FY 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

MARICOPA ASSOCIATION OF GOVERNMENTS
302 North 1st Avenue, Suite 300, Phoenix, Arizona 85003 • (602) 254-6300

MARICOPA ASSOCIATION of GOVERNMENTS

MARICOPA ASSOCIATION OF GOVERNMENTS PHOENIX, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

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MARICOPA ASSOCIATION of GOVERNMENTS

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December 27, 2019

Regional Council
Maricopa Association of Governments
Phoenix, Arizona

We are pleased to submit to you the Maricopa Association of Governments ("MAG") Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2019. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of MAG. To provide a reasonable basis for making these representations, MAG has established a comprehensive internal control framework that is designed to both protect the assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the MAG financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the MAG 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. To the best of our knowledge and belief, the data as presented are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of MAG. All disclosures necessary to enable the reader to gain an understanding of MAG's financial activities have been included.

The CAFR is presented in three main sections:

The **Introductory Section** includes the table of contents, this transmittal letter, a list of the member agencies and their respective representatives, an organizational chart, and the Government Finance Officers Association ("GFOA") Certificate of Achievement in Financial Reporting.

The **Financial Section** includes the Independent Auditors' Report, Management's Discussion and Analysis, the financial statements including the notes to the financial statements, required supplementary information and the notes to the required supplementary information, the combining statements, and other supplementary information.

The **Statistical Section** includes select financial information about MAG and demographic information about the region served, generally presented on a multi-year basis.

MAG's financial statements have been audited by Heinfeld Meech & Co., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of MAG for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that MAG's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of MAG was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report. The Independent Auditors' Reports related specifically to the Single Audit will be issued as a separate report on a later date.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. MAG's MD&A can be found immediately following the Independent Auditors' Report.

THE REPORTING ENTITY AND ITS SERVICES

MAG was incorporated as a Council of Governments (COG) in 1967 under Section 501(c)(4) of the Internal Revenue Code as a nonprofit corporation. MAG was established as a voluntary coalition of governments to coordinate the activities of the separate member governments within Maricopa County (the County) with respect to issues affecting its member governments. The member governments include 27 incorporated cities and towns within Maricopa County and the contiguous urbanized area, the Gila River Indian Community, the Salt River Pima Maricopa Indian Community, Fort McDowell Yavapai Nation, Maricopa and Pinal Counties. The Arizona Department of Transportation (ADOT) serves as ex- officio members of the Regional Council (the Council) and vote on transportation issues.

On December 14, 1973, the Governor of Arizona designated MAG as the Metropolitan Planning Organization (MPO) for the Maricopa County region. The designation was to comply with the requirements of the Federal Transportation Act, which required each urbanized area over 50,000 in population to establish an MPO. Under the Intermodal Surface Transportation Efficiency Act of 1991, MAG is considered a Transportation Management Area (TMA), due to the population exceeding 200,000. The Governor designated MAG to serve as the region's principal planning agency for air quality, water quality and solid waste management. On May 9, 2013, Governor Brewer approved the new metropolitan planning area (MPA) boundary for the Maricopa Association of Governments (MAG). The MAG MPA boundary was extended in the southeastern part of the state to include parts of Pinal County. This change was due to the expanded urbanized area boundary, as defined by the U.S. Census Bureau, following the 2010 Census. In addition, through an Executive Order from the Governor, MAG is responsible for the region's population estimates and projections.

With input from federal, state and local governments, citizens and the private sector, MAG provides the community with a "regional perspective" on issues and programs. MAG provides a forum for public discussions on various issues related to the metropolitan area. Some key program areas of discussion include environmental (air quality, water quality and solid waste management), public works support, transportation, human services, 911 emergency services, information and technology, and regional development.

Funding for the above noted programs comes primarily from grants originating from the Federal Highway Administration and the Federal Transit Administration under the U.S. Department of Transportation. Another primary source of funding is the State Sales Tax. The funds flow through ADOT to MAG as a sub-recipient of the federal funds. Additional funding for MAG programs comes directly from the Arizona State agencies and member dues and assessments.

The Regional Council is the governing and policymaking body for the organization and is composed of elected officials appointed by each member agency. For the majority of members, the city or town Mayor serves as the Regional Council member. The Chairs of the Board of Supervisors usually represents Maricopa County and Pinal County on the Council. The two State Transportation Board members for Maricopa County represent ADOT and vote on transportation-related issues. Currently, the Governor of the Gila River Indian Community, the President of the Salt River Pima-Maricopa Indian Community, and the President of the Fort McDowell Yavapai Nation serve on the Council. The 34 member Council meets monthly to set the policies that govern MAG and to address regional planning issues. MAG's Executive Director serves as Secretary for the MAG organization. The Executive Committee is comprised of a subset of the

Council and in 2002 was expanded from five to seven members. Two at-large positions were added to allow for additional participation by the member agencies. Annually, the Council elects seven of their members to serve on the Executive Committee. The Executive Committee is required to include the Chair, Vice Chair and Treasurer of the Council as ex-officio members. The MAG By-Laws indicate that business arising between meetings of the Council can be conducted by the Executive Committee. The Executive Committee also serves as the Finance Committee. The Executive Committee members meet on a monthly basis to discuss issues and make decisions that may arise between Regional Council meetings. The Council must ratify the decisions regarding annual goals and the Executive Director position that are acted on by the Executive Committee. The Council and the Executive Committee are supported in their policy making role by a wide range of committees and subcommittees, including the Management Committee. The Management Committee is composed of the city, county, town and Indian community managers from the member governments. The directors of ADOT and the Regional Public Transportation Authority (RPTA) also serve on the Management Committee.

The day-to-day activities of MAG are conducted under the guidance of MAG's Executive Director. A professional staff with various disciplines, including public administration, economics, urban and regional planning, air quality and transportation and related modeling, human services, information technology, and financial management, supports the Executive Director.

Included within the reporting entity as blended component units are the following entities:

Maricopa Association of Governments Information Center (MAGIC)—During fiscal year 2000, MAG incorporated MAGIC as a 501(c)(3) non-profit organization, to provide certain services and technical assistance both to MAG member agencies and to non-members with regional issues. The value-added services rendered by MAGIC typically relate to, or build, on MAG's grant funded projects; however, the services are beyond the scope of eligibility for MAG's grant funding. The intent of MAGIC is to break even; therefore, it provides services at cost. MAGIC is governed by the seven-member MAG Executive Committee. MAGIC is presented as a blended component unit and is accountable to MAG.

Regional Community Partners (RCP)—During fiscal year 2000, MAG incorporated RCP, as a 501 (c)(3) non-profit organization, for the purpose of conducting regional activities and facilitating valley wide collaboration on projects and/or initiatives that improve the quality of life and economic well-being of residents of the Maricopa County region. RCP recorded its first activity during fiscal year 2003. This activity was mostly due to donations. The intent of RCP is to break even; therefore, it provides services at cost. RCP is governed by the seven-member MAG Executive Committee. RCP is presented as a blended component unit and is accountable to MAG.

REGIONAL OVERVIEW

On May 9, 2013, Governor Brewer approved the new metropolitan planning area (MPA) boundary for the Maricopa Association of Governments (MAG). The MAG MPA boundary was extended in the southeastern part of the state to include parts of Pinal County. This change was due to the expanded urbanized area boundary, as defined by the U.S. Census Bureau, following the 2010 Census. The MAG MPA is now 10,647 square miles in area and consists of 27 incorporated cities and towns, three Native Nations, Maricopa County and portions of Pinal County. An additional 130 square miles in Yavapai County, which is outside the MPA, are part of the planning areas for the cities of Peoria and Wickenburg. The region is located in the Sonoran Desert with elevations generally ranging from 500 to 2,500 feet above sea level.

In 2018, Maricopa County contained 64.8 percent of the population of Arizona as well as nine of the eleven cities in Arizona with a population greater than 100,000. The region is a transportation and distribution hub for the state. Interstate 10 spans the region from east to west and Interstate 17 extends from Phoenix to Flagstaff, Arizona. Phoenix Sky Harbor International Airport, at the center of the region, is the thirteenth busiest airport in the nation and among the top 50 busiest in the world with more than 434,000 takeoffs and landings and 45 million passengers served in 2018.

MAG Regional Planning Area

In 2013, with the expansion of the MPA boundary, two incorporated jurisdictions in Pinal County became part of the MAG region – the Town of Florence and the City of Maricopa. This added almost 104 square miles of incorporated area to the MAG region.

To reflect the future corporate limits of the jurisdictions within Maricopa County, MAG has defined 32 municipal planning areas, which correspond to the 27 cities and towns, three Native Nations, and the remaining unincorporated portions of Maricopa and Pinal counties.

The increase in the incorporated area within the region and its percentage of the total MAG planning area are identified in *Table 1*. The expansion in 2013 added 433 square miles of unincorporated area within Pinal County with an estimated population just over 125,000. In 2019, Phoenix, with 519 square miles, exceeded Los Angeles in area, while six other cities within the county had an area of more than 100 square miles, as noted in *Table 2.*

Table 1: Incorporated Area (in Square Miles) 1970-2019 in the MAG Region

Year	Incorporated Area* (Square Miles)	Percent of MAG Area	Percent of Population in Incorporated Area
1970	421	5	90
1980	685	7	88
1990	1,258	14	92
2000	1,683	17	93
2010	2,206	24	94
2019	2,370	22	95**

Source: MAG and MAG Member Agencies

**The incorporated area includes areas in Yavapai County which are covered by incorporated areas of MAG member agencies.*

***2018 Population estimates from the Arizona Department of Administration used as an estimate for the percent of population within the incorporated area in 2019.*

Table 2: Largest Jurisdictions in the County by Area in Square Miles

Jurisdiction	Area (Sq. mi.)
Phoenix	519
Buckeye	392
Goodyear	191
Scottsdale	185
Peoria	179
Mesa	139
Surprise	108

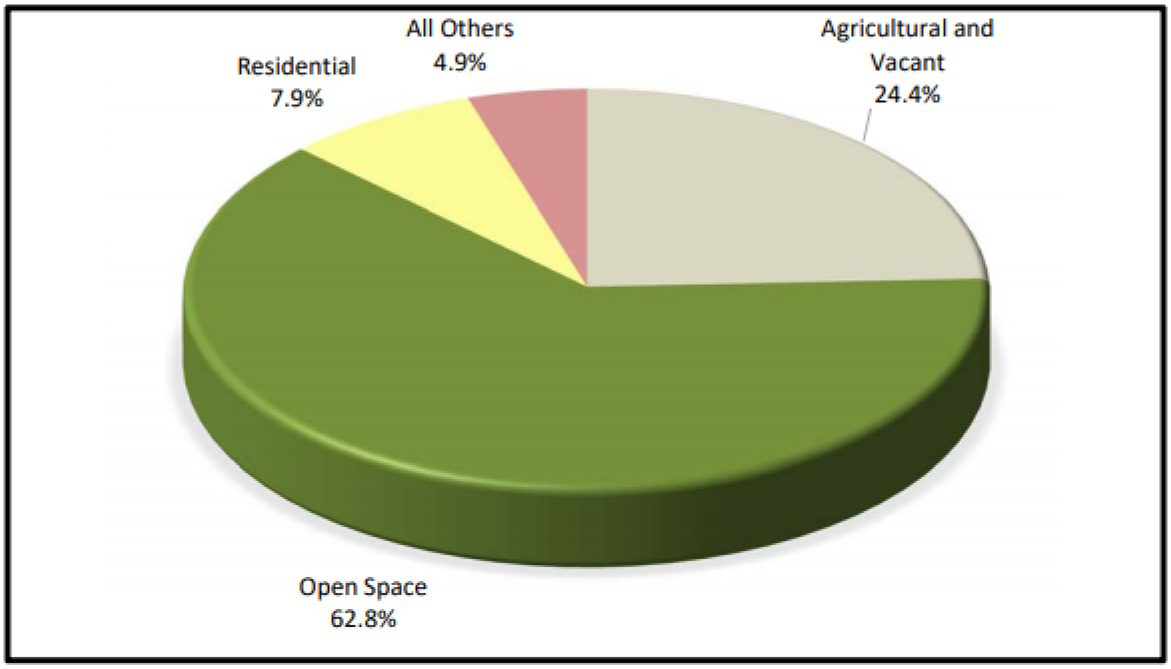
Source: MAG and MAG Member Agencies (as of July 2019)

Current Land Use

The region can be disaggregated into the land use categories shown in Figure 1. The predominant current land use type is open space at 62.8 percent, followed by agricultural and vacant land at 24.4 percent. Open spaces include parks, mountains, river beds, washes, and other public areas. The next highest land use type is 7.9 percent for residential areas. Land developed for retail, office, and industrial uses, as well as public and other types of employment, comprises the balance of the development in the metro area, with approximately 4.9 percent of the developed land dedicated to those various uses.

Figure 1: Current Land Use in the MAG Region

Figure 1: Current Land Use in the MAG Region



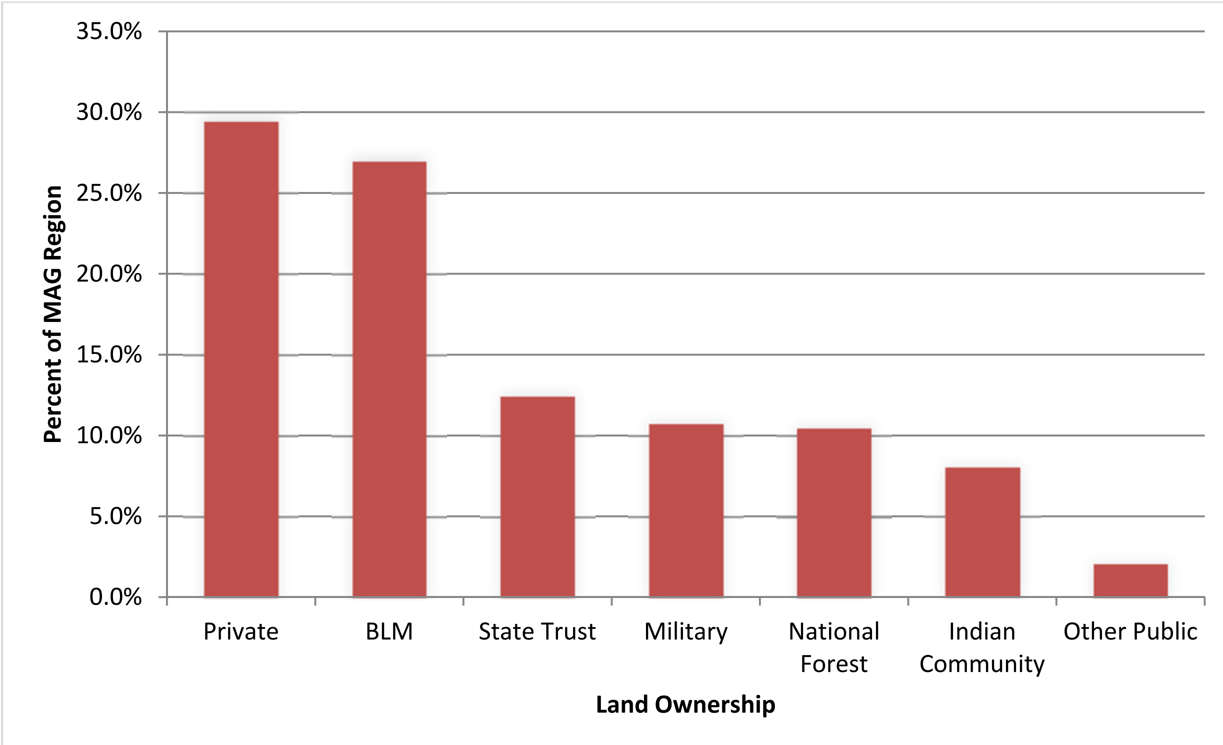
Source: *MAG Existing Land Use Database, 2017*

Source: MAG Existing Land Use Database, 2017

Land Ownership

The pattern of land ownership influences the distribution of growth in the MAG region. As shown in *Figure 2,* approximately 29 percent of the region is in private ownership. The remaining 71 percent are public entity or Indian Community lands.

Figure 2: Land Ownership in the MAG Region



Source: Arizona State Land Department, March 2018

Population Growth

The MAG region covers all of the population in Maricopa County and 65.2 percent of population in Pinal County. Historic and projected population data, as well as employment data, are not available at the new planning area boundary level but they are available for the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (hereafter referred to as Phoenix MSA), which is geographically defined by the U.S. Census Bureau as Maricopa and Pinal counties. Historic population growth in the Phoenix MSA between 1960 and 2010 is shown below in Table 3, with average annual increases peaking in 1980 at 4.4 percent. The April 1, 2010, population count in the Phoenix MSA was just under 4.2 million people, based on the 2010 United States Decennial Census.

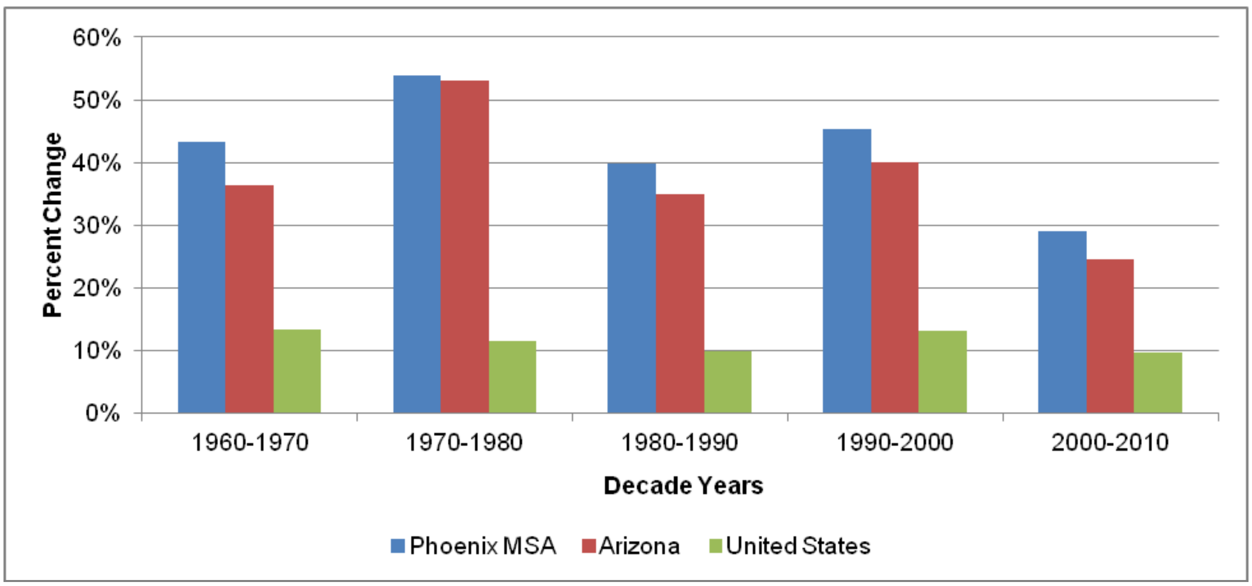
Table 3: Phoenix MSA Population Growth by Decade

Year	Population	Average Annual Increase
1960	726,000	
1970	1,040,000	3.7%
1980	1,600,000	4.4%
1990	2,238,000	3.4%
2000	3,252,000	3.8%
2010	4,193,000	2.6%

Source: U.S. Census Bureau, Decennial Census Program, rounded to the nearest thousand. All counts are as of April 1 of the given year.

Since 1960, the resident population in the Phoenix MSA grew at a faster rate than the State of Arizona and the United States overall, as shown in *Figure 3.*

Figure 3: Percentage Change in Population by Decade for Phoenix MSA, State of Arizona, and the United States, 1960 to 2010



Source: U.S. Census Bureau

Projected growth in Arizona and Phoenix MSA is illustrated in *Table 4.* The growth rates in the Phoenix MSA and Arizona are very similar, primarily due to fact that more than 66 percent of Arizona's population resides within the Phoenix MSA.

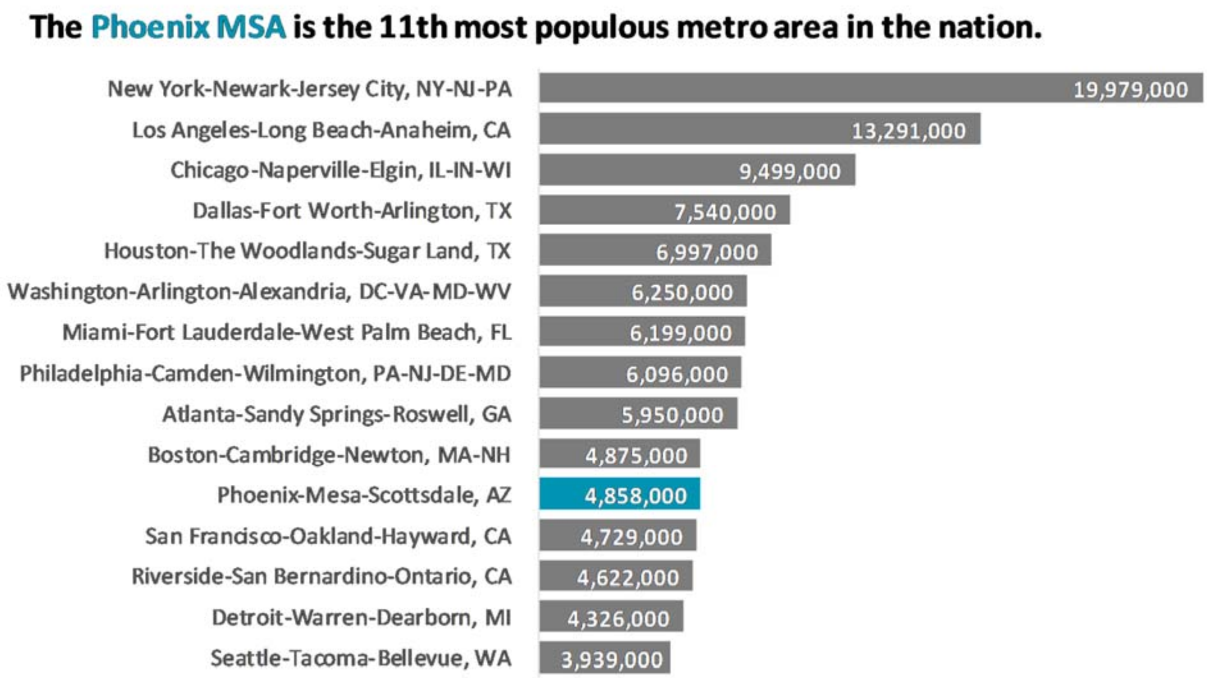
Table 4: Projected Growth in Population: Phoenix MSA and Arizona

Year	Phoenix MSA	Average Annual Growth	Arizona Population	Average Annual Growth
2000	3,252,000		5,131,000	
2010	4,193,000	2.6%	6,392,000	2.2%
2020	4,944,500	1.6%	7,286,100	1.3%
2030	5,884,900	1.7%	8,284,900	1.2%

Sources: Arizona Office of Economic Opportunity 2019; rounded to the nearest thousand.

Between 2000 and 2010 the Phoenix MSA grew by 29 percent with estimated annual growth rates in 2020 and 2030 of 1.6 percent and 1.7 percent, respectively. According to the U.S. Census Bureau's 2018 population estimates, the Phoenix MSA was the 11th most populous MSA in the nation with an estimated 4.8 million people. The top 15 MSAs are displayed in *Figure 4*.

Figure 4: The 15 Most Populous Metro Areas in the Nation, 2018

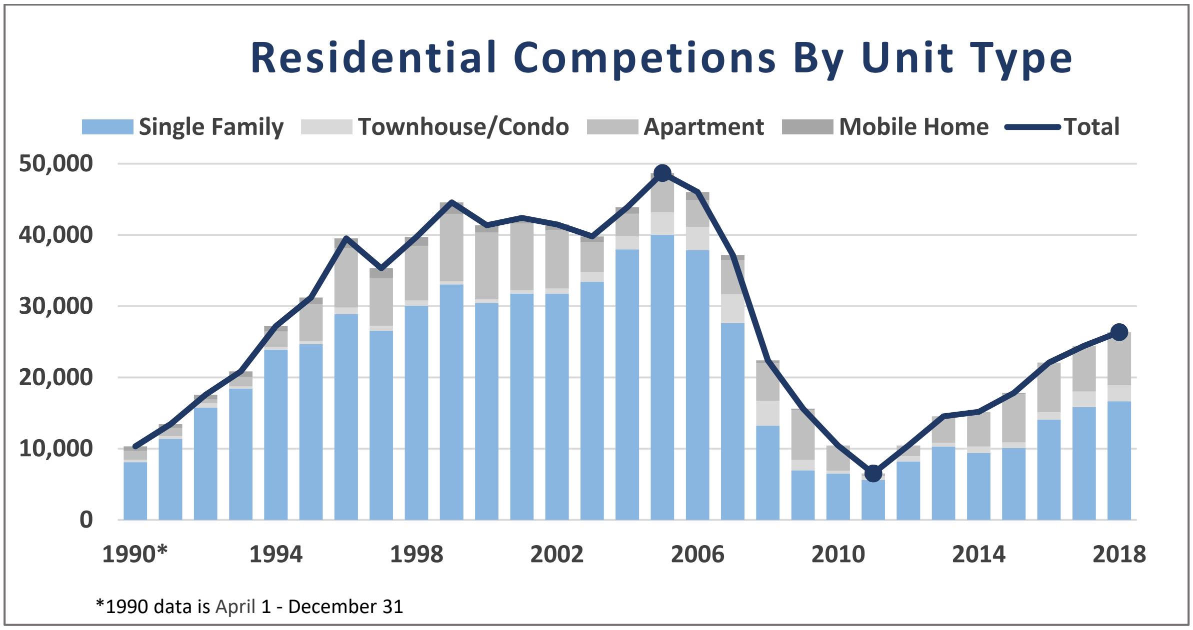


Source: U.S. Census Bureau, Annual Estimates of Residential Population (2018 vintage): July 1, 2018

Housing

MAG has been collecting residential building completions and demolitions for Maricopa County, the larger of the two counties within the MAG region, since the 1990 Census. More than 806,200 residential housing units were constructed in Maricopa County between the 1990 Census and December 31, 2018. That amounts to approximately 45.7 percent of the entire housing units currently in the county. Since the 1990 Census, residential completions have varied with economic conditions, peaking at more than 48,000 building completions in 2005. Due to the Great Recession of 2009, in 2010 there were approximately 9,700 residential completions in Maricopa County, almost one-fifth of the number of completions in 2005. After dropping to a low of just over 6,300 in 2011, completions in calendar year 2012 rose just slightly above the 2010 amount to 9,900, and in 2013 and 2014 they rose to more than 13,200 each year. Figure 5 identifies the number and type of residential completions each year from 1990 to 2018.

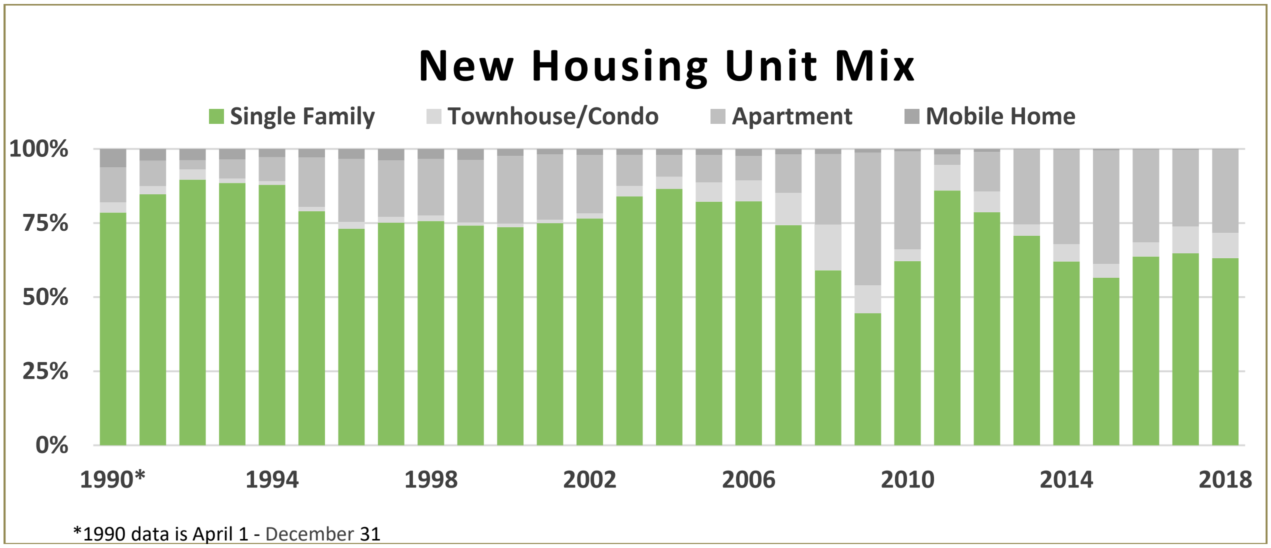
Figure 5: Residential Completions by Year, 1990 to 2018



Source: MAG Member Agencies

The mix of single family and multi-family housing units has varied substantially over time, as shown in *Figure 6.* While there were only 800 apartment unit completions in 1992, this increased almost twelve-fold to about 9,500 in 1999. As a percentage of total building completions, apartment completions peaked at about 44 percent in 2009 and rose back to 33 percent in 2014. Townhouse/condo unit completions were at their highest number in 2007 (3,951) and their highest percentage (16 percent) of the housing mix in 2008. Single family unit completions, on the other hand, accounted for 90 percent of all completions in 1992 but only 63 percent of in 2018.

Figure 6: New Housing Unit Mix by Year, 1990 to 2018



Source: MAG Member Agencies

With the expansion of its planning area into Pinal County, MAG has worked with the Central Arizona Governments (CAG) to receive the residential completion information for Pinal County. Between January 1, 2000 and June 30, 2018, there were 99,465 housing completions in Pinal County. Since the beginning of 2013, there have been just over 14,000 housing completions.

Employment Growth in the Phoenix MSA The Phoenix MSA has become increasingly important as a hub of business activity in the Southwest. In 2018, the Phoenix MSA had about 2.1 million jobs, a 3.4 percent increase from 2017. See Table 5 for growth in non-farm employment.

Table 5: Growth in Non-Farm Employment

Year	Average Employment	Average Annual Increase
2000	1,578,000	
2010	1,692,000	0.7%
2011	1,717,000	1.5%
2012	1,759,000	2.4%
2013	1,811,000	3.0%
2014	1,852,000	2.3%
2015	1,914,000	3.3%
2016	1,979,000	3.4%
2017	2,039,000	3.0%
2018	2,108,000	3.4%

Source: U.S. Bureau of Labor Statistics, Current Employement Statistics, Seasonally Adjusted (rounded to the nearest thousand)

Unemployment Rate in Phoenix MSA, Arizona, and the United States

The unemployment rate in the Phoenix MSA for June 2019 was 4.6 percent. This is lower than the unemployment rates for Arizona (5.3 percent), but slightly higher than that of the United States (3.8 percent). Table 6 shows unemployment rates for June 2010 to June 2019.

Table 6: Unemployment Rate in Phoenix MSA, Arizona, and the United States

	June 2010	June 2011	June 2012	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019
Phoenix MSA	9.7	9.6	7.9	7.2	6.2	5.5	4.9	4.4	4.4	4.6
Arizona	10.5	10.5	8.9	8.3	7.1	6.4	5.7	5.1	5.1	5.3
United States	9.6	9.3	8.4	7.8	6.3	5.5	5.1	4.5	4.2	3.8

Sources: *United States Bureau of Labor Statistics, Local Area Unemployment Statistics, and Current Population Survey (for national rates). Metro area data are not available as seasonally adjusted rates. For consistency, all data reported are not seasonally adjusted.*

MAJOR INITIATIVES

For the fiscal year that ended June 30, 2019, MAG continued its current programs and initiated several new efforts to serve its member agencies and the regional community. A summary of the major initiatives for FY 2019 and those proposed for FY 2020 are listed below.

For the Fiscal Year Ended June 30, 2019

Communication-MAG believes that public participation is key to the planning process. The Communication Division continued to offer meaningful opportunities for members of the public to provide feedback that will guide transportation planning. This included activities in public involvement and community needs assessment, with special consideration to Title VI and Environmental Justice populations as defined in federal transportation guidelines. In 2019, MAG updated its Public Participation Plan to outline a cooperative process that provides complete information and full access to key decisions by all segments of the population. In addition, MAG updated its Community Feedback Survey to capture additional transportation priorities and to better collect demographic data. This input informs the decision-making process and implementation of the Regional Transportation Plan. MAG provided opportunities for input at sizeable community events where large numbers of residents gathered. Whenever possible, MAG coordinated its efforts to include joint participation by the Arizona Department of Transportation (ADOT), Regional Public Transportation Authority (RPTA), Valley Metro Rail (METRO), and the City of Phoenix Public Transit Department. MAG communicated citizen comments to policymakers prior to action on MAG plans and programs.

Implementation of the Title VI Plan focused on the needs of vulnerable populations and was considered throughout the planning process. Activities included incorporating environmental justice and equity principles into the MAG planning process by considering the distribution of benefits and burdens of investments. Training materials have been provided to the MAG division liaisons to provide a full understanding of the plan’s elements. The impact of the plan is tracked throughout the year through the MAG Title VI and Environmental Justice Annual Report. This report is updated annually to ensure the full participation of all populations in regional planning activities. Results of the analysis were used to inform the decision-making process. Communities of concern include minorities, people with low incomes, older adults, people with disabilities, and female heads of households. Community partners such as nonprofit agencies, faith-based communities, and others were engaged to assist in these efforts. The Environmental Justice Title VI Program was approved by the MAG Regional Council on May 22, 2019.

The communication team continued implementation of major updates and redesign of the MAG website, including a redesign of the Newsroom section. MAG moved from a printed and electronic newsletter format to a new “live article” blog format to provide updates on its activities. The Communication Division continued maintenance and upgrades to the MAG website and affiliated sites. The website was continually updated with news releases, monthly meeting schedules, newsletters, requests for proposals, employment notices, and electronic versions of MAG documents, including plans, agendas, and minutes. The division also continued to update affiliated external websites.

Another focus for the division was the continued implementation of Don’t Trash Arizona, a litter prevention and education program designed to increase awareness of the health, safety, environmental and economic consequences of freeway litter, and to change the behavior of offenders. Strategies included public relations, media outreach, paid advertising, and community partnerships. Updated themes continued to promote, “Arizona is our home. Love it, don’t trash it,” appealing to a sense of state pride. MAG worked with the Arizona Department of Transportation (ADOT) to ensure that state and regional messages are seamless and integrated. Don’t Trash Arizona helped to promote Arizona Secure Your Load Day on June 6, 2019. The agency, in partnership with the Governor’s Office of Highway Safety, ADOT, and the Department of Public Safety, sought a proclamation from the Governor to declare June 6, 2019, as Arizona Secure Your Load Day. A press conference was held reminding motorists to call 9-1-1 if dangerous debris is seen in traffic lanes. June 6 commemorates the day 29-year old Matthew Reif, an Arizona resident, was killed in 2006 in an unsecured load incident. As part of required performance measurement requirements, an annual telephone survey is conducted to determine if the Don’t Trash Arizona program is leading to changes in awareness and behavior. Current survey results are pending.

MAG additionally worked with its member agencies on a regional outreach campaign, “iCount2020” for Census 2020. Ensuring a complete and accurate count is important for state, regional and local planning and funding. The decennial census determines how more than $675 billion in federal money is spent. Arizona receives about $13.5 billion in 16 federal programs based on current population estimates. Knowing where population growth is happening helps guide planning efforts, such as where to add public safety personnel, schools, and infrastructure. MAG formed a Regional Census Communication Group to coordinate outreach efforts and to encourage every resident in the Maricopa and Pinal county planning areas to complete their census form. A media cost-sharing approach was developed to enable all MAG members to equitably contribute to funding regional outreach efforts. This approach will include MAG planning funds that have been assigned to this purpose. MAG will invoice member agencies through a special assessment to be paid over a two-year timeframe.

The Communication Division continued to provide support to MAG member agencies, providing such materials as talking points, background, editorials, PowerPoint presentations, and other information as needed to assist local elected officials in communicating about MAG's plans and programs.

MAG continued to reach out to stakeholders online and through its quarterly newsletter, MAGAZine. The newsletter includes information on MAG activities, a message from the Regional Council Chair, a section called Voices from the Council that includes quotes from MAG members, a Regional Council member profile, and other items of general interest. Other materials distributed included flyers, invitations, printed materials, graphics, divisional newsletters, freeway and bike maps, air quality materials, information resources, and surveys. The communication team produced the FY 2019 Annual Report, designed to highlight major accomplishments for the year and to provide a summary of the organization’s financial status.

MAG continued utilizing social media tools such as Twitter, Facebook and YouTube to communicate with and engage residents. The division continued to increase positive print and broadcast coverage through targeted media relations. These efforts helped secure numerous positive placements and resulted in increased participation in MAG events and activities.

Continued partnerships with the Clean Air Campaign and Valley Metro provided the opportunity to carry out campaigns for reducing air pollution. Campaign activities included online and print advertising, as well as public relations efforts.

Finally, the Communication Division continued to provide support for agency events, including the Passing of the Gavel ceremony in June. The division supported other MAG divisions and staff with their communication and graphics needs, and continued to implement strategies to keep employees informed and engaged in their workplace environment through improved internal communication.

Economic Development-The role of the MAG Economic Development Committee (EDC) is to develop an opportunity-specific and action-oriented initiative that fosters and advances infrastructure in the MAG region, especially transportation infrastructure, that would further economic development opportunities. This effort was done in concert with the FAST Act federal legislation that supports the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency. The EDC consists of 35 members and includes 20 MAG member agency elected officials appointed by the MAG Regional Council. Members include the Central City, Maricopa and Pinal Counties, eight West Valley and eight East Valley representatives, the Arizona Department of Transportation, and 15 business representatives.

During FY 2019, the EDC pursued a number of objectives, including enhancing communications and working cooperatively with the state and economic development agencies, such as the Greater Phoenix Economic Development Council, the Arizona Commerce Authority, the Arizona Office of Tourism and the Arizona Mexico Commission. Goals include increasing job opportunities, strengthening Arizona's capability to compete in the global economy, and planning for the development and improvement in Arizona infrastructure to make the region more economically competitive. Another objective was to work with elected officials in Arizona and Sonora, Mexico, to promote trade, commerce and economic development between the two states. This effort has grown to include other regions in Mexico as well. The relationship MAG holds with Sonora has matured to create an understanding of mutual benefit.

MAG also coordinated a trade mission to Mexico City for Arizona elected officials and business leaders to stimulate economic development between the two areas, connect with key leaders from the business community and newly elected officials, and to support investments in the commerce corridors that connect Arizona and Mexico. The goal of the trip was to harness great ideas by discussing best practices, meeting with elected officials and key business leaders.

In August 2019, MAG staff coordinated the Ari-Son Megaregion meeting held at the League of Arizona Cities and Towns Conference in Tucson. Local elected officials from Arizona and Sonora, Mexico discussed best practices that create a strong Megaregion economy. Christopher Wilson, Deputy Director of the Wilson Center Mexico, Institute was a keynote speaker on the importance of municipal leadership in the Arizona-Sonora Megaregion. There have been discussions of a follow-up meeting in Sonora, Mexico later in the year.

During FY 2019, MAG staff continued to support the Shopping and Tourism Initiative. This is a federal legislative effort to extend the border crossing card zone statewide for Mexican visitors. The current border crossing card zone is 75 miles. Extending the zone means an additional $181 million in new spending to the State of Arizona each year going forward. Holders of the border crossing card are some of the most vetted visitors to the United States and are at low risk for overstays. This is an opportunity to grow the state's leading economic sector: tourism. Statewide extension will mean greater opportunities to enjoy our state's scenery, cultures and amenities. MAG received letters of support for the Shopping and Tourism Initiative from Mr. Glenn Hamer, President and CEO of the Arizona Chamber of Commerce and Industry, as well as two bipartisan letters of support representing a majority of the Arizona delegation. These letters were sent to the Department of Homeland Security requesting the rulemaking change. MAG has also requested that other agencies, such as municipalities, tourism entities, and chambers of commerce, to provide letters of support.

Since its inception, the EDC has been working with the Canada-Arizona Business Council on the important connection between the economies of Arizona and Canada. In FY 2018, the MAG Economic Development Committee Chair announced a focus on Canada. Canadian owned businesses in Arizona support 26,480 jobs, and approximately 17,000 jobs in Maricopa County. Tourism and business are important connections for Arizona and Canada. There were 931,700 air travelers between Arizona and Canada in 2017 and 99 percent of those travelers are to/from the Phoenix Metro Area.

In 2019, MAG staff hosted a delegation from Montreal to the MAG region. This trip focused on smart mobility, including autonomous vehicles, regulations, user experience and last-mile delivery. Some of the activities included a presentation from Valley Metro on its partnership with Waymo, a presentation from TuSimple on autonomous trucking, a tour of Local Motors to view the Olli, a self-driving electric shuttle and a Connected Vehicle Demonstration from Maricopa County. The group also heard from the Institute for Automated Mobility (IAM), which is a new consortium of private sector companies, public officials and university research faculty that collaborate on state-of-the-art research and testing in Arizona.

MAG staff also organized an economic mission to Calgary, Canada. On February 28, 2019, a delegation of elected officials, economic development professionals and business leaders from around the state traveled to Calgary, Canada. The purpose of this trip was to establish connections with Calgary elected officials and business leaders to promote trade, foreign direct investment, tourism and economic development opportunities.

For the third year, MAG staff worked with the Arizona Commerce Authority's RevAZ Manufacture Extension Partnership program on a regional ExporTech Program. Companies that participated attended three full-day sessions where they were exposed to Arizona export experts from diverse subject matter sectors, participated in practical training on key export topics, and received individualized export coaching. The result for each company was a customized and expert-reviewed Export Growth Plan that helps the company to quickly move beyond planning and into pursuing concrete export initiatives aimed at closing actual, profitable export sales.

In August 2019, MAG received a $250,000 Value Impact Analysis (VIA) Grant. The goal of the VIA Grant is to develop a methodology to better understand the value and economic benefits of large and high capacity transportation investments in the Sun Corridor. Key partners in this project include the Pima Association of Governments and The Sun Corridor Metropolitan Planning Organization.

In 2019, MAG received a grant from the Office of Economic Adjustment at the Department of Defense to prepare a Targeted Growth Management Plan (TGMP) for Luke Air Force Base (Luke AFB). Luke AFB has been designated as the new training facility for the F-35A Lightning IIs, the Air Force's 5th-generation fighter jet and premier strike aircraft. This new designation will add 7,024 individuals to the base roster, including 2,324 active duty personnel, reservists, and Department of Defense civilian employees and will bring approximately 4,717 family members who will reside in the surrounding communities. The goal of the project is to identify and analyze gaps in the area's capacity and ability to proactively and adequately mitigate and manage impacts from this mission expansion and buildup of personnel at Luke AFB. Integral to this is the development of a set of strategies, or implementation plan, to sustain and enhance the mutually beneficial relationship between local communities and Luke AFB. MAG will continue to work closely in FY 2020 with its partners at Luke AFB and the surrounding communities to identify top strategies in four areas – transportation, workforce and economic development, education, and housing.

Environmental Planning-During FY 2019, MAG completed the conformity analysis for an amendment to the FY 2018-2022 MAG Transportation Improvement Program and MAG 2040 Regional Transportation Plan and a major amendment to the FY 2016-2025 Sun Corridor Metropolitan Planning Organization (SCMPO) Transportation Improvement Program and Regional Transportation Plan 2040. Both analyses received a conformity finding from the U.S. Department of Transportation on July 17, 2018. In addition, MAG completed the conformity analysis for another amendment to the FY 2018-2022 MAG Transportation Improvement Program and 2040 Regional Transportation Plan and another major amendment to the FY 2016-2025 SCMPO Transportation Improvement Program and Regional Transportation Plan 2040. Both analyses received a conformity finding from the U.S. Department of Transportation on February 7, 2019. A significant achievement for the air quality program was obtaining 22 years of clean data for carbon monoxide and 14 consecutive three-year periods with no violating monitors for the 0.08 parts per million eight-hour ozone standard. The Draft 2017 Inventory of Unpaved Roads was completed in December 2018. The results indicate that there are 1,324 miles of unpaved roads in the Maricopa County PM-10 nonattainment area. Of the total, approximately 958 miles are private unpaved roads and 366 miles are public unpaved roads. Since 2009, unpaved roads have decreased by 560 miles.

MAG closely monitored the implications of the U.S. Ninth Circuit Court of Appeals ruling on September 12, 2016 in the lawsuit filed by the Arizona Center for Law in the Public Interest to challenge the Environmental Protection Agency (EPA) approval of the MAG 2012 Five Percent Plan for PM-10. While the Ninth Circuit Court upheld most of the plan approval, the contingency measures were remanded back to EPA for further consideration, since they had been implemented early. The Court held that contingency measures cannot be implemented early under the plain language of the Clean Air Act. The Ninth Circuit Court ruling directly conflicts with the Fifth Circuit ruling in 2004 that upheld early implementation of contingency measures. It has been EPA's policy to allow for early implementation for over 20 years. The Clean Air Contingency Measures Act of 2018 (H.R. 4730) was introduced in Congress to allow for early implementation of the measures. No action was taken on the bill.

The preparation of the MAG Redesignation Request and Maintenance Plan for PM-10 for the Maricopa County Nonattainment Area was continued. The EPA determined that the region met the PM-10 standard based upon three years of clean data for 2010-2012, as measured by the air quality monitors. MAG closely coordinated with the Maricopa County Air Quality Department in the preparation of emissions for several source categories for the 2017 PM-10 Periodic Emissions Inventory. On a parallel track, MAG continued the aggressive activities designed to prevent PM-10 exceedances at the monitors and throughout the region. Throughout the year, MAG worked cooperatively with the Pinal County Air Quality Control District and the Arizona Department of Environmental Quality to prevent PM-10 exceedances in the Pinal County PM-10 Nonattainment Area. The data from the Hidden Valley Monitor PM-10 Emissions Inventory was used in the prevention efforts. Also, the Dust Mitigation Plan that was prepared by the Arizona Department of Environmental Quality, Maricopa County Air Quality Department, Pinal County Air Quality Control District, and MAG was determined to be complete by EPA on November 26, 2018.

MAG staff provided technical assistance to the Arizona Department of Environmental Quality for the documentation of PM-10 and ozone exceptional events. The documentation for five PM-10 exceptional event days in 2017 was completed and submitted to the Arizona Department of Environmental Quality. On February 5, 2019, EPA concurred with the documentation for the ozone wildfire exceptional event that occurred on July 7, 2017. Additional documentation for the June 20, 2015 ozone wildfire exceptional event day was completed and transmitted to EPA in November and December 2018 and January 2019. After receiving positive feedback from EPA, an addendum with the supporting documentation was prepared and transmitted on March 26, 2019. On May 7, 2019, EPA concurred with the documentation for the June 20, 2015 ozone wildfire exceptional event.

The EPA approval process for the MAG 2017 Eight-Hour Ozone Moderate Area Plan was monitored. Collectively, the plan includes 93 existing control measures approved by EPA in prior air quality plans and existing federal control measures. The plan demonstrated attainment of the 2008 ozone standard of 0.075 parts per million by 2017 (ozone season prior to the July 20, 2018 attainment date). The plan was submitted to EPA by January 1, 2017. The region needed three years of clean data at the air quality monitors in 2017 to meet the standard. On June 13, 2019, EPA published a notice of proposed rulemaking to determine that the Maricopa Nonattainment Area has attained the 2008 ozone standard by the attainment date of July 20, 2018. The attainment determination is based on complete, quality assured, and certified data for 2015-2017.

The implementation of the 2015 ozone standard was monitored to evaluate the implications for the region. On June 4, 2018, the Environmental Protection Agency published a final rule to establish the ozone area designations for the 2015 standard of 0.070 parts per million, effective August 3, 2018. The Maricopa Eight-Hour Ozone Nonattainment Area was classified as a Marginal Area. The attainment date for Marginal Areas is August 3, 2021. The nonattainment area boundary was expanded to include the Queen Valley monitor in Pinal County and the Tonto National Monument monitor in Gila County. It encompasses 5,287 square miles. The planning effort was initiated to prepare a Marginal Area Plan that is due to EPA by August 3, 2020. The plan is required to include a Baseline Emissions Inventory; Periodic Emissions Inventory Updates; Emissions Statement Rule; New Source Review Program; Emissions Offsets for Major Sources; and Transportation Conformity Requirements.

In Water Quality Management Planning, the Streamlined MAG 208 Water Quality Management Plan Process and Small Plant Review and Approval Process were closely tracked and monitored. On August 26, 2015, the MAG Regional Council approved the Streamlined MAG 208 Water Quality Management Plan Process. The entire process was streamlined from approximately 18 to 24 months to nine months, representing a 50 to 63 percent reduction in the overall timeline for a 208 amendment. On December 16, 2015, the MAG Regional Council approved corresponding changes to the MAG 208 Water Quality Management Plan Small Plant Review and Approval Process. The process was shortened from approximately 12 to 17 months to six months, representing a 50 to 65 percent reduction in the overall time for a Small Plant Review and Approval. On January 3, 2019, the Liberty Utilities Service Area Expansion for the Landings Project in the Buckeye Municipal Planning Area became effective through the streamlined process. On December 13, 2017, an annual evaluation of the streamlined process was conducted with the Stakeholder Group. At the annual evaluation meeting, the Stakeholder Group suggested that if there is no activity after one year, the next evaluation would be conducted in two years. No changes were made to the Streamlined MAG 208 Water Quality Management Plan Process.

In Solid Waste Management Planning, updated regional solid waste and recycling information was collected to reflect the current solid waste management conditions in the region. The information was designed to assist the MAG member agencies in evaluating solid waste and recycling programs and provide opportunities for collaboration. The updated information was presented to the MAG Solid Waste Advisory Committee on March 5, 2019. The six 30-second holiday recycling videos that were produced in cooperation with the MAG Solid Waste Advisory Committee and Valleywide Recycling Partnership were transmitted and used again this year. The videos encourage residents to “think before you shop” and offer tips on reducing, reusing, and recycling during the holiday season.

Human Services Planning-In FY 2019, efforts continued to strengthen the region through human services. Work focused on four main areas including, domestic violence, homelessness, healthy communities, and human services transportation.

Human services transportation coordination planning included the administration of the Federal Transit Administration (FTA) Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Transportation Program application process for the Phoenix-Mesa Urbanized (UZA), and implementation of the Title VI Plan. Regional coordination planning is an ongoing activity required by federal legislation to receive FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Transportation Program funding. The MAG Human Services Coordination Transportation Plans reflect emerging needs and resources to benefit older adults and people with disabilities. The plan includes gap assessments, prioritized strategies to best meet the needs of individuals in our region, and an update to the human services provider inventory.

Meeting the needs of the older adults and individuals with disabilities with available transportation resources is paramount. Exploring ways to maximize resources through coordination efforts were considered through the Section 5310 application process. MAG administers this competitive application process and programs the prioritized listing of projects, in coordination with the City of Phoenix Public Transit Department, as the Designated Recipient for the Phoenix-Mesa UZA. Each year, more than 20 agencies receive capital assistance and related equipment needed to transport older adults and people with disabilities. In FY 2019, the priority listing for Section 5310 included requests for four sub-regional mobility managers, 38 vehicle requests, five preventative maintenance, and seven eligible capital requests for projects that meet or exceed the Americans with Disabilities Act requirements. Over $3.4 million in Section 5310 federal awards were received in the Phoenix-Mesa UZA to assist regional nonprofits and municipalities for human services transportation programs to the targeted population.

A priority for human services transportation is the ability for agencies to coordinate with each other. MAG continued efforts to address the issue of insurance as a barrier to share agency’s vehicles through vehicle sharing workshops for providers. Over 40 stakeholders participated in three Vehicle Discussion groups that included insurance brokers to identify challenges and share information regarding the coordination of vehicle sharing. Passenger Assistance Safety and Sensitivity (PASS) standardized training continues to be an asset in the collaboration of shared vehicles. Through the utilization of sub-regional mobility managers, 41 service providers have been PASS trained, meeting federal driver training requirements. The MAG Transportation Ambassador Program (TAP) continues to be a venue for community stakeholders to receive information on regional best practices and resources for human services transportation services. MAG staff has attended and presented at human services community meetings such as the West Valley Human Services Alliance and Disability Resource Connection meetings, as an opportunity to disperse information regarding TAP at community events.

The capacity of local governments is leveraged through the MAG Regional Domestic Violence Council. Coordination and collaboration among jurisdictions results in abusers being held accountable and victims being safer.

In FY 2019, the MAG Regional Domestic Violence Council refreshed goals and objectives to focus on short-term actionable items that focus on education, awareness, training, and coordination. The major goal is to coordinate and collaborate to make domestic violence zero in the Region. The areas of focus are:

- Track coordination and collaboration efforts currently underway, create and share a listing of best practices and resources.

- Coordinate and collaborate with key stakeholders to increase prevention efforts throughout the region.

- Increase and enhance domestic violence training and education opportunities throughout the region for key stakeholders.

The Maricopa Regional Continuum of Care Board and Continuum of Care Committee on Homelessness continue to implement action steps to achieve alignment with the federal regulations in the Homeless Emergency and Rapid Transition to Housing (HEARTH) Act. This piece of federal legislation dramatically changed the structure of the Continuum of Care and the way in which the community addresses homelessness. The HEARTH Act focused on community-wide outcomes toward achieving federal goals. The CoC Board focused on increased collaboration and integrating different systems of care in the homeless services planning. New initiatives around homeless youth, Veteran service providers, and focus on unsheltered populations were prioritized.

The Continuum of Care continues to emphasize data-informed decision-making to ensure that housing and services are effective. Data review is incorporated into committee and workgroup meetings to ensure that providers and funders are reviewing outcomes when evaluating programs.

Ongoing activities to assist homeless people continued with efforts such as the regional heat relief network. As the temperatures increased, efforts to provide water and relief from the heat increased as well. Every summer, hydration stations save lives. The number of heat relief network partners has more than tripled since inception of the network in 2005. Resources such as bottled water, cooling stations, and refuge are offered throughout the region as part of the network. The goal of the network is to help prevent heat-caused deaths among the homeless population through the creation of an interactive map of resources.

Regional Analytics-As in the past years, the MAG team have been supporting the regional data and analytical needs of MAG and its member agencies. Regional Analytics continued to update and refine its interactive mapping, analysis, and reporting tools that highlight MAG's regional datasets. These state-of-the-art applications are built on the ArcGIS Server and provide methods to MAG member agencies and the public to create custom maps and reports utilizing Census and MAG datasets. The twelve online applications have been highly appreciated by MAG member agencies and are currently getting more than 4,500 web visits per month. Numerous presentations and demonstrations showcasing the tools' capabilities were given. Working with the Arizona@Work Workforce Development Centers, more than 90 hands-on training sessions have been held. In addition to data collection and maintenance activities, the Regional Analytics team is now presenting periodic analysis to the MAG Population Technical Advisory Committee (POPTAC). Daytime population and fiscal balance land use model were presented to a number of groups.

Providing continued analytical support for the MAG Economic Development Committee was a major task in FY 2019. This included reports and analysis on trade and border crossings between Arizona and Mexico. A series of special reports and analysis was developed on Foreign Direct Investment in Arizona. The database of all business with international ownership was enhanced with additional data sources. These data have been instrumental in the discussion on strategic foreign direct investment engagement. MAG staff continued a collaborative effort working with Arizona Councils of Governments (COG) and Metropolitan Planning Organizations (MPO) in the further development of a Statewide Employer Database. This data was first included into a statewide mapping application in April 2018.

Enhancements to the interactive mapping applications along with the maintenance of the existing applications was conducted in the past year. The bikeway, demographic and employment viewers were enhanced based on input from all stakeholders. These applications are highly appreciated by member agencies and public. The average monthly rate of website visits to these applications is now more than 4,500. In 2018, MAG's mapping applications were viewed over 52,000 times. The team led the effort for outreach to MAG member agency economic development teams and real estate groups with the goal of highlighting MAG data, analysis capabilities and tools that may be utilized for to expand our job base. An extensive program was developed to provide hands-on training for the MAG interactive mapping tools. Since 2014, greater than 1,050 people attended the training sessions. Collaboration with the Arizona@Work training centers ensures that training continues being offered at three locations in the region.

In 2015, MAG conducted an analysis of early education needs that resulted in extensive interest in the data and analysis capabilities at MAG. An interactive tool in collaboration with ReadOn Arizona was designed. ReadOn Arizona is a statewide agency committed to creating an effective continuum of service to improve language and literacy outcomes for Arizona's children. The MapLIT tool developed in collaboration with ReadOn Arizona was launched at a major event in August 2015. The Regional analytics team also conducted an analysis on childcare needs and gaps in the region. The tool, partnerships, and childcare gaps analysis continue to be presented by the team at national conferences and meetings. MAG staff continues to work with the ReadOn Arizona partners to update the datasets and develop enhancements to the interactive tools and reports. In FY 2018, a number of additional datasets were added including the creation of custom scoring and cross tabulations. Additionally, in collaboration with Arizona Department of Education and ReadOn Arizona, MAG developed and released a data visualization tool in FY 2019.

The Census Bureau conducts ongoing surveys, such as the American Community Survey, which provide additional information to complement the decennial census. MAG staff has compiled reports, maps, and database tables using these data to give member agencies additional statistics, such as income, educational attainment, and employment. Census data updates were provided to the MAG POPTAC to help members understand the various Census data products and programs available, such as the Census population estimates, American Community Survey, and the Economic Census. A workshop showcasing Census data/tools and the interactive applications developed by MAG was organized by MAG. Working with Arizona COG and MPO directors, the Arizona State Demographic Viewer continues to be enhanced, which includes the addition of data queries specific to Title VI reporting. Additionally, MAG staff have prepared summary infographic reports of key demographics for each member agency and made them available through POPTAC as well as on the MAG Data Center website.

MAG staff has facilitated discussions between the Census Bureau and member agencies in preparations for the 2020 Census. In FY 2019, MAG member agencies agreed to a $2 million special assessment to pay for advertising and public outreach in the lead-up to Census 2020. MAG has held bimonthly meetings to give member agencies updates on the advertising efforts, and member agencies have used those meetings as a way to exchange best practices for their local outreach efforts.

MAG staff continues to support the COG/MPO UrbanSim Users Group. MAG continues to collaborate with the Mid Region Council of Governments, the San Diego Association of Governments, and many other peers in sharing commonly developed tools among the agencies. The MAG Socioeconomic Modeling Team has conducted a complete update of the socioeconomic modeling platform, AZ-SMART. This included enhancing the UrbanSim implementation with a parcel based real estate developer model. MAG team continues to provide technical assistance to a number of other MPO teams in their implementations.

In collaboration with staff at the San Diego Association of Governments (SANDAG) MAG staff organized the annual two day seminar on all socioeconomic modeling methods of importance to COGs and MPOs. Topics included discussions scenario planning and evaluation tools, experience with UrbanSim 2.0 platform, regional econometric modeling, and data dissemination and visualization tools. MAG staff also continues to organize webinars attended by socioeconomic modeling staff from COGs and MPOs. These online meetings provide an opportunity for information sharing with discussion of current projects and recent advances.

MAG provided aerial imagery to MAG member agencies to assist them in their planning activities. MAG has been providing annual updates to MAG member agencies for over ten years to enable the agencies to review and analyze growth in the MAG region.

Information Technology- In FY 2019, the Information Technology Division continued its primary mission of supporting the MAG planning process. This included the provision and support of equipment and software, custom application and database design, teleconferencing and event support; as well as reviews of proposals and consultant work products for other divisions. MAG staff also supported collaborative projects with MAG's member and partnering agencies. These projects included:

- In FY 2019, MAG was able to use existing agency fiber connections to add El Mirage. This expansion of Regional Community Network (RCN) allowed El Mirage to share traffic cameras to neighboring agencies and coordinate traffic signal timing with Surprise and Maricopa County Department of Transportation.

- The RCN added a new no-cost service addition to the RCN. The City of Phoenix IT department was approved to use the RCN for high-bandwidth backups. The City of Phoenix Fire Operations was approved to use the RCN as a pathway for their Computer Aided Dispatch System.

- Provided development support for multiple Transportation websites. These websites disseminated traffic performance information, project cost information, safety information, and historical study information. Provided development resources for website to facilitate multiple calls for projects. Information Technology also contributed to the development of the state wide transportation provider inventory.

- Completed several electronic surveys in support of MAG activities.

- Continued to support and enhance the survey tracking system for the Maricopa County Trip Reduction Program.

- Created custom modules and tools to enhance the MAG website

MAG continued to support users of the Regional Community Network through direct network support and the support of critical applications like Luxriot EVO and videoconferencing. This included assisting agencies in the installation and troubleshooting of hardware and software issues and testing of agency fiber. MAG staff also worked with agencies to identify potential opportunities for expansion via fiber and wireless.

MAG continued to expand use of its e-mail subscription service, GovDelivery, to keep members and the public abreast of developments at MAG. The system generated 344 notifications to 562,515 recipients in the fiscal year ending June 30, 2019. The system is used for everything from delivering committee documents to public outreach. MAG has also used the system to reduce its environmental footprint through a reduction in paper mailings.

Finally, Information Technology promoted the sharing of information between agency Information Technology departments through the Technology Advisory Group. The primary focus of the committee has been discussing methods on attracting and retaining Information Technology talent. The committee has overseen the design and creation of a valley wide government IT employment website and approving additional applications on the Regional Community Network. Other topics of discussion included smart city/region initiatives, business continuity and the traffic data collection.

Transportation Planning-During FY 2019, MAG transportation planning efforts continued to address the key elements of the urban transportation planning process, including: (1) long-range system planning, (2) project programming and implementation, (3) safety, operations and performance assessment, and (4) travel forecasting and analysis. Planning activities covered a broad range of transportation modes and programs, including freeways and highways, arterial streets, mass transit, bicycles and pedestrians, safety, intelligent transportation systems (ITS), freight and goods movement, and performance monitoring. These planning efforts included consultation with federal, state, Native nation, and environmental and resource agencies, as well as public outreach and involvement. A state-of-the-practice travel demand model was maintained to support the analytical needs of the planning process.

FY 2019 planning activities included: (1) preparing updates and amendments to the Transportation Improvement Program (TIP) and the Regional Transportation Plan (RTP), (2) developing and implementing two new programming areas, the Systems Management and Operations Program, and the Roadway Safety Program, (3) developing long-range transportation modal, area and regional studies, (4) coordinating with the Arizona Department of Transportation (ADOT), Valley Metro, and MAG members on environmental/design concept studies, construction program funding, cash flow management, and long-range modal planning, (5) providing transportation planning support to MAG member agencies for programs such as bicycle and pedestrian design assistance, safety programs, traffic signal optimization, regional ITS architecture, and traffic forecasting, (6) complying with federally required transportation system performance measures and targets in coordination with MAG member agencies, ADOT, transit providers, Valley Metro, and the Federal Highway Administration, and (7) leading the project data collection effort among MAG member agencies, the Central Arizona Governments (CAG), and the Sun Corridor Metropolitan Planning Organization (SCMPO) for air quality conformity analysis.

Transportation Improvement Program (TIP) and Regional Transportation Plan (RTP)**:** During FY 2019, MAG coordinated closely with CAG and SCMPO to conduct required transportation air quality conformity analyses and public involvement. This resulted in two conformity approvals for modifications to the 2040 MAG RTP, and FY 2018-2022 MAG TIP by the U.S. Department of Transportation, as well as approval of project updates and modifications located in the Pinal County nonattainment areas, allowing highway projects to continue.

During FY 2019, amendments were prepared, including new project information to amend the MAG FY 2018-2022 TIP and 2040 MAG RTP on twelve occasions, to expedite project implementation and maximize the use of available funding. This included amendments to the TIP and RTP to incorporate revised opening dates for several transit and highway projects, and revised transportation modeling networks twice during FY 2019.

Preparations continue for the new RTP, also known as “Imagine”. In addition to technical studies intended to inform potential long-range multimodal transportation investments, a key focus in FY 2019 was initiating public and stakeholder engagement activities to better understand regionally shared values and transportation priorities. Key takeaways from the values mapping include: (1) having a vision for transportation in the region is very important and that there’s high support for the work our region has been and is doing; (2) people in the region like how it was built and value that transportation investments have been made to connect them to where they need and want to go providing choice, mobility and connectivity; (3) constituents support shifting to a long-range program that provides flexibility to modify priorities based on changing circumstances and technologies; and (4) there is tremendous support for increased funding for transportation in this region—a distinctly higher amount of support than in other parts of the country. The results of the values mapping and additional public and stakeholder input will inform the RTP’s goals and objectives, as well as future transportation investment priorities and strategies.

MAG programmed FY 2019 Federal Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for PM-10 certified street sweepers. Total programming activities for the MAG region was just over $4.5 million of Federal Highway Administration funding. Utilizing Federal Transit Administration funding, the MAG region developed and approved on June 26, 2019, the Section 5307 transit program of projects for FY 2019 for both the Avondale-Goodyear and Phoenix-Mesa urbanized areas totaling over $59.9 million. From June 30, 2018, through June 28, 2019, MAG concurred on nine grants and four grant amendments totaling $187.8 million of transit funding from all sources as made available by the designated recipient. MAG programmed Achieving Transit Accessibility Now (ATAN) funding utilizing an exchange of half-cent sales tax funds with FTA Section 5307 funding totaling $1.17 million. The ATAN program assists with addressing Americans with Disabilities Act transportation needs.

The Transportation Project Information RoadRunner Database, which tracks TIP and RTP data, was fully utilized in the programming process and the database continues to be upgraded. The MAG Transportation Improvement Program interactive map viewer was launched April 13, 2018, and continues to be updated and utilized. The MAG TIP viewer provides the user the ability to explore the transportation improvement program projects in the region with a link to the TIP data, mapping, and expected implementation dates.

During FY 2019 a new online application process was developed and implemented for the FY 2019 Call for PM-10 Certified Street Sweepers, allowing staff to more efficiently evaluate and program $ 4.3 million of projects.

Multimodal Transportation Studies: In FY 2019, MAG continued work on its first regional Active Transportation Plan. The plan will focus on creating a happier, healthier region by improving the bicycle and pedestrian network, connections to transit and open space, and investments that can spark economic development and improve safety. In addition to completing previously-awarded Design Assistance projects, 12 new Design Assistance projects were funded in FY 2019. Finally, a significant update to the online, interactive Recreation and Destination Map Viewer that details bikeways and transit was facilitated as was an update and redesign to MAG's popular fold-out Bikeways map.

Transit planning in FY 2019 included completion of an important study: the Regional Transit Framework Study. The Regional Transit Framework provides a technical framework for guiding future high capacity transit investments and decisions, including potential expansion of the light rail network and implementation of a new mode: bus rapid transit. Additionally, the Northwest Valley Sun Cities Transit Implementation Study, a project in partnership with Valley Metro, will deliver potential transit solutions for this unincorporated portion of Maricopa County as well as the costs associated with service implementation. The project, funded by a state appropriation, will be a valuable tool for Sun City, Sun City West, and the region to identify the best mobility solutions to serve this unique population.

MAG also initiated an Arterial and Bridge Needs Assessment in FY 2019. The project will deliver a dynamic platform to help MAG and its member agencies answer complex questions about the need for arterial and bridge investments. The platform will also provide analytical tools to assess project impact, scope, and opportunity cost. By using a combination of our internal databases and collaborating with our member agencies, MAG will improve decision making for future regional arterial and bridge investments through a more holistic and data-driven approach.

Two scoping and Planning and Environmental Linkages (PEL) Statement projects initiated in FY 2019. The first is for the future freeway corridor SR-30/Tres Rios between SR-202L/South Mountain and I-17/Black Canyon in Phoenix and will identify a recommended corridor for the location of the future freeway. The second is to study the expansion of SR-347 between SR-235 and I-10/Maricopa. At the request of the City of Phoenix and Maricopa County, a transportation study focused on detailing the local transportation network and addressing drainage issues in the Laveen community initiated in FY 2019. With the completion of Loop 202 (South Mountain Freeway) in December 2019, growth in the area is expected to continue and shift the transportation landscape. This project, expected to conclude in FY 2021, will identify transportation infrastructure for improving traffic in the Laveen area.

Several other projects were completed in FY 2019. The SR-101L Northwest Area Intersection Traffic Analysis study was completed in June 2019. The study established area capacity and operations for traffic in the northwest valley, centered around the Loop 101 (Agua Fria) between 67th Avenue and Thunderbird Road. Other completed efforts include a feasibility study for a new interchange on State Route 303 at Litchfield Road and a scoping assessment for a potential grade separation at Grand Avenue, 35th Avenue, and Indian School. ADOT will initiate formal predesign efforts on the Grand Avenue, 35th Avenue, and Indian School grade separation in FY 2020.

Programming and Implementation: In FY 2019, MAG continued to fulfill its statutory role in the implementation of Proposition 400. MAG directly manages the Arterial Life Cycle Program and coordinates closely with the Arizona Department of Transportation on the Freeway Life Cycle Program and Valley Metro on the Transit Life Cycle Program. MAG is required to prepare an annual report on the status of projects funded by the half-cent sales tax for transportation through Proposition 400. The 2018 Annual Report on the Status of the Implementation of Proposition 400 was completed and a public hearing was held on the report findings on November 27, 2018.

The FY 2019 Arterial Life Cycle Program (ALCP) was approved by the MAG Regional Council on June 28, 2017, and subsequently amended four times throughout FY 2019. MAG worked with member agencies on the 60 projects under development during the fiscal year, 12 of which were open to traffic by July 1, 2019. Additionally, reimbursements totaling $58.8 million were distributed to member agencies for their projects. The FY 2020 Arterial Life Cycle Program was approved by the MAG Regional Council on June 26, 2019.

The largest Proposition 400 life cycle program, the Freeway Life Cycle Program, underwent a major rebalancing effort in FY 2019. MAG and ADOT initiated a thorough review of program cost estimates that concluded in December 2018. In early 2019, a comprehensive financial update of the program was presented to the MAG policy committees. It was noted that estimated project costs increased by $1.58 billion over the approved program. As a result of the increase, approximately $1.23 billion in projects and project scope items required deferment beyond the program's funding horizon. Proposed assumptions and evaluative criteria to rebalance the program were presented and subsequently used to generate a rebalanced program. The rebalanced program was approved by MAG Regional Council on May 22, 2019, contingent on finding of air quality conformity.

Other efforts related to the Freeway Life Cycle Program in FY 2019 included continued assistance to the Arizona Department of Transportation and Federal Highway Administration with the construction of the Loop 202 (South Mountain Freeway) and continued coordination with the Arizona Department of Transportation on planning-level efforts to assist in the development and delivery of the program. Those efforts are elaborated as part of the Multimodal Transportation Studies section of the document.

In FY 2019, MAG continued to support Valley Metro RPTA with the delivery of the Transit Life Cycle Program. MAG coordinated with regional partners to update transit information in the regional travel demand model and generate updates to the Transportation Improvement Program and Regional Transportation Plan, including changes to the Tempe Streetcar project, the West Phoenix light rail extension, and the Laveen and 59th Avenue Park and Ride lot.

Intelligent Transportation Systems (ITS) and Traffic Operations Planning: In FY 2019, MAG began the programming of the projects recommended in the System Management and Operations (SM&O) plan. A call for projects for non-competitive SM&O projects for FY 2020-2022 was issued to eligible regional agencies, including ADOT, MCDOT, and Valley Metro. Based on technical evaluation, 11 ADOT projects and two MCDOT projects were approved by MAG Regional Council for programming in the Transportation Improvement Project (TIP). In FY 2019 MAG initiated the planning for a call for competitive SM&O projects, eligible to local agencies, expected to complete by the first half of FY 2020.

The second phase of the I-10 Integrated Corridor Management (ICM) Planning Study from Loop 101 (Agua Fria Freeway) to Loop 202 (Santan Freeway), funded by a federal grant, was completed in FY 2019. The project developed foundational plans for institutional, multi-agency collaboration and integration of operational decision-making with existing infrastructure that benefit the travelers of the corridor. The first phase of this project developed a Systems Engineering Management Plan and a Project Management Plan for the corridor.

In FY 2019, MAG completed Northern Parkway Intelligent Transportation Systems Infrastructure Study. The study identified Intelligent Transportation (ITS) infrastructure needed on the Northern Parkway between Loop 101 and Loop 303 freeways. The study outcome will guide ITS infrastructure design for the corridor.

As part of the MAG Traffic Signal Optimization Program (TSOP), nine traffic signal optimization projects were successfully completed, providing technical assistance to six local agencies, and MCDOT. Six of these projects were also subject to a before-and-after evaluation of signal system performance. All agencies were provided technical assistance by MAG during the implementation of new signal timing. TSOP projects resulted in the full implementation of new, optimized traffic signal timing at project intersections. A three-day workshop on SYNCHRO, a traffic signal timing software, was organized and successfully held, providing essential training to local agency traffic operations staff.

In FY 2019, MAG completed a planning study for improving regional emergency vehicle preemption coordination. The purpose of the study is to advance regional EVP coordination towards a future with unified emergency vehicle preemption (EVP) operations across the MAG region. The study conducted several stakeholder workshops, reviewed previous work from the past study, and provided an update on the latest in EVP technology. The stakeholders of the study were retained to form the MAG EVP Working Group for future collaboration.

Transportation Safety Planning: A key accomplishment during FY 2019 was the development of the MAG Roadway Safety Program as a collaborative effort with ADOT. The MAG Roadway Safety Program (RSP) was developed to supplement the state's Highway Safety Improvement Program (HSIP) program and assists with providing additional funding in the short term. MAG will facilitate a Highway User Revenue Fund (HURF) swap and regional safety program that can improve the safety conditions of our roadways in all areas, from rural to dense urban. MAG developed this program to address these critical regional funding needs in the near term. The first call for projects is anticipated early in FY 2020.

Another activity in the area of road safety planning involved holding three regional workshops to provide basic safety training of school crossing guards, prior to the start of the 2018/2019 academic year. Over 400 school crossing guards were provided with basic road safety training.

A Bicycle Safety Analysis was completed in FY 2019. This analysis included a detailed review of information from available crash reports for bicyclist crashes for a three-year period to gain a better understanding of bicyclist riding nature, presence or gap in bicycle infrastructure on roadways, roadway operational characteristics during the crash occurrence etc., that may have contributed to bicyclist crashes. The deliverable was a guidance document for local agency staff and decision makers for better information when planning new or improving exiting bicycle facilities keeping in mind those are equitable, safe, comfortable, and connected.

Technical assistance was provided to MAG member agencies, by conducting a total of eleven comprehensive Road Safety Assessments (RSAs) at intersections and one corridor with high crash risk. In addition, one Project Assessment developed the required engineering design documents. Highway Safety Improvement Program federal aid funding request applications were successfully completed for federal aid funding.

Qualifying Safe Routes to School (SRTS) non-infrastructure projects utilizing federal Transportation Alternatives Program funds were identified through the TIP call for projects and programmed in the years FY 2021, and FY 2022. In addition, nine SRTS Studies were administered utilizing MAG on-call consultant contracts. This was the second cycle of studies to be administered by MAG identifying key action items for school districts, schools, and local agencies to improve safety and encourage more walking and biking to school for kindergarten through eighth grade children.

***Transportation Performance*:** During FY 2019, MAG continued to focus on implementing transportation performance measures into decision-making processes for planning and programming activities.

In anticipation of MAG's next Regional Transportation Plan, preparatory work was completed for the creation of a standalone performance report. This report will include all measures and targets reported as part of federal rule requirements and also include measures that are not required for federal reporting.

Performance-based evaluative tools geared towards programmatic goals and objectives were used in the congestion management and project evaluation process. Additionally, a new evaluative tool was developed to support the Transportation Systems Management and Operations program. MAG's web-based interactive tools were updated to incorporate updated datasets and the latest performance analysis.

Travel Demand Modeling: During FY 2019, MAG performed significant updates to the travel forecasting models. Several surveys as well as commercially purchased datasets were used for model re-estimation, recalibration and validation. The datasets included the 2018 household and establishment travel surveys, region wide traffic count data that was conducted in 2018-2019 and several commercial data purchases such as the truck GPS data, bicycle data, speed data etc.

In FY 2019, MAG updated several components of the travel forecasting models based upon the above mentioned datasets. As a part of its continuous model improvement plan, MAG successfully conducted a peer review for the MAG Activity Based Model on December 3-4, 2018, with experts drawn from across the country. Overall, the review was very positive and MAG’s effort on the implementation of ABM was praised by the peer review panelists. The model also received compliments for the implementation of advanced autonomous vehicles modeling procedures. The efforts to maintain and further enhance the regional transportation forecasting models are continuing in FY 2020 in order to ensure that the models represent state-of-the-practice and capitalize on the latest advances in the field.

MAG successfully conducted transportation modeling for the air quality conformity analyses and the Regional Transportation Plan and Transportation Improvement Program updates. MAG conducted 2019 Spring Conformity, 2019 Fall Conformity, and 2019 Winter Conformity Analysis using the latest data and models. MAG provided extensive technical support for MAG member-agencies and completed analytical, data and forecasting request from MAG member-agencies.

For Fiscal Year 2020

Communication-In Fiscal Year 2020, the MAG Communication Division will continue to work on outreach and engagement efforts, especially in preparation for a new Regional Transportation Plan and associated funding efforts.

The MAG public involvement staff will continue to provide communication and public involvement support for the implementation of the Transportation Improvement Program and Regional Transportation Plan. Public involvement activities will include seeking input through public meetings or hearings, as well as numerous special events and small and large group presentations. Feedback from this outreach will be provided quarterly to policymakers for consideration in the development of MAG transportation plans.

MAG will continue oversight of the Don't Trash Arizona litter prevention and education program, including ongoing implementation of the Arizona Is Our Home campaign.

Communication staff will continue to make improvements as necessary to its website and affiliated sites, including assisting with a new statewide Arizona Ride Info page to connect Title VI communities to transportation resources around the state. Additional efforts to reach Title VI communities will continue with the ongoing implementation of the Title VI and Environmental Justice Program, in cooperation with the MAG Human Services Division. The Community Outreach Planner will provide targeted outreach to minority, low-income and disability communities.

In addition, the division will provide communication support for member agencies. This could include providing talking points, background, editorials, PowerPoint presentations, and other materials to assist local elected officials and member agency staff in communicating comfortably and confidently about MAG plans and programs. The division will continue to provide communication and graphics support for all MAG divisions, including working with the Transportation Division in public involvement activities; assisting the Environmental Division in dust and ozone pollution outreach and education; providing assistance to the Human Services Division with special activities; managing and updating the Age Friendly Arizona website; and providing media relations and public communication support related to current issues for the agency and its member agencies.

Through the use of video production equipment and facilities, MAG will continue its Video Outreach Program to help inform Valley residents of MAG's role and responsibilities in the region and to encourage public participation. Video segments produced by MAG are aired on city cable channels, websites, social media and other venues in order to reach the broadest possible community.

As a means of highlighting the importance of regional collaboration, MAG will host its biennial Desert Peaks ceremony in June.

Economic Development-In FY 2020, MAG will continue its outreach to both Canada and Mexico. With 21,000 Canadian-owned properties in the Phoenix Metro and 278 Canadian-owned businesses, there will be a focus on building relationships with Canada. MAG staff will continue to engage in conversations with the Canada Arizona Business Council, member agencies' economic development staff and other Canada-related stakeholders to further collaborate on advancing relationships with Canada and create more economic development opportunities.

MAG also will continue its Mexico initiatives, including the Ari-Son Megaregion, an effort to build a globally competitive "megaregion." The Ari-Son Megaregion Council was formally recognized as an affiliate group of the League of Arizona Cities and Towns at its annual conference in August 2016. MAG staff will continue to work collaboratively with local government elected officials in Sonora, as well as representatives from Sonora's Secretary of the Economy and Sonora Arizona Commission to invite elected officials, economic development directors located in Arizona and Sonora to the annual League conference. In addition, MAG staff will also work with the Arizona Mexico Commission on identifying potentially collaborate efforts.

In FY 2020, we will continue to host delegations from Mexico and Canada, including, but not limited to, representatives from universities and businesses interested in specific industry sectors. MAG will continue to work with the League of Arizona Cities and Towns to coordinate Ari-Son meeting events focused on international economic development opportunities, and continue to collaborate with state level agencies in Sonora and Arizona to expand relationships and economic development opportunities.

In FY 2020, MAG will work with the City of Calgary and Calgary Economic Development to organize a delegation from Calgary to the MAG region.

MAG will also continue to support the Metro Phoenix Export Alliance, the Greater Phoenix Economic Council with its FDI initiative through data analytics and research, and the International Leadership Council.

MAG will continue to work with the Arizona Commerce Authority and its program, Rev AZ, on a Regional Export Tech program for the MAG region. MAG will also continue to work with the Metro Phoenix Export Alliance (MPEXA) to support increasing exports in Arizona.

MAG will also continue to collaborate with outside agencies on supporting trade. MAG staff worked with the City of Phoenix and the Port of Long Beach to host an event in Phoenix that provided an update on the Port of Long Beach, one of the world's premier seaports and a primary gateway for trans-Pacific trade. Attendees learned how the Port of Long Beach is working with industry partners and investing in a multibillion dollar capital improvement program to facilitate the quick, reliable and cost-effective movement of cargo across the country and around the world.

MAG will continue its efforts on extending the border zone to the entire State of Arizona. This could include continuing to work with Capitol Strategies on either a rulemaking or legislative change, as well as confirming support from other state agencies and chambers.

MAG will continue to work in collaboration with the Arizona Commerce Authority to assemble a research group with research analysts from state and regional agencies that impact economic development. The meetings will focus on better coordinating the research and data collection among the different organizations and also understating the needs of the state and region.

MAG will continue to work through the Joint Planning Advisory Council to coordinate efforts in the Sun Corridor. Topics of interest for JPAC could include education and workforce, securing long-term dedicated transportation funding, and preparing for innovative technology.

MAG will continue to support the Arizona District Export Council efforts and work cooperatively to stimulate economic growth through exports and trade.

MAG will continue to work with the Intermountain West Metropolitan Planning Organizations (MPOs) to foster communication and coordinate planning efforts among MPOs serving as Transportation Management Areas within the Intermountain West region of the United States.

Environmental Planning-On September 12, 2016, the U.S. Ninth Circuit Court of Appeals issued a ruling in the lawsuit filed by the Arizona Center for Law in the Public Interest to challenge the Environmental Protection Agency approval of the MAG 2012 Five Percent Plan for PM-10. While the Ninth Circuit Court upheld most of the plan approval, the contingency measures were remanded back to EPA for further consideration, since they had been implemented early. The Court held that contingency measures cannot be implemented early under the plain language of the Clean Air Act. The Ninth Circuit Court ruling directly conflicts with the Fifth Circuit ruling in 2004 that upheld early implementation of contingency measures. It has been EPA's policy to allow for early implementation for over 20 years. The implications of the Court ruling will be closely monitored.

In addition, MAG will continue to closely coordinate with the Maricopa County Air Quality Department in the preparation of emissions for several source categories for the 2017 Periodic Emissions Inventory for PM-10 and the 2017 Periodic Emissions Inventory for Ozone. Technical assistance will be provided to the Arizona Department of Environmental Quality for the preparation of the required documentation for PM-10 and ozone exceptional event days. On a parallel track, the aggressive activities to prevent PM-10 exceedances at the monitors and throughout the region will be continued. Efforts will continue on the implementation of the measures in the MAG 2012 Five Percent Plan for PM-10 as the region strives to maintain the standard as measured by the air quality monitors. In addition, the inventory of dirt roads will be updated annually with the paving of unpaved road projects from the Congestion Mitigation and Air Quality Improvement Program Annual Report. On June 4, 2018, EPA published a final rule to establish the ozone area designations for the 2015 ozone standard of 0.070 parts per million. The Maricopa nonattainment area was designated as a Marginal Area, effective August 3, 2018. The attainment date for Marginal Areas is August 3, 2021. The planning effort will be continued to prepare a Marginal Area Plan that is due to EPA by August 3, 2020.

The Environmental Division will also prepare the conformity analysis for the Regional Transportation Plan and Transportation Improvement Program to ensure that transportation activities do not contribute to air quality violations. To assist the Sun Corridor Metropolitan Planning Organization, MAG will prepare the conformity analysis for the PM-10 and PM-2.5 nonattainment areas in Pinal County. In addition, MAG will coordinate with the Pinal County Air Quality Control District and Arizona Department of Environmental Quality to prevent PM-10 exceedances at the Hidden Valley monitor and monitors throughout the region in order to obtain the clean data necessary for attainment of the standard.

In Water Quality Management Planning, technical assistance will be provided to the member agencies for amendments to the MAG 208 Water Quality Management Plan, as well as small plant review and approvals in order to accommodate the wastewater planning needs of the region. The Streamlined MAG 208 Water Quality Management Planning Process will be implemented, closely tracked and evaluated. The goal of this effort is to make the process more efficient and the region more globally competitive. In Solid Waste Management Planning, information will continue to be collected on new solid waste projects and programs in the region. The information will be presented to the MAG Solid Waste Advisory Committee.

Human Services Planning-In fiscal year 2020, efforts will focus on promoting the elements of a resilient community. This will be accomplished by providing technical assistance to the cities and towns on implementing elements of a resilient community. MAG will host a Human Services conference to bring together local and national leaders for the purpose of promoting a better understanding of opportunities that will strengthen the region. The outcome will promote a better understanding of the opportunities to strengthen the region for all people.

Human Services Transportation Staff will continue to engage regional stakeholders providing human services transportation resource information to their communities. Coordination with the Central Arizona Governments (CAG) Mobility Manager ensures that Section 5310 subrecipients in the rural planning area have an opportunity to participate in region coordination efforts as federally required. The utilization of subregional mobility managers increases MAG's outreach efforts for connectivity to regional communities and outlying areas. Coordination with nonprofit agencies and Valley Metro ensures the utilization of the human services provider inventory webpage is benefiting the region and continues to be updated on an annual basis. Collaborative efforts with the City of Phoenix is key to ensuring that regional subrecipients are meeting federal compliancy and grant requirements. This also includes continued coordinated efforts with ADOT for the rural and small urban areas in the region. Human Services Transportation staff also will work with agencies with outstanding grants under ADOT's Section 5310 awards in order to comply with federal requirements.

Regional stakeholder input continues to be utilized in the development of brown bag trainings. Topics identified from stakeholders include driver recruitment and retention, ADA compliancy workshops, and defensive driver trainings. Training topics identified will support the work of regional transportation providers in providing services to older adults and individuals with disabilities. These coordination efforts help to ensure that regional human services transportation stakeholders will have access to coordinated safety training and transportation resources options for serving older adults and individuals with disabilities in the community.

Staff will continue to attend and present at human services community meetings. This will also include attending CAG's Human Services Transportation Coordination meetings to ensure information and coordination opportunities are offered to all regional stakeholders. Staff will continue to increase the utilization of subregional mobility managers within the region by having them present best practices and lead discussion workgroups at the quarterly MAG Transportation Ambassador Program meetings. Subregional mobility managers are supported as community liaisons to increase the opportunity for more nonprofit agencies to participate in regional collaborative efforts. The next MAG Human Services Coordination Transportation Plan in development will continue to build upon the implementation of strategies that have been identified to ensure regional coordination efforts keep moving forward.

Domestic Violence — In FY 2019, with continued support from 30 primary partners and a refreshed plan to coordinate strategically to make domestic violence zero in the region. Staff will continue to track the progress of the strategies contained in the Regional Plan to End Domestic Violence, which will frame changes to the way the region responds to domestic violence. Staff will coordinate activities with community partners to maximize the region's capacity to address domestic violence. This includes reinstating the domestic violence affinity groups to focus on specific strategies related to law enforcement, prosecution, services providers, victim advocates, and shelters.

Homelessness — The Maricopa Regional Continuum of Care Board and Continuum of Care Committee on Homelessness will continue system integration and program evaluation in FY 2020. The Board will update and monitor progress on the Regional Plan to End Homelessness, which encompasses the guiding principles for strategies toward ending homelessness. The Continuum of Care Board will continue to implement and expand the Regional Coordinated Entry System. Targeted efforts to end chronic and veteran homelessness will be prioritized for the region and initiatives to address youth and family homelessness will continue. The Board will begin work on racial and ethnic equity, reviewing the incidence of homelessness and the provision of homeless services to diverse populations.

The Continuum of Care Board will continue to assess the performance of HUD Continuum of Care funded programs and work with agencies to reallocate program funding when necessary.

MAG staff will oversee the annual Point-in-Time homeless count in January 2020 to determine the number of homeless people in shelters and on the streets. A brief survey will be conducted among the homeless on the street to provide additional information about the characteristics of the individuals and families living on the streets. Use of the Point-in-Time mobile application, piloted in 2018, will be expanded to include the entire region. Staff will complete a housing inventory analysis and gaps analysis to understand the homeless housing inventory that is available in the region and the gaps that exist.

Regional Analytics- MAG implemented online mapping and reporting tools for land use, major landmarks, and demographic and employment data in the MAG region. MAG staff will continue to work on enhancing these tools based on input received from users. Additional mapping and reporting tools supporting regional data analysis and dissemination will be developed. Additionally, MAG will enhance the MAG Data Center with particular emphasis on data maintained by Regional Analytics. These tools will provide easy access to demographic, economic, and regional land use data and analyses for planners, decision makers, and the general public. Developing these cutting edge tools will be an important component of making MAG information useful to the greater community. The MAG Regional Analytics Division working with other MAG teams will continue to develop partnerships with economic development agencies in the region and State. This includes providing datasets, custom analytics, and tools to member agencies and economic development agencies. Regional Analytics will also develop additional dashboards including topics of various regional interest.

MAG will continue to organize an annual two day seminar on all socioeconomic modeling methods of importance to COGs and MPOs. This seminar has discussed the pros and cons of numerous socioeconomic models, data collection techniques, and geographic analyses.

Future enhancements of the AZ-SMART framework include additional reporting and analysis tools. Regional Analytics will evaluate developing AZ-SMART scenario analysis tools, along with enhanced real estate development, business location choice, and other detailed business and household characteristics in order to support socioeconomic, transportation, and air quality modeling activities for the MAG region and for statewide planning initiatives.

MAG will continue to support its member agencies and the general public with information on census products, including the American Community Survey, and other products, to ensure that member agencies have the information needed to make informed decisions. MAG will continue to develop reports and analyses, including community profiles and maps based on the census data. MAG staff will also continue to inform member agencies of data available from the U.S. Census Bureau as well as assist with data analysis needs as they arise. MAG will also host workshops for MAG member agency staff to provide analysis and expert training on utilizing census and other socioeconomic data. Coordinating with MAG member agencies and the State Demographer’s Office, the MAG team will complete the technical analysis of enhancements to the population estimates process. This will include evaluation of data that may need to be purchased from commercial sources or collected from public/private entities.

Working with the U.S. Census Bureau and MAG member agencies, the MAG team will continue providing support for the 2020 Census. This will include development of geography files in coordination with member agencies, maintaining housing address files, and developing partnerships for outreach.

MAG will provide planners and economic development staff from all member agencies with the opportunity to present to and/or network with peers in other member agencies, through coordination and participation in the MAG Population Technical Advisory Committee, MAG Planners and Economic Development Partnership Exchange, and/or other forums as appropriate. This will ensure that every member agency is aware of the potential impacts to its agency as well as to the MAG region.

The MAG Information Center (MAGIC) also will continue its major projects. MAGIC will continue to work with member agencies and other public and private entities as needed in developing geographic information system datasets and applications that support mapping and analysis.

Information Technology- In FY 2020, the Information Technology Division will continue its primary mission of supporting the MAG planning process. This includes the provision and support of equipment and software, custom application and database design, teleconferencing and event support; as well as reviews of proposals and consultant work products for other divisions. MAG staff will also support collaborative projects with MAG’s member and partnering agencies. These projects include:

- Expanding the Regional Community Network to additional agencies and promoting the inclusion of Regional Community Network connectivity in conjunction with agency fiber projects and continued use of wireless options as an interim solution.

- Continuing development support for focused economic and community development websites.

- Providing development and database support for internal project management sites for transportation.

Transportation Planning- During FY 2020, MAG's transportation planning activities will continue to address the full range of planning functions, including long-range transportation planning, transportation modal and area studies, transportation project programming and implementation, system operations planning and performance monitoring, and travel forecasting and analysis. In addition, plan implementation efforts will continue through close coordination with ADOT, Valley Metro, MAG members, and other local and federal agencies. Of note will be the development of a new FY 2020 – 2024 Transportation Improvement Program and an update to the MAG 2040 Regional Transportation Plan. The MAG 2040 Regional Transportation Plan and FY 2018 - 2022 MAG Transportation Improvement Program will be amended, as necessary, until approval of this new TIP and Plan.

The signature focus in FY 2020 will be initiating the plan development process for the new Regional Transportation Plan, Imagine, in preparation for the future election on regional transportation funding. The development of a new Regional Transportation Plan is anticipated by the fall of 2021 in order to facilitate air quality conformity modeling. MAG anticipates an election for a continuation of sales tax funding to support transportation, which currently ends collections December 31, 2025, to occur in November 2022.

Transportation Improvement Program and Regional Transportation Plan: The Transportation Improvement Program (TIP) and the Regional Transportation Plan (RTP) will be amended as necessary to ensure that projects are accurately reported and implementation proceeds expeditiously. Programming for FY 2020 PM-10 certified street sweepers, 2023-2024 Paving of Unpaved roads, Pinal County Arterial-Bridge, and Bicycle and Pedestrian projects is underway. Additionally, programming for FY 2020-2021-2022 Systems Management and Operations and the FY 2020-2021 Roadway Safety Program are underway. MAG developed an online web-based application for the FY 2019 PM-10 certified street sweepers application process. It has proven to be very successful, and MAG will continue to expand the online application process for the next PM-10 and PM-2.5 paving of unpaved roads, Pinal County Arterial-Bridge, Bicycle, Pedestrian, Systems Management and Operations, Roadway Safety, and Safe Routes to School project and program areas utilizing Federal Highway Administration Sub-allocated funding in upcoming Call For Projects anticipated in calendar year July/August of 2020 and again in 2021. The MAG region developed and released for public comment the working draft Avondale-Goodyear and Phoenix-Mesa urbanized areas program of projects for FY 2020. MAG will continue to update and seek approval for the final FY 2020 program of projects at the June 2020 meetings. Estimates anticipate that over $59.9 million of federal transit administration funding will be included. All other Federal Transit Administration Grants are anticipated for development and concurrence after the beginning of the next federal fiscal year.

Also during FY 2020, programming efforts will center on updating the programming criteria after the approval of the Draft FY 2020-2024 TIP. An anticipated approval of the new TIP is February 2020. Programming efforts that integrate FAST Act performance measures and current congestion management processes will be included.

MAG staff will continue to coordinate project data collection with MAG member agencies to ensure successful air quality conformity analyses and transportation planning activities.

The MAG FY 2020 Programming Guidebook was developed and then published in July 2019. The Guidebook includes revised sub-allocated funding levels and schedule updates. MAG issued a “call-for-projects” utilizing Congestion Mitigation and Air Quality (CMAQ) Improvement Program funding, Surface Transportation Block Grant Program funding, and Transportation Alternatives funding for various programs and funding years on July 31, 2019 with an estimated $86.24 million of federal aid funding. An additional Call For projects was issued for Transportation Safety programs utilizing approximately $5.4 million of combined federal aid and highway user revenue funds on September 26, 2019.

Maintaining the management system for data and mapping will be ongoing and includes providing updates as needed on the interface of the TIP RoadRunner Database to include enhanced project tracking procedures and expanded view and sort capabilities. Additional project information is being integrated to account for FTA grants, activity line items and TIP listing updates that will assist during reconciliation and audit reviews.

As noted, FY 2020 will include initiation of the plan development process for the new RTP, also known as "Imagine". A central focus will be on various technical work and assessments to inform potential future needs, as well as continued public and stakeholder engagement.

Multimodal Transportation Studies: During FY 2020, MAG will continue its work on the Arterial and Bridge Needs Assessment and the Laveen-South Mountain Transportation Study, both which are expected to be complete in FY 2021.

Work will conclude on MAG's Regional Active Transportation Plan to address bicycle and pedestrian planning in the region with an emphasis on quality of life factors, safety and economic development. The results will inform the next Regional Transportation Plan, Imagine, and future investments in the active transportation network. MAG staff will continue with project oversight of existing projects in the MAG Pedestrian and Bicycle Design Assistance Program. In addition to continued work on previous-awarded Design Assistance projects and Bicycle and Pedestrian Master Plans, work on FY 2020-awarded Design Assistance projects will commence.

While the Northwest Valley Sun Cities Transit Implementation Study is expected to conclude in FY 2020, several other transit studies will initiate. A Regional Bus Rapid Transit (BRT) Study will coordinate with the City of Phoenix's own BRT study efforts and identify a potential BRT network for the region. Also a Commuter Bus Feasibility Study will identify the potential for near- and long-term expansion of a popular commuter bus service linking suburban communities to employment centers in downtown Phoenix and elsewhere. Both of these studies were recommendations of the FY 2019-completed Regional Transit Framework Study Update.

Member agencies also requested MAG's assistance and in FY 2020, transit feasibility studies for the Gila River Indian Community and a subarea plan for Avondale-Goodyear will initiate. These studies will be used to inform near-, mid- and long-term transit decision making and long-range planning efforts, including the development of the Regional Transportation Plan. Additionally, the next phase of commuter rail planning will be facilitated with the Regional Commuter Rail Economic Impact Analysis which will better assist member agencies in evaluating what implementation of this new mode might result in terms of station development, as well as investigate alternative delivery mechanisms for this investment.

A Regional Transportation Demand Management Study will be launched to evaluate opportunities to reduce the number of single-occupant vehicles, as well as to better mitigate major reconstruction activities anticipated on the regions multimodal network in the upcoming years. As the region continues to grow, more sophisticated options to best leverage our transportation infrastructure will be needed.

The next phase of the freight planning work will initiate in FY 2020 with the launching of subarea project assessments as identified in the MAG Freight Transportation Plan, completed in FY 2018. In FY 2020, a Truck Parking Study will be initiated by MAG to evaluate truck parking supply and demand with a specific emphasis on the industrial clusters in the MAG region. In addition, this study will provide MAG member agencies with a better understanding of the impact of the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) mandated "hours of service" (HOS) regulations has had on regional truck parking trends and the logistics market in the MAG region.

While both scoping and Planning and Environmental Linkages (PEL) Statement projects for SR-30/Tres Rios between SR-202L/South Mountain and I-17/Black Canyon and for the expansion of SR-347 between SR-235 and I-10/Maricopa, will look to deliver recommendations by the end of FY 2020, other freeway network studies will initiate, including two for I-10. First, the I-10 West Major Investment Strategy will study an approximately 20-mile corridor extending from 7th Avenue west to Loop 303 to identify innovative, multimodal solutions in this already congested corridor. The second study will evaluate investments on I-10 from the Papago Tunnel to the I-10/I-17 "Split", a continuation of previous MAG work. Recommendations from this study will help to guide investments identified as part of the Freeway Life Cycle Program and to consider as part of the extension of Proposition 400.

Programming and Implementation: In FY 2020, MAG will continue to fulfill its statutory role in the implementation of Proposition 400. MAG directly manages the Arterial Life Cycle Program and coordinates closely with the Arizona Department of Transportation on the Freeway Life Cycle Program and Valley Metro on the Transit Life Cycle Program. MAG will prepare the required annual report on the status of projects funded by the half-cent sales tax for transportation through Proposition 400.

MAG will continue to implement the Arterial Life Cycle Program, including refinement of program schedules, updates to the network model, execution of intergovernmental agreements, updates to project information, and review and approval of reimbursement requests. MAG's FY 2019 activities will also include working with agencies to continue on-going assessments of their projects programmed through the end of the program.

MAG will work with the Arizona Department of Transportation to continue the implementation of the Freeway Life Cycle Program. Updated project cost estimates will be produced and an annual program update process will be established. Other work that will be on-going in FY 2020 includes traffic interchange feasibility studies at Interstate 10/Baseline Road and State Route 101/75th Avenue, traffic analysis of the State Route 202 (Red Mountain) and State Route 101 (Pima/Price) interchange, and efforts related to transportation demand management (TDM) strategies for the I-10 Broadway Curve project.

MAG will continue to work with Valley Metro RPTA in the delivery of the Transit Life Cycle Program. MAG will coordinate with regional partners to update transit information in the regional travel demand model and generate updates to the Transportation Improvement Program.

Intelligent Transportation Systems (ITS) and Traffic Operations Planning: Early in FY 2019, the MAG Systems Management and Operations (SM&O) Plan and Phase 1 funding plan was approved by Regional Council. The SM&O Phase 1 funding plan addressed a significant gap in regional funds essential for investment in transportation technology improvements and traffic management operations that will begin to be programmed for funding in FY 2019. A key companion project to the programming of these funds in the MAG TIP will be a major update to the Regional ITS Architecture (RIA). The update will begin in FY 2019 and provide local agencies the necessary planning tool to provide information in future TIP projects applications to ensure compliance with the federal requirements. The FTA and FHWA require that every metropolitan region develop and maintain the RIA.

MAG will continue to provide technical assistance to member agencies with traffic signal optimization projects, including corridor-level signal timing and optimization improvements to address potential freeway closures.

Transportation Safety Planning: MAG will begin a new FY 2019 project to develop an update to the regional Strategic Transportation Safety Plan (STSP). The update will include traditional scope tasks of assessing regional crash trends for a five-year analysis period, identifying an action plan and performance measures. The update will also include a major task aimed at addressing the increasing trend in pedestrian and bicyclist crashes thorough development of a comprehensive safety education program. The STSP update will address gaps currently existing in funding of education messaging and programs. A separate project will be kicked off in FY 2019 to provide an in depth review of specific characteristics related to bicyclists crashes, existing infrastructure conditions and mode choice. This study will provide local agency staff and decision makers with better information and guidance for planning and improving bicycle infrastructure.

MAG will continue to perform Road Safety Assessments (RSAs) and Project Assessments (PAs) to assess and identify meaningful safety improvements region wide. The identification of candidate sites to perform RSAs will be a data-driven process based on analyses of crash data.

A number of activities related to improving road safety at kindergarten through eighth grade schools will be carried out during FY 2019. The Annual Regional School Crossing Guard Training Workshop, which is sponsored and organized by MAG and a number of local agencies, will continue to be held in three locations across the region. Methods of reaching more crossing guards interactively using media technology will be explored.

At the request of ADOT, MAG will continue to conduct Safe Routes to School Studies in the MAG region, funded with Transportation Alternatives funds. The FY 2019 cycle will involve four studies that address eleven schools sites.

MAG will continue to coordinate with ADOT, on the call for new road safety projects in FY 2021 and FY 2022, for consideration to be funded with federal Highway Safety Improvement Program (HSIP) funds. MAG will serve on the statewide panel that will provide oversight for the project review process. The next call for HSIP projects is expected to be announced by ADOT in January 2019 for qualifying projects in FY 2023 and FY 2024.

Transportation Performance: The Transportation Performance program will continue to focus on incorporating transportation performance measures in MAG's business processes. To aid in that goal, a new platform that will improve the efficiency and capabilities of the program is currently in development. The Arterial and Bridge Needs Assessment will provide MAG's member agencies with the ability to quickly analyze potential projects using the quantitative scoring elements approved by the corresponding project committee. It will also allow for analysis from the perspective of regional need as opposed to a ranking of submitted projects.

In FY 2020, the program will expand its use of Freeway Monitoring System data. By revamping the data processing procedures, staff will now be able to calculate additional reliability metrics previously unavailable. Performance-based evaluative tools will continue to be refined to continue providing meaningful quantitative analysis to aid in project selection and the achievement of regional goals.

In accordance with previous audit findings, and in collaboration with transportation planning and finance staff, MAG's project cards will be updated to include a more user-friendly spatially oriented user interface. The program's other web-based platform, MAGnitude, will be updated and visually refreshed to provide a more engaging and positive user experience.

FY 2020 represents the first opportunity to revisit previously established FAST Act performance targets. The program will thoroughly analyze MAG's current progress and adjust as necessary.

Travel Demand Modeling: The efforts to maintain and further enhance the regional transportation forecasting models are continuing in FY 2020. Main efforts will include updating some of the remaining submodels based on the most recent data, integration of Dynamic Traffic Assignment into the Activity Based Model, development of automated procedures to more tightly integrate the land use models with the transportation models and the continued development and integration of various modeling analyses and visualization tools. The work also includes the modeling of additional transformative mobility scenarios.

MAG proceeded with region-wide traffic data collections and transportation data acquisitions in FY 2019. The Regional Special Events Survey will continue in FY 2020 with main data collection conducted in spring 2019 and continuing in fall of 2019. The data from the Special Events Surveys will be used to update the transportation forecasting models.

During FY 2020, MAG will continue to provide: (1) comprehensive transportation forecasting and modeling, (2) data technical services and support for MAG member agencies, (3) support for ongoing MAG planning and analytical efforts, and (4) general public information.

FINANCIAL INFORMATION

Internal Controls

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

All internal control evaluations occur within the above framework. We believe that MAG accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.
An annual budget is adopted on a basis consistent with generally accepted accounting principles for all funds. MAG's fiscal year budget serves as a management tool assisting management in analyzing financial activity. Annually, a single fund MAG-wide budget (all fund types are combined) is prepared and presented to the MAG Regional Council. The Regional Council reviews and approves the annual budget. The approved annual budget is used as a control device for all of MAG's expenditures regardless of fund or fund type. For CAFR purposes, management has separated the activity of MAG into the General Fund and Special Revenue Funds.

Carry-forward estimates in the new budget year are used for consultant contracts to estimate funding required up to the contract amount. Non-consultant known future expenditures are not encumbered during the year or at the fiscal year-end and estimates are also included in the budget for anticipated costs.

As a recipient of federal financial assistance, management is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management. As part of the Single Audit described earlier, tests are made to determine the adequacy of the internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grants. MAG's Single Audit report for the fiscal year ended June 30, 2019 will be issued as a separate report at a later date.

Financial Planning

MAG provides fiscal support to all divisions, the director and the members by producing accurate, reliable and timely financial information using the Government Finance Officers Association best practices. This includes integration of a new accounting system, managing and processing grants, adherence to practices for state and local governments as approved by the Governmental Accounting Standards Board, complying with all relevant laws and standards related to procurement, ensuring processes impacting cash management are timely and thorough, and managing employee compensation and benefits responsibly.

The General Fund balance increased by $196,634 during fiscal year 2019 and decreased by $44,622 during FY 2018. The indirect rate calculated for use during the last few years has normalized. FY 2019 MAG's indirect rate remains stable at a normal rate of 156.66 percent and we anticipate only small rate adjustments going forward.

MAG implemented GASB Statement 68 in FY 2015. With the new reporting change, MAG is now allocated its proportionate share of the Arizona State Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. This information is reflected on MAG's Government-Wide Statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to MAG for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the eighteenth consecutive year that MAG has achieved this prestigious award. In order to receive the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America 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.

The timely preparation of this report could not have been accomplished without the cooperation and dedicated services of the MAG staff. We would like to express sincere appreciation to all those who assisted and contributed to its preparation.

Appreciation is also extended to the MAG officers and Regional Council for their diligence and support in planning and conducting the financial operations of MAG in a responsible and progressive manner.

Sincerely,

Eric Anderson
Executive Director

Somer Phegley
Chief Financial Officer

MARICOPA ASSOCIATION OF GOVERNMENTS
PRINCIPAL OFFICIALS AND MANAGEMENT

Chair and Officers of the Maricopa Association of Governments

Mark Mitchell	Mayor of Tempe	Chair
Jerry Weiers	Mayor of Glendale	Vice Chair
John Giles	Mayor of Mesa	Treasurer
Kenneth Weise	Mayor of Avondale	At-large member
Kate Gallego	Mayor of Phoenix	At-large member
Anna Tovar	Mayor of Tolleson	At-large member
Gail Barney	Mayor of Queen Creek	Past Chair

Executive Director and Secretary
Eric Anderson

Amy St. Peter	Deputy Executive Director
Anubhav Bagley	Regional Analytics Director
Audrey Skidmore	Information Technology Director
Brande Mead	Human Services Director
Kelly Taft	Communication Director
Linda Bauer	Environmental Director
Sarah Daily	Human Resources Director
Somer Phegley	Fiscal Services Director/ Chief Financial Officer
Tim Strow	Director of Transportation Policy and Planning
Vladimir Livshits	Director of Transportation Technology and Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Maricopa Association of Governments

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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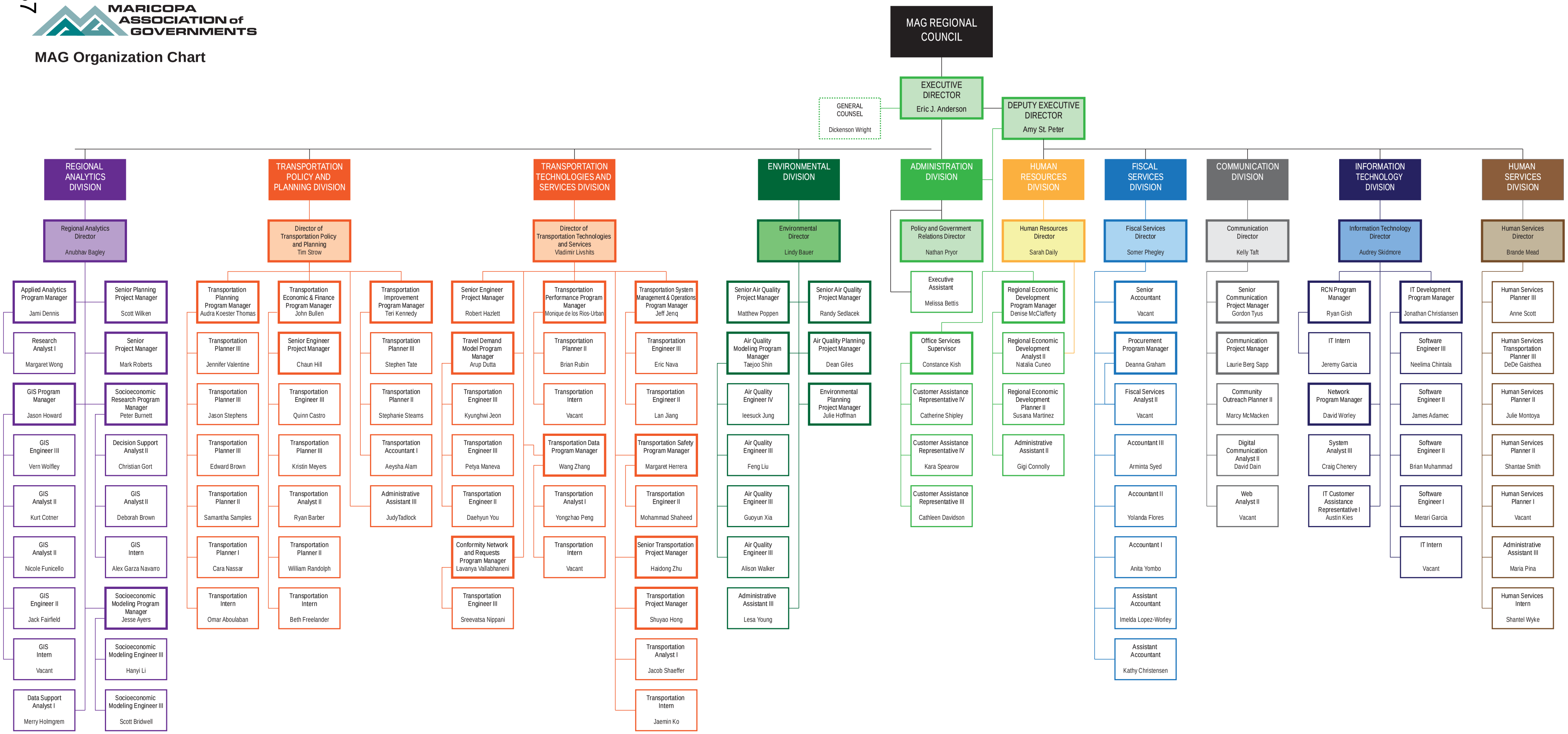
MARICOPA ASSOCIATION of GOVERNMENTS

MAG Organization Chart



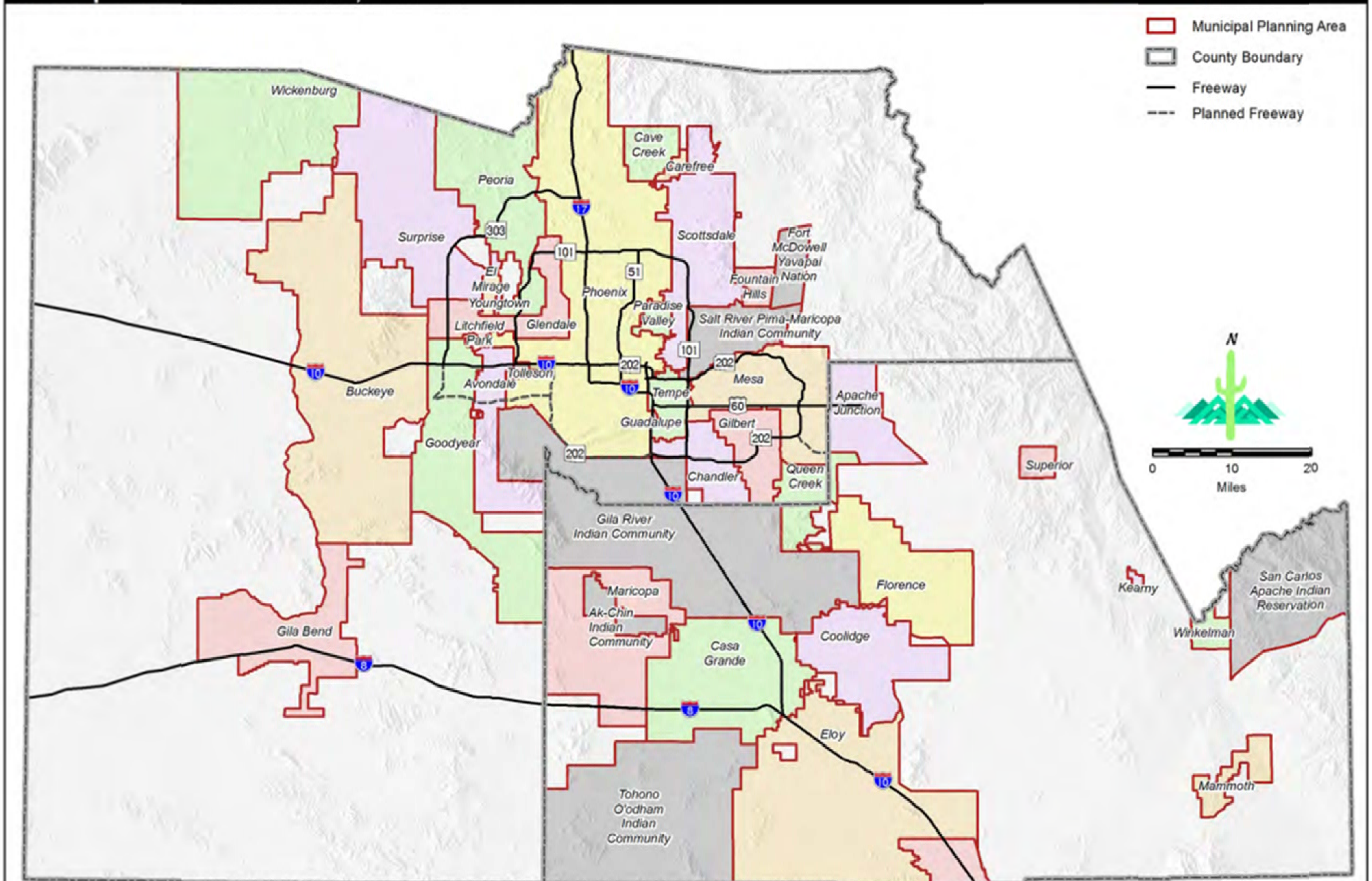
Notes: Hierarchy in the chart does not necessarily reflect seniority in the organization, or relative importance of program areas.

Interns are not permanent staff and intern positions may not always be included on the organization chart.

June 28, 2019

Municipal Planning Areas (MPA)
Maricopa and Pinal Counties, Arizona

MARICOPA ASSOCIATION of GOVERNMENTS



Source: MAG and the MAG member agencies, CAG and the CAG member agencies

Date: May 2016

While every effort has been made to ensure the accuracy of this information, the Maricopa Association of Governments makes no warranty, expressed or implied, as to its accuracy and expressly disclaims liability for the accuracy thereof.

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Regional Council
Maricopa Association of Governments

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maricopa Association of Governments (MAG), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise MAG'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Maricopa Association of Governments, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, net pension liability information, and other postemployment benefit plan 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 MAG's basic financial statements as a whole. The Combining and Individual Fund Financial Statements and other information related to capital assets, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and other information related to capital assets as listed in the table of contents, are the responsibility of management and were directly related to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and other information related to capital assets is 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 December 27, 2019, on our consideration of Maricopa Association of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Maricopa Association of Governments' 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 Maricopa Association of Governments' internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
December 27, 2019

This Discussion and Analysis provides a narrative overview and analysis of financial activities of the Maricopa Association of Governments ("MAG") for the fiscal year ended June 30, 2019. It has been prepared by management and is required supplemental information to the financial statements and the footnotes that follow this section. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and notes to the financial statements.

Financial Highlights

- In fiscal year 2019, the liabilities and deferred inflows of resources of MAG exceeded its assets and deferred outflows of resources by $12,128,511 at June 30, 2019. This represented an increase of $2,913,018 over fiscal year 2018. MAGs unrestricted net position at June 30, 2019 was a negative $14,990,420, which was largely due to the net pension obligation.

- As of June 30, 2019 and 2018, respectively, MAG's governmental funds reported combined ending fund balances of $448,766 and $4,602,409, of which $(1,929,810) and $4,367,044 is unassigned, respectively.

Overview of the Financial Statements

MAG's financial report includes the basic financial statements. These are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements- The government-wide financial statements are designed to provide readers with a broad overview of MAG's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of MAG's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MAG is improving or deteriorating.

The statement of activities presents information showing how MAG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods. Both of the government-wide financial statements distinguish functions of MAG that are principally supported by activities that recover all or a significant portion of their costs on a cost reimbursement basis. The governmental activities of MAG include general government, environmental, program implementation, human services, transportation services, regional analytics, public works, MAGIC, and RCP.

The government-wide financial statements include not only MAG itself (known as the primary government), but also two legally separate entities for which MAG is financially accountable. Financial information for these component units are blended with the financial information presented for the primary government itself.

Fund financial statements- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. MAG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of MAG can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near- term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. MAG maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Federal Highway Administration Special Revenue Fund ("FHWA Fund"), and the Shared Allocation Regional Area Road Fund (RARF) Special Revenue Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Each individual fund's data for these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support MAG's own programs. Due to their nature, the fiduciary funds do not have a measurement focus.

Notes to the Financial Statements-The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information and Other Information- In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning presentation of MAG's budgetary comparison schedule. MAG adopts a combined annual budget for both its General Fund and Special Revenue Funds. A budgetary comparison schedule has been provided for the RSI to demonstrate compliance with this budget for the combined General Fund and the Special Revenue Funds. This schedule provides information on the relationship between the flows of financial resources in relation to the adopted budget. The required supplementary information for pensions and OPEB is also included.

Government-Wide Financial Analysis

Statement of Net Position- As noted earlier, net position could serve over time as a useful indicator of a government's financial position. Net position represents the residual interest in MAG's assets and deferred outflows of resources after liabilities and deferred inflows or resources deducted. For MAG, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $12,128,511 and $8,648,170 at June 30, 2019 and 2018, respectively. This information is summarized below.

Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Current and Other Assets	$ 26,991,340	$ 28,616,561
Capital Assets	1,313,189	1,166,556
Total Assets	28,304,529	29,783,117
Deferred Outflows of Resources	1,886,443	1,920,781
Current Liabilities	27,502,943	23,963,566
Long-term Liabilities Outstanding	13,084,422	15,449,370
Total Liabilities	40,587,365	39,412,936
Deferred Inflows of Resources	1,732,118	939,132
Net Position:		
Net Investment in Capital Assets	853,327	912,168
Restricted	2,008,582	1,915
Unrestricted	(14,990,420)	(9,562,253)
Total Net Position	$ (12,128,511)	$ (8,648,170)

Net investment in capital assets represents more than 100 percent of total net position at June 30, 2019 and 2018, respectively. The balance decreased about 6.45 percent in fiscal year 2019 and represents the net change in additions, depreciation and adjustments to capital assets. The net capital assets are comprised of MAG's investment in capital assets (e.g., furniture and fixtures, computer software, machinery and equipment, leasehold improvements, and video conferencing equipment); less any related debt used to acquire assets still outstanding. MAG uses these capital assets to provide services to its members and citizens; consequently, these assets are not available for future spending.

During fiscal year 2019, MAG's net investment in capital assets decreased mainly due to the depreciation on the large one-time increase of tenant improvements and computer equipment purchases that were made in prior years. The majority of the capital asset equipment purchases were for computer equipment for replacement of staff equipment and videoconference equipment for replacement of old equipment. Although MAG's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total liabilities at June 30, 2019 and 2018 were $40,587,365 and $39,412,936, respectively. This represents an increase in liabilities of $1,174,429 from the previous year and is primarily due to a $2,071,155 increase in unearned revenue, a $347,278 increase in accounts payable, and an increase of $162,460 in retainage payable. The noncurrent liabilities recorded a net $2,364,948 decrease that is primarily due to a decrease of $1,659,734 in net pension liability. There was a decrease in accrued wages and benefits of $35,363. The decrease in accrued wages and benefits is attributable to the timing of the payroll and payment schedules at the end of the fiscal year. The payroll cycle processes every other week with the accounts payable cycle set to process invoice payments every week. The majority of the unearned revenue, $23,913,121, represents the funding from the Shared Allocation RARF that is collected annually. Another large portion of unearned revenue, $3,329,717, represents another share of RARF that is budgeted for transportation planning for the region. The remaining unearned revenues are for locally funded transportation projects in which we partnered with various cities and towns for $378,062. Projects for a Literacy Study have unearned revenue of $160,024. The remaining amount of $305,663 is for work performed by the Maricopa Association of Governments Information Center and collected for MAG Publications.

Summary of the Statement of Activities-The statement of activities presents MAG's financial activity during the fiscal year. The statement of activities breaks down revenues further by function. Federal grants continue to be the main revenue source for MAG's operations. The majority of these grants are Federal Highway Administration ("FHWA") funds, which are used to carry out transportation-related projects related to Moving Ahead for Progress in the 21st Century Act (MAP-21) legislation.

Statement of Activities
Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
REVENUES		
Program Revenues – Operating Grants and Contributions	$ 17,549,452	$ 24,144,973
General Revenues – Shared allocation RARF	6,441,401	
General Revenues – Investment Earnings	101,375	102
Total Revenues	24,092,228	24,145,075
EXPENSES		
Environmental	1,319,721	2,526,798
Human Services	696,776	1,015,355
Program Implementation	7,554,185	5,103,594
Transportation	9,410,389	11,762,819
Regional Analytics	2,023,521	3,180,371
General Government	5,856,210	172,090
RCP	50,069	91,819
Public Works	73,302	45,106
Interest Expense	21,073	13,749
Total Expenses	27,005,246	23,911,701
Net position, June 30, 2018, as previously reported	(8,648,170)	(8,884,035)
Net OPEB asset		23,152
Net OPEB Liability		(20,661)
Change in accounting methodology	(567,323)	
Net Position, July 1, 2018, as restated	(9,215,493)	(8,881,544)
Change In Net Position	(2,913,018)	233,374
Ending Net Position	$ (12,128,511)	$ (8,648,170)

Revenues by Source

Federal revenues account for about 68.45 percent of the revenues combined. There was a decrease in Federal revenue of $2,782,677 during fiscal year 2019 due to reimbursement requests being submitted late and there be an increase in subsequent fiscal year 2020 revenues. MAG receives a portion of the Shared Allocation RARF funding which supports the work for the 20-year life cycle programs for freeways, streets (arterials), and transit. MAG is directly responsible for the development of the Arterial Life Cycle Program (ALCP) and staff works cooperatively with ADOT on the Regional Freeway System Life Cycle programs. Shared Allocation RARF revenues account for about 26.73 percent of total revenue. There was also an increase in Shared Allocation RARF revenue of $2,372,523 compared to last year due to an increase in utilization of monies, which reduces the associated unearned revenues.

Some of the FHWA and Shared Allocation RARF projects completed during fiscal year 2019 include the Travel Survey-Data Application On-Call, the Intelligent Transportation Systems & Transportation Safety Planning On-Call, MAG Regional Freeway and Highway Program, and the Cost Risk Analysis for the MAG Regional Freeway and Highway Program.

Project work in Program Implementation decreased during fiscal year 2019 due to the Street Sweeper program and is mainly as a result of the timing of the call for projects.

In fiscal year 2019 the Human Services Regional Community Partners (RCP) did not receive a grant for the Domestic Violence Planning Project received through the Governor's Office in prior years. RCP received grants from the Weinberg Foundation and other local organizations to begin work on a Rural Transportation project. During fiscal year 2019, the Human Services Division received an ongoing grant from the U.S. Department of Housing and Urban Development (HUD) for project work in homeless prevention planning for $759,415. Overall, total Human Services program revenues for MAG for fiscal year 2019 represent a decrease of $318,579 from the prior year with a decrease in Regional Community Partners program work of $41,750 during fiscal year 2019. The decrease in revenues for Human Services is due to timing differences between when the expenses were incurred and, subsequently, reimbursed.

There was an overall decrease in MAG program revenue of $154,120. Federal Highway funding accounts for the majority of funding at 58.12 percent and the Shared Allocation RARF funding is the second largest source of funding representing 26.84 percent of funding. Regional Member dues and assessments account for approximately 2.61 percent of the total revenues with revenues from grants, state, donations, interest, and local sources representing approximately 70.64 percent of revenues.

Expenses by Program

The federal grants expenses by division parallel the hierarchy of operational goals for MAG, which rely primarily on the Moving Ahead for Progress in the 21st Century Act ("MAP-21") legislation for transportation-related projects. The largest program expense was in transportation for $9,410,389. The expenses in Transportation decreased from the prior year by $2,352,430 or 20 percent mainly due to the fact that no applications were submitted during the 2019 Bike and Pedestrian Master Plan Update: Call for Projects. The completed projects included work on the 1-10/1-17 Master Plan project and data collection for updates of the transportation models in preparation for modeling the Regional Transportation Plan. The expenses in the Program Implementation category increased. These projects are primarily comprised of projects in both the transportation and environmental divisions. A breakdown of program implementation work is listed below:

- Environmental program projects comprise the largest portion of program implementation expenses consisting of the purchase of street sweepers 30.17 percent and implementation of travel reduction projects 35.02 percent; implementation of environmental programs are 65.19 percent of program implementation programs;

- Transportation program expenses consist mainly of transit, and transportation implementation programming. Implementation projects for transportation comprise 27.53 percent of program implementation programs;

- Emergency 9-1-1 comprises the remaining portion 7.28 percent for the program implementation category this fiscal year. The MAG Oversight Team directs the Public Safety Answering Point (PSAP) Managers Committee regarding financial review of the 9-1-1 program.

The Public Works expense of $73,302 is greater than the prior year of $45,106. Activities associated with the Uniform Standard Specifications and Details for Public Works Construction publications include staff time and printing. Expenses for the General Government increased by $5,684,120 from the prior year and are mostly due to a change in methodology related to allocation of overhead expenditures for financial statement reporting purposes.

The General Government expenses also reflect the cost of any activities associated with activities that are not eligible for federal funding.

Financial Analysis of the Funds

MAG uses fund accounting to ensure and demonstrate compliance with finance-related requirements particularly in matters that relate to cost reimbursement for both federal and state funding sources.

Governmental Funds-The focus of MAG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing MAG's financing requirements. In particular, unassigned fund balance may serve as a useful measure of MAG's net resources available for funding operations at the end of the fiscal year. Because MAG is provided funding on a cost reimbursement basis, the unassigned balance must meet the funding needs of MAG between the end of MAG's fiscal year (June 30) and the beginning of the new federal fiscal year (October 1). Federal funding resources do not become available for the new budget year until the beginning of the new federal fiscal year. As stated earlier, federal funding comprises 68.46 percent of total MAG revenue.

As of the end of the current fiscal year, MAG's governmental funds reported combined ending primary balances of $448,766 in fiscal year 2019 as compared to $4,035,086 in fiscal year 2018. This decrease is primarily due to a change in methodology related to no longer recording intergovernmental revenues to the extent of expenditures. As a result, several funds had a deficit ending fund balance as of the end of the current fiscal year.

There was an increase of $2,372,523 in Shared Allocation RARF revenue from last year with consultant activity funding for transportation programs and transportation program implementation planning also decreasing.

A total expenditure increase of $4,014,561 was primarily due to general government and program implementation expenditures.

Member dues and assessment revenue were $627,790 compared to $689,483 in fiscal year 2018. The assessment funding is for program activity for non-grant funded projects in human services planning, homeless planning, water quality planning, and emergency 9-1-1 planning program areas. All dues and assessment revenue are recognized in the current year.

There was a decrease of $23,101 from the prior year for Donations and Contribution revenue. Contributions typically fluctuate every other year due to contributions for the Desert Peaks event.

There was an increase of $333,594 in Local Income for fiscal year 2019. This was due mainly to an increase in projects with partnering activity. Partnering project work was done during the year on the Bicycle and Pedestrian Master.

There was an increase from $102 to $101,375 in interest income for fiscal year 2019 due to MAG updating its investment policy and a favorable economy.

As described above, federal revenues and expenditures are directly related because MAG operates on a cost reimbursement basis for federal funding. The increase in expenditures of shared allocation RARF were primarily due to an increase in project work funded by the shared allocation RARF funds.

Major Funds Analysis

MAG maintained three major governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three major funds including the General Fund, Federal Highway Administration Fund, and the Shared Allocation RARF Fund.

At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,964,066 compared to $4,367,044, from the prior year, while total unassigned fund balance of all funds was $(1,929,810), compared to the prior year's balance of $4,367,044. The increase in the General Fund unassigned amount of $597,022 is mainly due to a reduction in expenditures. The Shared Allocation RARF funding amount, which initially received in fiscal year 2006, is determined using an inflation index against the base year. This was approximately 3.14 percent for fiscal year 2019. The Federal Highway Administration fund represents 57.88 percent of the overall revenues for the Maricopa Association of Governments. MAG maintains an indirect cost plan, which includes the costs for overhead charges. MAG is a sub-recipient of Federal Highway Administration ("FHWA") funding through the Arizona Department of Transportation; MAG submits its indirect cost rate annually to ADOT. The FHWA funds provide funding on a cost reimbursement basis with fund revenues equal to fund expenditures. The Maricopa Association of Governments and federal funding resources typically become available at the beginning of the new federal fiscal year (October 1). The change in fund balance for Federal Highway Administration funds in fiscal year 2019 is due to federal grant reimbursements not being submitted until after year-end.

The Shared Allocation RARF fund balance remained constant during the fiscal year. The Other Non-major Governmental Funds fund balance are largely on a cost reimbursement basis and remain constant during fiscal year 2019.

Budgetary Highlights

The annual budget includes all of the revenues that flow directly to the agency to cover planning-related expenses. All of the agency's revenues and expenditures are budgeted in a single operating fund. The two blended component units at MAG, the Maricopa Association of Governments Information Center (MAGIC) and the Regional Community Partners (RCP) are included in the budget reporting in the single operating fund. The MAG budget cannot exceed the available resources, which defined as revenues generated in the applicable period added to the carry-forward balances from prior years.

The difference between the original budgeted expenditures and the amended budgeted expenditures resulted in a net increase of $6,335,597. The increase in the fiscal year 2019 budget was due to the net budget amendments increasing federal funding awards for Federal Transit Authority projects, Federal Highway Administration projects, and economic development projects.

Within the budgeted categories, the largest difference was the original budgeted appropriations for the Transportation Program consultants category and the amended budgeted appropriations. This increase was due to increased funding awards.

Capital Assets

MAG's investment in capital assets for its governmental activities as of June 30, 2019 and 2018, amounts to $1,265,948 and $1,166,556 (net of accumulated depreciation), respectively. This investment in capital assets includes furniture and fixtures, computer software, copy machines, computer hardware, Regional Community Network equipment, telephone equipment, leasehold improvements, vehicles, and videoconference equipment. The following page presents a summary of current year and prior year capital assets, net of accumulated depreciation.

Capital Assets, Net of Depreciation
June 30, 2019 and 2018

	2019	2018
Furniture and Fixtures	$ 55,708	$ 68,076
Computer Software	143,696	179,531
Machinery & Equipment	711,257	326,969
Leasehold Improvements	374,353	541,265
Video Conference Equipment	28,175	50,715
Total Capital Assets	$ 1,313,189	$ 1,166,556

The capital additions were for furniture for $37,896, software for $44,739, and machinery and equipment for $581,877 during fiscal year 2019. (See Note 3 to the basic financial statements).

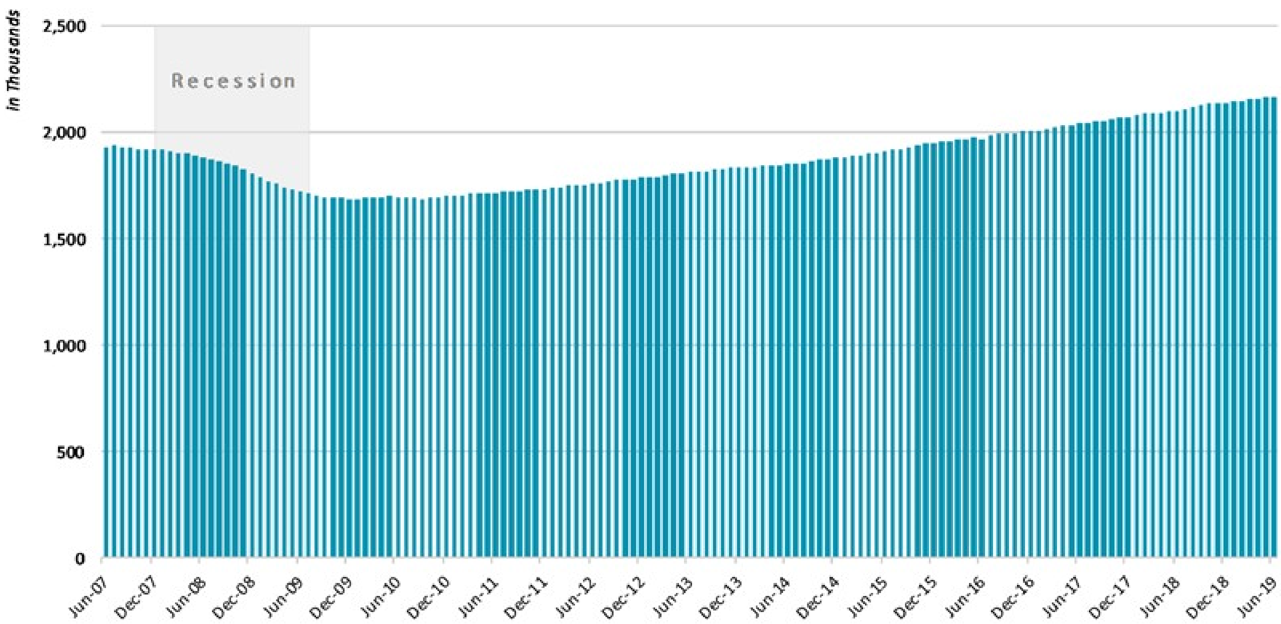
Long-term Debt- MAG's compensated absence balance for the fiscal year ending June 30, 2019 is $808,074. This is an increase of $68,780 from the prior year and is due to an increase of five percent in number of eligible employees with sick time and overall decrease of employee use of sick time. MAG compensated leave accruals are reconciled at the end of each calendar year and compensated absence balances exceeding the limits are reduced at that time. MAG also has capital lease agreements for the acquisition of copiers and computer equipment ongoing from the prior year. Additions during the year were for computer equipment and video conference equipment. The long-term obligation for leased equipment at June 30, 2019 is $459,740 (see Note 3 to the basic financial statements).

Future Regional Economic Outlook

The Phoenix-Mesa-Scottsdale metropolitan statistical area (Phoenix MSA) added over 64,700 jobs last year, a 2.5 percent increase. The MSA is among the leading metropolitan regions across the nation for employment growth, while secondary economic measures, such as the health of the housing market and economic development efforts, are also improving. Select economic indicators such as population and personal income growth remain modest compared to the MSA's own historical performance. However, growth in these indicators has been constrained by economic issues at the national level. Overall, the local region is performing at a robust pace given the national and global economic constraints. The opportunities for healthy economic growth will continue for several years.

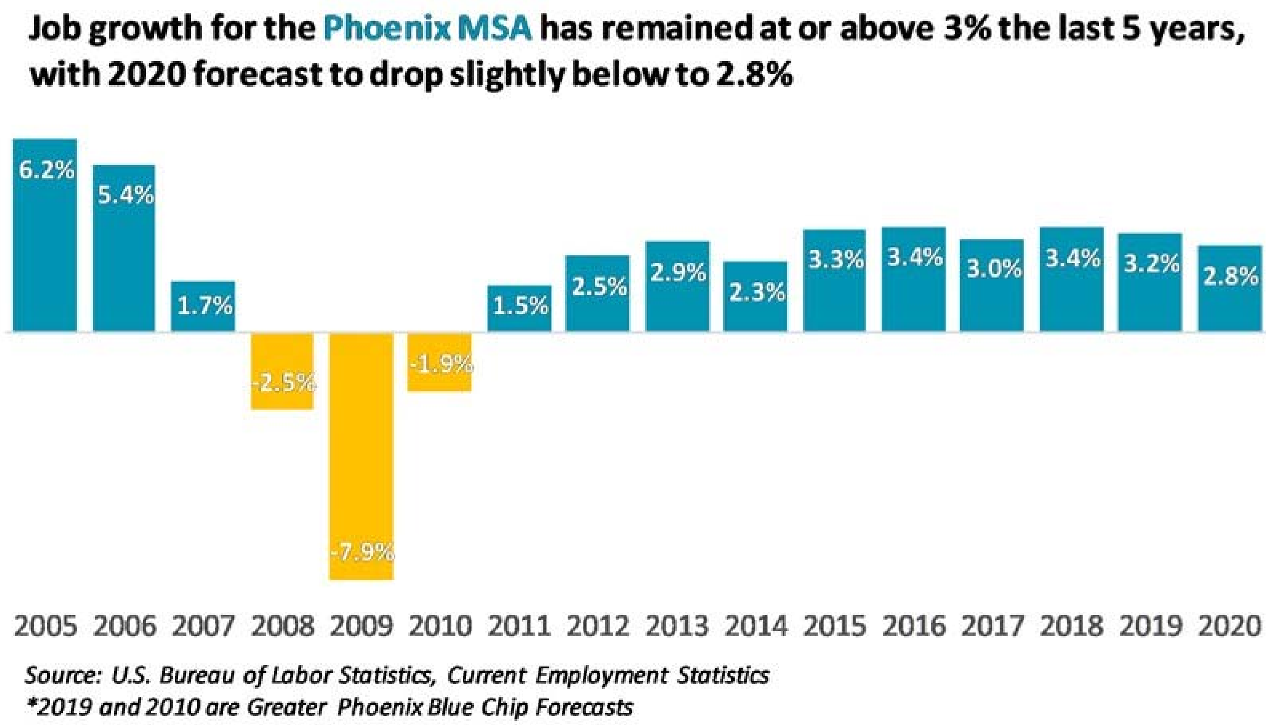
One of the best measures of economic health is employment growth, and the Phoenix-Mesa-Scottsdale MSA continues to post statistics that better reflect the true opportunities in the region. The rate of employment growth reached 3.4 percent in 2018. The Greater Phoenix Blue Chip forecast for MSA job growth is 3.2 percent for 2019.

Employment in the Phoenix MSA has surpassed pre-recession totals with an estimated 2.2 million non-farm jobs in June 2019.



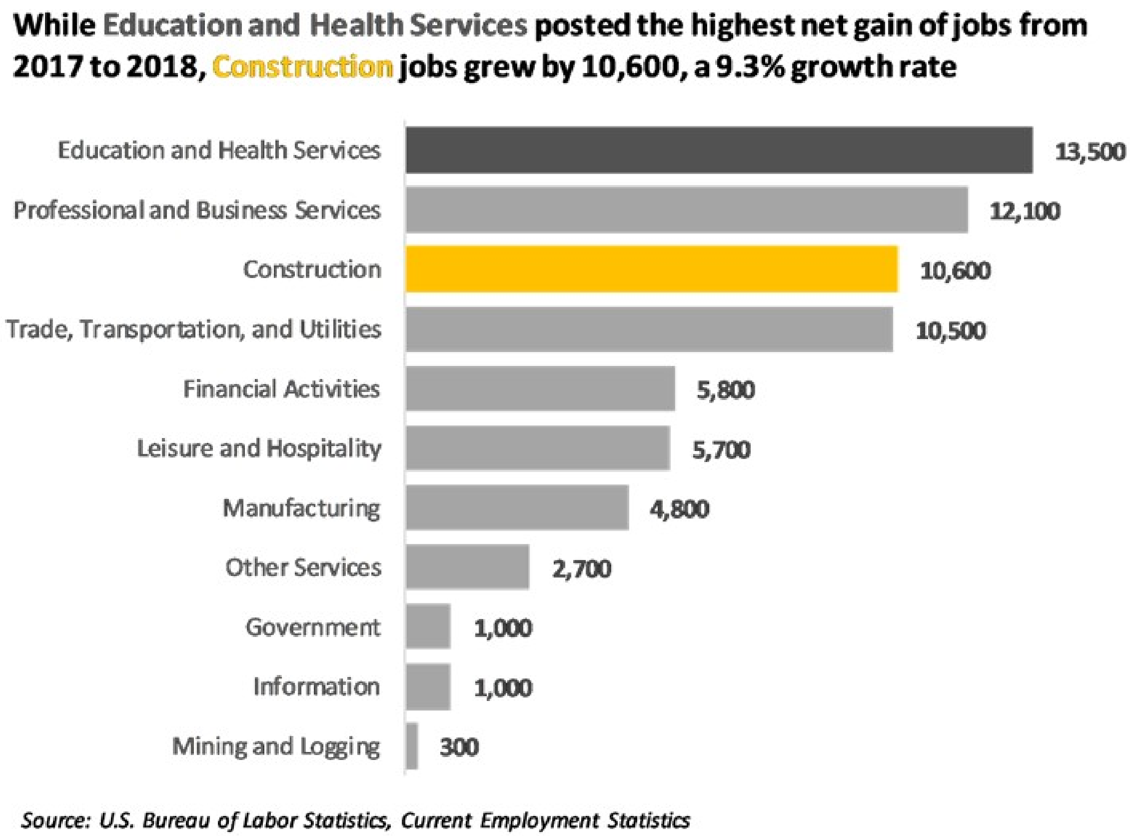
Source: U.S. Bureau of Labor Statistics, Current Employment Statistic

Figure 8



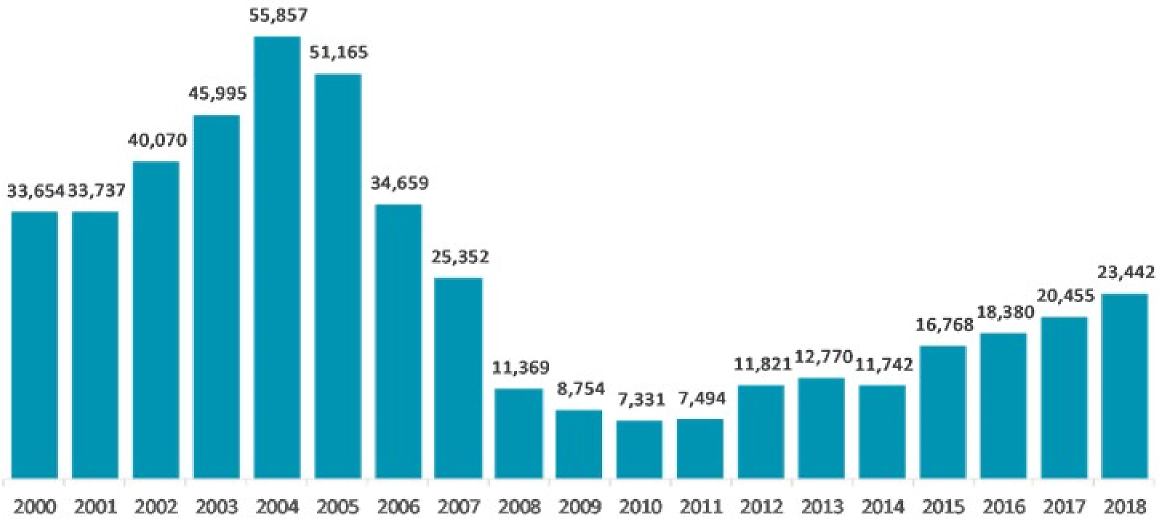
The economic fundamentals that led the region to be a national leader in many economic statistics over several decades remain in place. The MSA's economy is back on track to post more resilient job growth figures in both times of expansion and recession, consistent with the region's history.

The MSA has posted favorable rates of overall job growth the past few years. According to the Greater Phoenix Blue Chip Economic Forecast, the construction industry is expected to grow by 8.9 percent in 2019, dropping just below 6 percent in 2020. Manufacturing is forecast to grow slightly faster than the MSA overall with 3.8 percent growth forecast for 2019 and 3 percent for 2020.



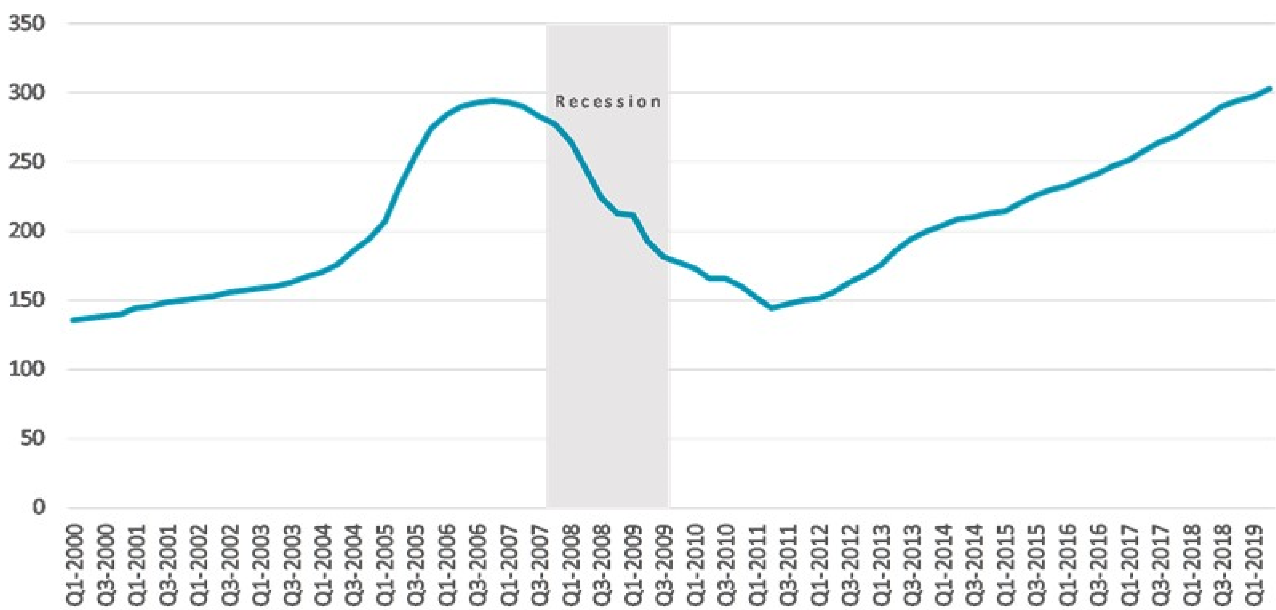
In addition to a favorable review of the region's employment situation, the MSA's housing market is also posting positive statistics. Single family housing permits remain strong, having grown eleven percent in 2018. The Greater Phoenix Blue Chip panel expects single family permits to exceed 24,000 in 2019 and 25,000 in 2020. Home prices continue to appreciate, as indicated by the house price index.

Housing permits for the Phoenix MSA have risen modestly since 2015.



Source: U.S. Census Bureau, New Single Family Building Permits, retrieved from Federal Reserve Economic Data (FRED) 11/7/2019

In 2018, housing prices for the Phoenix MSA rose above pre-recession levels.



Source: U.S. Housing Finance Agency
Retrieved from Reserve Economic Data (FRED) 11/7/2019

The commercial real estate market in the Phoenix MSA is slowing. However, with construction completions outpacing net absorption, the vacancy rate is forecast to remain near cyclical lows at 13.1 percent for 2019.

The industrial market in the Phoenix metro area also continues to gain traction according to Coldwell Banker Richard Ellis (CBRE). The vacancy rate remained below ten percent and was at 6.7 percent as of Q2 2019. This is the lowest rate in the past twelve years.

The retail market in Metro Phoenix improved slightly as vacancy rates dropped from 9.1 percent in 2015 to 7.9 percent in Q2 2019.

The MSA is also benefiting from economic attributes that go well beyond the simple discussion of economic performance in select statistical categories. The region's leaders continue to coordinate their economic development efforts, exploring international trade opportunities and examining ways that strategically invest in economic growth fundamentals such as highway infrastructure and workforce development. These efforts will have a positive influence on growth.

Requests for Information

This financial report is designed to provide a general overview of the Maricopa Association of Government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Maricopa Association of Governments, 302 North First Avenue, Suite 700, Phoenix, AZ 85003.

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Basic Financial Statements

MARICOPA ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 24,381,817
Receivables	2,206,049
Prepaid items	365,264
Inventories	4,732
Total current assets	26,957,862
Noncurrent assets:	
Net other postemployement benefit asset	33,478
Furniture and fixtures	738,957
Leasehold improvements	1,818,264
Videoconference equipment	687,335
Computer software	758,238
Machinery and equipment	3,495,521
Accumulated depreciation	(6,185,126)
Total noncurrent assets	1,346,667
Total assets	28,304,529
DEFERRED OUTFLOWS OF RESOURCES	
Penion and other postemployment benefit plan items	1,886,443
LIABILITIES	
Current liabilities:	
Accounts payable	1,973,779
Retainage payable	409,827
Accrued wages and benefits	205,849
Unearned revenue	23,913,121
Intergovernmental payable	6,520
Capital leases payable	211,223
Compensated absences payable	782,624
Total current liabilities	27,502,943
Noncurrent liabilities:	
Non-current portion of long-term obligations	13,084,422
Total noncurrent liabilities	13,084,422
Total liabilities	40,587,365
DEFERRED INFLOWS OF RESOURCES	
Penion and other postemployment benefit plan items	1,732,118
NET POSITION	
Net investment in capital assets	853,327
Restricted for:	
Transportation planning	1,732,949
Housing and urban development	116,306
Special projects	106,031
Regional community partners	49,584
Environmental	1,796
Information data services	1,916
Unrestricted	(14,990,420)
Total net position	$ (12,128,511)

The notes to the basic financial statements are an integral part of this statement.

MARICOPA ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:			
General government	$ 5,856,210	$ 748,831	$ (5,107,379)
Environmental	1,319,721	2,168,071	848,350
Public works	73,302	35,132	(38,170)
Human services	650,618	984,048	333,430
Regional community partners	50,069	48,209	(1,860)
Program implementation	6,090,105	4,393,864	(1,696,241)
Transportation services	10,920,627	6,484,602	(4,436,025)
Regional analytics	2,023,521	2,686,695	663,174
Interest on long-term debt	21,073		(21,073)
Total governmental activities	$ 27,005,246	$ 17,549,452	(9,455,794)

General revenues:	
Shared allocation RARF	6,441,401
Unrestricted investment earnings	101,375
Total general revenues	6,542,776
Changes in net position	(2,913,018)
Net position, beginning of year, as restated	(9,215,493)
Net position, end of year	$ (12,128,511)

The notes to the basic financial statements are an integral part of this statement.

MARICOPA ASSOCIATION OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Federal Highway Administration	Shared Allocation RARF
ASSETS			
Cash and investments	$ 5,096,918	$	$ 19,082,013
Receivables	185,988		1,077,838
Prepaid items		365,264	
Due from other funds			5,202,962
Inventories	4,732		
Total assets	$ 5,287,638	$ 365,264	$ 25,362,813
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 13,177	$ 826,388	$ 962,322
Retainage payable		108,744	238,011
Accrued wages and benefits		181,304	14,367
Unearned revenue	305,663		23,003,010
Intergovernmental payable			6,520
Due to other funds		5,777,440	
Total liabilities	318,840	6,893,876	24,224,230
Fund balances (deficits):			
Nonspendable	4,732	365,264	
Restricted			1,138,583
Unassigned	4,964,066	(6,893,876)	
Total fund balances	4,968,798	(6,528,612)	1,138,583
Total liabilities and fund balances	$ 5,287,638	$ 365,264	$ 25,362,813

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
$ 202,886	$ 24,381,817
942,223	2,206,049
	365,264
837,788	6,040,750
	4,732
$ 1,982,897	$ 32,998,612
$ 162,552	$ 1,964,439
63,072	409,827
19,518	215,189
604,448	23,913,121
	6,520
263,310	6,040,750
1,112,900	32,549,846
	369,996
869,997	2,008,580
	(1,929,810)
869,997	448,766
$ 1,982,897	$ 32,998,612

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MARICOPA ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total governmental fund balances		**$ 448,766**
Amounts reported for *governmental activities* in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 7,498,315	
Less accumulated depreciation	(6,185,126)	1,313,189
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	1,886,443	
Deferred inflows of resources related to pensions/OPEB	(1,732,118)	154,325
The Net OPEB asset is not a current financial resource and, therefore, is not reported in the funds.		33,478
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(808,074)	
Obligations under capital leases	(459,862)	
Net OPEB liability	(47,908)	
Net pension liability	(12,762,425)	(14,078,269)
Net position of governmental activities		**$ (12,128,511)**

The notes to the basic financial statements are an integral part of this statement.

MARICOPA ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General Fund	Federal Highway Administration	Shared Allocation RARF
Revenues:			
Federal grants and reimbursements	$	$ 13,944,624	$
Shared allocation RARF			6,441,401
Local income			
Publication sales	2,844		
Member assessments	392,682		
Dues	235,108		
Other	241		
Investment earnings	101,375		
Total revenues	732,250	13,944,624	6,441,401
Expenditures:			
Current -			
General government	192,941	5,220,856	85,871
Environmental	78,323	1,242,481	51,282
Public works	2,251	56,109	
Human services	38,278		
Regional community partners			
Program implementation	162,561	5,662,539	382,545
Transportation services	61,223	5,124,556	4,597,988
Regional analytics	39	2,055,091	37,086
Capital outlay		1,042,529	
Debt service -			
Principal retirement		135,685	
Interest and fiscal charges		21,073	
Total expenditures	535,616	20,560,919	5,154,772
Excess (deficiency) of revenues over expenditures	196,634	(6,616,295)	1,286,629
Other financing sources (uses):			
Capital lease agreements		341,159	
Total other financing sources (uses)		341,159	
Changes in fund balances	196,634	(6,275,136)	1,286,629
Fund balances (deficits), beginning of year, as restated	4,772,164	(618,740)	(148,046)
Increase (decrease) in reserve for prepaid items		365,264	
Fund balances (deficits), end of year	$ 4,968,798	$ (6,528,612)	$ 1,138,583

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
$ 2,548,633	$ 16,493,257
	6,441,401
425,320	425,320
	2,844
	392,682
	235,108
	241
	101,375
2,973,953	24,092,228
	5,499,668
2,908	1,374,994
	58,360
640,259	678,537
26,417	26,417
	6,207,645
1,464,080	11,247,847
	2,092,216
	1,042,529
	135,685
	21,073
2,133,664	28,384,971
840,289	(4,292,743)
	341,159
	341,159
840,289	(3,951,584)
29,708	4,035,086
	365,264
$ 869,997	$ 448,766

MARICOPA ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Changes in fund balances - total governmental funds		**$ (3,951,584)**
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Expenditures for capitalized assets	$ 664,512	
Less current year depreciation	(517,879)	146,633
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position.		
Obligations under capital leases		(341,159)
Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Capital lease principal retirement		135,685
Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension/OPEB liability, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.		
Current year pension/OPEB contributions	1,100,468	
Pension/OPEB expense	(299,545)	800,923
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Prepaid items	365,264	
Compensated absences	(68,780)	296,484
Changes in net position in governmental activities		**$ (2,913,018)**

The notes to the basic financial statements are an integral part of this statement.

MARICOPA ASSOCIATION OF GOVERNMENTS
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2019

		Agency
ASSETS		
Cash and investments	$	186,986
Total assets	$	186,986
LIABILITIES		
Deposits held for others	$	186,986
Total liabilities	$	186,986

The notes to the basic financial statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

The Notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements. An index to the Notes follows:

Note **Description** **Page**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of MAG's more significant accounting policies follows.

Reporting Entity-*MAG* is a Council of Governments (COG) that serves as the regional planning and policy agency for the metropolitan Phoenix area. In this role, MAG conducts extensive applied research that is fundamental to its core mission of strengthening the greater Phoenix metropolitan region, which encompasses a population of more than four million people.

When MAG formed in 1967, the elected officials recognized the need for data-driven long-range planning and policy development on a regional scale. They realized that many issues, such as transportation, air quality and human services, affected residents beyond the borders of their individual jurisdictions. MAG was founded in the spirit of cooperation. MAG members believe that by uniting, they can solve common problems, take an active role in long-range regional issues and address concerns that affect all of the communities.

MAG is the designated metropolitan planning organization (MPO) for transportation planning in the greater Phoenix metropolitan region, including the Phoenix urbanized area and the contiguous urbanized area in Pinal County. MAG is also designated by the Governor to serve as the principal planning agency for the region in a number of other areas, including air quality, water quality management and solid waste management. In addition, through an Executive Order from the Governor, MAG develops population estimates and projections for the region. Extensive primary research drives this work.

MAG represents 27 cities and towns, three Native American Indian Communities, Maricopa County, and portions of Pinal County. Members include representatives from the incorporated cities and towns in Maricopa County as well as the City of Maricopa, Town of Florence, Maricopa County, Pinal County, Gila River Indian Community, Salt River Pima- Maricopa Indian Community, Fort McDowell Yavapai Nation, and the Arizona Department of Transportation.

The Arizona Department of Transportation (ADOT) serve as an ex-officio member for transportation-related issues.

ADOT representatives only provide technical and advisory input on the Council's discussion and consideration of transportation issues. ADOT is not considered part of "the financial reporting entity" as defined by GASBS No. 14 and amended by GASBS No. 39 and 61. Therefore, ADOT is appropriately excluded from the financial reporting entity.

On December 14, 1973, the Governor of Arizona designated MAG as the Metropolitan Planning Organization ("MPO") for the Maricopa County region. The designation was to comply with the requirements of the Federal Transportation Act requiring each urbanized area with a population over 50,000 to establish an MPO. The Governor also designated MAG to serve as the region's principal planning agency for air quality, water quality and solid waste management. In addition, through an Executive Order from the Governor, MAG is responsible for the region's population estimates and projections.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MAG is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

Component Units - The following component units have been classified as blended component units because the component units' governing boards are the same as the governing board of MAG and the component units provide services exclusively to MAG.

Maricopa Association of Governments Information Center ("MAGIC") - MAGIC was incorporated in 2000 for the purpose of providing services to MAG's member agencies and non-members related to but beyond the scope of MAG's Annual Unified Planning Work Program and Annual Budget. MAGIC is governed by the seven-member Executive Committee of MAG's Council and MAG's management serves as management of MAGIC for day-to-day operations. MAGIC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Regional Community Partners ("RCP") - RCP was incorporated in 2000 for the purpose of conducting regional activities and facilitating valley wide collaboration on projects and/or initiatives that improve the quality of life and economic well-being of residents of the Maricopa County region. RCP is governed by the seven-member Executive Committee of MAG's Council and MAG's management serves as management of RCP for day-to-day operations. RCP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The relationship between MAG and the two component units is such that exclusion would cause incomplete reporting of the financial statements. Additionally, the scope of services performed by the component units typically builds on MAG projects. The governing board for each component unit is comprised of a portion of MAG's governing board. Separately issued audited financial statements are not provided for MAGIC or RCP.

Fiduciary Funds- Fiduciary funds account for assets held by MAG in a custodial capacity on behalf of others and therefore are not available to support MAG programs. The pension fund report resources that are required to be held in trust for the members and beneficiaries of the defined contribution plans. The reporting focus is on net position and changes in net position and employs accounting principles similar to proprietary funds. The custodial fund reports funds held by MAG in a fiduciary capacity on - behalf of MAG employees. The custodial funds do not report a measurement focus. Fiduciary funds are not included in the government-wide financial statements since they are not assets of MAG available to support MAG programs.

Government-Wide Financial Statements- The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide focus is sustainability of MAG as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The effect of interfund activity has been removed from these statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The government-wide statement of net position reports all financial and capital resources of MAG, excluding fiduciary funds. It is presented in a format of assets plus deferred outflows of resources less liabilities and deferred inflows of resources, which equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be presented in three components: net investment in capital assets; restricted and unrestricted. The net investment in capital assets is capital assets net of accumulated depreciation and reduced by outstanding balances of capital leases and other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net position are those with constraints placed on their use externally either imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through legislative provisions. All net position not otherwise classified as restricted, are shown as unrestricted.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional activity (General government, Transportation, Environmental, etc.) or segment. Expenses reported for the various functional activities or segments include indirect expenses, such as overhead costs. Interest on long-term debt is not allocated to the various functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. The general revenues support the net costs of the functions and segments not covered by program revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds even though the latter is excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major governmental funds are summarized into a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, Shared Allocation RARF, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., measurable and available to finance MAG's operations). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Principal revenue sources considered to be susceptible to accrual are federal and state grants, shared allocation RARF funds, and approved shared-project funding. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest and miscellaneous revenue associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Most other resources transmitted before the eligibility requirements are met are reported as deferred inflows of resources. All other revenue items are considered to be measurable and available only when cash is received by the government. Member dues and assessments are collected at the beginning of the year and recognized as revenue when qualifying expenditures have been incurred and all other requirements have been met. At year-end, all balances for member dues and assessments are recognized as revenue.

MAG reports the following major governmental funds:

The General Fund is the primary operating fund for MAG. It accounts for all financial resources except those required to be accounted for in another fund. Activities related to production of the Uniform Standard Specifications for Public Works Construction are sponsored and distributed by the Maricopa Association of Governments. Activities related to member dues and assessments are also reported in this fund. The revenues and related expenditures for these activities include printing and labor costs for this document. The other activities reported in the General Fund are related to miscellaneous unallowable costs under the indirect cost plan and typically are related to meetings, membership and some labor.

Federal Highway Administration (FHWA) Major Special Revenue Fund accounts for almost all program activity related to eligible, regional activities of the Maricopa Association of Governments. FHWA funds are the largest source of funding for MAG. MAG's FHWA grant awards include the following funding sources: Congestion and Mitigation of Air Quality Improvement Grant (CMAQ); Surface Transportation Program (STP); Metropolitan Planning Funds (PL); and Transportation Alternative Funds. Programs funded by FHWA funds are presented by division based on eligible activities funded by the Federal Highway Administration. In 1973, the Federal Transportation Act established a requirement that each urbanized area establish a Metropolitan Planning Organization (MPO). The MPO would be responsible for Section 134 of the United States Code, which required continuous, comprehensive, and cooperative (3C) planning on the basis for any request for federal funding in transportation. On December 14, 1973, Governor Jack Williams designated MAG as the MPO. For fiscal year 2015, the federal MPO transportation requirements are included in the Federal Moving Ahead for Progress in the 21st Century Act (MAP-21). This federal legislation was signed into law by the President on July 6, 2012. This federal transportation legislation replaced SAFETEA-LU, which had been continued through various extensions and continuing resolutions until the enactment of MAP-21. MAP-21 includes a section on the "Scope of the Planning Process", which, among other guidance, lists eight items that the metropolitan transportation planning process shall consider. The eight listed items are the same as the planning factors previously identified by the Federal Highway Administration as planning emphasis areas under SAFETEA-LU. Activities funded by FHWA resources include MAG's planning activities to incorporate the planning requirements included in MAP-21 as part of the implementation and update of the Regional Transportation Plan.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Shared Allocation RARF Major Special Revenue Fund is one of the resources for funding transportation improvements in the MAG Region and is a one-half cent transaction privilege tax (sales tax) collected in Maricopa County. The original sales tax expired in December 2005. With the passage of Proposition 400 in November 2004, the voters of Maricopa County approved the continuation of the sales tax over the next 20 years. A portion of this funding is set aside for administration of the Regional Transportation Plan Life Cycle Programs. MAG oversees the Regional Transportation Plan (RTP) and receives administrative and planning funds for the implementation of the RTP and funding for administering the Arterial Street Life Cycle Program. Projected funding levels from the sales tax revenue are determined using an inflation index which is currently set at about two percent annually.

MAG reports the following non-major governmental funds:

Other Non-major Special Revenue Funds account for specific revenues designated to finance the operations of MAG and for specific revenues utilized in carrying out the terms of grant requirements and other governing regulations regarding the proceeds from Federal and State grant sources, which are legally restricted. Six non-major Special Revenue Funds (including MAGIC and RCP) are used to account for these purposes.

MAG also reports the following fiduciary funds:

ICMA Retirement Pension Fund is an agency fund that accounts for resources that are held through payroll temporarily until remitted to ICMA Retirement Pension Fund.

Employee Insurance Fund accounts for assets held in a fiduciary capacity by MAG for MAG employee's FSA contributions.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash and Investments- MAG' s cash is pooled for investment purposes and interest earned on cash and investments (except for the Fiduciary Fund) is credited to the General Fund and any interest earned on the sales tax account is used for future projects. MAG's cash and investments are cash on hand, demand deposits and short-term investments with current maturities of three months or less.

Receivables- Receivables primarily result from the various grants awarded by the U.S. Department of Transportation (Federal Highway Administration and the Federal Transit Administration). These receivables are passed through to MAG and are due primarily from ADOT as reimbursements for eligible grant expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receivables as of year-end for the government's individual major funds and non-major funds represent monies due from the federal government.

Allowances for uncollectible accounts are not applied to the accounts receivable balances for MAG, as MAG believes they are fully collectible as the balances relate to federal or state funding.

Inventory- Inventory is valued at cost using the first-in, first-out ("FIFO") method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased. Fund balances are reported as nonspendable in the amount of the publications inventory at year-end.

Prepaid Items- Prepaid assets for rent, insurance and similar items are for a benefit that extends beyond June 30 or applies to the subsequent budget year. Prepaid items in governmental funds are included in nonspendable fund balance. MAG recognizes an expenditure/expense in the fund and government-wide financial statements when the benefit is received.

Capital Assets - Capital assets are defined by MAG as assets with an initial, individual cost of more than $5,000 except for component units of modular furniture which are capitalized as a unit, and an estimated useful life in excess of two years. Capital assets, which include copiers, computer equipment, computer software, furniture and fixtures, video conference equipment, and building improvements, are reported in the applicable governmental activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Improvements to capital assets that either lengthen the life of the asset or increase their service potential are capitalized. MAG maintains inventory of all capital assets as they are purchased and performs a physical inventory every two years.

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

The estimated useful lives are as follows:

Assets	Years
Leasehold Improvements	10 or life of lease
Furniture and fixtures	7
Videoconference equipment	5
Vehicles	3-5
Computer equipment	3-5
Copier equipment	3-5
Software	3

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences - All regular full-time employees of MAG are entitled to paid time off for vacation and sick leave. The limits per calendar year depend upon an employee's length of service.

Vacation leave begins to accrue on the first day of the month after an employee begins employment. New employees are eligible to take up to 48 hours of accrued vacation at the end of six months of service. No payment for unused vacation is paid to an employee terminating prior to their first anniversary date. Any employee using vacation leave and terminating prior to their first anniversary date will be required to reimburse MAG for all used vacation via a payroll deduction from the final pay. Employees' vacation accrual and maximum vacation accrual is based on service level. A liability for accrued vacation is reported in the government-wide financial statements.

Vacation leave for employees is accrued as follows:

Years of Service	Annual Accrual
0-4 years	96 hours
5-9 years	120 hours
10+ years	160 hours

Maximum vacation accrual is as follows:

Years of Service	Annual Accrual
0-9 years	240 hours
10-19 years	280 hours
20+ years	320 hours

Sick leave begins to accrue on the first day of the month after an employee begins employment. All regular full-time employees earn sick leave at a rate of 96 hours per calendar year (eight hours per month). Any employee whose accumulated sick leave exceeds 96 hours is eligible to utilize the additional sick leave for health club memberships as outlined in MAG's sick leave policy. In addition, employees whose sick leave exceeds 192 hours are eligible to utilize the additional sick leave for medical reimbursements as outlined in MAG's sick leave policy. Sick leave accumulates up to a maximum of 360 hours. Employees with sick leave over 360 hours will not earn any additional sick leave. Accumulated unpaid leave at year-end is recorded in the government-wide financial statements.

Compensated absences are included in the government-wide financial statement (see Note 4 for additional disclosure of compensated absence liability balances).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unearned Revenue - Governmental funds record unearned revenue in connection with resources received and not yet earned. Specifically, sales tax revenues are received at the beginning of July each year and recorded as unearned revenues until expenditures are incurred.

Pension Plans - For the purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension and OPEB expense, information about the fiduciary net positon of the Arizona State Retirement System (ASRS) and additions to/deductions from ASRS's fiduciary net position have been determined on the same basis as they are reported by ASRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Post-Retirement Benefits - MAG does not provide post-employment medical or dental benefits for its employees upon retirement from service separate from ASRS.

Deferred Outflows of Resources - MAG recognizes consumption of net position that is applicable to a future period as a deferred outflow of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions under GASB No. 68 and No. 75.

Deferred Inflows of Resources - MAG recognizes the acquisition of net position that is applicable to a future reporting period as a deferred inflow of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions and OPEB under GASBS No. 68 and No. 75.

Fund Balance Reporting - The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASBS No. 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. MAG follows the hierarchy recommended by GASBS No. 54.

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned and unassigned fund balance classifications.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form such as inventories, prepaid, or are legally or contractually required to be maintained intact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. The committed fund balances are self-imposed limitations approved by the Board of Directors, which is the highest level of decision-making authority within MAG. Only the Board of Directors can remove or change the constraints placed on committed fund balances. Commitments must be made or removed by formal Council action prior to the end of the fiscal year. Assigned fund balances are resources constrained by MAG's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has not authorized an individual or group of individuals to assign fund balances; therefore, MAG does not report any assignments. The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred, MAG uses restricted fund balances first, then committed, assigned and unassigned resources.

The following is a schedule of fund balance classifications for the governmental funds as of June 30, 2019:

	General	Federal Highway Administration	Shared Allocation RARF	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	$ 4,732	$	$	$	$ 4,732
Prepaid		365,264			365,264
Restricted:					
Transportation planning			1,138,583	594,364	1,732,947
Housing and urban development				116,306	116,306
Information data services				1,916	1,916
Environmental				1,796	1,796
Special projects				106,031	106,031
Regional community partner				49,584	49,584
Unassigned	4,964,066	(6,893,876)			(1,929,810)
Total Fund balance	$4,968,798	$ (6,528,612)	$1,138,583	$ 869,997	$ 448,766

Net Position - In the government-wide financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets is separately reported because these assets are not available for future spending. Restricted net position accounts for the portion of net position restricted by parties outside MAG. Unrestricted net position is the remaining net position not included in the previous two categories.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interfund Transactions - In the course of normal operations, the Special Revenue fund cash is pooled in the Shared Allocation RARF fund, which executes all cash transactions related to Special Revenue Fund receipts and disbursements. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). The due to/due from balances were created due to timing issues regarding cash collections and disbursements.

Estimates - The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Each fiscal year, a MAG-wide annual budget of revenues and expenditures is prepared by MAG's Fiscal Services staff and is adopted by the Regional Council for all revenues and expenditures. Governmental funds of MAG are budgeted in accordance with GAAP. The required budgetary comparisons are presented as required supplementary information. Prior to final adoption, a proposed budget is presented to the grantors and Council for review and public comment is received. Final adoption of the budget by the Council must occur on or before June 30 of each year. During the fiscal year, supplemental budget appropriations may be authorized by the Council to incorporate the award of new or additional grants and contracts, which become available after the budget is adopted. The budget information presented in the annual audit report includes any of the supplemental appropriations.

The annual budget is adopted by program and line item within the MAG-wide budget. The level of budgetary control by the Council is the total budget amount. A transfer of funds ("administrative changes") between programs requires an amendment with the grantor and the written approval of the Executive Director. Any change causing the overall annual budget to increase or decrease in amount requires passage of a formal budget amendment by the Regional Council or the Regional Council Executive Committee.

At the end of the fiscal year, all unexpended funds are treated as continuing appropriations, which do not lapse and are re-appropriated and carried over into the subsequent fiscal year. Encumbrances are used throughout the year as a management tool. However, since unexpended funds automatically carryover into the subsequent fiscal year, encumbrances are not reflected for financial statement purposes at the fiscal year-end.

At year end, the Governmental Activities reported a deficit ending net position in the amount of $12.1 million in the government-wide financial statements. This deficit is the result of the unfunded pension obligations. MAG does not anticipate recovering this deficit in the current or future fiscal years as no large reductions in MAG's pension and OPEB liability are expected. MAG continues to make the actuarially determined required contribution each year to sufficiently fund its pension and OPEB obligations as required by state statue. In addition, the Federal Highway Administration Fund reported a deficit fund balance of $6.5 million. The deficit arose because of pending grant reimbursements. Additional revenues received in fiscal year 2019-20 are expected to eliminate the deficit.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

MAG had a carrying value of $6,310,419 for cash on deposit with a local financial institution and a bank balance of $6,929,784 at June 30, 2019. Of the bank balances, $391,037 was covered by federal depository insurance and $6,669,522 was covered by the collateral held by a separate legal operating subsidiary of MAG's servicing bank's parent corporation department in MAG's name. In addition, MAG had $250 of cash on hand at year end. Lastly, there is a balance of $149,348 maintained in a custodial capacity for employee pension funds.

Fair Value Measurements. The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

Valuation Techniques. Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the of the fair value hierarchy are valued using a matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Real estate assets classified in in Level 3 are valued by external appraisals and are generally obtained at least annually. The appraisals are performed using generally accepted valuation approaches by an independent appraiser.

NOTE 3 DETAILED NOTES ON ALL FUNDS

All investments in which the fair value hierarchy is applicable are measured at fair value on a recurring basis. At year end, the MAG's investments consisted of the following:

			Investment Maturities (in Years)	
Investment Type	Category	Fair Value	Less than 1	1-5
Money Market	Level 1	$ 9,079,948	$ 9,079,948	$
Certificates of Deposit	Level 2	9,021,246		9,021,246
			$ 9,079,948	$ 9,021,246
LGIP- Pool 5	N/A	7,592		
		$ 18,108,786		

Interest Rate Risk - MAG has no formal policy limiting its exposure from rising interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, MAG has limited its investments to participation in the State of Arizona's Local Government Investment Pool with a maturity of less than one year.

NOTE 3 DETAILED NOTES ON ALL FUNDS

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, MAG's deposits may not be returned. MAG's deposits during the year and at fiscal year-end were entirely covered by federal depository insurance or by collateral held by a separate legal operating subsidiary of MAG's servicing bank's parent corporation in MAG's name.

Credit Risk – Investments - MAG is authorized by the Council to invest in obligations of the U.S. Treasury and any of its agencies, corporation or instrumentalities, collateralized repurchase agreements, certificates of deposit, interest-bearing savings accounts, and the State of Arizona's Local Government Investment Pool ("LGIP") as outlined in Section 35-323 of Arizona Revised Statues. MAG's investments are limited to participation in the State of Arizona's Local Government Investment Pool. The Association’s investments in U.S. agencies were not rated by Moody’s Investors Service and Standard & Poor’s.

LGIP - The State of Arizona is not regulated by the Federal Securities and Exchange Commission ("SEC"). Regulatory oversight for the LGIP is outlined in Arizona Revised Statutes 35-311, which calls for the establishment of the State Board of Investment. Per the statute, the State Board of Investment is composed of "the state treasurer, the director of the department of administration, the superintendent of banks and two individuals appointed by the state treasurer, one of whom has verifiable expertise in investment management and one of whom shall represent a public entity with current deposits in a local government investment pool." The State Board of Investment, chaired by the state treasurer, is responsible for reviewing the pool's current investment performance and investment portfolio at regular monthly meetings. The reports from these meetings are available for public inspection at the office of the state treasurer for a period of time of not less than two years after the date of the meeting report. MAG's investment in the LGIP is stated at fair value, which approximates the value of the pool shares; however, MAG's investments are not identified with specific shares or investments. The LGIP does not receive a credit quality rating.

Investments in the State Treasurer's investment pools are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Investments are valued based on published market prices and securities pricing services.

Interest income from investments is recorded as revenue within the fund that made the investment. Investments in the Pension Trust Funds are recorded at fair value and consist solely of mutual funds that are determined through the direction of each employee member enrolled in the plan. Interest income from the LGIP is recorded in the General Fund.

NOTE 3 DETAILED NOTES ON ALL FUNDS

MAG updated its investment policies during the fiscal year and began investing in various instruments in January 2019. As a result, there was an overall increase in the fair value of investments of $17,920,792 from the prior year. This amount takes into account all changes in fair value that occurred and purchases made during the year.

Capital Assets-Capital asset activity for the year ended June 30, 2019 as follows:

Governmental Activities	**Beginning Balance**	**Increases**	**Decreases**	**Ending Balance**
Capital assets being depreciated:				
Funiture and fixtures	$ 711,105	$ 37,896	$ 10,044	$ 738,957
Computer software	713,499	44,739		758,238
Machinery and equipment	3,102,433	581,877	188,789	3,495,521
Leasehold improvements	1,818,264			1,818,264
Videoconference equipment	687,335			687,335
Total Captial Assets Being Depreciated	7,032,636	664,512	198,833	7,498,315
Less: Accumulated depreciation for:				
Funiture and fixtures	(643,029)	(50,264)	(10,044)	(683,249)
Computer software	(533,968)	(80,574)		(614,542)
Machinery and equipment	(2,775,464)	(197,589)	(188,789)	(2,784,264)
Leasehold improvements	(1,276,999)	(166,912)		(1,443,911)
Videoconference equipment	(636,620)	(22,540)		(659,160)
Total accumulated depreciation	(5,866,080)	(517,879)	(198,833)	(6,185,126)
Total Capital Assets Being Depreciated - net	$ 1,166,556	$ 146,633	$	$ 1,313,189

NOTE 3 DETAILED NOTES ON ALL FUNDS

Depreciation expense charged to functions/programs of the primary government as follows:

Governmental Activities		
Depreciation expense:		
Transportation planning	$	65,669
Regional analytics		26,835
Human services		3,197
Environmental programs		29,294
Program implementation		53,360
Administration		339,524
Total depreciation expense	$	517,879

Capital Assets Being Depreciated:	2019	2018
Funiture and fixtures	$ 738,957	$ 711,105
Computer software	758,238	713,499
Machinery and equipment	3,495,521	3,102,433
Leasehold improvements	1,818,264	1,818,264
Videoconference equipment	687,335	687,335
Total Capital Assets Being Depreciated	7,498,315	7,032,636
Investments in Governmental Funds		
Capital Assets By Source - Special Revenue Funds	$ 7,498,315	$ 7,032,636

Interfund Receivables and Payables- The composition of interfund balances as of June 30, 2019 is as follows:

Due to/from other funds:

	Federal Highway Administration Fund	Non-Major Governmental Funds	Total Due to Other Funds
Shared Allocation RARF Fund	$ 5,202,962	$	$ 5,202,962
Non-Major Governmental Funds	574,478	263,310	837,788
Total Due from Other Funds	$ 5,777,440	$ 263,310	$ 6,040,750

In the course of normal operations, all special revenue fund cash is pooled in the Shared Allocation RARF fund, which executes all cash transactions related to Special Revenue Funds receipts and disbursements. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). The due to/due from balances were created due to timing issues regarding cash collections and disbursements.

NOTE 3 DETAILED NOTES ON ALL FUNDS

Leases

Operating Leases - MAG leases building and parking under noncancelable operating leases. MAG currently leases 44,817 square feet of office space, which includes 140 parking spaces. The lease arrangement originally meant to continue through November 30, 2020 however, as of October 13, 2017, MAG executed a lease to replace the current one. The new lease includes 47,131 square feet of office space and 140 parking spaces. This new lease will take effect on the commencement date of October 18, 2018 with an expiration date of November 1, 2028.The future minimum lease payments shown below reflect the expenses associated with this lease as of FY 2020. In FY 2019, total rent costs were $1,086,530, which reflects the costs associated with the original lease.

The future minimum lease payments for these leases are as follows:

Year Ended June 30	Amount
2020	$ 991,181
2021	997,625
2022	999,758
Total	$ 2,988,564

Capital Leases - Capital lease proceeds are reported as other financing source and the repayment of principal consumes financial resources in the governmental funds. This transaction has no effect on the statement of activities. MAG has entered into lease agreements as lessee for financing the acquisition of computer equipment, copier equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded in the government-wide financial statements at the net present value of their future minimum lease payments as of the inception date. The FHWA fund revenues pay the liabilities.

The assets acquired through capital leases are as follows at June 30, 2019:

Copiers and Computer Equipment	$ 779,752
Less: Accumulated Depreciation	(323,182)
Total	$ 456,570

NOTE 3 DETAILED NOTES ON ALL FUNDS

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30, 2019	Amount
2020	$ 241,481
2021	180,465
2022	85,263
Total minimum lease payments	507,209
Less: amount representing interest	(47,347)
Present value of minimum lease payments	459,862
Due within one year	$ 211,222

Changes in Long-Term Obligations - Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	$ 739,294	$ 1,047,294	$ 978,514	$ 808,074	$ 782,624
Capital Leases	254,388	341,159	135,685	459,862	211,223
OPEB Liability	33,529	14,379		47,908	
Pension Liability	14,422,159		1,659,734	12,762,425	
Governmental Activities Long-term Liabilities	$ 15,449,370	$ 1,402,832	$ 2,773,933	$ 14,078,269	$ 993,847

Compensated absences are considered federally eligible overhead expenses and are paid as part of the indirect costs of MAG. Special revenue funds predominantly serve the programs at MAG. Long-term liabilities are included as part of the above totals for governmental activities. Resources from the Special Revenue Funds are generally used to liquidate the pension liabilities.

NOTE 4 PENSION and OPEB PLANS

Cost Sharing Pension Plans - The Maricopa Association of Governments (MAG) is a member of the Arizona State Retirement System. MAG contributes to the Arizona State Retirement System (ASRS) on behalf of its employees. The plan is a component unit of the State of Arizona.

Aggregate Amounts: At June 30, 2019, MAG reported the following aggregate amounts related to its contributions to the ASRS plan:

	Pension	OPEB
Net assets	$	$ (33,478)
Net liability	12,762,425	47,908
Deferred outflows of resources	1,752,458	133,986
Deferred inflows of resources	1,629,285	102,833
Expense	239,717	59,828
Contributions	1,042,647	57,822

NOTE 4 PENSION and OPEB PLANS

MAG reported accrued payroll and employee benefits of $205,849 for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2019. In addition, MAG reported $1,659,734 of pension expenditures in the governmental funds related to its current year ASRS contributions.

Arizona State Retirement System

Plan Descriptions - MAG employees not covered by the other pension plans described on the following pages participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost- sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1.

The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

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

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

*With actuarially reduced benefits

NOTE 4 PENSION and OPEB PLANS

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost- of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, and interest earned.

Retired and disabled members, with at least five years of credited service, are eligible to receive health insurance premium benefits. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service. Active members are eligible for a long-term disability benefit in the event they become unable to perform their work. The monthly benefit is equal to two-thirds of their monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999 are limited to 30 years of service or the service on record as of the effective disability date, if their service is greater than 30 years.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For year, ended June 30, 2019, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.80 percent (11.64 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll. MAG was required by statute to contribute at the actuarially determined rate of 11.80 percent (11.18 percent for retirement, 0.46 percent for the health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll.

In addition, MAG was required by statute to contribute at the actuarially determined rate of 10.53 percent (10.41 percent for retirement, 0.06 percent for health insurance premium benefit, and 0.06 long-term disability) of annual covered payroll of retired members who worked for MAG in positions that would typically be filled by an employee who contributes to the ASRS.

Contributions:

	Contributions
Pension	$ 1,042,647
Health Insurance Premium	42,900
Long-Term Disability	14,922

NOTE 4 PENSION PLANS and OPEB

During the fiscal year ended June 30, 2019, MAG paid for ASRS pension and OPEB contributions from the same funds as salary, largely Special Revenue Funds.

Pension Liability - At June 30, 2019, MAG reported a liability of $12,762,425 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018.

MAG's reported liability at June 30, 2019, decreased by $1,659,734 from MAG's prior year liability of $14,422,159 because of changes in the ASRS' net pension liability and MAG's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

MAG's proportion of the net pension liability was based on the MAG's fiscal year 2018 contributions. MAG's proportion measured as of June 30, 2018, was 0.09151 percent, which was a decrease of 0.00107 from its proportion measured as of June 30, 2017.

Pension and OPEB Assets/Liability. The net pension and OPEB assets/liability were measured as of June 30, 2018. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liability as of June 30, 2018 reflects changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2016, including decreasing the discount rate from 8.0 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates. The District's proportion of the net assets/liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2018.

NOTE 4 PENSION and OPEB PLANS

Pension and OPEB Assets/Liability:

	Net (Assets) Liability	Association % Proportion	Increase (Decrease)
Pension	$ 12,762,425	0.09151	-0.00107
Health Insurance Premium	(33,478)	0.09297	0.00005
Long-Term Disability	47,908	0.09169	-0.00081

Pension/OPEB Expense and Deferred Outflows/Inflows of Resources. MAG has deferred outflows and inflows of resources related to the net pension and OPEB assets/liabilities. Certain changes in the net pension and OPEB assets/liability are recognized as pension and OPEB expense over a period of time rather than the year of occurrence. For the year ended June 30, 2019, the District recognized pension and OPEB expense as follows.

Expense:

	Expense
Pension	$ 239,717
Health Insurance Premium	44,361
Long-Term Disability	15,467

At June 30, 2019, MAG reported the deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	$ 351,594	$	$ 1,225
Changes of assumptions or other inputs	337,717	64,562	10,377
Changes in proportion and differences between contributions and proportionate share of contributions	20,500		
Contributions subsequent to the measurement date	1,042,647	42,900	14,922
Total	$ 1,752,458	$ 107,462	$ 26,524

NOTE 4 PENSION and OPEB PLANS

	Deferred Inflows of Resources		
	Pension	Health Insurance Premium	Long-Term Disability
Differences between expected and actual experience	$ 70,357	$ 30,898	$
Changes of assumptions or other inputs	1,131,564		
Net difference between projected and actual earnings on pension investments	306,906	66,877	4,640
Changes in proportion and differences between contributions and proportionate share of contributions	120,458	90	328
Total	$ 1,629,285	$ 97,865	$ 4,968

The $1,100,469 reported as deferred outflows of resources related to ASRS pensions resulting from MAG contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liability/ (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions and OPEB will be recognized in pension and OPEB expense as follows:

Year Ending June 30:	Pension	Health Insurance Premium	Long-Term Disability
2020	$ 58,928	$ 12,985	$ 94
2021	(375,212)	(12,986)	94
2022	(465,554)	(12,986)	94
2023	(137,636)	1,268	1,337
2024		4,386	1,565
Thereafter			3,450

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

	Pension	OPEB
Actuarial Valuation Date	June 30, 2017	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5%	7.5%
Projected Salary Increases	2.7-7.2%	N/A
Inflation	2.3%	2.3%
Permanent Benefit Increase	Included	N/A
Mortality Rates	2017 SRA Scale U-MP	Health Ins: 2017 SRA Scale U-MP, LTD: 2012 GLDT

Actuarial assumptions used in the June 30, 2017 valuation were based on results of an actuarial study for the 5-year period ended June 30, 2016.

NOTE 4 PENSION and OPEB PLANS

The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation. The study did not include an analysis of the assumed investment rate of return.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation. On June 29, 2018, the ASRS Board approved updated strategic asset allocation targets, to be effective July 2018. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	50%	5.50%
Fixed income	30	3.83
Real estate	20	5.85
Total	100%	

Discount Rate - The discount rate used to measure the ASRS total pension liability and OPEB was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the funding policy of the ASRS Board, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liability.

NOTE 4 PENSION and OPEB PLANS

Sensitivity of MAG's Proportionate Share of the ASRS Net Pension and OPEB asset/ Liability to Changes in the Discount Rate- The table below presents MAG's proportionate share of the net pension and OPEB asset/liability calculated using the discount rate of 7.5 percent, as well as what MAG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	Proportionate share of the net (assets) liability		
	1% Decrease	Current Discount Rate	1% Increase
Rate	6.5%	7.5%	8.5%
Pension	$18,193,130	$ 12,762,425	$ 8,225,158
Health Insurance Premium	118,619	(33,478)	(163,034)
Long-Term Disability	54,294	47,908	41,713

Pension and OPEB Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net positon is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

International City/County Management Association Retirement Corporation (ICMA)

Through September 30, 2004, prior to joining the Arizona State Retirement System, MAG maintained two defined contribution pension plans administered by the International City/County Management Association Retirement Corporation ("ICMA-RC"). The first plan is the Executive Plan and the second, the Employees' Plan for all other full-time employees. Both plans provided pension benefits through a single-employer defined contribution plan. Both of the plans were effective January 1, 1997, under Section 401(a) of the Internal Revenue Code. MAG is of the opinion that the plan fulfills the requirements of a qualified plan under the provisions of the Internal Revenue Code; however, a favorable determination letter has not been requested. Neither the Executive Director's Plan nor the Employees' Plan includes any loan provisions. Both plans are no longer used for active contributions.

MAG's total covered payroll under the second Employees' Plan with ICMA-RC, through June 30, 2019 and June 30, 2018, was $0 and $35,031, respectively. All required employer contributions were made in accordance with Plan provisions.

NOTE 5 OTHER INFORMATION

Risk Management - MAG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. MAG purchases insurance coverage for property, commercial general liability, automobile liability and physical damage, umbrella liability, commercial crime and public officials' liability. In addition, MAG purchases workers' compensation, employee life insurance, health and dental insurance coverage for all its full-time employees. Disability insurance is also purchased by MAG for all full-time regular employees after completing one year of service. For the past three years, settled claims for these risks have never exceeded commercial insurance limits and there were no significant changes in insurance coverage from coverage in the prior year.

Related Party Transactions - During the fiscal year ended June 30, 2019, MAG had related party transactions with affiliated agencies and member governments. The significant related party transactions are described below:

Maricopa County - Beginning in FY 2001, MAG had an agreement with the Maricopa County Trip Reduction Division for rideshare program planning. Total agreements with the County under this contract during the fiscal years ended June 30, 2019 and 2018, were $962,347 and $915,095, respectively. At June 30, 2019 and 2018, MAG had a payable to the County Trip Reduction Division of $359,985 and $244,156, respectively.

NOTE 5 OTHER INFORMATION

Arizona Department of Administration – Beginning in FY 2015, MAG had an agreement with the Arizona Department of Administration (ADOA) for the travel reduction program. Total payments to ADOA during the fiscal years ended June 30, 2019 and 2018 were $84,227 and $78,160. At June 30, 2019 and 2018, MAG had a payable for these contracts to ADOA of $50,773 and $56,840, respectively.

Beginning in FY 2001, MAG also had agreements with RPTA for rideshare program planning, telecommuting, ozone education and bicycle education. During FY 2010, the MAG Regional Council Executive Committee approved combining the Regional Rideshare program with the Telework and Ozone Outreach program. This combined project was retitled to Regional Rideshare and Telework program. Total payments to RPTA under these contracts during the fiscal years ended June 30, 2019 and 2018, were $280,400 and $479,065, respectively. At June 30, 2019 and 2018, MAG had a payable for these contracts to RPTA of $313,600 and $114,935, respectively.

In FY 2019, MAG and RPTA entered into an agreement for the 2019 On-Board Survey of Transit Users Study. MAG passed through $200,000 to RPTA for this project work in FY 2019.

Valley Metro Rail (VMR) - Beginning in FY 2018, MAG established an agreement with Valley Metro Rail (VMR) for transit planning services. Total payments to VMR under this agreement during the fiscal years ended June 30, 2019 and June 20, 2018 were $724,717 and $724,719. For the year ended June 30, 2019 and June 30, 2018, MAG had a payable for this contract of $0 for both years.

City of Phoenix - The City of Phoenix is the contracting agent for the ongoing operations of the regional 9-1-1 system. A 9-1-1 assessment is paid by the MAG members and is passed through MAG to the City of Phoenix 9-1-1 for funding 9-1-1 coordination efforts for the region. Total payments to the City of Phoenix during the fiscal years ended June 30, 2019 and 2018, were $104,949 and $104,949, respectively. At June 30, 2019 and 2018, MAG had a payable of $936 and $936, respectively.

Beginning in FY 2016, MAG entered into an Agreement for Coordination of Phoenix Activities related to South Mountain Freeway Development. The total budget for this agreement is $350,000 per year for two years with an option to extend the agreement for up to two additional years. Total payments to the City of Phoenix during the fiscal year ended June 30, 2019 and 2018, were $123,312 and $146,291, respectively. At June 30, 2019 and 2018, MAG had a payable of $12,602 and $203,709, respectively.

PM-10 certified street sweepers are reimbursed to jurisdictions to reduce particulate pollution in the region. During FY 2019, several street sweeper reimbursements were processed for Members including the City of Avondale for 223,346; City of Glendale $515,332; City of Phoenix $755,855; City of Tempe $219,714; Town of Florence $214,451; Town of Gilbert $537,673; and Town of Queen Creek $482,712.

NOTE 5 OTHER INFORMATION

Subsequent Events

Member Governments - To comply with grant matching requirements, MAG received inkind contributions from member governments valued at June 30, 2019 and 2018, at $1,933,297 and $1,787,578 respectively. In-kind contributions are calculated with contributed hours from MAG member agencies attending committee meetings related to projects requiring a local match contribution. Member governments also pay annual dues and special assessments to MAG. For the fiscal year ended June 30, 2019, the following dues and assessments paid by member governments were recognized:

Dues	$235,509
Special Assessments	466,919
	$702,428

Commitments - MAG has entered into various consultant contracts for a variety of services. Commitments under these contracts exist only to the extent that services are requested or provided, and all contracts provide for cancellation without cause.

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

Indirect Costs - MAG central support services costs are recorded in the General Fund as indirect costs in MAG's accounting system and recovered from the special revenue funds based upon a predetermined indirect cost rate. The U.S. Code of Federal Regulations, Title 2, Part 200.56 of Subpart A of the Uniform Guidance, defines indirect costs as those "(a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved."

MAG, as a Council of Governments ("COG"), is considered a local government under the definitions of 2 CFR, Part 200.64. This section of the Code defines local governments as "a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a nonprofit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government."

NOTE 5 OTHER INFORMATION

Per 2 CFR, Part 200, Appendix V, MAG is required to maintain an indirect cost plan and the related supporting documentation. MAG is not required to submit its plan to a federal cognizant agency. However, as a sub-recipient of Federal Highway Administration ("FHWA") funding through the ADOT, MAG does submit its indirect cost and fringe benefit rates annually to ADOT for review. The plan established and approved by ADOT has a fixed indirect cost rate of 156.66% for use in FY 2019.

The indirect cost and fringe benefit rates are applied to the direct labor base, made up of salaries, wages and applicable fringe benefits charged to affected task(s) in the general fund and special revenue funds.

NOTE 6 PRIOR PERIOD ADJUSTMENTS

The July 1, 2018, government-wide net position and the fund balance of the governmental funds do not agree to the prior year financial statements due to a change in methodology related to recording intergovernmental revenues to the extent of expenditures.

		Governmental Funds			
	Statement of Activities	General Fund	Federal Highway Administration Fund	Shared Allocation RARF Fund	Non-Major Governmental Funds
Net Position/fund balance, June 30, 2018 as previously reported	$(8,648,170)	$4,600,493	$	$	$ 1,916
Change in methodology	(567,323)	171,671	(618,740)	(148,046)	27,792
Net Position/fund balance, July 1, 2018, as restated	$(9,215,493)	$4,772,164	$ (618,740)	$(148,046)	$ 29,708

REQUIRED SUPPLEMENTARY INFORMATION

MARICOPA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GENERAL AND SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL (BUDGET BASIS)
FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
RESOURCES (INFLOWS):				
Federal grants and reimbursements	$ 27,470,234	$ 29,802,699	$ 16,493,257	$ 13,309,442
State revenue	-	64,492		64,492
Shared allocation RARF	7,557,103	7,757,103	6,441,401	1,315,702
Local income, donations & Contributions	-	2,878,327	425,320	2,453,007
Other	42,307	42,307	241	42,066
Publication sales, member assessments, dues	753,095	753,095	630,634	122,461
Investment income			101,375	(101,375)
Amounts Available for Appropriation	$ 35,822,739	$ 41,298,023	$ 24,092,228	$ 17,205,795
CHARGES TO APPROPRIATIONS (OUTFLOWS):				
Environmental Program:				
Personnel	$ 1,495,434	$ 1,494,926	$ 1,192,070	$ 302,856
Overhead	1,068,712	1,068,712	233,022	835,690
Consultants	80,073	80,073	1,000	79,073
Public Works Support:				
Personnel	16,810	16,810	18,163	(1,353)
Overhead	12,013	12,013	39,934	(27,921)
Human Services Program:				
Personnel	661,932	661,932	491,862	170,070
Overhead	473,050	473,050	30,954	442,096
Consultants	45,000	45,000	198,456	(153,456)
Regional Community Partners Program:				
Personnel		25,000	-	25,000
Overhead		1,840,730	-	1,840,730
Consultants/Direct	44,560	44,560	39,243	5,317
Implementation Programs:				
Personnel	633,774	633,774	482,828	150,946
Overhead	452,927	452,927	51,264	401,663
Consultants	1,090,000	1,090,000	1,622,301	(532,301)
MAG pass-through agreements	3,708,415	3,708,415	4,145,544	(437,129)
Transportation Program:				
Personnel	4,917,780	5,258,646	3,502,764	1,755,882
Overhead	3,514,493	3,516,523	985,119	2,531,404
Consultants	7,799,306	11,613,815	5,731,190	5,882,625
MAG pass-through agreements	924,720	924,720	1,009,088	(84,368)
Regional Analytics Program:				
Personnel	2,077,864	2,222,864	1,332,480	890,384
Overhead	1,484,946	1,484,946	590,754	894,192
Consultants	270,000	415,000	151,364	263,636
Non-Divisional:				
* Personnel		-	200,220	(200,220)
* Overhead		-	4,873,170	(4,873,170)
Consultants	80,000	105,000	262,894	(157,894)
Capital	1,134,500	1,274,835	1,042,529	232,306
Contingency	1,528,914	1,386,549	-	1,386,549
Debt Service				
Principal retirement			135,685	(135,685)
Interest and fiscal charges			21,073	(21,073)
Total Charges to Appropriations	$ 33,515,223	$ 39,850,820	$ 28,384,971	$ 11,465,849
NET CHANGE IN FUND BALANCE	2,307,516	1,447,203	(4,292,743)	
CAPITAL LEASES-OTHER FINANCING SOURCES	90,000	90,000	341,159	
NET CHANGE IN FUND BALANCE	2,397,516	1,537,203	(3,951,584)	
FUND BALANCE, Beginning of Year	4,724,409	4,812,135	4,035,086	
Increase (decrease) in reserve for prepaid items			365,264	
FUND BALANCE, End of Year	7,121,925	6,349,338	448,766	

The notes to the basic financial statements are an integral part of this statement.

MARICOPA ASSOCIATION OF GOVERNMENTS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY REPORTING FISCAL YEAR ENDED JUNE 30, 2019

MAG's adopted budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America and there are no exceptions for the fiscal year. The budget is employed as a management control device for the funds.

The financial operations of MAG are controlled by the resolution process of the MAG Regional Council. MAG prepares one operational budget consisting of a single operating fund. The operating fund budget includes both the annual operating expenditures and capital outlays. Proposed capital outlays comprise a relatively small percentage of funds proposed, thus a separate capital budget is not prepared. Federal funds are revenues received on a cost reimbursement basis through the cognizant agency. General Fund revenues are comprised mostly of funding designated for specific expenditures and a relatively small portion of General Fund revenues also include non-designated funding.

After the annual budget is adopted by the Regional Council, the Regional Council can amend the budget at any time during the fiscal year to incorporate new grants, agreements and contracts which may become available during the year. Management can amend the budget between programs or projects within the adopted budget or amended budget for administrative changes. However, management may not exceed the overall total budget. The overall budget is the level of control.

The budget-to-actual schedule shows revenues and expenditures that are approved by resolution of MAG's governing body, the Regional Council, as discussed above. This schedule is presented below. The budget is presented on a program basis with the supporting line expenditure information included. MAG uses nine programs (i.e., Environmental, Public Works, Human Services, Regional Community Partners, Program Implementation, Transportation, Maricopa Association of Governments Information Center, Regional Analytics, and Non-Divisional). The program level is the level at which grantors approve and subsequently amend the budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable budget, is utilized by all of the funds. For budgeting purposes, encumbrances lapse at year-end and may be rebudgeted in the following year.

There were no adjustments necessary to convert the results of operations of the operating fund for the year ended June 30, 2019 from the "GAAP basis" to the "budget basis".

Significant amendments to the budget were approved by the Council to increase the budget for the following:

Special Revenue Fund:		
Additional Federal Transit Authority funds from ADOT for current projects	$	337,652
Additional Federal Highway Administration funds from ADOT for current projects		1,974,833
Local and State funds for Transportation		1,022,044
Federal and local funds for Economic Development projects		2,421,263
Regional Area Road Funds		200,000

MARICOPA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	2019	2018	2017	2016
Measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
MAG's proportion of the net pension (assets) liability	0.09%	0.09%	0.09%	0.09%
MAG's proportionate share of the net pension (assets) liability	$ 12,762,425	$ 14,422,159	$ 14,961,097	$ 14,127,474
MAG's covered payroll	$ 9,001,560	$ 9,278,757	$ 8,663,397	$ 8,063,746
MAG's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	141.78%	155.43%	172.69%	175.20%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	69.92%	67.06%	68.35%

SCHEDULE OF PENSION CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	2019	2018	2017	2016
Actuarially determined contribution	$ 1,042,647	$ 981,170	$ 1,000,250	$ 910,689
Contributions in relation to the actuarially determined contribution	1,042,647	981,170	1,000,250	910,689
Contribution deficiency (excess)	$	$	$	$
MAG's covered payroll	$ 9,326,002	$ 9,001,560	$ 9,278,757	$ 8,663,397
Contributions as a percentage of covered payroll	11.18%	10.90%	10.78%	10.51%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

MARICOPA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
LAST TWO FISCAL YEARS

	2019	2018
Measurement date	June 30, 2018	June 30, 2017
MAG's proportion of the net OPEB (assets) liability	0.09%	0.09%
MAG's proportionate share of the net OPEB (assets) liability	$ (33,478)	$ (50,586)
MAG's covered payroll	$ 9,001,560	$ 9,278,757
MAG's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	(0.37)%	(0.55)%
Plan fiduciary net position as a percentage of the total OPEB liability	102.20%	103.57%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - HEALTH INSURANCE PREMIUM
LAST TWO FISCAL YEARS

	2019	2018
Actuarially determined contribution	$ 42,900	$ 50,970
Contributions in relation to the actuarially determined contribution	42,900	50,970
Contribution deficiency (excess)	$	$
MAG's covered payroll	$ 9,326,002	$ 9,001,560
Contributions as a percentage of covered payroll	0.46%	0.57%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

MARICOPA ASSOCIATION OF GOVERNMENTS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
LAST TWO FISCAL YEARS

	2019	2018
Measurement date	June 30, 2018	June 30, 2017
District's proportion of the net OPEB (assets) liability	0.09%	0.09%
District's proportionate share of the net OPEB (assets) liability	$ 47,908	$ 33,529
MAG's covered payroll	$ 9,001,560	$ 9,278,757
District's proportionate share of the net OPEB (assets) liability as a percentage of its covered payroll	0.53%	0.36%
Plan fiduciary net position as a percentage of the total OPEB liability	77.83%	84.44%

SCHEDULE OF OPEB CONTRIBUTIONS
ARIZONA STATE RETIREMENT SYSTEM - LONG-TERM DISABILITY
LAST TWO FISCAL YEARS

	2019	2018
Actuarially determined contribution	$ 14,922	$ 12,742
Contributions in relation to the actuarially determined contribution	14,922	12,742
Contribution deficiency (excess)	$	$
MAG's covered payroll	$ 9,326,002	$ 9,001,560
Contributions as a percentage of covered payroll	0.16%	0.14%

NOTE: The pension and OPEB schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

NOTE 2 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

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Combining and Individual Fund
Statements and Schedules

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Federal Transit Authority ("FTA") - MAG accounts for funds provided under the U.S. Department of Transportation on a pass-through basis from ADOT and the City of Phoenix. FTA funds are used for regional transit planning activities.

Housing and Urban Development ("HUD") - MAG receives federal funding from the U.S. Department of Housing and Urban Development for the purpose of region-wide Housing Choice Voucher program administration and coordination.

Arizona Department of Economic Quality ("ADEQ") - MAG receives federal funding from the U.S. Department of Environmental Protection Agency (EPA) on a pass-through basis from ADEQ for a water quality grant that is used for environmental purposes.

Local Income - The activity is solely comprised of funding from member agencies and other local partners for special project work.

Maricopa Association of Governments Information Center ("MAGIC") – MAGIC, incorporated in 2000 was developed for providing services to MAG's member agencies and non-members related to but beyond the scope of MAG's Annual Unified Planning Work Program and Annual Budget.

Regional Community Partners ("RCP") - RCP was incorporated in 2000 for the purpose of conducting regional activities and facilitating valley wide collaboration on projects and/or initiatives that improve the quality of life and economic well-being of residents of the Maricopa County region.

MARICOPA ASSOCIATION OF GOVERNMENTS
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Federal Transit Authority	Housing and Urban Development	Arizona Department of Economic Quality
ASSETS			
Cash and investments	$	$	$
Receivables	932,223		
Due from other funds		125,646	2,036
Total assets	$ 932,223	$ 125,646	$ 2,036
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$	$	$
Retainage payable			
Accrued wages and benefits	9,549	9,340	240
Unearned revenue	65,000		
Due to other funds	263,310		
Total liabilities	337,859	9,340	240
Fund balances:			
Restricted	594,364	116,306	1,796
Total fund balances	594,364	116,306	1,796
Total liabilities and fund balances	$ 932,223	$ 125,646	$ 2,036

Local Income		MAGIC		Regional Community Partners		Totals	
$		$	3,278	$	199,608	$	202,886
					10,000		942,223
	710,106						837,788
$	710,106	$	3,278	$	209,608	$	1,982,897
$	162,552	$		$		$	162,552
	63,072						63,072
	389						19,518
	378,062		1,362		160,024		604,448
							263,310
	604,075		1,362		160,024		1,112,900
	106,031		1,916		49,584		869,997
	106,031		1,916		49,584		869,997
$	710,106	$	3,278	$	209,608	$	1,982,897

MARICOPA ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019

	Federal Transit Authority	Housing and Urban Development	Arizona Department of Economic Quality
Revenues:			
Federal grants and reimbursements	$ 2,006,881	$ 537,048	$ 4,704
Local income			
Total revenues	2,006,881	537,048	4,704
Expenditures:			
Current -			
Environmental			2,908
Human services	219,517	420,742	
Regional community partners			
Transportation services	1,193,000		
Total expenditures	1,412,517	420,742	2,908
Changes in fund balances	594,364	116,306	1,796
Fund balances, beginning of year, as restated			
Fund balances, end of year	$ 594,364	$ 116,306	$ 1,796

Local Income	MAGIC	Regional Community Partners	Totals
$	$	$	$ 2,548,633
377,111		48,209	425,320
377,111		48,209	2,973,953
			2,908
			640,259
		26,417	26,417
271,080			1,464,080
271,080		26,417	2,133,664
106,031		21,792	840,289
	1,916	27,792	29,708
$ 106,031	$ 1,916	$ 49,584	$ 869,997

MARICOPA ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	ICMA Retirement	Employee Insurance	Totals
ASSETS			
Cash and investments	$ 149,348	$ 37,638	$ 186,986
Total assets	$ 149,348	$ 37,638	$ 186,986
LIABILITIES			
Deposits held for others	$ 149,348	$ 37,638	$ 186,986
Total liabilities	$ 149,348	$ 37,638	$ 186,986

MARICOPA ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
ICMA RETIREMENT				
Assets				
Cash and investments	$ 180,585	$ 2,537	$ 33,774	$ 149,348
Total assets	$ 180,585	$ 2,537	$ 33,774	$ 149,348
Liabilities				
Deposits held for others	$ 180,585	$ 2,537	$ 33,774	$ 149,348
Total liabilities	$ 180,585	$ 2,537	$ 33,774	$ 149,348
EMPLOYEE FLEXIBLE SPEND ACCOUNT				
Assets				
Cash and investments	$ 32,626	$ 116,339	$ 111,327	$ 37,638
Total assets	$ 32,626	$ 116,339	$ 111,327	$ 37,638
Liabilities				
Deposits held for others	$ 32,626	$ 116,339	$ 111,327	$ 37,638
Total liabilities	$ 32,626	$ 116,339	$ 111,327	$ 37,638
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	$ 213,211	$ 118,876	$ 145,101	$ 186,986
Total assets	$ 213,211	$ 118,876	$ 145,101	$ 186,986
Liabilities				
Deposits held for others	$ 213,211	$ 116,339	$ 111,327	$ 218,223
Total liabilities	$ 213,211	$ 116,339	$ 111,327	$ 218,223

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OTHER INFORMATION

MARICOPA ASSOCIATION OF GOVERNMENTS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE
JUNE 30, 2019

Capital Assets Being Depreciated:	2019	2018
Funiture and fixtures	$ 738,957	$ 711,105
Computer software	758,238	713,499
Machinery and equipment	3,495,521	3,102,433
Leasehold improvements	1,818,264	1,818,264
Videoconference equipment	687,335	687,335
Total Capital Assets Being Depreciated	7,498,315	7,032,636
Investments in Governmental Funds		
Capital Assets By Source - Special Revenue Funds	$ 7,498,315	$ 7,032,636

MARICOPA ASSOCIATION OF GOVERNMENTS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FISCAL YEAR ENDED JUNE 30, 2019

Governmental Activities:	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Transportation planning	$ 812,725	$ 101,673	$ (35,314)	$ 879,084
Regional analytics	765,630	20,258	(1,552)	784,336
Human services	36,561	2,410	(639)	38,332
Environmental programs	186,268	194,380	(20,454)	360,194
Program Implementation	152,640	44,640		197,280
Administration	5,078,810	253,910	(140,874)	5,191,846
Total Capital Assets Being Depreciated	$ 7,032,634	$ 617,271	$ (198,833)	$ 7,451,072

MARICOPA ASSOCIATION OF GOVERNMENTS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF NET ADDITIONS AND DELETIONS BY FUNCTION AND SOURCE
FISCAL YEAR ENDED JUNE 30, 2019

	Furniture and Fixtures	Computer Software	Machinery and Equipment
Governmental Activities:			
Transportation Planning	$ 9,369	$	$ 56,990
Regional Analytics	4,303		14,403
Human Services	1,771		
Environmental Programs	2,786		171,140
Program Implementation		44,640	
Administration	9,623	99	150,555
	$ 27,852	$ 44,739	$ 393,088

STATISTICAL SECTION

MARICOPA ASSOCIATION of GOVERNMENTS

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STATISTICAL SECTION

This part of MAG's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about MAG's overall financial health.

Contents Page

Financial Trends

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

Debt Capacity

This schedule presents information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

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

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

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FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how MAG's financial status has changed over time.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 1
GOVERNMENTAL ACTIVITIES - NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30				
	2019 *	**2018** *	**2017** *	**2016** *	**2015**
Net Position:					
Net investment in capital assets	$ 853,327	$ 912,168	$ 1,016,283	$ 1,267,349	$ 1,477,883
Restricted	2,008,582	1,915	112,677	1,911	1,911
Unrestricted	(14,990,420)	(9,562,253)	(10,012,995)	(9,639,768)	(9,559,246)
Total net position	$ (12,128,511)	$ (8,648,170)	$ (8,884,035)	$ (8,370,508)	$ (8,079,452)
	2014 *	**2013** *	**2012** *	**2011** *	**2010**
Net Position:					
Net investment in capital assets	$ 1,832,230	$ 2,372,802	$ 2,775,220	$ 754,444	$ 173,172
Restricted	1,911	1,911	1,911	7,526	
Unrestricted	(9,874,683)	553,983	940,751	3,650,616	4,095,229
Total net position	$ (8,040,542)	$ 2,928,696	$ 3,717,882	$ 4,412,586	$ 4,268,401

Source: The source of this information is the Association's financial records.
* Includes MAGIC and RCP component units blended in FY10.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30				
	2019	**2018**	**2017**	**2016**	**2015**
Expenses					
Enviornmental	$ 1,319,721	$ 2,526,798	$ 2,429,258	$ 2,588,337	$ 2,421,149
Human services	650,618	1,015,355	703,663	613,707	689,739
Program implementation	6,090,105	5,103,695	6,175,730	7,211,284	5,463,019
Transportation	10,920,627	11,762,819	15,231,345	13,799,073	12,468,589
Regional analytics	2,023,521	3,180,371	3,150,092	2,935,882	2,522,125
General government	5,856,210	172,090	197,979	238,268	815,695
MAGIC			8,736	3,707	
Regional Community Partners	50,069	91,819	122,927	202,992	334,266
Specifications and Details	73,302	45,106	46,075	55,570	75,904
Interest on Long-Term Debt	21,073	13,749	25,428	34,309	46,017
Total expenses	27,005,246	23,911,802	28,091,233	27,683,129	24,836,503
Program Revenues					
Governmental activities:					
Operating grants and contributions	17,549,452	24,144,973	27,577,659	27,392,051	24,797,578
General Revenues - Shared allocation RARF	6,441,401				
General Revenues - Unrestricted investment earnings	101,375	102	47	22	15
Total program revenues	24,092,228	24,145,075	27,577,706	27,392,073	24,797,593
Net (Expense)/Revenue	$ (2,913,018)	$ 233,273	$ (513,527)	$ (291,056)	$ (38,910)
Special Items					
Donated Capital Assets					
Primary Government Charges in Net Position	(2,913,018)	233,273	(513,527)	(291,056)	(38,910)

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

(Continued)

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
Expenses					
Enviornmental	$ 2,534,038	$ 2,448,672	$ 2,389,614	$ 2,664,613	$ 2,264,529
Human services	774,102	520,198	358,003	400,396	716,678
Program implementation	3,785,961	4,975,707	4,962,303	4,393,161	3,914,637
Transportation	12,147,144	12,569,764	11,753,253	9,517,455	9,833,095
Regional analytics	2,733,366	2,703,894	2,421,108	2,219,055	2,758,581
General government	146,075	138,616	227,026	269,818	225,122
MAGIC	9,559	4,118	5,615	8,272	32,713
Regional Community Partners	323,961	310,433	245,032	175,305	53,151
Specifications and Details	82,597	47,992	35,813	14,289	11,397
Interest on Long-Term Debt	48,665	46,568	29,320	28,219	34,386
Total expenses	22,585,468	23,765,962	22,427,087	19,690,583	19,844,289
Program Revenues					
Governmental activities:					
Operating grants and contributions	24,388,753	22,970,517	21,731,849	19,442,812	19,751,111
General Revenues - Shared allocation RARF					
General Revenues - Unrestricted investment earni	20	6,259	534	2,643	331
Total program revenues	24,388,773	22,976,776	21,732,383	19,445,455	19,751,442
Net (Expense)/Revenue	$ 1,803,305	$ (789,186)	$ (694,704)	$ (245,128)	$ (92,847)
Special Items					
Donated Capital Assets				389,313	
Primary Government Charges in Net Position	1,803,305	(789,186)	(694,704)	144,185	(92,847)

(Concluded)

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30				
	2019 *	2018 *	2017 *	2016 *	2015
General Fund:					
Nonspendable	$ 4,732	$ 233,449	$ 254,735	$ 234,655	$ 107,290
Unassigned	4,964,066	4,367,044	4,390,380	4,194,819	4,045,194
Total General Fund	$ 4,968,798	$ 4,600,493	$ 4,645,115	$ 4,429,474	$ 4,152,484
All Other Governmental Funds:					
Nonspendable	$ 365,264	$	$	$	$
Restricted	2,008,580	1,916	1,916	1,911	1,911
Unassigned	(6,893,876)		(17,388)	(17,388)	(17,388)
Total all other governmental funds	$ (4,520,032)	$ 1,916	$ (15,472)	$ (15,477)	$ (15,477)

(Continued)

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	* 2014	* 2013	* 2012	* 2011	* 2010
General Fund:					
Nonspendable	$ 29,428	$ 102,766	$ 6,635	$ 4,630	$
Unassigned	3,940,034	4,050,463	4,322,464	4,490,375	
Reserved					6,390
Unreserved					4,391,103
Total General Fund	$ 3,969,462	$ 4,153,229	$ 4,329,099	$ 4,495,005	$ 4,397,493
All Other Governmental Funds:					
Nonspendable	$	$	$	$	$
Restricted	1,911	1,911	1,911	7,526	
Unassigned	(400,695)	(2,947,018)	(2,800,485)	(332,938)	
Reserved					350
Unreserved					187,959
Total all other governmental funds	$ (398,784)	$ (2,945,107)	$ (2,798,574)	$ (325,412)	$ 188,309

Source: The source of this information is the Association's financial records.
Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance. * Includes MAGIC and RCP component units blended in FY 2010.

(Concluded)

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL AND SPECIAL REVENUE FUNDS - BUDGET TO ACTUAL
FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final	Actual Amounts	Variance with Final Budget
Revenues				
Government Funds	$ 35,822,739	$ 41,298,023	$ 24,092,228	$ 17,205,795
Expenditures				
Government Funds	33,515,223	39,850,820	$ 28,384,971	11,465,849
Excess (Dificiency) of Revenues Over Expenditures	2,307,516	1,447,203	$ (4,292,743)	
Total Other Financing Sources	90,000	90,000	$ 341,159	
Net Change in Fund Balances	2,397,516	1,537,203	$ (3,951,584)	
Budgetary Fund Balance - Beginning	4,724,409	4,812,135	$ 4,035,086	
Increase (decrease) in reserve for prepaid items			$ 365,264	
Budgetary Fund Balance - Ending	$ 7,121,925	$ 6,349,338	$ 448,766	

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

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 5
GENERAL GOVERNMENTAL REVENUES AND EXPENDITURES
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30				
	2019	**2018**	**2017**	**2016**	**2015**
Revenues					
Dues	$ 235,108	$ 231,034	$ 225,858	$ 224,293	$ 220,510
Publications	2,844	3,809	4,356	7,569	7,357
Interest Income	101,375	102	41	22	15
Other Income	241	240	246		
Grants:					
Federal	16,493,257	19,257,934	19,522,877	19,176,945	16,668,027
State			2,981	94,019	
Shared Allocation RARF	6,441,401	4,068,878	7,305,029	7,282,973	7,207,208
Member Assessments	392,682	458,449	448,577	445,474	438,366
Local	425,320	83,525	49,842	133,728	255,654
Donations and Contributions		23,101	17,899	27,050	456
Total revenues	24,092,228	24,127,072	27,577,706	27,392,073	24,797,593
Expenditures					
Publications	58,360	45,477	44,989	52,679	74,740
Program Administration	5,499,668			6,624	14,212
MAGIC			8,894	3,881	
Regional Community Partners	26,417	92,806	119,457	197,299	331,521
Enviornmental Programs	1,374,994	2,521,602	2,354,297	2,492,302	2,366,339
Human Services Programs	678,537	1,011,085	684,340	579,770	673,683
Program Implementation	6,207,645	5,184,200	5,952,399	7,185,921	5,455,667
Transportation Programs	11,247,847	11,676,010	14,921,456	13,204,586	12,312,023
Informaiton Services Programs	2,092,216	3,172,880	3,067,935	2,987,369	2,644,786
Other					
Program Administration					
Capital	1,042,529	451,325	138,426	352,065	160,806
Debt Service*					
Principal	135,685	110,920	116,487	186,721	232,995
Interest	21,073	13,749	25,428	34,309	46,017
Total expenditures	28,384,971	24,280,054	27,434,108	27,283,526	24,312,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,292,743)	(152,982)	143,598	108,547	484,804
Other Financing Sources (Uses):					
Issuance of Capital Leases	341,159	198,104	72,048	168,442	81,525
Net Change in Fund Balances	$ (3,951,584)	$ 45,122	$ 215,646	$ 276,989	$ 566,329
Debt Service as a Percentage of Noncapital Expenditures	0.6%	0.5%	0.5%	0.8%	1.2%

Source: The source of this information is the Association's financial statements.

(Continued)

	Fiscal Year Ended June 30				
	2014	**2013**	**2012**	**2011**	**2010**
Revenues					
Dues	$ 101,432	$ 101,432	$ 101,432	$ 101,432	$ 101,432
Publications	5,327	5,979	9,932	10,201	13,584
Interest Income	20	6,259	534	2,643	331
Other Income					8,416
Grants:					
Federal	15,477,204	17,187,871	17,462,731	15,085,101	15,792,452
State				2,106	41,048
Shared Allocation RARF	8,082,432	5,253,433	3,808,380	3,991,444	2,908,164
Member Assessments	201,844	201,844	201,844	201,844	202,041
Local	479,379	205,685	21,923	27,791	671,546
Donations and Contributions	41,135	14,273	125,607	22,893	61,039
Total revenues	24,388,773	22,976,776	21,732,383	19,445,455	19,800,053
Expenditures					
Publications	82,597	94,382	80,847	69,721	57,597
Program Administration	49,260	51,768	33,809	43,504	42,736
MAGIC	9,559	4,118	5,615	8,272	32,713
Regional Community Partners	323,961	310,433	245,032	175,305	53,151
Enviornmental Programs	2,443,077	2,354,584	2,330,606	2,652,048	2,281,878
Human Services Programs	747,101	505,051	348,684	397,746	708,511
Program Implementation	3,669,974	4,863,963	4,857,526	4,380,812	3,917,773
Transportation Programs	11,753,624	12,129,621	11,483,831	9,477,377	9,791,968
Informaiton Services Programs	2,644,244	2,595,589	2,369,771	2,215,366	2,749,548
Other					
Program Administration					
Capital	281,184	435,295	2,548,813	560,650	79,149
Debt Service*					
Principal	215,375	196,569	118,863	142,663	147,907
Interest	48,665	46,568	29,320	28,219	17,531
Total expenditures	22,268,621	23,587,941	24,452,717	20,151,683	19,880,462
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,120,152	(611,165)	(2,720,334)	(706,228)	(80,409)
Other Financing Sources (Uses):					
Issuance of Capital Leases	242,404	288,762	81,266	290,019	55,666
Net Chage in Fund Balances	$ 2,362,556	$ (322,403)	$ (2,639,068)	$ (416,209)	$ (24,743)
Debt Service as a Percentage of Noncapital Expenditures	1.2%	1.1%	12.0%	3.0%	0.0%

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DEBT CAPACITY

This schedule presents information on the MAG's current level of outstanding debt and MAG's ability to issue additional debt in the future.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 6
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Capital Leases
2019	$ 459,862
2018	254,388
2017	167,204
2016	215,794
2015	234,073
2014	385,543
2013	358,514
2012	266,322
2011	303,919
2010	156,563

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within the MAG Region.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 7
MISCELLANEOUS STATISTICAL DATA

	July 1, 2010 Estimate	July 1, 2018 Estimate	Number Change	Percent Change
Apache Junction[3]	35,828	40,611	4,783	13.35%
Avondale	76,468	82,605	6,137	8.03%
Buckeye	51,019	76,145	25,126	49.25%
Carefree	3,358	3,722	364	10.84%
Cave Creek	5,005	5,760	755	15.08%
Chandler	236,687	262,322	25,635	10.83%
El Mirage	31,911	34,292	2,381	7.46%
Florence	25,537	27,507	1,970	7.71%
Fountain Hills	22,444	24,029	1,585	7.06%
Gila Bend	1,932	2,014	82	4.24%
Gilbert	209,048	253,036	43,988	21.04%
Glendale	227,217	241,844	14,627	6.44%
Goodyear	65,404	84,659	19,255	29.44%
Guadalupe	5,540	6,342	802	14.48%
Litchfield Park	5,467	6,689	1,222	22.35%
Maricopa city	43,598	52,117	8,519	19.54%
Mesa	439,929	488,925	48,996	11.14%
Paradise Valley	12,810	14,011	1,201	9.38%
Peoria[2]	154,164	176,118	21,954	14.24%
Phoenix	1,449,242	1,597,738	148,496	10.25%
Queen Creek[3]	26,448	49,261	22,813	86.26%
Scottsdale	217,365	245,417	28,052	12.91%
Surprise	117,688	132,852	15,164	12.88%
Tempe	161,974	185,301	23,327	14.40%
Tolleson	6,573	7,017	444	6.75%
Wickenburg[2]	6,353	6,946	593	9.33%
Youngtown	6,154	6,590	436	7.08%
Unincorporated Maricopa	284,016	306,580	22,564	7.94%
Unincorporated Pinal County[1,4]	187,868	211,973	24,105	12.83%
Maricopa County, Arizona	3,824,058	4,294,460	470,402	12.30%
Pinal County in MAG MPO	238,558	287,221	48,663	20.40%
Pinal County	376,369	440,591	64,222	17.06%
Arizona	6,401,569	7,076,199	674,630	10.54%
United States	309,747,508	327,167,434	17,419,926	5.62%

Notes:
[1] Unincorporated Pinal County includes areas outside the MAG Planning Area
[2] Maricopa County portion only
[3] Maricopa and Pinal County portion
[4] Gila River, Salt River, and Fort McDowell Indian Communities are included in unincorporated County totals

Sources: Jurisdiction, County and State: Arizona State Demographer's Office
National: U.S. Census Bureau National Estimate

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 8
MISCELLANEOUS STATISTICAL DATA
POPULATION FORECASTS BY MUNICIPAL PLANNING AREA (YEARS 2020-2050)

	2020	2030	2040	2050
Apache Junction[3]	60,800	70,000	92,000	117,100
Avondale	86,700	101,800	111,900	119,000
Buckeye	97,700	186,600	305,400	409,900
Carefree	3,800	4,100	4,200	4,200
Cave Creek	6,000	6,500	7,000	7,200
Chandler	279,500	309,100	321,100	329,000
El Mirage	35,100	36,500	36,900	37,200
Florence	85,500	120,300	160,500	209,900
Fort McDowell	1,100	1,100	1,100	1,100
Fountain Hills	24,700	26,200	26,600	26,900
Gila Bend	2,700	3,700	3,700	3,900
Gila River[3]	12,200	12,200	12,200	12,300
Gilbert	265,900	293,500	308,800	318,100
Glendale	279,100	306,400	323,400	333,200
Goodyear	92,100	140,300	192,200	228,600
Guadalupe	6,400	6,700	6,800	6,800
Litchfield Park	14,000	15,400	15,700	16,100
Maricopa	67,000	90,800	106,400	121,600
Mesa	552,800	607,500	649,400	680,000
Paradise Valley	14,100	14,700	15,100	15,200
Peoria[2]	196,600	232,400	273,700	312,600
Phoenix	1,697,700	1,881,900	2,019,300	2,117,400
Queen Creek[3]	65,000	90,900	109,000	120,900
Salt River	6,100	5,700	5,800	5,800
Scottsdale	253,800	281,900	299,400	311,400
Surprise	150,300	216,700	307,500	383,300
Tempe	190,000	217,100	247,000	272,400
Tolleson	7,100	8,600	10,300	11,400
Wickenburg[2]	10,100	17,100	18,000	18,600
Youngtown	6,800	7,300	7,700	7,800
	4,570,600	5,313,000	5,998,000	6,558,900
COUNTY POPULATION				
Maricopa County Unincorporated	101,200	110,500	116,800	137,000
Maricopa County Total	4,436,900	5,107,800	5,712,000	6,196,000
Pinal County Unincorporated[1]	107,200	120,700	140,200	162,500
Pinal County in MAG MPO	331,500	419,700	525,600	644,600
Pinal County Total	466,000	615,000	820,700	1,056,000

Notes:
[1] Unincorporated Pinal County includes areas outside the MAG Planning Area
[2] Maricopa County portion only
[3] Maricopa and Pinal County portion included

Sources: Maricopa Association of Governments Socioeconomic Projections; Central Arizona Governments; Arizona Office of Employment and Population Statistics

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 9
MISCELLANEOUS STATISTICAL DATA
HOUSEHOLD MEDIAN AND PER CAPITA INCOME

AREA	TOTAL HOUSEHOLDS	MEDIAN HOUSEHOLD INCOME		PER CAPITA INCOME	
		Estimate	Margin of Error (+/-)	Estimate	Margin of Error (+/-)
ARIZONA	**2,482,311**	**$53,510**	**$259**	**$27,964**	**$123**
COUNTIES					
MARICOPA COUNTY	1,489,533	$58,580	$350	$30,186	$163
PINAL COUNTY	133,513	$52,628	$891	$22,944	$448
CITIES AND TOWNS					
APACHE JUNCTION	16,550	$39,119	$1,917	$23,307	$1,459
AVONDALE	25,077	$56,585	$2,046	$21,899	$681
BUCKEYE	17,158	$61,469	$2,621	$21,251	$849
CAREFREE	1,818	$95,992	$17,799	$61,076	$12,822
CAVE CREEK	2,458	$91,500	$20,541	$55,732	$7,365
CHANDLER	87,286	$77,278	$1,853	$35,703	$708
EL MIRAGE	10,279	$51,915	$2,696	$19,093	$778
FLORENCE	4,700	$47,188	$7,073	$13,084	$1,554
FOUNTAIN HILLS	11,677	$76,729	$4,648	$54,936	$4,589
GILA BEND	661	$29,771	$2,471	$17,142	$3,877
GILBERT	74,216	$87,566	$2,100	$34,250	$746
GLENDALE	81,426	$49,383	$1,804	$23,496	$465
GOODYEAR	23,933	$77,930	$2,632	$30,893	$1,274
GUADALUPE	1,686	$28,491	$7,609	$12,170	$1,905
LITCHFIELD PARK	2,365	$77,917	$12,347	$42,282	$5,075
MARICOPA	14,241	$68,908	$3,993	$26,759	$1,089
MESA	174,668	$52,155	$693	$26,535	$383
PARADISE VALLEY	5,239	$175,673	$25,954	$114,445	$8,854
PEORIA	57,397	$69,589	$1,758	$31,796	$698
PHOENIX	544,022	$52,080	$490	$26,528	$242
QUEEN CREEK	10,104	$92,917	$6,355	$33,386	$1,777
SCOTTSDALE	107,697	$80,306	$1,496	$56,794	$1,394
SURPRISE	47,378	$62,927	$1,869	$28,388	$796
TEMPE	68,795	$51,829	$1,085	$28,602	$736
TOLLESON	2,224	$40,846	$3,589	$17,255	$1,830
WICKENBURG	3,221	$42,752	$4,681	$30,206	$5,592
YOUNG	2,302	$40,385	$3,344	$19,722	$3,710
NATIVE NATIONS					
SALT RIVER RESERVATION	2,439	$35,129	$6,410	$18,349	$3,030
GILA RIVER INDIAN RESERVATION	3,363	$19,074	$2,217	$10,305	$957
FORT MCDOWELL YAVAPAI NATION RESERVATION	310	$48,409	$3,215	$15,276	$1,554

Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-year Estimates

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 10
MISCELLANEOUS STATISTICAL DATA

TOP 10 EMPLOYERS IN MARICOPA COUNTY JULY 1, 2018

Rank	Employer	Number of Employees*	% of Total Maricopa* Employment	% of Total Arizona** Employment
1	Banner Health	26,500	1.62%	0.81%
2	State of Arizona	24,000	1.47%	0.73%
3	Fry's Food Stores	14,800	0.91%	0.45%
4	Walmart	14,500	0.89%	0.44%
5	Wells Fargo	14,000	0.86%	0.43%
6	Maricopa County	13,500	0.83%	0.41%
7	City of Phoenix	12,000	0.73%	0.37%
8	Intel Corporation	10,300	0.63%	0.31%
9	JP Morgan Chase Banks	10,100	0.62%	0.31%
10	Arizona State University	9,800	0.60%	0.30%
		149,500	9.16%	4.56%

Total employees in Maricopa County from employers with 5 or more employees: 1,632,900*
Total employees in the State of Arizona: 3,277,700**

Sources:
* Maricopa Association of Governments, Employer Database (2018).
** Arizona Office of Economic Opportunity, Local Area Unemployment Statistics (LAUS), seasonally adjusted.

Note 1: All employment numbers are for July 2018, rounded to the nearest 100.

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OPERATING INFORMATION

These schedules offer information regarding MAG's operations.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 11
AUTHORIZED FULL-TIME EQUIVALENTS BY FUNCTION
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
Function:					
Environmental	11.00	11.00	11.00	11.00	11.00
Human Services	5.00	5.00	5.00	5.00	5.00
Transportation	27.00	29.00	31.00	32.00	35.00
Regional analytics	12.00	13.00	14.00	14.00	15.00
Information Technology	4.00	6.00	6.00	7.00	8.00
General Government	21.00	21.00	22.00	25.00	25.00
Total	80.00	85.00	89.00	94.00	99.00

	2015	2016	2017	2018	2019
Function:					
Environmental	11.00	11.00	11.00	11.00	11.00
Human Services	5.00	5.00	6.00	6.00	7.00
Transportation	35.00	35.00	35.00	35.00	37.00
Regional analytics	16.00	16.00	16.00	16.00	17.00
Information Technology	8.00	8.00	9.00	9.00	9.00
General Government	25.00	27.00	29.00	29.00	29.00
Total	100.00	102.00	106.00	106.00	110.00

Source: Maricopa Association of Government's internal records.

MARICOPA ASSOCIATION OF GOVERNMENTS
TABLE 12
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30									
	2019	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Function										
Environmental										
Furniture and Fixtures	$ 75,854	$ 73,068	$ 72,507	$ 71,119	$ 70,648	$ 70,648	$ 68,970	$ 68,970	$ 29,395	$ 28,937
Computer Equipment	284,361	113,221	113,221	133,210	105,387	105,387	105,387	137,858	136,116	107,328
Human Services										
Furniture and Fixtures	38,025	36,254	36,218	35,461	35,247	35,247	34,484	34,484	16,495	16,286
Transportation Planning										
Furniture and Fixtures	215,274	205,905	204,122	199,706	198,207	198,207	192,867	192,867	74,142	72,847
Computer Equipment	532,035	475,045	459,238	469,657	399,775	339,261	323,913	328,231	319,016	305,849
Computer Software	118,413	118,413	108,413	102,955	90,955	90,955	90,955	90,955	90,955	81,638
Regional Analytics										
Furniture and Fixtures	147,352	143,049	142,234	140,216	139,530	139,530	137,242	137,242	86,874	86,289
Computer Equipment	123,799	109,396	91,957	109,156	109,156	102,214	125,020	148,599	253,034	212,072
Computer Software	387,737	387,737	387,737	387,737	387,737	387,737	387,737	707,222	707,222	707,222
Video Conference Equipment	79,130	79,130	79,130	79,130	79,130	79,130	79,130	79,130	79,130	79,130
Regional Development										
Furniture and Fixtures	3,424	3,424	3,424	3,424	3,424	3,424	3,424	3,424	3,424	3,424
Computer Software	208,640	208,640	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
General Government										
Furniture and Fixtures	258,758	249,135	247,199	242,403	240,903	240,903	235,869	235,869	142,329	141,159
Computer Equipment	2,272,978	2,082,459	1,897,286	1,878,705	1,806,925	1,723,851	1,596,797	1,381,815	752,264	432,748
Copier/Phone Equipment	235,377	322,582	312,947	280,498	243,091	239,446	239,446	239,446	201,683	226,289
Leasehold Improvements	1,818,264	1,818,264	1,818,264	1,818,264	1,818,264	1,818,264	1,813,020	1,813,020	397,952	149,972
Video Conference Equipment	299,598	299,598	299,598	299,598	186,897	186,897	186,897	229,495	229,495	561,947
Computer Software	307,415	307,316	251,816	251,816	251,816	251,816	251,816	122,975	122,975	115,911
Total	$ 7,406,434	$ 7,032,636	$ 6,581,311	$ 6,559,055	$ 6,223,092	$ 6,068,917	$ 5,928,974	$ 6,007,602	$ 3,698,501	$ 3,385,048

Source: Maricopa Association of Government's interal records.