



**Sacramento Transportation  
Authority**

**2020**

**Comprehensive Annual  
Financial Report**

For the fiscal year ended June 30, 2020  
Prepared by STA Staff • Sacramento, CA

[www.sacta.org](http://www.sacta.org)



SACRAMENTO TRANSPORTATION AUTHORITY  
SACRAMENTO, CALIFORNIA

FINANCIAL STATEMENTS  
JUNE 30, 2020

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SACRAMENTO TRANSPORTATION AUTHORITY  
SACRAMENTO, CALIFORNIA  
FINANCIAL STATEMENTS  
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## ***Sacramento Transportation Authority***

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November 19, 2020

**To the Sacramento Transportation Authority Governing Board  
and Citizens of the County of Sacramento:**

### **Letter of Transmittal**

State law requires that the Sacramento Transportation Authority (Authority) publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants. Pursuant to this requirement, we are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Authority for the fiscal year ended June 30, 2020.

Management assumes responsibility for the completeness and reliability of the information presented in this report based on the Authority's comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Measure A requires that an Independent Taxpayer Oversight Committee (ITOC) supervise fiscal and performance audits regarding the use of all transportation sales tax funds and perform periodic independent reviews to ensure that all Measure A funds are spent in accordance with the provisions in the Ordinance approved by voters. Under the supervision of the ITOC, the Authority engages an independent audit firm to perform the annual financial and compliance audit of all Measure A, Sacramento County Abandoned Vehicle Service Authority (SAVSA) and Sacramento Metropolitan Freeway Service Patrol (SacMetro FSP) funds.

The Authority's current audit firm, Crowe LLP, has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2020. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Authority**

The Authority was established in August 1988 under the Local Transportation Authority and Improvement Act, California Public Utilities Code Division 19. The Governing Board of the Authority (Board) consists of sixteen-members – five from the Sacramento County Board of Supervisors, five from the Sacramento City Council, one from the Citrus Heights City Council, two from the Elk Grove City Council, one from the Folsom City Council, one from the Rancho Cordova City Council, and one from the Galt City Council who also represents the City of Isleton. The Board is responsible for establishing ordinances, adopting an annual

budget, and hiring and overseeing the Executive Director. The Executive Director is responsible for carrying out the policies and ordinances of the Authority as well as overseeing day-to-day operations and Authority staff consisting of the Chief Financial Officer and the Special Programs Manager.

The Authority serves as the taxing and implementation agency for the voter-approved Measure A Transportation Improvement Program, which imposes a half-cent sales tax to fund transportation operations and improvements throughout the County. The original 20-year measure (Original Measure A) was approved in 1988 and began in April 1989. In 2004, voters approved a 30-year extension of Original Measure A beginning in April 2009 (Measure A). All sales tax revenue is restricted for public roadway improvements and maintenance, procuring open space mitigation, public transit, air quality, and elderly and handicapped transportation programs. However, 0.75% of the net sales tax revenue is allocated to the Authority for program administration costs.

Measure A also created the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). This program imposes a uniform transportation mitigation fee on new development in Sacramento County to assist in funding roadway and transit system improvements needed to accommodate projected growth and development.

In addition to the Measure A programs, the Board administers the SacMetro FSP program and acts concurrently as the authority over SAVSA. SAVSA which was established under California Vehicle Code Section 22710 in 1992. The code currently allows counties to impose a \$1 surcharge on vehicle registrations to help fund the abatement of abandoned vehicles. Participating jurisdictions include the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento. Each participating jurisdiction has adopted a local ordinance which establishes procedures for the abatement, removal, and disposal of abandoned vehicles.

SacMetro FSP was established in 1992 through a Memorandum of Understanding (MOU) with the California Department of Transportation (Caltrans), California Highway Patrol (CHP) and the Authority. Additionally, in 2009 the Authority assumed responsibility for administering FSP for Yolo County. Funding for the program is through the State Highway Account and local match funds from the Capitol Valley Regional Service Authority for Freeways & Expressways (CVR-SAFE). The program consists of a system of roving tow trucks deployed at peak traffic times to assist motorists with stalled vehicles and remove related hazards from the roadway. This reduces freeway delays caused by minor accidents, stalled vehicles, and in-lane debris, improving highway safety and reducing emissions by easing highway congestion.

This report includes all funds and jurisdictions that are financially accountable to the Authority. Accountability was determined on the basis of budget adoption, taxing authority, and imposition of will.

## **Local Economy**

The unemployment rate for Sacramento County increased considerably beginning in March 2020 as a result of the COVID-19 pandemic. In October 2020, the unemployment rate in Sacramento County was 10.3% which is higher than the national unemployment rate of 8.5% but lower than the statewide rate of 11.6%. In contrast, the local and national unemployment rate was 3.8% in October 2019 which was lower than the statewide rate of 4.1%. Despite the increased unemployment rate and business shutdowns, sales tax revenues have remained consistent with the prior year. Based on a sales tax revenue forecast performed in August 2020, revenues are expected to decline about 1.8% during FY 2020-21.

The population in Sacramento County is more than 1.5 million and continues growing at an annual rate of about one percent. Sacramento's employment base is about 24% governmental since it is the State's capital where many governmental agencies are headquartered providing a relatively steady employment and tax base.

Since the Great Recession, annual sales tax revenue has grown at a moderate rate. Recent revenue projections performed by a third-party expert in conjunction with Authority staff indicate that program sales tax revenues, including past actual amounts and forecasts for future amounts, are lower than the estimates in the voter-approved Ordinance by about \$390 million - \$4.35 billion versus \$4.74 billion respectively. In addition, Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) revenue is projected to be lower than estimates in the voter-approved Ordinance by about \$296 million - \$192 million versus \$488 million.

Regardless of future economic conditions, the Authority faces formidable ongoing challenges in terms of providing needed infrastructure funding to support a growing population and economy that has outgrown the capacity of its existing infrastructure. However, the regional economy continues to retain many of the fundamental positive attributes that fueled earlier growth, including a large pool of skilled workers, and increasing wealth and education levels.

### **Long Term Financial Planning**

Proactive financial planning is a critical element for the success of the Authority as it looks to the future. Regularly projecting and updating revenues and expenditures ensures that the Authority's expectations are realistic and goals achievable. As the program nears its capital improvements debt capacity and becomes increasingly reliant on pay-as-you-go funding, monitoring program objectives and working closely with Measure A partners to meet those objectives will be an ongoing endeavor.

The Authority annually updates its long-term revenue projections and cash flows to determine the availability of funding for capital projects programmed in the Measure A Transportation Expenditure Plan. This effort ensures that funding is available when and where needed based on the latest information provided to the Authority by Measure A partner agencies. As needed, Authority staff work with the Authority's financial advisors to identify opportunities to reduce bond program costs and take advantage of opportunities that present themselves as market conditions dictate.

### **Accomplishments**

Over the last year, Authority staff worked diligently to increase transparency and public accountability. Those efforts have led to many new reports and points of public contact including the following:

- Prepared quarterly budget-to-actual summary reports for each of the programs the Authority administers. These documents are reviewed and discussed during regular public meetings held by the Governing Board and the Independent Taxpayer Oversight Committee (ITOC).
- Reformatted and expanded the budget presentation to provide more information in a user-friendly format. Staff included a robust discussion regarding the Authority's capital program including all voter-approved projects and a three-year financing plan by project and source.

- Received the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award. This award is in recognition that the Authority met the very highest quality standards that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.
- Built trusting relationships with our partner agencies by keeping clear channels of communication open through sharing information early and often.
- Continued supporting the ITOC as it carries out its mission to oversee fiscal and performance audits and ensure that all Measure A funds are spent in accordance with the provisions of the Expenditure Plan and Ordinance.
- Successfully completed the transition from our previous Executive Director who retired in December 2019 to our current Executive Director.
- Affirmed AA+ credit ratings with Standard & Poor's and Fitch for the Authority's bond program.

In the coming fiscal year, staff will continue to identify and act on improvements in the way it does business. The business environment and transportation industry are continuously on the move – so are we.

### **Awards and Acknowledgements**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for the fiscal year ended June 30, 2019. This was the 25<sup>th</sup> consecutive year the Authority achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for its next certification.

The CAFR each year is a collaborative effort by Authority staff and its independent auditors. The undersigned are grateful to all staff for their willingness to expend the effort necessary to ensure the financial information contained herein is accurate and completed within established deadlines.

In closing, without the leadership and the support of the Board, preparation of this report would not have been possible. Its prudent management must be credited for the strength of the Authority's sound fiscal condition, and its vision ensures that the Sacramento Transportation Authority will be on the move planning for and building a better future for Sacramento County residents and commuters.

Respectfully Submitted,

Handwritten signature of Timothy Jones in blue ink.

TIMOTHY JONES, CPA CPFO  
Chief Financial Officer

Handwritten signature of Will Kempton in blue ink.

WILL KEMPTON  
Executive Director



# **SACRAMENTO TRANSPORTATION AUTHORITY**

## **LIST OF PRINCIPAL OFFICIALS**

**June 30, 2020**

### **BOARD MEMBERS**

PATRICK KENNEDY, County of Sacramento  
PHIL SERNA, County of Sacramento  
SUSAN PETERS, County of Sacramento  
SUE FROST, County of Sacramento  
DON NOTTOLI, County of Sacramento (Vice Chair)  
KERRI HOWELL, City of Folsom  
DARRELL STEINBERG, City of Sacramento  
ERIC GUERRA, City of Sacramento  
STEVE HANSEN, City of Sacramento  
JEFF HARRIS, City of Sacramento  
JAY SCHENIRER, City of Sacramento  
STEVE MILLER, City of Citrus Heights  
DARREN SUEN, City of Elk Grove (Chair)  
PATRICK HUME, City of Elk Grove  
PAUL SANDHU, City of Galt and Isleton  
GARRETT GATEWOOD, City of Rancho Cordova

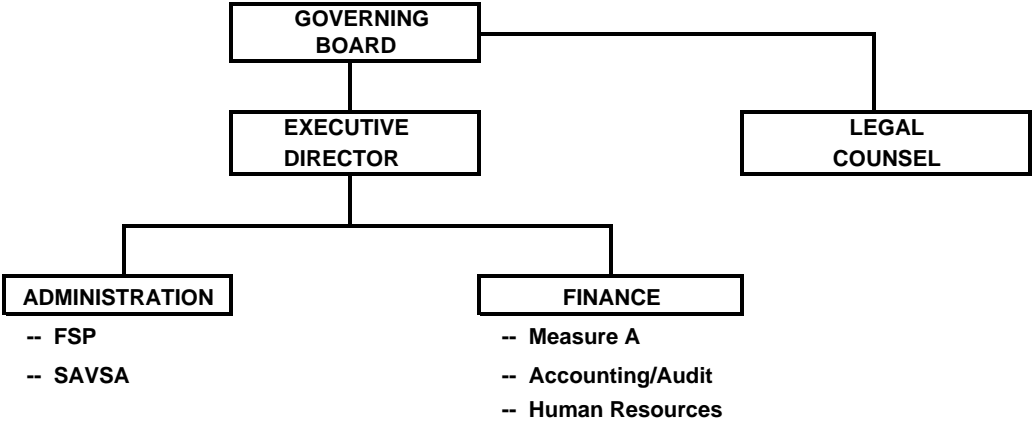
### Alternates

NICK AVDIS, County of Sacramento  
SHAWN FARMER, City of Galt  
PORSCHE MIDDLETON, City of Citrus Heights  
MIKE KOZLOWSKI, City of Folsom  
DONALD TERRY, City of Rancho Cordova  
STEVEN DETRICK, City of Elk Grove  
ROSANNA HERBER, City of Sacramento

### **STAFF**

WILL KEMPTON, Executive Director  
TIMOTHY JONES, Chief Financial Officer  
JENNIFER DOLL, Special Programs Manager  
WILLIAM BURKE, Legal Counsel

Sacramento Transportation Authority  
For the Year Ended June 30, 2020  
Organization Chart





Government Finance Officers Association

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, 2019

*Christopher P. Morill*

Executive Director/CEO

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sacramento Transportation Authority  
Sacramento, California

**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 the Sacramento Transportation Authority (Authority), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our 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.

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(Continued)

## **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 Authority, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the Abandoned Vehicle Special Revenue Fund 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 management's discussion and analysis on pages 4 to 12, Schedule of Proportionate Share of the Net Pension Liability Miscellaneous Plan, Schedule of Contributions to the Pension Plan, and Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 43 to 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

### *Supplementary Information*

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 Statement of Changes in Assets and Liabilities – All Agency Funds, Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Changes in Assets and Liabilities – All Agency Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Changes in Assets and Liabilities – All Agency Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Client name's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
November 19, 2020

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**SACRAMENTO TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

As management of the Sacramento Transportation Authority (Authority) and the Sacramento Abandoned Vehicle Service Authority (SAVSA), collectively the Authority, we offer readers the Authority's financial statements and this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the transmittal letter and financial statements, which are included in this report.

**Financial Highlights**

- Total revenue increased an immaterial amount to \$147.6 million in FY 2019-20 from \$147.5 million in the prior year, of which sales tax comprised the majority. Sales tax revenue decreased to \$131.6 million in FY 2019-20 from \$131.7 million (-0.1%) in the prior year. Such a small decrease was unexpected given the pandemic which impacted the third and fourth quarters of the fiscal year. One reason sales tax revenue did not decrease as much as expected is that roughly \$4 million in new revenue was generated during the year as a result of the *Wayfair Decision*, which taxes internet purchases that originate from out-of-state regardless of whether the vendor has a physical presence in the state. Another reason is that sales tax extensions and deferrals offered early in the pandemic were expected to be in high demand, but that was not the case and those who did take advantage of one or both programs paid the tax sooner than expected.
- Expenses increased \$10.1 million (7.4%) to \$147.5 million in FY 2019-20 from \$137.3 million in the prior year. Nearly all of the increase, \$9.7 million, was attributed to higher capital program expenditures which increased to \$20.4 million in FY 2019-20 from \$10.7 million in the prior year.
- Net position is a negative \$310.5 million (deficit). The deficit decreased by a trivial amount when compared to the prior year. The deficit will continue since the Authority reports debt associated with its capital program, but the assets constructed are reported in the financial statements of the agencies building them.

**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Authority's basic financial statements, which are comprised of three components; government-wide financial statements, fund financial statements, and notes to the financial statements. This report contains required supplementary information and other supplementary information in addition to the basic financial statements.

***Government-wide Financial Statements***

The *government-wide financial statements* provide readers with a broad overview of the Authority's finances, similar to a private sector business

The *statement of net position* presents information on all the Authority's assets, liabilities, and deferred outflows/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 the Authority is improving or deteriorating.



The *statement of activities* presents information showing how the Authority's net position changed during the 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. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report the functions of the Authority principally supported by sales tax and mitigation fee revenues. The governmental activities of the Authority include Measure A formulaic allocations, capital program costs, Sacramento Metropolitan (SacMetro) Freeway Service Patrol (FSP) and SAVSA services, and general administration.

### ***Fund Financial Statements***

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting ensures and demonstrates compliance with finance-related legal requirements.

*Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows/outflows of spendable resources and 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.

Since 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. As a result, 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 government-wide financial information.

The Authority's governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance include three separate funds - the General Fund, Special Revenue Fund, and Debt Service Fund.

The Authority adopts an annual budget for the general fund, Special Revenue, and Debt Service funds. A budgetary comparison schedule for the general fund and SAVSA are part of the basic financial statements, while the debt service budgetary comparison schedule can be found in the supplementary section.

*Fiduciary funds* account for assets held in a trustee or agency capacity for others and therefore cannot support the Authority's own programs. Accounting methods for fiduciary and proprietary funds are similar, except for agency funds, which have more limited accounting and financial statements because of their purely custodial nature.

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

## Government-wide Financial Analysis

Within the *statement of net position*, the most significant change was a \$41 million (42.2%) increase in *deferred outflows of resources* mainly related to the change in fair value of the Authority's interest rate hedging derivative instruments. Annually, an independent third party estimates the fair market value to exit the three forward interest rate swaps to hedge the variable interest rate risk associated with the Series 2009A, 2014A, and 2015A Measure A sales tax revenue bonds. During the past fiscal year federal interest rates have plummeted to historic lows, which increases the difference between the variable (amount of interest the Authority receives) and fixed interest rates (amount of interest the Authority pays) and in turn increases the fair value of the hedging derivative instruments.

- Current and other assets and current liabilities increased by \$1.6 million (2.1%) and \$6.3 million (23.6%) respectively. Current assets increased because accruals for sales tax in the last two months of the fiscal year were higher than offsetting decreases in cash. Current liabilities increased because of large end-of-the-year accruals for capital program claims.
- Non-current liabilities increased a total of \$36.3 million (7.9%). The change was driven by the increased value of the interest rate hedging derivative instruments.

<b>SACRAMENTO TRANSPORTATION AUTHORITY</b>				
<b>STATEMENT OF NET POSITION</b>				
	2020	2019	Increase or (Decrease)	
			Dollar	Percent
Current and Other Assets	\$ 81,656,517	\$ 80,012,767	\$ 1,643,750	2.1%
Total assets	<u>81,656,517</u>	<u>80,012,767</u>	<u>1,643,750</u>	<u>2.1%</u>
Deferred outflows of resources	138,299,790	97,227,588	41,072,202	42.2%
Current Liabilities	32,718,171	26,461,118	6,257,053	23.6%
Non -Current Liabilities	497,594,801	461,270,572	36,324,229	7.9%
Total liabilities	<u>530,312,972</u>	<u>487,731,690</u>	<u>42,581,282</u>	<u>8.7%</u>
Deferred inflows of resources	97,994	94,983	3,011	3.2%
<b>Net position</b>				
Restricted for Measure A	48,179,584	52,136,617	(3,957,033)	(7.6%)
Restricted for debt service	6,884,105	6,919,991	(35,886)	(0.5%)
Restricted for Other	592,278	555,686	36,592	6.6%
Unrestricted	<u>(366,110,626)</u>	<u>(370,198,612)</u>	<u>4,087,986</u>	<u>1.1%</u>
Total net position (deficit)	<u>\$ (310,454,659)</u>	<u>\$ (310,586,318)</u>	<u>\$ 131,659</u>	<u>0.0%</u>

The majority of the Authority's deficit net position represents debt issued to fund capital projects constructed by other local agencies and reported in their financial statements. The Authority is a pass-through agency that exists to fund projects, not build them.

Within the *Statement of Activities*, the most significant changes were an increase of \$1.5 million (15.2%) in program revenue which includes the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) SacMetro FSP and SAVSA revenues. With the passage of state legislation increasing fuel tax, more funding is available for the SacMetro FSP program.

Expenses in the other category include the SacMetro FSP program and general administration. Since more funding was made available to the SacMetro FSP program, new services were contracted to provide increased coverage for freeways with peak hour congestion. In the area of general administration, expenditures increased because of consulting contracts for services to promote a proposed new sales tax measure that was destined for the November 2020 ballot, but repealed, in part, because of the impacts of the pandemic. Measure A expenditures increased \$9.6 million (8.4%) because several large capital improvement projects started during FY 2019-20.

<b>SACRAMENTO TRANSPORTATION AUTHORITY</b>				
<b>STATEMENT OF ACTIVITIES</b>				
	2020	2019	Increase or (Decrease)	
			Dollar	Percent
<b>Revenues:</b>				
Program Revenue	\$ 11,574,361	\$ 10,044,457	\$ 1,529,904	15.2%
General Revenue	136,038,376	137,541,884	(1,503,508)	(1.1%)
Total revenues	<u>147,612,737</u>	<u>147,586,341</u>	<u>26,396</u>	<u>0.0%</u>
<b>Expenses:</b>				
Measure A	124,219,137	114,627,986	9,591,151	8.4%
Debt Service	18,124,579	18,570,877	(446,298)	(2.4%)
SAVSA	1,333,747	1,316,666	17,081	1.3%
Other	3,803,615	2,799,800	1,003,815	35.9%
Total expenses	<u>147,481,078</u>	<u>137,315,329</u>	<u>10,165,749</u>	<u>7.4%</u>
Change in net position	131,659	10,271,012	(10,139,353)	(98.7%)
Net position (deficit) - beginning	<u>(310,586,318)</u>	<u>(320,857,330)</u>	<u>10,271,012</u>	<u>3.2%</u>
Net position (deficit) - ending	<u>\$ (310,454,659)</u>	<u>\$ (310,586,318)</u>	<u>\$ 131,659</u>	<u>0.0%</u>

#### **Governmental Funds Financial Analysis**

As of June 30, 2020, the Authority's governmental funds reported combined fund balances of \$56.4 million, a \$4.1 million (6.8%) decrease from the prior year balance of \$60.5 million. Nearly all of the decrease is caused by increased spending in the Authority's capital improvement program.

<b>SACRAMENTO TRANSPORTATION AUTHORITY</b>				
<b>FUND BALANCE</b>				
	2020	2019	Increase or (Decrease)	
			Dollar	Percent
General Fund	49,335,166	53,386,707	(4,051,541)	(7.6%)
SAVSA*	159,226	167,490	(8,264)	(4.9%)
Debt Service	6,884,105	6,919,991	(35,886)	(0.5%)
Total	<u>56,378,497</u>	<u>60,474,188</u>	<u>(4,095,691)</u>	<u>(6.8%)</u>

\* Sacramento Abandoned Vehicle Service Authority

All fund balances are restricted for specific purposes with exception of the amount available in the general fund for program administration - \$722,530 as of June 30, 2020. The general fund balance was expected to decrease during FY 2019-20 as the Authority increased spending on its capital improvement program using pay-as-you-go money.

*General Fund* – This fund reports activity for the Measure A program, the SCTMFP, SacMetro FSP, and general administration. The general fund ended the year with a fund balance of \$49.3 million, or \$4.1 million (7.6%) less than the prior year.

- Cash and investments decreased by \$1.7 million (4.1%) because capital improvement program expenditures were higher than program revenues. This trend is expected to continue in the coming fiscal year.
- Interest receivable decreased \$151,251 (30.4%) because the year-end accruals for interest rate swap revenue were lower than the prior year as interest rates plummeted.
- Due from other governments increased \$3.4 million (13.2%) primarily because sales tax revenue accruals for the last two months of the fiscal year were higher than in the prior year.
- Due from other funds increased \$9,044 (163.3%) because overhead allocation costs from the SAVSA program increased year-over-year.
- Accounts payable increased \$45,374 (36.0%) because of larger year-end accruals for SacMetro FSP contractors than in the prior year.
- Due to Other Governments increased by \$5.7 million (29.9%). Capital improvement program expenditures at year-end were \$3.7 million higher than the prior year and sales tax revenue was higher than the prior year so pass-through allocations (expenditures) to partner agencies accrued at year-end were about \$2 million higher.
- SCTMFP fund balance decreased \$3.8 million (17.9%) because more capital program expenditures were paid from this fund than in the prior year.
- FSP fund balance increased by \$44,856 (11.6%) as total grants were greater than the associated program expenditures.
- General Administration fund balance decreased \$139,364 (16.2%) because of one-time expenditures for consulting services related to pursuing a new sales tax initiative.

<b>SACRAMENTO TRANSPORTATION AUTHORITY</b>				
<b>BALANCE SHEET - GENERAL FUND</b>				
	2020	2019	Increase or (Decrease)	
			Dollar	Percent
<b>Assets:</b>				
Cash and Investments	\$39,312,834	\$40,977,508	(1,664,674)	(4.1%)
Interest Receivable	346,105	497,355	(151,250)	(30.4%)
Due From Other Governments	28,935,380	25,560,662	3,374,718	13.2%
Due From Other Funds	14,581	5,537	9,044	163.3%
Restricted Cash and Investments	5,634,252	5,508,874	125,378	2.3%
Total assets	<u>74,243,152</u>	<u>72,549,936</u>	<u>1,693,216</u>	<u>2.3%</u>
<b>Liabilities:</b>				
Accounts Payable	171,394	126,020	45,374	36.0%
Due to Other Governments	24,736,592	19,037,209	5,699,383	29.9%
Total liabilities	<u>24,907,986</u>	<u>19,163,229</u>	<u>5,744,757</u>	<u>30.0%</u>
<b>Fund Balances:</b>				
Restricted				
Measure A	30,876,253	31,053,300	(177,047)	(0.6%)
SCTMFP	17,303,331	21,083,317	(3,779,986)	(17.9%)
FSP	433,052	388,196	44,856	11.6%
Unassigned				
General Administration	722,530	861,894	(139,364)	(16.2%)
Total fund balance	<u>49,335,166</u>	<u>53,386,707</u>	<u>(4,051,541)</u>	<u>(7.6%)</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$74,243,152</u></u>	<u><u>\$72,549,936</u></u>	<u><u>\$ 1,693,216</u></u>	<u><u>2.3%</u></u>

### General Fund Budgetary Highlights

*Revenues* – Overall, revenues came in as expected – in spite of the pandemic – at just .1% over budget. Grants for the SacMetro FSP program were \$185,583 less than budgeted because the program receives funding on a reimbursement basis. Therefore, although there was more funding available to the program, claims for the fiscal year were less than budgeted.

*Expenditures* – Administrative expenditures were higher than budgeted by \$209,261 (18.9%) primarily because a consulting contract in the amount of \$175,000 for pursuit of a new sales tax measure was entered into mid-year but was not included in the adopted FY 2019-20 budget. Intergovernmental expenditures were higher than budgeted by \$2.2 million (1.8%) because capital improvement project claims were higher than budgeted.

<b>SACRAMENTO TRANSPORTATION AUTHORITY BUDGET TO ACTUAL ANALYSIS</b>				
	Adopted Budget	Actual	Increase or (Decrease)	
			Dollar	Percent
<b>Revenues:</b>				
Taxes	\$ 131,773,144	\$ 131,591,165	(181,979)	(0.1%)
SCTMFP	7,000,000	7,551,556	551,556	7.3%
Grants for FSP	2,889,222	2,703,639	(185,583)	(6.9%)
Use of Money and Property	4,500,000	4,379,064	(120,936)	(2.8%)
Total Revenues	<u>146,162,366</u>	<u>146,225,424</u>	<u>63,058</u>	<u>0.0%</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Administrative	899,328	1,108,589	(209,261)	(18.9%)
FSP	2,918,749	2,658,784	259,965	9.8%
Intergovernmental	126,440,017	124,219,137	2,220,880	1.8%
Total Expenditures	<u>130,258,094</u>	<u>127,986,509</u>	<u>2,271,585</u>	<u>1.8%</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(23,640,000)	(22,290,456)	1,349,544	(6.1%)
Total Other Financing Sources (Uses)	<u>(23,640,000)</u>	<u>(22,290,456)</u>	<u>1,349,544</u>	<u>(6.1%)</u>
Changes in Fund Balance	(7,735,728)	(4,051,541)	(3,684,187)	90.9%
Fund Balance Beginning of Year	<u>48,655,679</u>	<u>53,386,707</u>	<u>4,731,028</u>	<u>8.9%</u>
Fund Balance End of Year	<u>40,919,951</u>	<u>49,335,166</u>	<u>8,415,215</u>	<u>17.1%</u>

*Other Financing Sources (Uses)* – Actual expenditures were higher than budgeted by \$1.3 million (6.1%). These expenditures are for debt service. Given that most of the Authority’s debt has a variable interest rate, the public market drives the actual costs which can be difficult to forecast.

### **Long-term Debt**

In October 2009, the Authority issued \$318.3 million in variable rate sales tax revenue bonds. The bonds issued were in three Series – 2009A, 2009B, and 2009C. Subsequently, Series 2014A and 2015A bonds refunded Series 2009A and 2009B bonds respectively. In July 2012, the Authority issued an additional \$53.4 million in fixed-rate sales tax revenue bonds to accelerate transportation construction projects. The Authority began making principal payments on the Series 2012 bonds in FY 2016-17. Below is a summary of the Authority’s bond portfolio as of June 30, 2020. For more detailed information on long-term debt, please refer to note 8.

<b>SACRAMENTO TRANSPORTATION AUTHORITY</b>			
<b>LONG-TERM DEBT</b>			
	<b>Amount</b>	<b>Type</b>	<b>Maturity</b>
Series 2009C	106,100,000	VRDB*	October 2038
Series 2012	38,685,000	Fixed	October 2027
Series 2014A	106,100,000	VRDB*	October 2038
Series 2015A	106,100,000	VRDB*	October 2038
Total	<u>356,985,000</u>		

\* Variable Rate Demand Bond

The Series 2009C bonds are variable-rate with a weekly interest rate reset. The Authority entered into an interest rate swap agreement that synthetically fixes the interest rate at about 3.736%. The bonds are supported by a liquidity facility and remarketing agent services. The Series 2009C bondholders have the right to tender the bonds weekly. Upon tender, the remarketing agent attempts to remarket the bonds. If the remarketing is unsuccessful, the bank will draw upon the SBPA to purchase the bonds and the bonds will enter a bank bond period in which they accrue interest charges. These highly rated bonds have always been remarketable.

In September 2014, the Authority refunded \$106.1 million in Series 2009A bonds with Series 2014A variable rate sales tax revenue refunding bonds to release \$8.2 million held in a reserve fund for debt service. This money funded capital projects and paid for issuance costs. The Series 2014A bonds were directly purchased by Wells Fargo and did not require a separate liquidity facility or remarketing agent. However, because of the federal tax law changes implemented in January 2018, costs for the direct purchase increased significantly when corporate tax rates changed. As a result, the Authority moved the bonds into the publicly traded market, reducing costs, but requiring a liquidity facility and remarketing agent services. The Authority retained the interest rate swaps which synthetically fix the interest rate at 3.736%.

In March 2015, the Authority refunded \$106.1 million in Series 2009B bonds with Series 2015A variable rate sales tax revenue refunding bonds to release \$10.3 million held in a reserve fund for debt service. This money funded capital projects and paid issuance costs. These bonds require a liquidity facility and remarketing agent services. The Authority retained the interest rate swaps which synthetically fix the interest rate at 3.666%.

### **Economic Indicators**

As of October 2020, the unemployment rate in Sacramento County was 10.3% which is higher than the national unemployment rate of 8.5%. These rates contrast significantly when compared to October 2019 when they were both at 3.8%. California’s unemployment rate is 11.6%, so Sacramento County has fared better than the state as a whole, in part, because Sacramento is the state capital and home to a high concentration of government jobs. Of course, the pandemic has had a significant negative impact on the global economy, causing unprecedented financial, health, and logistical issues. According to an October 2020 report published by the U.S. Bureau of Labor Statistics, government jobs in the four-county Sacramento region comprised 24.4% of the nonfarm labor force. Total nonfarm employment decreased by 87,900 (8.6%) to 934,500 over the last year. The largest employment losses during that time were in

the leisure and hospitality and other services sectors – 29.6% and 27.5% respectively. The population in Sacramento County has grown 1.1% over the last year to 1.55 million.

### **Contacting the Authority's Management**

This financial report provides a general overview of the Authority's finances by showing the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer at 801 12<sup>th</sup> Street Floor 5, Sacramento, California 95814-2947. This report is available on the Authority's website at [www.sacta.org](http://www.sacta.org).



## **BASIC FINANCIAL STATEMENTS**

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF NET POSITION  
June 30, 2020

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 39,523,745
Receivables:	
Interest	348,297
Due from other governments	29,266,118
Restricted cash and investments	<u>12,518,357</u>
Total assets	<u>81,656,517</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Fair value of hedging derivative instruments (long-term interest rates)	138,024,376
Pension	250,220
OPEB	<u>25,194</u>
Total deferred outflows of resources	<u>138,299,790</u>
<b>LIABILITIES</b>	
Accounts payable	171,394
Due to other governments	25,106,626
Interest payable	3,355,151
Long-term liabilities:	
Due within one year	4,085,000
Long-term debt, due in more than one year	496,307,840
Compensated absences, due in more than one year	8,219
Net pension liability	1,076,426
Total OPEB liability	<u>202,316</u>
Total liabilities	<u>530,312,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	96,792
OPEB	<u>1,202</u>
Total deferred inflows of resources	<u>97,994</u>
<b>NET POSITION</b>	
Restricted for Measure A projects	30,876,253
Restricted for SCTMFP	17,303,331
Restricted for FSP	433,052
Restricted for SAVSA	159,226
Restricted for debt service	6,884,105
Unrestricted	<u>(366,110,626)</u>
Total net position	<u>\$ (310,454,659)</u>

See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

<b>Functions / Programs:</b>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expense) and Revenue</u> <u>Governmental Activities</u>
Governmental activities:			
Measure A	\$ 112,506,367	\$ -	\$ (112,506,367)
SCTMFP	11,712,770	7,551,556	(4,161,214)
FSP	2,658,784	2,703,639	44,855
SAVSA	1,333,747	1,319,166	(14,581)
Administration	1,144,831	-	(1,144,831)
Interest on long-term debt	<u>18,124,579</u>	<u>-</u>	<u>(18,124,579)</u>
Total governmental activities	<u>\$ 147,481,078</u>	<u>\$ 11,574,361</u>	<u>\$ (135,906,717)</u>
			General revenues:
			Sales taxes
			131,591,165
			Interest, investment earnings and other
			<u>4,447,211</u>
			Total general revenues
			<u>136,038,376</u>
			Change in net position
			131,659
			Net position, beginning of year
			<u>(310,586,318)</u>
			Net position, end of year
			<u>\$ (310,454,659)</u>

See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2020

	<u>General</u>	<u>Abandoned Vehicle Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 39,312,834	\$ 210,911	\$ -	\$ 39,523,745
Receivables:				
Interest	346,105	2,192	-	348,297
Due from other governments	28,935,380	330,738	-	29,266,118
Due from other funds	14,581	-	-	14,581
Restricted cash and investments	<u>5,634,252</u>	<u>-</u>	<u>6,884,105</u>	<u>12,518,357</u>
Total assets	<u>\$ 74,243,152</u>	<u>\$ 543,841</u>	<u>\$ 6,884,105</u>	<u>\$ 81,671,098</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and other accrued liabilities	\$ 171,394	\$ -	\$ -	\$ 171,394
Due to other governments	24,736,592	370,034	-	25,106,626
Due to other funds	<u>-</u>	<u>14,581</u>	<u>-</u>	<u>14,581</u>
Total liabilities	<u>24,907,986</u>	<u>384,615</u>	<u>-</u>	<u>25,292,601</u>
<b>FUND BALANCES</b>				
Restricted:				
Measure A	30,876,253	-	-	30,876,253
SCTMFP	17,303,331	-	-	17,303,331
SAVSA	-	159,226	-	159,226
FSP	433,052	-	-	433,052
Debt service	-	-	6,884,105	6,884,105
Unassigned:				
General administration	<u>722,530</u>	<u>-</u>	<u>-</u>	<u>722,530</u>
Total fund balances	<u>49,335,166</u>	<u>159,226</u>	<u>6,884,105</u>	<u>56,378,497</u>
Total liabilities and fund balances	<u>\$ 74,243,152</u>	<u>\$ 543,841</u>	<u>\$ 6,884,105</u>	<u>\$ 81,671,098</u>

See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2020

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Total fund balances - governmental funds \$ 56,378,497

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

Long-term liabilities, including premium and hedging Derivative instruments, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Bonds, including premiums and hedging derivative instruments	(500,357,840)	
Fair value of hedging derivative instruments	138,024,376	(362,333,464)

Net pension liability and Total OPEB liability are not due and payable in the current period and are not reported in the fund statements.

Deferred outflow of resources	275,414	
Deferred inflow of resources	(97,994)	
Net pension liability	(1,076,426)	
Total OPEB liability	(202,316)	(1,101,322)

Interest payable is not due and payable in the current period and therefore is not reported in the fund statements. (3,355,151)

Compensated absences are not due and payable in the current period and therefore are not reported in the fund statements. (43,219)

Total net position - governmental activities \$ (310,454,659)

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See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

	<u>General</u>	<u>Abandoned Vehicle Special Revenue</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 131,591,165	\$ -	\$ -	\$ 131,591,165
Mitigation fees	7,551,556	-	-	7,551,556
Vehicle registration fees	-	1,319,166	-	1,319,166
Grants for freeway services	2,703,639	-	-	2,703,639
Use of money and property	<u>4,379,064</u>	<u>6,317</u>	<u>61,829</u>	<u>4,447,210</u>
Total revenues	<u>146,225,424</u>	<u>1,325,483</u>	<u>61,829</u>	<u>147,612,736</u>
Expenditures:				
General government:				
Administrative	1,108,589	25,054	-	1,133,643
Freeway Service Patrol	2,658,784	-	-	2,658,784
Intergovernmental	124,219,136	1,308,693	-	125,527,829
Debt service:				
Principal retirement	-	-	3,890,000	3,890,000
Interest and other charges	<u>-</u>	<u>-</u>	<u>18,498,171</u>	<u>18,498,171</u>
Total expenditures	<u>127,986,509</u>	<u>1,333,747</u>	<u>(22,388,171)</u>	<u>151,708,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,238,915</u>	<u>(8,264)</u>	<u>(22,326,342)</u>	<u>(4,095,691)</u>
Other financing sources (uses):				
Transfers in	-	-	22,290,456	22,290,456
Transfers out	<u>(22,290,456)</u>	<u>-</u>	<u>-</u>	<u>(22,290,456)</u>
Total other financing sources (uses)	<u>(22,290,456)</u>	<u>-</u>	<u>22,290,456</u>	<u>-</u>
Change in fund balances	(4,051,541)	(8,264)	(35,886)	(4,095,691)
Fund balances, beginning of the year	<u>53,386,707</u>	<u>167,490</u>	<u>6,919,991</u>	<u>60,474,188</u>
Fund balances, end of year	<u>\$ 49,335,166</u>	<u>\$ 159,226</u>	<u>\$ 6,884,105</u>	<u>\$ 56,378,497</u>

See accompanying notes to financial statements.

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, 2020

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Net change in fund balances - total governmental  
Funds \$ (4,095,691)

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

Repayment of principal is an expenditure in the  
governmental funds, but the repayment reduces  
long-term liabilities in the statement of net position.  
These are the amounts by which repayments exceed  
proceeds.

Principal payments 3,890,000

Some expenses reported in the statement of activities do  
not require the use of current financial resources and  
therefore are not expenditures in the governmental funds.

Pension expense	(100,154)
OPEB expense	(7,642)
Change in compensated absences	71,553
Change in interest payable	(381,484)
Bond premium amortization	<u>755,077</u>

Change in net position of governmental activities \$ 131,659

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See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 131,773,144	\$ 131,773,144	\$ 131,591,165	\$ (181,979)
Mitigation fees	7,000,000	7,000,000	7,551,556	551,556
Grants for freeway services	2,889,222	2,889,222	2,703,639	(185,583)
Use of money and property	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,379,064</u>	<u>(120,936)</u>
Total revenues	<u>146,162,366</u>	<u>146,162,366</u>	<u>146,225,424</u>	<u>63,058</u>
<b>Expenditures:</b>				
General government:				
Administrative	899,328	899,328	1,108,589	(209,261)
Freeway Service Patrol	2,918,749	2,918,749	2,658,784	259,965
Intergovernmental	<u>126,440,017</u>	<u>126,440,01</u>	<u>124,219,136</u>	<u>2,220,881</u>
Total expenditures	<u>130,258,094</u>	<u>130,258,094</u>	<u>127,986,509</u>	<u>2,271,585</u>
Excess of revenues over expenditures	15,904,272	15,904,272	18,238,915	2,334,643
<b>Other financing uses:</b>				
Transfers out	<u>(23,640,000)</u>	<u>(23,640,000)</u>	<u>(22,290,456)</u>	<u>1,349,544</u>
Changes in fund balance (budgetary basis)	(7,735,728)	(7,735,728)	(4,051,541)	3,684,187
Fund balance, beginning of year	<u>53,386,707</u>	<u>53,386,707</u>	<u>53,386,707</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,650,979</u>	<u>\$ 45,650,979</u>	<u>\$ 49,335,166</u>	<u>\$ 3,684,187</u>

See accompanying notes to financial statements.



SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - ABANDONED VEHICLE SPECIAL REVENUE FUND  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Vehicle registration fees	\$ 1,259,939	\$ 1,259,939	\$ 1,319,166	\$ 59,227
Use of money and property - interest	<u>400</u>	<u>400</u>	<u>6,317</u>	<u>5,917</u>
Total revenues	<u>1,260,339</u>	<u>1,260,339</u>	<u>1,325,483</u>	<u>65,144</u>
Expenditures:				
General government:				
Intergovernmental	1,237,439	1,237,439	1,308,693	(71,254)
Administrative	<u>22,896</u>	<u>22,896</u>	<u>25,054</u>	<u>(2,158)</u>
Total expenditures	<u>1,260,335</u>	<u>1,260,335</u>	<u>1,333,747</u>	<u>(73,412)</u>
Changes in fund balance (budgetary basis)	4	4	(8,264)	(8,268)
Fund balance, beginning of year	<u>167,490</u>	<u>167,490</u>	<u>167,490</u>	<u>-</u>
Fund balance, end of year	<u>\$ 167,494</u>	<u>\$ 167,494</u>	<u>\$ 159,226</u>	<u>\$ (8,268)</u>

See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS  
June 30, 2020

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**ASSETS**

Cash and investments	\$ 19,095,452
Interest receivable	162,096
Due from other governments	<u>166,667</u>
Total assets	<u>\$ 19,424,215</u>

**LIABILITIES**

Due to other governments	\$ 1,295,827
Deposits	<u>18,128,388</u>
Total liabilities	<u>\$ 19,424,215</u>

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See accompanying notes to financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

The financial statements of the Sacramento Transportation Authority (Authority) and the Sacramento Abandoned Vehicle Service Authority (SAVSA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Organizations:** In August 1988, the Authority was established under the Local Transportation and Improvement Act, California Public Utilities Code Division 19. In November 1988, Sacramento County voters approved an ordinance (Original Measure A) enacted by the Authority's Governing Board (Board) imposing a retail transactions and use tax (sales tax) increase throughout the County at a maximum rate of 0.5% for a period of 20 years. In November 2004, taxpayers approved a 30-year extension of the sales tax beginning in April 2009 (Measure A).

In 1992, SAVSA was established as a separate legal entity under California Vehicle Code Section 22710. 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. SAVSA reimburses the County, and the Cities of Sacramento, Galt, Folsom, Elk Grove, Citrus Heights, and Rancho Cordova according to the Sacramento Abandoned Vehicle Abatement Plan. SAVSA is considered a blended component unit of the Authority as the board and management of the Authority are also the board of SAVSA. SAVSA is presented as the Abandoned Vehicle Special Revenue Fund.

In 1992, the Authority entered into a Memorandum of Understanding (MOU) with the Department of Transportation (Caltrans) and the California Highway Patrol (CHP) to administer the Sacramento Metropolitan Freeway Service Patrol Program (SacMetro FSP). In 2009, the Authority began administering the SacMetro FSP program for Yolo County. Funding for the program is provided by a state grant from Caltrans and local matching funds from the Capitol Valley Regional Service Authority for Freeways & Expressways (CVR-SAFE).

The Authority's Board consists of sixteen-members – five from the Sacramento County Board of Supervisors, five from the Sacramento City Council, one from the Citrus Heights City Council, two from the Elk Grove City Council, one from the Folsom City Council, one from the Galt City Council, and one from the Rancho Cordova City Council. Under Measure A, the Authority distributes sales tax proceeds as prescribed by the ordinance to the County of Sacramento, the Cities of Sacramento, Folsom, Galt, Isleton, Citrus Heights, Rancho Cordova, and Elk Grove, the Sacramento Regional Transit District, Paratransit, Inc., the Sacramento Metropolitan Air Quality Management District, and the Neighborhood Shuttle Program.

**Basis of Presentation:** Government-wide financial statements (the Statement of Net Position and the Statement of Activities) provide information on all of the nonfiduciary activities of the Authority.

The Statement of Net Position reports all financial resources of the Authority as a whole in a format in which assets and deferred outflows of resources equal liabilities and deferred inflows of resources, plus net position. The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Sales tax and interest earnings are not program related, but reported as general revenues. Fund financial statements are provided for governmental and fiduciary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

The Authority maintains the minimum number of funds consistent with legal and managerial requirements. Fiduciary funds, although excluded from the government-wide statements, are included in the fund financial statements. Major governmental funds are reported in separate columns in the fund financial statements.

Governmental fund types are used to account for activities primarily supported by taxes, grants, and similar revenue sources.

The Authority reports the following major governmental funds:

*General Fund* – The General Fund is the main operating fund of the Authority. It accounts for transactions related to resources obtained and used for those services, including FSP, which need not be accounted for in another fund.

*Abandoned Vehicle Special Revenue Fund* – Reports the vehicle registration fee revenue and related expenditures.

*Debt Service Fund* – Reports the debt service on the Authority's Measure A Sales Tax Revenue Bonds.

The Authority also reports the following fund type:

*Fiduciary Funds* – Reports the assets and liabilities for unspent Original Measure A funds as well as New Measure A funds for programs not yet started but held by the Authority in a fiduciary capacity, as Agency Funds. The financial activities of these funds are excluded from the government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

Basis of Accounting: The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses at the time liabilities are incurred, regardless of when the related cash flows take place. The Fiduciary Fund statements do not involve the results of operations and do not use a measurement basis.

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority records revenue sources when earned or when due, provided they are measurable and available within 90-days after the end of the fiscal year. Those revenues susceptible to accrual at both the government-wide and fund level are sales taxes, mitigation fees, vehicle license fees and interest revenue. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of governmental long-term debt are reported as other financing sources.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Certain indirect costs are included in program expenses reported for individual functions and activities.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Authority may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, funds included in restricted and unrestricted net position may be available to finance program expenditures. The Authority's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are exchange or exchange-like transactions between functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgetary Principles: As required under California Public Utility Code Section 180105, the Authority prepares and legally adopts an operating budget each fiscal year. Operating budgets are adopted for the governmental fund types on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the program level. Significant amendments, appropriation transfers between programs and transfers from contingencies must be approved by the Authority's Board.

Restricted Assets: Certain proceeds from long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Restricted cash includes the reserve accounts used to report resources set aside to make up potential future deficiencies in the bond's debt service. Restricted cash may also include unspent bond proceeds used to fund projects.

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. It is the Authority's policy to capitalize furniture and equipment exceeding \$5,000. The Authority has no capital assets that exceed the capitalization threshold.

Compensated Absences: The Authority compensates employees for unused vacation pay, up to a maximum of 400 hours, upon termination. It also pays one-half of unused sick leave at the time of retirement, up to a maximum of 500 hours pay, or applies any portion of sick leave toward retirement credit. The Authority has accrued sick leave to the extent it is expected to be paid out.

All vacation pay is accrued when earned by the employee 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 and is currently payable. The General Fund is used to liquidate compensated absences.

Long-Term Debt: In the government-wide financial statements, long-term debt is recorded as a liability in the applicable governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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

Pensions: For purposes of measuring the net pension liability and deferred outflow/inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is liquidated by the Authority's General Fund.

Fund Balance Classification:

*Net Position* - The government-wide financial statement includes the following categories of net position:

1. Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
2. Unrestricted net position – any amount that is not restricted.

*Fund Balance* - In the fund financial statements, fund balance amounts are reported based on the Authority's constraints on the use of funds.

1. Nonspendable fund balances - are not expected to be converted to cash within the next operating cycle and are typically comprised of prepaid items. As of June 30, 2020, the Authority had no nonspendable fund balances.
2. Restricted fund balances - are subject to external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.
3. Committed fund balances - are subject to constraints imposed by formal action of the Authority's Board which may be altered only by formal action of the Authority's Board consisting of an ordinance or resolution. As of June 30, 2020, the Authority had no committed fund balances.
4. Assigned fund balances - are amounts constrained by the Authority's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Authority's Board or management and may be changed at their discretion. As of June 30, 2020, the Authority had no assigned fund balances.
5. Unassigned - is the residual amount of the General Fund not included in the four classifications described above. In other governmental funds in which expenditures incurred for specific purposes exceeded amounts restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds. The Authority typically spends resources in the following order when an expenditure is incurred: restricted, committed, assigned, and unassigned.

Insurance: The Authority provides employees with commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30, 2020, 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.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 39,523,745
Restricted cash and investments	12,518,357
Agency funds:	
Cash and investments	<u>19,095,452</u>
Total cash and investments	<u>\$ 71,137,554</u>

As of June 30, 2020, the Authority's cash and investments consisted of the following:

Deposits:	
Deposits with financial institutions	\$ 851,803
Pooled Funds:	
County Treasury	57,767,394
CAMP pool	<u>2,402,315</u>
Total pooled funds	<u>60,169,709</u>
Investments:	
Investments with fiscal agent	
Money market mutual fund (governmental obligations)	6,884,105
U.S. Treasury securities	<u>3,231,937</u>
Total investments	<u>10,116,042</u>
Total cash and investments	<u>\$ 71,137,554</u>

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

Investment Policy: Investments are stated at fair value. California statutes authorize public agencies to invest idle or surplus funds in a variety of credit instruments as provided for in 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, 2020, 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 Agreements	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%
California Assets Management Program (CAMP)	none	none
County Pool	none	none
LAIF	none	none

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee is governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy. The 2009, 2012, 2014A and 2015A Measure A Sales Tax Revenue Bonds debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maximum Security</u>	<u>Maximum Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
Local Agency Bonds or Obligations	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	270 days	None	None
Money Market Fund	None	None	None
Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Mutual Funds	N/A	None	None
LAIF	N/A	None	None

(Continued)



SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 2 - CASH AND INVESTMENTS** (Continued)

Investment in County Treasury: The Authority's investments in the Sacramento County pooled investment funds are managed by the Sacramento County Treasurer and stated at fair value or amortized cost, which approximates fair value. The total amount invested by all public agencies as of June 30, 2020 was \$4.6 billion. The Authority's share of the pool is stated at market value in the Authority's financial statement. Sacramento County does not invest in any derivative instrument financial products directly. The Sacramento County Treasury Investment Oversight Committee (Committee) oversees the County's cash and investment pool. The Committee consists of ten members as required by State law. The value of pooled shares that may be withdrawn from the County is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool.

Investment in CAMP: California Asset Management Program (CAMP) was created under the provisions of the California Joint Exercise of Powers Act to provide professional investment management services and allows the participants to combine the use of a money market portfolio with an individually managed portfolio. CAMP is governed by a board of seven trustees, all of whom are officials or employees of public agencies. The money market portfolio offers daily liquidity and is rated AAAM by Standard and Poor. To maintain the AAAM rating, the portfolio's weighted average maturity may not exceed 70 days.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, 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, 2020, the weighted average maturity of the investments contained the County Treasury, CAMP, and mutual money market funds is approximately 320, 54, and 36 days, respectively. The maturity dates of the U.S. Treasury Securities are within 15 months.

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 CAMP nor the County Pool is rated by a nationally recognized statistical rating organization. The Money Market Mutual Fund is rated AAA by Standard and Poor's. The U.S. Treasury Securities are rated AA+.

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 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. At June 30, 2020, the carrying amount of the Authority's deposits was \$851,803 and the balance in financial institutions was \$881,891 of which \$250,000 was covered by federal depository insurance and \$631,891 was covered by the pledging financial institution with assets held in a common-pool for the Authority and other governmental agencies.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 2 - CASH AND INVESTMENTS** (Continued)

Fair Value of Financial Instruments: The following methods and assumptions were used by the Authority to estimate the fair value of its financial instruments as of June 30, 2020.

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1* – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2* – Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable can be corroborated by observable market data.

*Level 3* – Significant unobservable inputs that reflect a company’s own assumptions about the assumptions that market participants would use in pricing an asset or a liability.

The fair values of U.S. Treasury Notes and money market funds that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

The Authority reports the following recurring fair value measurements as of June 30, 2020:

		<u>Fair Value Measurements Using</u>		
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level				
Money market mutual fund	\$ 6,884,105	\$ 6,884,105	\$ -	\$ -
U.S. Treasury securities	<u>3,231,937</u>	<u>3,231,937</u>	-	-
Total investments by fair value level	<u>10,116,042</u>	<u>\$ 10,116,042</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value				
County pool	57,767,394			
CAMP pool	<u>2,402,315</u>			
	<u>\$ 70,285,751</u>			

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 3 - PENSION PLAN**

*General Information About the Plans*

Plan Description: All qualified permanent and probationary employees are eligible to participate in the Authority's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The Authority has the following cost-sharing rate plans:

- Miscellaneous Plan
- PEPRM Miscellaneous Plan

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRM Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

<u>Hire Date</u>	Miscellaneous Prior to January 1, <u>2013</u>	PEPRM Miscellaneous On or after January 1, <u>2013</u>
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	10.823%	6.985%

In addition to the contribution rate above, the Authority was also required to make a payment of \$82,152 towards its unfunded actuarial liability during the fiscal year ended June 30, 2020.

The Miscellaneous Plan is closed to new members that are not already CalPERS participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 3 - PENSION PLAN** (Continued)

The contributions to the Plan were \$115,317 for the year ended June 30, 2020.

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflow of Resources Related to Pensions: As of June 30, 2020, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,076,426.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2020 is measured as of June 30, 2019 and the total pension liability is determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Authority's proportion of the net pension liability is based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2020 and 2019 is as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2020	0.02688%
Proportion - June 30, 2019	0.02659%
Change - Increase (Decrease)	0.00029%

For the year ended June 30, 2020, the Authority recorded pension expense of \$100,154. At June 30, 2020, the Authority reported deferred outflow of resources and deferred inflow of resources related to the Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 115,317	\$ -
Change in employer's proportion	8,812	11,509
Net differences between projected and actual earnings on plan investments	-	18,819
Changes in assumption	51,329	18,196
Difference between expected and actual experience	74,762	5,793
Difference between actual and allocated contributions	-	42,476
Total	\$ 250,220	\$ 96,792

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 3 - PENSION PLAN** (Continued)

The \$115,317 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred inflow and outflow of resources relate to pensions and will be recognized as pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2021	\$ 57,116
2022	(26,624)
2023	3,815
2024	<u>3,804</u>
	<u>\$ 38,111</u>

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for the Plan were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
<u>Actuarial Assumptions:</u>	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase <sup>(1)</sup>	Varies
Mortality	Derived using CalPERS membership data for all funds

(1) Depending on age and service.

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2020 were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined 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.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 3 - PENSION PLAN** (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2019. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11+</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	-	(.92)%
Total	<u>100.00%</u>		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority'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 higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 1,683,577
Current Discount Rate	7.15%
Net Pension Liability	\$ 1,076,426
1% Increase	8.15%
Net Pension Liability	\$ 575,266

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

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**NOTE 4 – DEFERRED COMPENSATION PLAN**

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

The Authority has established a separate independent trust which is administered outside the Authority to hold the assets and earnings of its deferred compensation plans for the exclusive benefit of the participants that are not included in the Authority’s financial statements.

**NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description: The Authority’s defined benefit OPEB plan provides OPEB benefit for all permanent full-time employees of the Authority. Benefits are set by the Board and may be amended by the Board. The Plan is a single employer defined benefit OPEB plan administered by the Authority. No assets are accumulated in a trust.

Benefits Provided: The Plan provides healthcare benefits to all permanent full-time employees who retire directly from the Agency, at a minimum age of 52, with a minimum of five years of service. Eligible employees’ surviving spouses are also eligible for benefits. The Authority participates in the Public Employees’ Medical and Hospital Care Act (PEMHCA) provided through the California Public Employees’ Retirement System (CalPERS).

Employees Covered by Benefit Terms: As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	3
Total	8

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2019 accounting valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified below:

Valuation date:	June 30, 2019
Measurement date:	June 30, 2019
Actuarial Cost Method:	Entry-Age Normal, Level % of Pay
Actuarial assumptions:	
Inflation	2.50%
Salary increases	3.00%
Discount rate	2.79%
Mortality rate	CalPERS 2017 Experience Study
Mortality improvement	Macleod Watts Scale 2020 applied generationally
Healthcare trend rate	5.4% in 2021, fluctuates until ultimate Rate of 4% in 2076

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 5 – OTHER POST EMPLOYMENT BENEFITS (OPEB)** (Continued)

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Index rate for tax-exempt general obligations bonds with an average rating of AA/Aa or higher at June 30, 2019 as published by the Federal Reserve.

Mortality information was based on the MacLeod Watts Scale 2020 which was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2019 Report, published October 2019 and (2) the demographic assumptions used in the 2019 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published April 2019.

Changes in Total OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Balance at July 1, 2019	\$ 174,785
Changes in the year:	
Service cost	11,244
Interest	5,427
Benefit payments	(7,808)
Change of assumptions	18,668
Net changes	27,531
Balance at June 30, 2020	\$ 202,316

The changes in assumptions from the prior valuation to the current valuation include a change in the discount rate from 2.98% to 2.79%, demographic assumptions changes from those provided in the 2014 CalPERS experience study to the 2017 CalPERS experience study, salary increases decreased from 3.25% per year to 3.0% per year, and inflation rate decreased from 2.75% per year to 2.5% per year. There were no changes between the measurement date and the year ended June 30, 2020 which had a significant effect on the Authority's total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.79%</u>	<u>2.79%</u>	<u>3.79%</u>
Total OPEB liability	\$ <u>233,725</u>	\$ <u>202,316</u>	\$ <u>177,573</u>

(Continued)



SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 5 – OTHER POST EMPLOYMENT BENEFITS (OPEB)** (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Current Healthcare Cost		
	1% Decrease 4.4%	Current Trend 5.4%	1% Increase 6.4%
Total OPEB liability	<u>\$ 177,148</u>	<u>\$ 202,316</u>	<u>\$ 234,178</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2020, the Authority recognized OPEB expense of \$7,642. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 14,302	\$ -
Differences between expected and actual experience	10,892	-
Changes in assumptions	-	1,202
Total	<u>\$ 25,194</u>	<u>\$ 1,202</u>

The \$14,302 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2021	\$ 5,273
2022	5,272
2023	(950)
2024	(113)
2025	208
Thereafter	-
	<u>\$ 9,690</u>

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 6 - OPERATING LEASES**

The Authority leases certain premises under an operating lease through November 30, 2027, at which time the lease expires. The rental rate increases \$100 per month each year of the lease beginning every December 1. In addition, as a condition of the Authority executing this new lease, certain tenant improvements were made by the landlord, the cost of which plus interest \$159,264 is to be repaid as part of the rental payments beginning December 1, 2020 through the remainder of the lease term. Rental expense for the year ended June 30, 2020 was \$44,151.

Future minimum lease payments under operating leases as of June 30, 2020 are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 47,416
2022	55,781
2023	59,298
2024	63,215
2025	67,608
2026-2029	<u>184,346</u>
	<u>\$ 477,664</u>

**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund transfers from the General Fund to the Debt Service Fund were used to repay principal and interest per the debt agreement in the amount of \$22,290,456.

**NOTE 8 – LONG-TERM LIABILITIES**

The activity of the Authority's long-term liabilities during the year ended June 30, 2020 are as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
2009 Series C Bonds	\$ 106,100,000	\$ -	\$ -	\$ 106,100,000	\$ -
Fair Value (Loss) of Interest Rate Swap (2009 Series Bonds)	96,949,196	41,075,180	-	138,024,376	-
2012 Series Bonds Unamortized Bond Premium (2012 Series Bonds)	42,575,000	-	3,890,000	38,685,000	4,050,000
Series 2014A Bonds (Direct Placement)	6,103,541	-	755,077	5,348,464	-
Series 2015A Bonds	<u>106,100,000</u>	<u>-</u>	<u>-</u>	<u>106,100,000</u>	<u>-</u>
<b>Total debt</b>	<u>463,927,737</u>	<u>41,075,180</u>	<u>4,645,077</u>	<u>500,357,840</u>	<u>4,050,000</u>
Compensated absences	114,772	46,716	118,269	43,219	35,000
Net Pension Liability	1,002,151	74,275	-	1,076,426	-
Net OPEB liability	<u>174,785</u>	<u>27,531</u>	<u>-</u>	<u>202,316</u>	<u>-</u>
<b>Total long-term liabilities</b>	<u>\$ 465,219,445</u>	<u>\$ 41,223,702</u>	<u>\$ 4,763,346</u>	<u>\$ 501,679,801</u>	<u>\$ 4,085,000</u>
Amount due within one year				<u>4,085,000</u>	
Amount due in more than one year				<u>\$ 497,594,801</u>	

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 8 – LONG-TERM LIABILITIES** (Continued)

Long-term debt consists of the following at:

*2009C Series Bonds* - In October 2009, the Authority issued Measure A Sales Tax Revenue Bonds in the amount of \$106.1 million to finance transportation projects approved by voters in 2004. The bond's variable interest rate is fixed through an interest-rate swap, whereby, the Authority pays a fixed interest rate of 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. Principal payments of \$7.5 million begin in 2029 and increase to \$11.8 million in 2039 when the bonds mature. \$ 106,100,000

*2012 Series Bonds* - In July 2012, the Authority issued fixed rate Measure A Sales Tax Revenue Bonds in the amount of \$53.4 million to finance transportation projects approved by voters in 2004. The average coupon interest rate is 2.480997%. Principal payments in the amount of \$3.5 million began in 2017 and increase to \$5.7 million in 2028, when the bonds mature. \$ 38,685,000

*2014A Series Bonds* - In September 2014, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding series 2009A bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2039, when the bonds mature. \$ 106,100,000

*2015A Series Bonds* - In March 2015, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding Measure A Sales Tax Revenue Series 2009B bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.666% and in turn, receives a variable interest rate based on 67 percent of the three month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2039, when the bonds mature. \$ 106,100,000

The Authority has pledged all of the future sales tax proceeds to cover all debt service requirements. The total principal and interest remaining on the 2009C, 2012, 2014A, and the 2015A bonds is \$544.8 million. For the current year, the interest paid and total incremental sales tax revenues were \$18.5 million and \$131.6 million respectively.

The 2014A and 2015A Measure A Sales Tax Revenue Refunding Bonds were issued to refund the 2009A and 2009B Measure A Sales Tax Revenue Bonds, respectively. The advance refunding resulted in no differences between the reacquisition price and the net carrying amount of the outstanding debt.

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(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2020

**NOTE 8 – LONG-TERM LIABILITIES** (Continued)

As of June 30, 2020, the future annual debt service requirements and net payments on associated hedging derivative instruments on the Authority's 2009C, 2014A, and 2015A Series Bond obligations are detailed in the schedule below. These amounts assume that current interest rates on variable rate bonds will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net payments on the hedging derivative instruments will vary. Included in the schedule are the future principal and fixed interest obligations on the 2012 Series Bonds.

General Obligation Bonds

Fiscal Year Ending June 30,	Principal	Bond Interest	Estimated Derivatives, Net	Hedging Ancillary Fees	Total
2021	\$ 4,050,000	\$ 4,872,035	\$ 8,452,527	\$ 1,378,580	\$ 18,753,142
2022	4,235,000	4,685,160	8,452,527	1,378,951	18,751,638
2023	4,455,000	4,467,910	8,452,527	1,378,951	18,754,388
2024	4,685,000	4,239,410	8,452,527	1,382,606	18,759,543
2025	4,925,000	3,999,160	8,452,527	1,378,580	18,755,267
2026 - 2030	63,035,000	16,109,998	41,050,290	6,700,591	126,895,879
2031 - 2035	138,300,000	9,839,404	27,185,467	4,438,316	179,763,187
2036 - 2040	<u>133,300,000</u>	<u>2,628,153</u>	<u>7,261,378</u>	<u>1,186,531</u>	<u>144,376,062</u>
Total	<u>\$ 356,985,000</u>	<u>\$ 50,841,230</u>	<u>\$ 117,759,770</u>	<u>\$ 19,223,106</u>	<u>\$ 544,809,106</u>

Events of Default: Events of default with financial consequences may occur under the Indenture that allow that the Trustee may enforce its rights by any one or more of the remedies. Significant remedies under the Indenture include:

- The Authority shall immediately transfer to the Trustee all Revenues held by the Authority.
- Bring legal action upon the Bonds.
- Limit the Authority's ability to issue new bonds unless the issuance of those bonds will remedy the default.

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with investments of all tax-exempt bond proceeds at an interest yield greater than the interest paid to bondholders. Generally, all interest paid to bond holders can be retroactive if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The Authority's arbitrage liability is currently estimated to be immaterial.

(Continued)

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 8 – LONG-TERM LIABILITIES** (Continued)

Interest Rate Swaps

*Objective of the interest rate swaps and terms* - On October 18, 2006, the Authority entered into three forward interest rate swaps for \$106.1 million each in order to hedge the interest rate risk associated with the Series 2009 Measure A Sales Tax Revenue Bonds issued on October 1, 2009, and whose initial interest rate is variable.

*Terms* - The swap agreement requires that the Authority pay each financial institution semi-annual fixed-rate payments based on an annual rate; the financial institution, in turn, is required to pay the Authority a series of future variable-rate payments equal to 67% of the 1-month or 3-month LIBOR. The notional amounts and maturity dates of the swaps match the principal amounts and the maturity dates of the hedged bonds. The variable-rate coupons of the hedged bonds closely match the Securities Industry and Financial Markets Association (SIFMA) and percentage of LIBOR rates paid monthly. A summary of the terms are as follows:

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Term Date	Counterparty Credit Rating (1)	Valuation Level
Series 2009C	\$ 106,100,000	October 18, 2006	3.736%	67% USD LIBOR	\$ 46,672,715	October 1, 2038	Aa2/A+/AA-	Level 2
Series 2014A	\$ 106,100,000	October 18, 2006	3.736%	67% USD LIBOR	\$ 46,678,476	October 1, 2038	A1/A+/A+	Level 2
Series 2015A	\$ 106,100,000	October 18, 2006	3.666%	67% USD LIBOR	\$ 44,673,185	October 1, 2038	Aa2/A+/AA	Level 2
					<u>\$ 138,024,376</u>			

(1) (Moody's Investor Services, Standard and Poor's Rating Services, and Fitch IBCA, Inc.)

*Fair value* - The swaps had a total fair value of negative \$138,024,376 million as of June 30, 2020, which is reported as a deferred outflow of resources. The fair values were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2020. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

*Credit risk* - This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2020, the Authority was not exposed to credit risk on these swaps because the fair values were negative. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' positive fair values. In order to mitigate this risk, the Authority diversified its exposure among three counterparties. The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the credit rating fall below the applicable thresholds. If the Authority's credit rating falls below certain thresholds or is withdrawn, a termination event may result, in which case the Authority could immediately owe (or be owed) the fair market value of the swap.

(Continued)

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

*Basis risk* - This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable rate debt that was issued in October 2009. The Authority is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, the payments received under the agreements are expected to approximate the expected bond payments over the life of the swaps.

*Termination risk and termination payments* - This is the risk that the transaction is terminated in a market dictating a termination payment by the Authority. The Authority can terminate a swap at the fair market value by providing notice to the counterparty, while the counterparty may only terminate the swap upon certain termination events under the terms of the agreement. The Authority or the counterparties may terminate the swap if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swap is terminated, the expected variable rate bonds would no longer be hedged.

*Tax Risk* - The swap exposes the Authority to tax risk if a permanent mismatch occurs between the variable-rate received from the swap and the variable-rate paid on the bonds due to tax law changes such that the federal or state tax exemption on municipal debt is eliminated or its value reduced.

**NOTE 9 – FUND BALANCES**

The Authority's net position and fund balance are restricted for the following purposes:

*Measure A Projects* – bond proceeds and sales tax revenues restricted by local ordinance for transportation-related projects.

*SCTMFP* – Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) funding for road and transit system improvements needed to accommodate projected growth and development.

*FSP Program* – funds restricted by the program for urban traffic congestion mitigation.

*Debt Service* – represent debt service reserves required by the related debt covenants.

*SAVSA* – Sacramento Abandoned Vehicle Service Authority (SAVSA) funds available to fulfill program objectives.

**NOTE 10 – GOVERNMENT-WIDE NET POSITION**

As of June 30, 2020, the Authority had negative net position of \$310,454,659. Under a typical bond financing arrangement, the public entity issues debt and expends the funds on capital projects that are reported on the statement of net position as capital assets. The capital assets generally offset the bonded debt. However, the Authority issues bonds that pay for assets reported in other jurisdictions' financial statements, resulting in a deficit net position. Therefore, the deficit will continue, but decrease over time as the Authority makes bond principal payments.

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2020

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**NOTE 11 – IMPACT OF COVID-19**

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020, the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the State of California and local economy. The extent to which the coronavirus may impact economic activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

**NOTE 12 – EFFECT OF NEW PRONOUNCEMENTS**

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. This Statement is effective for the Authority's fiscal year ending June 30, 2020. This implementation of this Statement did not have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



SACRAMENTO TRANSPORTATION AUTHORITY  
SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN  
(UNAUDITED)  
For the Year Ended June 30, 2020

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	Last 10 years					
	June 30, <u>2020</u>	June 30, <u>2019</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	June 30, <u>2016</u>	June 30, <u>2015</u>
Proportion of the net pension liability	0.02688%	0.02659%	0.02650%	0.02616%	0.02734%	0.02463%
Proportionate share of the net pension liability	\$1,076,426	\$1,002,151	\$1,044,537	\$908,590	\$750,078	\$608,865
Covered payroll - measurement period	\$348,630	\$352,622	\$451,635	\$351,909	\$363,473	\$366,547
Proportionate share of the net pension liability as a percentage of covered payroll	308.76%	284.20%	231.28%	258.19%	206.36%	166.11%
Plan fiduciary net position as a percentage of the total pension liability	74.53%	75.44%	72.49%	75.57%	78.40%	79.82%

GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions: In 2018, the accounting discount rate was reduced from 7.65% to 7.15%.

SACRAMENTO TRANSPORTATION AUTHORITY  
SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN  
(UNAUDITED)  
For the Year Ended June 30, 2020

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	Last 10 years						
	<u>June 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution (actuarially determined)	\$ 115,317	\$ 108,775	\$ 91,285	\$ 89,707	\$ 76,574	\$ 69,181	\$ 63,722
Contributions in relation to the actuarially determined contributions	<u>(115,317)</u>	<u>(108,775)</u>	<u>(91,285)</u>	<u>(89,707)</u>	<u>(76,574)</u>	<u>(69,181)</u>	<u>(63,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - fiscal year	\$ 388,487	\$ 348,630	\$ 352,622	\$ 451,635	\$ 351,909	\$ 363,473	\$ 366,547
Contributions as a percentage of covered payroll	29.68%	31.20%	25.89%	19.86%	21.76%	19.03%	17.38%

GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore, only six years are presented.

Net of pension plan investment expenses, includes inflation.

SACRAMENTO TRANSPORTATION AUTHORITY  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
(UNAUDITED)  
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 11,244	\$ 10,559	\$ 11,232
Interest	5,427	5,308	4,497
Benefit payments	(7,808)	(6,521)	(1,518)
Change in assumption	<u>18,668</u>	<u>3,160</u>	<u>(9,257)</u>
Net change in total OPEB liability	<u>27,531</u>	<u>12,506</u>	<u>4,954</u>
Total OPEB liability - beginning	174,785	162,279	157,325
Total OPEB liability - ending	<u>\$ 202,316</u>	<u>\$ 174,785</u>	<u>\$ 162,279</u>
Covered payroll - measurement period	<u>\$ 405,975</u>	<u>\$ 352,622</u>	<u>\$ 348,630</u>
Total OPEB liability as percentage of covered payroll	<u>49.83%</u>	<u>49.57%</u>	<u>46.55%</u>

GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

Valuation date:	June 30, 2019
Measurement period - fiscal year ended:	June 30, 2019
Discount Rate:	2.79%

No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes: None since June 30, 2017.

Changes in assumptions:

	Fiscal Year End June 30, 2019	Fiscal Year End June 30, 2020
Discount Rate	2.98%	2.79%
Inflation Rate	2.75%	2.5%
Salary Increases	3.25%	3.0%
Healthcare cost trend rates	7.5% in 2019, step down 0.5% per year to 5% by 2024	5.4% in 2021 fluctuates, ultimate rate of 4% in 2076
Mortality	CalPERS 2014 Experience Study	CalPERS 2017 Experience Study
Mortality Improvement	MacLeod Watts Scale 2020	MacLeod Watts Scale 2017

**SUPPLEMENTARY INFORMATION**

SACRAMENTO TRANSPORTATION AUTHORITY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>City of Sacramento</b>				
<b>Assets:</b>				
Cash and Investments	\$ 1,918,067	\$ 33,067	\$ (1,951,134)	\$ -
Interest Receivable	<u>15,428</u>	<u>2,203</u>	<u>(15,428)</u>	<u>2,203</u>
Total Assets	<u>1,933,495</u>	<u>35,270</u>	<u>(1,966,562)</u>	<u>2,203</u>
<b>Liabilities:</b>				
Due to other governments	752,407	-	(752,407)	-
Deposits	<u>1,181,088</u>	<u>781,386</u>	<u>(1,960,271)</u>	<u>2,203</u>
Total Liabilities	<u>1,933,495</u>	<u>781,386</u>	<u>(2,712,678)</u>	<u>2,203</u>
<b>Neighborhood Shuttle</b>				
<b>Assets:</b>				
Cash and Investments	8,893,675	1,308,036	(1,989,001)	8,212,710
Interest Receivable	112,263	69,418	(112,263)	69,418
Due From Other Governments	<u>166,667</u>	<u>166,667</u>	<u>(166,667)</u>	<u>166,667</u>
Total Assets	<u>9,172,605</u>	<u>1,544,121</u>	<u>(2,267,931)</u>	<u>8,448,795</u>
<b>Liabilities:</b>				
Deposits	9,005,938	1,704,495	(3,557,465)	7,152,968
Due to Other Governments	<u>166,667</u>	<u>1,295,826</u>	<u>(166,666)</u>	<u>1,295,827</u>
Total Liabilities	<u>9,172,605</u>	<u>3,000,321</u>	<u>(3,724,131)</u>	<u>8,448,795</u>
<b>CSTA set aside</b>				
<b>Assets:</b>				
Cash and Investments	10,578,293	366,495	(62,046)	10,882,742
Interest Receivable	<u>123,696</u>	<u>90,475</u>	<u>(123,696)</u>	<u>90,475</u>
Total Assets	<u>10,701,989</u>	<u>456,970</u>	<u>(185,742)</u>	<u>10,973,217</u>
<b>Liabilities:</b>				
Deposits	<u>10,701,989</u>	<u>456,970</u>	<u>(185,742)</u>	<u>10,973,217</u>
Total Liabilities	<u>10,701,989</u>	<u>456,970</u>	<u>(185,742)</u>	<u>10,973,217</u>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Cash and Investments	\$ 21,390,035	\$ 1,707,598	\$ (4,002,181)	\$ 19,095,452
Interest Receivable	251,387	162,096	(251,387)	162,096
Due from other governments	<u>166,667</u>	<u>166,667</u>	<u>(166,667)</u>	<u>166,667</u>
Total Assets	<u>\$ 21,808,089</u>	<u>\$ 2,036,361</u>	<u>\$ (4,420,235)</u>	<u>\$ 19,424,215</u>
<b>Liabilities:</b>				
Due to other governments	\$ 919,074	\$ 1,295,826	\$ (919,073)	\$ 1,295,827
Deposits	<u>20,889,015</u>	<u>2,942,851</u>	<u>(5,703,478)</u>	<u>18,128,388</u>
Total Liabilities	<u>\$ 21,808,089</u>	<u>\$ 4,238,677</u>	<u>\$ (6,622,551)</u>	<u>\$ 19,424,215</u>

SACRAMENTO TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL – DEBT SERVICE FUND  
For the Year Ended June 30, 2020

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Interest	\$ 80,000	\$ 80,000	\$ 61,830	\$ (18,170)
Expenditures:				
Principal	3,890,000	3,890,000	3,890,000	-
Interest and other charges	<u>19,750,000</u>	<u>19,750,000</u>	<u>18,498,172</u>	<u>1,251,829</u>
Total expenditures	<u>23,640,000</u>	<u>23,640,000</u>	<u>22,388,172</u>	<u>1,251,829</u>
Deficiency of revenues under expenditures	(23,560,000)	(23,560,000)	(22,326,342)	(1,233,659)
Other financing sources:				
Transfers in	<u>23,640,000</u>	<u>23,640,000</u>	<u>22,290,456</u>	<u>(1,349,544)</u>
Changes in fund balance (budgetary basis)	80,000	80,000	(35,886)	(115,885)
Fund balance, beginning of year	<u>6,919,991</u>	<u>6,919,991</u>	<u>6,919,991</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,999,991</u>	<u>\$ 6,999,991</u>	<u>\$ 6,884,105</u>	<u>\$ (115,885)</u>

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**STATISTICAL SECTION**

SACRAMENTO TRANSPORTATION AUTHORITY  
STATISTICAL SECTION

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This part of the Sacramento Transportation Authority's comprehensive annual financial report presents detailed information as context for understanding the information in the financial statements, note disclosure, and required supplementary information of the government's overall financial health.

**Financial Trends** – These schedules contain trend information to help the reader understand how the Authority's financial performance changed over time.

**Revenue Capacity** – These schedules contain information to help the reader assess the Authority's most significant local revenue source – sales tax.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place and to help make comparisons over time and with other governments.

**Operating Information** – These schedules contain information about the Authority's operation and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

**Sources** - Unless otherwise noted; the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



SACRAMENTO TRANSPORTATION AUTHORITY  
NET POSITION BY COMPONENT  
June 30, 2020

Last 10 years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities:										
Restricted:										
Measure A*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,991,554	\$ 23,381,713	\$ 31,053,300	\$ 30,876,253
Restricted: SCTMFP	5,447,348	1,204,207	4,390,110	5,254,385	9,885,863	13,296,991	4,692,718	23,315,012	21,083,317	17,303,331
Restricted: SAVSA	-	-	-	107,455	121,827	154,549	-	160,919	167,490	159,226
Restricted: FSP	-	-	-	-	-	164,338	-	331,181	388,196	433,052
Restricted: debt service	-	-	-	-	-	6,362,460	6,588,099	6,923,116	6,919,991	6,884,105
Unrestricted	<u>(246,561,887)</u>	<u>(269,290,732)</u>	<u>(283,641,409)</u>	<u>(294,193,790)</u>	<u>(309,078,758)</u>	<u>(365,923,547)</u>	<u>(379,947,580)</u>	<u>(374,969,271)</u>	<u>(370,198,612)</u>	<u>(366,110,626)</u>
Total governmental activities net position	<u>\$ (241,114,539)</u>	<u>\$ (268,086,525)</u>	<u>\$ (279,251,299)</u>	<u>\$ (288,831,950)</u>	<u>\$ (299,071,068)</u>	<u>\$ (345,945,209)</u>	<u>\$ (325,675,209)</u>	<u>\$ (320,857,330)</u>	<u>\$ (310,586,318)</u>	<u>\$ (310,454,659)</u>

\* Amounts for Measure A prior to 2017 were reported as unrestricted.

SACRAMENTO TRANSPORTATION AUTHORITY  
CHANGES IN NET POSITION  
June 30, 2020

Last 10 years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses:										
Governmental activities:										
Measure A	\$ 120,337,680	\$ 107,891,760	\$ 94,224,572	\$ 94,743,971	\$ 103,968,271	\$ 112,324,300	\$ 92,332,335	\$ 105,146,632	\$ 110,900,345	\$ 112,506,367
SCTMFP*	-	-	-	2,680,549	6,676	1,004,034	16,547,233	2,126,292	3,727,641	11,712,770
FSP	1,880,030	1,729,539	1,765,562	2,164,149	2,090,267	2,000,559	2,271,606	2,126,051	1,986,738	2,658,784
SAVSA	1,376,979	1,079,593	1,089,746	1,125,637	1,172,574	1,216,517	1,400,871	1,118,297	1,316,666	1,333,747
Administration**	-	-	-	-	713,350	1,387,221	979,254	633,150	813,062	1,144,831
Interest on long-term debt	<u>16,245,290</u>	<u>15,119,256</u>	<u>16,257,749</u>	<u>16,196,388</u>	<u>15,538,373</u>	<u>15,208,203</u>	<u>16,227,155</u>	<u>17,662,386</u>	<u>18,538,855</u>	<u>18,124,579</u>
Total governmental activities expenses	<u>139,839,979</u>	<u>125,820,148</u>	<u>113,337,629</u>	<u>116,910,694</u>	<u>123,489,511</u>	<u>133,140,834</u>	<u>129,758,454</u>	<u>128,812,808</u>	<u>137,283,307</u>	<u>147,481,078</u>
Program revenues:										
Operating grants and contributions	<u>5,327,190</u>	<u>5,966,229</u>	<u>6,221,395</u>	<u>6,835,898</u>	<u>7,895,612</u>	<u>7,628,294</u>	<u>11,196,129</u>	<u>11,396,632</u>	<u>10,044,457</u>	<u>11,574,361</u>
Net (expense) revenue	<u>(134,512,789)</u>	<u>(119,853,919)</u>	<u>(107,116,234)</u>	<u>(110,074,796)</u>	<u>(115,593,899)</u>	<u>(125,512,540)</u>	<u>(118,562,325)</u>	<u>(117,416,176)</u>	<u>(127,238,850)</u>	<u>(135,906,717)</u>
General revenues and other changes in net position:										
Sales taxes	87,299,421	92,239,996	97,390,177	100,063,237	105,564,247	110,707,633	116,877,996	119,187,748	131,757,081	131,591,165
Investment earnings	<u>761,514</u>	<u>641,940</u>	<u>662,384</u>	<u>430,908</u>	<u>556,829</u>	<u>956,364</u>	<u>1,954,329</u>	<u>3,202,114</u>	<u>5,752,781</u>	<u>4,447,211</u>
Total general revenues	<u>88,060,935</u>	<u>92,881,936</u>	<u>98,052,561</u>	<u>100,494,145</u>	<u>106,121,076</u>	<u>111,663,997</u>	<u>118,832,325</u>	<u>122,389,862</u>	<u>137,509,862</u>	<u>136,038,376</u>
Change in net position	<u>\$ (46,451,854)</u>	<u>\$ (26,971,983)</u>	<u>\$ (9,063,673)</u>	<u>\$ (9,580,651)</u>	<u>\$ (9,472,823)</u>	<u>\$ (13,848,543)</u>	<u>\$ 270,000</u>	<u>\$ 4,973,686</u>	<u>\$ 10,271,012</u>	<u>\$ 131,659</u>

\* Amounts for SCTMFP expenses prior to 2014 are included in Measure A.

\*\* Amounts for administration expenses prior to 2015 are included in Measure A.

SACRAMENTO TRANSPORTATION AUTHORITY  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 June 30, 2020

Last 10 years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Nonspendable	\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027	\$ 4,763	\$ -	\$ -	\$ -
Restricted	73,188,759	46,521,997	101,338,670	91,591,253	81,243,264	51,973,251	47,684,272	47,027,906	52,524,813	48,612,636
Unassigned	<u>589,073</u>	<u>600,000</u>	<u>740,000</u>	<u>427,430</u>	<u>329,381</u>	<u>(195,546)</u>	<u>(38,522)</u>	<u>664,031</u>	<u>861,894</u>	<u>722,530</u>
Total general fund	<u>73,787,859</u>	<u>47,132,024</u>	<u>102,088,697</u>	<u>92,028,710</u>	<u>81,582,672</u>	<u>51,787,732</u>	<u>47,650,513</u>	<u>47,691,937</u>	<u>53,386,707</u>	<u>49,335,166</u>
Other Governmental Funds										
Restricted	<u>4,137,869</u>	<u>3,860,118</u>	<u>4,439,725</u>	<u>4,232,983</u>	<u>4,352,188</u>	<u>6,517,009</u>	<u>6,588,099</u>	<u>7,084,035</u>	<u>7,087,481</u>	<u>7,043,331</u>
Total all other governmental funds	<u>4,137,869</u>	<u>3,860,118</u>	<u>4,439,725</u>	<u>4,232,983</u>	<u>4,352,188</u>	<u>6,517,009</u>	<u>6,588,099</u>	<u>7,084,035</u>	<u>7,087,481</u>	<u>7,043,331</u>
Total governmental funds	<u>\$ 77,925,728</u>	<u>\$ 50,992,142</u>	<u>\$ 106,528,422</u>	<u>\$ 96,261,693</u>	<u>\$ 85,934,860</u>	<u>\$ 58,304,741</u>	<u>\$ 54,238,612</u>	<u>\$ 54,775,972</u>	<u>\$ 60,474,188</u>	<u>\$ 56,378,497</u>

SACRAMENTO TRANSPORTATION AUTHORITY  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
June 30, 2020

Last 10 years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues:</b>										
Taxes	\$ 87,299,421	\$ 92,239,996	\$ 97,390,177	\$ 100,063,237	\$ 105,564,247	\$ 110,707,633	\$ 116,877,996	\$ 119,187,748	\$ 131,757,081	\$ 131,591,165
Mitigation Fees	2,334,437	2,957,362	3,176,382	3,540,542	4,624,139	4,363,650	7,848,175	7,621,753	6,684,039	7,551,556
Vehicle registration fees	1,070,911	1,166,769	1,130,254	1,172,833	1,220,900	1,272,697	1,282,433	1,275,901	1,316,666	1,319,166
State grant	1,828,358	1,842,098	1,914,759	2,122,523	2,050,573	1,991,947	2,065,521	2,498,978	2,043,752	2,703,639
Use of money and										
Property	761,415	641,940	660,928	430,196	555,414	941,859	1,795,119	3,081,259	5,752,781	4,447,211
Miscellaneous	93,583	-	1,452	712	1,415	14,505	159,210	120,855	-	-
<b>Total Revenues</b>	<b>93,388,125</b>	<b>98,848,165</b>	<b>104,273,952</b>	<b>107,330,043</b>	<b>114,016,688</b>	<b>119,292,291</b>	<b>130,028,454</b>	<b>133,786,494</b>	<b>147,554,319</b>	<b>147,612,737</b>
<b>Expenditures:</b>										
<b>General government:</b>										
Administrative*	542,380	658,391	745,552	1,008,517	805,331	1,342,300	977,515	542,737	794,117	1,133,643
Freeway service patrol*	1,880,031	1,729,539	1,765,562	2,164,149	2,090,267	2,000,559	2,271,606	2,126,051	1,986,738	2,658,784
Intergovernmental*	121,087,058	108,225,941	94,103,672	97,543,286	104,405,460	114,537,093	110,280,439	108,346,886	115,922,948	125,527,829
<b>Debt Service:</b>										
Principal	-	-	-	-	-	-	3,450,000	3,590,000	3,740,000	3,890,000
Interest and other charges	16,210,359	15,167,878	16,804,043	16,880,820	17,042,463	16,016,860	17,115,023	18,643,460	19,412,300	18,498,171
<b>Total expenditures</b>	<b>139,719,828</b>	<b>125,781,749</b>	<b>113,418,829</b>	<b>117,596,772</b>	<b>124,343,521</b>	<b>133,896,812</b>	<b>134,094,583</b>	<b>133,249,134</b>	<b>141,856,103</b>	<b>151,708,427</b>
<b>Excess (deficiency) of expenditures over (under) revenue</b>	<b>(46,331,703)</b>	<b>(26,933,584)</b>	<b>(9,144,877)</b>	<b>(10,266,729)</b>	<b>(10,326,833)</b>	<b>(14,604,521)</b>	<b>(4,066,129)</b>	<b>537,360</b>	<b>5,698,216</b>	<b>(4,095,690)</b>
<b>Other financing sources (uses):</b>										
Transfers in	16,215,856	14,869,554	16,950,657	16,694,009	16,439,131	18,182,376	20,823,804	22,520,621	23,096,608	22,290,456
Transfers out	(16,215,856)	(14,869,554)	(16,950,657)	(16,694,009)	(16,439,131)	(18,182,376)	(20,823,804)	(22,520,621)	(23,096,608)	(22,260,456)
Refunding of Bonds	-	-	-	-	(212,200,000)	-	-	-	-	-
Bond premium	-	-	11,326,155	-	-	-	-	-	-	-
Issuance of Bonds	-	-	53,355,000	-	212,200,000	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>64,681,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (46,331,703)</b>	<b>\$ (26,933,584)</b>	<b>\$ 55,536,278</b>	<b>\$ (10,266,729)</b>	<b>\$ (10,326,833)</b>	<b>\$ (14,604,521)</b>	<b>\$ (4,066,129)</b>	<b>\$ 537,360</b>	<b>\$ 5,698,216</b>	<b>\$ (4,095,690)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>13.12%</b>	<b>13.71%</b>	<b>17.39%</b>	<b>16.76%</b>	<b>15.88%</b>	<b>13.59%</b>	<b>18.11%</b>	<b>20.03%</b>	<b>19.50%</b>	<b>17.31%</b>

\*noncapital expenditures

SACRAMENTO TRANSPORTATION AUTHORITY  
REVENUE CAPACITY - REVENUE BASE AND REVENUE RATE  
June 30, 2020

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Last 10 Years

<u>Fiscal Year</u>	<u>Sales Tax Rate</u>	<u>Total Sales Tax Revenue (in thousands)</u>	<u>Total Taxable Sales* (in thousands)</u>
2020	0.5%	\$ 131,591	\$ 26,318,200
2019	0.5%	131,757	26,836,365
2018	0.5%	119,188	25,443,669
2017	0.5%	116,878	24,610,617
2016	0.5%	110,708	23,184,499
2015	0.5%	105,564	22,043,196
2014	0.5%	100,063	21,061,901
2013	0.5%	97,390	20,097,095
2012	0.5%	92,240	19,089,848
2011	0.5%	87,299	18,003,765

Source: Board of Equalization

\* Fiscal Year 2020 are estimated - actuals not available.

SACRAMENTO TRANSPORTATION AUTHORITY  
REVENUE CAPACITY - PRINCIPAL REVENUE PAYERS  
Calendar Years 2019 and 2010

	2019*			2010		
	Rank	Amount (in thousands)	Percentage of Taxable Sales	Rank	Amount (in thousands)	Percentage of Taxable Sales
All Other Outlets	1	\$ 8,641,064	32.1%	1	\$ 5,288,837	31.2%
Motor Vehicle and Parts Dealers	2	3,711,671	13.8%	5	1,618,580	9.6%
Food Services and Drinking Places	3	2,845,490	10.6%	4	1,665,337	9.9%
General Merchandise Stores	4	2,528,602	9.4%	3	1,959,729	11.6%
Other Retail Group	5	2,355,184	8.8%	2	2,032,471	12.0%
Gasoline Stations	6	1,922,331	7.2%	6	1,537,994	9.1%
Building Material and Garden Equipment and Supplies Dealers	7	1,601,215	6.0%	7	911,945	5.4%
Food and Beverage Stores	8	1,117,956	4.2%	8	854,810	5.1%
Clothing and Clothing Accessories Stores	9	1,075,634	4.0%	9	786,230	4.7%
Home Furnishings and Appliance Stores	10	1,037,219	3.9%	10	248,592	1.5%
Total All Outlets		<u>\$ 26,836,366</u>	<u>100.0%</u>		<u>\$ 16,904,525</u>	<u>100.0%</u>

Source: California Department of Tax and Fee Administration

\*Latest information available

SACRAMENTO TRANSPORTATION AUTHORITY  
 PRINCIPAL EMPLOYERS  
 June 30, 2019 and 2010

	2019*			2010		
	Rank	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment
UC Davis Health System	1	12,840	1.57%			
Kaiser Permanente	2	11,005	1.56%	1	10,081	1.65%
Sutter/California Health Services	3	8,177	1.48%	3	7,314	1.20%
Dignity/Mercy Healthcare	4	7,000	1.20%	2	8,279	1.36%
Intel Corporation	5	6,000	0.90%	4	6,000	0.98%
Apple Inc.	6	5,000	0.75%			
Raley's Inc/Belair	7	3,374	0.47%	6	3,401	0.56%
Health Net of California Inc.	8	3,000	0.45%	8	2,512	0.41%
VSP Global	9	2,700	0.44%			
Amazon – Sacramento Fulfillment Center	10	2,000	0.29%			
Wells Fargo & Co.				5	3,690	0.61%
Pride Industries				7	2,841	0.47%
Cache Creek Casino Resort				9	2,460	0.40%
Pacific Gas and Electric Co.				10	2,169	0.36%
<b>Total</b>		<u>61,096</u>	<u>8.95%</u>		<u>48,747</u>	<u>8.00%</u>

Source: Sacramento County June 30, 2019 Comprehensive Annual Financial Report

\*Latest information available

SACRAMENTO TRANSPORTATION AUTHORITY  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 June 30, 2020

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Last 10 Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (000's)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2019*	1,541,000	\$ 80,969,087	\$ 52,544	3.8%
2018	1,531,000	76,832,120	50,197	4.6%
2017	1,514,460	72,878,458	48,122	5.4%
2016	1,496,644	70,110,138	46,845	6.0%
2015	1,478,137	65,486,553	44,303	7.3%
2014	1,460,023	61,654,690	42,229	8.9%
2013	1,447,236	59,775,785	41,303	10.5%
2012	1,435,002	57,498,308	40,068	12.1%
2011	1,422,018	54,666,004	38,443	12.6%
2010	1,408,601	53,826,177	38,213	11.0%

Sources: County of Sacramento Comprehensive Annual Financial Report.  
 \* Latest information available.



SACRAMENTO TRANSPORTATION AUTHORITY  
OPERATING INFORMATION - EMPLOYEES  
June 30, 2020

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Last 10 Years

<u>Activity</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Measure A/SAVSA	2.07	2.07	1.95	2.95	2.65	2.6	2.6	2.45	2.45	2.45
Freeway Service Patrol	0.93	0.93	1.05	1.05	1.15	1.2	1.2	1.35	1.35	1.35

Source - Adopted Budget

SACRAMENTO TRANSPORTATION AUTHORITY  
 OPERATING INFORMATION - DEMAND FOR SERVICES  
 MEASURE A - BY JURISDICTION  
 June 30, 2020

Last 10 years

Jurisdiction	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City of Citrus Heights	\$ 2,589,796	\$ 2,594,616	\$ 2,347,539	\$ 2,302,514	\$ 2,152,319	\$ 2,071,744	\$ 1,985,463	\$ 1,891,987	\$ 1,802,800	\$ 1,726,097
County of Sacramento	19,780,254	19,824,716	17,951,156	17,620,170	16,530,072	15,862,799	15,134,616	14,424,979	13,742,240	12,975,067
CTSA Set Aside	-	1,078,447	1,168,157	1,146,027	1,069,997	1,027,592	983,258	938,205	895,220	838,903
City of Elk Grove	5,356,571	5,367,420	4,780,559	4,739,611	4,318,918	4,135,491	3,927,291	3,706,060	3,523,059	3,103,271
City of Folsom	2,600,243	2,603,896	2,335,123	2,294,486	2,105,522	2,018,853	1,978,191	1,905,848	1,816,009	1,667,429
City of Galt	1,315,912	1,317,357	1,191,381	1,168,176	1,091,347	1,048,496	1,003,696	958,170	914,734	857,824
City of Isleton	52,636	52,694	47,656	46,727	43,654	41,940	40,150	38,327	36,592	34,313
Neighborhood Shuttle	1,000,000	1,000,000	1,083,334	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Paratransit	5,815,018	4,743,008	4,088,549	4,011,094	3,744,989	3,596,572	3,441,403	3,283,718	3,133,270	2,936,161
Sacramento Regional Parks	1,000,000	1,000,000	1,083,334	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
City of Rancho Cordova	2,492,262	2,497,862	2,239,524	2,201,648	2,013,909	1,922,210	1,803,645	1,711,239	1,627,805	1,401,876
Regional Transit	44,581,803	44,631,157	40,301,412	39,537,925	36,914,890	35,451,925	33,922,401	32,368,073	30,885,085	28,942,154
City of Sacramento	15,285,468	15,270,445	13,652,724	13,390,589	12,539,139	12,037,403	11,534,598	11,011,678	10,506,441	10,004,574
SMAQMD	1,938,339	1,940,485	1,752,235	1,719,040	1,604,995	1,541,388	1,474,887	1,407,308	1,342,830	1,258,355
Debt Service	26,813,693	23,184,323	22,233,460	20,565,023	22,202,434	21,322,534	20,402,604	19,467,754	18,575,812	17,407,237
Administration	969,170	970,243	1,033,547	899,939	802,498	770,694	737,444	703,654	671,415	629,177
<b>Total allocations</b>	<b>\$ 131,591,165</b>	<b>\$ 128,076,669</b>	<b>\$ 117,289,690</b>	<b>\$ 113,642,969</b>	<b>\$ 109,134,683</b>	<b>\$ 104,849,641</b>	<b>\$ 100,369,647</b>	<b>\$ 95,817,000</b>	<b>\$ 91,473,312</b>	<b>\$ 85,782,438</b>

Source: Authority accounting records

SACRAMENTO TRANSPORTATION AUTHORITY  
RATIOS OF OUTSTANDING DEBT  
June 30, 2020

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Last 10 Years

<u>Fiscal Year</u>	<u>Sales Tax Revenue Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2019*	\$ 360,875,000	0.4%	234
2018	364,615,000	0.5%	238
2017	375,818,695	0.5%	250
2016	380,023,772	0.5%	253
2015	380,778,849	0.6%	257
2014	381,533,926	0.6%	260
2013	382,289,003	0.6%	264
2012	318,300,000	0.5%	222
2011	318,300,000	0.6%	224
2010	318,300,000	0.6%	226

Source: Bureau of Economic Analysis and Audited Financial Statements

\* Latest information available.

SACRAMENTO TRANSPORTATION AUTHORITY  
OPERATING INFORMATION - ABANDONED VEHICLE ABATEMENTS  
June 30, 2020

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Last 10 Years

<u>Fiscal Year</u>	<u>Abatements</u>
2020	22,518
2019	18,877
2018	14,670
2017	13,019
2016	8,586
2015	5,037
2014	5,247
2013	6,222
2012	6,239
2011	7,334

Source: Authority records

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

To the Board of Directors  
Sacramento Transportation Authority  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Transportation Authority (Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 19, 2020 .

**Internal Control Over Financial Reporting**

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

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

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

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(Continued)

## Compliance and Other Matters

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

## Purpose of this Report

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

  
Crowe LLP

Sacramento, California  
November 19, 2020