<u>235,771,778</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	(402,786,366)	(346,697,149)
Adjustments to reconcile excess of operating expenses over operating revenues to net cash used in operating activities:		
Pension expense	(942,818)	(2,748,070)
Depreciation	146,112,123	80,565,076
Changes in assets and liabilities:		
Parts and supplies inventories	(492,051)	(3,862,516)
Prepaid expenses	542,880	(58,211)
Accounts payable - trade and restricted	(17,745,514)	(16,967,292)
Accrued liabilities	1,709,004	1,703,097
Unearned revenue	<u>1,848,944</u>	<u>1,141,364</u>
Net cash used in operating activities	<u>\$ (271,753,798)</u>	<u>\$ (286,923,701)</u>

Readers wanting additional information should refer to the notes to the financial statements



UTAH TRANSIT AUTHORITY
 INTRODUCTORY SECTION
 Year Ended December 31, 2019 and 2018

COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash Advanced to Advance CFO	\$ 476,391	\$ 604,152
Total Cash	476,391	604,152
Investments at fair value as determined by quoted market prices	238,931,999	192,047,892
Prepaid Benefits	1,213,458	1,095,081
Dividends Receivable	7,311	7,859
Accounts Receivable - Benefits	3,674	10,978
Accounts Receivable - Contributions	1,132,757	880,663
Total Receivables	1,143,742	899,500
Total Assets	\$ 241,765,590	\$ 194,646,625
LIABILITIES		
Benefits Payable	\$ 8,240	\$ -
Withholding Taxes Payable	-	108,077
Total Liabilities	8,240	108,077
NET POSITION		
Net Position Held in Trust for Pension Benefits	\$ 241,757,350	\$ 194,538,548

Readers wanting additional information should refer to the notes to the financial statements



UTAH TRANSIT AUTHORITY
 INTRODUCTORY SECTION
 Year Ended December 31, 2019 and 2018

COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Employer Contributions	\$ 24,008,192	\$ 22,355,434
Participant Voluntary Contributions	298,803	223,572
Total Contributions	24,306,995	22,579,006
Investment Income		
Net Appreciation in Fair Value of Investments	39,627,534	(17,276,731)
Interest	61,626	94,458
Dividends	1,543,060	1,193,815
Other Income	-	300
Total Investment Income	41,232,220	(15,988,158)
Less: Investment Expense	583,287	641,763
Net Investment Income	40,648,933	(16,629,921)
Total Additions	64,955,928	5,949,085
DEDUCTIONS		
Monthly Benefits Paid	12,000,602	10,824,630
Lump Sum Distributions	5,302,097	4,650,189
Administrative Expense	434,427	440,279
Total Deductions	17,737,126	15,915,098
NET INCREASE (DECREASE)	47,218,802	(9,966,013)
Net Position Held in Trust For Pension Benefits		
Beginning of Year	194,538,548	204,504,561
As of December 31	\$ 241,757,350	\$ 194,538,548

Readers wanting additional information should refer to the notes to the financial statements



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

A. Organization

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

The Authority's service area lies in the region commonly referred to as the Wasatch Front. The service area extends from the Wasatch Mountains on the east to the Great Salt Lake on the west, is approximately 100 miles long and 30 miles wide, and consists of an area of approximately 1,400 square miles that covers all or portions of six (6) principal counties (Box Elder, Davis, Salt Lake, Tooele, Utah and Weber). The service area also includes a small portion of Juab County. The total population within the six principal counties is approximately 2,507,775 which represents approximately 79.3% 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 Authority has no component units. 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 (Fixing America's Surface Transportation 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	0.7875%
Davis County	0.6500%
Weber County	0.6500%
Box Elder County	0.5500%
Utah County	0.6260%
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 by the Board of Trustees. The Treasurer is charged with investing in accordance with the investment policy 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 include land and land improvements, right of way, buildings and building improvements, infrastructure, vehicles, equipment, intangibles, as well as any leased capital assets in these categories. Capital assets, other than infrastructure and intangible software, are defined by UTA policy as an asset with an initial, individual cost of \$5,000 or more. Infrastructure capital assets are defined as assets with an initial, individual cost of \$50,000 or more. Intangible software capital assets are defined as assets with an initial, individual software license cost of \$10,000 or more, or \$100,000 or more implementation cost per software. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life, are not capitalized, but are charged to operating expense as incurred. Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and the resulting gains or losses are reflected in the statement of revenues, expenses and changes in net position.

Depreciation of capital assets is recorded using the straight-line method over the estimated useful lives of the assets.

Capital assets are assigned the following estimated useful lives:

Capital Assets	Years
Land Improvements	10 to 25
Buildings and Building Improvements	20 to 50
Infrastructure	5 to 75
Revenue Service Vehicles	4 to 30
Equipment	4 to 20
Intangibles	4 to 20
Leased Land Improvements	50 to 52
Leased Revenue Service Vehicles	4 to 12



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$3 million for incidents occurring after May 1, 2019. 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *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.
- *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.

	2019	2018
NET POSITION		
Net investment in capital assets	\$ 692,675,681	\$ 827,646,243
Restricted for:		
Debt Service	44,906,842	47,668,250
Interlocal agreements	9,513,370	7,040,441
Represented employee benefits	4,596,492	4,133,950
Self-insurance deposits	7,932,069	7,716,809
Unrestricted	113,143,840	85,088,927
TOTAL NET POSITION	<u>\$ 872,768,294</u>	<u>\$ 979,294,620</u>

It was determined during the preparation of the 2019 financial statements that there was an error in the calculation of Restricted Net Position. The error had no impact on the overall Net Position balances reported, however the prior year categories have been corrected.



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Budgetary and Accounting Controls

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

The Authority adopts its annual budget in December of the preceding year based on recommendations of staff and the 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 Executive staff reviews departmental budgets and balances the total budget with project revenues, service requirements, and the Board of Trustee's priorities. The tentative budget is presented to the Board and the Local Advisory Council for their review.

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 must approve, after consultation with the Local Advisory Council, all increases or decreases to net operating expense by mode or major classification, capital projects, or major revenue classification for the Authority's operating and capital budgets.

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)

Q. Recent Accounting Pronouncements

GASB Statement 83
Certain Asset Retirement Obligations
Takes Effect: December 31, 2020

GASB Statement 84
Fiduciary Activities
Takes Effect: December 31, 2020

GASB Statement 87
Leases
Takes Effect: December 31, 2021

GASB Statement 88
Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements
Takes Effect: December 31, 2020

GASB Statement 89
Accounting for Interest Cost Incurred before the End of a Construction Period
Takes Effect: December 31, 2021

GASB Statement 90
Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61
Takes Effect: December 31, 2020



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>2019</u>	<u>2018</u>
Debt Reduction Reserve	\$ 71,341,000	\$ 47,384,438
General Reserve	36,660,000	
Capital Replacement Reserve	10,700,000	
Fuel Reserve	-	1,915,000
Operating Reserve	-	28,507,000
Parts Reserve	-	3,000,000
Service Sustainability Reserve	9,166,000	15,272,000
Total designated cash and cash equivalents	<u>\$ 127,867,000</u>	<u>\$ 96,078,438</u>

- *Designated for Debt Reduction Reserves*— “This component of cash consists of debt service savings from refunded bond issues. In July 2019, in accordance with the Board’s Policy No. 2.1 – Financial Management, the Board affirmed continuing the Debt Reduction Reserve and the primary purpose to be primarily early retirement of outstanding debt.
- *Designated for general reserves* – This component of cash including the risk reserve, funded at a level equal to at least twelve percent (12%) of the Authority’s budgeted operating expense, excluding non-operating expense, to be used as a working capital account throughout the year. The Treasurer will manage the use of the funds in the general operating reserve. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)
- *Designated for capital replacement reserves* – This component of cash is expected to reach 1% of the value of property, facilities, and equipment cost as reported in the comprehensive annual financial report to be used for capital repair or replacement costs due to extraordinary circumstances. The Board of Trustees, recognizing that the increase reserve requirement would take time to meet, approved at their April 29, 2020 meeting to officially meet the 1% requirement by December 31, 2020. The Board of Trustees must give its prior approval before funds in the capital replacement reserve are used. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)
- *Designated for fuel reserves (No longer used after June 12, 2019)* – This component of cash 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 (No longer used after June 12, 2019)* – This component of cash 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*)

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

- *Designated for parts reserves (No longer used after June 12, 2019)* – This component of cash 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 service sustainability reserves* - This component of cash consists of 3% of the Authority’s annual operating budget expenses 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. The Board of Trustees must give its prior approval before funds in the bond reserve are used. (*Utah Transit Authority Board Policy No. 2.1 Financial Management*)

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, 2019 and 2018, the balances in the Authority’s bank demand deposit accounts and certificate of deposit accounts according to the bank statements totaled \$42,611,072 and \$17,599,147, respectively, of which \$261,276 and \$257,989 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.



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

The following are the Authority’s investment as of December 31, 2019:

Investment	Grade	Investment Maturity (in years)		
		Less than 1	1 to 3	TOTAL
U.S. Agencies	AAA	\$ 1,500,120	\$ 1,516,261	\$ 3,016,381
Corporate Bonds	AA+ to AA-, A+ to A-, BBB+ to BBB-	7,374,188	1,346,191	8,720,379
MM - Cash		49,966,838	-	49,966,838
PTIF		66,565,679	-	66,565,679
Total Investments		\$ 125,406,826	\$ 2,862,453	\$ 128,269,277

- *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.
- *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 GASB Statement 72 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.



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

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

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, 2019 by organization and by fair value measurement:

	12/31/2019	Fair Value Measurements		
		Level 1	Level 2	Level 3
Zions Capital Advisors				
Agency	\$ 3,016,381	\$ 3,016,381	\$ -	\$ -
Corporate	8,720,379	-	8,720,379	-
Currency	16,940,734	16,940,734	-	-
Total Zions Capital Advisor investments	28,677,494	19,957,115	8,720,379	-
Zions Trustee Investments				
Money market	33,026,104	-	33,026,104	-
Total Zions Trustee investments	33,026,104	-	33,026,104	-
Public Treasurers Investment Fund	66,565,679	-	66,565,679	-
Total investments by fair value level	\$ 128,269,277	\$ 19,957,115	\$ 108,312,162	\$ -



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 4 – CAPITAL ASSETS

Construction in progress for 2019 consists of following large projects:

- \$35.8 million for Positive Train Control to be completed December 31, 2021.
- \$22.5 million for the Depot District expected to be completed January of 2023.
- \$17.2 million for Provo/Orem Bus Rapid Transit expected to be completed December 31, 2020.
- \$5.5 million for the I-15 Road Widening at 7200 S by UDOT expected to be completed June of 2020.

UTA formally adopted a Capital Asset manual, policy, and formal procedures that better defined asset categories and processes in early 2019. These changes are evident in the amount and magnitude of the transfers of capital assets in 2019.

A biennial inventory of capital assets was completed in 2019. During the 2019 inventory, there were 892 assets out of 9,986 total assets, that were no longer owned by UTA, did not meet the new definitions of a capital asset, or were previously disposed of without accounting documentation. The effect on the financial statement are as follows:

Quantitative Results of 2019 Inventory Write-Off	Original Cost 12/31/2019	Accumulated Depreciation 12/31/2019	Loss on Disposal 12/31/2019
Capital assets not being depreciated			
Land	\$ 13,783,836	\$ -	\$ 13,783,836
Total capital assets not being depreciated	<u>13,783,836</u>	<u>-</u>	<u>13,783,836</u>
Capital assets being depreciated			
Infrastructure	22,944,287	(6,693,267)	16,251,020
Buildings and Building Improvements	28,717,226	(9,134,066)	19,583,160
Revenue Vehicles	1,398,587	(1,377,902)	20,685
Equipment	85,718,230	(85,131,576)	586,654
Land improvements	7,010,225	(5,897,453)	1,112,772
Intangibles	2,623,892	(2,623,892)	-
Total capital assets being depreciated	<u>148,412,447</u>	<u>(110,858,156)</u>	<u>37,554,291</u>
Total capital assets	<u>\$ 162,196,283</u>	<u>\$ (110,858,156)</u>	<u>\$ 51,338,127</u>



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 4 – CAPITAL ASSETS (continued)

	Balance 12/31/2018	Increases	Transfers	Decreases	Balance 12/31/2019
Capital assets not being depreciated					
Land	\$ 440,917,126	\$ 282,472	\$ (8,681,504)	\$ (24,292,916)	\$ 408,225,179
Construction in Progress	109,972,902	57,144,662	-	(27,418,218)	139,699,345
Total capital assets not being depreciated	<u>550,890,028</u>	<u>57,427,134</u>	<u>(8,681,504)</u>	<u>(51,711,134)</u>	<u>547,924,524</u>
Capital assets being depreciated					
Infrastructure	2,515,426,407	5,850,625	1,350,739	(22,944,287)	2,499,683,484
Buildings and Building Improvements	302,473,212	1,215,530	(29,548,307)	(28,957,729)	245,182,707
Revenue Vehicles	753,650,299	2,901,827	1,107,017	(5,212,828)	752,446,315
Leased Revenue Vehicles	60,365,705	7,986,592	(1,760,142)	-	66,592,155
Equipment	144,817,614	3,592,681	(1,656,730)	(86,049,824)	60,703,740
Land improvements	79,140,497	3,309,427	30,507,423	(7,029,191)	105,928,156
Leased Land Improvements	75,804,461	-	8,681,504	-	84,485,965
Intangibles	9,585,417	11,331,072	-	(2,623,892)	18,292,597
Total capital assets being depreciated	<u>3,941,263,612</u>	<u>36,187,754</u>	<u>8,681,504</u>	<u>(152,817,751)</u>	<u>3,833,315,119</u>
Less: Accumulated depreciation					
Infrastructure	(714,768,440)	(76,833,150)	(1,350,738)	6,693,267	(786,259,061)
Buildings and Building Improvements	(116,927,359)	(13,821,747)	16,667,243	10,492,537	(103,589,326)
Revenue Vehicles	(370,587,010)	(34,469,136)	(786,301)	5,192,143	(400,650,304)
Leased Revenue Vehicles	(10,781,376)	(7,594,114)	1,384,045	-	(16,991,445)
Equipment	(138,277,665)	(4,198,547)	1,629,360	85,604,580	(55,242,272)
Land Improvements	(41,223,412)	(4,816,713)	(17,576,453)	5,914,602	(57,701,976)
Leased Land Improvements	(128,764)	(3,044,077)	-	-	(3,172,841)
Intangibles	(9,562,603)	(1,334,639)	32,844	2,623,891	(8,240,507)
Total accumulated depreciation	<u>(1,402,256,629)</u>	<u>(146,112,123)</u>	<u>-</u>	<u>116,521,020</u>	<u>(1,431,847,732)</u>
Capital assets being depreciated, net	<u>2,539,006,983</u>	<u>(109,924,369)</u>	<u>8,681,504</u>	<u>(36,296,731)</u>	<u>2,401,467,387</u>
Total capital assets, net	<u>\$ 3,089,897,011</u>	<u>\$ (52,497,235)</u>	<u>\$ -</u>	<u>\$ (88,007,865)</u>	<u>\$ 2,949,391,911</u>



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 4 – CAPITAL ASSETS (continued)

	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	205,102,230	86,039,389	-	(181,168,717)	109,972,902
Total capital assets not being depreciated	<u>630,838,388</u>	<u>105,298,389</u>	<u>-</u>	<u>(185,246,749)</u>	<u>550,890,028</u>
Capital assets being depreciated					
Infrastructure	2,528,679,092	-	(13,252,685)	-	2,515,426,407
Buildings and Building Improvements	132,444,199	25,091,054	145,611,097	(673,138)	302,473,212
Revenue Vehicles	757,025,778	35,408,999	(23,891,477)	(14,893,001)	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)	(4,270,513)	144,817,614
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>181,849,308</u>	<u>-</u>	<u>(19,862,512)</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)	(4,928,992)	18,761	(10,781,376)
Equipment	(231,855,525)	(9,361,139)	98,668,483	4,270,516	(138,277,665)
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)	-	12,986,519	-	(9,562,603)
Total accumulated depreciation	<u>(1,341,405,330)</u>	<u>(80,565,077)</u>	<u>-</u>	<u>19,713,778</u>	<u>(1,402,256,629)</u>
Capital assets being depreciated, net	<u>2,437,871,486</u>	<u>101,284,231</u>	<u>-</u>	<u>(148,734)</u>	<u>2,539,006,983</u>
Total capital assets, net	<u>\$ 3,068,709,873</u>	<u>\$ 206,582,621</u>	<u>\$ -</u>	<u>\$ (185,395,483)</u>	<u>\$ 3,089,897,011</u>

Depreciation expense by mode that mirrors the Comparative Statement of Revenues, Expenses, and Changes in Net Position is as follows:

Depreciation Expense	2019	2018
Bus Service	\$ 25,412,263	\$ 17,144,994
Rail Service	114,000,131	56,825,449
Paratransit Service	4,171,785	4,290,318
Vanpool Service	2,527,944	2,304,317
Total Depreciation Expense	<u>\$ 146,112,123</u>	<u>\$ 80,565,077</u>



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

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>2019</u>	<u>2018</u>
Operating assistance		
Federal preventive maintenance grants	\$ 65,398,164	\$ 59,382,717
Federal operating assistance grants	4,348,067	2,437,951
	<u>69,746,231</u>	<u>61,820,668</u>
Capital projects		
Federal capital projects	16,395,068	31,585,004
Prior Year Federal capital projects	9,409	4,041
	<u>16,404,477</u>	<u>31,589,045</u>
 Total federal assistance	 <u>\$ 86,150,708</u>	 <u>\$ 93,409,713</u>

	<u>Prior Year Federal Receivables</u>	<u>Recognized Prior Year Federal Capital</u>	<u>Received Operating Assistance</u>	<u>Received Federal Capital Projects</u>	<u>Year End Federal Receivables</u>	<u>Total</u>
2019	\$ (24,146,542)	\$ 9,409	\$ 77,007,721	\$ 16,316,378	\$ 16,963,742	\$ 86,150,708
2018	\$ (44,107,878)	\$ 4,041	\$ 67,144,601	\$ 46,222,427	\$ 24,146,542	\$ 93,409,713

NOTE 6 – SELF-INSURANCE CLAIMS LIABILITY

Changes in the accrued claims liability in 2019 and 2018 were as follows:

	<u>Beginning liability</u>	<u>Changes in estimates</u>	<u>Claim payments</u>	<u>Ending liability</u>
2019	\$ 1,155,787	\$ 3,319,863	\$ (3,613,000)	\$ 862,650
2018	\$ 1,495,597	\$ 3,117,762	\$ (3,457,572)	\$ 1,155,787



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 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

The Plan is administered by the Pension Committee that consists of five (5) members, three (3) 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)

C) Membership

The Plan’s membership consisted of:

	January 1, 2019	January 1, 2018
Active Participants		
Fully Vested	1406	1377
Partially Vested	-	-
Not Vested	850	788
Inactive Participants Not Receiving Benefits	368	343
Retirees and Beneficiaries Receiving Benefits	668	629
Total	<u>3149</u>	<u>3149</u>

D) 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 three years of service, they forfeit the right to receive their non-vested accrued plan benefits.



NOTE 7 – PENSION PLANS (continued)

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.

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 2019 and 2018, 33 and 37 participants in each respective year elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$5,302,097 and \$4,650,189 for 2019 and 2018, respectively. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

E) 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.

F) 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.

G) 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 measurable 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 7 Section H and in the Required Supplementary Information.

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

Net pension liability - At December 31, 2019, the Authority reported a net pension liability of \$103,864,839. The net pension liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures.



UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (continued)

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	Covered Payroll	Net Pension Liability as a Percentage Of Covered Employee Payroll
12/31/2019	\$345,622,189	\$241,757,350	\$103,864,839	69.95%	\$141,812,999	73.24%
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, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (772,375)	\$ 9,027,318
Change of Assumptions	(1,558,306)	4,432,636
Net difference between projected and actual earnings	<u>(9,322,772)</u>	<u>-</u>
Total	<u>\$ (11,653,453)</u>	<u>\$ 13,459,954</u>

Pension expense - For the year ended December 31, 2019, the Authority recognized pension expense of \$23,065,374. 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>
2020	\$ 819,702
2021	(548,371)
2022	3,129,788
2023	(2,955,207)
2024	1,010,852
Thereafter	<u>349,737</u>
Total	<u>\$ 1,806,501</u>

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (continued)

Actuarial assumptions - The total pension liability in the January 1, 2019 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	2.74%

The actuarial assumptions used in the January 1, 2019 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	\$ 394,219,179	\$ 345,622,189	\$ 305,558,521
Fiduciary net position	241,757,350	241,757,350	241,757,350
Net pension liability	\$ 152,461,829	\$ 103,864,839	\$ 63,801,171



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

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, 2018	\$ 326,086,663	\$ 194,538,549	\$ 131,548,114
Charges for the year			
Service cost	10,244,115		10,244,155
Interest on total pension liability	22,947,802		22,947,802
Differences between expected and actual experience	3,347,505		
Changes of assumptions	-		
Employer contributions		24,008,192	(24,008,192)
Member voluntary contributions	298,803	298,803	-
Net investment income		40,648,932	(40,648,932)
Benefit payments	(17,302,699)	(17,302,699)	
Administrative expenses		(434,427)	434,427
Balance as of December 31, 2019	\$ <u>345,622,189</u>	\$ <u>241,757,350</u>	\$ <u>103,864,839</u>

I) 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.

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.



NOTE 7 – PENSION PLANS (CONTINUED) (continued)

J) 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.

K) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

L) 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, 2019 and 2018, the Plan paid \$434,427 and \$440,279 respectively, of administrative expenses.

M) 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)

N) 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.

O) 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.

P) 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.

Q) 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.

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>2019</u>	<u>2018</u>
Cash held in banking institution(s)	\$ 476,391	\$ 604,152
Cash held in Utah Public Treasurer's Investment Fund	0	0
	<u>\$ 476,391</u>	<u>\$ 604,152</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:			
	2019	\$ 51,231,785	AA/Aa Rated
	2018	\$ 44,511,657	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:			
	2019	\$153,380,592	No maturity dates
	2018	\$121,933,057	No maturity dates
Fixed Inc funds:			
	2019	\$ 51,231,785	Average effective duration: 5.3 years Average effective maturity: 7.5 years
	2018	\$ 44,511,657	Average effective duration: 5.3 years Average effective maturity: 7.5 years
Other funds:			
	2019	\$ 34,319,622	Average effective duration/maturity: n/a
	2018	\$ 26,081,608	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, 2019 and/or 2018 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>2019</u>	<u>2018</u>
Equity funds:		
Two Sigma Active US All Cap & Investments	\$ 21,086,294	\$ 16,287,880
Fixed funds:		
IR+M Core Bond Fund II	\$ 23,796,928	\$ 18,593,036



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 GASB Statement 72 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.



UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (CONTINUED)

	<u>2019</u>	<u>2018</u>
Investments:		
Global Equity Funds:		
1607 Capital International Equity Fund	\$ -	\$ 7,068,884
Arrowstreet International Equity	10,968,933	8,880,682
Artisan Global Value Institutional	8,073,562	6,504,923
Artisan Global Opportunities Trust	6,565,743	6,349,204
Artisan Global Discovery Trust	5,666,532	-
Causeway Emerging Markets Equity	7,643,201	6,547,729
City of London CA International Equity	9,133,524	-
Edgewood Growth Fund Institutional	7,759,905	7,054,931
Gqg Partners Intl Eqty	9,560,000	7,384,000
Independent Franchise Partners US Equity	9,726,691	7,196,531
Iridian Private Business Value Mid Cap	7,438,275	5,555,749
John Hancock Disciplined Value I	7,469,439	6,086,912
Kiltearn Global Equity Fund	6,746,613	5,744,563
Mahout Global Emerging Markets	-	2,134,715
Oakmark International I	8,362,496	6,720,896
Overlook Partners Fund	3,081,304	2,477,772
RWC Horizon Equity Offshore Ltd.	5,870,507	4,695,445
RWC Horizon Equity Fund 97MSCLV	698,308	558,532
RWC Horizon Equity Fund Limited	812,248	-
Two Sigma Active US All Cap & Investments	21,086,294	16,267,880
Vanguard FTSE Developed Markets EFT	1,212,002	1,871,213
Vanguard S&P 500 EFT	3,672,653	2,853,321
Vanguard Emerging Markets Stock Index Fund	2,114,282	-
Total Global Equity Funds	<u>143,662,332</u>	<u>111,953,882</u>



UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (CONTINUED)

Investments (continued)

	<u>2019</u>	<u>2018</u>
Polen Capital		
Adobe Systems Inc.	\$ 593,988	\$ 392,300
Automatic Data Process.	311,163	405,948
Align Technology Inc.	278,761	142,412
Accenture Plc	473,151	308,530
Booking Holdings	186,889	155,018
Abbott Laboratories	282,990	-
Dollar General	378,875	322,835
Facebook Inc.	681,020	414,244
First American Treasury Obligations	192,224	331,585
Alphabet Inc.	892,167	597,961
Gartner Inc.	301,266	245,964
Mastercard Inc.	519,845	187,895
Msci Inc	207,835	-
Microsoft Corp.	909,614	609,318
Nestle Sa	314,495	229,845
Nike Inc.	402,403	355,650
Nvidia Corp	-	147,918
Oracle	-	251,079
O Reilly	368,138	413,885
Paypal	308,068	-
Regeneron	235,801	230,076
Salesforce	195,819	-
Servicenow Inc	207,505	-
Starbucks Corp.	243,538	347,374
Visa Inc.	699,552	478,810
Zoetis Inc.	532,973	336,172
Total Polen Capital	<u>9,718,080</u>	<u>6,904,819</u>
Total Global Equity, and Polen Capital Investment Funds	<u>153,380,412</u>	<u>118,858,701</u>



UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (CONTINUED)

Investments (continued)

	2019	2018
Fixed Income Funds:		
1607 Capital Tax Fixed Income Fund	\$ 4,776,531	\$ 3,130,603
Double Line Core Plus 4L3	10,386,179	7,138,145
IR+M Core Bond Fund II	23,796,928	18,593,036
PIMCO Income Fund Institutional	3,485,017	6,327,452
State Street Global Adv. 3-10 US Treasury	8,787,130	9,322,421
Total Fixed Income Funds	<u>51,231,785</u>	<u>44,511,657</u>
Liquid Diversifier Funds:		
AQR Style Premia 97MSCMCV9	170,444	3,489,659
Fort Global Offshore Fund	6,205,549	4,890,738
ISAM SYSTEMATIC 97MSCNDS3	217,906	212,508
ISAM Systematic Trend	1,870,840	1,824,493
IVA International Fund	5,492,210	2,921,780
Renaissance Institutional Equity	9,026,663	6,008,085
Total Liquid Diversifier Funds	<u>22,893,612</u>	<u>19,347,261</u>
Real Asset Funds:		
AEW Global Properties	1,936,251	1,587,870
T. Rowe Price Global Natural Resources	4,151,087	3,546,308
Vanguard Short Term Inflation Protected Sec	2,667,048	2,543,785
Total Real Asset Funds	<u>8,754,386</u>	<u>7,677,963</u>
Cash & Equivalents:		
US Bank Cash (First American US Money Mkt	2,581,806	1,652,310
Total Cash & Equivalents	<u>2,581,806</u>	<u>1,652,310</u>
Total investments	\$ <u>238,931,999</u>	\$ <u>192,047,892</u>



NOTE 7 – PENSION PLANS (CONTINUED)

W) 2019 and 2018 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.

The following tables set forth by level, within the fair value hierarchy, the Plan’s investments at fair value as of December 31, 2019 and December 31, 2018.

**Investment Assets at Fair Value
 as of December 31, 2019**

	Fair Value	Level 1	Level 2	Level 3
Global Equities (NAV Level 2)	\$ 153,380,5412	\$ 16,717,017	\$ 49,035,295	\$ 87,628,099
Fixed Income (NAV level 2)	51,231,785	-	3,485,017	47,746,768
Liquid diversifiers	22,983,612	-	5,492,210	17,491,402
Real assets (NAV level 2)	8,754,386	-	6,818,135	1,936,251
Money market	2,581,806	2,581,806	-	-
Total investments at fair value	\$ 238,931,999	\$ 19,298,823	\$ 64,830,657	\$ 154,802,520

**Investment Assets at Fair Value
 as of December 31, 2018**

	Fair Value	Level 1	Level 2	Level 3
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	-	-
Total investments at fair value	\$ 192,047,892	\$ 13,281,663	\$ 55,451,247	\$ 123,314,982



UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 7 – PENSION PLANS (CONTINUED)

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, 2019 and 2018.

	2019			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Global Equities (NAV Level 2)	\$ 49,035,295	\$ -	Daily	Daily
Fixed Income (NAV level 2)	3,485,017	-	Daily	Daily
Liquid diversifier(NAV level 2)	5,492,210	-	Daily	Daily
Real assets (NAV level 2)	6,818,135	-	Daily	Daily
Total	\$ 64,830,657	\$ -		

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

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.

NOTE 7 – PENSION PLANS (CONTINUED)

Y) 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 \$103,864,839 and \$131,069,664 as of December 31, 2019 and December 31, 2018, 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 increased from 59.81% at December 31, 2018 to 69.95% at December 31, 2019.

Z) 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, 2019, 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

AA) Actuarial Methods and Assumptions (continued)

- Cost of Living Adjustments – None
- Percent of Future Retirements Electing Lump Sum – 20%



NOTE 7 – PENSION PLANS (CONTINUED)

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, 2019, is summarized in the table below.

Asset Class	Target Asset Allocation	Long Term Expected Return
Global Equities	63%	6.8%
Fixed Income	22%	2.7%
Liquid Diversifiers	10%	3.4%
Real Assets	4%	5.1%
Cash & Equivalents	1%	1.6%
Total	100%	5.4%

The 7.00% assumed investment rate of return is comprised of an inflation rate of 2.30% and a real return of 4.70% net of investment expense.

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.



NOTE 7 – PENSION PLANS (CONTINUED)

	1.00% Decrease 6.00%	Current Rate 7.00%	1.00% Increase 8.00%
Total pension liability	\$ 394,219,179	\$ 345,622,189	\$ 291,631,806
Fiduciary net position	241,757,350	241,757,350	241,757,350
Net pension liability	152,461,829	103,864,839	63,801,171

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 and Pension Board adopted a contribution rate policy of 16.3% for 2018 and 2019.

Employer contributions in 2019 and 2018 totaled \$24,008,192 and \$22,355,434 respectively, which represented 110.7% and 110.4% 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, 2019 and 2018 were \$382,347 and \$364,729, respectively.



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>
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>\$ 5,450,000</u>	<u>\$ 439,425</u>	<u>\$ 5,889,425</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>
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	6,970,000	3,909,675	10,879,675
2025-2029	40,830,000	13,499,588	54,329,588
2030-2032	30,155,000	2,429,306	32,584,306
	<u>\$ 102,410,000</u>	<u>\$ 38,861,550</u>	<u>\$ 141,271,550</u>



NOTE 8 – LONG TERM DEBT (continued)

Series 2006C Revenue Bond (continued)

Defeasence 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

Year ending December 31	Principal	Interest	Total
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	5,560,000	5,390,750	10,950,750
2025-2029	26,425,000	23,699,875	50,124,875
2030-2034	56,455,000	14,564,375	71,019,375
2035	22,155,000	553,875	22,708,875
	<u>\$ 118,745,000</u>	<u>\$ 67,326,625</u>	<u>\$ 186,071,625</u>

Defeasence 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.



NOTE 8 – LONG TERM DEBT (continued)

D. Series 2008A Revenue Bond

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
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
	\$ 48,410,000	\$ 7,657,913	\$ 56,067,913

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% (\$5,432,800) 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:

Year ending December 31	Principal	Interest	Total	Scheduled Federal Subsidy Payment
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	-	15,522,286	15,522,286	5,432,800
2025-2029	-	77,611,433	77,611,433	27,164,001
2030-2034	80,735,000	68,115,943	148,850,943	23,840,580
2035-2039	180,715,000	31,620,314	212,335,314	11,067,110
	\$ 261,450,000	\$ 254,959,120	\$ 516,409,120	\$ 89,235,691



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% (\$3,993,500) 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
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	-	11,410,000	11,410,000	3,993,500
2025-2029	-	57,050,000	57,050,000	19,967,500
2030-2034	-	57,050,000	57,050,000	19,967,500
2035-2039	78,970,000	52,762,407	131,732,407	18,466,842
2040	121,030,000	3,452,381	124,482,381	1,208,333
	\$ 200,000,000	\$ 227,364,788	\$ 427,364,788	\$ 79,577,675



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>
2020	\$ -	\$ 2,944,000	\$ 2,944,000
2021	-	2,944,000	2,944,000
2022	-	2,944,000	2,944,000
2023	-	2,944,000	2,944,000
2024	-	2,944,000	2,944,000
2025-2029	-	14,720,000	14,720,000
2030-2034	2,940,000	14,603,600	17,543,600
2035-2039	70,660,000	9,203,800	79,863,800
	<u>\$ 73,600,000</u>	<u>\$ 53,247,400</u>	<u>\$ 126,847,400</u>

Defeasance of Debt - On November 28, 2012, the Authority defeased all of the 2011AB Variable Rate Revenue Bonds, and certain 2006AB Series Variable Rate Revenue Bonds. The 2006AB and 2011AB Series Revenue Bonds relating to this issuance were defeased on November 28, 2012.

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.

On November 26, 2019 a portion of the original debt service for this bond was defeased through the issuance of the \$188,810,000 Series 2019B Senior Sales Tax Revenue Refunding Bond. This resulted in a cash flow savings of \$14,762,454 and an economic gain of \$28,095,615. The Authority defeased certain 2012A 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.

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.



NOTE 8 – LONG TERM DEBT (continued)

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>
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	34,540,000	28,394,631	62,934,631
2025-2029	200,970,000	113,797,250	314,767,250
2030-2034	200,440,000	65,348,650	265,788,650
2035-2038	194,015,000	18,974,600	212,989,600
	<u>\$ 668,655,000</u>	<u>\$ 346,322,433</u>	<u>\$ 1,014,977,433</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>
2020	\$ 2,850,000	\$ 3,243,750	\$ 6,093,750
2021	5,840,000	3,055,000	8,895,000
2022	8,875,000	2,687,125	11,562,125
2023	6,750,000	2,296,500	9,046,500
2024	7,100,000	1,950,250	9,050,250
2025-2029	21,310,000	4,468,750	25,778,750
2030-2034	-	3,536,250	3,536,250
2035-2037	14,145,000	1,768,125	15,913,125
	<u>\$ 66,870,000</u>	<u>\$ 23,005,750</u>	<u>\$ 89,875,750</u>



NOTE 8 – LONG TERM DEBT (continued)

Series 2015A Revenue Bonds (continued)

Defeasence of Debt - On November 26, 2019 a portion of the original debt service for this bond was defeased through the issuance of the \$188,810,000 Series 2019B Senior Sales Tax Revenue Refunding Bond and the \$59,070,000 Series 2019B Subordinate Sale Tax Revenue Bond. The 2019B Senior Sales Tax Revenue Refunding Bond resulted in a negative cash flow of \$1,112,712 and an economic loss of \$32,721,510. The 2019B Subordinate Sales Tax Revenue Bond resulted in a negative cash flow of \$1,951,533 and an economic loss of \$20,662,073. The Authority defeased certain 2015A Series Subordinate 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.

I. Series 2016 Revenue Bonds

On August 24, 2016, the Authority issued \$145,691,497 in Subordinate Sales Tax Revenue Bonds with a 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>
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	-	4,602,300	4,602,300
2025-2029	65,755,000	21,359,550	87,114,550
2030-2031	61,025,000	3,685,400	64,710,400
	<u>\$ 126,780,000</u>	<u>\$ 48,056,450</u>	<u>\$ 174,836,450</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

NOTE 8 – LONG TERM DEBT (continued)

Series 2016 Revenue Bonds (continued)

Debt service requirements to maturity, including interest:

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

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 Authority paid the November 1, 2019 bond principal and interest payment. The principal amount was \$1,410,000 and the interest was \$983,796. The amount owed to the County was reduced by those amounts. In 2020, the Authority will remit \$2,735,019 to Utah County for repayment of prior debt payments of the County issued Subordinated Transportation Sales Tax Revenue Bond per the terms of Utah County 4th Quarter Cent Sales Tax Interlocal Agreement.

The amount owed to Utah County increased by \$2,500,000 in FY 2019 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.

Year ending December 31	Principal	Interest	Total
2028	\$ 67,050,616	\$ 5,161,925	\$ 72,212,541
	\$ 67,050,616	\$ 5,161,925	\$ 72,212,541

K. 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 Refunding 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.

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.



NOTE 8 – LONG TERM DEBT (continued)

Series 2018 Revenue Bonds (continued)

Series 2018 Senior Sales Tax 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>
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	-	3,537,400	3,537,400
2025-2029	-	17,687,000	17,687,000
2030-2034	39,730,000	16,803,500	56,533,500
2035-2036	42,535,000	2,776,750	43,311,750
	<u>\$ 82,265,000</u>	<u>\$ 54,954,250</u>	<u>\$ 137,219,250</u>

Series 2018 Subordinate Sales Tax Revenue Refunding Bond

Purpose: Advanced refunding of \$112,125,000 of the 2017 Revenue Bonds and \$3,415,000 of the 2007A Revenue Bonds.
 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>
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	3,745,000	4,581,144	8,326,144
2025-2029	17,755,000	19,943,969	37,698,969
2030-2034	12,925,000	16,287,313	29,212,313
2035-2039	2,225,000	14,474,031	16,699,031
2040-2041	66,190,000	4,587,875	70,777,875
	<u>\$ 113,475,000</u>	<u>\$ 79,766,658</u>	<u>\$ 193,241,658</u>



NOTE 8 – LONG TERM DEBT (continued)

L. Series 2019 Revenue Bonds

Series 2019A Sales Tax Revenue Bond

Purpose: Finance Capital Projects - \$70,900,000 which include the Depot District Technology Center, Traction Power Rehab and Replacement, Ogden/Weber State University Bus Rapid Transit, Northern Utah County Double Track, and System Operator Restrooms.

Interest rates: 3.00-5.00%

Original amount: \$61,830,000 and a \$9,320,342 premium

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2020	\$ -	\$ 2,642,367	\$ 2,642,367
2021	-	2,509,900	2,509,900
2022	-	2,509,900	2,509,900
2023	-	2,509,900	2,509,900
2024	-	2,509,900	2,509,900
2025-2029	10,690,000	11,532,500	22,222,500
2030-2034	13,650,000	8,578,250	22,228,250
2035-2039	17,140,000	5,080,100	22,220,100
2040-2044	20,350,000	1,867,200	22,217,200
	<u>\$ 61,830,000</u>	<u>\$ 39,740,017</u>	<u>\$ 101,570,017</u>

Series 2019B Federally Taxable Sales Tax Revenue Refunding Bonds

Purpose: Advanced refunding of \$98,000,00 of the 2012A Revenue Bonds and \$75,000,000 of the 2015A Subordinate Revenue Bonds; debt service reserve

Interest rates: 3.443%

Original amount: \$188,810,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2020	\$ -	\$ 6,843,822	\$ 6,843,822
2021	-	6,500,728	6,500,728
2022	-	6,500,728	6,500,728
2023	-	6,500,728	6,500,728
2024	-	6,500,728	6,500,728
2025-2029	-	32,503,642	32,503,642
2030-2034	-	32,503,642	32,503,642
2035-2039	5,475,000	32,234,399	37,709,399
2040-2042	183,335,000	16,513,144	199,848,144
	<u>\$ 188,810,000</u>	<u>\$ 146,601,561</u>	<u>\$ 335,411,561</u>



NOTE 8 – LONG TERM DEBT (continued)

Series 2019 Revenue Bonds (continued)

Series 2019B Federally Taxable Subordinate Sales Tax Revenue Refunding Bond

Purpose: Advanced refunding of \$50,135,000 of the 2015A Revenue Bonds.
 Interest rates: 3.393% - 3.643%
 Original amount: \$59,070,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 2,219,698	\$ 2,219,698
2021	-	2,108,420	2,108,420
2022	-	2,108,420	2,108,420
2023	-	2,108,420	2,108,420
2024	-	2,108,420	2,108,420
2025-2029	-	10,542,101	10,542,101
2030-2034	-	10,542,101	10,542,101
2035-2039	17,400,000	8,770,955	26,170,955
2040-2042	41,670,000	3,861,216	45,531,216
	\$ <u>59,070,000</u>	\$ <u>44,369,751</u>	\$ <u>103,439,751</u>

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>
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	466,738	31,477	498,215
2025-2027	1,251,852	35,202	1,287,054
	\$ <u>3,491,026</u>	\$ <u>287,103</u>	\$ <u>3,778,129</u>



NOTE 8 – LONG TERM DEBT (continued)

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>
2020	\$ 415,540	\$ 1,828	\$ 417,368
	\$ 415,540	\$ 1,828	\$ 417,368

O. 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>
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	212,314	15,393	227,707
2025-2028	827,746	26,154	853,900
	\$ 1,855,518	\$ 136,917	\$ 1,992,435

P. 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>
2020	\$ 923,940	\$ 15,640	\$ 939,580
2021	700,881	3,804	704,685
	\$ 1,624,821	\$ 19,444	\$ 1,644,265



NOTE 8 – LONG TERM DEBT (continued)

Q. 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>
2020	\$ 315,012	\$ 1,616	\$ 316,628
	\$ 315,012	\$ 1,616	\$ 316,628

R. 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>
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	2,053,101	267,210	2,320,311
2025-2029	10,791,842	616,354	11,408,196
	\$ 20,612,163	\$ 2,397,588	\$ 23,009,751

S. 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>
2020	\$ 289,143	\$ 13,216	\$ 302,359
2021	294,449	7,910	302,359
2022	274,656	2,506	277,162
	\$ 858,248	\$ 23,632	\$ 881,880



NOTE 8 – LONG TERM DEBT (continued)

T. 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:

Year ending December 31	Principal	Interest	Total
2020	\$ 320,176	\$ 8,362	\$ 328,538
2021	298,511	2,648	301,159
	<u>\$ 618,687</u>	<u>\$ 11,010</u>	<u>\$ 629,697</u>

U. 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:

Year ending December 31	Principal	Interest	Total
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	1,020,557	241,590	1,262,147
2025-2029	5,638,306	672,430	6,310,736
2030	1,138,132	18,836	1,156,968
	<u>\$ 11,559,397</u>	<u>\$ 2,219,042</u>	<u>\$ 13,778,439</u>

V. 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:

Year ending December 31	Principal	Interest	Total
2020	\$ 74,028	\$ 8,241	\$ 82,269
2021	76,323	5,946	82,269
2022	78,689	3,580	82,269
2023	74,157	1,140	75,297
	<u>\$ 303,197</u>	<u>\$ 18,907</u>	<u>\$ 322,104</u>



NOTE 8 – LONG TERM DEBT (continued)

W. 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>
2020	\$ 370,103	\$ 28,490	\$ 398,593
2021	381,444	17,149	398,593
2022	359,915	5,462	365,377
	<u>\$ 1,111,462</u>	<u>\$ 51,101</u>	<u>\$ 1,162,563</u>

X. 2019 Issuance 12-Year Lease Financing

Purpose: Acquisition of 35 buses
 Interest rates: 2.2200%
 Original amount: \$5,190,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 384,544	\$ 108,517	\$ 493,061
2021	393,169	99,892	493,061
2022	401,986	91,075	493,061
2023	411,002	82,059	493,061
2024	420,219	72,842	493,061
2025-2029	2,246,762	218,545	2,465,307
2030-2031	806,020	15,749	821,769
	<u>\$ 5,063,702</u>	<u>\$ 688,679</u>	<u>\$ 5,752,381</u>

Y. 2019 Issuance 5-Year Lease Financing

Purpose: Acquisition of 30 flex/paratransit vehicles
 Interest rates: 1.9100%
 Original amount: \$2,730,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 528,714	\$ 44,206	\$ 572,920
2021	538,901	34,019	572,920
2022	549,284	23,636	572,920
2023	559,868	13,052	572,920
2024	379,226	2,721	381,947
	<u>\$ 2,555,993</u>	<u>\$ 117,634</u>	<u>\$ 2,673,627</u>



NOTE 8 – LONG TERM DEBT (continued)

Z. 2019 Issuance 4-Year Lease Financing

Purpose: Acquisition of 76 flex/paratransit vehicles
 Interest rates: 1.9100%
 Original amount: \$1,960,000

Debt service requirements to maturity, including interest:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 479,101	\$ 30,245	\$ 509,346
2021	488,333	21,013	509,346
2022	497,742	11,604	509,346
2023	337,145	2,419	339,564
	<u>\$ 1,802,321</u>	<u>\$ 65,281</u>	<u>\$ 1,867,602</u>

AA. Capital Leased Assets

The following represents the assets acquired through the 2015, 2016, 2017, 2018 and 2019 series capital leases and the corresponding accumulated depreciation.

	<u>2015 Series Leases</u>	<u>2016 Series Leases</u>	<u>2017 Series Leases</u>
Revenue vehicles			
12-year lease	\$ 4,859,620	\$ 2,480,000	\$ 23,680,879
5-year lease	3,626,139	3,719,002	1,443,746
4-year lease	-	1,647,000	1,267,806
Subtotal	<u>\$ 8,485,759</u>	<u>7,846,002</u>	<u>26,392,431</u>
Accumulated depreciation	<u>(4,936,563)</u>	<u>(4,948,672)</u>	<u>(6,329,602)</u>
Total capital assets (net)	<u>\$ 3,549,196</u>	<u>\$ 2,897,330</u>	<u>\$ 20,062,829</u>

	<u>2018 Series Leases</u>	<u>2019 Series Lease</u>
Revenue vehicles		
12-year lease	\$ 11,537,964	\$ 5,010,868
5-year lease	368,211	1,207,414
4-year lease	1,485,803	1,775,781
Subtotal	<u>13,391,978</u>	<u>7,994,063</u>
Accumulated depreciation	<u>(1,520,416)</u>	<u>(449,965)</u>
Total capital assets (net)	<u>\$ 11,871,562</u>	<u>\$ 7,544,098</u>



UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 8 – LONG TERM DEBT (continued)

Long Term Debt Summary Table FY 2019

	Balance			Balance		
	12/31/2018	Additions	Reductions	12/31/2019	Amount due within one year	
Bonds						
Series 2005A Revenue Bond	\$ 7,085,000	\$ -	\$ (1,635,000)	\$ 5,450,000	\$ 1,720,000	
Series 2006C Revenue Bond	107,760,000	-	(5,350,000)	102,410,000	5,635,000	
Series 2007A Current Interest Bond	121,455,000	-	(2,710,000)	118,745,000	2,850,000	
Series 2008A Revenue Bond	54,295,000	-	(5,885,000)	48,410,000	-	
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	-	(98,000,000)	73,600,000	-	
Series 2015A Revenue Bond (Sr)	668,655,000	-	-	668,655,000	12,425,000	
Series 2015A Revenue Bond (Sub)	192,005,000	-	(125,135,000)	66,870,000	2,850,000	
Series 2016 Revenue Bond	126,780,000	-	-	126,780,000	-	
Series 2016 Capital Appreciation	18,911,498	-	-	18,911,498	-	
Series 2016 UTCT	65,960,616	2,500,000	(1,410,000)	67,050,616	-	
Series 2018 Revenue Bond (Sr)	83,765,000	-	(1,500,000)	82,265,000	-	
Series 2018 Revenue Bond (Sub)	113,895,000	-	(420,000)	113,475,000	440,000	
Series 2019A Revenue Bond	-	61,830,000	-	61,830,000	-	
Series 2019B Revenue Bond (Sr)	-	188,810,000	-	188,810,000	-	
Series 2019B Revenue Bond (Sub)	-	59,070,000	-	59,070,000	-	
Subtotal - Bonds	<u>2,193,617,114</u>	<u>312,210,000</u>	<u>(242,045,000)</u>	<u>2,263,782,114</u>	<u>25,920,000</u>	
Leases						
2015 12-Year Lease	3,911,531	-	(420,505)	3,491,026	429,322	
2015 5-Year Lease	1,145,873	-	(730,333)	415,540	415,540	
2015 4-Year Lease	243,467	-	(243,467)	-	-	
2016 12-Year Lease	2,051,204	-	(195,686)	1,855,518	198,904	
2016 5-Year Lease	2,536,307	-	(911,486)	1,624,821	923,940	
2016 4-Year Lease	731,067	-	(416,055)	315,012	315,012	
2017 12-Year Lease	22,447,551	-	(1,835,389)	20,612,163	1,877,001	
2017 5-Year Lease	1,142,179	-	(283,931)	858,248	289,143	
2017 4-Year Lease	932,408	-	(313,721)	618,687	320,176	
2018 12-Year Lease	12,425,133	-	(865,736)	11,559,397	894,697	
2018 5-Year Lease	375,115	-	(71,918)	303,197	74,028	
2018 4-Year Lease	1,470,561	-	(359,099)	1,111,462	363,263	
2019 12-Year Lease	-	5,190,000	(126,298)	5,063,702	384,544	
2019 5-Year Lease	-	2,730,000	(174,007)	2,555,993	528,714	
2019 4-Year Lease	-	1,960,000	(157,679)	1,802,321	479,101	
Subtotal - Leases	<u>49,412,396</u>	<u>9,880,000</u>	<u>(7,105,310)</u>	<u>52,187,087</u>	<u>7,493,385</u>	
Total – Bonds & Leases	\$ <u>2,243,029,510</u>	\$ <u>322,090,000</u>	\$ <u>(249,150,310)</u>	\$ <u>2,315,969,201</u>	\$ <u>33,413,385</u>	
Unamortized Premiums						
Series 2005A Revenue Bond	112,378	-	(49,552)	62,826	-	
Series 2006C Revenue Bond	6,044,178	-	(768,000)	5,276,178	-	
Series 2007A Current Interest Bond	5,741,000	-	(464,801)	5,276,199	-	
Series 2008A Revenue Bond	1,118,021	-	(302,987)	815,034	-	
Series 2012A Revenue Bond	13,450,680	-	(12,464,330)	986,350	-	
Series 2015A Revenue Bond (Sr)	85,949,114	-	(9,085,303)	76,863,811	-	
Series 2015A Revenue Bond (Sub)	25,681,975	-	(17,656,251)	8,025,724	-	
Series 2016 Revenue Bond	10,768,774	-	(935,752)	9,833,022	-	
Series 2018 Revenue Bond (Sr)	7,242,847	-	(403,314)	6,839,533	-	
Series 2018 Revenue Bond (Sub)	10,001,973	-	(347,821)	9,654,152	-	
Series 2019A Revenue Bond (Sr)	-	9,320,343	(20,712)	9,299,631	-	
Subtotal – Unamortized Premiums	<u>166,110,940</u>	<u>9,320,343</u>	<u>(42,498,823)</u>	<u>132,932,460</u>	<u>-</u>	
Total Long Term Debt	\$ <u>2,409,140,450</u>	\$ <u>331,410,343</u>	\$ <u>(291,649,133)</u>	\$ <u>2,448,901,661</u>	\$ <u>33,413,385</u>	

UTAH TRANSIT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 8 – LONG TERM DEBT (continued)

Long Term Debt Summary Table FY 2018

	Balance			Balance			Amount
	12/31/2017	Additions	Reductions	12/31/2018		due within	
						one year	
Bonds							
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	
Subtotal – Bonds	<u>2,127,103,567</u>	<u>200,265,616</u>	<u>(133,752,069)</u>	<u>2,193,617,114</u>		<u>17,500,000</u>	
Leases							
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	
Subtotal - Leases	<u>40,779,538</u>	<u>14,377,000</u>	<u>(5,744,142)</u>	<u>49,412,396</u>		<u>6,626,320</u>	
Total – Bonds & Leases	<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>	
Unamortized Premiums							
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)	85,949,115		-	
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		-	
Subtotal – Unamortized Premiums	<u>163,889,740</u>	<u>17,839,469</u>	<u>(15,618,267)</u>	<u>166,110,943</u>		<u>-</u>	
Total Long Term Debt	\$ <u>2,331,772,845</u>	\$ <u>232,482,085</u>	\$ <u>(155,114,478)</u>	\$ <u>2,409,140,453</u>	\$	<u>24,126,320</u>	

UTAH TRANSIT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Years Ended December 31, 2019 and 2018

NOTE 8 – LONG TERM DEBT (continued)

In addition, the Authority has long term obligations related to compensate absences which represent obligations to employees for unused vacation leave balances or guaranteed health saving account contributions at retirement for unused sick leave balances. General revenues are used to liquidate compensated absence balances.

The following is a summary of compensated absences of the Authority for the year ended December 31, 2019

	Balance <u>12/31/2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2019</u>	Amount due within one year
UTA's obligations:					
Compensated Absences	11,523,816	2,919,737	(2,010,345)	12,433,208	1,664,512

The following is a summary of compensated absences of the Authority for the year ended December 31, 2018

	Balance <u>12/31/2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2018</u>	Amount due within one year
UTA's obligations:					
Compensated Absences	9,325,711	3,605,639	(1,407,534)	11,523,816	2,010,345

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, 2019, the Authority also has purchasing commitments for several capital projects. The largest of these commitments are as follows:

- \$15.4 million TRAX Airport Relocation Design
- \$12.6 million Bus Replacements
- \$11.3 million Depot District
- \$ 6.3 million Ogden-Weber State University Bus Rapid Transit
- \$ 5.9 million Sandy Civic Center Parking Structure
- \$ 4.2 million TIGER Grant Projects
- \$ 1.3 million Provo-Orem Bus Rapid Transit
- \$ 1.1 million South Davis County Bus Rapid Transit

NOTE 10 –SUBSEQUENT EVENTS

COVID 19

On March 18, 2020, in keeping with recommendations of Federal, State, and Local authorities to limit public gatherings to control the continuing spread of COVID-19, Utah Governor Gary Herbert issued several Executive Orders which has changed the economy of the Wasatch Front and ridership on mass transit. These changes will likely result in significant reductions of UTA’s sales tax and passenger revenues in 2020 and possibly in future years.

On March 27, 2020, President Donald J. Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides \$25 billion to transit agencies in the form of formula grant to help to prevent, prepare for and respond to the COVID-19 pandemic. The total available amount for UTA is as follows:

Urbanized Area	Amount
Salt Lake	\$ 112,091,799
Ogden	49,428,793
Provo	25,655,102
Total	\$ 187,175,694

Although the long-term economic impact of COVID-19 is unknown at this time, UTA anticipates that the CARES Act funding, along with service reductions effective April 5, 2020, will allow UTA to carefully evaluate long-term financial impacts and make necessary adjustments, if any, to align its expenditures to a new level of revenue streams.

Bond Issuance

On March 19, 2020, the Authority issued Senior Lien revenue bonds for \$216,650,000. Proceeds from bond issue were used to refund multiple maturities of the Series 2015A Senior Lien revenue bonds (\$176.01 million).



Required Supplementary Information

For Fiscal Years Ended
December 31, 2019 and 2018



UTAH TRANSIT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 Years Ended December 31, 2019 and 2018

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

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$10,244,115	\$9,550,863	\$8,368,262	\$7,711,706	\$7,545,807	\$7,284,379
Interest on total pension liability	22,947,802	21,512,781	20,368,031	19,604,345	18,717,411	17,623,248
Voluntary member contributions	298,803	223,572	697,576	437,923	916,567	275,663
Gains or losses	3,347,505	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	(17,302,699)	(15,474,819)	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Net change in total pension liability	19,535,526	20,705,547	26,420,738	9,890,580	21,377,147	15,001,558
Total pension liability - beginning	326,086,663	305,381,116	278,960,378	269,069,798	247,692,651	232,691,093
Total pension liability - ending (a)	345,622,189	326,086,663	305,381,116	278,960,378	269,069,798	247,692,651
Plan Fiduciary Net Position						
Contributions - employer	\$24,008,192	\$22,355,434	\$20,506,163	\$19,603,952	\$16,745,254	\$15,366,694
Contributions - members	298,803	223,572	697,576	437,923	916,567	275,663
Net investment income	40,648,932	(16,629,921)	30,598,620	7,591,211	(1,085,458)	5,946,916
Benefits paid	(17,302,699)	(15,474,819)	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Administrative expense	(434,427)	(440,279)	(324,912)	(249,141)	(244,011)	(219,504)
Net change in plan fiduciary net position	47,218,801	(9,966,013)	38,469,305	14,403,330	4,777,528	11,188,037
Plan fiduciary net position - beginning	194,538,549	204,504,562	166,035,257	151,631,927	146,854,399	135,666,362
Plan fiduciary net position - ending (b)	241,757,350	194,538,549	204,504,562	166,035,257	151,631,927	146,854,399
Net pension liability / (asset) - ending (a-b)	\$103,864,839	\$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	69.95%	59.66%	66.97%	59.50%	56.40%	59.29%
Covered payroll	\$141,182,999	\$132,521,079	\$126,690,540	\$115,430,618	\$110,727,134	\$106,004,057
Net pension liability as a percentage of covered payroll	73.24%	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, 2019 and 2018

STATEMENT OF REQUIRED EMPLOYER CONTRIBUTION – 10 YEARS

Year	Actuarial Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Projected Covered Payroll	Contribution as Percentage of Covered Payroll
2019	\$22,240,718	\$24,008,192	\$(1,767,474)	\$141,812,999	16.93%
2018	21,600,936	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%

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 flow 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
2019	20.56%
2018	-8.00%
2017	18.01%
2016	4.90%
2015	-7.2%
2014	4.31%

Schedule is intended to present 10 years.. Additional years will be added as the information becomes available



UTAH TRANSIT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
Years Ended December 31, 2019 and 2018

NOTE 1 – VALUATION DATE

The valuation date is January 1, 2019. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2019. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2019. 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, 2019 and 2018



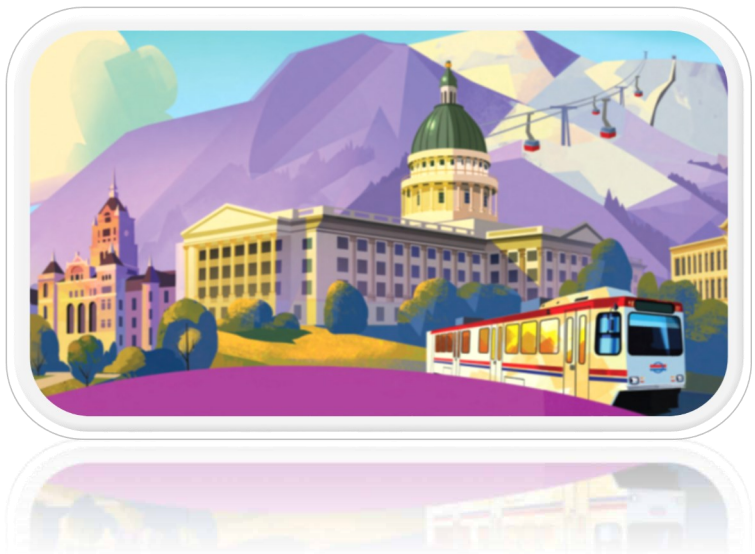
UTAH TRANSIT AUTHORITY
 Supplementary Schedule (Unaudited)
 Years Ended December 31, 2019 and 2018

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

	2019 <u>Budget</u>	2019 <u>Budget Amendments</u>	2019 <u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Contributions from other gov'ts, sales tax	\$ 311,796,000	\$ (3,765,000)	\$ 317,797,604	\$ 9,766,604
Federal preventative maintenance grants	66,188,000	-	69,746,231	3,558,231
Passenger revenues	53,420,000	-	52,649,054	(770,946)
Advertising	2,467,000	-	2,462,500	(4,500)
Investment income	8,582,000	-	6,821,490	(1,760,510)
Other income	14,301,000	(1,499,351)	6,000,779	(6,800,870)
Total revenues	<u>456,754,000</u>	<u>(5,264,351)</u>	<u>455,477,658</u>	<u>3,988,009</u>
Operating Expenses				
Bus services	118,536,000	(9,595,283)	104,570,413	4,370,304
Rail services	78,970,000	246,782	77,972,467	1,244,315
Paratransit services	22,918,000	167,277	23,121,527	(36,250)
Other services (less non-operating)	3,221,000	320,000	3,247,699	293,301
Operations support	48,097,000	641,176	47,056,444	1,681,732
Administration (less non-operating)	33,689,000	1,528,342	30,544,000	4,673,342
Total operating expenses	<u>305,431,000</u>	<u>(6,691,706)</u>	<u>286,512,550</u>	<u>12,226,744</u>
Non-Operating Expenses (Revenues)				
Interest expense	93,750,000	\$1,762,318	\$87,541,906	\$7,970,412
Principal	25,768,000	-	24,572,345	1,195,655
Non-operating	6,149,000	(334,963)	6,194,745	(380,708)
Total non-operating expenses	<u>125,667,000</u>	<u>1,427,355</u>	<u>118,308,996</u>	<u>8,785,359</u>
Total Operating and Non-Operating Expenses				
	<u>431,098,000</u>	<u>(5,264,351)</u>	<u>404,821,546</u>	<u>21,012,103</u>
Capital Expenses (Revenues)				
Federal and local grants	(50,031,000)	(12,451,278)	(16,395,068)	(46,087,210)
Local contributions	(15,686,000)	(6,393,432)	(17,383,709)	(4,695,723)
Capital lease	(10,090,000)	(1,013,282)	-	(11,103,282)
Bonds	(19,020,000)	(81,057,792)	-	(100,077,792)
Project Expenses	141,379,000	29,881,222	76,458,075	94,802,147
Total capital expenses (revenues)	<u>\$ 46,552,000</u>	<u>\$ (71,034,562)</u>	<u>\$ 42,679,298</u>	<u>\$ (67,161,860)</u>
Project Expenses-less transfers to Capital Assets in 2019			\$ (57,074,276)	
Operations-less transfers to Capital Assets in 2019			(305,297)	
Capital Maintenance Projects			<u>\$ 19,078,502</u>	
Total Revenues (Operating and Capital)			\$ 489,256,435	
- Less Total Expenses (Operating, Non-Operating, and Capital (after Capitalization))			(423,900,048)	
- Less Depreciation Expense			(146,112,123)	
- Less Net Book Value Loss on Disposals			(51,373,001)	
+ Plus Capital Contributions			1,030,066	
+ Plus Principal Payments on Long-term Debt			24,572,345	
Change in Net Position (Statement of Revenues, Expenses, and Changes in Net Position)			<u>\$ (106,526,326)</u>	

Statistical

For Fiscal Years Ended
December 31, 2019 and 2018



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Year Ended December 31, 2019 and 2018

NET POSITION AS OF December 31 - 10 years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Capital Investment in Net Assets	\$ 692,675,681	\$ 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
Restricted	66,948,773	66,559,450	63,399,717	67,381,132	77,983,022	62,779,798	7,172,060	3,872,141	3,929,644	4,071,242
Unrestricted	113,143,840	85,088,927	39,001,957	71,502,447	76,548,154	137,991,170	242,347,746	304,834,237	276,960,064	505,464,819
Total Net Position	872,768,294	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
Restatement Total Net Position, Restated	\$ 872,768,294	\$ 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

CHANGE IN NET POSITION - 10 YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating Revenues	\$ 55,111,554	\$ 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
Operating Expenses	457,897,920	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
Operating loss	(402,786,366)	(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)
Non-Operating Revenues	261,451,197	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
Income (loss) before capital contributions	(141,355,169)	(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)
Change in net position	\$ 106,526,326	\$ (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



Revenue History by Source - 10 Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating	\$ 55,111,554	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
Sales taxes	317,797,604	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
Investment	6,821,490	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
Other	(45,372,222)	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
	<u>334,358,426</u>	<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>
Federal Grants										
Federal Preventative										
Maintenance Grants	69,746,231	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
Federal Planning										
Grants	-	-	-	3,562,534	2,547,335	2,994,139	3,868,252	1,985,766	11,583,980	12,637,764
Federal Capital Grants	<u>16,559,238</u>	<u>31,585,104</u>	<u>53,960,024</u>	<u>17,054,298</u>	<u>7,819,096</u>	<u>8,025,628</u>	<u>48,669,408</u>	<u>85,168,542</u>	<u>44,864,016</u>	<u>156,727,641</u>
	<u>86,305,469</u>	<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>
Other Capital Contributions	<u>18,419,775</u>	<u>32,293,935</u>	<u>3,103,264</u>	<u>3,110,314</u>	<u>1,249,612</u>	<u>3,363,683</u>	<u>7,585,792</u>	<u>13,642,798</u>	<u>121,254</u>	<u>3,046,433</u>
	<u>\$ 439,083,670</u>	<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>

Expense History by Function - 10 Years

	2019	2018	2018	2016	2015	2014	2013	2012	2011	2010
Bus Service	\$ 104,570,413	\$ 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
Rail Service	77,972,467	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
Paratransit Service	23,121,527	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
Other Service	3,247,699	3,056,191	2,982,176	2,949,643	2,918,871	3,183,892	701,656	596,583	535,897	589,356
Operations Support	47,056,444	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
Administration ¹	36,738,745	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
Capital Maintenance Projects	19,078,502	38,654,111	20,602,425	-	-	-	-	-	-	-
Depreciation	146,112,123	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
Interest ²	87,541,906	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
Recoverable Sales Tax, Interlocal ³	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>	<u>810,914</u>
	<u>\$ 546,250,740</u>	<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>

¹ Includes major investment studies

² Reported as non-capitalized interest

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



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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Box Elder ¹	\$ 2,019,035	\$ 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	33,674,864	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	196,744,294	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 ²	2,250,563	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	55,708,400	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	27,400,447	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>\$ 317,797,604</u>	<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>

¹ Includes Brigham City, Perry and Willard cities only

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

LOCAL TRANSIT SALES TAX RATES BY COUNTY - 10 YEARS

	2019	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%	0.5500%
Davis	0.6500%	0.6500%	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%
Salt Lake	0.7875%	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%	0.4000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%
Utah	0.6260%	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%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%



PRINCIPAL CONTRIBUTORS OF SALES TAX BY COUNTY - 2010 and 2019

	2019			2010		
	Rank	Percentage of contributions	Amount	Rank	Percentage of contributions	Amount
Salt Lake County	1	61.91%	\$ 196,744,294	1	65.38%	\$ 112,379,366
Utah County	2	17.53%	55,708,400	2	14.78%	25,397,367
Davis County	3	10.60%	33,674,864	3	9.87%	16,964,089
Weber County	4	8.62%	27,400,447	4	8.53%	14,656,323
Box Elder County	5	0.64%	2,019,035	5	0.74%	1,269,478
Tooele County	6	0.71%	2,250,563	6	0.71%	1,227,109
			<u>\$ 317,797,604</u>			<u>\$ 171,893,732</u>

FARES - 10 Years

	2019	2018	2017	2016	2015	2014	2013 (4/1/12)	2012 (5/1/11)	2011 (11/1/10)	2010 (4/1/09)
Cash Fares										
Base Fare	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.35	\$ 2.25	\$ 2.00
Senior Citizen/Disabled	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.15	1.10	1.00
Ski Bus	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.25	4.00	3.50
Paratransit (Flextrans)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	2.75	2.50
Commuter Rail Base Rate	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.35	2.25	2.00
Commuter Rail Additional Station	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55	0.50	0.50
Commuter Rail Maximum Rate	10.30	10.30	10.30	10.30	10.30	10.30	10.30	5.10	5.25	5.00
Express	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.00	4.50
Streetcar	1.00	1.00	1.00	1.00	1.00	1.00	1.00	n/a	n/a	n/a
Monthly Passes										
Adult	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 83.75	\$ 78.50	\$ 75.00	\$ 67.00
Minor	62.75	62.75	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75
College Student	62.75	62.75	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75
Senior Citizen/Disabled	41.75	41.75	41.75	41.75	41.75	41.75	41.75	39.25	37.50	33.50
Express	198.00	198.00	198.00	198.00	198.00	198.00	198.00	189.00	180.00	162.00
Paratransit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other Fares										
Day Pass	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 5.75	\$ 5.50	\$ 5.00
Group Pass	15.00	15.00	15.00	15.00	15.00	15.00	15.00	14.00	13.50	12.00
Summer Youth	99.00	99.00	99.00	99.00	99.00	99.00	99.00	n/a	n/a	n/a
Token - 10-Pack	22.50	22.50	22.50	22.50	22.50	22.50	22.50	21.00	20.25	17.75
Paratransit - 10-Ride Ticket	40.00	40.00	40.00	40.00	40.00	40.00	40.00	35.00	30.00	25.00
Paratransit - 30-Ride Ticket	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ski Day Pass	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8.00	7.00



UTAH TRANSIT AUTHORITY
 STATISTICAL SECTION
 Year Ended December 31, 2019 and 2018

TOTAL OUTSTANDING DEBT BURDEN PER CAPITA

Fiscal Year	Total Debt		Sales Tax Collected (Less Proposition 1 and 4th quarter cent)	Personal Income of UTA Service Area	Percentage of Personal Income	Per Capita
	Bonds	Leases				
2010	\$ 1,834,459,109	\$ -	\$ 171,893,732	\$ 71,636,728,000.00	2.51%	\$ 833.19
2011	1,927,474,109	-	183,091,524	73,036,786,000.00	2.48%	863.07
2012	2,083,194,109	-	196,693,543	77,738,053,000.00	2.54%	918.99
2013	2,077,184,109	-	203,806,329	82,025,459,000.00	2.42%	901.64
2014	2,072,399,109	-	214,683,276	85,916,480,000.00	2.32%	887.16
2015	2,099,242,069	11,272,688	227,703,023	89,319,546,000.00	2.25%	887.79
2016	2,070,183,567	19,605,173	238,584,981	93,617,901,000.00	2.01%	864.24
2017	2,136,303,567	46,394,866	256,742,750	103,831,295,168.01	1.99%	886.19
2018	2,211,117,114	56,038,716	273,007,256	109,771,147,642.00	1.93%	904.05
2019	2,196,731,498	52,187,203	307,706,422	117,772,743,000.00	n/a	n/a

Source: Note 8
 Note: Does not include Utah County Provo Orem BRT debt
 2019 income numbers not available as of June 2020

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year	Estimated Population	Personal Income in UTA Service Area	Per Capita Personal Income	Unemployment Rate
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%
2017	2,463,015	108,805,744,000	44,176	3.0%
2018	2,507,775	117,772,743,000	46,963	3.0%
2019	n/a	n/a	n/a	n/a

Source: US Dept of Commerce, Bureau of Economic Analysis, Regional Data (www.bea.gov)
 Unemployment rate- Utah Department of Workforce Services
 2019 statistic not available as of June 2020

YEARLY DEBT SERVICE COVERAGE

Fiscal Year	Bond Payments		Sales Tax Collected (Less Proposition 1 and 4th quarter cent)	Coverage Ratio Sales Tax
	Principle	Interest		
2010	\$ 6,960,000	\$ 63,782,164	\$ 171,893,732	2.43
2011	7,300,000	71,932,011	183,091,524	2.31
2012	7,615,000	71,837,998	196,693,543	2.48
2013	7,450,000	84,319,531	203,806,329	2.22
2014	7,810,000	91,382,184	214,683,276	2.16
2015	11,445,000	84,785,200	227,703,023	2.37
2016	13,570,000	94,893,898	238,584,981	2.20
2017	8,750,000	77,765,121	256,742,750	2.97
2018	10,845,000	89,110,270	273,007,256	2.73
2019	17,500,000	88,893,270	288,548,490	2.71

Source: Note 8
 Note: Does not include Utah County Provo Orem BRT debt

PRINCIPAL EMPLOYERS - 2010 and 2018

2018					2010				
Employer	Industry	Employees	Rank	% Total Employment	Employer	Employees	Rank	% Total Employment	
Intermountain Healthcare	Health Care	20,000 +	1	1.3%	Intermountain Health Care	20,000+	1	1.7%	
University of Utah (Inc. Hospital)	Higher Education	20,000 +	2	1.3%	State of Utah	20,000+	2	1.7%	
State of Utah	State Government	20,000 +	3	1.3%	University of Utah	20,000+	3	1.7%	
Brigham Young University	Higher Education	15,000-19,999	4	1.0%	Brigham Young University	15,000-19,999	4	1.2%	
Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999	5	1.0%	Wal Mart Stores	15,000-19,999	5	1.2%	
Hill Air Force Base	Federal Government	10,000-14,999	6	0.6%	Hill Air Force Base	15,000-19,999	6	1.2%	
Davis County School District	Public Education	7,000-9,999	7	0.5%	Granite School District	7,000-9,999	7	0.6%	
Utah State University	Higher Education	7,000-9,999	8	0.5%	Jordan School District	7,000-9,999	8	0.6%	
Smith's Food and Drug Centers	Grocery Stores	7,000-9,999	9	0.5%	Davis County School District	7,000-9,999	9	0.6%	
Granite School District	Public Education	7,000-9,999	10	0.5%	Utah State University	5,000-6,999	10	0.6%	
Zions Bancorporation	Banking	7,000-9,999	11	0.5%	Kroger Group/ Smiths Marketplace	5,000-6,999	11	0.6%	
Alpine School District	Public Education	5,000-6,999	12	0.3%	Salt Lake County	5,000-6,999	12	0.6%	
Jordan School District	Public Education	5,000-6,999	13	0.3%	Alpine School District	5,000-6,999	13	0.6%	
Salt Lake County	Local Government	5,000-6,999	14	0.3%	Internal Revenue Service	5,000-6,999	14	0.6%	
Utah Valley University	Higher Education	5,000-6,999	15	0.3%	US Postal Service	5,000-6,999	15	0.6%	
Total Employment				1,510,208				1,020,408	

Source: <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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Bus operations	1138	1089	1030	1028	951	945	911	963	950	998
Rail operations	631	611	580	563	527	542	526	506	425	335
Paratransit operations	204	196	191	191.5	188	183	176	168	168	140
Other services	10	8	9	9	12	10	10	12	11	11
Support services	433	413	365	366	349	323	335	293	284	239
Administration	184	180	243	212	210	207	195	217	224	238
Total	2599	2496	2417	2368	2237	2210	2153	2159	2062	1961

Source: UTA Budget Staff



TREND STATISTICS - 10 YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Passengers										
Bus service	20,799,642	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
Rail service	22,321,887	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
Paratransit service	388,265	394,816	386,977	389,019	388,169	372,499	383,453	715,034	683,336	509,625
Vanpool service	1,068,364	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
Total passengers	44,578,158	44,176,331	45,078,919	45,521,914	46,721,586	46,279,409	44,281,254	42,806,077	40,605,141	38,363,856
Revenue Miles										
Bus service	18,158,463	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
Rail service	11,977,751	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
Paratransit service	2,881,355	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
Vanpool service	6,451,812	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
Total Revenue Miles	39,469,381	39,149,927	38,713,262	36,556,604	36,383,889	36,818,003	37,373,312	33,803,276	34,026,114	31,867,052
Total Miles										
Bus service	20,854,420	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
Rail service	12,098,162	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
Paratransit service	3,566,711	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
Vanpool service	6,451,812	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
Total miles	42,971,105	42,264,851	41,815,386	39,474,209	39,958,274	39,383,449	39,511,385	36,183,010	36,789,299	35,001,423
Passengers per Mile										
Bus service	1.15	1.10	1.13	1.30	1.34	1.29	1.25	1.41	1.36	1.32
Rail service	1.86	1.90	1.96	1.97	2.03	2.07	1.95	2.46	2.81	2.78
Paratransit service	0.13	0.14	0.14	0.16	0.17	0.15	0.13	0.22	0.17	0.18
Vanpool service	0.17	0.18	0.20	0.20	0.21	0.20	0.20	0.19	0.18	0.18
Ttl. Passengers per Revenue Mile	1.13	1.13	1.16	1.25	1.28	1.26	1.18	1.27	1.19	1.20
Revenue Hours										
Bus service	1,326,660	1,284,186	1,258,448	1,087,055	1,070,139	1,108,894	933,662	834,985	866,268	897,294
Rail service	532,353	527,187	513,389	511,082	506,233	487,435	641,914	536,066	388,826	295,227
Paratransit service	181,749	180,342	162,198	162,734	160,383	164,527	191,016	227,013	300,760	201,994
Total revenue hours	2,040,762	1,991,715	1,934,035	1,760,871	1,736,755	1,760,856	1,766,592	1,598,064	1,555,854	1,394,515
Passengers per Revenue Hour										
Bus service	15.68	15.28	15.69	18.43	19.21	18.18	21.10	25.42	24.89	24.20
Rail service	41.93	43.59	46.12	46.50	48.10	49.93	35.54	36.23	43.58	50.10
Paratransit service	2.14	2.19	2.39	2.39	2.42	2.26	2.01	3.15	2.27	2.52
Total passengers per mile	21.13	21.59	22.65	25.09	26.08	25.48	24.28	25.88	25.19	26.54
Total System										
Fare revenue	\$ 52,649,054	\$ 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
Operating expense	311,785,797	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
Cost per revenue mile	7.90	7.69	6.66	7.36	6.67	6.39	5.78	5.77	5.41	5.46
Cost per passenger	6.99	6.81	5.72	5.91	5.19	5.08	4.87	4.55	4.53	4.53
Fare revenue per passenger	1.18	1.09	1.16	1.11	1.12	1.11	1.13	1.04	0.98	0.92

Note: Does not include commuter bus or contract transportation.

Source: NTD



OPERATING INDICATORS AND CAPITAL ASSETS - 10 YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of bus routes*	117	114	119	125	126	121	119	125	119	127
Number of rail routes										
Light rail	4	4	4	4	4	4	4	3	3	3
Commuter rail	1	1	1	1	1	1	1	1	1	1
Bus Service Miles (weekday)	62,742	57,378	56,162	53,612	49,625	51,629	55,733	64,186	64,493	67,012
Rail Service Miles (weekday)										
Light Rail	8,832	8,853	8,814	8,815	8,828	8,547	8,216	6,978	5,107	3,910
commuter Rail	4,660	4,664	4,623	4,627	4,651	4,638	4,488	2,390	2,327	2,469
Average Passengers (weekday)	152,940	151,901	156,288	155,873	161,862	161,339	152,644	152,934	142,186	134,736
Buses	570	561	582	567	555	535	493	570	495	496
Paratransit vehicles (buses/vans)	198	182	148	129	100	84	113	110	112	96
Rail vehicles										
Light rail	117	146	146	146	146	146	146	122	122	55
Commuter rail	70	81	81	81	81	81	81	57	55	37
Vanpool vehicles	512	453	453	503	495	479	470	494	485	414
Park and ride lots ¹										
Rail Park and Ride	42	42	42	46	41					
Non-Rail and and ride	12	12	12							
Bus Stops	6,247	6,100	6,100	6,196	6,250	6,250	6,273	6,333	6,600	6,645
Rail Staitls										
Light Rail	57	57	57	57	57	51	51	41	41	28
Commuter Rail	17	16	16	16	16	16	16	16	7	8

* Including flex

¹ As of 2017 started distinguishing between rail and non rail park and ride lots

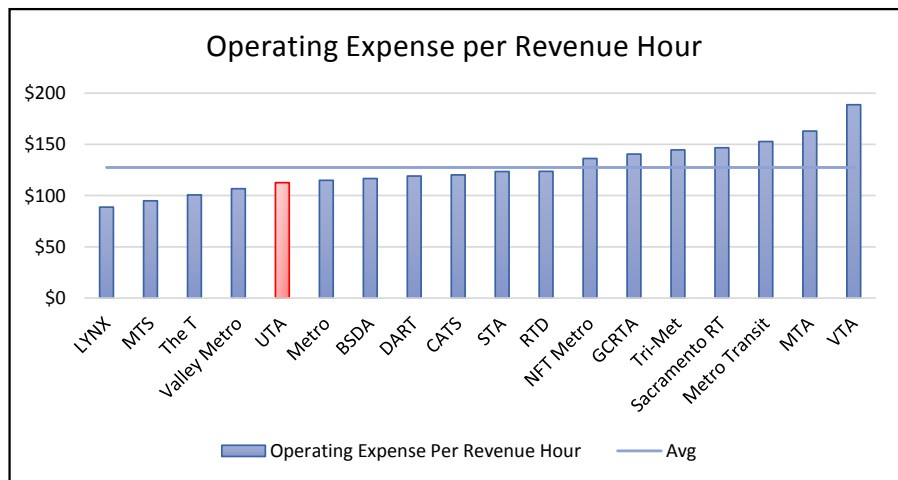
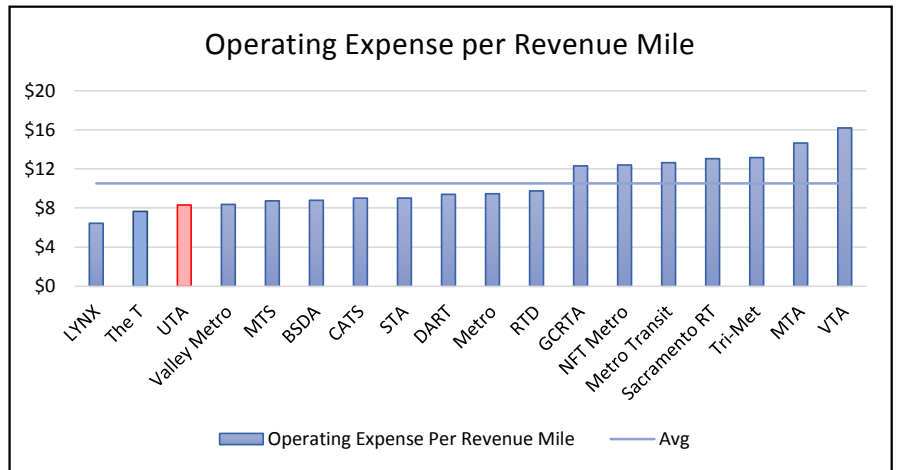


PERFORMANCE MEASURES - BUS SERVICE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2018), and compares the Authority's performance with other like transit agencies.

Service Efficiency

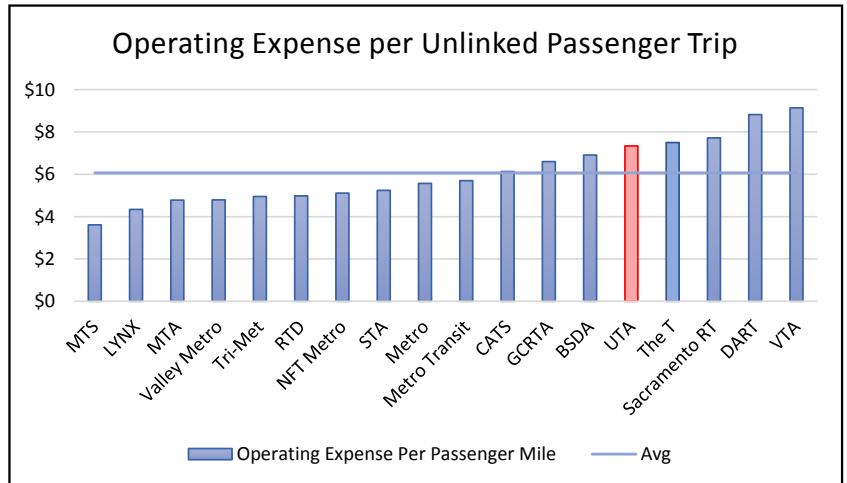
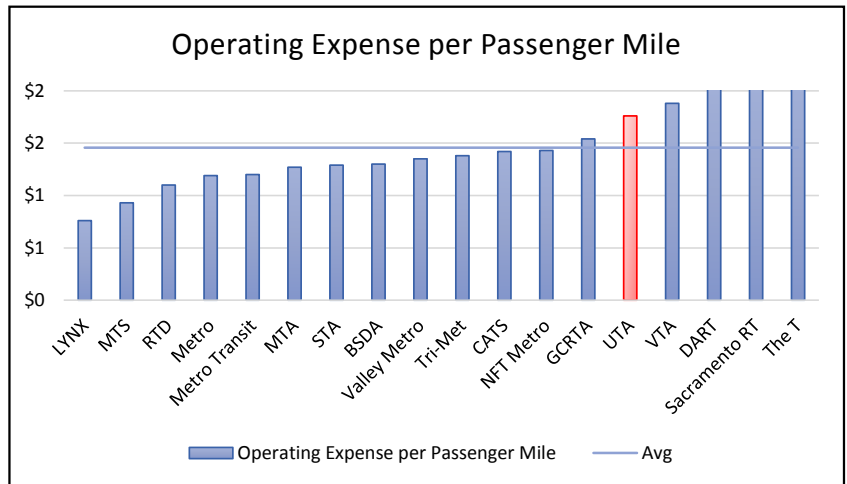
City	Agency	Operating Expense per Revenue Mile	Operating Expense per Revenue Hour
Salt Lake City, UT	UTA	\$ 8.31	\$ 112.63
Baltimore, MD	MTA	14.65	163.00
Buffalo, NY	NFT Metro	12.40	136.22
Charlotte, NC	CATS	9.01	120.19
Cleveland, OH	GCRTA	12.31	140.53
Dallas, TX	DART	9.40	119.10
Denver, CO	RTD	9.75	123.67
Ft Worth, TX	The T	7.65	100.64
Houston, TX	Metro	9.46	114.91
Minneapolis, MN	Metro Transit	12.64	152.79
Orlando, FL	LYNX	6.44	88.77
Phoenix, AZ	Valley Metro	8.37	106.73
Portland, OR	Tri-Met	13.16	144.60
Sacramento, CA	Sacramento RT	13.05	146.72
San Diego	MTS	8.73	94.91
San Jose, CA	VTA	16.19	188.71
Spokane, WA	STA	9.02	123.50
St Louis, MO	BSDA	8.79	116.65
Average		\$ 10.52	\$ 127.46
Maximum		16.19	188.71
Minimum		6.44	88.77
Standard Deviation		2.68	25.35



PERFORMANCE MEASURES - BUS SERVICE (continued)

Cost Effectiveness

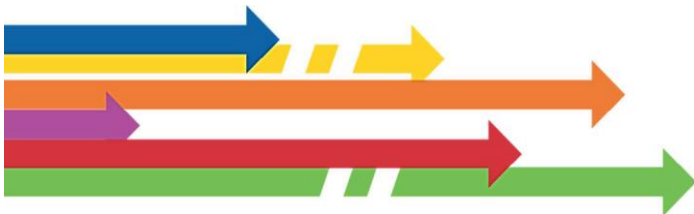
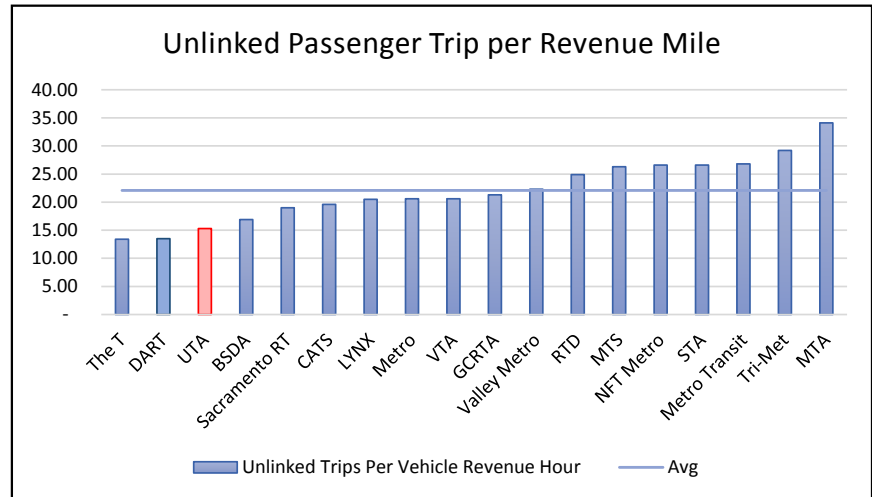
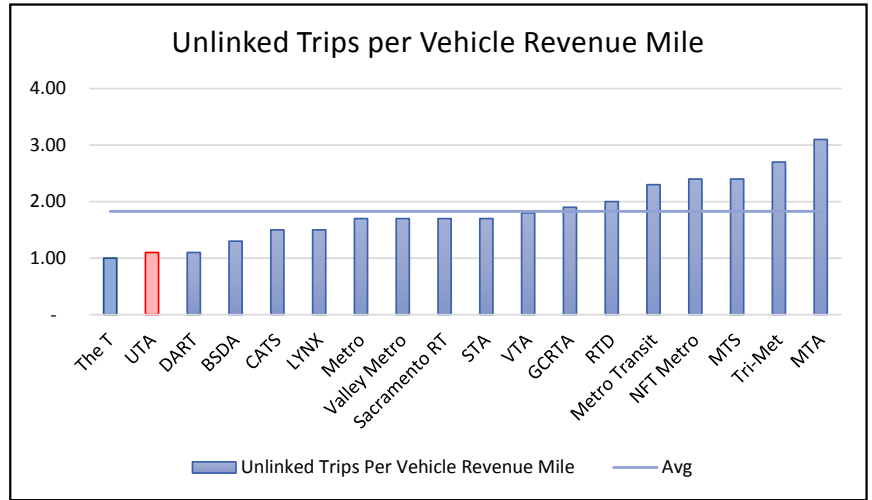
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 1.76	\$ 7.34
Baltimore, MD	MTA	1.27	4.78
Buffalo, NY	NFT Metro	1.43	5.11
Charlotte, NC	CATS	1.42	6.13
Cleveland, OH	GCRTA	1.54	6.60
Dallas, TX	DART	2.12	8.82
Denver, CO	RTD	1.10	4.98
Ft Worth, TX	The T	2.15	7.50
Houston, TX	Metro	1.19	5.57
Minneapolis, MN	Metro Transit	1.20	5.70
Orlando, FL	LYNX	0.76	4.34
Phoenix, AZ	Valley Metro	1.35	4.79
Portland, OR	Tri-Met	1.38	4.95
Sacramento, CA	Sacramento RT	2.14	7.72
San Diego	MTS	0.93	3.61
San Jose, CA	VTA	1.88	9.14
Spokane, WA	STA	1.29	5.24
St Louis, MO	BSDA	1.30	6.91
Average		\$ 1.46	\$ 6.07
Maximum		2.15	9.14
Minimum		0.76	3.61
Standard Deviation		0.41	1.56



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	1.10	15.30
Baltimore, MD	MTA	3.10	34.10
Buffalo, NY	NFT Metro	2.40	26.60
Charlotte, NC	CATS	1.50	19.60
Cleveland, OH	GCRTA	1.90	21.30
Dallas, TX	DART	1.10	13.50
Denver, CO	RTD	2.00	24.90
Ft Worth, TX	The T	1.00	13.40
Houston, TX	Metro	1.70	20.60
Minneapolis, MN	Metro Transit	2.30	26.80
Orlando, FL	LYNX	1.50	20.50
Phoenix, AZ	Valley Metro	1.70	22.30
Portland, OR	Tri-Met	2.70	29.20
Sacramento, CA	Sacramento RT	1.70	19.00
San Diego	MTS	2.40	26.30
San Jose, CA	VTA	1.80	20.60
Spokane, WA	STA	1.70	26.60
St Louis, MO	BSDA	1.30	16.90
Average		1.83	22.08
Maximum		3.10	34.10
Minimum		1.00	13.40
Standard Deviation		0.57	5.58

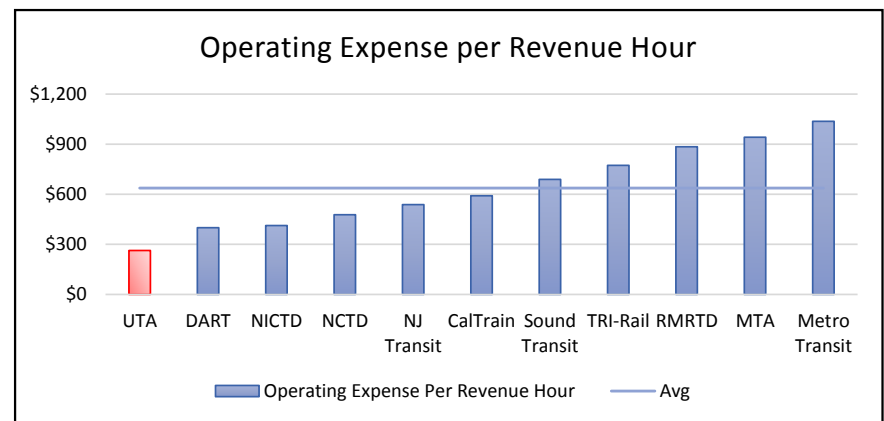
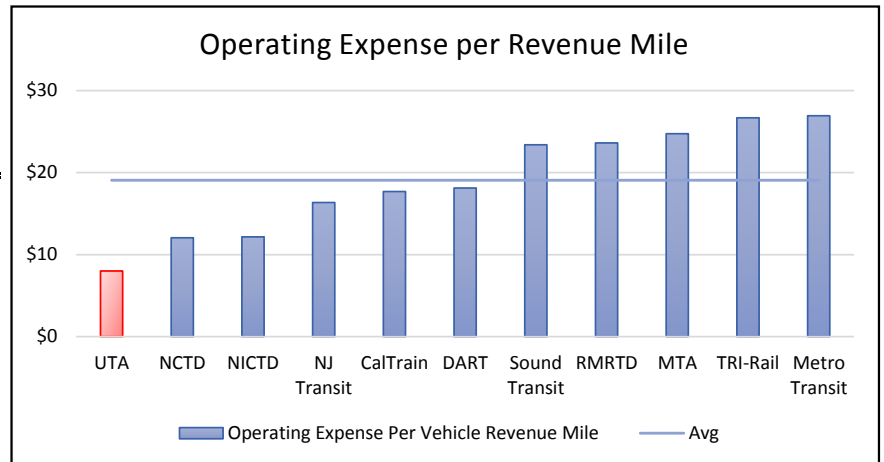


PERFORMANCE MEASURES - COMMUTER RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2018), and compares the Authority's performance with other like transit agencies.

Service Efficiency

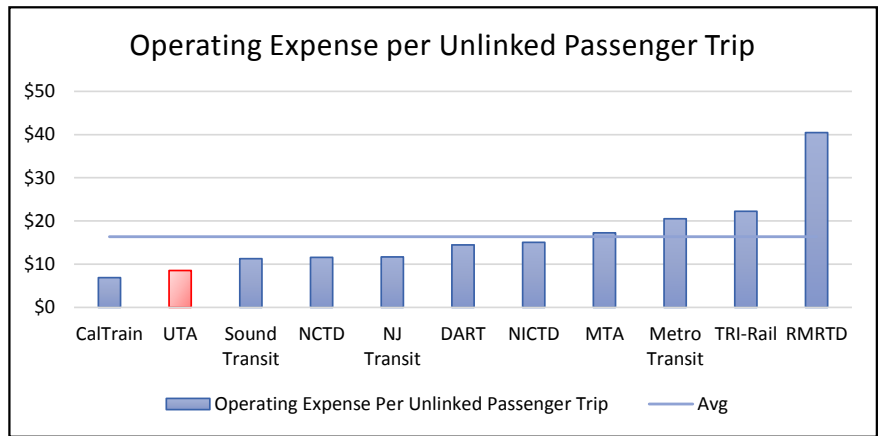
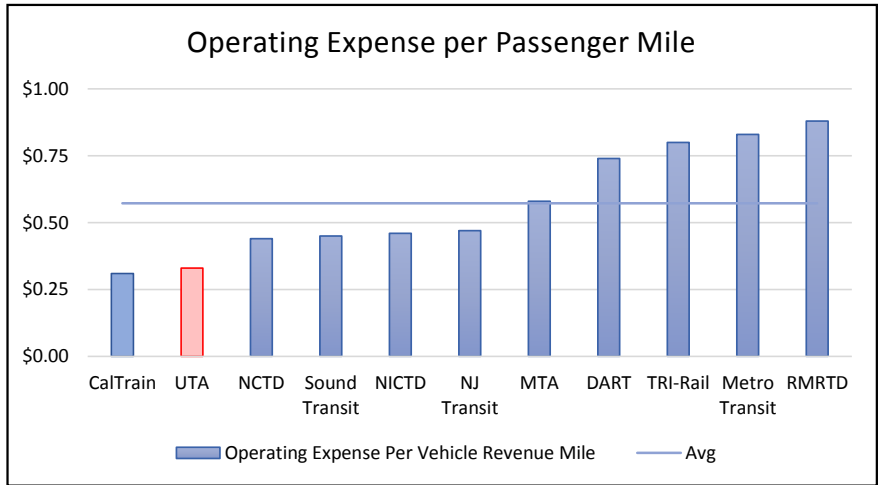
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 8.00	\$ 263.28
Albuquerque, NM	RMRTD	23.61	884.61
Baltimore, MD	MTA	24.74	941.73
Chesterton, IN	NICTD	12.16	412.73
Dallas, TX	DART	18.12	399.84
Minneapolis, MN	Metro Transit	26.93	1,036.99
Newark, NJ	NJ Transit	16.35	538.10
Oceanside, CA	NCTD	12.05	477.52
Pompano Beach, FL	TRI-Rail	26.68	773.23
San Carlos, CA	CalTrain	17.69	591.09
Seattle, WA	Sound Transit	23.39	689.14
Average		\$ 19.07	\$ 637.11
Maximum		26.93	1,036.99
Minimum		8.00	263.28
Standard Deviation		6.49	248.79



PERFORMANCE MEASURES - COMMUTER RAIL (continued)

Cost Effectiveness

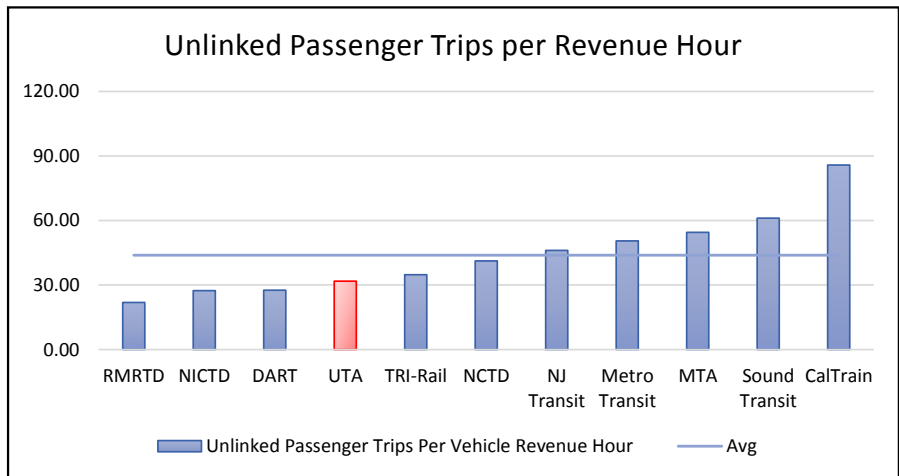
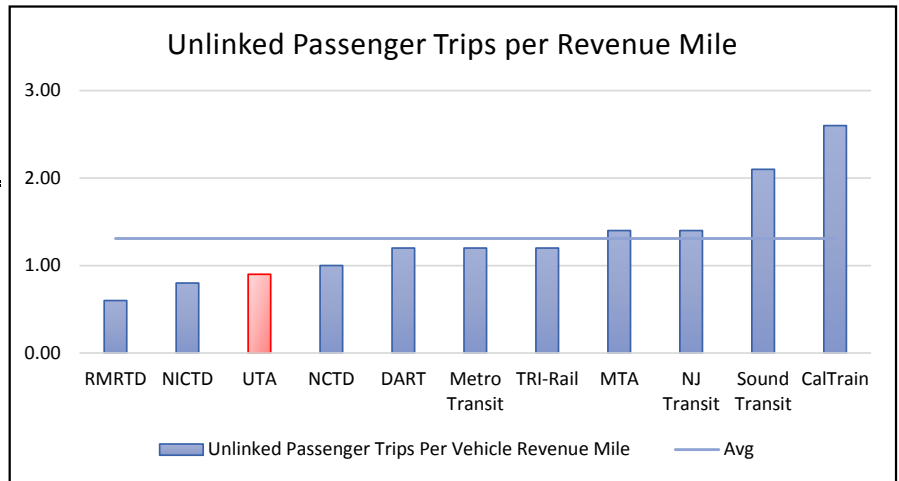
City	Agency	Operating Expenses Per Passenger Mile	Operating Expenses Per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.33	\$ 8.54
Albuquerque, NM	RMRTD	0.88	40.46
Baltimore, MD	MTA	0.58	17.26
Chesterton, IN	NICTD	0.46	15.06
Dallas, TX	DART	0.74	14.46
Minneapolis, MN	Metro Transit	0.83	20.52
Newark, NJ	NJ Transit	0.47	11.68
Oceanside, CA	NCTD	0.44	11.58
Pompano Beach, FL	TRI-Rail	0.80	22.25
San Carlos, CA	CalTrain	0.31	6.89
Seattle, WA	Sound Transit	0.45	11.28
Average		\$ 0.57	\$ 16.36
Maximum		0.88	40.46
Minimum		0.31	6.89
Standard Deviation		0.21	9.28



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	31.80
Albuquerque, NM	RMRTD	0.60	21.90
Baltimore, MD	MTA	1.40	54.50
Chesterton, IN	NICTD	0.80	27.40
Dallas, TX	DART	1.20	27.60
Minneapolis, MN	Metro Transit	1.20	50.50
Newark, NJ	NJ Transit	1.40	46.10
Oceanside, CA	NCTD	1.00	41.20
Pompano Beach, FL	TRI-Rail	1.20	34.80
San Carlos, CA	CalTrain	2.60	85.80
Seattle, WA	Sound Transit	2.10	61.10
Average		1.31	43.88
Maximum		2.60	85.80
Minimum		0.60	21.90
Standard Deviation		0.58	18.63

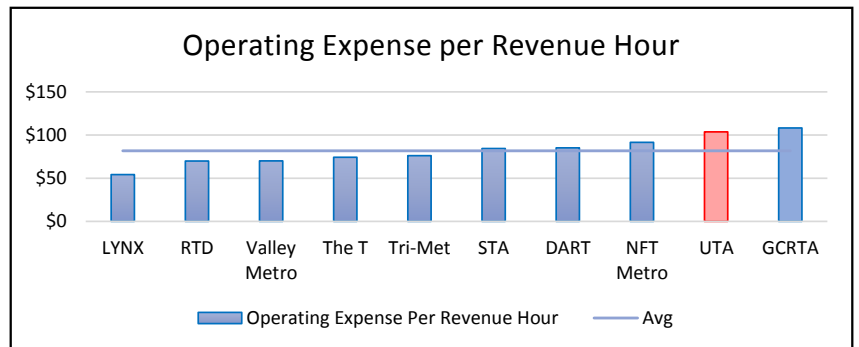
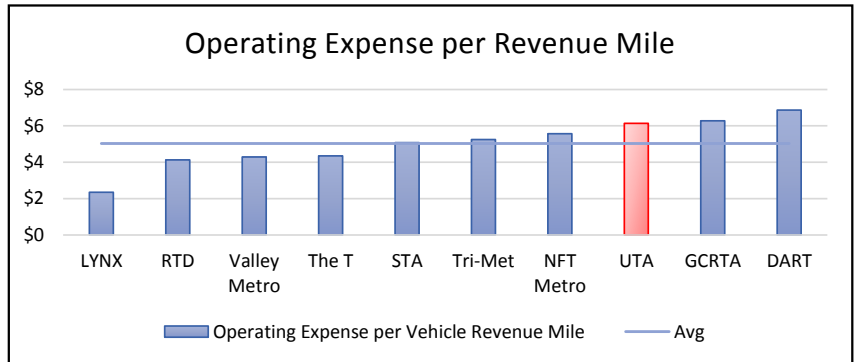


PERFORMANCE MEASURES - DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2018), and compares the Authority's performance with other like transit agencies.

Service Efficiency

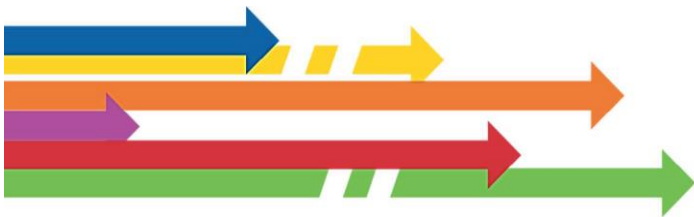
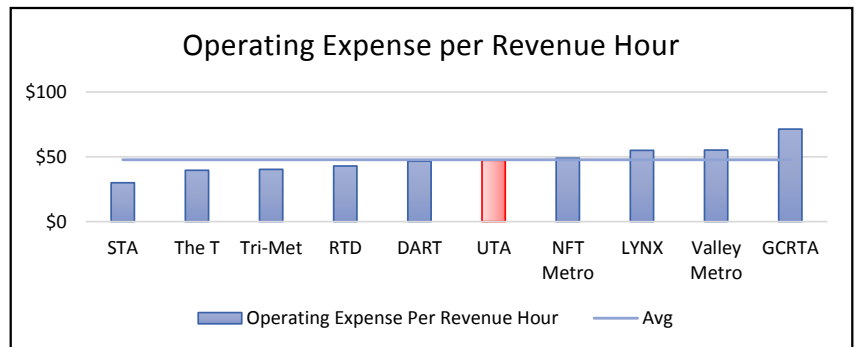
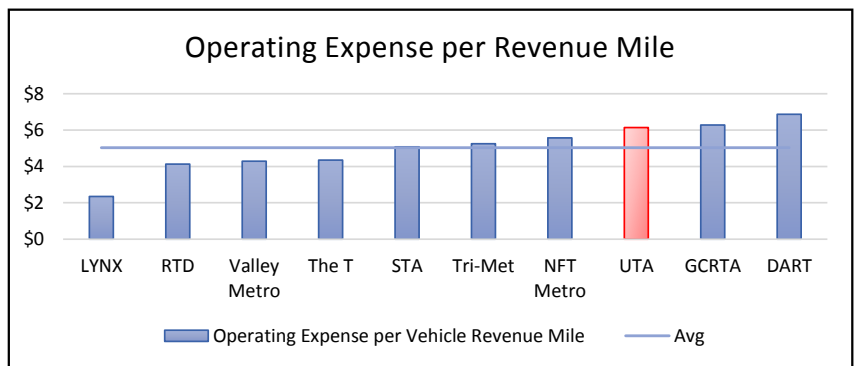
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 6.68	\$ 103.67
Buffalo, NY	NFT Metro	5.94	91.54
Cleveland, OH	GCRTA	7.51	108.21
Dallas, TX	DART	6.91	85.16
Denver, CO	RTD	4.43	69.91
Fort Worth, TX	The T	4.69	74.27
Orlando, FL	LYNX	3.13	54.20
Phoenix, AZ	Valley Metro	5.51	70.05
Portland, OR	Tri-Met	6.09	76.12
Spokane, WA	STA	5.61	84.40
Average		\$ 5.65	\$ 81.75
Maximum		7.51	108.21
Minimum		3.13	54.20
Standard Deviation		1.30	16.39



PERFORMANCE MEASURES - DEMAND RESPONSE (continued)

Cost Effectiveness

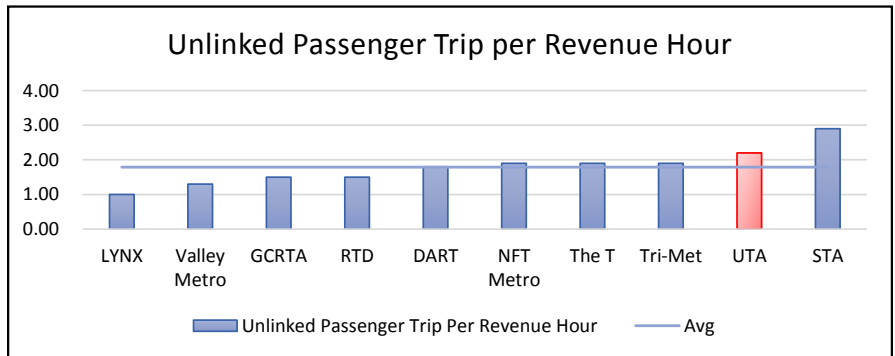
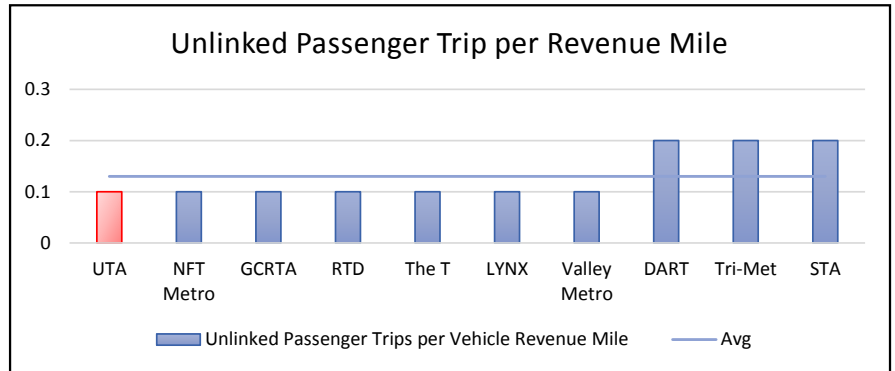
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 4.09	\$ 47.35
Buffalo, NY	NFT Metro	4.86	48.94
Cleveland, OH	GCRTA	9.53	71.41
Dallas, TX	DART	4.23	46.63
Denver, CO	RTD	4.90	42.92
Fort Worth, TX	The T	3.99	39.61
Orlando, FL	LYNX	3.70	55.00
Phoenix, AZ	Valley Metro	5.73	55.22
Portland, OR	Tri-Met	4.36	40.32
Spokane, WA	STA	3.28	29.98
Average		\$ 4.87	\$ 47.74
Maximum		9.53	71.41
Minimum		3.28	29.98
Standard Deviation		1.78	11.21



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	2.20
Buffalo, NY	NFT Metro	0.10	1.90
Cleveland, OH	GCRTA	0.10	1.50
Dallas, TX	DART	0.10	1.80
Denver, CO	RTD	0.10	1.50
Fort Worth, TX	The T	0.10	1.90
Orlando, FL	LYNX	0.10	1.00
Phoenix, AZ	Valley Metro	0.10	1.30
Portland, OR	Tri-Met	0.20	1.90
Spokane, WA	STA	0.20	2.90
Average		0.12	1.79
Maximum		0.20	2.90
Minimum		0.10	1.00
Standard Deviation		0.04	0.52

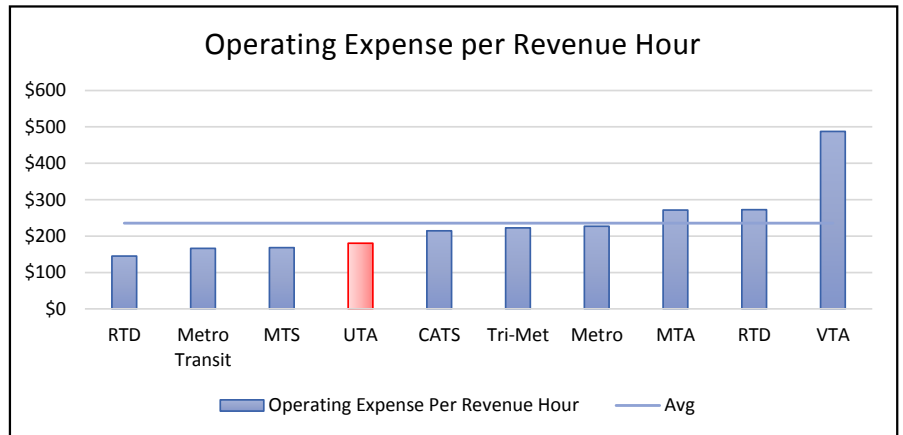
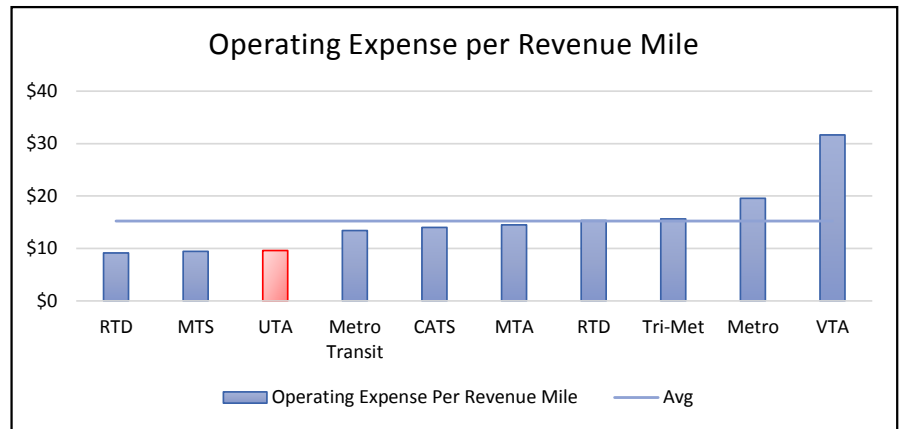


PERFORMANCE MEASURES - LIGHT RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD) for the most recent year available (2018), and compares the Authority's performance with other like transit agencies.

Service Efficiency

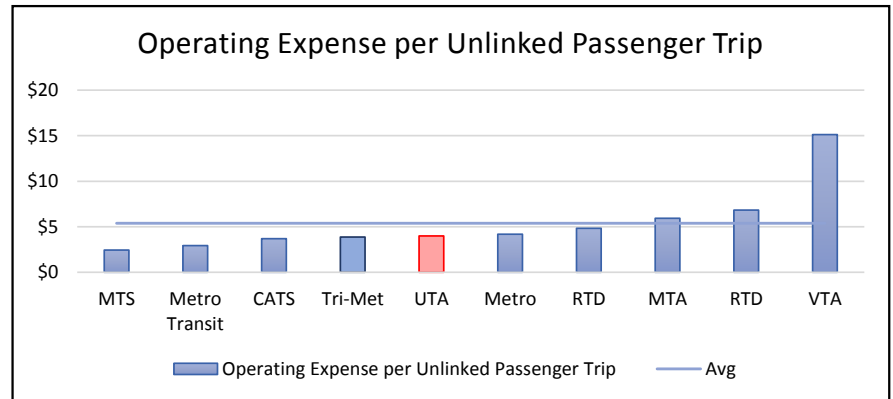
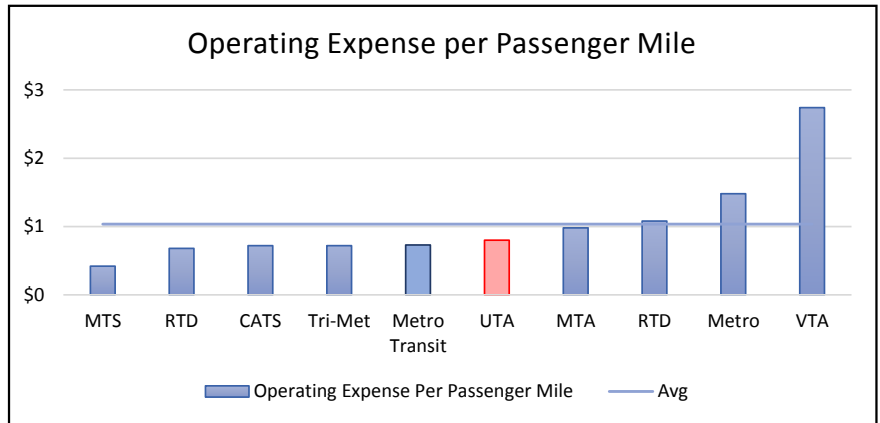
City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	\$ 10.73	\$ 197.14
Baltimore, MD	MTA	14.70	290.52
Charlotte, NC	CATS	15.04	238.26
Denver, CO	RTD	10.40	169.83
Houston, TX	Metro	22.42	264.14
Minneapolis, MN	Metro Transit	13.68	171.54
Portland, OR	Tri-Met	16.87	240.69
Sacramento, CA	RTD	16.04	285.00
San Diego, CA	MTS	10.43	188.87
San Jose, CA	VTA	38.80	583.09
Average		\$ 16.91	\$ 262.91
Maximum		38.80	583.09
Minimum		10.40	169.83
Standard Deviation		8.51	120.96



PERFORMANCE MEASURES - LIGHT RAIL (continued)

Cost Effectiveness

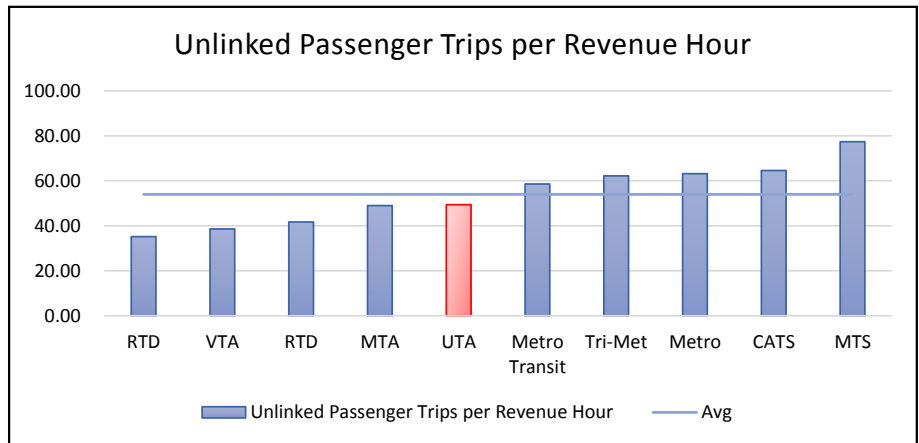
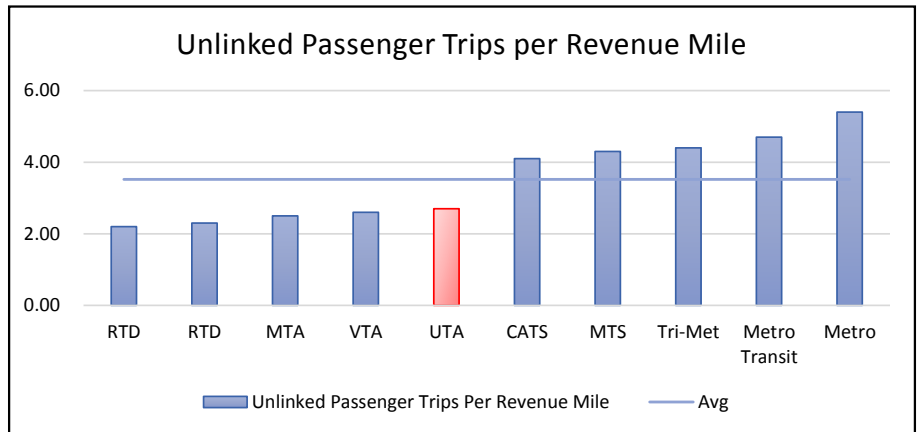
City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	\$ 0.80	\$ 3.99
Baltimore, MD	MTA	0.98	5.93
Charlotte, NC	CATS	0.72	3.69
Denver, CO	RTD	0.68	4.83
Houston, TX	Metro	1.48	4.18
Minneapolis, MN	Metro Transit	0.73	2.93
Portland, OR	Tri-Met	0.72	3.87
Sacramento, CA	RTD	1.08	6.83
San Diego, CA	MTS	0.42	2.44
San Jose, CA	VTA	2.74	15.12
Average		\$ 1.04	\$ 5.38
Maximum		2.74	15.12
Minimum		0.42	2.44
Standard Deviation		0.66	3.66



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	2.70	49.40
Baltimore, MD	MTA	2.50	49.00
Charlotte, NC	CATS	4.10	64.60
Denver, CO	RTD	2.20	35.20
Houston, TX	Metro	5.40	63.20
Minneapolis, MN	Metro Transit	4.70	58.60
Portland, OR	Tri-Met	4.40	62.20
Sacramento, CA	RTD	2.30	41.70
San Diego, CA	MTS	4.30	77.40
San Jose, CA	VTA	2.60	38.60
Average		3.52	53.99
Maximum		5.40	77.40
Minimum		2.20	35.20
Standard Deviation		1.18	13.42



Compliance

For Fiscal Years Ended
December 31, 2019 and 2018





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") (a component unit of the state of Utah) as of and for the years ended December 31, 2019 and 2018, 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 2, 2020.

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 2, 2020



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
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”) (a component unit of the State of Utah) 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, 2019. 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on Each Major Federal Program

In our opinion, Utah Transit 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 major federal programs for the year ended December 31, 2019.

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 a 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.

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. *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.

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 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 2, 2020

UTAH TRANSIT AUTHORITY
 Schedule of Expenditures of Federal Funds
 For the year ended December 31, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2019

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
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster - Federal Transit Administration Programs					
Federal Transit - Capital investment Grants	20.500	UT-2017-001-00		\$ -	\$ 1,298,850
Federal Transit - Capital investment Grants	20.500	UT-2017-006-00		-	49,099
				<u>-</u>	<u>1,347,949</u>
Federal Transit - Formula Grant	20.507	UT-2018-009.00		-	3,661,583
Federal Transit - Formula Grant	20.507	UT-2018-005.00		-	663,824
Federal Transit - Formula Grant	20.507	UT-2020-002.00		-	43,954,634
				<u>-</u>	<u>48,280,041</u>
Federal Transit - State of Good Repairs	20.525	UT-2020-001-00		-	17,781,947
Bus and Bus Facilities Formula Program	20.526	UT-2018-010-00		-	2,774,389
				<u>-</u>	<u>20,556,336</u>
				<u>-</u>	<u>-</u>
Federal Transit Cluster - Federal Transit Administration Programs total				<u>-</u>	<u>70,184,326</u>
Transit Services Programs Cluster - Federal Transit Administration Programs					
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-16-0006		2,800	3,163
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013		103,249	239,956
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-015		186,557	260,194
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-016		-	4,454
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2017-017		456,697	456,697
Federal Transit - Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2019-001		-	68,866
Federal Transit - Enhanced Mobility Pilot Program	20.513	UT-2020-003		-	3,822
				<u>749,303</u>	<u>1,037,152</u>
Utah Department of Transportation - Job Access and Reverse Commute Program	20.516	UT-37-X0005	17-8233	-	143,145
				<u>-</u>	<u>143,145</u>
Utah Department of Transportation - New Freedom Program	20.521	UT-37-X0005	17-8233	-	147,714
				<u>-</u>	<u>147,714</u>
Transit Services Program Cluster - Federal Transit Administration Programs total				<u>\$ 749,303</u>	<u>\$ 1,328,011</u>



UTAH TRANSIT AUTHORITY
 Schedule of Expenditures of Federal Funds
 For the year ended December 31, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2019
(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
National Infrastructure Investment - Federal Transit Administration Programs					
Federal Transit Administration - National Infrastructure Investment (TIGER)	20.933	UT-2018-002		\$ -	\$ 3,901,919
National Infrastructure Investment - Federal Transit Administration Programs total				<u>-</u>	<u>3,901,919</u>
Highway Planning & Construction Cluster - Federal Highway Administration Programs					
Federal Highway Administration - Highway Planning and Construction (CMAQ)	20.205	20-CMAQ.Ogden BRT			1,002,134
Federal Highway Administration - Highway Planning and Construction (CMAQ)	20.205	20-CMAQ.Variou s Projects			2,983,485
Highway Planning & Construction Cluster - Federal Highway Administration Programs total				<u>-</u>	<u>3,985,619</u>
Federal Railroad Administration Program					
Railroad Safety Technology Grants	20.321	UT-2017-011		-	74,589
Consolidated Rail Infrastructure and Safety Improvements	20.325	FR-CRS-022		-	1,512,194
Federal Railroad Administration Program				<u>-</u>	<u>1,586,783</u>
Federal Transit Administration Programs					
Federal Transit - Capital investment Grants	20.514	UT-2017-012-00		-	5,154,887
Federal Transit - Public Transportation Research	20.514	UT-26-0008-02		-	8,880
Federal Transit Administration Program				<u>-</u>	<u>5,163,767</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>749,303</u>	<u>86,150,425</u>
DEPARTMENT OF HOMELAND SECURITY					
FEMA Rail and Transit Security Grant Program	97.075	16-RA-00045		-	28,573
FEMA Rail and Transit Security Grant Program	97.075	17-RA-00042		-	2,500
FEMA Rail and Transit Security Grant Program	97.075	18-RA-00046		-	6,000
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>-</u>	<u>37,073</u>
TOTAL FEDERAL AWARDS EXPENDED				<u>\$ 749,303</u>	<u>\$ 86,187,498</u>



UTAH TRANSIT AUTHORITY
 Schedule of Expenditures of Federal Funds
 For the year ended December 31, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2019
(Continued)

Reconciliation of federal expenditures to federal revenues

Comparative Statement of Revenues, Expenses and Change in Net Position (2019)		
Federal preventative maintenance grants	\$	69,746,231
Capital Contributions Federal grants		16,395,068
Total per Comparative Statement of Revenues, Expenses and Change in Net Position (2019)		<u>86,141,299</u>
Total per Schedule of Expenditures of Federal Awards for the year ending December 31, 2019		<u>86,187,499</u>
Difference	\$	<u>(46,200)</u>

Previous Over/(Under)stated Revenues reflected in 2019 Statement of Revenues, Expenses and Change in Net Position

Federal Transit Cluster – Federal Transit Administration Programs			
Amount	CFDA#	Grant #	
Federal Transit – Capital Investment Grants	20.500	UT-2017-001	\$ 2,364
Federal Transit – Capital Investment Grants	20.514	UT-2017-012	(3160)
Total Federal Transit – Federal Transit Administration Program Cluster			<u>\$ (796)</u>

Transit Service Program Cluster Amount			
	CFDA#	Grant #	
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-16-0006	\$ (4,937)
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013	95,222
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	UT-2016-013	(74,199)
Job Access and Reverse Commute Program	20.516	UT-37-X0005	13,165
New Freedom Program	20.521	UT-37-X0005	17,734
Transit Service Program Cluster Total			<u>\$ 46,985</u>

National Infrastructure Investment- Federal Transit Administration Programs			
	CFDA#	Grant #	
Federal Transit Administration – National Infrastructure Investment (TIGER)	20.933	UT-2018-002	\$ (30)
National Infrastructure Investment – Federal Transit Administration Programs Total			

Department of Homeland Security			
FEMA Rail and Transit Security Grant Program			41
Department of Homeland Security Total			<u>41</u>

Total Adjustment			<u>\$ 46,200</u>
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UTAH TRANSIT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

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, 2019.

D. Subrecipients

The Authority provided \$749,303 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.

Section III. Federal Award Findings and Questioned Costs

Current Year Finding

2019 – None

Prior Year Finding

2018 – 001 Noncompliance and Internal Control over Compliance Material Weakness

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.

Current Status: The Authority has corrected the problem in the current year.



UTAH TRANSIT AUTHORITY
Schedule of Findings and Questioned Costs
For the year ended December 31, 2019 and 2018

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (continued)

Views of Responsible Officials from the Prior Year 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 items not found should have been removed as part of the 2017 capital asset write-off.



Other Supplementary Information

For Fiscal Years Ended
December 31, 2019 and 2018





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**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") (a component unit of the State of Utah), 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, 2019.

State compliance requirements were tested for the year ended December 31, 2019 in the following areas:

- Budgetary Compliance
- Restricted Taxes and Related Restricted Revenue
- Open and Public Meetings Act
- Treasurer's Bond
- Cash Management

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, 2019.

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 2, 2020