



Sacramento Transportation Authority

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

For Fiscal Year Ended June 30, 2005

**SACRAMENTO TRANSPORTATION AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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**SACRAMENTO TRANSPORTATION AUTHORITY
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December 1,2005

The Honorable Members of the Sacramento Transportation Authority Governing Board

The Comprehensive Annual Financial Report for the Sacramento Transportation Authority (the "Authority") for the year ended June 30, 2005 is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Authority's organizational chart, a list of principal officials, and the GFOA Certificate of Achievement. The financial section includes the Management Discussion and Analysis, financial statements and the individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Authority was established under the Local Transportation and Improvement Act, California Public Utilities Code Division 19, during the 1988-89 fiscal year. The voters of Sacramento County passed an ordinance (Measure A) enacted by the Authority imposing a retail transactions and use (sales) tax increase throughout the County at a maximum rate of one half of one percent (1/2 of 1%) for a period of 20 years. The sales tax generated by Measure A must be used to fund public road improvements, public road maintenance, public transit functions, air quality, and elderly and handicapped transportation functions.

This report includes all funds, agencies, boards, commissions and authorities that are financially accountable to the Authority Governing Board. Such financial accountability was determined on the basis of budget adoption, taxing authority, imposition of will, funding, and appointment of the governing board. Based on this criteria, since the Authority Governing Board is also the Governing Board of the Sacramento Abandoned Vehicle Service Authority (SAVSA), SAVSA is considered a component unit of the Authority. SAVSA is represented in the Authority's Special Revenue Fund. The Transportation and Air Quality Collaborative (Collaborative), which became a separate program in the 2001-02 fiscal year, is also represented in the Special Revenue Fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Internal Control Structure. In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Management of the Authority is responsible for the establishment and maintenance of an internal control structure designed to (1) provide reasonable, but not absolute, assurance that assets of the Authority are protected against loss from unauthorized use or disposition and (2) that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Local economy. The local economy picked up in the 2004-05 year. Sales tax revenues grew 5.4% and the housing market remained strong. In November, 2004, the voters approved a 30 year extension to the current sales tax, to take affect in 2009.

Cash Management. The Authority's cash, except for small amounts on hand and an imprest checking account, is deposited in the pooled account of the County of Sacramento and in the State of California's Local Agency Investment Fund. Cash surpluses in these accounts are invested and investment earnings are allocated to the Authority's funds on the basis of average daily cash balances.

Risk Management. The Authority purchases commercial insurance for workers' compensation and general liability to provide a risk management program. The program is designed to protect Authority property and personnel.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sacramento Transportation Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the ninth straight year the Authority has received this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

We want to thank the members of the Sacramento Transportation Authority Governing Board for your interest and support in planning and conducting the financial operation of the Authority. The preparation of this report could not have been accomplished without your leadership.

Respectfully Submitted,

Concur,





Mona Stephens
Sr. Transportation Administrator

Brian A. Williams
Executive Director

SACRAMENTO TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS

June 30, 2005

BOARD MEMBERS

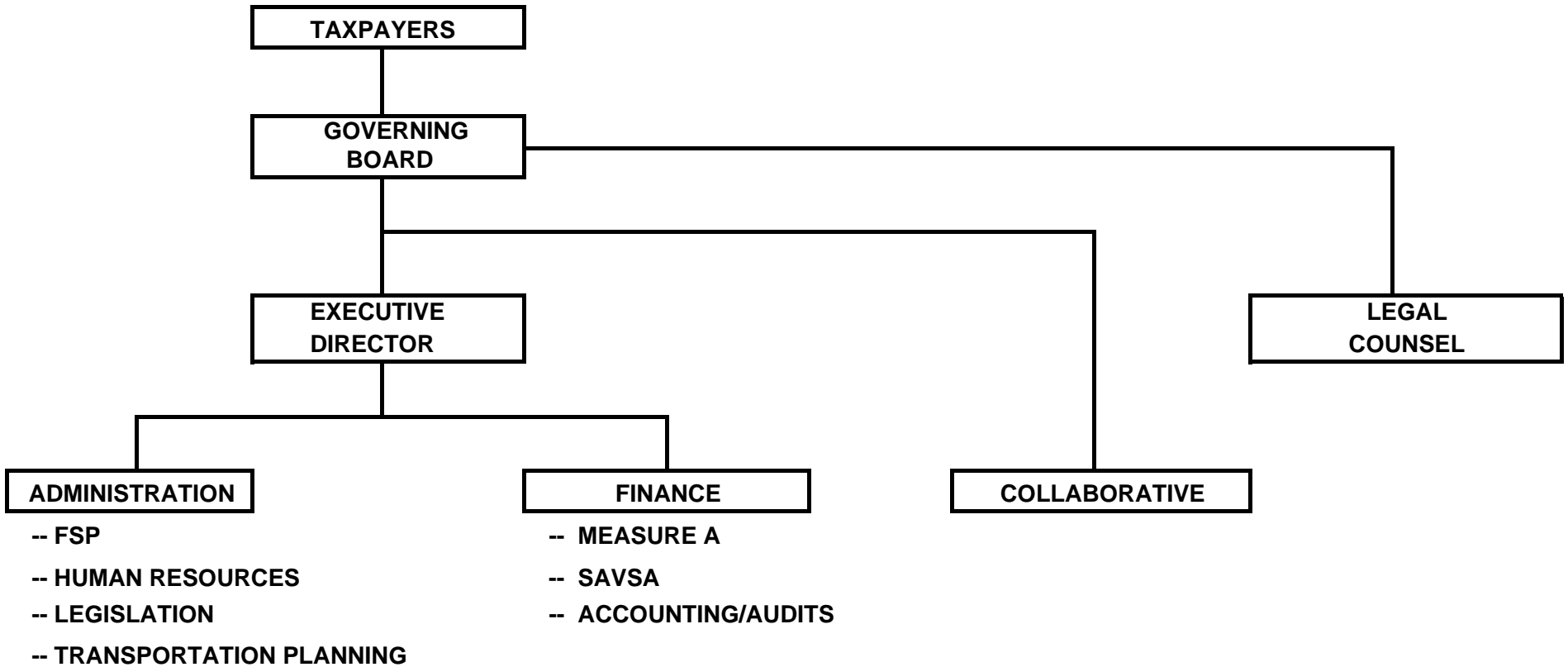
DAN BRIGGS, City of Elk Grove
ILLA COLLIN, County of Sacramento
KEN COOLEY, City of Rancho Cordova
ROGER DICKINSON, County of Sacramento
LAUREN HAMMOND, City of Sacramento
ROBERTA MACGLASHAN, County of Sacramento
KEVIN MCCARTY, City of Sacramento
ANDY MORIN, City of Folsom
DON NOTTOLI, County of Sacramento
BONNIE PANNELL, City of Sacramento
BARBARA PAYNE, Cities of Isleton and Galt
SUSAN PETERS, County of Sacramento
JEFF SLOWEY, City of Citrus Heights
RAY TRETHERWAY, City of Sacramento

Alternates

LINDA BUDGE, City of Rancho Cordova
B. TERI BURNS, County of Sacramento
ROBERT KING FONG, City of Sacramento
KERRI HOWELL, City of Folsom
VIRGINIA MOOSE, County of Sacramento
SOPHIA SCHERMAN, City of Elk Grove
RANDY SHELTON, Cities of Isleton and Galt

STAFF

BRIAN WILLIAMS, Executive Director
MONA STEPHENS, Finance and Accounting Administrator
NORMAN HOM, Associate Planner
GLORIA BUSBY, Office Manager



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento

Transportation Authority,
California

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sacramento Transportation Authority
Sacramento, California

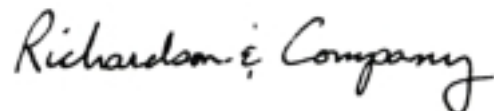
We have audited the accompanying financial statements of the governmental activities and each major fund of the Sacramento Transportation Authority as of and for the year ended June 30, 2005. These financial statements are the responsibility of the Authority's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2005 and the respective changes in financial position and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in our audit of the basic financial statements, and, accordingly, we express no opinion on them.



September 22, 2005

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Management's Discussion and Analysis

As management of the Sacramento Transportation Authority (Authority), we present to the readers of these financial statements this narrative overview and analysis of the Authority for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through iii of this report.

Financial Highlights

- Actual Measure A revenues for 2004-05 exceeded projections by \$7,749,107.
- Measure A revenues grew by 5.4% over the 2003-04 fiscal year.
- The Authority was able to meet all expenditures to Measure A participating entities without having to dip into existing fund balances.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise 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.

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

The *Statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements include not only the Authority itself, but also the Sacramento Abandoned Vehicle Service Authority (SAVSA) and the Sacramento Transportation and Air Quality Collaborative (Collaborative). SAVSA, although legally separate from the Authority, functions for all practical

purposes as a department of the Authority and therefore has been included as an integral part of the Authority.

The government-wide financial statements can be found on pages 9 - 10 of this report.

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. The Authority, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority 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 the *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*.

The Authority maintains three 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 balance for the general fund and two special revenue funds – SAVSA and the Collaborative.

The Authority adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for those funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 11 - 16 of 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 the Authority's own programs.

The basic fiduciary fund financial statement can be found on page 17 of this report.

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. The notes to the financial statements can be found on pages 19 – 28 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$36,790,648 at the close of the 2005 fiscal year.

The largest portion of the Authority's net assets reflects revenues earned in 2005 but which will be collected in July and August. Those assets will be available for use in the 2006 fiscal year. The remaining net assets have been designated to cover potential revenue shortfalls, potential litigation, and funding of the Authority in the event that Measure A revenues cease.

SACRAMENTO TRANSPORTATION AUTHORITY NET ASSETS

	Governmental Activities		
	2005	2004	2003
Current and other assets	<u>\$ 38,503,769</u>	<u>\$ 33,442,144</u>	<u>\$ 26,774,239</u>
Total assets	<u>38,503,769</u>	<u>33,442,144</u>	<u>26,774,239</u>
Long term liabilities	46,219	40,218	38,830
Other liabilities	<u>1,666,902</u>	<u>960,828</u>	<u>948,731</u>
Total liabilities	<u>1,713,121</u>	<u>1,001,046</u>	<u>987,561</u>
Net assets:			
Unrestricted	<u>36,790,648</u>	<u>32,441,098</u>	<u>25,786,678</u>
Total net assets	<u>\$ 36,790,648</u>	<u>\$ 32,441,098</u>	<u>\$ 25,786,678</u>

The increase in net assets is due to an increase in sales tax revenues from the 2004 fiscal year.

Governmental activities.

Governmental activities increased the Authority's net assets by \$4.3 million. The primary reason for the increase was the increase in Measure A sales tax revenues.

SACRAMENTO TRANSPORTATION AUTHORITY
Change in Net Assets

	Governmental Activities		
	2005	2004	2003
Revenues:			
Program revenues:			
Freeway Service Patrol	\$ 1,469,725	\$ 1,466,599	\$ 1,188,270
SAVSA	1,139,965	1,112,098	1,074,183
Collaborative	<u>655,968</u>	<u>679,959</u>	<u>725,491</u>
Total program revenues	3,265,658	3,258,656	2,987,944
General Revenues:			
Sales taxes	102,385,507	97,159,755	89,974,536
Other	<u>483,592</u>	<u>169,410</u>	<u>222,268</u>
Total revenues	<u>106,131,757</u>	<u>100,587,821</u>	<u>93,184,748</u>
Expenses:			
General government	<u>101,785,207</u>	<u>93,933,401</u>	<u>90,646,144</u>
Total expenses	<u>101,785,207</u>	<u>93,933,401</u>	<u>90,646,144</u>
Increase in net assets	<u>4,349,550</u>	<u>6,654,420</u>	<u>2,538,604</u>
Net assets beginning	<u>32,441,098</u>	<u>25,786,678</u>	<u>23,248,074</u>
Net assets ending	<u>\$36,790,648</u>	<u>\$32,441,098</u>	<u>\$25,786,678</u>

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$36,790,648, an increase of \$4,349,550 in comparison with the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was due to one amendment increasing Authority operations by \$5,584,935 to allocated excess 2003-04 revenues to the Measure A jurisdictions. The funding

for that increase came from the Authority's fund balance designated for that purpose. Actual sales tax revenues significantly exceeded budgeted revenues due to higher than expected sales during the year.

Economic Factors and Next Year's Budget

The area's economic growth rate was better than expected. Projected sales tax growth of 4% was used in the preparation of the 2006 budget. During the current fiscal year, net assets increased by \$4.3 million. Much of this increase will be used to supplement allocations to Measure A entities in the 2006 year.

Request for Information

This financial report is designed to provide a general overview of the Sacramento Transportation Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Sacramento Transportation Authority, 901 F Street, Suite 210, Sacramento, CA 95814.

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SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities
ASSETS	
Cash and Investments	\$ 21,204,331
Prepays	2,742
Receivables:	
Interest	217,858
Due from other governments	17,078,838
Total assets	38,503,769
 LIABILITIES	
Accounts payable and other current liabilities	1,491,715
Deposits	10,887
Deferred Revenue	164,300
Noncurrent liabilities:	
Compensated Absences - Due in more than one year	46,219
Total liabilities	1,713,121
 NET ASSETS	
Unrestricted	36,790,648
Total net assets	\$ 36,790,648

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

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net Expense and Changes in Net Assets Governmental Activities
Governmental Activities:			
Measure A	\$ 98,303,111		\$ (98,303,111)
Freeway Service Patrol	1,495,634	\$ 1,469,725	(25,909)
Abandoned Vehicle Service Authority	1,093,842	1,139,965	46,123
Collaborative	892,620	655,968	(236,652)
Total governmental activities	\$ 101,785,207	\$ 3,265,658	(98,519,549)
General revenues:			
			102,385,507
			483,592
			102,869,099
			4,349,550
			32,441,098
			\$ 36,790,648

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

SACRAMENTO TRANSPORTATION AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2005

		Special revenue		
	General	SAVSA	Collaborative	Total Governmental Funds
ASSETS:				
Cash and Investments	\$ 20,189,211	\$ 653,156	\$ 361,964	\$ 21,204,331
Prepaid expenditures	2,742			2,742
Receivables:				
Interest	184,189	28,843	4,826	217,858
Due from other governments	16,774,727	304,111		17,078,838
Due from other funds	30,593			30,593
TOTAL ASSETS AND OTHER DEBITS	\$ 37,181,462	\$ 986,110	\$ 366,790	\$ 38,534,362
 LIABILITIES and FUND BALANCE				
LIABILITIES:				
Accounts payable and other accrued liabilities	\$ 268,741	\$ 525,873	\$ 201,338	\$ 995,952
Due to other funds	495,763	30,200	393	526,356
Deferred Revenue			164,300	164,300
Deposits	9,924	963		10,887
Total liabilities	774,428	557,036	366,031	1,697,495
 FUND BALANCE:				
Reserved	10,000			10,000
Unreserved:				
Designated for:				
Revenue estimate adjustments	7,104,690			7,104,690
Litigation contingency	476,689			476,689
Administrative reserve	1,432,497			1,432,497
Unreserved and undesignated	27,383,158	429,074	759	27,812,991
Total fund balance	36,407,034	429,074	759	36,836,867
TOTAL LIABILITIES AND FUND BALANCE	\$ 37,181,462	\$ 986,110	\$ 366,790	

Amounts reported for the governmental activities in the statement of net assets are different because:

Long term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(46,219)
Net assets of governmental activities	<u><u>\$ 36,790,648</u></u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FISCAL YEAR ENDED JUNE 30, 2005**

	General	Special Revenue		Totals
		SAVSA	Collaborative	Governmental Fund
REVENUES:				
Taxes	\$102,385,507			\$102,385,507
Vehicle registration fees		\$1,139,965		1,139,965
Contributions			\$655,968	655,968
State grant	761,204			761,204
SAFE Funds	620,000			620,000
Use of money and property - interest	369,514	48,498	8,805	426,817
Unrealized gain/(loss)	54,224	1,715	836	56,775
Miscellaneous	3,416			3,416
Yolo County	85,105			85,105
Total revenues	104,278,970	1,190,178	665,609	106,134,757
EXPENDITURES:				
General government:				
Administrative	921,984		892,620	1,814,604
Freeway service patrol	1,495,634			1,495,634
Intergovernmental	97,375,126	1,093,842		98,468,968
Total expenditures	99,792,744	1,093,842	892,620	101,779,206
EXCESS OF REVENUES OVER EXPENDITURES	4,486,226	96,336	(227,011)	4,355,551
OTHER FINANCING SOURCES (USES):				
Transfers in	30,200		225,000	255,200
Transfers out	(225,000)	(30,200)		(255,200)
Total other financing sources (uses)	(194,800)	(30,200)	225,000	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,291,426	66,136	(2,011)	4,355,551
FUND BALANCE, JULY 1, 2004	32,115,608	362,938	2,770	32,481,316
FUND BALANCE, JUNE 30, 2005	\$36,407,034	\$429,074	\$759	\$36,836,867

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

SACRAMENTO TRANSPORTATION AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

Amounts reported for governmental activities in the statement of activities (page 10)
are different because:

Net change in fund balances - total governmental funds (page 12)	\$ 4,355,551
Change in Compensated Absences from 2003 to 2004 resulted in change in expenses not reported as expenditures in governmental funds	<u>(6,001)</u>
Change in Net Assets of governmental activities	<u>\$ 4,349,550</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 93,472,000	\$ 93,472,000	\$ 101,221,107	\$ 7,749,107
State grant	728,000	728,000	761,204	33,204
SAFE Funds	620,000	620,000	620,000	0
Use of money and property - interest	200,000	200,000	369,514	169,514
Unrealized gain/(loss)			54,224	54,224
Miscellaneous			3,416	3,416
Yolo County	92,000	92,000	85,105	(6,895)
Total revenues	<u>95,112,000</u>	<u>95,112,000</u>	<u>103,114,570</u>	<u>8,002,570</u>
EXPENDITURES:				
Current:				
General government:				
Administrative	967,014	967,014	921,984	45,030
Freeway service patrol	1,583,703	1,583,703	1,495,634	88,069
Intergovernmental	91,790,191	97,375,126	97,375,126	0
Total expenditures	<u>94,340,908</u>	<u>99,925,843</u>	<u>99,792,744</u>	<u>133,099</u>
EXCESS OF REVENUES OVER EXPENDITURES	771,092	(4,813,843)	3,321,826	8,135,669
OTHER FINANCING SOURCES (USES):				
Operating transfers in	32,000	32,000	30,200	(1,800)
Operating transfers out	(225,000)	(225,000)	(225,000)	0
Total other financing sources (uses)	<u>(193,000)</u>	<u>(193,000)</u>	<u>(194,800)</u>	<u>(1,800)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	578,092	(5,006,843)	3,127,026	8,133,869
BUDGETARY FUND BALANCE, JULY 1, 2004	<u>29,701,850</u>	<u>29,701,850</u>	<u>29,701,850</u>	<u>0</u>
BUDGETARY FUND BALANCE, JUNE 30, 2005	<u>\$30,279,942</u>	<u>\$24,695,007</u>	<u>\$32,828,876</u>	<u>\$8,133,869</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SAVSA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Vehicle license fee	\$ 1,125,000	\$ 1,125,000	\$ 1,134,598	\$ 9,598
Use of money and property - interest	5,000	5,000	50,213	45,213
Total revenues	<u>1,130,000</u>	<u>1,130,000</u>	<u>1,184,811</u>	<u>54,811</u>
EXPENDITURES:				
Current:				
General government:				
Intergovernmental	1,173,671	1,173,671	1,093,842	79,829
Total expenditures	<u>1,173,671</u>	<u>1,173,671</u>	<u>1,093,842</u>	<u>79,829</u>
EXCESS OF REVENUES OVER EXPENDITURES	(43,671)	(43,671)	90,969	134,640
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(32,000)	(32,000)	(30,200)	1,800
Total other financing sources (uses)	<u>(32,000)</u>	<u>(32,000)</u>	<u>(30,200)</u>	<u>1,800</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(75,671)	(75,671)	60,769	136,440
BUDGETARY FUND BALANCE, JULY 1, 2004	<u>75,671</u>	<u>75,671</u>	<u>64,104</u>	<u>(11,567)</u>
BUDGETARY FUND BALANCE, JUNE 30, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$124,873</u>	<u>\$124,873</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COLLABORATIVE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis) (See Note 1)	Final Budget Positive (Negative)
REVENUES:				
Contributions from other Governments	\$ 825,000	\$ 825,000	\$ 655,968	\$ (169,032)
Use of money and property - interest			9,641	9,641
Total revenues	825,000	825,000	665,609	(159,391)
EXPENDITURES:				
Current:				
General government:				
Administrative	1,050,000	1,050,000	892,620	157,380
Total expenditures	1,050,000	1,050,000	892,620	157,380
EXCESS OF REVENUES OVER EXPENDITURES	(225,000)	(225,000)	(227,011)	(2,011)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	225,000	225,000	225,000	0
Total other financing sources (uses)	225,000	225,000	225,000	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	0	0	(2,011)	(2,011)
BUDGETARY FUND BALANCE, JULY 1, 2004	2,770	2,770	2,770	0
BUDGETARY FUND BALANCE, JUNE 30, 2005	\$2,770	\$2,770	\$759	(\$2,011)

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

SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>TOTALS</u>
ASSETS:	
Cash and Investments	\$ 97,265,486
Due from other funds	495,763
Interest receivable	<u>1,087,676</u>
total assets	<u><u>\$ 98,848,925</u></u>
LIABILITIES	
Held in trust for Measure A	<u><u>\$ 98,848,925</u></u>

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

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**SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sacramento Transportation Authority (Authority), which include the Authority and the Sacramento Abandoned Vehicle Service Authority (SAVSA), have been prepared in conformity with generally accepted accounting principles 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. The more significant of the Authority's accounting policies are described below.

ORGANIZATION

The Authority was established under the Local Transportation and Improvement Act, Public Utilities Code Division 19, during the 1988-89 fiscal year. The voters of Sacramento County (the County) passed an ordinance (Measure A) enacted by the Authority imposing a retail transactions and use tax (sales tax) increase throughout the County at a maximum rate of one half of one percent (1/2 of 1%) for a period of 20 years.

SAVSA, a separate legal entity, was established under California Vehicle Code Section 22710, during the 1991-92 fiscal year. The code establishes a \$1 vehicle registration fee to be used for the abatement of abandoned vehicles for counties electing to impose the fee. The County Board of Supervisors, by a two-thirds vote, and the City Councils of a majority of the cities within the County having a majority of the incorporated population, adopted resolutions providing for the establishment of SAVSA.

The Authority and SAVSA are governed by a fourteen member Board of Directors made up of five members representing the County, four members representing the City of Sacramento, one member each from the Cities of Folsom, Citrus Heights, Elk Grove, Rancho Cordova, and one member representing the Cities of Isleton and Galt. The Authority distributes sales tax proceeds to the County of Sacramento, the Cities of Sacramento, Folsom, Galt, Isleton, Citrus Heights, and Elk Grove, the Sacramento Regional Transit District, Paratransit, Inc., and the Sacramento Metropolitan Air Quality Management District according to the Transportation Expenditure Agreement.

The Sacramento Transportation and Air Quality Collaborative (Collaborative) is a multi-year collaborative effort to develop a long-range plan for the Sacramento county-wide area to improve transportation and air quality within a regional context, including relevant land use and economic development strategies. The participating agencies are the cities of Citrus Heights, Elk Grove, Folsom, Rancho Cordova and Sacramento, the County of Sacramento, Regional Transit, and the Sacramento Area Council of Governments, Sacramento Metropolitan Air Quality Management District, and Caltrans. It is considered a special revenue fund of the STA.

The distribution of Measure A funds is prescribed in the ballot measure approved by the voters with the passage of Measure A. The distribution is made in three tiers. In tier one, one percent (1%) of the sales tax proceeds goes for administration and one and one-half percent (1&1/2%) is required to be spent to mitigate motor vehicle emissions. Of the remaining tier two funds, the cities of Folsom, Isleton, and Galt receive a percentage based on their populations relative to the entire County. The remaining funds represent tier three and must be used to fund public road

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT)**

ORGANIZATION (CONT)

improvements (35%), public road maintenance (28%), public transit functions (35%), and elderly and handicapped transportation functions (2%).

SAVSA distributes the \$1 vehicle registration fees collected to the County, and the Cities of Sacramento, Galt, Isleton, Folsom, Elk Grove, and Citrus Heights based upon the Sacramento Abandoned Vehicle Abatement Plan.

FINANCIAL REPORTING ENTITY

For financial reporting purposes, in conformance with the pronouncements of the Government Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP), the Authority includes all funds, agencies, boards, commissions and authorities that are financially accountable to the Authority's Governing Board. Such financial accountability is determined on the basis of budget adoption, taxing authority, imposition of will, funding, and appointment of governing boards. Based on these criteria, since the Authority Governing Board is also the Governing Board of SAVSA, SAVSA is considered a component unit of the Authority. SAVSA is presented using the blending method and is represented in the Authority's Special Revenue Fund. Component unit financial statements for SAVSA are not separately issued.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT)**

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund statements. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of the related cash flows. Grants 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 concept and the modified accrual basis of accounting. Under this concept, sources and uses of financial resources, including capital outlays, loan proceeds and debt retirement are reflected in operations. Revenues are recognized in the accounting period in which they become measurable and available. The Authority considers revenues to be available if they are collectible within 60 days of the end of the current fiscal year. Expenditures are recorded when a liability has been incurred, as under accrual accounting.

The Authority reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required or designated by the Board to be accounted for in another fund.

Funds – The Authority has two Special Revenue Funds. One Special Revenue Fund is the operating fund of SAVSA. It is used to account for all the financial resources of SAVSA. The other Special Revenue Fund is for the operations of the Sacramento Transportation and Air Quality Collaborative (Collaborative).

Additionally, the Authority reports the following fund types

Fiduciary Funds:

Measure A Agency Funds - These funds are used to account for assets held by the Authority as an agent for other organizations and governmental units.

The Authority holds the construction allocations for the Cities of Folsom, Galt, Isleton, Citrus Heights, Elk Grove, and Sacramento, the Sacramento Regional Transit District, the County of Sacramento, and the Sacramento Metropolitan Air Quality Management District. The monies are disbursed to each entity when the entity requests reimbursement of expenditures made on projects authorized by the Authority. The amount of unexpended Measure A sales tax revenue along with the allocated interest is recorded in the Measure A Agency Funds.

BUDGETARY PRINCIPLES

As required by the laws of the Public Utility Code of the State of California, the Authority prepares and legally adopts a final operating budget each fiscal year.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT)

BUDGETARY PRINCIPLES (CONT)

Operating budgets are adopted for the Governmental Fund Types on the modified accrual basis of accounting, except that the budget for the General Fund does not include accrued sales tax and the budget for the Special Revenue Fund does not include accrued vehicle registration fees. Budgetary control and the legal level of control are at the program level which classifies expenditures by program; i.e., administration, and freeway service patrol. Significant amendments, appropriation transfers between programs and transfers from contingencies must be approved by the Authority's Governing Board. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. During the year certain amendments were approved by the Governing Board.

The Authority is subject to an annual appropriations limit, Article XIII B of the State Constitution. Under the terms of the Article, the State and each of its local government units may appropriate no more than it appropriated the year before being adjusted for changes in the cost of living and the population unit. The limitation applies to appropriations of specified "proceeds of taxes" revenue and may be changed in certain circumstances or by a vote of the electorate. The Authority's budget is in compliance with the provisions of Article XIII B.

CASH AND INVESTMENTS

The Authority's cash, except for small amounts on hand and an imprest checking account, is deposited in the pooled account of the County of Sacramento and in the State of California's Local Agency Investment Fund. Cash surpluses in these accounts are invested and investment earnings are allocated to the Authority's funds on the basis of average daily cash balances. All investments are reported at fair value with changes in fair value reported in the statement of revenues, expenditures, and changes in fund balance.

CAPITAL ASSETS

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the Authority are valued at historical cost. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment	5
Computers	5

It is the Authority's policy to capitalize furniture and equipment exceeding \$5,000. As of July 1, 2002, all capital assets of the Authority had been fully depreciated, and, as such, have been written off.

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT)**

COMPENSATED ABSENCES

The Authority compensates employees upon termination for unused vacation pay, up to a maximum of 400 hours. Accumulated sick leave is not paid upon termination.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is recorded in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

INTERFUND TRANSACTIONS

Transactions between funds during the year consisted of operating transfers between the general fund and the special revenue funds.

RESERVATIONS AND DESIGNATIONS OF FUND BALANCE

In the fund financial statements, the term "reserved" is used to indicate that a portion of reported fund equity is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The management of the Authority will sometimes designate portions of fund equity based on tentative future spending plans. Designated portions of fund equity represent financial resources legally available for uses other than those tentatively planned.

The Authority has "reserved" fund balance as follows:

- General fund - to reflect resources held in Authority "petty cash" checking account.

The Authority has "designated" fund balance as follows:

- Designated for revenue estimate adjustments to reflect resources available in case of a revenue shortfall.
- Designated for litigation contingency to reflect resources available in case of litigation.
- Designated for administrative reserve to reflect resources available for administrative purposes after Measure A sales tax collections cease.

**SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

INSURANCE

The Authority's employees are covered by a commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30, 2005, there were no claims outstanding. There were no reductions in coverage during the year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 2 - CASH AND INVESTMENTS

The Authority's cash and investments of \$21,204,331 in the governmental funds and \$115,579,011 in the fiduciary funds are carried at fair value and are included within the Sacramento County Treasurer's cash and investment pool and the State of California's Local Agency Investment Fund (LAIF). These monies are pooled with the monies of the County and other local agencies and invested by the County Treasurer's Office (County pool) and the State Treasurer's Office (LAIF). These assets are not individually identifiable and are not required to be categorized under Statement Number 3 of the Governmental Accounting Standards Board. The fair value of the position in the County pool is 100.21% of the pool shares, the fair value of the position in the LAIF is 99.77% of the pool shares. The LAIF has oversight by the Local Investment Advisory Board. The County Treasury Oversight Committee oversees the County pool.

The Authority did not directly enter into any derivative investments. The Authority's total investment in LAIF at June 30, 2005 is \$29,930,999. The total amount invested by all public agencies in LAIF at June 30, 2005, was \$60,503,473,770 managed by the Treasurer for the State of California. Of that amount, 97.6% is invested in non-derivative financial products and 2.4% in derivative financial products and structured financial instruments. Information regarding the amount of dollars invested in derivatives by the County was not available.

Cash and investments in governmental funds as of June 30, 2005 consist of the following:

	2005
Petty cash	\$ 1,000
Deposits with financial institutions	6,017
Investments in Sacramento County investment pool	19,450,122
Investments in Local Agency Investment Fund (LAIF)	732,072
Total cash and investments	<u>\$ 20,189,211</u>

Cash and investments in fiduciary funds as of June 30, 2005 consist of the following:

	2005
Investments in Sacramento County investment pool	\$ 68,066,559
Investments in Local Agency Investment Fund (LAIF)	29,198,927
Total cash and investments	<u>\$ 97,265,486</u>

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investment policy: California statutes authorize public agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, and Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2005, the Authority's permissible investments included the following instruments:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % or Amount of the Portfolio</u>
US Treasury Bonds/Notes/Bills	5 years	100%
Bonds issued by local agencies	5 years	80%
Registered State Warrants and Municipal Notes	5 years	80%
Bankers Acceptances	180 days	40%
Commercial Paper	270 days	40%
Negotiable Certificate of Deposit	180 days	30%
CRA Bank Deposit/Certificate of Deposit	1 year	30%
Repurchase Agreements	1 year	30%
Reverse Repurchase Agreement	92 days	20%
Medium Term Corporate Notes	180 days	30%
Shares of Money Market Mutual Fund	90 days	20%
Collateralized Mortgage Obligations	180 days	20%

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2005, the weighted average maturity of the investments contained in the LAIF investment pool and the Sacramento County investment pool is approximately 165 and 178 days, respectively.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Neither LAIF nor the Sacramento County investment pool has a rating provided by a nationally recognized statistical rating organization.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral

**SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Authority's deposits were covered by federal depository insurance at June 30, 2005 and 2004.

NOTE 3 - RECONCILIATION OF THE MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS OF ACCOUNTING

The reconciliation of General Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Modified Accrual Basis	Reversal of Prior Year Sales Tax Accrual	Current Year Sales Tax Accrual	Budgetary Basis
Revenues	\$104,278,970	\$15,448,100	(\$16,612,500)	\$103,114,570
Expenditures	99,792,744			99,792,744
Excess of revenues over expenditures	\$4,486,226	\$15,448,100	(\$16,612,500)	\$3,321,826

The reconciliation of SAVSA Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Modified Accrual Basis	Reversal of Prior Year Vehicle Registration Fee Accrual	Current Year Vehicle Registration Fee Accrual	Budgetary Basis
Revenues	\$1,190,178	\$298,744	(\$304,111)	\$1,184,811
Expenditures	1,093,842			1,093,842
Excess of revenues over expenditures	\$96,336	\$298,744	(\$304,111)	\$90,969

**SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 4 - PENSION PLAN

Pension plan description - The Authority contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating entities within the State of California. The benefits for the public agencies are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law. CalPERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for CalPERS. A copy of that report may be obtained by writing to CalPERS, Central Supply, P.O. Box 942715, Sacramento, CA 94229-2715.

Funding Policy - Employees are required to contribute 7% of covered salary to CalPERS. The Authority is required to contribute the remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2005 the employer contribution rate was 7.764%. The Authority, as part of its compensation to employees, pays the employees' contributions in addition to its own.

Annual Pension Cost - For fiscal year ended June 30, 2005, the Authority's annual pension cost of \$42,048 for CalPERS was equal to the Authority's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. (This is the latest information available.) The actuarial assumptions included (a) 7.75% investment rate of return, and (b) projected salary increases that vary by duration of service. Both (a) and (b) included an inflation

component of 3.25%. The actuarial value of the Authority's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. The difference between the Actuarial Value of Assets and the Actuarial Accrued Liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003 was 17 years.

3 Year Trend Information

Fiscal Year End	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$33,408	100%	\$0
6/30/04	\$37,760	100%	\$0
6/30/05	\$42,048	100%	\$0

**REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Estimated Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
6/30/01	\$340,553	\$316,871	(\$23,682)	107.5%	\$253,157	(9.4%)
6/30/02	\$356,628	\$375,582	\$18,954	95.0%	\$266,343	7.1%
6/30/03	\$400,523	\$499,660	\$99,137	80.2%	\$278,866	35.6%

SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

NOTE 5 - DEFERRED COMPENSATION PLAN

The Authority offers its regular employees a deferred compensation under the provisions of Internal Revenue Code (IRC) Section 457. The plan permits these employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

The Authority has established separate independent trusts to hold the assets and earnings of its deferred compensation plans for the exclusive benefit of the participants that are not included in the Balance Sheet.

NOTE 6 - OPERATING LEASES

The Authority leases certain equipment and premises under operating leases through the year ending June 30, 2007. Rental expense for the year ended June 30, 2005 was \$108,894

Future minimum lease payments under operating leases as of June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Amount
2006	\$103,301
2007	35,953
	<u>\$139,254</u>

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2005 are as follows:

Due to General Fund from:

Collaborative Special Revenue Fund	\$ 393
SAVSA Special Revenue Fund	<u>30,200</u>

Total due to General Fund \$30,593

Due to Agency Fund from:

General Fund	<u>\$495,763</u>
--------------	------------------

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**SACRAMENTO TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005**

NOTE 7 – INTERFUND TRANSACTIONS (cont.)

Interfund transfers for the year ended June 30, 2005 were as follows:

Transfers to General Fund from:	
SAVSA Special Revenue Fund	<u>\$30,200</u>
Total transfers to General Fund	<u>\$30,200</u>
Transfers to Collaborative Special Revenue Fund from:	
General Fund	<u>\$225,000</u>

Transfers are used to (1) reimburse the General Fund for services to and payments on behalf of the Special Revenue Funds, and (2) fund a portion of the Collaborative per a Memorandum of Understanding (MOU).

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2005

	SAVSA	COLLABORATIVE	TOTALS
ASSETS			
Cash and investments	\$ 653,156	\$ 361,964	\$1,015,120
Interest receivable	28,843	4,826	33,669
Due from other governmental agencies	304,111		304,111
TOTAL ASSETS	<u>\$ 986,110</u>	<u>\$ 366,790</u>	<u>\$1,352,900</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 525,873	\$ 201,338	\$ 727,211
Due to other funds	30,200	393	30,593
Deferred Revenue		164,300	164,300
Deposits	963		963
Total liabilities	<u>557,036</u>	<u>366,031</u>	<u>923,067</u>
FUND BALANCE:			
Unreserved and undesignated	429,074	759	429,833
Total fund balance	<u>429,074</u>	<u>759</u>	<u>429,833</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 986,110</u>	<u>\$ 366,790</u>	<u>\$1,352,900</u>

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	SAVSA	COLLABORATIVE	TOTALS
REVENUES:			
Vehicle registration fees	\$ 1,139,965		\$ 1,139,965
Contributions		\$ 655,968	655,968
Use of money and property - interest	48,498	8,805	57,303
Unrealized gain/(loss)	1,715	836	2,551
Total revenues	<u>1,190,178</u>	<u>665,609</u>	<u>1,855,787</u>
EXPENDITURES:			
Current:			
General government:			
Administrative		892,620	892,620
Intergovernmental	1,093,842		1,093,842
Total expenditures	<u>1,093,842</u>	<u>892,620</u>	<u>1,986,462</u>
EXCESS OF REVENUES OVER EXPENDITURES	96,336	(227,011)	(130,675)
OTHER FINANCING SOURCES (USES):			
Operating transfers in		225,000	225,000
Operating transfers out	(30,200)		(30,200)
Total other financing sources (uses)	<u>(30,200)</u>	<u>225,000</u>	<u>194,800</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	66,136	(2,011)	64,125
FUND BALANCE, JULY 1, 2004	<u>362,938</u>	<u>2,770</u>	<u>365,708</u>
FUND BALANCE, JUNE 30, 2005	<u>\$ 429,074</u>	<u>\$ 759</u>	<u>\$ 429,833</u>

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	SAVSA			COLLABORATIVE		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:						
Vehicle registration fees	\$1,125,000	\$ 1,134,598	\$ 9,598			
Contributions				\$ 825,000	\$ 655,968	\$ (169,032)
Use of money and property - interest	5,000	48,498	43,498		8,805	8,805
Unrealized gain/(loss)		1,715	1,715		836	836
Total revenues	1,130,000	1,184,811	54,811	825,000	665,609	(159,391)
EXPENDITURES:						
Current:						
General government:						
Administrative				1,050,000	892,620	157,380
Intergovernmental	1,173,671	1,093,842	79,829			
Total expenditures	1,173,671	1,093,842	79,829	1,050,000	892,620	157,380
EXCESS OF REVENUES OVER EXPENDITURES	(43,671)	90,969	134,640	(225,000)	(227,011)	(2,011)
OTHER FINANCING SOURCES (USES):						
Operating transfers in				225,000	225,000	0
Operating transfers out	(32,000)	(30,200)	1,800			
Total other financing sources (uses)	(32,000)	(30,200)	1,800	225,000	225,000	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(75,671)	60,769	136,440	0	(2,011)	(2,011)
FUND BALANCE, JULY 1, 2004	75,671	64,104	(11,567)	0	2,770	2,770
FUND BALANCE, JUNE 30, 2005	\$ -	\$ 124,873	\$ 124,873	\$ -	\$ 759	\$ 759

SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	July 1, 2004 Balance	Additions	Deletions	June 30, 2005 Balance
SACRAMENTO AIR QUALITY MANAGEMENT DISTRICT				
Assets:				
Cash and Investments	\$ 1,678,171	\$ 1,508,185	\$ 615,984	\$ 2,570,372
Due from other funds		15,734		15,734
Interest receivable	9,370	28,303	9,370	28,303
Total Assets	\$ 1,687,541	\$ 1,552,222	\$ 625,354	\$ 2,614,409
Liabilities:				
Deposits	\$ 1,687,541	\$ 1,552,222	\$ 625,354	\$ 2,614,409
Total Liabilities	\$ 1,687,541	\$ 1,552,222	\$ 625,354	\$ 2,614,409
CITY OF SACRAMENTO				
Assets:				
Cash and Investments	\$ 29,835,629	\$ 12,036,711	\$ 10,491,811	\$ 31,380,529
Due from other funds		117,458		117,458
Interest receivable	122,902	312,606	122,902	312,606
Total Assets	\$ 29,958,531	\$ 12,466,775	\$ 10,614,713	\$ 31,810,593
Liabilities:				
Deposits	\$ 29,958,531	\$ 12,466,775	\$ 10,614,713	\$ 31,810,593
Total Liabilities	\$ 29,958,531	\$ 12,466,775	\$ 10,614,713	\$ 31,810,593
COUNTY OF SACRAMENTO				
Assets:				
Cash and Investments	\$21,292,728	\$ 15,123,945	\$21,058,193	\$15,358,480
Due from other funds		149,086		149,086
Interest receivable	84,039	149,714	84,039	149,714
Total Assets	\$21,376,767	\$15,422,745	\$21,142,232	\$15,657,280
Liabilities:				
Deposits	\$ 21,376,767	\$ 15,422,745	\$ 21,142,232	\$ 15,657,280
Total Liabilities	\$ 21,376,767	\$ 15,422,745	\$ 21,142,232	\$ 15,657,280
SACRAMENTO REGIONAL TRANSIT				
Assets:				
Cash and Investments	\$ 47,811,513	\$ 11,442,268	\$ 23,509,701	\$ 35,744,080
Due from other funds		97,743		97,743
Interest receivable	213,836	429,282	213,836	429,282
Total Assets	\$ 48,025,349	\$ 11,969,293	\$ 23,723,537	\$ 36,271,105
Liabilities:				
Deposits	\$ 48,025,349	\$ 11,969,293	\$ 23,723,537	\$ 36,271,105
Total Liabilities	\$ 48,025,349	\$ 11,969,293	\$ 23,723,537	\$ 36,271,105
CITY OF FOLSOM				
Assets:				
Cash and Investments	\$ 47,542	\$ 840		\$ 48,382
Interest receivable	200	553	\$ 200	553
Total Assets	\$ 47,742	\$ 1,393	\$ 200	\$ 48,935
Liabilities:				
Deposits	\$ 47,742	\$ 1,393	\$ 200	\$ 48,935
Total Liabilities	\$ 47,742	\$ 1,393	\$ 200	\$ 48,935
CITY OF ISLETON				
Assets:				
Cash and Investments	\$ 60,748	\$ 62,593		\$ 123,341
Due from other funds		651		651
Interest receivable	261	1,124	\$ 261	1,124
Total Assets	\$ 61,009	\$ 64,368	\$ 261	\$ 125,116
Liabilities:				
Deposits	\$ 61,009	\$ 64,368	\$ 261	\$ 125,116
Total Liabilities	\$ 61,009	\$ 64,368	\$ 261	\$ 125,116

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SACRAMENTO TRANSPORTATION AUTHORITY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	July 1, 2004		June 30, 2005	
	Balance	Additions	Deletions	Balance
CITY OF GALT				
Assets:				
Cash and Investments	\$ 3,749,050	\$ 1,647,440	\$ 3,202,955	\$ 2,193,535
Due from other funds		17,039		17,039
Interest receivable	14,655	29,675	14,655	29,675
Total Assets	\$ 3,763,705	\$ 1,694,154	\$ 3,217,610	\$ 2,240,249
Liabilities:				
Deposits	\$ 3,763,705	\$ 1,694,154	\$ 3,217,610	\$ 2,240,249
Total Liabilities	\$ 3,763,705	\$ 1,694,154	\$ 3,217,610	\$ 2,240,249
CITY OF CITRUS HEIGHTS				
Assets:				
Cash and Investments	\$ 5,348,849	\$ 2,407,921	\$ 4,163,909	\$ 3,592,861
Due from other funds		23,638		23,638
Interest receivable	23,441	56,774	23,441	56,774
Total Assets	\$ 5,372,290	\$ 2,488,333	\$ 4,187,350	\$ 3,673,273
Liabilities:				
Deposits	\$ 5,372,290	\$ 2,488,333	\$ 4,187,350	\$ 3,673,273
Total Liabilities	\$ 5,372,290	\$ 2,488,333	\$ 4,187,350	\$ 3,673,273
CITY OF ELK GROVE				
Assets:				
Cash and Investments	\$ 5,754,782	\$ 4,572,306	\$ 5,579,988	\$ 4,747,100
Due from other funds		48,217		48,217
Interest receivable	21,945	65,880	21,945	65,880
Total Assets	\$ 5,776,727	\$ 4,686,403	\$ 5,601,933	\$ 4,861,197
Liabilities:				
Deposits	\$ 5,776,727	\$ 4,686,403	\$ 5,601,933	\$ 4,861,197
Total Liabilities	\$ 5,776,727	\$ 4,686,403	\$ 5,601,933	\$ 4,861,197
CITY OF RANCHO CORDOVA				
Assets:				
Cash and Investments		\$ 2,319,726	\$ 812,920	\$ 1,506,806
Due from other funds		26,197		26,197
Interest receivable		13,765		13,765
Total Assets		\$ 2,359,688	\$ 812,920	\$ 1,546,768
Liabilities:				
Deposits		\$ 2,359,688	\$ 812,920	\$ 1,546,768
Total Liabilities		\$ 2,359,688	\$ 812,920	\$ 1,546,768
TOTAL AGENCY FUNDS				
Assets:				
Cash and Investments	\$ 115,579,012	\$ 51,121,935	\$ 69,435,461	\$ 97,265,486
Due from other funds		495,763	-	495,763
Interest receivable	490,649	1,087,676	490,649	1,087,676
Total Assets	\$ 116,069,661	\$ 52,705,374	\$ 69,926,110	\$ 98,848,925
Liabilities:				
Deposits	\$ 116,069,661	\$ 52,705,374	\$ 69,926,110	\$ 98,848,925
Total Liabilities	\$ 116,069,661	\$ 52,705,374	\$ 69,926,110	\$ 98,848,925

SACRAMENTO TRANSPORTATION AUTHORITY

SCHEDULE OF GENERAL GOVERNMENT REVENUES BY SOURCE

(unaudited)

LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES	VEHICLE REGISTRATION FEES	STATE GRANT	FEDERAL GRANT	SAFE FUNDS	CONTRIBUTIONS	PLANNING SERVICES	USE OF MONEY AND PROPERTY	MISCELLANEOUS	TOTALS
95-96	\$59,086,587	910,647	442,639	435,685			158,595	388,549		\$61,422,702
96-97	\$60,427,602	899,833	371,300	352,487			10,895	462,153	12,520	\$62,536,790
97-98	\$65,056,187	927,306	419,352	553,875				450,614 *	18,447	\$67,425,781
98-99	\$69,163,509	957,994	500,878	325,225	125,000			477,414 *	13,052	\$71,563,072
99-00	\$77,964,580	1,003,192	431,064	612,161	375,000			693,075 *	51,349	\$81,130,421
00-01	\$87,928,731	1,038,861	719,801		375,000			1,026,085 *	62,094	\$91,150,572
01-02	\$84,500,999	1,051,175	950,477		375,000	596,088		446,935 *	85,888	\$88,006,562
02-03	\$89,974,536	1,074,183	702,200		400,000	725,491		220,838 *	86,070	\$93,183,318
03-04	\$97,159,755	1,112,098	759,840		620,000	679,959		169,410 *	86,759	\$100,587,821
04-05	\$102,385,507	1,139,965	761,204		620,000	655,968		483,592 *	88,521	\$106,134,757

* Includes unrealized gain/(loss) in fair value of investments