Comprehensive Annual Financial Report

For Fiscal Years Ended
December 31, 2017
and 2016

UTA

UTAH TRANSIT AUTHORITY

UTA Mission Statement

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

UTA Vision

We move people

Comprehensive Annual Financial Report

For Fiscal Years Ended
December 31, 2017 and 2016

Finance Department

Robert K. Biles
Vice President, Finance

Troy Bingham
Comptroller

UTA

UTAH TRANSIT AUTHORITY

UTAH TRANSIT AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Years Ended December 31, 2017 and 2016

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Introductory

For Fiscal Years Ended
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UTAH TRANSIT AUTHORITY

UTAH TRANSIT AUTHORITY

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

May 29, 2018

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, 2017 and 2016. 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.

Management assumes full responsibility for the completeness and reliability of the information contained in this report. Management bases their assurance upon a comprehensive framework of internal control that has been established for this purpose. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

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

The Authority

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

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

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

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

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

According to the U.S. Census Bureau population estimates of July 1, 2017, the population of the Authority's service area is approximately 2,465,000 and represents 79% of the state's total population.

Current Year Review

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

Transit Service. UTA took advantage of multiple opportunities to improve service in 2017. In Northern Davis County, UTA used Prop 1 funds to increase bus service in Clearfield, Layton and Kaysville by providing a new FrontRunner connection, doubling the frequency of peak service on weekdays, adding night service, and adding Saturday service. In addition, Prop 1 funds were used to double the frequency of Sunday service on 26th St and Washington Blvd, two key corridors in Ogden.

In partnership with Park City, UTA added midday service to its Park City route and added additional trips during ski season by shortening the route to the Kimball Junction Transit Center in conjunction with Park City's new Electric Xpress route.

UTA was also able to leverage operating efficiencies to add more evening service on Weekdays and Saturdays on 5400 South in Salt Lake County. By trimming an unproductive section of the route, UTA was also able to increase frequency during off-peak hours and extend span of service on Fort Union Blvd.

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

On-Time Reliability	2017	2016	2015
Bus	92.51%	91.07%	92.19%
TRAX	91.91%	94.49%	93.98%
FrontRunner	90.92%	89.96%	86.63%
Paratransit	96.80%	97.85%	97.92%
Streetcar	99.49%	99.50%	98.68%

System Enhancements. Keeping the transit system in a state of good repair is a high priority. During 2017, UTA continued the light rail vehicles overhaul program, inspected all rail bridges, installed new positive train control hardware and software at 90 of 155 locations, and completed 4 steel to plastic natural gas line conversions, eliminating stray current influence at those locations. Worn tactile areas at four light rail stations were replaced and six light rail and three commuter rail grade crossings were rehabilitated. Embedded track in four curves along 700 South were replaced and the rail supports on the State Street light rail bridge were reconstructed.

Ogden Hub

In conjunction with local government and transit rider input, 50 bus stops were upgraded with shelters and other amenities. As part of the first/last mile connection initiative, concept reports and environmental documents were prepared for over 100 connection projects. Construction of these projects will begin in 2018 with funding from a federal grant. Upgrades to the Riverside Bus Maintenance facility included a new fueling station, additional bus canopies and administrative building expansion/remodel. Upgrades to the Mount Ogden Bus Maintenance Facility included construction of additional employee parking and additional bus canopies.

During the year, UTA replaced forty-three (43) transit buses, seven (7) ski buses, twenty-three (23) paratransit vans, and thirty-six (36) Rideshare vans. Twenty-five articulated buses for the Provo-Orem Transportation Improvement Project were acquired and construction continued on the Provo-Orem Transportation Improvement Project.

Current Year Review (continued)

UTA entered into several air quality partnerships with the State of Utah, Salt Lake County, Salt Lake City, private firms, and other participating entities and participated in a consortium considering long-term mountain transportation needs. Development work continued for the Provo-Orem Transportation Improvement Project.

Ridership and Passenger Revenues. System ridership declined from 45.6 million in 2016 to 45.1million in 2017. Passenger revenues increased by $1.5 million to $52.1 million, a 3.0% increase from 2016 passenger revenues.

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

TRAX Train

Financial Stewardship. In December 2017, UTA advance refunded $111 million of its 2012 subordinate bonds through a $121 million bond issue. The 2017 advanced refunding bond issue closed prior to the 2018 changes in federal tax law which eliminated tax-exempt advance refunding opportunities. In February 2018, UTA sold its $115,540,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2018 to retire the above 2017 bond issue and the 2032 maturity (accreted value at redemption of $3.976 million) of the Subordinated Sales Tax Revenue and Refunding Bonds, Series 2007A. Net present value savings from these transactions totaled $5.6 million.

For the year, operating expenses were 3.6% below budget with lower than budgeted diesel fuel prices contributing almost 44% of the total $9.4 million operating savings. Personnel cost savings from transitional position vacancies and additional parts warranty recoveries comprised the rest of the favorable budget variance.

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

Future Plans

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

Provo-Orem Transportation Improvement Project. Construction began in 2016 on the combination bus rapid transit (BRT) and road project which is the result of a partnership between Utah County, the State of Utah, and UTA. UTA received a Federal Transit Administration Small Starts Grant in December of 2016. The BRT will connect the Orem FrontRunner station, Utah Valley University, Brigham Young University, and the Provo FrontRunner station with 6-minute peak service frequency. Service is expected to begin August 2018.

Bus Rapid Transit (BRT)

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

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

Several SOGR infrastructure projects are scheduled for 2018, including: $7.4 million for the overhaul of our oldest TRAX light rail vehicles, $6 million to initiate a two-year program of TRAX track work at the Delta interlocking, 150 South Main switches and 400 South Main half grand union replacement, $4.7 million for FrontRunner, and $1.1 million to replace vertical lift modules in three parts warehouses. Eighteen other state of good repair infrastructure projects are estimated to cost $4.1 million. Other 2018 plans include the replacement of 29 buses, 2 trolleys, 29 paratransit vehicles and 75 Rideshare vans at a cost of approximately $23.5 million.

Anticipated Capital Projects.

- In conjunction with six counties, two metropolitan planning agencies, and dozens of Utah cities, UTA was notified in late 2016 that it had been awarded a $20 million TIGER grant which will be matched with local funding to improve ***transit access*** as well as trails and bikeways feeding into the transit system over the next five years. Projects in 2018 are estimated at almost $13 million with all projects being completed by 2022.
- UTA will complete its work on the federally mandated ***Positive Train Control*** project in 2018, completing installation of the system prior to the December 2018 federal deadline.
- Salt Lake City International Airport is undergoing a $3.6 billion renovation, including the relocation of its terminal building. The relocation of the terminal requires the realignment of UTA's light rail green line, the ***Airport Line Project***, to a more central, transit-friendly location by 2020 at an estimated cost of $25 million. The project is currently in design with construction scheduled to start in 2019.

Future Plans (continued)

S-line Train

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.

- Funded by a grant from Salt Lake County, two blocks of the ***S-Line*** in South Salt Lake will be double tracked. This will allow the S-Line to operate at 15-minute headways between the Sugar House area in Salt Lake City and the City of South Salt Lake.
- To improve passenger safety, two TRAX intersections that connect multiple light rail lines will be equipped with ***red light signal enforcement*** infrastructure.

Electric Bus

- Five additional ***electric buses*** will be procured and placed into service, two by the University of Utah as a cross-campus shuttle and three by UTA primarily to provide service to the university.

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.

The Economic Condition and Outlook

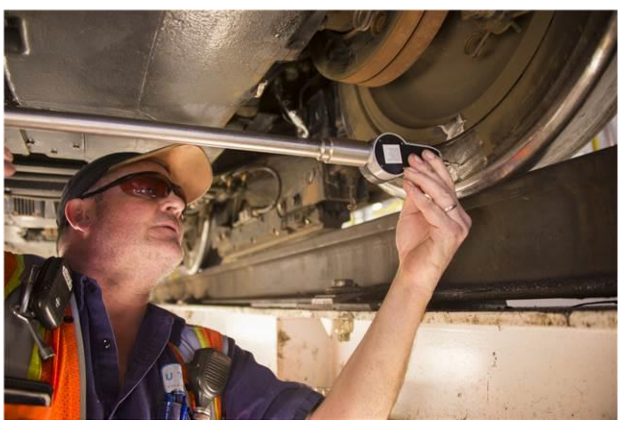
The Utah Governor's Office of Management and Budget in collaboration with the David Eccles School of Business at the University of Utah, prepared the 2018 Economic Report to the Governor. The Economic Report focuses on an estimated summary of the previous year and a forecast for the forthcoming year. 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.

2017 Overview

Employment, Wages, and Labor Force

While not as strong as 2016, Utah's labor market performance was notably healthy in 2017, showing gains in both the volume of jobs and the number of labor force participants.

At the end of the year, approximately 69.4 percent of Utah's population age 16 and over was either employed or actively seeking work. Over the Great Recession, Utah's labor force participation lost roughly five percentage points, dropping from a decades-long average of 72.1 percent to a low of 67.2 percent. In the early years of post-recession recovery, labor force participation was slow to rebound; even prime working age adult participation failed to bounce back. 2017 appears to be a tide-changing year with most age groups returning to pre-recession participation levels. Momentum gains in entering and re-entering the labor force manifested themselves in other economic indicators as well: wages, unemployment, and job counts, signifying tightness in the state's labor markets.



UTA TRAX Technician

Labor force entrants were efficiently absorbed into payrolls in 2017. On average, the state exhibited an unemployment rate of 3.5 percent, meaning that approximately 54,500 individuals were unemployed each month of the year. Additionally, the labor force grew by over 51,000, a signal of job seekers' confidence in the state's economy.

Overall, roughly 43,500 jobs were added to the state's economy, an expansion of 3.5 percent. Six thousand fewer jobs were added in 2017 than 2016, but regardless, unemployment remained low throughout the year. The slightly fewer jobs added is likely a sign of tightening labor markets; labor supply in some fields may be lacking. As a result, employers may not be able to fill as many jobs as desired.

Every major industry group across the Utah economy added jobs in 2017. The decline in oil demand finally played itself out, with 2017 ending with a small employment increase over 2016. More significant gains were seen in industries such as construction, which grew by 5.4 percent, leisure and hospitality, growing at 5.1 percent, and professional and business services up 4.2 percent. The mix of fastest growing industries exemplifies the state's robust economic conditions, with incomes increasing, housing in high demand, and our tech sector blossoming.

Labor market gains have not been evenly distributed across the state. Accolades shining a light on the statewide economic conditions do not illustrate the struggles of some Utah counties where gains have been few. Efforts from policymakers and political leaders, reaching as high as the Governor's office, seek to remedy this phenomenon to ensure 2018 is an economic success for all corners of the state.

The Economic Condition and Outlook (continued)

Personal Income

Utah's total personal income in 2017 was an estimated $132.7 billion, a 6.3 percent increase from $124.9 billion in 2016. Utah's estimated 2017 per capita income was $42,691, up 4.3 percent from $40,925 in 2016. Both measures of personal income growth in Utah were higher in 2017 than in 2016, in which total personal income grew by 5.2 percent and per capita income grew by 3.1 percent. In the last two years, Utah's growth in total personal income and per capita income has been nearly twice the national average.

Taxable Sales

In 2017, total taxable sales in Utah increased by approximately 7.2 percent to an estimated $60.6 billion. A robust labor market and solid gains in wages and personal income were among the primary drivers of growth. In addition to solid growth in sales from existing taxpayers, additional tax collections from some online sellers who began collecting sales tax in 2017 bolstered growth. Other significant factors driving growth in Utah taxable sales include another strong year in the tourism industry and high consumer sentiment. Each major component of Utah taxable sales increased in 2017. Retail sales increased the most at 7.8 percent, followed by business investment purchases at 7.0 percent and taxable services at 5.2 percent.

Salt Lake Valley

2018 Outlook

Employment, Wages, and Labor Force

Tightening labor markets leading to restrictions in growth were anticipated in 2016 but did not manifest until 2017. As such, 2018 may exhibit additional slowing though still posting labor market growth. Employers will seek to absorb every source of labor supply possible, thus keeping the state's unemployment rate low. Wage growth may temper in comparison to 2017 but will still be driven by competition for skilled workers in key economic activity.

Forces external to the state may play a significant role in steering the labor market trajectory. As Congress builds out its final version of tax policy changes, it is yet to be determined to what extent those changes may have an effect on Utah consumers, employers, and job seekers.

Personal Income

Utah's total personal income in 2017 is estimated to have grown 6.3 percent. This is up from 5.2 percent in 2016 and nearly double the national average. The state's estimated 2017 per capita income growth also improved from 3.1 percent in 2016 to 4.3 percent in 2017.

With the ongoing economic expansion and robust labor market, Utah continues to attract economic migrants looking for work, a lower cost-of-living, and an attractive setting. However, even with the inflow of new workers, the strong pace of hiring and a low

The Economic Condition and Outlook (continued)

unemployment rate has challenged several industries with labor shortages. The competition to hire and retain a qualified workforce should continue to put upward pressure on wages and personal income.

As Utah looks to remain one of the top labor markets in the nation in 2018, preliminary forecasts show that both total personal income growth and per capita income growth will continue to see strong gains, albeit at a somewhat slower pace than the robust growth over the past two years.

Taxable Sales
Utah's strong labor economy, combined with high consumer confidence, should drive another year of steady gains in Utah taxable sales. Total taxable sales are forecasted to increase by 5.4 percent to $63.9 billion in 2018. Although slower than 2017, growth in retail sales is expected to increase by 5.1 percent in 2018, 1.2 percent higher than the 3.9 percent forecasted increase in U.S. nontaxable and taxable retail sales. Business investment purchases are forecasted to grow again in 2018, increasing by 5.6 percent, while taxable services should have another year of consistent growth, increasing by 5.1 percent.

Forecasted growth in 2018 is barring any significant changes in the broader macro-economic environment. Taxable sales forecasts are sensitive to changes in economic and political conditions. Specific conditions with the potential to impact 2018 taxable sales are primarily external in nature and include, but are not limited to, monetary and tax policy decisions, national political climate, commodity prices, and geopolitical instability.

Any significant changes in these and other economic and political conditions could result in changes to employment, disposable income, and consumer confidence, which will in turn affect Utah taxable sales.

UTA Bus Farebox

Debt Administration

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

During 2017, the Authority issued its $120,575,000 Subordinated Sales Tax Revenue Refunding Bonds, Series 2017. These bonds were issued to refund $111,155,000 of the then outstanding balance of its $295,520,000 Sales Tax Revenue Refunding Bonds, Series 2012, and paying costs associated with the issuance of the 2017 Bonds. As of December 31, 2017, the Authority had $2,062,103,566 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

FrontRunner Train

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

The Authority also has a single audit of all federally funded programs administered by this agency as a requirement for continued funding eligibility. The Single Audit is mandatory for most local government including the Utah Transit Authority.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Utah Transit Authority for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. 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; Eric Vance, Photographer.

Sincerely,

Robert K. Biles
Vice President, Finance
Utah Transit Authority

Robert K. Biles

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Utah Transit Authority

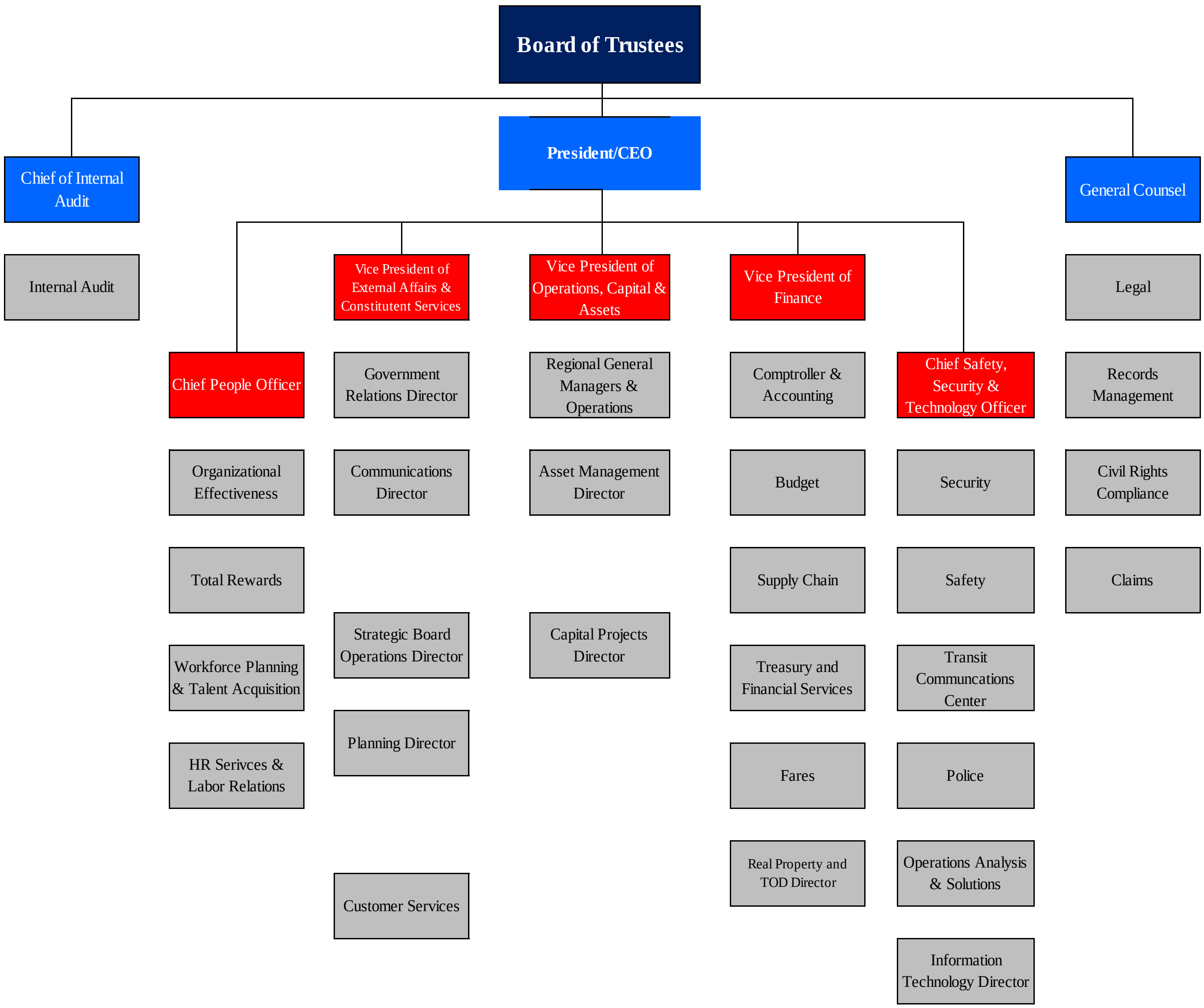
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



Utah Transit Authority Board of Trustees
May 2018


Greg Bell
Board Chair


Gina Chamness
Board Co-Chair


Jeff Acerson


Cort G. Ashton


Necia Christensen


Alex Cragun


Karen Cronin


Babs DeLay


Jeff Hawker


Charles Henderson


Dannie McConkie


Robert McKinley


Toby Mileski


P. Bret Milburn


Troy Walker

Board of Trustees Appointments

Appointed By	Current Member	Term Ending	# Terms Served
Governor of the State of Utah	Greg Bell	September, 2020	1
Speaker of the House	Babs De Lay	January, 2020	1
The Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Robert McKinley	December, 2017	1
Municipalities within Utah County	Jeff Acerson	November, 2019	1
President of the Senate	Cort Ashton	November, 2020	1
Salt Lake City	Alex Cragun	March, 2019	1
Municipalities within Weber County and Brigham City, Perry and Willard in Box Elder County	Toby Mileski	May, 2019	1
Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Necia Christensen	May, 2019	5
Utah County	Vacant		
Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Jeff Hawker	October, 2020	2
Salt Lake County	Charles G. Henderson	May, 2020	3
Utah Transportation Commission	Dannie R. McConkie	May, 2021	2
The municipalities within Davis County	P. Bret Millburn	August, 2020	3
The municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Gina Chamness	March, 2019	1
Municipalities within Salt Lake County and the municipalities of Grantsville and Tooele in Tooele County	Troy Walker	March, 2020	4
Municipalities and unincorporated areas within the district that are located within a county that is not annexed into the UTA district	Karen Cronin	October, 2020	1

Board of Trustees and Administration

Board of Trustees as of May 29, 2018

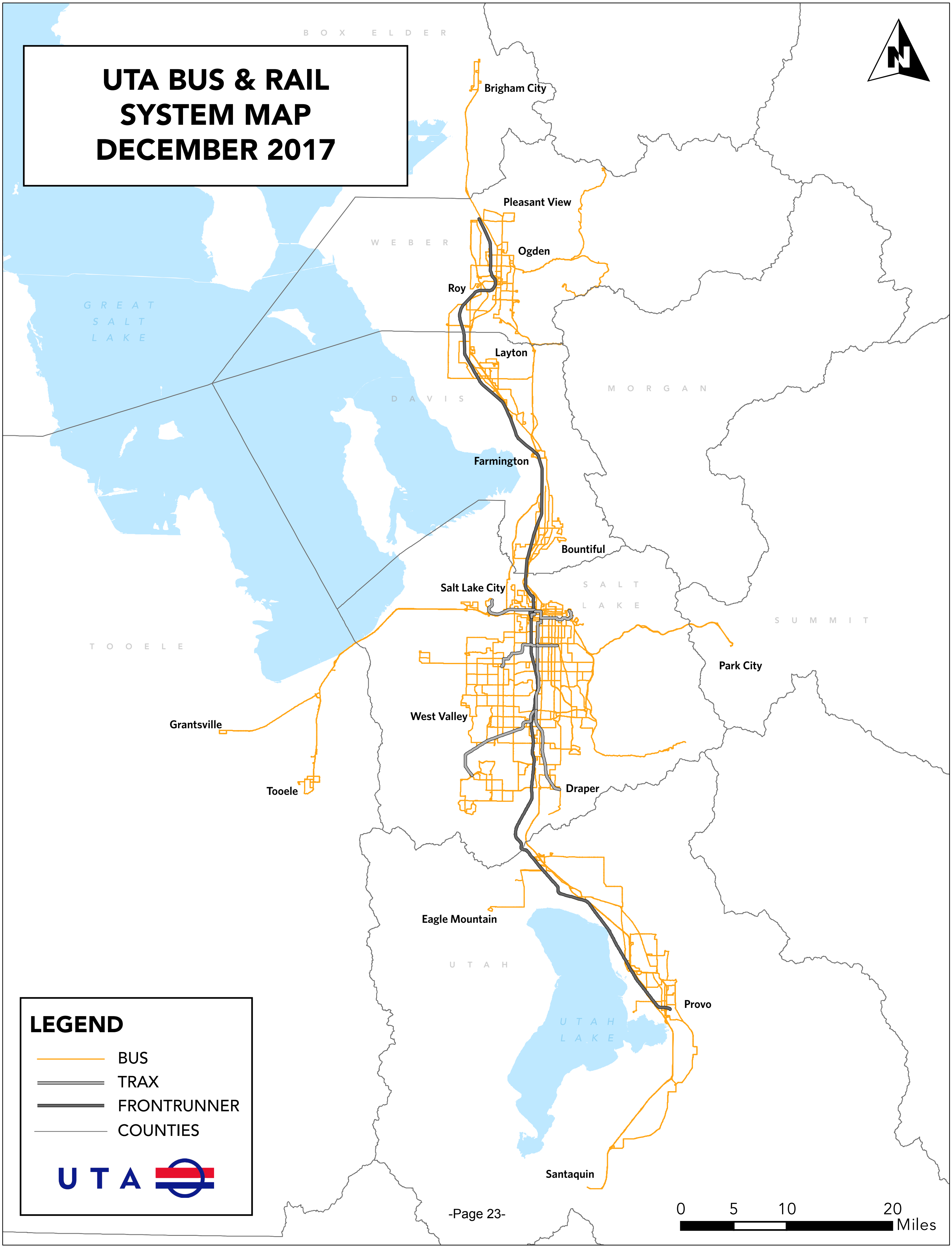
BOARD CHAIR	Greg Bell
BOARD CO-CHAIR	Gina Chamness
TRUSTEE	Jeff Acerson
TRUSTEE	Cortlund G. Ashton
TRUSTEE	Necia Christensen
TRUSTEE	Alex Cragun
TRUSTEE	Karen Cronin
TRUSTEE	Babs DeLay
TRUSTEE	Jeff Hawker
TRUSTEE	Charles Henderson
TRUSTEE	Dannie McConkie
TRUSTEE	Robert McKinley
TRUSTEE	Toby Mileski
TRUSTEE	P. Bret Milburn
TRUSTEE	Troy Walker

Officers of the Authority

BOARD CHAIR	Greg Bell
BOARD CO-CHAIR	Gina Chamness
INTERIM EXECUTIVE DIRECTOR	Steve Meyer
SECRETARY/TREASURER and VICE PRESIDENT FINANCE	Robert K. Biles
COMPTROLLER	Troy Bingham

Administration of the Authority

INTERIM EXECUTIVE DIRECTOR	Steve Meyer
CHIEF OF INTERNAL AUDIT	Riana de Villiers
VICE PRESIDENT OF EXTERNAL AFFAIRS	Nichol Bourdeaux
VICE PRESIDENT FINANCE	Robert K. Biles
VICE PRESIDENT OPERATIONS, CAPITAL & ASSETS	Steve Meyer (Acting)
CHIEF PEOPLE OFFICER	Kim Ulibarri
CHIEF SAFETY & SECURITY AND TECHNOLOGY OFFICER	Dave Goeres


UTA BUS & RAIL SYSTEM MAP DECEMBER 2017
BOX ELDER
WEBER
GREAT SALT LAKE
DAVIS
MORGAN
SALT LAKE
SUMMIT
TOOELE
UTAH
UTAH LAKE
Brigham City
Pleasant View
Ogden
Roy
Layton
Farmington
Bountiful
Salt Lake City
Park City
West Valley
Grantsville
Tooele
Draper
Eagle Mountain
Provo
Santaquin
LEGEND
BUS
TRAX
FRONTRUNNER
COUNTIES
UTA
0
5
10
20
Miles

Financial

For Fiscal Years Ended December 31, 2017 and 2016

UTAH TRANSIT AUTHORITY

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Utah Transit Authority (the "Authority") as of and for the years ended December 31, 2017 and 2016, 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 Utah Transit Authority, as of December 31, 2017 and 2016, and the respective changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

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 May 29, 2018, 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
May 29, 2018

This section of Utah Transit Authority's (the Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended on December 31, 2017 and December 31, 2016.

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

FINANCIAL STATEMENTS

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

FINANCIAL HIGHLIGHTS

Sales tax revenues increased from 2016 to 2017 by 8.4%. Part of the 2017 increase was due to receiving a full year of increased sales tax from the transportation initiative (Prop 1) which was approved in November 2015 by Davis, Weber, and Tooele counties. Prop 1 increased sales tax by a quarter of one percent (.25%) with 40% of this revenue dedicated to support transit service and enhancements. The tax became effective in Davis and Weber counties on April 1, 2016 and in Tooele County on July 1, 2016. Comparison of the months July thru December from 2016 to 2017 showed an increase of 7.6% from 2016 to 2017.

UTA	2016 Actual	2017 Actual
JANUARY	$ 16,067,751	$ 18,440,036
FEBRUARY	16,172,705	20,532,787
MARCH	23,724,805	23,098,645
APRIL	17,612,801	18,072,401
MAY	19,791,779	20,592,751
JUNE	22,274,402	26,229,357
JULY	20,627,885	20,404,896
AUGUST	21,287,567	24,451,449
SEPTEMBER	22,832,983	23,398,910
OCTOBER	18,969,625	21,128,486
NOVEMBER	19,636,253	22,546,344
DECEMBER	26,009,863	26,874,713
	$ 245,008,417	**$ 265,770,775**

On December 29, 2017, the Authority direct placed $120.6 million of Subordinated Sales Tax Revenue Refunding Bonds. The purpose of these bonds was to refinance higher interest rate terms on previously issued bonds.

The Authority continues to recognize the importance of reserves. Reserves have been established for debt service, service stabilization, capital improvement, fuel and parts. These reserves were $53.9 million at the end of the year. Refunding savings of $2.8 million were included in that increase and added to the Debt Rate Service Stabilization reserve bringing its December 31, 2017 balance to $17.7 million.

Federal funding in the amount of $71 million dollars by the U.S. Department of Transportation and Federal Transit Administration and $39.3 million from UDOT with the remainder from Utah County of $65.0 million dollars for funding the construction of a 10.52 mile bi-directional Bus Rapid Transit (BRT) line located in Utah County. As of December 31, 2017 the Authority has spent $97.8 million dollars on the project. The project begins at the Orem Intermodal Center and ends at the Provo Intermodal Center and includes a total of 18 stations, an aerial bridge replacement with BRT guideway, bicycle, trail and pedestrian access site improvements, and construction of an expanded bus maintenance facility.

CONDENSED STATEMENTS OF NET POSITION

	2017	2016	Change	% Chg	2015
Assets					
Current and other assets	$ 350,629,354	$ 305,969,763	$ 44,659,591	15%	$ 311,052,850
Capital assets	3,068,709,875	3,104,597,334	(35,887,459)	1%	3,210,158,029
Total assets	3,419,339,229	3,410,567,097	8,772,132	0%	3,521,210,879
Deferred outflows of resources	109,761,191	116,778,163	(7,016,972)	6%	125,000,198
Liabilities					
Current liabilities	101,099,455	71,620,455	29,479,000	41%	66,390,159
Long-term liabilities	2,422,375,239	2,387,091,356	35,283,883	1%	2,392,487,053
Total liabilities	2,523,474,694	2,458,711,811	64,762,883	3%	2,458,877,212
Deferred inflows of resources	11,948,307	5,489,735	6,458,572	118%	1,659,974
Net position					
Net investment in capital assets	894,275,843	924,260,135	(29,984,292)	3%	1,031,142,715
Restricted	89,153,732	67,415,969	21,737,763	32%	78,064,113
Unrestricted	10,247,844	71,467,610	(61,219,766)	86%	76,467,063
Total net position	$ 993,677,419	$ 1,063,143,714	$ (69,466,295)	7%	$ 1,185,673,891

2017 Results

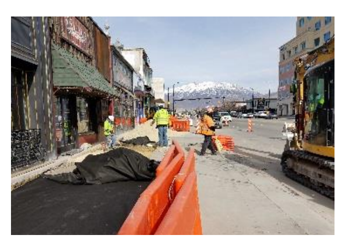
On December 29, 2017, Utah Transit Authority direct placed $120,575,000 Sales Tax Revenue Refunding Bonds, Series 2017 (the "2017 Subordinate Bonds"). This bond transaction involved the refunding of parts of the 2012 UTA Subordinate Bonds. The primary purpose for issuing the 2017 Refunding, was to take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

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

An increase or decrease in net position over time may serve as a useful indicator of a government entity's financial position. As of December 31, 2017, the Authority's net position has decreased to $993.7 million from $1.1 billion due to less unrestricted assets at yearend and the same time long-term liabilities have increased for the year.

2016 Results

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



Provo-Orem BRT Construction

CONDENSED STATEMENTS OF NET POSITION (continued)

2016 Results (continued)

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

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

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

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

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

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

UTA Board Meeting

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

	2017	2016	Change	% Chg	2015
Operating revenues	$ 54,525,870	$ 52,891,021	$ 1,634,849	3%	$ 54,346,242
Operating expenses	(427,777,940)	(422,543,342)	(5,234,598)	1%	(403,560,256)
Excess of operating expenses over operating revenues	(373,252,070)	(369,652,321)	(3,599,749)	1%	(349,214,014)
Non-operating revenues	334,913,449	313,184,316	21,729,133	7%	290,848,506
Non-operating expenses	(88,190,962)	(86,226,784)	(1,964,178)	2%	(81,386,242)
Income (loss) before contributions	(126,529,583)	(142,694,789)	16,165,206	11%	(139,751,750)
Capital contributions	57,063,288	20,164,612	36,898,676	183%	9,068,710
Change in net position	(69,466,295)	(122,530,177)	53,063,882	43%	(130,683,040)
Total net position, January 1	1,063,143,714	1,185,673,891			1,417,195,183
Prior period adjustment	-	-			(100,838,252)
Total net position, December 31	$ 993,677,419	$ 1,063,143,714			$ 1,185,673,891

SUMMARY OF REVENUES FOR THE YEAR ENDED DECEMBER 31

	2017	2016	Change	% Chg	2015
Operating					
Passenger revenue	$ 52,159,203	$ 50,624,354	$ 1,534,849	3%	$ 52,112,909
Advertising	2,366,667	2,266,667	100,000	4%	2,333,333
Total operating revenue	54,525,870	52,891,021	1,634,849	3%	54,446,242
Non-operating					
Contributions from other gov'ts (sales tax)	265,770,775	245,008,417	20,762,358	8%	227,703,023
Federal noncapital assistance	62,313,994	63,334,769	(1,020,775)	2%	52,000,012
Interest income	2,873,787	1,732,939	1,140,848	66%	2,831,406
Other	3,954,893	3,108,191	846,702	27%	8,314,065
Total non-operating revenue	334,913,449	313,184,316	21,729,133	7%	290,848,506
Capital contributions	57,063,288	20,164,612	36,898,676	183%	9,068,708
Total revenues	$ 446,502,607	$ 386,239,949	$ 60,262,658	16%	$ 354,363,456

2017 Results

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

Since the Authority does not have the ability to tax, it relies on contributions dedicated by other governments for the purpose of mass transit in the form of sales tax as supplementary income to operations and development. As Utah's economy continues to improve and unemployment rates continue to decrease, this sales tax amount continues to increase. In 2017, the Authority recognized $20.8 million (8%) in increased contributions of sales tax.

UTA FAREPAY

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

2017 Results (continued)

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

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

2016 Results

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

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

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

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

Provo-Orem BRT Platform Construction

SUMMARY OF EXPENSES FOR THE YEAR ENDED DECEMBER 31

	2017	2016	Change	% Chg	2015
Operating Expenses					
Bus service	$ 88,928,063	$ 85,841,973	$ 3,086,090	4%	$ 77,702,167
Rail service	72,895,607	84,165,069	(11,269,462)	13%	74,266,265
Paratransit service	19,572,367	19,341,116	231,251	1%	18,573,738
Other services	2,982,176	2,949,643	32,533	1%	2,971,534
Operatings support	41,932,571	37,831,682	4,100,889	11%	35,901,226
Administration	31,423,844	37,636,519	(6,212,675)	17%	32,443,603
Major investment studies	-	1,204,124	(1,204,124)	100%	658,400
Capital maintenance projects	20,602,425	-	20,602,425	100%	-
Depreciation	149,440,887	153,573,216	(4,132,329)	3%	161,043,323
Total operating expenses	$ 427,777,940	$ 422,543,342	$ 5,234,598	1%	$ 403,560,256

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

2017 Results

Overall expenses for 2017 increased $5.2 million or 1% increase from 2016. Most differences within Administration and Operating Support between 2017 and 2016 can be attributed to a reorganization of department personnel that occurred in September 2017 to align department functions and leadership to accomplish the Authority's goals and objectives. A significant decrease in rail services can be attributed to no significant reclassification of capital construction in progress back to rail operations and maintenance in 2017. Those significant but infrequent non-capital expenses are now being captured in newly created category of Capital maintenance projects, instead of directly attributed to each mode of transit.

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

2016 Results

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

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

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

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

CAPITAL ASSET ACTIVITY

	2017	2016	Change	% Chg	2015
Land and right of ways	$ 438,036,561	$ 444,428,114	$ (6,391,553)	1%	$ 444,484,721
Infrastructure	2,661,123,290	2,660,455,033	668,257	0%	2,660,455,033
Revenue vehicles	757,025,778	768,632,495	(11,606,717)	2%	778,085,676
Other	348,827,345	420,530,145	(71,702,800)	17%	420,778,076
Construction in process	205,102,231	98,584,168	106,518,063	108%	52,277,885
Accumulated Depreciation	(1,341,405,330)	(1,288,032,621)	(53,372,709)	4%	(1,145,923,364)
Total capital assets, net	$ 3,068,709,875	$ 3,104,597,334	$ (35,887,459)	1%	$ 3,210,158,027

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

2017 Results

The Authority expended approximately $135.1 million for capital assets in 2017. Approximately $28.3 million was expended for revenue vehicle replacements. This program included forty-three (43) buses, seven (7) ski buses, thirty-six (36) Rideshare vans, and twenty-three (23) paratransit vans. In 2017, the Authority expended $118.0 million on major strategic projects. This included the development and construction of the Provo-Orem

CAPITAL ASSET ACTIVITY (continued)

2017 Results (continued)

Bus Rapid Transit (BRT) route, Positive Train Control, the Depot District (fueling and maintenance facility to support bus operations), and several other projects designed to enhance the system and passenger experience.

2016 Results

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

DEBT ADMINISTRATION

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

A. Ratings Summary

Effective: August 2017

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

Effective: August 2016

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

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

A. 2017 Debt Issuance

During 2017, the Authority issued the following bonds:

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

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

DEBT ADMINISTRATION (continued)

B. 2016 Debt Issuance

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

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

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

C. Interest Expense

Interest expense increased to $88.2 million in 2017 from $85.4 million in 2016. The majority of this increase was the effect of the full year's interest burden of the Series 2016 bonds and restructuring of the Authority's interest expense to include obligation to Utah County for the Provo-Orem Bus Rapid Transit project debt.

SIGNIFICANT ACTIVITIES

2017 Results

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

Capitol Connector Bus

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

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

On time performance for 2017 was 91.7%.

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

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

SIGNIFICANT ACTIVITIES (continued)

2017 Results (Continued)

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

Stewardship - The authority was awarded several grants including $4.2 million for buses, $5.4 million for Electric Buses, $3.5 million for Positive Train Control and $360K in other discretionary funds.

2016 Results

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

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

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

On time performance for 2016 was 91.3%.

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

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

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

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

SIGNIFICANT ACTIVITIES (continued)

2016 Results (Continued)

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

RIDERSHIP COMPARISON

The following information provides an annual comparison of ridership by service for years 2017, 2016, and 2015.

Source: National Transit Database

	2017	**2016**	***Difference***	***Percent difference***	**2015**
Bus service	19,748,489	20,033,242	*(284,753)*	*-1.4%*	19,943,587
Light rail service	18,823,578	19,220,024	*(396,446)*	*-2.1%*	19,704,363
Commuter rail service	4,854,099	4,545,849	*308,250*	*6.8%*	4,645,305
Paratransit service	385,969	389,019	*(3,050)*	*-0.8%*	860,239
Vanpools	1,264,410	1,333,781	*(69,371)*	*-5.2%*	1,423,675
Total ridership	45,076,545	45,521,915	*(445,370)*	*-1.0%*	46,577,169

2017 Results

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

FrontRunner Station

2016 Results

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

UTA Ski Bus

COMPARATIVE STATEMENTS OF NET POSITION

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 85,459,300	$ 103,689,945
Receivables		
Contributions from other governments (sales tax)	49,421,054	45,646,114
Federal grants	44,106,915	13,611,438
Other	17,002,669	20,837,335
Parts and supplies inventories	31,689,267	28,361,640
Prepaid expenses	2,783,802	2,627,731
Total Current Assets	230,463,007	214,774,203
Noncurrent Assets:		
Restricted assets (cash equivalents and investments)		
Bond funds	42,768,329	51,279,017
Interlocal agreements	6,355,541	5,663,895
Represented employee benefits	3,894,919	3,269,716
Escrow funds	28,754,015	34,837
Self-insurance deposits	7,534,841	7,431,600
Total restricted assets	89,307,645	67,679,065
Property, facilities and equipment:		
Land and improvements	123,227,897	130,401,281
Rights of way	314,808,664	314,026,833
Infrastructure	2,661,123,290	2,660,455,033
Revenue vehicles	757,025,778	768,632,495
Other property and equipment	348,827,345	420,530,145
Construction in progress	205,102,231	98,584,168
Total property, facilities and equipment	4,410,115,205	4,392,629,955
Less accumulated depreciation and amortization	(1,341,405,330)	(1,288,032,621)
Amount recoverable - interlocal agreement	22,858,702	23,516,495
Other assets	8,000,000	-
Total Noncurrent Assets	3,188,876,222	3,195,792,894
TOTAL ASSETS	$ 3,419,339,229	$ 3,410,567,097
DEFERRED OUTFLOWS OF RESOURCES		
Advanced debt refunding	$ 97,189,416	$ 101,200,263
Assumptions changes related to pensions	12,571,775	15,577,900
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 109,761,191	$ 116,778,163

See accompanying notes to the financial statements.

COMPARATIVE STATEMENTS OF NET POSITION (continued)

	2017	2016
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 54,120,255	$ 26,979,344
Accrued liabilities, primarily payroll-related	20,199,621	19,533,949
Accrued interest	4,096,739	4,226,445
Accrued self-insurance liability	1,495,598	2,336,975
Current portion of long-term debt	14,815,329	11,733,893
Payable from restricted assets	153,913	263,096
Unearned revenue	6,218,000	6,546,753
Total Current Liabilities	101,099,455	71,620,455
Long-Term Liabilities		
Long-term debt	2,316,957,516	2,269,803,569
Long-term accrued interest	4,541,169	1,603,827
Long-term self-insurance liabilities	-	2,758,839
Long-term net pension liability	100,876,554	112,925,121
Total Long-term Liabilities	2,422,375,239	2,387,091,356
TOTAL LIABILITIES	$ 2,523,474,694	$ 2,458,711,811
DEFERRED INFLOWS OF RESOURCES		
Changes to earnings on pension plan investments	$ 11,948,307	$ 5,489,735
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 11,948,307	$ 5,489,735
NET POSITION		
Net investment in capital assets	$ 894,275,843	$ 924,260,135
Restricted for:		
Debt service	42,768,329	51,279,017
Interlocal agreements	6,201,628	5,400,799
Represented employee benefits	3,894,919	3,269,716
Escrow funds	28,754,015	34,837
Self-insurance deposits	7,534,841	7,431,600
Unrestricted	10,247,844	71,467,610
TOTAL NET POSITION	$ 993,677,419	$ 1,063,143,714

See accompanying notes to the financial statements.

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

	2017	2016
OPERATING REVENUES		
Passenger fares	$ 52,159,203	$ 50,624,354
Advertising	2,366,667	2,266,667
Total operating revenues	54,525,870	52,891,021
OPERATING EXPENSES		
Bus service	88,928,063	85,841,973
Rail Service	72,895,607	84,165,069
Paratransit service	19,572,367	19,341,116
Other service	2,982,176	2,949,643
Operations support	41,932,571	37,831,682
Administration	31,423,844	37,636,519
Major investment studies	-	1,204,124
Capital maintenance projects	20,602,425	-
Depreciation	149,440,887	153,573,216
Total operating expenses	427,777,940	422,543,342
Excess of operating expenses over operating revenues	(373,252,070)	(369,652,321)
NON-OPERATING REVENUES (EXPENSES)		
Contributions from other governments (sales tax)	265,770,775	245,008,417
Federal preventative maintenance grants	62,313,994	59,772,235
Federal planning grants	-	3,562,534
Investment income	2,873,787	1,732,939
Other	3,954,893	3,108,191
Interest expense	(88,190,962)	(85,415,870)
Recoverable sales tax - interlocal agreement	-	(810,914)
Net non-operating revenues	246,722,487	226,957,532
INCOME (LOSS) BEFORE CONTRIBUTIONS	(126,529,583)	(142,694,789)
Capital Contributions:		
Federal grants	53,960,024	17,054,298
Local	2,850,116	3,110,314
Capital contributions	253,148	-
Total capital contributions	57,063,288	20,164,612
Change in Net Position	(69,466,295)	(122,530,177)
Total Net Position, January 1	1,063,143,714	1,185,673,891
TOTAL NET POSITION, DECEMBER 31	$ 993,677,419	$ 1,063,143,714

See accompanying notes to the financial statements

COMPARATIVE STATEMENTS OF CASH FLOWS

	2017	2016
Cash flows from operating activities:		
Passenger receipts	$ 51,888,773	$ 52,415,749
Advertising receipts	2,400,000	2,350,000
Payments to vendors	(61,003,247)	(89,435,633)
Payments to employees	(121,899,204)	(120,050,277)
Employee benefits paid	(72,204,917)	(57,292,584)
Other receipts (payments)	-	2,387,104
Net cash used in operating activities	**(200,818,595)**	**(209,625,641)**
Cash flows from noncapital financing activities:		
Contributions from other governments (sales tax)	261,995,834	241,328,306
Federal preventative maintenance grants	43,612,395	62,709,565
Federal planning assistance grants	-	3,562,534
Other receipts (payments)	-	(11,974,847)
Net cash provided by noncapital financing activities	**305,608,229**	**295,625,558**
Cash flows from capital and related financing activities:		
Contributions for capital projects		
Federal	42,166,150	8,797,538
Local	2,850,116	2,629,071
Proceeds from the sale of revenue bonds	171,075,197	181,796,975
Deposit into escrow for refunding bonds	(120,367,951)	(156,360,000)
Payment of bond principal	(11,732,743)	(15,416,104)
Interest paid on revenue bonds	(101,448,581)	(93,649,947)
Proceeds from leases	27,141,000	-
Purchases of property, facilities, and equipment	(135,610,609)	(48,012,521)
Proceeds from the sale of property	22,508,754	477,031
Net cash used in capital and related financing activities	**(103,418,667)**	**(119,737,957)**
Cash flows from investing activities:		
Purchases of investments	(39,961,457)	(37,567,565)
Proceeds from the sales of investments	29,995,400	38,248,601
Interest on investments	3,492,448	694,709
Net cash provided by investing activities	**(6,473,609)**	**1,375,745**
Net increase in cash and cash equivalents	(5,102,642)	(32,362,295)
Cash and cash equivalents at beginning of year	141,910,498	174,272,793
Cash and cash equivalents at end of year	$ 136,807,856	$ 141,910,498

See accompanying notes to the financial statements.

COMPARATIVE STATEMENTS OF CASH FLOWS (continued)

	2017	2016
Reconciliation of Cash to the Statement of Net Position		
Cash and cash equivalents at year end from cash flows	$ 136,807,856	$ 141,910,498
Investments	37,959,089	29,458,512
Total cash and cash equivalents and investments	$ 174,766,945	$ 171,369,010
Cash and investments as reported on the Statement of Net Position		
Cash and cash equivalents	$ 85,459,300	$ 103,689,945
Restricted assets (cash equivalents and investments)		
Bonds funds	42,768,329	51,279,017
Interlocal agreements	6,355,541	5,663,895
Represented employee benefits	3,894,919	3,269,716
Escrow funds	28,754,015	34,837
Self-insurance deposits	7,534,841	7,431,600
Total cash and cash equivalents and investments	$ 174,766,945	$ 171,369,010

	2017	2016
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (373,252,070)	$ (369,652,321)
Adjustments to reconcile excess of operating expenses over operating revenues to net cash used in operating activities:		
Pension expense	2,583,870	90,566
Depreciation	149,440,887	153,573,216
Other revenues	-	2,631,160
Changes in assets and liabilities:		
Receivables	-	(375,690)
Parts and supplies inventories	(3,327,623)	(6,490,356)
Prepaid expenses	(123,743)	107,506
Accounts payable - trade and restricted	27,031,728	6,907,580
Accrued liabilities	(2,934,547)	2,135,064
Unearned revenue	(237,097)	1,447,634
Net cash used in operating activities	$ (200,818,595)	$ (209,625,641)

See accompanying notes to the financial statements.

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

A. Organization

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

The Authority's service area lies in the region commonly referred to as the Wasatch Front. The service area extends from the Wasatch Mountains on the east to the Great Salt Lake on the west, is approximately 100 miles long and 30 miles wide, and consists of an area of approximately 1,400 square miles that covers all or portions of six (6) principal counties (Box Elder, Davis, Salt Lake, Tooele, Utah and Weber). The service area also includes a small portion of Juab County. The total population within the six principal counties is approximately 2,465,000 which represents approximately 79% of the state's total population.

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

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

B. Reporting Entity

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Standards for Reporting Purposes

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

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

C. Federal Planning Assistance and Preventative Maintenance Grants

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

D. Federal Grants for Capital Expenditures

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

E. Classification of Revenues and Expenses

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Contributions from Other Governments

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

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

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

G. Cash and Cash Equivalents

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

H. Investments

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

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

I. Receivables

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

Property, facilities and equipment are stated at historical cost. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Railway infrastructure assets are capitalized when individual costs is at least $50,000. All other property, facilities and equipment are capitalized if they have individual costs of at least $5,000 and a useful life of over one year.

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

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

Land and Rights of Way	Not depreciated
Infrastructure and Land Improvements	5-50 years
Revenue Vehicles	5-25 years
Other Property and Equipment	3-20 years

L. Amount Recoverable – Interlocal Agreement

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

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

M. Compensated Absences

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

N. Risk Management

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

Under the Governmental Immunity Act, the maximum statutory liability in any one accident is $2,455,900 for incidents occurring after July 1, 2016. The Authority is self-insured for amounts up to this limit. The Authority has Railroad Liability Coverage of $100 million per annum with $5 million of risk retention. The Authority is self- insured for worker's compensation up to the amount of $1 million per incident and has excess insurance for claims over this amount. The Authority has insurance for errors and omissions and damage to property in excess of $100,000 per annum.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Pensions

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

P. Net Position

The Authority's net position is classified as follows:

- *Net investment in capital assets:* This component of net position consists of the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

- *Restricted for debt service:* This component of net position consists of the amount restricted by bond covenants for debt service.

- *Restricted for interlocal agreement:* This component of net position consists of the amounts restricted by interlocal agreements with Mountain Accord and the municipalities of Willard, Perry and Brigham City in Box Elder County.

- *Restricted for represented employee benefits:* This component of net position consists of the amount restricted by the Utah Transit Authority Bargaining Unit Employees' Insurance Trust Account Agreement for the purpose of providing represented employee benefits.

- *Restricted for escrows:* This component of net position consists of the amount restricted by escrow agreement.

- *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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	2017	2016
NET POSITION		
Net investment in capital assets	$ 894,275,843	$ 924,260,135
Restricted for:		
Debt Service	42,768,329	51,279,017
Interlocal agreements	6,201,628	5,400,799
Represented employee benefits	3,894,919	3,269,716
Escrow Fund	28,754,015	34,837
Self-insurance deposits	7,534,841	7,431,600
Unrestricted	10,247,844	71,467,610
TOTAL NET POSITION	$ 993,677,419	$ 1,063,143,714

Q. Budgetary and Accounting Controls

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

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

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

R. Recent Accounting Pronouncements

GASB Statement 74
Financial Reporting for Postemployment Benefit Plans Other than Pension Plans
Took Effect: June 30, 2017

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

GASB Statement 77
Tax Abatement Disclosures
Took Effect: December 31, 2016

GASB Statement 78
Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans
Took Effect: December 31, 2016

GASB Statement 80
Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14
Took Effect: June 30, 2017

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

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

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.

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

B. Designated Cash and Cash Equivalents

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

	2017	2016
Early Debt Retirement	$ 17,699,386	$ 14,858,258
Fuel Reserve	1,915,000	1,915,000
Operating Reserve	25,976,619	25,247,693
Parts Reserve	3,000,000	3,000,000
Stabilization Reserve	13,916,046	13,525,550
Total designated cash and cash equivalents	**$ 62,507,051**	**$ 58,546,501**

- *Designated for early debt retirement reserves* - This component of net position consists of savings experienced in the amount of actual variable interest expense from budgeted variable interest expense for the same time period, one-time contributions as determined by the President/CEO, and any unused monies from debt service reserve funds established for specific bonds when no longer encumbered for the initially reserved debt. Permitted use of these reserves is defined in the *Executive Limitations Policy No. 2.4.6 Debt Service Reserve and Rate Stabilization Fund Created.*

- *Designated for fuel reserves* - This component of net position consists of the amount designated by the Board of Trustees to mitigate the financial impact of unexpected and rapidly rising fuel prices. *(Executive Limitations Policy No. 2.3.3 Budgeting)*

- *Designated for operating reserves* - This component of net position consists of 9.33% (one month expense, plus 1%) of the annual budgeted operating expense, and is required by the Board of Trustees. *(Executive Limitations Policy No. 2.3.3 Budgeting)* As of December 31, 2017, the designation for operating reserves had to be decreased to $17,352,094 due to total amount of unrestricted cash available to designate. The low level of unrestricted cash was only temporary and the Authority was able to return to full designation of operating reserves in February 2018, after receiving some of the amounts owed to the Authority from other funding sources.

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

- *Designated for parts reserves* - This component of net position consists of the amount designated by the Board of Trustees to be accumulate funds in anticipation of a State of Good Repairs requirement. *(Executive Limitations Policy No. 2.3.3 Budgeting)*

- *Designated for stabilization reserves* - This component of net position consists of 5% of the Authority's annual budget for the purpose of preserving service levels when the Authority is facing a revenue shortfall or cost overrun due to extraordinary circumstances, such as an economic downturn or rapid rise in fuel prices or any combination of such events. *(Executive Limitations Policy No. 2.1.8 Service Stabilization Reserve Fund)*

C. Deposits and Investments

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

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

  At December 31, 2017 and 2016, the balances in the Authority's bank demand deposit accounts and certificate of deposit accounts according to the bank statements totaled $30,739,375 and $17,940,932, respectively, of which $274,040 and $286,388 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 credit quality rating of the external investment pool is unrated.

  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 fair market of its position in the pool as of 12/31/2017 is 1.00416858. 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, 2017:

		Investment Maturity (in years)		
		Less than 1	1-5	TOTAL
U.S. Agencies	BBB-/BBB+/AA-/A-/A/A+	$ -	$ 46,206,713	$ 46,206,713
Corporate Bonds	A+/A1/A+	6,030,103	12,298,729	19,017,832
MM - Cash		10,449,312	-	10,449,312
PTIF		15,226,091	-	15,226,091
Total Investments		$ 31,705,506	$ 59,194,442	$ 90,899,948

- *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 Authority measures and records investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

  - Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities where the Authority has direct access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation does not require any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.

  - Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include corporate and municipal bonds, and securitized certificates of deposit.

  - Level 3 – Valuations based on inputs that are unobservable and significant to overall fair value measurement.


Historic UTA Buses

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, 2017 by organization and by fair value measurement:

		Fair Value Measurements		
	12/31/2017	Level 1	Level 2	Level 3
Zions Capital Advisors				
Agency	$ 46,206,713	$ 46,206,713		
Corporate	19,017,832		19,017,832	
Currency	10,298,347	10,298,347		
Total Zions Capital Advisor investments	75,522,892	56,505,060	19,017,832	-
Zions Trustee Investments				
Money market	150,965	150,965		
Total Zions Trustee investments	150,965	150,965	-	-
Public Treasurers Investment Fund	15,226,091		15,226,091	
Total investments by fair value level	$ 90,899,948	$ 56,656,025	$ 34,243,923	$ -

UTA Security

NOTE 4 – CAPITAL ASSETS

Construction in progress consists of $106.6 million for the Provo/Orem Bus Rapid Transit (BRT) that is expected to complete in August 2018, $25.5 million for federally-mandated Positive Train Control that is scheduled to complete at the end of 2018, $18.1 million for Clean Fuel Tech Center (Depot District) with an estimated project completion of 2019, and $28.3 million in revenue vehicles that were received and still being prepared for service.

A biennial inventory of capital assets resulted in a write off in the amount of $87.0 million (original cost). The items not found during the inventory were disposed of in 2017, along with items that no longer meet the definition of a capital asset.

	Balance 12/31/2016	Increases	Transfers	Decreases	Balance 12/31/2017
Capital assets not being depreciated					
Land	$ 120,228,636	$ -	$ -	$ (9,301,142)	$ 110,927,494
Rights of way	314,026,833	781,831	-	-	314,808,664
Construction in process	98,584,168	135,081,926	-	(28,563,863)	205,102,231
Total capital assets not being depreciated	532,839,637	135,863,757	-	(37,865,005)	630,838,389
Capital assets being depreciated					
Infrastructure	2,660,455,034	11,379,323	3,014,407	(13,725,473)	2,661,123,291
Revenue vehicles	768,632,495	7,007,046		(18,613,763)	757,025,778
Other property and equipment	420,530,145	3,448,002	(3,132,925)	(72,017,877)	348,827,345
Land improvements	10,172,645	3,450,300	118,518	(1,441,061)	12,300,402
Total capital assets being depreciated	3,859,790,319	25,284,671	-	(105,798,174)	3,779,276,816
Less: Accumulated depreciation					
Infrastructure	(641,678,702)	(79,781,488)	(3,302,928)	8,808,587	(715,954,531)
Revenue vehicles	(341,524,835)	(38,974,295)	101,368	18,475,526	(361,922,236)
Other property and equipment	(294,986,102)	(29,981,835)	3,220,285	67,343,005	(254,404,647)
Land improvements	(9,842,982)	(703,269)	(18,725)	1,441,060	(9,123,916)
Total accumulated depreciation	(1,288,032,621)	(149,440,887)	-	96,068,178	(1,341,405,330)
Capital assets being depreciated, net	2,571,757,698	(124,156,216)	-	(9,729,996)	2,437,871,486
Total capital assets, net	$ 3,104,597,335	$ 11,707,541	$ -	$ (47,595,001)	$ 3,068,709,875

	Balance 12/31/2015	Increases	Transfers	Decreases	Balance 12/31/2016
Capital assets not being depreciated					
Land	$ 120,285,242	$ -	$ -	$ (56,606)	$ 120,228,636
Rights of way	314,026,833	-	-	-	314,026,833
Construction in process	52,277,885	47,091,778	(785,495)	-	98,584,168
Total capital assets not being depreciated	486,589,960	47,091,778	(785,495)	(56,606)	532,839,637
Capital assets being depreciated					
Infrastructure	2,660,455,034	-	-	-	2,660,455,034
Revenue vehicles	778,085,676	690,215	390,458	(10,533,854)	768,632,495
Other property and equipment	420,778,076	308,484	395,037	(951,452)	420,530,145
Land improvements	10,172,645	-	-	-	10,172,645
Total capital assets being depreciated	3,869,491,431	998,699	785,495	(11,485,306)	3,859,790,319
Less: Accumulated depreciation					
Infrastructure	(561,696,515)	(79,982,187)	-	-	(641,678,702)
Revenue vehicles	(313,271,388)	(38,781,665)	-	10,528,218	(341,524,835)
Other property and equipment	(261,499,439)	(34,438,115)	-	951,452	(294,986,102)
Land improvements	(9,456,022)	(386,960)	-	-	(9,842,982)
Total accumulated depreciation	(1,145,923,364)	(153,588,927)	-	11,479,670	(1,288,032,621)
Capital assets being depreciated, net	2,723,568,067	(152,590,228)	785,495	(5,636)	2,571,757,698
Total capital assets, net	$ 3,210,158,027	$ (105,498,450)	$ -	$ (62,242)	$ 3,104,597,335

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.

	2017	2016
Operating assistance		
Federal preventive maintenance grants	$ 61,690,413	$ 59,772,235
Federal operating assistance grants	623,581	3,562,534
	62,313,994	63,334,769
Capital projects		
Federal capital projects	55,040,181	17,054,298
Prior Year Federal capital projects	(1,080,157)	-
	53,960,024	17,054,298
Total federal assistance	$ 116,274,018	$ 80,389,067

	Prior Year Federal Receivables	Received Operating assistance	Received Federal capital projects	Year End Federal Receivables	Total
2017	$ (13,611,438)	$ 43,612,393	$ 42,166,148	$ 44,106,915	$ 116,274,018
2016	$ (4,729,474)	$ 62,709,565	$ 8,797,538	$ 13,611,438	$ 80,389,067

NOTE 6 – SELF-INSURANCE CLAIMS LIABILITY

Changes in the accrued claims liability in 2017 and 2016 were as follows:

	Beginning liability	Changes in estimates	Claim payments	Ending liability
2017	$ 5,095,814	$ 1,082,185	$ (4,682,402)	$ 1,495,597
2016	$ 3,514,558	$ 3,344,989	$ (1,763,733)	$ 5,095,814

NOTE 7 – PENSION PLANS

A. General Information about the Pension Plan

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

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

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

NOTE 7 – PENSION PLANS (continued)

A. General Information about the Pension Plan (continued)

- *Participation: As of December 31, 2017, there were 2,084 active participants, 316 inactive participants, and 561 retirees and beneficiaries.*

- *Contributions:* Through December 31, 2017, contributions to the Plan were recommended by an annual actuarial report and are approved by the Authority's Board of Trustees. As of January 1, 2014, a contribution based on a percentage of payroll was approved by the Authority's Board of Trustees. This percentage will be reviewed by the Board of Trustees annually as updated actuarial valuation reports become available. The Board of Trustees approved a contribution rate of 15% for 2015, and 16% for 2016 through 2034. This contribution rate is consistent with the Authority's adopted Plan funding policy which is focused on restoring the Plan's funding status to 100% within 20 years. Post 2034 contributions are assumed equal to the 8.2% of pay normal cost rate (including administrative expenses) from the 01/01/2015 plan funding valuation. The actual amount contributed by the employer during the 2017 fiscal year was $20,506,163.

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

By mail: Utah Transit Authority
Comptroller's Office
669 West 200 South
Salt Lake City, UT 84101
By email: RLamph@rideuta.com
By phone: (801) 287-2414

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

- *Net pension liability* - At December 31, 2017, the Authority reported a net pension liability of $100,876,554. The net pension liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures.

- *Deferred outflows of resources and deferred inflows of resources* - At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred inflows of resources	Deferred outflows of resources
Differences between expected and actual experience	$ 1,679,713	$ 4,192,687
Changes of assumptions	2,757,004	8,379,088
Net difference between projected and actual earnings	7,511,590	
Total	$ 11,948,307	$ 12,571,775

NOTE 7 – PENSION PLANS (continued)

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

- *Pension expense* - For the year ended December 31, 2017, the Authority recognized pension expense of $1,178,965. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended December 31	Deferred outflows (inflows) of resources
2018	$ 1,178,965
2019	1,178,965
2020	(1,284,118)
2021	(2,652,191)
2022	1,025,966
Thereafter	1,175,881
Total	$ 623,468

- *Actuarial assumptions* - The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	5.40% per annum for the first five (5) years of employment; 3.40% per annum thereafter
Investment rate of return	7.0%, net of investment expenses
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Pre-retirement; Employee Table; Post-retirement Annuitant Table)
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.44%

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2008.

- *Long-term rate of return:* The long-term rate of return is selected by the Plan's Pension Committee after a review of expected inflation and long-term real returns, reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocations as of December 31, 2017, is summarized in the table below.

Asset Class	Target Asset Allocation	Long-term Expected Return
Global Equities	63%	6.7%
Fixed Income	22%	4.0%
Liquid Diversifiers	10%	5.1%
Real Assets	4%	6.1%
Cash & Equivalents	1%	2.8%
Total	100%	5.9%

NOTE 7 – PENSION PLANS (continued)

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

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.

- *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	$ 344,030,898	$ 305,381,116	$ 273,258,910
Fiduciary net position	204,504,562	204,504,562	204,504,562
Net pension liability	139,526,336	100,876,554	68,754,348

- *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 [a]	Plan Fiduciary Net Position [b]	Net Pension Liability [a] - [b]
Balances as of December 31, 2016	$ 278,960,378	$ 166,035,257	$ 112,925,121
Changes for the year:			
Service cost	8,368,262	-	8,368,262
Interest on total pension liability	20,368,031	-	20,368,031
Differences between expected and actual experience	4,915,564	-	4,915,564
Changes of assumptions	5,079,447	-	5,079,447
Employer contributions	-	20,506,163	(20,506,163)
Member voluntary contributions	697,576	697,576	-
Net investment income		30,598,620	(30,598,620)
Benefit payments	(13,008,142)	(13,008,142)	-
Administrative expenses		(324,912)	324,912
Balance as of December 31, 2017	$ 305,381,116	$ 204,504,562	$ 100,876,554

NOTE 7 – PENSION PLANS (continued)

C. Defined Compensation Plan

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

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

NOTE 8 – LONG TERM DEBT

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

A. Series 2005A Revenue Bond

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ 1,550,000	$ 412,650	$ 1,962,650
2019	1,635,000	329,044	1,964,044
2020	1,720,000	240,975	1,960,975
2021	1,815,000	148,181	1,963,181
2022	1,915,000	50,269	1,965,269
	$ 8,635,000	$ 1,181,119	$ 9,816,119

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

NOTE 8 – LONG TERM DEBT (continued)

B. Series 2006C Revenue Bond (continued)

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	5,085,000	5,790,881	10,875,881
2019	5,350,000	5,516,963	10,866,963
2020	5,635,000	5,228,606	10,863,606
2021	5,950,000	4,924,500	10,874,500
2022	6,265,000	4,603,856	10,868,856
2023-2027	36,775,000	17,571,094	54,346,094
2028-2032	47,785,000	6,533,494	54,318,494
	$ 112,845,000	$ 50,169,394	$ 163,014,394

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

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 200,002	$ 200,002
2019	-	210,188	210,188
2020	-	220,894	220,894
2021	-	232,145	232,145
2022	-	243,968	243,968
2023-2027	-	1,419,382	1,419,382
2028-2032	2,332,069	1,616,630	3,948,699
	$ 2,332,069	$ 4,143,209	$ 6,475,278

NOTE 8 – LONG TERM DEBT (continued)

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

Series 2007A Subordinate Lien Capital Interest Bond

Year ending December 31	Principal	Interest	Total
2018	$ 2,565,000	$ 6,136,875	$ 8,701,875
2019	2,710,000	6,005,000	8,715,000
2020	2,850,000	5,866,000	8,716,000
2021	-	5,794,750	5,794,750
2022	-	5,794,750	5,794,750
2023-2027	23,405,000	26,189,125	49,594,125
2028-2032	29,220,000	18,831,250	48,051,250
2033-2035	63,270,000	4,850,750	68,120,750
	$ 124,020,000	$ 79,468,500	$ 203,488,500

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.

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
2018	$ -	$ 2,850,488	$ 2,850,488
2019	5,885,000	2,696,006	8,581,006
2020	-	2,541,525	2,541,525
2021	-	2,541,525	2,541,525
2022	23,570,000	1,922,813	25,492,813
2023	24,840,000	652,050	25,492,050
	$ 54,295,000	$ 13,204,407	$ 67,499,407

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

The Authority has elected to treat the 2009B bonds as "Build America Bonds" for the purposes of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipated cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2009B bonds. However due to federal sequestration, the Authority's subsidy payments for 2017 were discounted by 6.9%, or $374,863. The Authority has projected a continued discount of this subsidy in 2018 of 6.6%, or $358,564.82.

NOTE 8 – LONG TERM DEBT (continued)

E. Series 2009B Federally Taxable-Issuer Subsidy "Build America Bonds" (continued)

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
2018	$ -	$ 15,522,287	$ 15,522,287	$ 5,432,800
2019	-	15,522,287	15,522,287	5,432,800
2020	-	15,522,287	15,522,287	5,432,800
2021	-	15,522,287	15,522,287	5,432,800
2022	-	15,522,287	15,522,287	5,432,800
2023-2027	-	77,611,433	77,611,433	27,164,002
2028-2032	32,495,000	74,795,366	107,290,366	26,734,229
2033-2037	132,375,000	49,259,437	181,634,437	19,039,062
2038-2039	96,580,000	6,726,023	103,306,023	-
	$ 261,450,000	$ 286,003,694	$ 547,453,694	$ 100,101,293

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

The Authority has elected to treat the 2010A bonds as "Build America Bonds" for the purposes of the American Recovery and Investment Act of 2009 (the Recovery Act) and to receive a cash subsidy from the United States Treasury in connection therewith. Pursuant to the Recovery Act, the Authority anticipated cash subsidy payments from the United States Treasury equal to 35% of the interest payable on the 2010A bonds. However due to federal sequestration, the Authority's subsidy payments for 2017 were discounted by 6.9%, or $275,552. The Authority has projected a continued discount of this subsidy in 2018 of 6.6% or $263,571.

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
2018	$ -	$ 11,410,000	$ 11,410,000	$ 3,993,500
2019	-	11,410,000	11,410,000	3,993,500
2020	-	11,410,000	11,410,000	3,993,500
2021	-	11,410,000	11,410,000	3,993,500
2022	-	11,410,000	11,410,000	3,993,500
2023-2027	-	57,050,000	57,050,000	19,967,500
2028-2032	-	57,050,000	57,050,000	19,967,500
2033-2037	5,970,000	56,879,706	62,849,706	19,967,500
2038-2040	194,030,000	22,155,082	216,185,082	7,694,676
	$ 200,000,000	$ 250,184,788	$ 450,184,788	$ 87,564,676

NOTE 8 – LONG TERM DEBT (continued)

G. Series 2012A Revenue Bond

Purpose:	Refunding of $32,020,000 of the 2006AB variable rate bonds; refunding of $100,000,000 of the 2011AB variable rate bonds; and the cost of acquisition and construction of certain improvements to the Authority's transit system.
Interest rates:	4.00-5.00%
Original amount:	$295,520,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 7,844,000	$ 7,844,000
2019	-	7,844,000	7,844,000
2020	-	7,844,000	7,844,000
2021	-	7,844,000	7,844,000
2022	-	7,844,000	7,844,000
2023-2027	-	39,220,000	39,220,000
2028-2032	-	39,220,000	39,220,000
2033-2037	31,600,000	37,768,400	69,368,400
2038-2042	140,000,000	22,462,500	162,462,500
	$ 171,600,000	$ 177,890,900	$ 349,490,900

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

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

H. Series 2015A Revenue Bonds

On February 25, 2015, the Authority issued $668,655,000 in senior sales tax revenue bonds and $192,005,000 in subordinate sales tax revenue bonds to provide resources to purchase qualifying open market securities that were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of certain 2008A revenue bonds, certain 2009A revenue bonds, certain 2007A capital appreciation revenue bonds, and certain 2012A revenue bonds. These resources are intended to provide all future debt payments of $904,901,591 of senior and subordinate sales tax revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's financial statements. These advanced refundings were undertaken to reduce total debt service payments over the next 23 years by $85,099,817, and resulted in an economic gain of $77,660,118. As of December 31, 2017, $4,245,000 of the 2012A Revenue Bond was defeased from the escrow fund.

NOTE 8 – LONG TERM DEBT (continued)

H. Series 2015A Revenue Bonds (continued)

Series 2015A Senior Lien Revenue Bond

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 31,072,663	$ 31,072,663
2019	-	31,072,663	31,072,663
2020	12,425,000	30,769,238	43,194,238
2021	18,235,000	30,029,138	48,264,138
2022	-	29,592,463	29,592,463
2023-2027	157,080,000	132,154,494	289,234,494
2028-2032	201,605,000	83,815,000	285,420,000
2033-2037	227,540,000	38,667,850	266,207,850
2038	51,770,000	1,294,250	53,064,250
	$ 668,655,000	$ 408,467,759	$ 1,077,122,759

Series 2015A Subordinate Lien Revenue Bond

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 9,543,250	$ 9,543,250
2019	-	9,543,250	9,543,250
2020	2,850,000	9,500,500	12,350,500
2021	5,840,000	9,311,750	15,151,750
2022	8,875,000	8,943,875	17,818,875
2023-2027	43,610,000	38,373,500	81,983,500
2028-2032	49,205,000	26,799,625	76,004,625
2033-2037	81,625,000	11,419,125	93,044,125
	$ 192,005,000	$ 123,434,875	$ 315,439,875

NOTE 8 – LONG TERM DEBT (continued)

I. Series 2016 Revenue Bonds

On August 24, 2016, the Authority issued $145,691,497 in subordinate sales tax revenue bonds with a reoffering premium of $12,932,675 to provide resources to purchase qualifying open market securities that were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of the 2013 revenue bonds and 2014AB revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's financial statements. These advanced refundings were undertaken to remove the Authority's short-term debt which reduced total debt service payments by $156,360,000 over the next three (3) years. This issuance resulted in an economic loss of $8,045,006. As of December 31, 2017, $80,370,000 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:

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 4,602,300	$ 4,602,300
2019	-	4,602,300	4,602,300
2020	-	4,602,300	4,602,300
2021	-	4,602,300	4,602,300
2022	-	4,602,300	4,602,300
2023-2027	18,175,000	23,011,500	41,186,500
2028-2031	108,605,000	11,238,050	119,843,050
	$ 126,780,000	$ 57,261,050	$ 184,041,050

NOTE 8 – LONG TERM DEBT (continued)

I. Series 2016 Revenue Bonds (continued)

Series 2016 Subordinate Lien Capital Appreciation Revenue Bond

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
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.

Year ending December 31	Principal	Interest	Total
2028	$ 65,000,000	$ 22,718,868	$ 87,718,868
	$ 65,000,000	$ 22,718,868	$ 87,718,868

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

Purpose: Advanced refunding $119,675,000 of the 2012 bonds. The cash flow savings as a result of the refunding is $80,531,986.
Interest rates: 2.41%
Original amount: $120,575,000
Economic Gain
as a result of refunding: $26,665,363

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ -	$ 2,800,924	$ 2,800,924
2019	-	2,905,858	2,905,858
2020	120,575,000	2,905,857	123,480,857
	$ 120,575,000	$ 8,612,639	$ 129,187,639

NOTE 8 – LONG TERM DEBT (continued)

L. 2015 Issuance 12-Year Lease Financing

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ 411,755	$ 86,460	$ 498,215
2019	420,447	77,768	498,215
2020	429,322	68,893	498,215
2021	438,385	59,830	498,215
2022	447,640	50,575	498,215
2023-2027	2,175,679	107,805	2,283,484
	$ 4,323,228	$ 451,331	$ 4,774,559

M. 2015 Issuance 5-Year Lease Financing

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ 711,447	$ 20,200	$ 731,647
2019	720,885	10,762	731,647
2020	424,924	1,870	426,794
	$ 1,857,256	$ 32,832	$ 1,890,088

N. 2015 Issuance 4-Year Lease Financing

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

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ 399,765	$ 5,332	$ 405,097
2019	236,528	926	237,454
	$ 636,293	$ 6,258	$ 642,551

NOTE 8 – LONG TERM DEBT (continued)

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:

Year ending December 31	Principal	Interest	Total
2018	$ 192,520	$ 35,187	$ 227,707
2019	195,686	32,021	227,707
2020	198,904	28,803	227,707
2021	202,175	25,532	227,707
2022	205,500	22,207	227,707
2023-2027	1,079,316	59,219	1,138,535
2028	169,623	1,156	170,779
	$ 2,243,724	$ 204,125	$ 2,447,849

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:

Year ending December 31	Principal	Interest	Total
2018	$ 900,226	$ 39,355	$ 939,581
2019	912,006	27,575	939,581
2020	923,940	15,640	939,580
2021	700,881	3,804	704,685
	$ 3,437,053	$ 86,374	$ 3,523,427

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:

Year ending December 31	Principal	Interest	Total
2018	$ 410,448	$ 11,724	$ 422,172
2019	415,524	6,648	422,172
2020	315,012	1,616	316,628
	$ 1,140,984	$ 19,988	$ 1,160,972

NOTE 8 – LONG TERM DEBT (continued)

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:

Year ending December 31	Principal	Interest	Total
2018	$ 1,942,449	$ 571,221	$ 2,513,670
2019	1,835,389	484,922	2,320,311
2020	1,877,001	443,310	2,320,311
2021	1,919,557	400,754	2,320,311
2022	1,963,077	357,234	2,320,311
2023-2027	10,503,525	1,098,029	11,601,554
2028-2029	4,349,002	98,261	4,447,263
	$ 24,390,000	$ 3,453,731	$ 27,843,731

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:

Year ending December 31	Principal	Interest	Total
2018	$ 301,820	$ 25,734	$ 327,554
2019	283,932	18,427	302,359
2020	289,143	13,216	302,359
2021	294,449	7,910	302,359
2022	274,656	2,506	277,162
	$ 1,444,000	$ 67,793	$ 1,511,793

T. 2017 Issuance 4-Year Lease Financing

Purpose: Acquisition of 36 RideShare vans
Interest rates: 1.7700%
Original amount: $1,307,000

Debt service requirements to maturity, including interest:

Year ending December 31	Principal	Interest	Total
2018	$ 344,899	$ 22,020	$ 366,919
2019	324,287	14,407	338,694
2020	330,074	8,620	338,694
2021	307,740	2,730	310,470
	$ 1,307,000	$ 47,777	$ 1,354,777

NOTE 8 – LONG TERM DEBT (continued)

U. Capital Leased Assets

The following represents the assets acquired through the 2015, 2016 and 2017 series capital leases and the corresponding accumulated depreciation. The 2017 lease was funded November 29, 2017, but subsequent reimbursements to the Authority for vehicle purchases were not received until January 2018, and no 2017 vehicles were capitalized by the end of the fiscal year because they were being unfitted and registered for service after being received late in 2017.

	2015 Series Leases	2016 Series Leases	2017 Series Leases
Revenue vehicles			
12-year lease	$ 4,859,620	$ 2,409,786	-0-
5-year lease	3,626,139	2,085,810	-0-
4-year lease	1,587,375	1,107,052	-0-
Subtotal	$ 10,073,134	5,602,648	-0-
Accumulated depreciation	(3,108,408)	(884,281)	-0-
Total capital assets (net)	$ 6,964,726	$ 4,718,367	-0-

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Amount due within one year
Bonds					
Series 2005A Revenue Bond	$ 10,105,000	$ -	$ (1,470,000)	$ 8,635,000	$ 1,550,000
Series 2006C Revenue Bond	117,670,000	-	(4,825,000)	112,845,000	5,085,000
Series 2007A Capital Appreciation	2,332,069	-	-	2,332,069	-
Series 2007A Current Interest Bond	126,475,000	-	(2,455,000)	124,020,000	2,565,000
Series 2008A Revenue Bond	54,295,000	-	-	54,295,000	-
Series 2009B Build America Bond	261,450,000	-	-	261,450,000	-
Series 2010A Build America Bond	200,000,000	-	-	200,000,000	-
Series 2012A Revenue Bond	282,755,000	-	(111,155,000)	171,600,000	-
Series 2015A Revenue Bond (Sr)	668,655,000	-	-	668,655,000	-
Series 2015A Revenue Bond (Sub)	192,005,000	-	-	192,005,000	-
Series 2016 Revenue Bond	126,780,000	-	-	126,780,000	-
Series 2016 Capital Appreciation	18,911,498	-	-	18,911,498	-
Series 2016 UTCT	14,499,803	50,500,197	-	65,000,000	-
Series 2017 Revenue Bond (Sub)	-	120,575,000	-	120,575,000	-
2015 12-Year Lease	4,726,469	-	(403,242)	4,323,227	411,755
2015 5-Year Lease	2,559,388	-	(702,133)	1,857,256	711,447
2015 4-Year Lease	1,030,227	-	(393,934)	636,293	399,765
2016 12-Year Lease	2,433,129	-	(189,405)	2,243,724	192,520
2016 5-Year Lease	4,325,650	-	(888,597)	3,437,053	900,225
2016 4-Year Lease	1,546,418	-	(405,433)	1,140,985	410,448
2017 12-Year Lease	-	24,390,000	-	24,390,000	1,942,449
2017 5-Year Lease	-	1,444,000	-	1,444,000	301,820
2017 4-Year Lease	-	1,307,000	-	1,307,000	344,899
	2,092,554,651	198,216,197	(122,887,744)	2,167,883,105	14,815,328
Unamortized Premiums					
Series 2005A Revenue Bond	254,368	-	(78,125)	176,244	
Series 2006C Revenue Bond	7,742,907	-	(876,667)	6,866,239	
Series 2007A Current Interest Bond	6,726,090	-	(501,982)	6,224,106	
Series 2008A Revenue Bond	1,783,381	-	(332,679)	1,450,701	
Series 2012A Revenue Bond	24,557,337	-	(10,544,259)	14,013,078	
Series 2015A Revenue Bond (Sr)	104,119,722	-	(9,085,303)	95,034,418	
Series 2015A Revenue Bond (Sub)	31,158,903	-	(2,738,465)	28,420,439	
Series 2016 Revenue Bond	12,640,256	-	(935,741)	11,704,515	
	188,982,964	-	(25,093,221)	163,889,740	
Total bonds	$ 2,281,537,615	$ 198,216,197	$(147,980,965)	$ 2,331,772,845	$ 14,815,328

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, 2017, the Authority also has purchasing commitments for several capital projects. The largest of these commitments are as follows:

- $24.8 million Provo-Orem BRT
- $4.9 million Positive Train Control
- $2.8 million TRAX Airport Relocation Design
- $2.3 million Timpanogos Business Unit Expansion
- $1.0 million Bus Replacements
- $0.9 million Ogden Business Unit Expansion

NOTE 10 –SUBSEQUENT EVENTS

On March 15, 2018, the Authority issued Senior Lien revenue bonds for $83,765,000 and Subordinate Lien revenue bonds for $115,540,000. Proceeds from the Series 2018 Senior Lien bond issue were used to reimburse and fund several capital projects including Positive Train Control, TRAX Airport Station relocation, Local Match for Provo-Orem BRT, design and construction of the Clean Fuel Tech Center (Depot District), TRAX Rail repair on Main & 400 South, Red Light Enforcement at Train Crossings, Tooele Bus Facility purchase and remodel, and 700 South Curve Replacement. Proceeds from the Subordinate Lien bond issue were used to refund the one maturity of the Series 2007A capital appreciation revenue bonds ($3.4 million) and all of the Series 2017A revenue bonds.

FrontRunner Train

The Authority was created pursuant to Utah State law, and the statutes governing such creation and operation are subject to change from time to time. Over the past year, a State legislative task force worked on proposed changes to Utah State law as it relates to the Authority. Senate Bill 136 passed by the Utah Legislature on March 7, 2018 and signed by the Governor March 22, 2018, enacted several changes to UTA governance. Those changes, among other things, (i) reduces the size of the Board of Trustees from 16 part-time members appointed by the local entities within the Authority and various State officials, to a three full-time member board of trustees nominated by the local entities within the Authority and appointed by the Governor of the State with the advice and consent of the State Senate, (ii) provides for a local advisory board to review plans of the Authority, receive public input and provide consultation and advice to the board of trustees regarding management and operation of the Authority, (iii) requires the Authority to obtain approval by the State's Bonding Commission prior to issuing any bonds, (iv) changes the name of the Authority to "Transit District Utah", and (v) requires the transition of legal counsel from in-house counsel to the Utah Attorney General's Office by July 1, 2019. The legislation grants counties the ability to impose transportation/transit sales taxes by a vote of the county governing body rather than referendum and the ability to impose an additional .2% transit sales tax. The legislation also requires that studies relating to the 1) Authority becoming a state agency and 2) the Authority's pension system becoming a part of the

NOTE 10 –SUBSEQUENT EVENTS (continued)

Utah Retirement System must be completed and reported to the Transportation Interim Committee by November 30, 2018 and September 30, 2019, respectively. Senate Bill 136 creates the Transportation and Tax Review Task Force comprised of state senators, representatives, and executive branch representatives which is empowered to review and make recommendations on changes to transportation funding, governance structures relevant to transportation and public transit, improvement to transportation and transit services, and simplifying and modernizing the state's tax system. The Authority cannot predict what additional legislation may be proposed in the future, or what impact, if any, such legislation could have on the Authority.

The Authority has performed an evaluation of subsequent events through April 27, 2018 which is the date the basic financial statements were available to be issued.

Required Supplementary Information

For Fiscal Years Ended
December 31, 2017
and 2016

UTAH TRANSIT AUTHORITY

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

	Year ending December 31,			
	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 8,368,262	$ 7,711,706	$ 7,545,807	$ 7,284,379
Interest on total pension liability	20,368,031	19,604,345	18,717,411	17,623,248
Member voluntary contributions	697,576	437,923	916,567	275,663
Differences between expected and actual experience	4,915,564	(927,077)	(1,973,177)	-
Changes of assumptions	5,079,447	(3,955,702)	7,725,363	-
Benefit payments	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Net change in total pension liability	26,420,738	9,890,580	21,377,147	15,001,558
Total pension liability, beginning	278,960,378	269,069,798	247,692,651	232,691,093
Total pension liability, ending (a)	305,381,116	278,960,378	269,069,798	247,692,651
Fiduciary Net Position				
Employer contributions	20,506,163	19,603,952	16,745,254	15,366,694
Member voluntary contributions	697,576	437,923	916,567	275,663
Net investment income	30,598,620	7,591,211	(1,085,458)	5,946,916
Benefit payments	(13,008,142)	(12,980,615)	(11,554,824)	(10,181,732)
Administrative expenses	(324,912)	(249,141)	(244,011)	(219,504)
Net change in plan fiduciary net position	38,469,305	14,403,330	4,777,528	11,188,037
Fiduciary net position, beginning	166,035,257	151,631,927	146,854,399	135,666,362
Fiduciary net position, ending (b)	204,504,562	166,035,257	151,631,927	146,854,399
Net pension liability, ending (a) - (b)	$ 100,876,554	$ 112,925,121	$ 117,437,871	$ 100,838,252
Fiduciary net position as a % of total pension liability	66.97%	59.52%	56.35%	59.29%
Covered payroll	$ 126,690,540	$ 115,430,618	$ 110,727,134	$ 106,004,057
Net pension liability as a % of covered payroll	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.

STATEMENT OF REQUIRED EMPLOYER CONTRIBUTION – 10 YEARS

Year	Actuarially determined contribution	Contributions recognized by the plan	Contribution deficiency (excess)	Covered-employee Payroll	Contributions as a percentage of covered-employee payroll
2017	$20,270,486	$20,506,163	$ (235,677)	$126,690,540	16.19%
2016	17,147,568	19,603,952	(2,456,384)	115,430,618	16.98%
2015	16,609,070	16,745,254	(136,184)	110,727,134	15.12%
2014	14,757,446	15,366,694	(609,248)	106,004,057	14.50%
2013	14,352,279	13,338,052	1,014,227	102,099,985	13.06%
2012	12,206,257	11,645,982	560,275	96,750,285	12.04%
2011	10,114,755	10,114,755	-	91,265,129	11.08%
2010	10,047,874	10,047,874	-	93,259,215	10.77%
2009	10,658,339	10,658,339	-	88,834,546	12.00%
2008	7,679,956	7,679,956	-	75,324,187	10.20%

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 – VALUATION DATE

The valuation date is January 1, 2017. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2017. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2017. 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, 2017
and 2016

UTAH TRANSIT AUTHORITY

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

	2017 Budget	2017 Actual	Favorable (Unfavorable)
Revenues			
Contributions from other gov'ts, sales tax	$258,109,000	$265,770,775	$7,661,775
Federal preventative maintenance grants	60,676,000	62,313,994	1,637,994
Passenger revenues	53,175,000	52,159,203	(1,015,797)
Advertising	2,333,000	2,366,667	33,667
Investment income	2,098,000	2,873,787	775,787
Other income	12,699,000	3,954,893	(8,744,107)
Total revenues	$389,090,000	$389,439,319	$349,319
Operating Expenses			
Bus services	$90,762,000	$88,928,063	$1,833,937
Rail services	76,253,000	72,895,607	3,357,393
Paratransit services	21,795,000	19,572,367	2,222,633
Other services (less non-operating)	2,576,000	2,313,313	262,687
Operations support	42,154,000	41,932,571	221,429
Administration (less non-operating)	30,911,000	26,537,509	4,373,491
Total operating expenses	$264,451,000	$252,179,430	$12,271,570
Non-Operating Expenses (Revenues)			
Interest expense	$97,174,000	$88,190,962	$8,983,038
Principal	12,670,000	12,252,726	417,274
Non-operating	10,812,000	5,555,198	5,256,802
Total non-operating expenses	$120,656,000	$105,998,886	$14,657,114
Total Operating and Non-Operating Expenses	$385,107,000	$358,178,316	$26,928,684
Capital Expenses (Revenues)			
Federal and local grants	($81,810,000)	($53,960,024)	($27,849,976)
Local contributions	(64,332,000)	(2,850,116)	(61,481,884)
Sale of assets	(9,511,000)	(3,398,553)	(6,112,447)
Capital lease	(49,090,000)	(31,395,382)	(17,694,618)
Project Expenses	245,966,000	155,684,351	90,281,649
Total capital expenses (revenues)	$41,223,000	$64,080,276	($22,857,276)

Project Expenses-less transfers to Capital Assets in 2017	$ (135,081,926)
Capital Maintenance Projects	$ 20,602,425
Total Revenues (Operating and Capital)	$ 481,043,394
- Less Total Expenses (Operating, Non-Operating, and Capital (after Capitalization)	$ (378,780,741)
- Less Depreciation Expense	$ (149,440,887)
+ Plus Principal Payments on Long-term Debt	$ 12,252,726
- Less Sale of Assets (Gross Cash Received)	$ (3,398,553)
- Less Proceeds of Capital Leases	$ (31,395,382)
+ Plus Capital Contributions to Assets	$ 253,148
Change in Net Position (Statement of Revenues, Exenses, and Changes in Net Position)	$ (69,466,295)

Statistical

For Fiscal Year Ended
December 31, 2017
and 2016

UTAH TRANSIT AUTHORITY

NET POSITION AS OF December 31 - 10 years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Capital Investment in Net Assets	$894,275,843	$924,260,135	$1,040,640,236	$1,230,633,230	$1,327,585,097	$1,364,803,454	$1,366,337,801	$1,133,832,808	$953,013,398	$766,098,289
Restricted	89,153,732	67,415,969	78,064,113	62,860,625	7,252,625	3,952,493	3,929,644	4,071,242	3,813,103	3,932,060
Unrestricted	10,247,844	71,467,610	76,467,063	137,910,343	242,267,181	304,753,885	276,960,064	505,464,819	527,478,988	439,343,658
Total Net Position	993,677,419	1,063,143,714	1,195,171,412	1,431,404,198	1,577,104,903	1,673,509,832	1,647,227,509	1,643,368,869	1,484,305,489	1,209,374,007
Restatement	-		(9,497,521)	(115,047,267)	4,931,557					
Total Net Position, Restated	$993,677,419	$1,063,143,714	$1,185,673,891	$1,316,356,931	$1,582,036,460	$1,673,509,832	$1,647,227,509	$1,643,368,869	$1,484,305,489	$1,209,374,007

CHANGE IN NET POSITION - 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues	$54,525,870	$52,891,021	$54,346,242	$53,761,223	$52,044,200	$46,422,916	$41,527,090	$36,893,396	$35,163,780	$34,906,043
Operating Expenses	427,777,940	422,543,342	394,062,733	398,626,029	378,224,993	319,322,223	288,531,160	257,267,580	255,931,379	223,794,244
Operating loss	(373,252,070)	(369,652,321)	(339,716,491)	(344,864,806)	(326,180,793)	(272,899,307)	(247,004,070)	(220,374,184)	(220,767,599)	(188,888,201)
Non-Operating Revenues	246,722,487	226,957,532	209,462,264	182,843,232	173,520,664	200,370,290	205,877,440	219,663,490	220,089,438	216,032,690
Income (loss) before capital contributions	(126,529,583)	(142,694,789)	(130,254,227)	(162,021,574)	(152,660,129)	(72,529,017)	(41,126,630)	(710,694)	(678,161)	27,144,489
Capital contributions	57,063,288	20,164,612	9,068,708	11,389,311	56,255,200	98,811,340	44,985,270	159,744,074	275,609,643	70,106,725
Change in net position	($69,466,295)	($122,530,177)	($121,185,519)	($150,632,263)	($96,404,929)	$26,282,323	$3,858,640	$159,033,380	$274,931,482	$97,251,214

Revenue History by Source - 10 Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating	$54,525,870	$52,891,021	$54,346,242	$53,761,223	$52,044,200	$46,422,916	$41,527,090	$36,893,396	$35,163,780	$34,906,043
Sales taxes	265,770,775	245,008,417	227,703,023	214,683,276	203,806,329	196,693,543	183,091,524	171,893,732	171,854,169	188,547,380
Investment	2,873,787	1,732,939	2,831,406	5,803,226	1,455,039	1,892,549	3,672,397	3,827,161	9,389,045	16,070,989
Other	3,954,893	3,108,191	8,314,065	3,724,610	4,347,724	2,351,713	3,483,140	2,929,254	2,797,757	1,425,891
	327,125,325	302,740,568	293,194,736	277,972,335	261,653,292	247,360,721	231,774,151	215,543,543	219,204,751	240,950,303
Federal Grants										
Federal Preventative Maintenance Grants	62,313,994	59,772,235	49,452,677	47,760,737	47,986,240	46,719,891	47,735,443	46,500,000	44,974,000	32,908,557
Federal Planning Grants		3,562,534	2,547,335	2,994,139	3,868,252	1,985,766	11,583,980	12,637,764	15,224,723	12,768,044
Federal Capital Grants	53,960,024	17,054,298	7,819,096	8,025,628	48,669,408	85,168,542	44,864,016	156,727,641	256,527,803	65,383,547
	116,274,018	80,389,067	59,819,108	58,780,504	100,523,900	133,874,199	104,183,439	215,865,405	316,726,526	111,060,148
Other Capital Contributions	3,103,264	3,110,314	1,249,612	3,363,683	7,585,792	13,642,798	121,254	3,046,433	19,081,840	4,723,178
	$446,502,607	$386,239,949	$354,263,456	$340,116,522	$369,762,984	$394,877,718	$336,078,844	$434,455,381	$555,013,117	$356,733,629

Expense History by Function - 10 Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bus Service	$88,928,063	$85,841,973	$77,092,676	$79,060,631	$78,894,435	$78,894,799	$81,208,651	$79,522,988	$79,054,373	$82,136,736
Rail Service	72,895,607	84,165,069	67,254,632	70,365,953	61,086,101	46,049,338	38,135,480	33,787,601	34,681,800	29,938,257
Paratransit Service	19,572,367	19,341,116	18,511,580	18,748,699	18,202,211	17,516,117	16,054,555	14,570,401	14,595,021	14,879,263
Other Service	2,982,176	2,949,643	2,918,871	3,183,892	701,656	596,583	535,897	589,356	517,571	321,241
Operations Support	41,932,571	37,831,682	32,051,926	28,380,563	28,439,826	25,247,271	21,643,830	23,147,075	26,083,512	23,561,835
Administration [1]	31,423,844	38,840,643	35,189,725	35,409,918	28,533,912	26,664,222	26,340,573	22,286,055	26,105,521	22,215,090
Depreciation	149,440,887	153,573,216	161,043,323	163,476,373	162,366,852	124,353,893	104,612,174	83,364,104	74,893,581	50,741,822
Interest [2]	88,190,962	85,415,870	80,575,328	91,311,842	87,132,004	48,462,258	42,878,130	17,313,507	23,050,963	35,455,355
Recoverable Sales Tax, Interlocal [3]	-	810,914	810,914	810,914	810,914	810,914	810,914	810,914	1,099,293	232,816
	$495,366,477	$508,770,126	$475,448,975	$490,748,785	$466,167,911	$368,595,395	$332,220,204	$275,392,001	$280,081,635	$259,482,415

[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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Box Elder [1]	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	1,155,713
Davis	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	17,857,247
Salt Lake	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	125,688,483
Tooele [2]	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	1,221,602
Utah	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	27,401,909
Weber	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	15,222,426
	$265,770,775	$245,008,417	$227,703,023	$214,683,276	$203,806,329	$196,693,543	$183,091,524	$171,893,732	$171,854,169	$188,547,380

[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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Box Elder	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.3000%
Davis	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5000%
Salt Lake	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%	0.6875%
Tooele	0.4000%	0.4000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%	0.3000%
Utah	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%	0.5260%
Weber	0.6500%	0.6500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5500%	0.5000%

PRINCIPAL CONTRIBUTORS OF SALES TAX BY COUNTY - 10 YEARS

	2017			2008		
	Rank	Percentage of contributions	Amount	Rank	Percentage of contributions	Amount
Salt Lake County	1	61.48%	$ 163,407,564	1	66.66%	$ 125,688,483
Utah County	2	16.19%	43,023,303	2	14.53%	27,401,909
Davis County	3	11.53%	30,633,547	3	9.47%	17,857,247
Weber County	4	9.20%	24,446,129	4	8.07%	15,222,426
Box Elder County	5	0.74%	1,957,740	6	0.61%	1,155,713
Tooele County	6	0.87%	2,302,492	5	0.65%	1,221,602
			$ 265,770,775			$ 188,547,380

FARES - 10 Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
						(4/1/12)	(5/1/11)	(11/1/10)	(4/1/09)	(1/1/08)
Cash Fares										
Base Fare	$2.50	$2.50	$2.50	$2.50	$2.50	$2.35	$2.25	$2.00	$2.00	$1.75
Senior Citizen/Disabled	1.25	1.25	1.25	1.25	1.25	1.15	1.10	1.00	1.00	0.85
Ski Bus	4.50	4.50	4.50	4.50	4.50	4.25	4.00	3.50	3.50	4.00
Paratransit (Flextrans)	4.00	4.00	4.00	4.00	4.00	3.50	2.75	2.50	2.50	2.25
Commuter Rail Base Rate	2.50	2.50	2.50	2.50	2.50	2.35	2.25	2.00	3.00	2.50
Commuter Rail Additional Station	0.60	0.60	0.60	0.60	0.60	0.55	0.50	0.50	0.50	0.50
Commuter Rail Maximum Rate	10.30	10.30	10.30	10.30	10.30	5.10	5.25	5.00	6.00	5.50
Exrpess	5.50	5.50	5.50	5.50	5.50	5.25	5.00	4.50	4.50	4.00
Streetcar	1.00	1.00	1.00	1.00	1.00	n/a	n/a	n/a	n/a	n/a
Monthly Passes										
Adult	$83.75	$83.75	$83.75	$83.75	$83.75	$78.50	$75.00	$67.00	$67.00	$58.50
Minor	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75	43.50
College Student	62.75	62.75	62.75	62.75	62.75	58.75	56.25	49.75	49.75	43.50
Senior Citizen/Disabled	41.75	41.75	41.75	41.75	41.75	39.25	37.50	33.50	33.50	28.25
Express	198.00	198.00	198.00	198.00	198.00	189.00	180.00	162.00	162.00	145.00
Paratransit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	84.00	76.00
Other Fares										
Day Pass	$6.25	$6.25	$6.25	$6.25	$6.25	$5.75	$5.50	$5.00	$5.00	$4.50
Group Pass	15.00	15.00	15.00	15.00	15.00	14.00	13.50	12.00	13.75	12.50
Summer Youth	99.00	99.00	99.00	99.00	n/a	n/a	n/a	n/a	99.50	87.00
Token - 10-Pack	22.50	22.50	22.50	22.50	22.50	21.00	20.25	17.75	17.75	17.50
Paratransit - 10-Ride Ticket	40.00	40.00	40.00	40.00	40.00	35.00	30.00	25.00	22.00	20.00
Paratransit - 30-Ride Ticket	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	54.00	48.50
Ski Day Pass	n/a	n/a	n/a	n/a	n/a	n/a	8.00	7.00	7.00	7.00

DEBT SERVICE COVERAGE - 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Sales Tax	$ 265,770,775	$ 245,008,417	$ 227,703,023	$ 214,683,276	$ 203,806,329	$ 196,693,543	$ 183,091,524	$ 171,893,732	$ 171,854,169	$ 188,547,380
Less Proposition 1 Sales Taxes	(9,028,025)	(6,423,436)								
Total Pledge Sales Tax to Debt	256,742,750	238,584,981	227,703,023	214,683,276	203,806,329	196,693,543	183,091,524	171,893,732	171,854,169	188,547,380
Debt Service Requirement										
Principal	8,750,000	13,570,000	11,445,000	7,810,000	7,450,000	7,615,000	7,300,000	6,960,000	6,665,000	6,395,000
Interest Net of Federal Subsidies	77,765,121	94,893,898	84,785,200	91,382,184	84,319,531	71,837,998	71,932,011	63,782,164	59,841,145	43,952,198
Total Debt Service Requirement	$ 86,515,121	$ 108,463,898	$ 96,230,200	$ 99,192,184	$ 91,769,531	$ 79,452,998	$ 79,232,011	$ 70,742,164	$ 66,506,145	$ 50,347,198
Coverage	2.97	2.26	2.37	2.16	2.22	2.48	2.31	2.43	2.58	3.74

Note Does not include Utah Count Provo Orem BRT debt

DEMOGRAPHIC AND ECONOMIC STATISTICS - 10 YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Population	3,101,833	2,377,256	2,335,999	2,303,781	2,266,836	2,233,268	2,201,736	2,158,269	2,110,991	2,060,110
Income (in millions)	$130,409,737	$93,617,901	$89,319,546	$85,916,480	$82,025,459	$77,738,053	$73,036,786	$71,636,728	$74,033,176	$71,400,077
Per Capita Personal Income	$42,043	$39,381	$38,236	$37,294	$36,185	$34,809	$33,172	$33,192	$35,070	$34,658
Utah Unemployment Rate	3.1%	3.4%	3.5%	3.5%	5.6%	6.0%	7.5%	6.0%	3.7%	2.6%

Source: US Dept of Commerce, Bureau of Economic Analysis, Regional Data (www.bea.gov)
Unemployement rate - Utah Department of Workforce Services
2017 data not available at the time of report

PRINCIPAL EMPLOYERS - 10 YEARS

		2016				2007		
Employer	Industry	Employees	Rank	% Total Employment	Employer	Employees	Rank	% Total Employment
Intermountain Healthcare	Health Care	20,000 +	1	1.4%	Intermountain Health Care	20000+	1	1.5%
University of Utah (Including Hospital)	Higher Education	20,000 +	2	1.4%	State of Utah	20000+	2	1.5%
State of Utah	State Government	20,000 +	3	1.4%	University of Utah	15000-19999	3	1.3%
Brigham Young University	Higher Education	15,000-19,999	4	1.2%	Brigham Young University	15000-19999	4	1.3%
Wal-Mart Associates	Warehouse Clubs/Supercenters	15,000-19,999	5	1.2%	Wal Mart Stores	15000-19999	5	0.9%
Hill Air Force Base	Federal Government	10,000-14,999	6	0.9%	Hill Air Force Base	10000-14999	6	0.9%
Utah State University	Higher Education	7,000-9,999	7	0.6%	Granite School District	7000-9999	9	0.6%
Davis County School District	Public Education	7,000-9,999	8	0.6%	Jordan School District	7000-9999	7	0.6%
Granite School District	Public Education	7,000-9,999	9	0.6%	Utah State University	7000-9999	10	0.5%
Smith's Food and Drug Centers	Grocery Stores	7,000-9,999	10	0.5%	Davis County School District	5000-6999	15	0.5%
Alpine School District	Public Education	7,000-9,999	11	0.5%	Convergys	5000-6999	12	0.5%
Jordan School District	Public Education	5,000-6,999	12	0.5%	Kroger Group	5000-6999	14	0.5%
Salt Lake County	Local Government	5,000-6,999	13	0.5%	Salt Lake County	5000-6999	8	0.6%
U.S. Postal Service	Federal Government	5,000-6,999	14	0.5%	Alpine School District	5000-6999	13	0.5%
Utah Valley University	Higher Education	5,000-6,999	15	0.5%	Internal Revenue Service	5000-6999	29	0.3%

Source: Department of workforce Services
Largest Employers by county https://jobs.utah.gov/wi/data/firm/majoremployers.html
Annual Report of Labor Market Information https://jobs.utah.gov/wi/pubs/em/annual/current/index.html
2017 data not available at time of report

FULL-TIME EQUIVALENT AUTHORITY EMPLOYEES - 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Bus operations	1,030	1,028	951	945	911	963	950	998	1,023	1,050
Rail operations	580	563	527	542	526	506	425	335	314	293
Paratransit operations	191	192	188	183	176	168	168	140	141	141
Other services	9	9	12	10	10	12	11	11	11	10
Support services	365	366	349	323	335	293	284	239	249	256
Administration	243	212	210	207	195	217	224	238	242	224
Total	2,417	2,368	2,237	2,210	2,153	2,159	2,062	1,961	1,980	1,974

Source: Budget document

TREND STATISTICS - 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Passengers										
Bus service	19,749,855	20,033,242	20,560,068	20,165,174	19,695,711	21,222,669	21,560,358	21,716,864	20,657,019	23,395,624
Rail service	23,677,677	23,765,873	24,349,674	24,337,451	22,814,274	19,421,608	16,944,264	14,790,418	14,707,601	16,182,145
Paratransit service	386,977	389,019	388,169	372,499	383,453	715,034	683,336	509,625	500,242	478,242
Vanpool service	1,264,410	1,333,780	1,423,675	1,404,285	1,387,816	1,446,766	1,417,183	1,346,949	1,353,697	1,657,697
Total passengers	45,078,919	45,521,914	46,721,586	46,279,409	44,281,254	42,806,077	40,605,141	38,363,856	37,218,559	41,713,708
Revenue Miles										
Bus service	17,454,404	15,462,834	15,367,510	15,660,520	15,706,028	15,091,645	15,869,340	16,412,862	16,777,762	16,759,734
Rail service	12,082,292	12,070,277	11,988,005	11,784,146	11,681,251	7,905,460	6,019,693	5,312,506	5,568,699	4,412,001
Paratransit service	2,727,127	2,505,343	2,293,887	2,513,535	2,932,842	3,252,193	4,094,325	2,799,362	2,928,929	2,939,442
Vanpool service	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016	9,177,917
Total passengers	38,713,262	36,556,604	36,383,889	36,818,003	37,373,312	33,803,276	34,026,114	31,867,052	33,075,406	33,289,094
Total Miles										
Bus service	19,899,364	17,511,624	17,662,486	17,864,847	17,191,018	16,553,983	17,416,367	18,820,702	19,342,359	19,398,050
Rail service	12,202,976	12,189,876	12,368,934	11,814,332	11,773,929	7,987,022	6,073,807	5,365,270	5,626,707	4,454,559
Paratransit service	3,263,607	3,254,559	3,192,367	2,844,468	3,493,247	4,088,027	5,256,369	3,473,129	3,637,806	3,637,255
Vanpool service	6,449,439	6,518,150	6,734,487	6,859,802	7,053,191	7,553,978	8,042,756	7,342,322	7,800,016	9,177,917
Total miles	41,815,386	39,474,209	39,958,274	39,383,449	39,511,385	36,183,010	36,789,299	35,001,423	36,406,888	36,667,781
Passengers per Mile										
Bus service	1.13	1.30	1.34	1.29	1.25	1.41	1.36	1.32	1.23	1.40
Rail service	1.96	1.97	2.03	2.07	1.95	2.46	2.81	2.78	2.64	3.67
Paratransit service	0.14	0.16	0.17	0.15	0.13	0.22	0.17	0.18	0.17	0.16
Vanpool service	0.20	0.20	0.21	0.20	0.20	0.19	0.18	0.18	0.17	0.18
Total passengers per mile	1.16	1.25	1.28	1.26	1.18	1.27	1.19	1.20	1.13	1.25
Revenue Hours										
Bus service	1,258,448	1,087,055	1,070,139	1,108,894	933,662	834,985	866,268	897,294	904,282	895,943
Rail service	513,389	511,082	506,233	487,435	641,914	536,066	388,826	295,227	374,300	326,610
Paratransit service	162,198	162,734	160,383	164,527	191,016	227,013	300,760	201,994	211,369	208,896
Total revenue hours	1,934,035	1,760,871	1,736,755	1,760,856	1,766,592	1,598,064	1,555,854	1,394,515	1,489,951	1,431,449
Passengers per Revenue Hour										
Bus service	15.69	18.43	19.21	18.18	21.10	25.42	24.89	24.20	22.84	26.11
Rail service	46.12	46.50	48.10	49.93	35.54	36.23	43.58	50.10	39.29	49.55
Paratransit service	2.39	2.39	2.42	2.26	2.01	3.15	2.27	2.52	2.37	2.29
Total passengers per mile	22.65	25.09	26.08	25.48	24.28	25.88	25.19	26.54	24.07	27.98
Total System										
Fare revenue	$52,159,202	$50,624,354	$52,112,909	$51,461,223	$49,977,533	$44,489,583	$39,693,757	$35,160,063	$33,530,449	$33,439,374
Operating expense	$257,734,612	$268,970,126	$242,516,933	$235,149,656	$215,858,141	$194,968,330	$183,918,986	$173,903,476	$181,037,798	$173,052,423
Cost per revenue mile	$6.66	$7.36	$6.67	$6.39	$5.78	$5.77	$5.41	$5.46	$5.47	$5.20
Cost per passenger	$5.72	$5.91	$5.19	$5.08	$4.87	$4.55	$4.53	$4.53	$4.86	$4.15
Fare revenue per passenger	$1.16	$1.11	$1.12	$1.11	$1.13	$1.04	$0.98	$0.92	$0.90	$0.80

Note: Does not include commuter bus or contract transportation.

OPERATING INDICATORS AND CAPITAL ASSETS - 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of bus routes*	119	125	126	121	119	125	119	127	128	120
Number of rail routes										
Light rail	4	4	4	4	4	3	3	3	3	3
Commuter rail	1	1	1	1	1	1	1	1	1	1
Average passengers (weekday)	156,288	155,873	161,862	161,339	152,644	152,934	142,186	134,736	141,047	139,911
Buses	582	567	555	535	493	570	495	496	501	481
Paratransit vehicles (buses/vans)	148	129		84	113	110	112	96	101	105
Rail vehicles										
Light rail	146	146	146	146	146	122	122	55	55	55
Commuter rail	81	81	81	81	81	57	55	37	37	34
Vanpool vehicles	453	503	495	479	470	494	485	414	403	452
Park and ride lots[1]		46	41							
Bus stops	6,100	6,196	6,250	6,250	6,273	6,333	6,600	6,645	6,410	6,380
Rail stations										
Light rail	57	57	57	51	51	41	41	28	28	28
Commuter rail	16	16	16	16	16	16	7	8	8	8

* Including flex

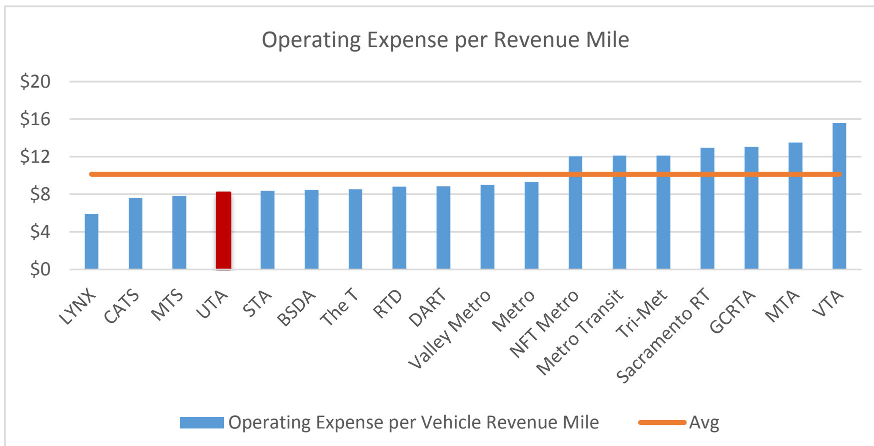
[1] As of 2017 started distinguishing between rail and non rail park and ride lots

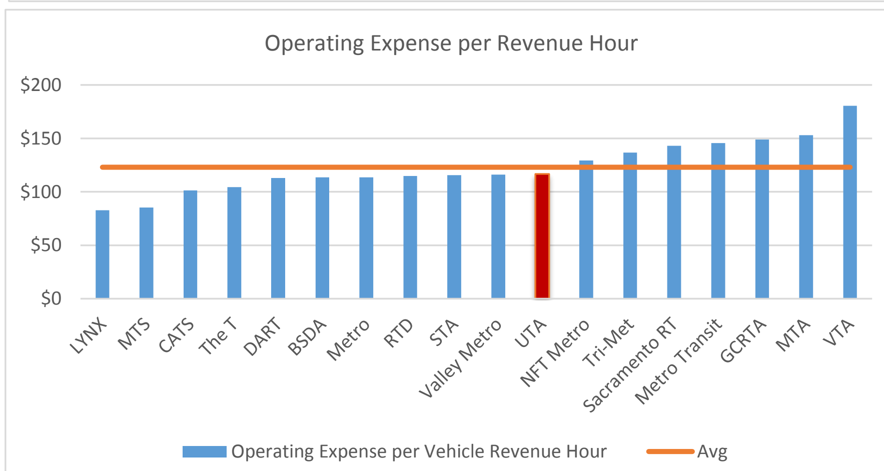
PERFORMANCE MEASURES - BUS SERVICE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2016), 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	$ 8.21	$ 116.67
Baltimore, MD	MTA	13.51	153.04
Buffalo, NY	NFT Metro	12.05	129.31
Charlotte, NC	CATS	7.65	101.37
Cleveland, OH	GCRTA	13.05	148.86
Dallas, TX	DART	8.86	112.85
Denver, CO	RTD	8.82	114.86
Ft Worth, TX	The T	8.54	104.30
Houston, TX	Metro	9.33	113.58
Minneapolis, MN	Metro Transit	12.13	145.57
Orlando, FL	LYNX	5.93	82.70
Phoenix, AZ	Valley Metro	9.03	116.01
Portland, OR	Tri-Met	12.14	136.74
Sacramento, CA	Sacramento RT	12.98	142.98
San Diego	MTS	7.83	85.33
San Jose, CA	VTA	15.57	180.58
Spokane, WA	STA	8.38	115.62
St Louis, MO	BSDA	8.49	113.44
Average		$ 10.14	$ 122.99
Maximum		15.57	180.58
Minimum		5.93	82.70
Standard Deviation		2.61	24.71

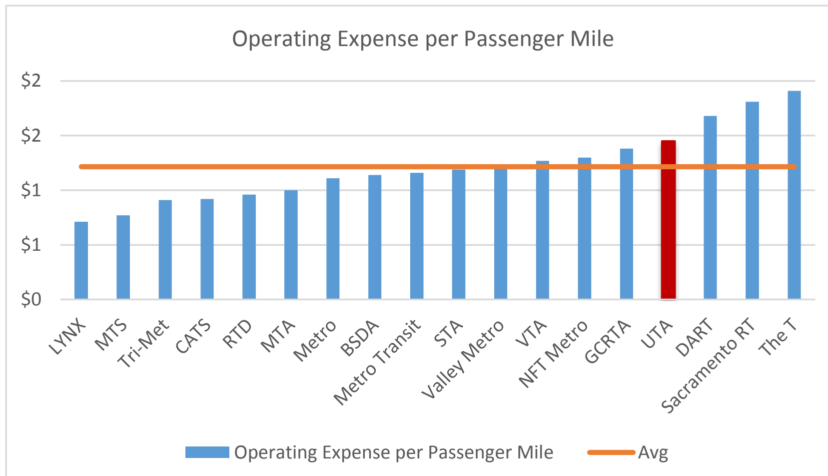


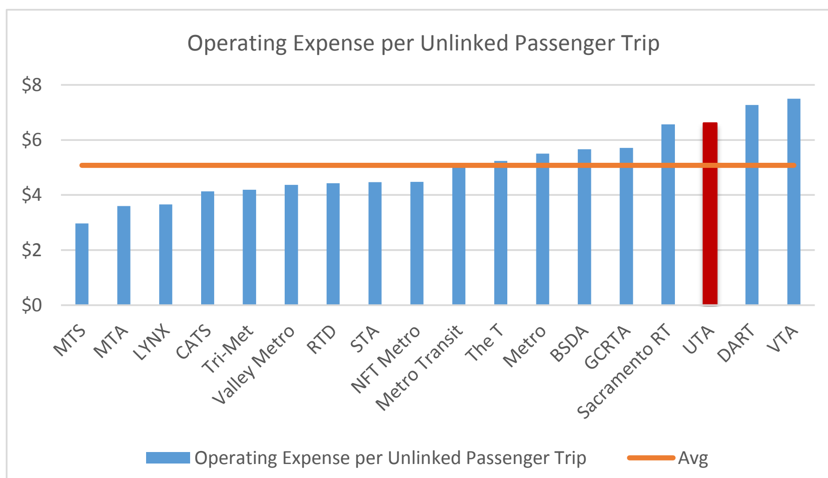


PERFORMANCE MEASURES - BUS SERVICE (continued)

Cost Effectiveness

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	$ 1.45	$ 6.61
Baltimore, MD	MTA	1.00	3.60
Buffalo, NY	NFT Metro	1.30	4.48
Charlotte, NC	CATS	0.92	4.13
Cleveland, OH	GCRTA	1.38	5.71
Dallas, TX	DART	1.68	7.27
Denver, CO	RTD	0.96	4.43
Ft Worth, TX	The T	1.91	5.24
Houston, TX	Metro	1.11	5.50
Minneapolis, MN	Metro Transit	1.16	5.06
Orlando, FL	LYNX	0.71	3.66
Phoenix, AZ	Valley Metro	1.20	4.37
Portland, OR	Tri-Met	0.91	4.19
Sacramento, CA	Sacramento RT	1.81	6.55
San Diego	MTS	0.77	2.97
San Jose, CA	VTA	1.27	7.50
Spokane, WA	STA	1.19	4.47
St Louis, MO	BSDA	1.14	5.66
Average		$ 1.22	$ 5.08
Maximum		1.91	7.50
Minimum		0.71	2.97
Standard Deviation		0.34	1.29

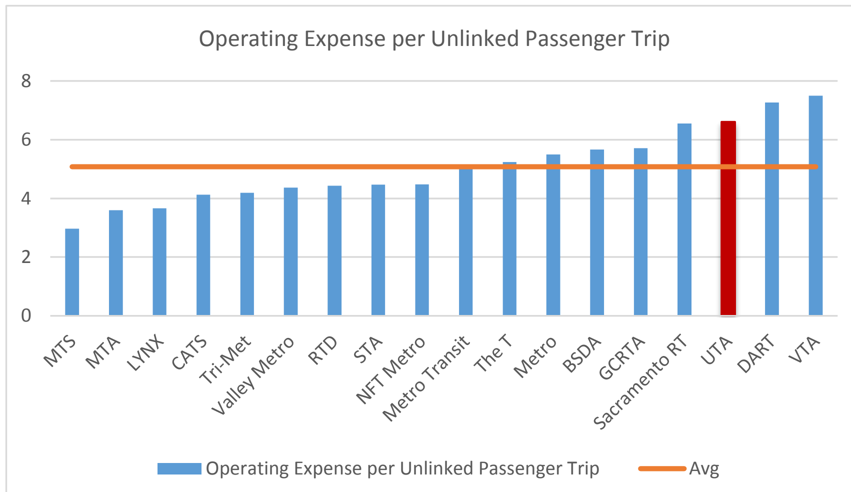


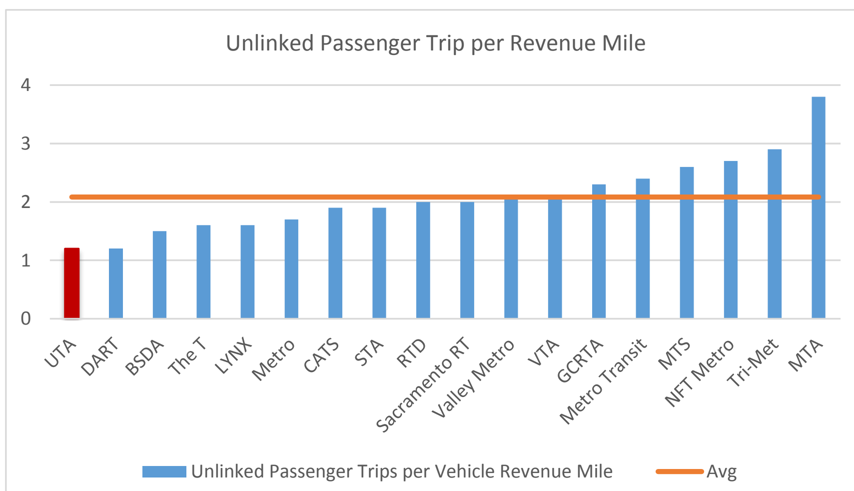


PERFORMANCE MEASURES - BUS SERVICE (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	1.20	17.70
Baltimore, MD	MTA	3.80	42.50
Buffalo, NY	NFT Metro	2.70	28.90
Charlotte, NC	CATS	1.90	24.50
Cleveland, OH	GCRTA	2.30	26.10
Dallas, TX	DART	1.20	15.50
Denver, CO	RTD	2.00	26.00
Ft Worth, TX	The T	1.60	19.90
Houston, TX	Metro	1.70	20.60
Minneapolis, MN	Metro Transit	2.40	28.80
Orlando, FL	LYNX	1.60	22.60
Phoenix, AZ	Valley Metro	2.10	26.50
Portland, OR	Tri-Met	2.90	32.70
Sacramento, CA	Sacramento RT	2.00	21.80
San Diego	MTS	2.60	28.70
San Jose, CA	VTA	2.10	24.10
Spokane, WA	STA	1.90	25.80
St Louis, MO	BSDA	1.50	20.00
Average		2.08	25.15
Maximum		3.80	42.50
Minimum		1.20	15.50
Standard Deviation		0.64	6.16



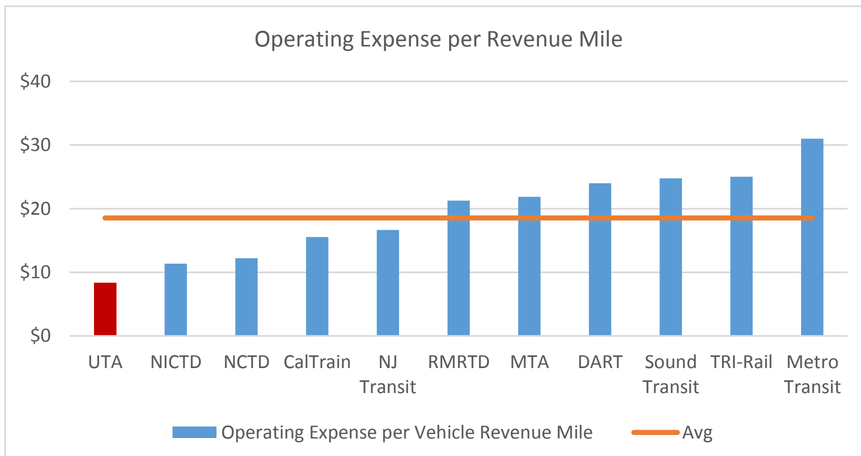


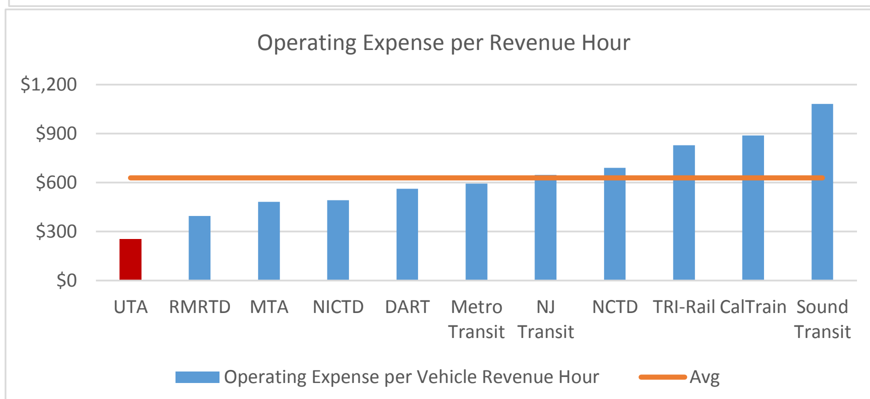
PERFORMANCE MEASURES - COMMUTER RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2016), 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	$ 8.37	$ 289.71
Albuquerque, NM	RMRTD	21.28	814.30
Baltimore, MD	MTA	21.85	841.15
Chesterton, IN	NICTD	11.36	410.20
Dallas, TX	DART	24.01	564.41
Minneapolis, MN	Metro Transit	30.99	1,222.41
Newark, NJ	NJ Transit	16.66	551.38
Oceanside, CA	NCTD	12.20	482.86
Pompano Beach, FL	TRI-Rail	25.03	721.81
San Carlos, CA	CalTrain	15.55	549.24
Seattle, WA	Sound Transit	24.75	749.30
Average		$ 19.28	$ 654.25
Maximum		30.99	1,222.41
Minimum		8.37	289.71
Standard Deviation		6.97	254.65

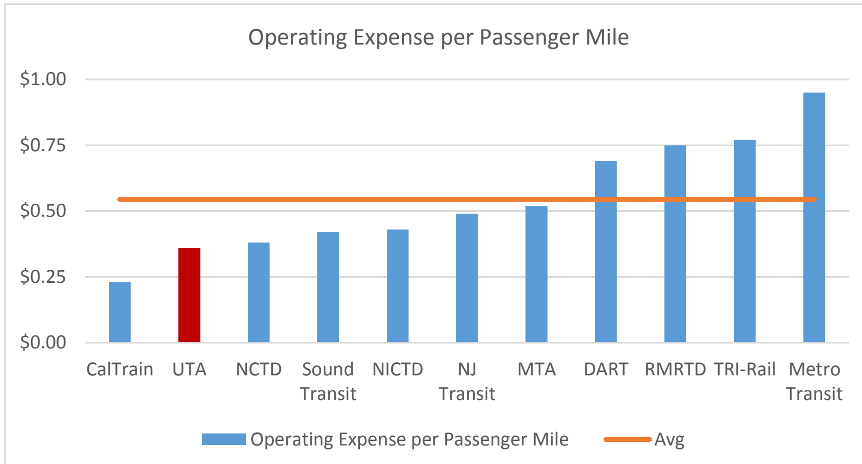


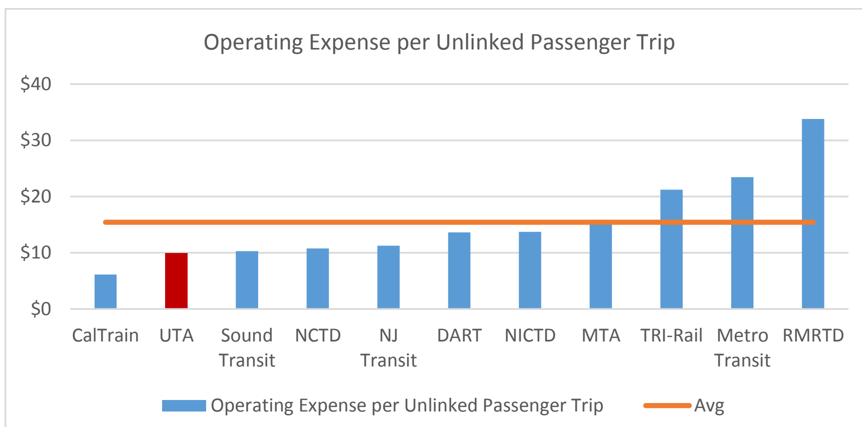


PERFORMANCE MEASURES - COMMUTER RAIL (continued)

Cost Effectiveness

City	Agency	Operating Expense per Vehicle Revenue Mile	Operating Expense per Vehicle Revenue Hour
Salt Lake City, UT	UTA	$ 0.36	$ 9.95
Albuquerque, NM	RMRTD	0.75	33.78
Baltimore, MD	MTA	0.52	15.57
Chesterton, IN	NICTD	0.43	13.72
Dallas, TX	DART	0.69	13.62
Minneapolis, MN	Metro Transit	0.95	23.45
Newark, NJ	NJ Transit	0.49	11.25
Oceanside, CA	NCTD	0.38	10.76
Pompano Beach, FL	TRI-Rail	0.77	21.22
San Carlos, CA	CalTrain	0.23	6.11
Seattle, WA	Sound Transit	0.42	10.30
Average		$ 0.54	$ 15.43
Maximum		0.95	33.78
Minimum		0.23	6.11
Standard Deviation		0.22	7.89

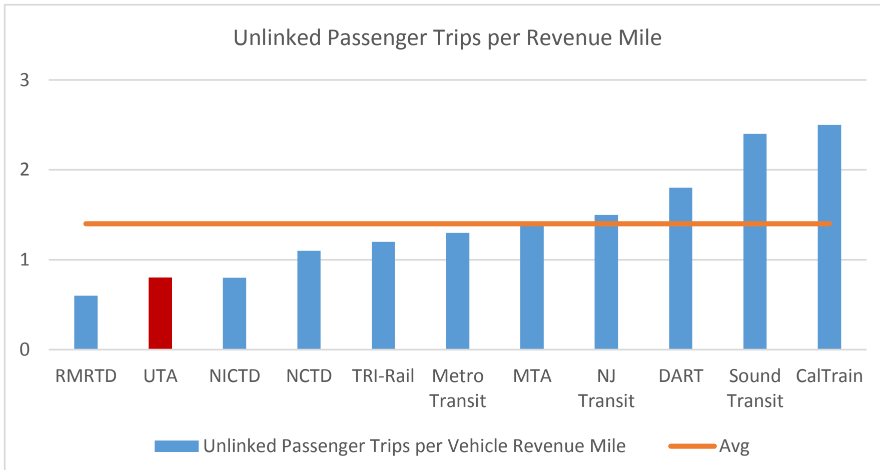


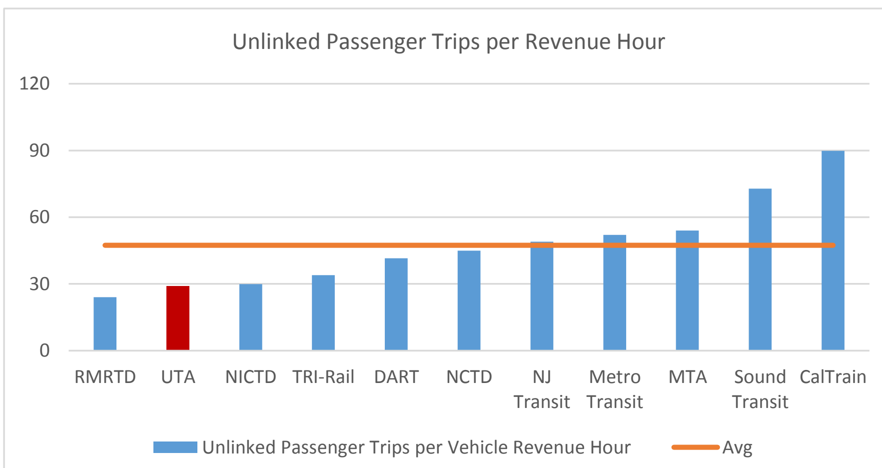


PERFORMANCE MEASURES - COMMUTER RAIL (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	0.80	29.10
Albuquerque, NM	RMRTD	0.60	24.10
Baltimore, MD	MTA	1.40	54.00
Chesterton, IN	NICTD	0.80	29.90
Dallas, TX	DART	1.80	41.50
Minneapolis, MN	Metro Transit	1.30	52.10
Newark, NJ	NJ Transit	1.50	49.00
Oceanside, CA	NCTD	1.10	44.90
Pompano Beach, FL	TRI-Rail	1.20	34.00
San Carlos, CA	CalTrain	2.50	89.80
Seattle, WA	Sound Transit	2.40	72.80
Average		1.40	47.38
Maximum		2.50	89.80
Minimum		0.60	24.10
Standard Deviation		0.62	19.79



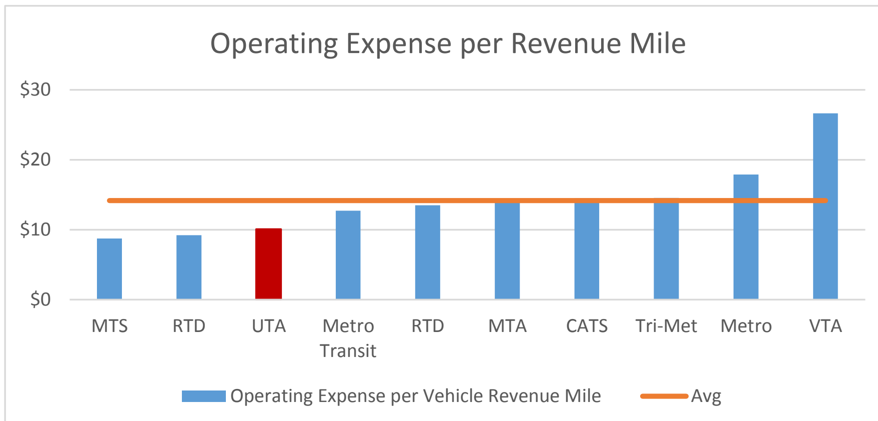


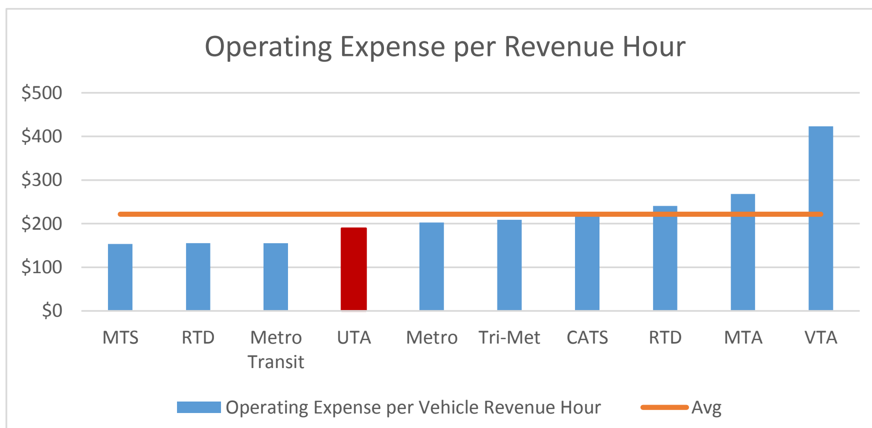
PERFORMANCE MEASURES - LIGHT RAIL

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2016), 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	$ 10.08	$ 189.33
Baltimore, MD	MTA	13.87	268.32
Charlotte, NC	CATS	14.49	220.58
Denver, CO	RTD	9.21	155.16
Houston, TX	Metro	17.90	202.45
Minneapolis, MN	Metro Transit	12.73	155.21
Portland, OR	Tri-Met	14.53	208.72
Sacramento, CA	RTD	13.49	240.34
San Diego, CA	MTS	8.71	153.27
San Jose, CA	VTA	26.63	423.09
Average		$ 14.16	$ 221.65
Maximum		26.63	423.09
Minimum		8.71	153.27
Standard Deviation		5.20	80.41

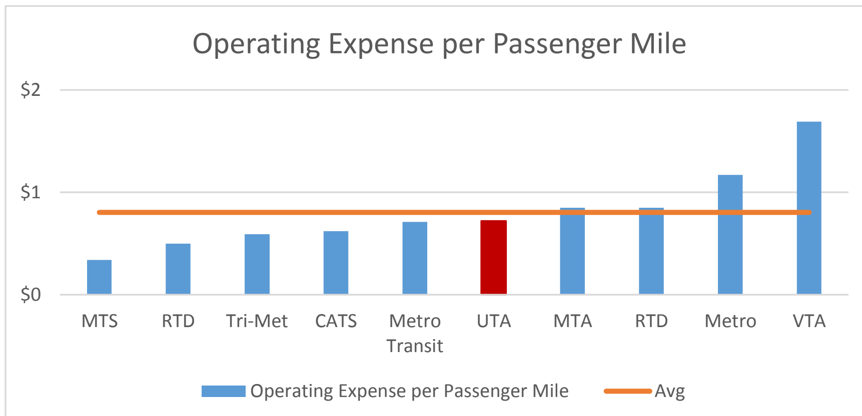


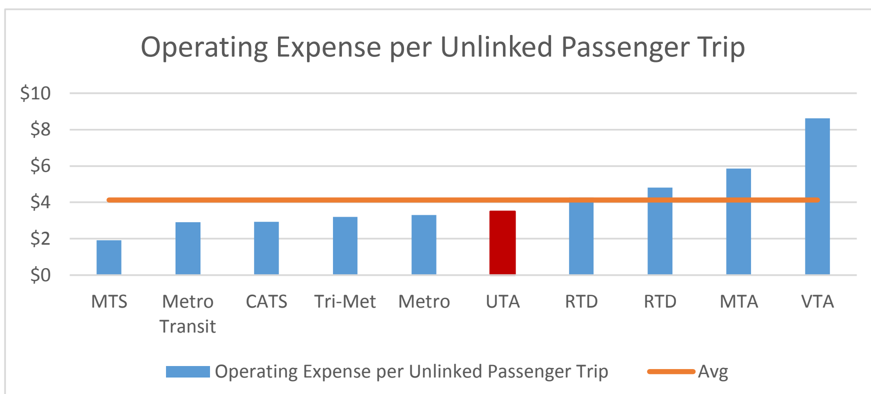


PERFORMANCE MEASURES - LIGHT RAIL (continued)

Cost Effectiveness

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	$ 0.72	$ 3.50
Baltimore, MD	MTA	0.85	5.86
Charlotte, NC	CATS	0.62	2.93
Denver, CO	RTD	0.50	4.26
Houston, TX	Metro	1.17	3.30
Minneapolis, MN	Metro Transit	0.71	2.90
Portland, OR	Tri-Met	0.59	3.20
Sacramento, CA	RTD	0.85	4.82
San Diego, CA	MTS	0.34	1.91
San Jose, CA	VTA	1.69	8.62
Average		$ 0.80	$ 4.13
Maximum		1.69	8.62
Minimum		0.34	1.91
Standard Deviation		0.38	1.93

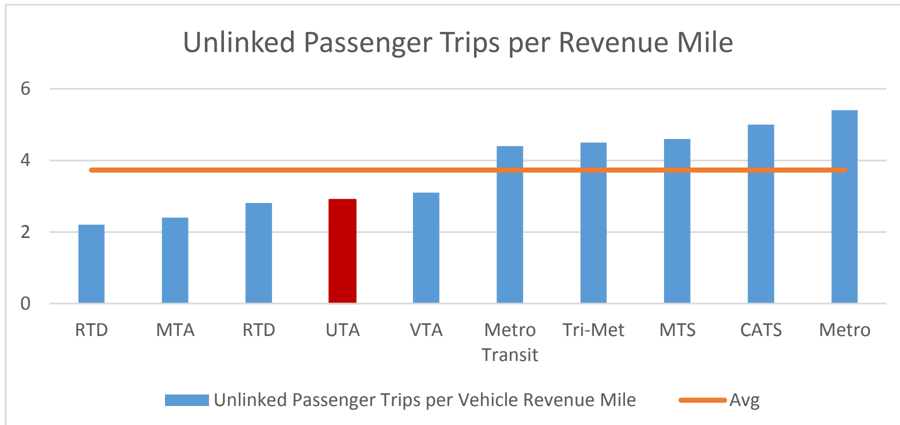


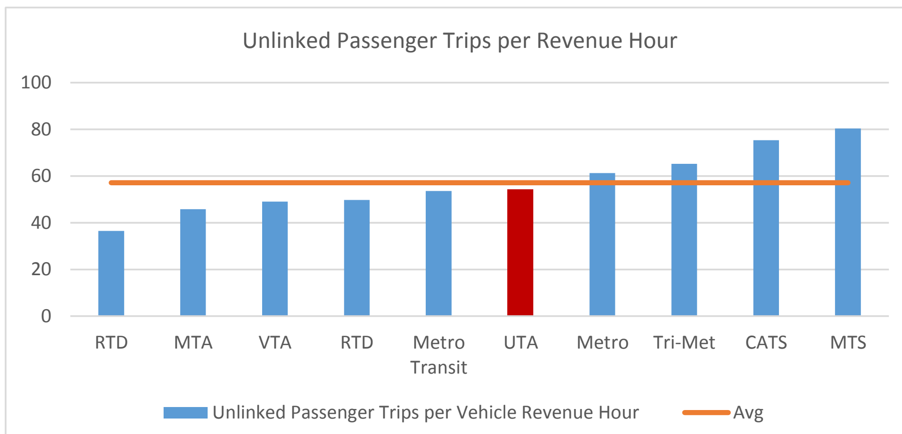


PERFORMANCE MEASURES - LIGHT RAIL (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	2.90	54.20
Baltimore, MD	MTA	2.40	45.80
Charlotte, NC	CATS	5.00	75.30
Denver, CO	RTD	2.20	36.50
Houston, TX	Metro	5.40	61.30
Minneapolis, MN	Metro Transit	4.40	53.60
Portland, OR	Tri-Met	4.50	65.20
Sacramento, CA	RTD	2.80	49.80
San Diego, CA	MTS	4.60	80.40
San Jose, CA	VTA	3.10	49.10
Average		3.73	57.12
Maximum		5.40	80.40
Minimum		2.20	36.50
Standard Deviation		1.17	13.53



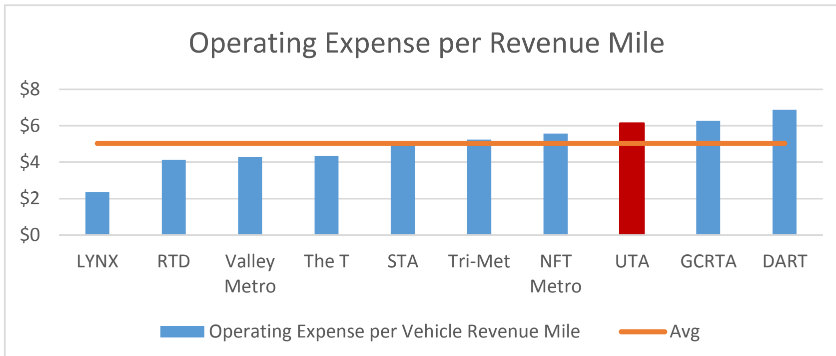


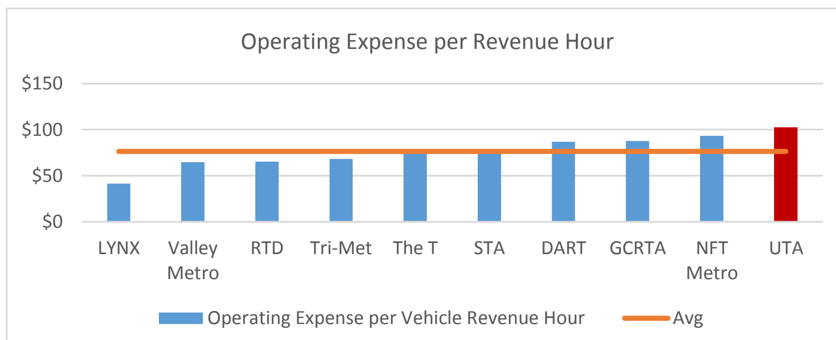
PERFORMANCE MEASURES - DEMAND RESPONSE

The following charts contain information from the Federal Transit Administration's National Transit Database (NTD)) for the most recent year available (2016), 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	$ 6.14	$ 102.14
Buffalo, NY	NFT Metro	5.57	93.40
Cleveland, OH	GCRTA	6.28	87.75
Dallas, TX	DART	6.87	86.84
Denver, CO	RTD	4.13	65.31
Fort Worth, TX	The T	4.35	75.29
Orlando, FL	LYNX	2.35	41.40
Phoenix, AZ	Valley Metro	4.29	64.62
Portland, OR	Tri-Met	5.25	68.39
Spokane, WA	STA	5.08	78.60
Average		$ 5.03	$ 76.37
Maximum		6.87	102.14
Minimum		2.35	41.40
Standard Deviation		1.31	17.47

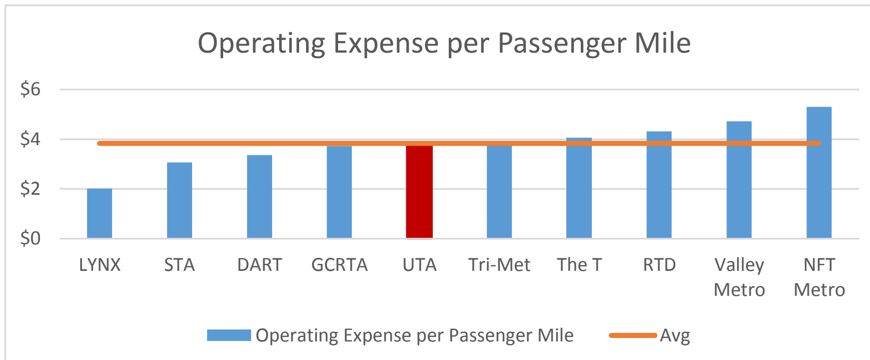


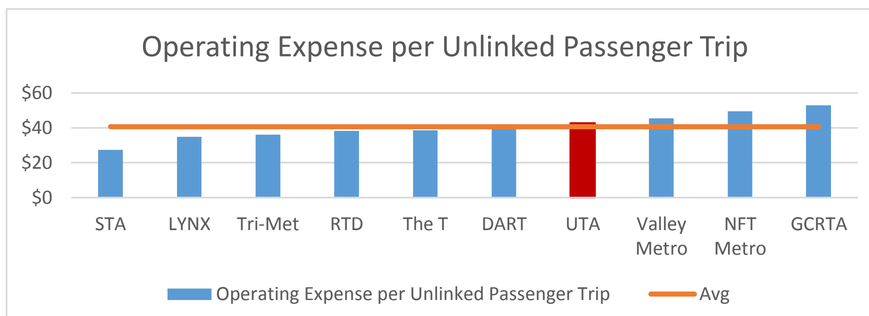


PERFORMANCE MEASURES - DEMAND RESPONSE (continued)

Cost Effectiveness

City	Agency	Operating Expense per Passenger Mile	Operating Expense per Unlinked Passenger Trip
Salt Lake City, UT	UTA	$ 3.87	$ 42.73
Buffalo, NY	NFT Metro	5.30	49.58
Cleveland, OH	GCRTA	3.72	52.97
Dallas, TX	DART	3.36	40.76
Denver, CO	RTD	4.32	38.26
Fort Worth, TX	The T	4.05	38.58
Orlando, FL	LYNX	2.01	34.81
Phoenix, AZ	Valley Metro	4.72	45.46
Portland, OR	Tri-Met	3.90	36.04
Spokane, WA	STA	3.07	27.32
Average		$ 3.83	$ 40.65
Maximum		5.30	52.97
Minimum		2.01	27.32
Standard Deviation		0.90	7.47

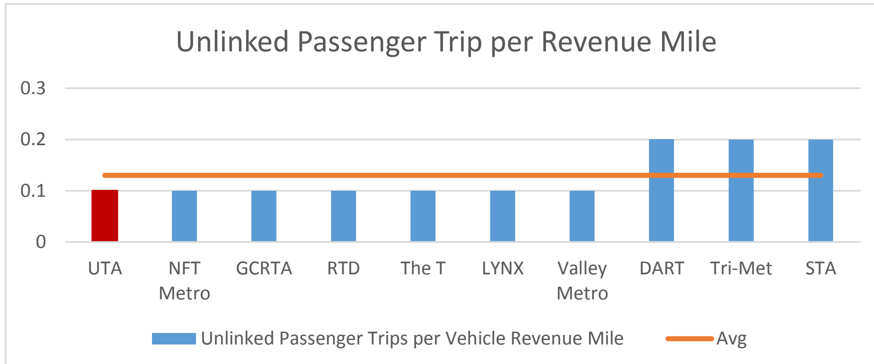


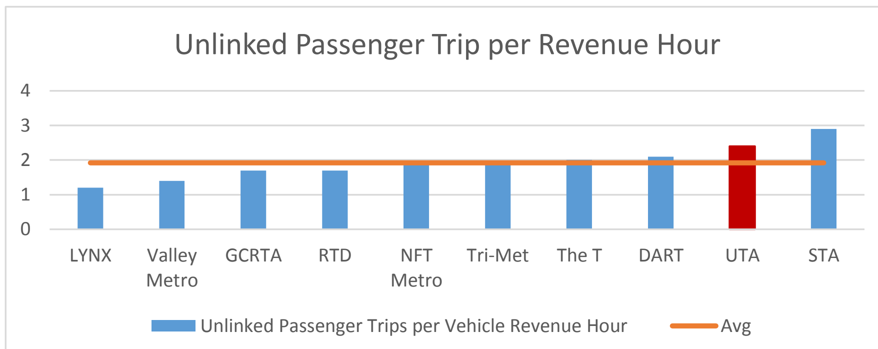


PERFORMANCE MEASURES - DEMAND RESPONSE (continued)

Service Effectiveness

City	Agency	Unlinked Passenger Trips per Vehicle Revenue Mile	Unlinked Passenger Trips per Vehicle Revenue Hour
Salt Lake City, UT	UTA	0.10	2.40
Buffalo, NY	NFT Metro	0.10	1.90
Cleveland, OH	GCRTA	0.10	1.70
Dallas, TX	DART	0.20	2.10
Denver, CO	RTD	0.10	1.70
Fort Worth, TX	The T	0.10	2.00
Orlando, FL	LYNX	0.10	1.20
Phoenix, AZ	Valley Metro	0.10	1.40
Portland, OR	Tri-Met	0.20	1.90
Spokane, WA	STA	0.20	2.90
Average		0.13	1.92
Maximum		0.20	2.90
Minimum		0.10	1.20
Standard Deviation		0.05	0.48





Compliance

For Fiscal Years Ended
December 31, 2017
and 2016

UTAH TRANSIT AUTHORITY

Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPDENDENT 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 Utah Transit Authority (the "Authority") as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 29, 2018.

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.

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 statements 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*.

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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

Keddington & Christensen, LLC
Salt Lake City
May 29, 2018

Keddington & Christensen, LLC
Certified Public Accountants
Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, 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") 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, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Federal Transit Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the Federal Transit Cluster (CFDA 20.500, 20.507, 20.525, and 20.526) described in finding number 2017-001 for Equipment and Real Property Management. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Qualified Opinion on Federal Transit Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Federal Transit Cluster for the year ended December 31, 2017.

Other Matters

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

Report on Internal Control Over Compliance

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a material weakness.

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

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

Keddington & Christensen

Keddington & Christensen, LLC
Salt Lake City, Utah
May 29, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA 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			$ 66,242
Federal Transit - Capital investment Grants	20.500			4,982
Federal Transit - Capital investment Grants	20.500			191,514
Federal Transit - Capital investment Grants	20.500			38,987,676
Federal Transit - Capital investment Grants	20.500			4,273,770
Federal Transit - Capital investment Grants	20.500			24,815
Federal Transit - Capital investment Grants	20.500			2,829,086
Total Federal Transit - Capital investment Grants				46,378,085
Federal Transit - Formula Grant	20.507			200,754
Federal Transit - Formula Grant	20.507			874,660
Federal Transit - Formula Grant	20.507			1,466,969
Federal Transit - Formula Grant	20.507			46,495,102
Total Federal Transit - Formula Grant				49,037,485
Federal Transit - State of Good Repair Grants Program	20.525			12,973,066
Bus and Bus Facilities Formula Program	20.526			5,346,689
Federal Transit Cluster - Federal Transit Administration Programs Total				**$ 113,735,325**
Transit Services Programs Cluster - Federal Transit Administration Programs				
Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities	20.513		$ 179,991	$ 303,545
Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities	20.513		54,990	172,331
Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities	20.513			11,824
Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities	20.513			7,793
Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities	20.513			26,767
Total Federal Transit - Enahanced Mobility for Seniors and Individuals with Disabilities			234,981	522,260
Utah Department of Transportation - Job Access and Reverse Commute Program	20.516	11-8785		133,233
Utah Department of Transportation - Job Access and Reverse Commute Program	20.516	17-8233		134,519
Total Utah Department of Transportation - Job Access and Reverse Commute Program				267,752
Utah Department of Transportation - New Freedom Program	20.521	17-8233		134,519
Transit Services Program Cluster - Federal Transit Administration Programs total			**$ 234,981**	**$ 924,531**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2017 (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Highway Planning & Construction Cluster - Federal Highway Administration Programs				
Federal Transit Administration - Highway Planning and Construction (CMAQ)	20.205	CMAQ-PM2.5		$ 623,581
Utah Department of Transportation - Highway Planning and Construction (CMAQ)	20.205	17-8508		120,245
Highway Planning & Construction Cluster - Federal Highway Administration Programs total				$ 743,826
Federal Railroad Administration Program				
Railroad Safety Technology Grants	20.321			$ 1,696,787
Federal Transit Administration Programs				
Federal Transit - Public Transportation Research	20.514			46,500
Federal Transit - Public Transportation Research	20.514			41,120
Total Federal Transit - Public Transportation Research				87,620
Total U.S. Department of Transportation			**$ 234,981**	**$ 117,188,089**
Department of Housing and Urban Development				
Salt Lake County - Community Development Block Grant	14.225	1812JH		31,061
Total Department of Housing and Urban Development				**$ 31,061**
Department of Homeland Security				
FEMA Rail and Transit Security Grant Program	97.075			67,416
FEMA Rail and Transit Security Grant Program	97.075			67,509
FEMA Rail and Transit Security Grant Program	97.075			-
Total Department of Homeland Security				$ 134,925
Total Federal Awards Expended			**$ 234,981**	**$ 117,354,075**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS for the year ending December 31, 2017 (Continued)

Reconciliation of federal expenditures to federal revenues	
Comparative Statement of Revenues, Expenses and Change in Net Position (2017)	
Federal preventative maintenance grants	$ 62,313,994
Capital Contributions: Federal grants	53,960,024
Total per Comparative Statement of Revenues, Expenses and Change in Net Position (2017)	116,274,018
Total per Schedule of Expenditures of Federal Awards for the year ending December 31, 2017	117,354,075
Difference	$ (1,080,057)

Previous Over/(Under)stated Revenues reflected in 2017 Statement of Revenues, Expenses and Change in Net Position

Federal Transit Administration Direct Programs	**CFDA#**	**Grant #**	**Amount**
Federal Transit – Capital Investment Grants	20.500	UT-03-0071	$ 1,080,481
Federal Transit – Capital Investment Grants	20.500	UT-04-0026	(473)
Federal Transit – Capital Investment Grants	20.500	UT-79-0001	(7,706)
Federal Transit – Capital Investment Grants	20.500	UT-04-0025	242
Total Federal Transit – Capital Investment Grants			1,072,544
Federal Transit – Formula Grant	20.507	UT-90-X071	30
Federal Transit – Formula Grant	20.507	UT-90-X073	(770)
Total Federal Transit – Formula Grant			740
Federal Transit Administration Direct Programs Total			**1,071,804**
Transit Services Program Cluster			
New Freedom Program	20.521	11-8785	8,253
Transit Services Program Cluster Total			8,253
Total Adjustment			**$ 1,080,057**

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, 2017.

D. Subrecipients

The Authority provided $234,981 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 I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? ____yes __X__no
- Significant Deficiency ____yes __X__none reported

Noncompliance material to financial statements noted? ____yes __X__no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? __X__yes ___no
- Significant Deficiency(s) identified ____yes __X__none reported

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

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

__X__yes ___no

Identification of major federal programs:

CFDA No(s).	Names of Federal Program or Cluster
20.500, 20.507, 20.525, 20.526	Federal Transit Administration Program Cluster

Dollar threshold used to distinguish between Type A and Type B Programs $ 3,000,000

Auditee qualified as low-risk auditee? ____yes __X__no

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questions Cost

MATERIAL WEAKNESS

2017 – 001 Noncompliance and Internal Control over Compliance

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

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

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

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

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

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

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

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

Other Supplementary Information

For Fiscal Years Ended December 31, 2017 and 2016

UTAH TRANSIT AUTHORITY

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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 with General State Compliance Requirements

We have audited Utah Transit Authority's (the "Authority") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide,* issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Authority for the year ended December 31, 2017.

General state compliance requirements were tested for the year ended December 31, 2017 in the following areas:

Budgetary Compliance
Fund Balance
Restricted Taxes
Open and Public Meetings Act
Treasurer's Bond

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 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.

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Opinion on General State Compliance Requirements

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, 2017.

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

Keddington & Christensen, LLC
Salt Lake City, Utah
May 29, 2018