Regional Transit

STAFF REPORT

DATE: December 9, 2019

TO: Sacramento Regional Transit Board of Directors

FROM: Brent Bernegger, VP, Finance/CFO

SUBJ: RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND DESIGNATE THE RESERVE FOR FISCAL YEAR JUNE 30, 2019

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

These actions will result in a net increase of $3,296,647 to the July 1, 2019 beginning operating reserve balance of $10,517,898 plus $4,000,000 designated to working capital.

FISCAL IMPACT

Upon approval, the final June 30, 2019 operating reserve balance will be $17,814,545, $13,814,545 in reserved investment account and $4,000,000 in working capital.

DISCUSSION

Each fiscal year, SacRT prepares a Comprehensive Annual Financial Report (CAFR) and reports on compliance and internal control as required by the Federal Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (commonly known as "Uniform Guidance") and the TDA. In addition, SacRT's auditors provide an annual Report to the Board of Directors, which summarizes any opportunities for strengthening internal controls and operating efficiencies.

SacRT received an unqualified (clean) opinion on the CAFR and Uniform Guidance from its auditors, Crowe LLP, for the fiscal year ended June 30, 2019. Moreover, no material weaknesses involving SacRT's financial reporting, internal control processes or issues of non-compliance were identified.

Financial Results Summary

The CAFR presentation and classifications are intended to provide an overall picture of SacRT's year-end financial position, as well as the results of operations. Overall, and as reflected in the Financial Section of the CAFR (see Attachment 1 – Statement of Revenue and Expenses), SacRT's net position decreased by $18.5 million as of June 30, 2019.

The decrease in net position is primarily the result of a net decrease in SacRT's Capital Program and an operating gain of approximately $3.3 million. For additional analysis, please refer to the Management Discussion and Analysis (MD&A) section found within the CAFR document starting on page 3.

Summary of Actual Results

The CAFR presentation differs from SacRT's operating and capital budgets in that the CAFR combines both operating and capital activities. To evaluate the Fiscal Year (FY) 2019 operational results, Attachment 1 and page 10 of the CAFR shows SacRT's operating and capital funds separately. As of June 30, 2019, SacRT's operating results were as follows: $25.4 million in fare revenues, $173.8 million in operating expenses, and $151.6 million in non-operating revenues (expenses).

Summary of Budget to Actual Variances

The amended Budget to actual highlights include an unfavorable variance in fare revenues of $0.2 million, net operating expenses were in line with budget and a net favorable variance in non-operating revenues of approximately $3.0 million (see Attachment 2).

Explanation for Budget to Actual Variances

Operating Revenues

SacRT's FY2019 fare revenue totaled $25.4 million. The net favorable operating revenues variance of $0.2 million.

Operating Expenses

Operating expenses totaled $173.8 million, a favorable variance of $0.1 million from the budget of $173.9 million. Salaries and fringe benefits were under budget by $1.7 million as a result of lower than expected medical cost increases and the budgeted cost of labor and fringe benefits on vacant positions, which was partially mitigated by lower than expected labor charges against capital projects. Professional and Other Service were under budget by $1.4 million due primarily to police services financial contingencies to fund proactive operations and an overall reduction in anticipated need for outside services. Casualty and Liability Costs were over budget by a net $4.8 million increase mainly resulting from the settlement of a large dollar casualty claim. Other Expenses were under budget by $2.0 million, as budget stabilization funds were unused.

Non-Operating Revenues (Expenses)

The net favorable non-operating revenue (expense) variance of $3.0 million is primarily attributed to the following: $0.9 million in insurance proceeds and a litigation settlement, $0.7 million in Compressed Natural Gas federal excise tax rebates, $0.4 million in Investment Income due to higher returns on a larger investment portfolio, and $0.9 million increase in carbon credit sales proceeds due to higher market prices.

Operating Results

SacRT concluded FY2019 with an operating surplus of $3.3 million. After accounting for the $14.5 million operating reserve at the end of FY2018, SacRT ended the year with an available operating reserve balance of $17.8 million.

Comprehensive Reserve Policy

The Comprehensive Reserve Policy adopted by the Board of Directors on November 9, 2015 has four categories of reserves: Operating, Self-Insurance, Capital and Grant/Project Specific. The table below illustrates the requirements of each and the current balance held by SacRT.

Reserve Type	Policy Target	Policy Target Amount	Actual Reserve Balance	Reserve Shortfall
Operating	12.3% of annual operating budget	$21.4 million*	$17.8 million**	$3.6 million
Self-Insurance	Current year actuarially determined claim expense at a minimum	$11.4 million	$3.3 million	$8.1 million
Capital	Annual contribution for depreciating assets	N/A	-	-
Grant/Project Specific	10% of South Line Phase II project cost	$27.0 million	-	$27.0 million

*Based on FY19 operating budget **Includes FY19 increase in net position

In the past four fiscal years, SacRT has made a significant financial turn-around by increasing the operating reserve and working capital balance to $17.8 million as of June 30, 2019 from a low of $3.1 million as of June 30, 2015. The increase in operating reserves is vital for financial health, cash liquidity, and credit rating reviews of SacRT. The operating reserve target presented above is the minimum requirement per the comprehensive reserve policy; however, SacRT currently has a $27 million Line of Credit to supplement operating cash flows. SacRT management continues to budget with the goal of building operating and capital reserves to improve the efficiency and effectiveness of SacRT's operations and to meet the requirements of the Comprehensive Reserve Policy.

Attachments

The following documents (Attachments 1 - 6) are submitted to the Board for receipt and filing:

- Fiscal Year 2019 Statement of Revenue and Expense per Funding Designations – Attachment 1

- Fiscal Year 2019 Statement of Revenue and Expenses, Operating Budget to Actual Expenses – Attachment 2
- The Comprehensive Annual Financial Report (CAFR) – Attachment 3
- Reports Required by Uniform Guidance and Transportation Development Act (TDA) – Attachment 4
- Report to the Board of Directors – Attachment 5
- Management Letter – Attachment 6

Fiscal Year 2019
Statement of Revenues and Expenses
Per Funding Designation

Statement of Revenues and Expenses	FY 2019 Funding Designation Operations	GASB	Capital Improvement Program	Total
OPERATING REVENUES (Fares)	**$ 25,428,432**	**$ -**	**$ -**	**$ 25,428,432**
OPERATING EXPENSES				
Labor and Fringe Benefits	116,035,053	961,756	-	116,996,809
Professional and Other Services	23,589,140	-	3,758,622	27,347,762
Spare Parts and Supplies	10,843,913	-	1,294,930	12,138,843
Utilities	6,761,302	-	-	6,761,302
Casualty and Liability Costs	14,011,317	-	-	14,011,317
Depreciation and Amortization	-	-	43,359,261	43,359,261
Indirect Costs Allocated to Capital Programs	(309,409)	-	-	(309,409)
Other	2,847,479	-	-	2,847,479
Total Operating Expenses	**$ 173,778,795**	**$ 961,756**	**$ 48,412,813**	**$ 223,153,364**
Loss from Operations	**(148,350,363)**	**(961,756)**	**(48,412,813)**	**(197,724,932)**
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	104,030,786	-	-	104,030,786
Federal	35,750,251	-	2,917,796	38,668,047
Investment Income	2,661,850	-	90,898	2,752,748
Interest Expense	(2,613,643)	-	(131,667)	(2,745,310)
Pass Through to Subrecipients	-	-	(2,837,820)	(2,837,820)
Professional and Other Services Funded by Others	-	-	(4,447,642)	(4,447,642)
Contract Services	3,730,930	-	-	3,730,930
Other	8,086,836	-	(60,023)	8,026,813
Total Non-operating Revenues (Expense)	**$ 151,647,010**	**$ -**	**$ (4,468,458)**	**$ 147,178,552**
Increase (Decrease) in Net Position Before Capital Contributions and Special Item	**3,296,647**	**(961,756)**	**(52,881,271)**	**(50,546,380)**
Capital Contributions				
State and Local	-	-	24,306,783	24,306,783
Federal	-	-	2,371,128	2,371,128
Increase (Decrease) in Net Position Before Special Item	3,296,647	(961,756)	(26,203,360)	(23,868,469)
	-	-	-	-
Special Item: Transfer of Operations - Folsom	-	-	5,390,442	5,390,442
Increase (Decrease) in Net Position	**$ 3,296,647**	**$ (961,756)**	**$ (20,812,918)**	**$ (18,478,027)**

Reserve	
Operating Reserve Balance June 30, 2018	$ 10,517,898
FY2019 Designation to Operating Reserve	3,296,647
Working Capital Balance	4,000,000
FY2019 Operating Reserve and Working Capital Balance	**$ 17,814,545**

Attachment 2

Fiscal Year 2019
Statement of Revenues and Expenses
Operating Budget to Actual Expenses

Statement of Revenues and Expenses	FY 2019 Budget to Actual Expenses: Approved Budget	Adjusted Operating Results	Variance (Unfavorable)/ Favorable	Percent Variance
OPERATING REVENUES				
Fares	**$ 25,185,767**	**$ 25,428,432**	**$ 242,665**	**1.0%**
OPERATING EXPENSES				
Labor and Fringe Benefits	117,764,345	116,035,053	1,729,292	1.5%
Professional and Other Services	25,009,178	23,589,140	1,420,038	5.7%
Spare Parts and Supplies	10,358,259	10,843,913	(485,654)	-4.7%
Utilities	7,028,725	6,761,302	267,423	3.8%
Casualty and Liability Costs	9,231,195	14,011,317	(4,780,122)	-51.8%
Depreciation and Amortization	-	-	-	
Indirect Costs Allocated to Capital Programs	(444,832)	(309,409)	(135,423)	30.4%
Other	4,922,370	2,847,479	2,074,891	42.2%
Total Operating Expenses	**$ 173,869,240**	**$ 173,778,795**	**$ 90,445**	**0.1%**
(Loss) Income from Operations	**(148,683,473)**	**(148,350,363)**	**333,110**	**-0.2%**
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	103,700,166	104,030,786	330,620	0.3%
Federal	35,750,241	35,750,251	10	0.0%
Investment Income	2,297,466	2,661,850	364,384	15.9%
Interest Expense	(2,572,466)	(2,613,643)	(41,177)	1.6%
Contracted Services	3,830,066	3,730,930	(99,136)	-2.6%
Advertising	1,135,000	1,221,271	86,271	7.6%
Commercial Income/Other	4,543,000	6,865,565	2,322,565	51.1%
Total Non-operating Revenues (Exp)	**$ 148,683,473**	**$ 151,647,010**	**$ 2,963,537**	**2.0%**
Increase in Net Position	**$ -**	**$ 3,296,647**	**$ -**	**-**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Sacramento Regional Transit District for the Fiscal Year Ended
June 30, 2019

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Regional Transit

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A Public Transit Agency and Equal Opportunity Employer

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Public Transit Since 1973

www.sacrt.com

December 9, 2019

To the Board of Directors and Citizens Served by the Sacramento Regional Transit District:

The Sacramento Regional Transit District (the District) is required to undergo an annual audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Uniform Guidance as it pertains to audits of state and local governments. State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards* issued by the Comptroller of the United States within 6 months of the close of each fiscal year. Pursuant to that requirement, the District hereby issues the Comprehensive Annual Financial Report (CAFR) of the District for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District annually commissions an independent audit of its account records, consistent with the Sacramento Regional Transit District Board of Directors' (Board) fiduciary duty to preserve and protect District assets and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Crowe LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the District's financial statements for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there are no material weaknesses to report and that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately-issued Uniform Guidance Single Audit, Subpart F reports.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the independent auditor’s report of Crowe LLP.

Profile of the District

The District began operation on April 1, 1973, with the acquisition of the Sacramento Transit Authority. The District is the largest public transportation provider in the Sacramento region, serving a metropolitan population of over 1.0 million with a service area of approximately 400 square miles. In 1971, California legislation allocated sales tax money for local and statewide transit service, and created the organizational framework for the District pursuant to the Sacramento Regional Transit District Act.

An 11-member Board of Directors is responsible for governing the District. The Board is comprised of four members of the Sacramento City Council, three members of the Sacramento County Board of Supervisors, one member of the Rancho Cordova City Council, one member of the Citrus Heights City Council, one member of the Folsom City Council and one member of the Elk Grove City Council. The Board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees and hiring both the District’s General Manager/Chief Executive Officer (GM/CEO) and Chief Counsel. The District’s GM/CEO is responsible for carrying out the policies and ordinances of the Board for overseeing the day-to-day operations of the District, and for appointing the executive management of the various divisions.

The District provides bus and light rail service 365 days a year covering a 400 square-mile service area. Annual bus and light rail ridership has grown from 14 million passengers in 1987, to approximately 21 million passengers in fiscal year ended June 30, 2019. By the end of FY19, District ridership stabilized, showing a modest increase system-wide over the previous year. The District’s entire bus and light rail system is accessible in accordance with the American Disabilities Act (ADA). Additionally, the District provides origin-to-destination transportation service (in accordance with the Americans with Disabilities Act of 1990) for people that are unable to use fixed-route service.

The District’s annual budget serves as the foundation for financial planning and control. The budget is a financial plan for one fiscal year of operating revenue and expenses, and capital investments. The plan matches revenues with the service expenses and project cost expenses based on policies set by the District’s Board. The budget process follows three basic steps that help provide continuity in decision making: 1) assess current conditions and needs, and develop goals, objectives, policies and plans; 2) prioritize projects and develop a work program, and 3.) implement those plans and policies, and prepare to evaluate their effectiveness and shortcomings.

The District’s General Manager/CEO presents a proposed budget to the Board for a 60-day public review period beginning in April. Following the review period, the District is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the District’s fiscal year. The budget is prepared by fund (operating or capital), division and department (e.g., safety) or by capital project. The legal level of control is at the fund level, where budget amendments are authorized by the Board. The responsible division executive manager and the GM/CEO authorize interdivisional transfers. The respective division directors and department managers authorize intra-divisional transfers and the responsible manager authorizes departmental transfers.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates bus and light rail service.

Local Economy

The District operates service in the capitol city of the fifth largest economy in the world. The Sacramento region, which includes six counties (El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba), has varied state governmental services and a light industrial base. The annual unemployment rate for the Sacramento area in 2019 was 3.8 percent down from 4.2 percent in 2018. The Sacramento region is expected to see the unemployment rate stabilize in the low 4 percent range through 2020.

Residential construction plateaued then continued its upward trend in 2019 from the 9,600 single family homes built in 2018. Forecasts for the region show two to three more years of housing growth ahead due to a healthy economy and planned construction in the pipeline as home buyers seek more affordable homes outside of the Bay area.

The Sacramento region multi-family real estate market remains strong in 2019, as new construction has not kept up with demand. Economic growth continues to transform Sacramento's landscape with many new mixed-use and Transit Oriented Development (TOD) projects on the rise.

A significant portion of the District's operating funds are derived from sales tax revenues. In 2019, taxable sales in the Sacramento region rose resulting in an increase of 7.0 percent in the Local Transportation Fund and a 6.1 percent in Measure A Revenue for the District's allocated apportionments. It is estimated that taxable sales in 2020 will increase approximately 3.5 percent resulting in a similar increase in the Local Transportation Fund and Measure A Revenue of 3.7 percent.

District-Wide Improvement Initiatives

The District's Fiscal Year 2019 was truly a remarkable year for the agency. In just three years, the District has seen a historic transformation – we are no longer just a public transit provider, we are a regional mobility provider. We have been an industry pioneer setting best practices in testing innovative mobility solutions such as on-demand microtransit services, mobile apps (mobility as a solution), intelligent transportation systems, electric vehicles, and micro-mobility integration.

As the District embarks on Fiscal Year 2020, we have momentum at our backs and the support of a strong Board and community to continue to make significant improvements to our system. As transportation continues to evolve, the District looks forward to developing and implementing the best in class innovative solutions that put customers first and keep us operating like a true business; one that is transparent and accountable in everything we do.

Strategic Planning & Development: The District envisions a more expansive, convenient and frequent public transit network. Identifying innovative service enhancements, infrastructure, capital improvements projects that will attract more riders to the system.

Financial Stability, Accountability and Business Process Optimization: The District is dedicated to strengthening our financial footing by tapping innovative revenue sources and conducting relentless organizational optimization to fund our current level of service, state of good repair initiatives, maintenance and capital investments, and build reserves. The District will continue to identify and implement cost-cutting measures to maximize efficiencies and minimize duplication, consistent with operating like a true business. The District will continue to seek operating revenues through more local, state and federal funding, as well as pursue capital grant opportunities.

Strategic Vision, Innovations and Best Practices: Develop and implement industry best practices by re-imagining a more innovative service network and leveraging new technologies to improve the customer experience by making it easier to ride transit, receive information, and pay fare.

System Security: Prioritize security efforts by implementing industry best practices and response to customer concerns over safety and security.

Operational and Occupational Safety: Focus on employee and customer safety through better training, data collection, use of technology, and public education. The District will maintain strong relationships with regulatory agencies and seek guidance whenever necessary.

Strategic Communications and Partnerships: Ensuring that District customers can intuitively navigate the bus and light rail system is critical to attracting new customers and building ridership. To ensure this, the District will continue to promote programs and incentive options that will encourage more people to try transit, and educate the public about the benefits of transit and how local funding is important to create a "world class" public transit system.

Organizational Excellence and Performance Management: Make positive transformations that include building a strong workforce, negotiating fair and equitable labor and non-labor agreements, implementing cost-saving alternatives and progressing efforts to make a significant change in organizational culture.

Major Initiatives Moving Forward in Fiscal Year 2020

SacRT Forward

The District launched its new redesigned bus network on September 8, 2019, an initiative known as SacRT Forward. The new bus network has improved frequency, increased weekend service and improved connectivity. The District invested $3 million in SacRT Forward to retain and improve service. The results could unleash the region's economic potential by connecting transit services to approximately 1 million people, 300,000 jobs, 20 colleges and universities, 18 hospitals and major medical facilities, more than 25 business districts, and many major attractions all within a quarter-mile of District bus and light rail stops.

Progressed Regionalism

The District continues to seek improved regional mobility through annexations and contracted services. During FY2019 the cities of Citrus Heights and Folsom annexed their transit service into the District's service area. Also, the City of Elk Grove executed a contract enabling the District to operate its e-tran and e-van service beginning July 1, 2019.

The District will launch a Zero Emission shuttle bus service between UC Davis Campus and the UC Davis Medical Center in Sacramento and frequent shuttle service from downtown Sacramento to the

Sacramento International Airport. The UC Davis service is expected to launch in spring 2020 and airport service in early 2020.

Real Estate

The District progressed TOD investments that have been 30 years in the making. The property located at 880-936 Arden Way was sold and generated $774,793. The District signed a purchase and sale agreement for property located at the University/65th Street light rail station. When closed, this property is estimated to generate $2 million, and improve transportation infrastructure for bus and pedestrian accessibility. The property located at 2200 Cemo Circle is under contract and estimated to generate $1.5 million. The District is in negotiations to bring to the market TOD properties located at Calvine Road/Auberry Drive, the sale is estimated to generate a little over $1.6 million. The District is also in negotiations to bring to market TOD properties located at the Power Inn light rail station, which could generate up to $3.9 million, and the property located at Riverside Boulevard is expected to generate $0.5 million. It is expected when all the underutilized properties are built out they will include over 1,000 housing units with retail establishments that are walkable mixed-use communities centered near public transit, which will attract new riders.

Additionally, the District is working with ULI (Urban Land Institute) to market underutilized light rail station and Park and Ride lots to developers. The collaboration with ULI and developers bypasses the traditional approach of working with brokers and advances the creative process to market and develop some of the District's properties.

Fare-Free for Youth

This District has partnered with the Cities of Sacramento, Folsom, Rancho Cordova and also school districts within our service area to offer free fare for students in grades TK through 12 to ride SacRT bus, light rail and SmaRT Ride microtransit services. All youth/students that live in or attend a school within the District's service boundaries as well as foster and homeless youth are eligible for the RydeFreeRT program.

The RydeFreeRT (Ride Free RT) program launched on October 1, 2019. The program is set to run for one year through September 30, 2020. Approximately 220,000 students in grades TK through 12 are eligible to receive the annual pass. Ridership is expected to increase by over 1.1 million boardings annually.

SmaRT Ride

The District will be expanding its SmaRT Ride on-demand microtransit service with new routes in communities across Sacramento County. The Sacramento Transportation Authority awarded the District $12 million in grant funding to expand SmaRT Ride service with new routes to operate in communities across Sacramento County.

Secure Additional Local Funding

The District is working diligently with key stakeholders, community leaders, media, elected officials and developing educational programs to support and secure local, state and federal assistance including, a potential local sales tax initiative in November 2020.

System-wide improvement projects

An assessment of the District's Information Technology department and various hardware and software programs to ensure better integration was completed in August 2019.

Regional Smart Card Phase II

The District, along with the Sacramento Area Council of Governments and seven other transit agencies have embarked on a smart card based regional transit fare payment system named "Connect Card," that serves customers in the Sacramento region. Included in the list of services to be offered by this program is the ability for the customer to pay for fare products online using a credit or debit card and ride all eight transit agencies with one Connect Card.

The District's continued goals are to provide improved customer convenience, fare enforcement, real-time revenue settlement, revenue security, and improvement to ridership counts and improved service quality. Significant progress on the project was made throughout 2019 as the majority of sales outlets were transitioned to the Connect Card from paper fare media. The District is seeing increased utilization monthly and will continue to work towards a full transition during 2020.

The District serves as the Connect Card Regional Service Center (RSC) for the eight-agency transit consortium. The RSC performs all functions of maintaining the infrastructure of the Connect Card system as well as performing all of the revenue and treasury functions.

Fare Vending Machine Replacement

In addition to bringing on new technology to enhance customer buying options, the District has a project to replace 61, more than half, of its older fare vending machines with new machines that will accept debit cards, credit cards, cash, Apple and Google Wallet, distribute Connect Cards and enable ZipPass users to load value on the mobile app. Since many customers still rely on cash, debit and credit options, replacing these old machines with new technology will include faster payment options as well as improve reliability and save costs associated with necessary repairs to maintain their operation.

Automatic Passenger Counter (APC)

The District completed the installation of APC on all of the District's 97 light rail vehicles in August 2019. The APC's ensure a more accurate ridership count which improves planning and help reallocated resources to correspond with demand.

Green Line to the Airport

The Green Line to the Airport light rail extension project is the continuation of the Green Line to the River District (GL-1) across the American River and through the Natomas communities to the Sacramento International Airport.

This major light rail infrastructure project, with many planned components, proposes to add approximately 13 miles of track: 13 light rail stations, including seven with park-and-ride lots; a bridge crossing the American River; and a light duty maintenance facility. The funded scope is limited to the Alternatives Analysis (Complete), the Draft Environmental Impact Statement/Environmental Impact Report (DEIS/EIR) is expected to be completed in late 2019 and advanced conceptual engineering of key areas along the remaining portion of the corridor.

Light Rail Modernization Project

The District was awarded $150 million in funding to modernize the light rail system, including the purchase of 23 new low-floor light rail trains, station modernization and double tracking to Historic Folsom on the Gold Line. Efforts to modernize the light rail vehicles will reduce the District's annual maintenance and repair costs associated with an aging fleet.

The District's Folsom double tracking project will occur between Sunrise Station and the Historic Folsom Station. The single tracking that is currently in place restricts light rail trains to 30 minute service frequencies, but double tracking will allow for 15 minute service as well as ease congestion around the Gold Line along the Highway 50 corridor. The complete project approval and the environmental document are to be completed in Fiscal Year 2020, the project is estimated to be complete by summer 2021.

Electric Vehicles

The District will be developing a Zero Emission Fleet Conversion Plan in 2020 which will guide the District to plan for the transition to a 100% zero emission bus (ZEB) fleet by 2040, as is required by the California Air Resources Board new Innovative Clean Transit regulation.

One of the major projects is working with UC Davis, Yolo County and Electrify America (EA) for the Green Cities initiative. An EA grant provided funding for 15 electric buses and charging infrastructure. Out of the 15, 12 are 40-foot buses for service between UC Davis and downtown UC Medical Center beginning in April 2020.

The District's microtransit and Sacramento International Airport electric bus project. Nine ZEB microtransit vehicles and charging infrastructure to support those vehicles are in place. Construction of charging infrastructure to support new battery electric big bus service to the Airport is anticipated to begin in summer 2020, with 3 big buses to be delivered in 2021.

Balanced Funding Concepts

While the District has extensive plans for future expansion and improvement of light rail and bus services, it faces significant capital replacement and infrastructure maintenance needs for its existing bus and light rail systems. As a result, it is increasingly important to ensure the availability of financial resources to maintain existing levels of service and to fund capital and operating expenditures related to proposed expansion and service improvements. The 25-year vision balances high-priority needs with potential funding. There are three major sources of funding:

- Locally controlled federal and state funding sources (funding given to local governments and agencies to spend on their priority projects)
- Federal discretionary funding sources (designated by the federal government for a specific project)
- Locally raised money (from county sales tax and development fees)

Most of the federal and state revenues that the District receives are generated by the Section 5307/5309/5337 federal transit funds and the state transportation account, rather than general funds.

The District has specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. The required continuing disclosure items and their locations within the CAFR are presented on page 92.

The District maintains three Retirement Plans for the benefit of its employees. The three Plans are ATU, IBEW, and Salaried. The Salaried Plan is made up of members from AFSME, AEA, and MCEG. Each year, an independent actuary engaged by the respective Retirement Boards calculates the amount of the annual contribution that the District must make to the Trusts to ensure that each retirement plan will be able to fully meet its obligations to retired employees on a timely basis. The District fully funds each year's actuarially determined contribution to the Trusts.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state or local government financial reports. This was the 19th consecutive year that the District has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of several departments and the tireless efforts of the finance department staff. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report, with special thanks to Paul Selenis, Accounting Manager; Jamie Adelman, AVP, Finance and Treasury; Nadia Mokhov, Senior Financial Analyst, Maria Whitworth, Senior Administrative Assistant.

Henry Li
General Manager/CEO

Brent Bernegger
VP, Finance/CFO

SACRAMENTO REGIONAL TRANSIT DISTRICT
CERTIFICATE OF ACHIEVEMENT
FISCAL YEAR ENDED JUNE 30, 2018

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Regional Transit District

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

SACRAMENTO REGIONAL TRANSIT DISTRICT
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2019

Board of Directors

Patrick Kennedy, County of Sacramento, **Chair**
Steve Hansen, City of Sacramento, **Vice Chair**
Linda Budge, City of Rancho Cordova
Jeff Harris, City of Sacramento
Kerri Howell, City of Folsom
Pat Hume, City of Elk Grove
Rick Jennings, II, City of Sacramento
Steve Miller, City of Citrus Heights
Don Nottoli, County of Sacramento
Jay Schenirer, City of Sacramento
Phil Serna, County of Sacramento

Board of Directors Alternates

Steven Detrick, City of Elk Grove
Mike Kozlowski, City of Folsom
Jeff Slowey, City of Citrus Heights
David Sander, City of Rancho Cordova

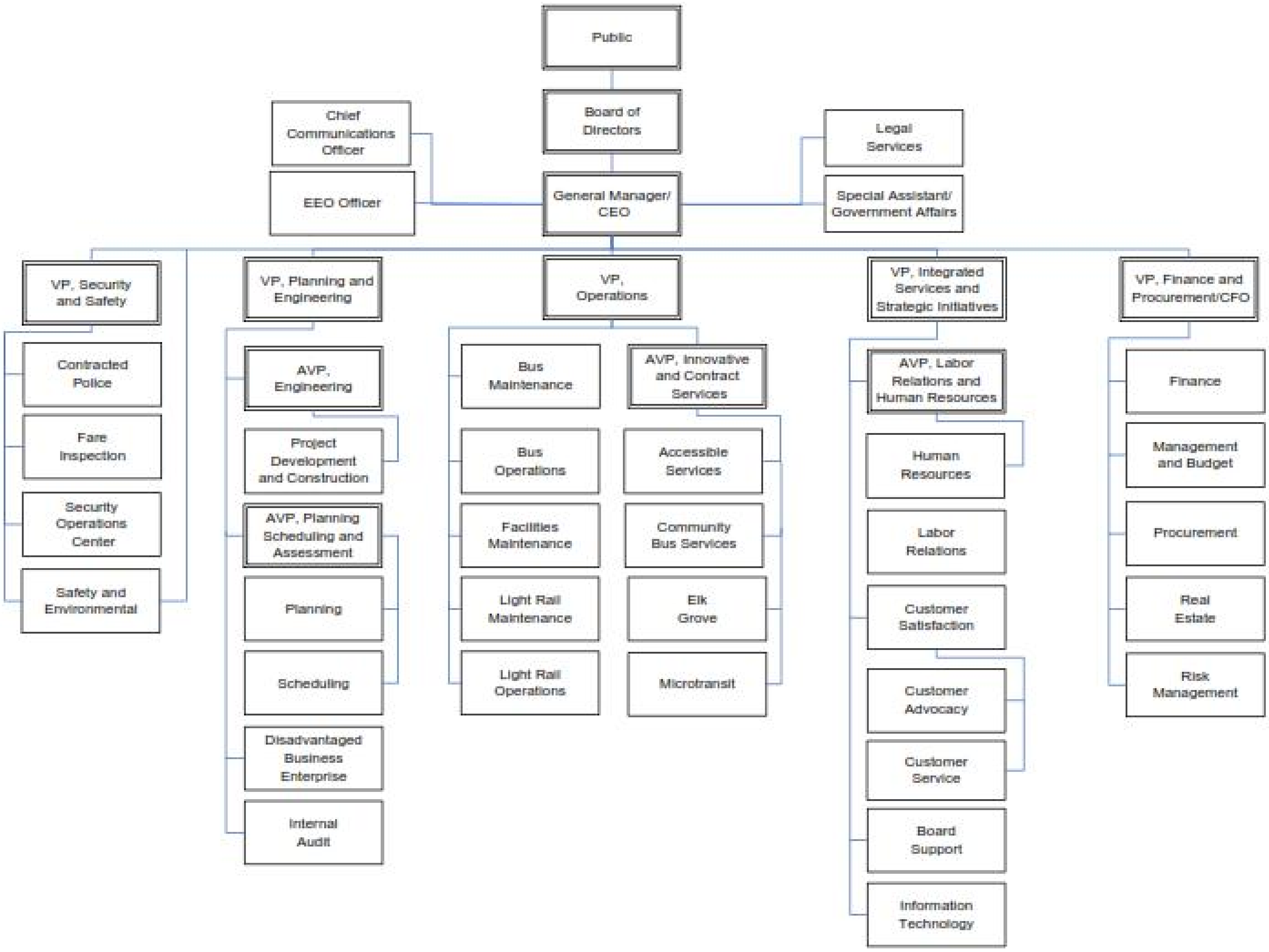
General Manager/CEO

Henry Li

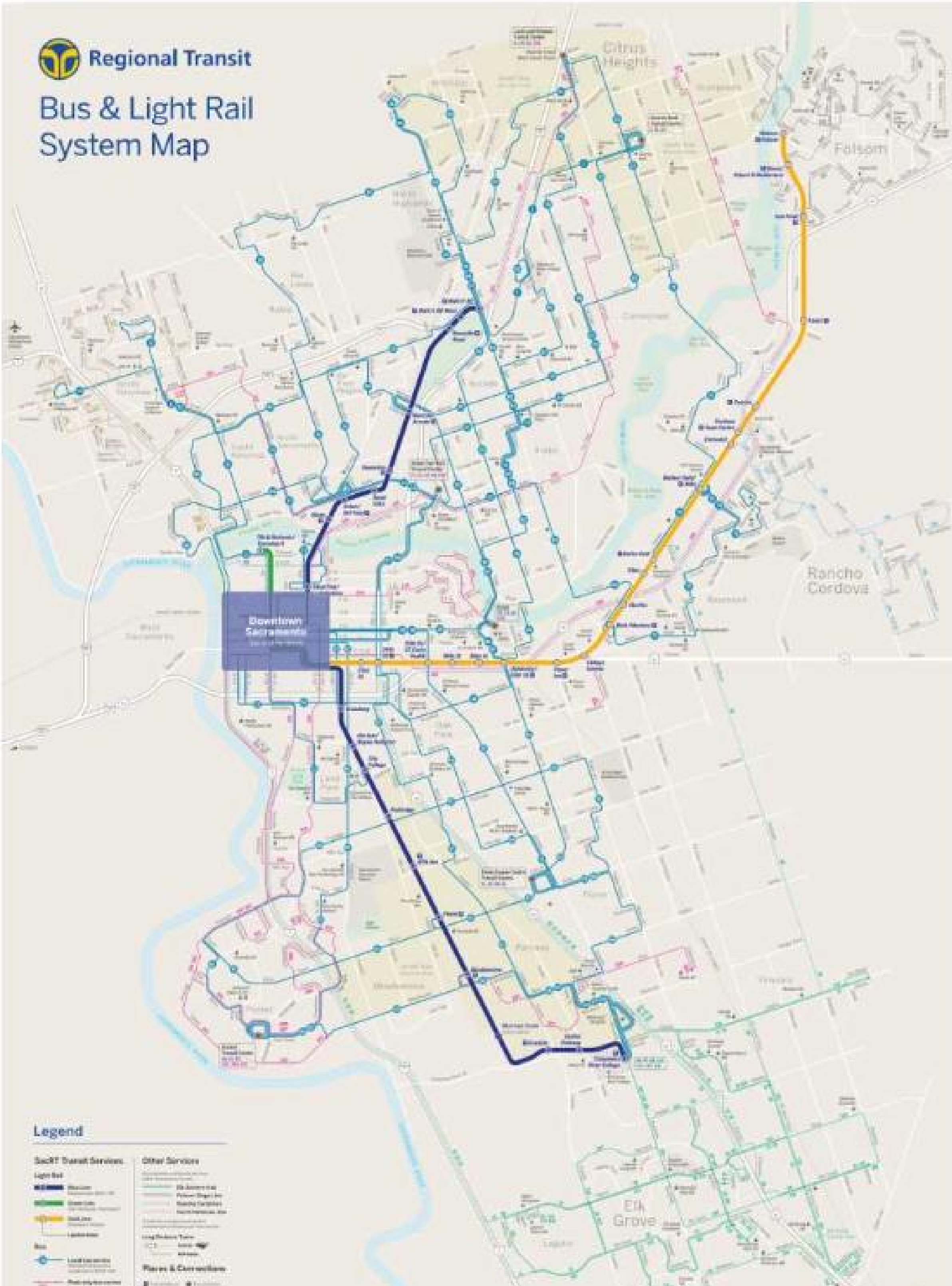
Executive Management Team

Brent Bernegger, Vice President, Finance/Chief Financial Officer
Doug Cook, Vice President, Operations
Laura Ham, Vice President, Planning and Engineering
Justin Risley, Vice President, Security and Safety (Acting)
Shelly Valenton, Vice President, Integrated Services and Strategic Initiatives

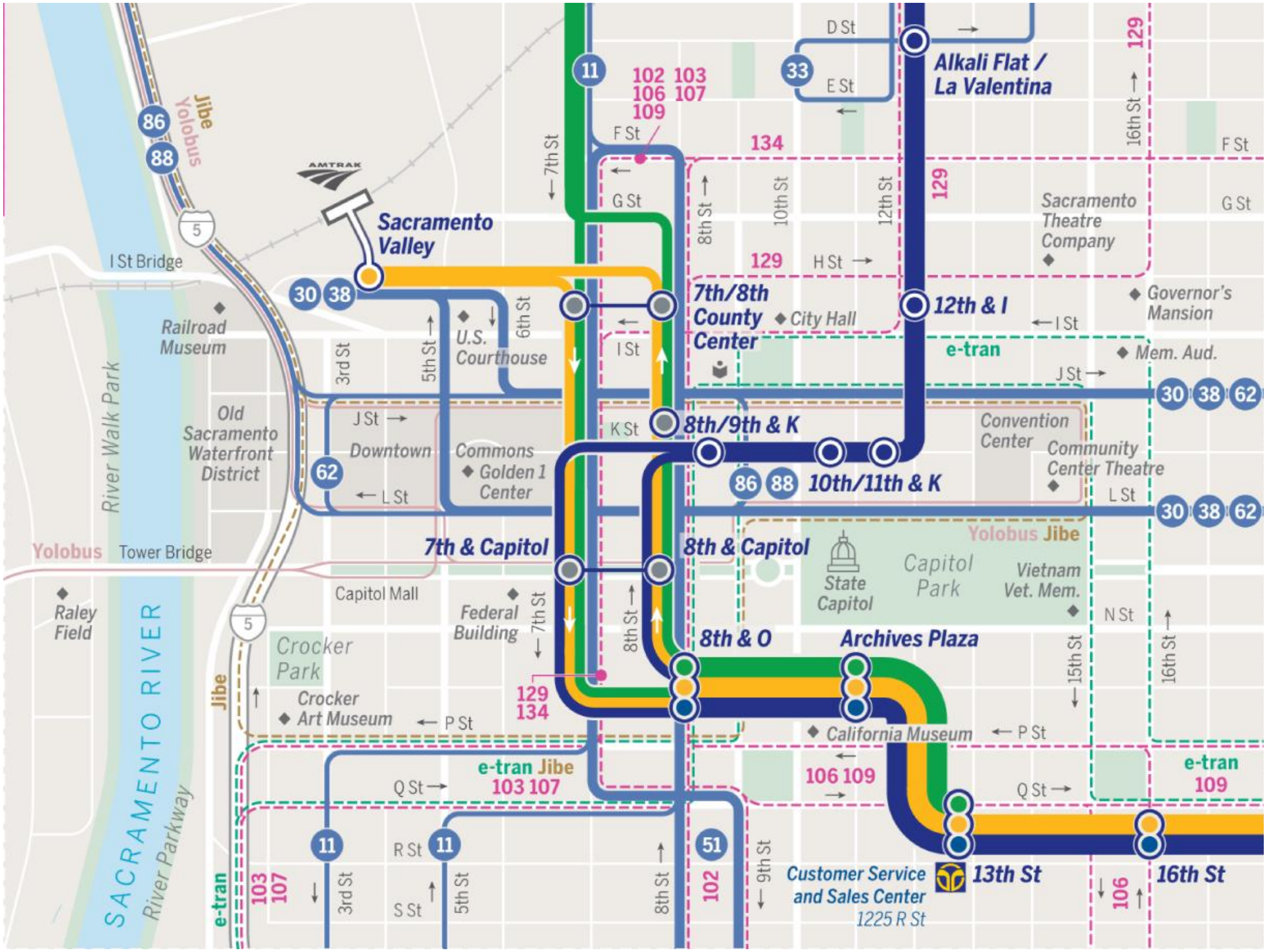
SACRAMENTO REGIONAL TRANSIT DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2019



SACRAMENTO REGIONAL TRANSIT DISTRICT
SERVICE AREA MAP



SACRAMENTO REGIONAL TRANSIT DISTRICT
SERVICE AREA MAP



Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Sacramento Regional Transit District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, the schedules of District pension contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of District OPEB contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 District's basic financial statements. The accompanying introductory section, schedule of connect card consortium balances, schedule of connect card consortium activities, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, schedule of connect card consortium balances, schedule of connect card consortium activities, and statistical section 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 15, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the Sacramento Regional Transit District (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities for the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter and financial statements which are included in this report.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2019 by $776,044,066 (net position). Of this amount $821,609,938 is net investment in capital assets, $3,434,872 is restricted for debt service, and $(49,000,744) is unrestricted. The District's negative unrestricted net position is the result of recording its net pension and net Other Post-Employment Benefits (OPEB) liabilities per GASB Statements No. 68. and No. 75, respectively.

- The District's total net position decreased for the year ended June 30, 2019 by 2.3 percent, or $18,478,027 compared to the year ended June 30, 2018. This decrease is primarily depreciation on District assets, which was mitigated by capital contributions provided for the acquisition of new District assets.

- The District's total liabilities and deferred inflows of resources increased by $2,808,319 for the fiscal year ended June 30, 2019. The net increase is primarily attributed to an increase in the net pension liability resulting from changes in actuarial assumptions and an increase in casualty and liability claims reserves as a result of a large claim. This increase was partially mitigated by a decrease in line of credit borrowing due to both improved cash flow management including the use of surplus funds as working capital and increased sales tax generated local grant revenues as well as the use of advanced grant funding for the District's radio communication system upgrade, service to the Golden1 Center and increased frequency of light rail service to Folsom.

- During the fiscal year ended June 30, 2019, fare revenue decreased by $1,847,799 or 6.8 percent from the fiscal year ended June 30, 2018. This is attributed to a Board approved fare reduction which commenced in October 2018. Non-operating revenue increased by $8,500,299 or 5.7 percent in fiscal year 2019 due to increases in sales tax generated Local Transportation and Measure A funds.

- Total operating costs increased by $13,332,089 or 6.4 percent for the fiscal year ended June 30, 2019. This increase is due to labor and fringe benefits and casualty and liability costs. The increase in labor and fringe benefits is due to a rise in labor costs resulting from contractual rate escalation, the increased use of overtime to fulfill service obligations, and an increase in the District's actuarially determined pension contribution. Casualty and liability costs increased as a result of the rise in claims reserves primarily due to one large claim.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Basic Financial Statements – The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The statement of revenues, expenses and changes in net position presents information showing how the District's net position changed during the fiscal year ended June 30, 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (such as the receipt of goods and services or submittal of claims for capital and operating revenue), regardless of the timing of related cash flows. In other words, the District reports expenses and revenues on an accrual basis rather than a cash basis. Since the District's primary function is to provide transportation services to the region's citizens and recover costs through user fees and charges, the financial statements include business-type activities. The District serves in a fiduciary capacity for the pension trust funds. The fiduciary fund statements are presented on an accrual basis and are included in these financial statements. The resources of the fiduciary funds are not available to support District programs.

The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the financial statements.

Statistical Section – In addition to the basic financial statements, this report also includes a statistical section of selected financial information over a 10-year period when available.

Analysis of the Financial Statements

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $776,044,066.

The vast majority of the District's total net position reflects investment in capital assets, less any related debt and unused proceeds used to acquire those assets still outstanding. These capital assets are used to provide bus and light rail services to the greater Sacramento area. Consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, resources are needed to repay this debt and must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The decrease in net position is primarily the result depreciation of District assets.

The District's negative unrestricted net position is attributed to recording its net pension and net OPEB liabilities per GASB Statements No. 68 and No. 75, respectively.

SACRAMENTO REGIONAL TRANSIT DISTRICT
NET POSITION

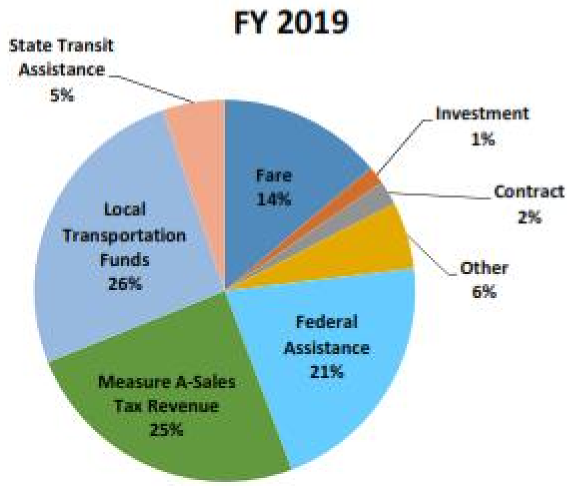
	June 30, 2019	June 30, 2018	Increase or (Decrease) Dollar	Percent
Current and Other Assets	$ 179,080,814	$ 170,912,199	$ 8,168,615	4.8%
Capital Assets	879,381,275	910,099,446	(30,718,171)	(3.4)%
Total Assets	1,058,462,089	1,081,011,645	(22,549,556)	(2.1)%
Deferred Outflows of Resources	50,074,044	43,194,196	6,879,848	15.9%
Current Liabilities	55,883,961	48,131,102	7,752,859	16.1%
Non-Current Liabilities	263,928,264	266,842,492	(2,914,228)	(1.1)%
Total Liabilities	319,812,225	314,973,594	4,838,631	1.5%
Deferred Inflows of Resources	12,679,842	14,710,154	(2,030,312)	(13.8)%
Net Position				
Net Investment in Capital Assets	821,609,938	852,174,010	(30,564,072)	(3.6)%
Restricted for:				
Debt Service	3,434,872	3,483,942	(49,070)	(1.4)%
Unrestricted	(49,000,744)	(61,135,859)	12,135,115	(19.8)%
Total Net Position	$ 776,044,066	$ 794,522,093	$ (18,478,027)	(2.3)%

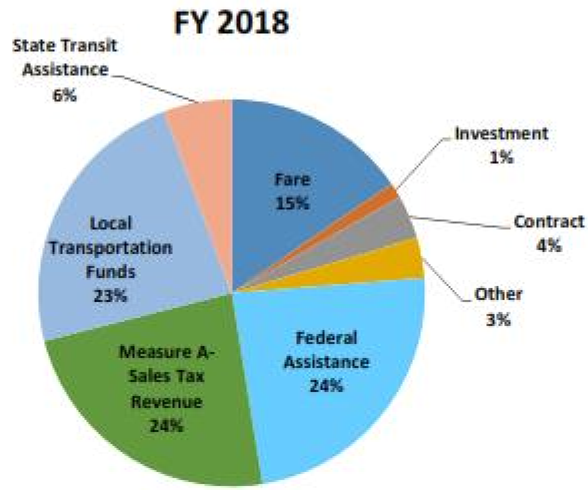
SACRAMENTO REGIONAL TRANSIT DISTRICT
REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	June 30, 2019	June 30, 2018	Increase or (Decrease) Dollar	Percent
Operating Revenue				
Fares	$ 25,428,432	$ 27,276,231	$ (1,847,799)	(6.8)%
Non-Operating Revenues				
Operating Assistance	142,698,833	135,085,014	7,613,819	5.6%
Investment Income	2,752,748	2,222,982	529,766	23.8%
Other Revenue	11,757,743	11,401,029	356,714	3.1%
Total Operating and Non-Operating Revenue	182,637,756	175,985,256	6,652,500	3.8%
Operating and Non-Operating Expenses				
Labor & Fringe Benefits	116,996,809	110,544,882	6,451,927	5.8%
Professional & Other Services	27,347,762	27,118,706	229,056	0.8%
Spare Parts & Supplies	12,138,843	10,841,405	1,297,438	12.0%
Utilities	6,761,302	6,994,536	(233,234)	(3.3)%
Casualty & Liability Costs	14,011,317	9,299,744	4,711,573	50.7%
Depreciation	43,359,261	43,125,921	233,340	0.5%
Other	2,847,479	2,355,417	492,062	20.9%
Indirect Costs Allocated to Capital Programs	(309,409)	(459,336)	149,927	(32.6)%
Interest Expense	2,745,310	2,706,757	38,553	1.4%
Pass through to Subrecipients	2,837,820	4,644,848	(1,807,028)	(38.9)%
Professional and Other Services Funded By Others	4,447,642	7,324,632	(2,876,990)	(39.3)%
Total Operating and Non-Operating Expenses	233,184,136	224,497,512	8,686,624	3.9%
Loss Before Capital Contributions	(50,546,380)	(48,512,256)	(2,034,124)	4.2%
Capital Contributions				
State and Local	24,306,783	16,803,544	7,503,239	44.7%
Federal	2,371,128	4,132,518	(1,761,390)	(42.6)%
Total Capital Contributions	26,677,911	20,936,062	5,741,849	27.4%
Decrease in Net Position Before Special Item	(23,868,469)	(27,576,194)	3,707,725	(13.4)%
Special Item: Transfer of Operations	5,390,442	-	5,390,442	
Decrease in Net Position	(18,478,027)	(27,576,194)	9,098,167	(33.0)%
Net Position, beginning of year	794,522,093	822,098,287	(27,576,194)	(3.4)%
Net Position, end of year	$ 776,044,066	$ 794,522,093	$ (18,478,027)	(2.3)%

SACRAMENTO REGIONAL TRANSIT DISTRICT
REVENUES BY SOURCE

Operating Revenue by Source





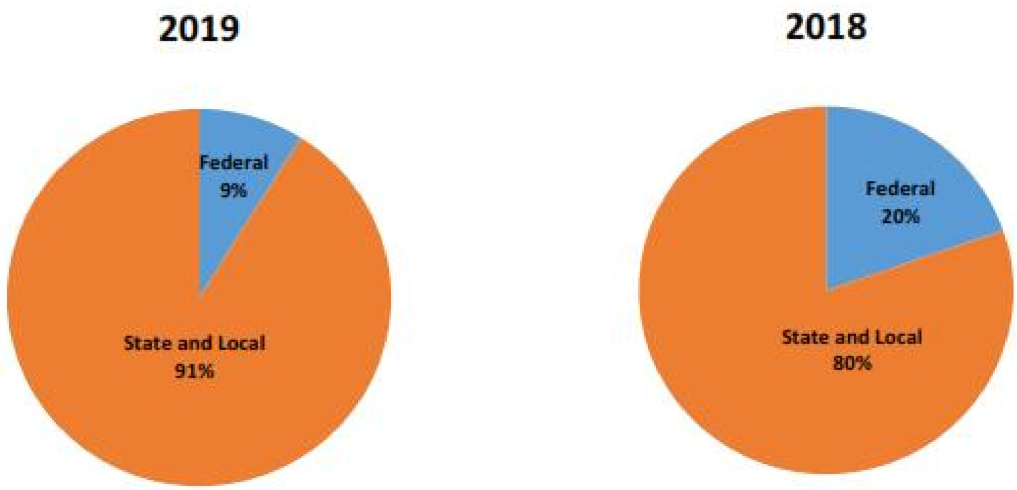
The significant changes in Operating Revenue by Source are described below:

Fares, investment income, contracted services, and other revenue decreased by a combined $961,319 for the fiscal year ended June 30, 2019 or 2.4 percent. The decrease is primarily attributed to a Board approved fare reduction in October 2018.

Operating assistance increased by $7,613,819 or 5.6 percent for the fiscal year ended June 30, 2019 due to both an increase in sales tax receipts available for Local Transportation and Measure A funds and the recognition of Transportation Development Act funds for the annexed transit operations of the Cities of Citrus Heights and Folsom that occurred on January 1, 2019.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REVENUES BY SOURCE

Capital Revenue by Source

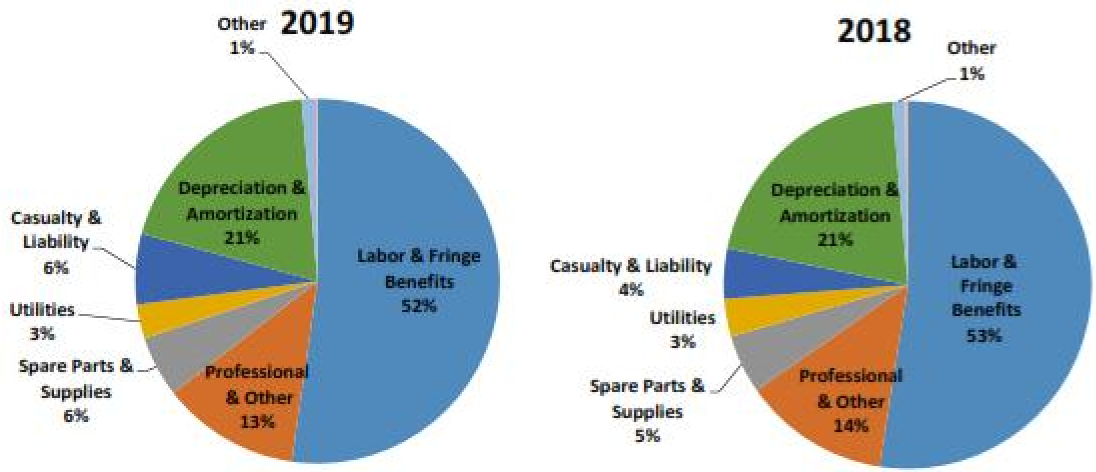


The significant changes in Capital Revenue by Source are described below:

The majority of construction and acquisition activities are funded with capital contributions from other governmental units such as federal, state, and local agencies. Capital contributions increased by $5,741,849 million or 27.4 percent during the fiscal year ended June 30, 2018. The increase for the fiscal year ended June 30, 2019 is the result of the availability of a full fiscal year of Senate Bill 1 (SB1) funds and allocating a portion of State Transit Assistance funds to capital projects.

SACRAMENTO REGIONAL TRANSIT DISTRICT
OPERATING EXPENSES

Operating Expenses by Source



The significant changes in Operating Expenses by Source are described below:

Total operating costs increased by $13,332,089 or 6.3 percent for the fiscal year ended June 30, 2019. This increase is due to labor and fringe benefits and casualty and liability costs. The increase in labor and fringe benefits is due to a rise in labor costs resulting from contractual rate escalation, the increased use of overtime to fulfill service obligations, and an increase in the District's actuarially determined pension contribution. Casualty and liability costs increased as a result of the rise in claims reserves primarily due to one large claim.

SACRAMENTO REGIONAL TRANSIT DISTRICT
FISCAL YEAR 2019
STATEMENT OF REVENUES AND EXPENSES BY FUNDING DESIGNATION

Statement of Revenues and Expenses	FY 2019 Funding Designation		
	Operations	Capital Improvement Program, GASB 68 & 75 and Special Item	Total
OPERATING REVENUES (Fares)	**$ 25,428,432**	**$ -**	**$ 25,428,432**
OPERATING EXPENSES			
Labor and Fringe Benefits	116,035,053	961,756	116,996,809
Professional and Other Services	23,589,140	3,758,622	27,347,762
Spare Parts and Supplies	10,843,913	1,294,930	12,138,843
Utilities	6,761,302	-	6,761,302
Casualty and Liability Costs	14,011,317	-	14,011,317
Depreciation	-	43,359,261	43,359,261
Indirect Costs Allocated to Capital Programs	(309,409)	-	(309,409)
Other	2,847,479	-	2,847,479
Total Operating Expenses	**173,778,795**	**49,374,569**	**223,153,364**
Loss from Operations	**(148,350,363)**	**(49,374,569)**	**(197,724,932)**
NON-OPERATING REVENUES (EXPENSES)			
Operating Assistance			
State and Local	104,030,786	-	104,030,786
Federal	35,750,251	2,917,796	38,668,047
Investment Income	2,661,850	90,898	2,752,748
Interest Expense	(2,613,643)	(131,667)	(2,745,310)
Pass Through to Subrecipients	-	(2,837,820)	(2,837,820)
Professional and Other Services Funded by Others	-	(4,447,642)	(4,447,642)
Contract Services	3,730,930	-	3,730,930
Other	8,086,836	(60,023)	8,026,813
Total Non-operating Revenues (Expense)	**151,647,010**	**(4,468,458)**	**147,178,552**
Loss Before Capital Contributions	**3,296,647**	**(53,843,027)**	**(50,546,380)**
Capital Contributions			
State and Local	-	24,306,783	24,306,783
Federal	-	2,371,128	2,371,128
Total Capital Contributions	**-**	**26,677,911**	**26,677,911**
Special Item: Transfer of Operations	**-**	**5,390,442**	**5,390,442**
Change in Net Position	**$ 3,296,647**	**$ (21,774,674)**	**$ (18,478,027)**

The Comprehensive Annual Financial Report ("CAFR") presentation differs from the District's operating and capital budgets in that the CAFR combines both operating and capital activities. To assist the

District's Board and readers in their review, a Statement of Revenues and Expenses By Funding Designation is provided to show the District's operating and capital funds separately. As of June 30, 2019, the District's operating results were as follows: $25,428,432 in fare revenues, $173,778,795 in operating expenses, and $151,647,010 in non-operating revenues, resulting in a $3,296,647 operating surplus. Additional information regarding the Statement Of Revenues By Funding Designation can be found in the District's 2019 CAFR Issue Paper.

Analysis of the District's Financial Position

The District's net position provides information on near term inflows, outflows, and balances of spendable resources. The District is reporting net position as of June 30, 2018 of $776,044,066, a decrease of $18,478,027 or 2.3 percent.

Capital Asset and Long-Term Debt Activity

As of June 30, 2019, the District's investment in various capital assets, such as bus and light rail vehicles, facilities, land, buildings and equipment decreased to $879,381,275 from $910,099,446 representing a 3.4 percent decrease as depreciation exceeded capital acquisition activity. Additional information on capital assets can be found in Footnote 3 to the financial statements.

The District's Farebox Revenue Bonds decreased by $175,532 for the fiscal year ended June 30, 2019 or 0.3 percent. As of June 30, 2019, the $50,666,232 balance represents what remains of the $86,865,000 of Farebox Revenue Bonds, Series 2012, issued in the fiscal year 2013 to primarily fund construction on the South Line Phase 2 light rail extension. The District recorded a liability and a corresponding asset of $45,028,404 as of June 30, 2019, resulting from its participation in three Lease/Leaseback transactions. Additional information on debt activity can be found in Footnotes 4 and 6 to the financial statements.

The District's loan payable at June 30, 2019 includes $13,988,074 originally received in November 2013 from the Public Transportation Account (PTA). The loan was extended by the State to temporarily replace a Federal Transit Administration grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the California Public Employee Pension Reform Act of 2013 (PEPRA). Additional information on long-term debt can be found in Footnote 6 to the financial statements.

Current Economic Factors and Conditions

The District has plans for future expansion and improvement of light rail and bus services. As of June 30, 2019, the District has construction contracts and property acquisition commitments of approximately $30,102,835.

Request for Information

Please address all questions or requests for additional information to the Finance and Treasury Department, Attention: Chief Financial Officer, Sacramento Regional Transit District, 1400 29th Street, PO Box 2110, Sacramento CA 95812-2110.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	13,992,233
Restricted Cash and Cash Equivalents		4,316,659
Investments		324,055
Receivables:		
State and Local Government		14,857,765
Federal Government		49,748,081
Other		6,250,544
Spare Parts and Supplies Inventory		23,753,153
Other Current Assets		12,338
Total Current Assets		113,254,828
Non-Current Assets:		
Restricted Cash and Cash Equivalents		17,816,429
Investments		2,981,153
Deposits for Lease/Leaseback Payable		45,028,404
Non-Depreciated Capital Assets		123,699,053
Depreciated Capital Assets, Net		755,682,222
Total Non-Current Assets		945,207,261
Total Assets		1,058,462,089
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows from Pension		39,813,351
Deferred Outflows from Other Post Employment Benefits		3,292,735
Deferred Outflows: Loss on Refunding		6,967,958
Total Deferred Outflows of Resources		50,074,044
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	1,108,536,133

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2019

LIABILITIES		
Current Liabilities:		
Line of Credit	$	6,200,000
Accounts Payable		8,625,945
Other Accrued Liabilities		4,354,141
Compensated Absences		7,970,734
Interest Payable		1,109,712
Unearned Revenue		1,607,635
Advances from Other Governments		2,707,331
Claims Payable		9,532,357
Loan Payable		12,738,074
Revenue Bonds		1,038,032
Total Current Liabilities		55,883,961
Long-Term Liabilities:		
Compensated Absences		2,286,342
Advances from Other Governments		14,240,255
Claims Payable		15,581,002
Revenue Bonds		49,628,200
Loan Payable		1,250,000
Lease/Leaseback Payable		45,028,404
Net Pension Liability		114,660,608
Net Other Post Employment Benefit Liability		21,253,453
Total Long-Term Liabilities		263,928,264
Total Liabilities		319,812,225
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Other Post Employment Benefits		639,295
Deferred Gain on Lease/Leaseback		6,506,324
Deferred Inflows from Pension		5,534,223
Total Deferred Inflows of Resources		12,679,842
NET POSITION		
Net Investment in Capital Assets		821,609,938
Restricted for:		
Debt Service		3,434,872
Unrestricted		(49,000,744)
Total Net Position		776,044,066
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	1,108,536,133

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Fares	$ 25,428,432
OPERATING EXPENSES	
Labor and Fringe Benefits	116,996,809
Professional and Other Services	27,347,762
Spare Parts and Supplies	12,138,843
Utilities	6,761,302
Casualty and Liability Costs	14,011,317
Depreciation	43,359,261
Indirect Costs Allocated to Capital Programs	(309,409)
Other	2,847,479
Total Operating Expenses	223,153,364
Operating Loss	(197,724,932)
NON-OPERATING REVENUES (EXPENSES)	
Operating Assistance:	
State and Local	104,030,786
Federal	38,668,047
Investment Income	2,752,748
Interest Expense	(2,745,310)
Pass-Through to Subrecipients	(2,837,820)
Professional and Other Services-Funded	(4,447,642)
Contract Services	3,730,930
Other	8,026,813
Total Non-Operating Revenues	147,178,552
Loss Before Capital Contributions	(50,546,380)
Capital Contributions:	
State and Local	24,306,783
Federal	2,371,128
Total Capital Contributions	26,677,911
Decrease in Net Position Before Special Item	(23,868,469)
Special Item: Transfer of Operations	5,390,442
Decrease in Net Position	(18,478,027)
Net Position, beginning of year	794,522,093
Net Position, end of year	$ 776,044,066

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 24,231,276
Cash Received from Contract Sources	3,730,930
Cash Paid to Suppliers	(62,713,173)
Cash Paid to Employees and Employee Benefits	(115,800,907)
Cash Received from Other Sources	8,776,813
Net Cash Used in Operating Activities	(141,775,061)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Receipts	102,374,588
Federal Receipts	38,630,464
Payments Pass-Through to Subrecipients	(2,837,820)
Advances on the Line of Credit	77,600,000
Payments on the Line of Credit	(85,900,000)
Net Cash Provided by Noncapital Financing Activities	129,867,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(11,548,585)
Interest Paid	155,695
Proceeds from Sale of Capital Assets Receipts	(60,023)
State and Local Capital Grants Receipts	21,348,725
Federal Capital Grants	3,603,058
Net Cash Provided by Capital and Related Financing Activities	13,498,870
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	837,633
Purchases of Investments	(896,930)
Investment Income	553,540
Net Cash Provided by Investing Activities	494,243
Net Increase in Cash and Cash Equivalents	2,085,284
Cash and Cash Equivalents, July 1	34,040,037
Cash and Cash Equivalents, June 30	$ 36,125,321
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 13,992,233
Restricted Cash and Cash Equivalents, Current	4,316,659
Restricted Cash and Cash Equivalents, Non-Current	17,816,429
Total Cash and Cash Equivalents	$ 36,125,321

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CASH FLOWS – BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Operating Loss	$ (197,724,932)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used in Operating Activities:	
Depreciation	43,359,261
Professional and Other Services- Nonoperating Expense	(4,447,642)
Contract Services- Nonoperating Income	3,730,930
Miscellaneous Nonoperating Income	8,776,813
Effect of Changes in:	
Other Receivables	(1,149,046)
Spare Parts and Supplies Inventory	(138,590)
Other Current Assets	16,067
Accounts Payable and Accrued Liabilities	(2,157,037)
Compensated Absences and Other	(75,263)
Unearned Revenue	(48,110)
Claims Payable	7,120,732
Net Pension Liability and Related Deferred Inflows and Outflows	1,373,832
Net OPEB Liability and Related Deferred Inflows and Outflows	(412,076)
Net Cash Used in Operating Activities	$ (141,775,061)

NON-CASH INVESTING AND FINANCING ACTIVITIES

Interest Income from Investments Held to Pay Lease/Leaseback	$ 2,197,465
Interest Expense on Capital Lease/Leaseback	(2,197,465)
Capital Assets Included in Accounts Payable	1,312,228
Capital Contributions Included in Receivables	18,872,217

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2019

ASSETS		
Cash and Cash Equivalents	$	10,781,293
Receivables:		
Securities sold		1,623,067
Interest and dividends		567,946
Other receivables and prepaids		295,529
Total Receivables		2,486,542
Investments:		
Equity securities		188,933,546
Fixed income securities		102,689,387
Total Investments		291,622,933
Total Assets		304,890,768
LIABILITIES		
Securities purchased payable		6,710,238
Accounts payable		795,620
Total Liabilities		7,505,858
NET POSITION RESTRICTED FOR PENSION BENEFITS	$	297,384,910

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ADDITIONS	
Contributions:	
Employer	$ 20,336,135
Member	896,421
Change in bargaining group	343,707
Total Contributions	21,576,263
Net Investment Income:	
Net appreciation in fair value of investments	12,644,237
Interest, dividends, and other income	5,819,512
Investment expenses	(1,319,202)
Net Investment Income	17,144,547
Total Additions	38,720,810
DEDUCTIONS	
Benefits paid to participants	23,697,942
Change in bargaining group	343,707
Administrative expenses	769,026
Total Deductions	24,810,675
Increase in Net Position	13,910,135
Net Position, Restricted for Pension Benefits - Beginning of Year	283,474,775
Net Position, Restricted for Pension Benefits - End of Year	$ 297,384,910

See accompanying notes to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The Sacramento Regional Transit District (District) was established in 1973 pursuant to the Sacramento Regional Transit District Act. The District has the responsibility to develop, maintain, and operate a public mass transit transportation system for the benefit of the residents of the Sacramento area. The District is governed by a Board of Directors appointed by the Sacramento City Council, the Sacramento County Board of Supervisors, the Elk Grove City Council, the Citrus Heights City Council, the Rancho Cordova City Council, and the Folsom City Council.

As required by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and its amendment GASB No. 61, the District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity has a significant operational and financial relationship with the District.

The District has determined that no other outside entity meets the above criteria and, therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that has such a relationship to the District that would result in the District being considered a component unit of that other entity.

BASIS OF PRESENTATION

The accounts of the District are organized and operated on the basis of funds, each of which is considered an independent fiscal and accounting entity. The activities of each fund are accounted for with a separate set of self-balancing statements that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses, as appropriate. These statements distinguish between the business-type and fiduciary activities of the District. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's statements are organized into the following fund types:

Proprietary Fund Type

The ***Enterprise Fund*** distinguishes operating revenues and expenses from non-operating items. The District's operating revenues are generated directly from its transit operations and consist principally of passenger fares. Operating expenses for the transit operations include all costs related to providing transit services. These costs include labor, fringe benefits, materials, supplies, services, utilities, leases, rentals, and depreciation on capital assets. All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Unrestricted net position for the enterprise fund represents the net position available for future operations.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Type

The ***Pension Trust Funds*** are used to account for assets held by the District in a trustee capacity. The District maintains the following Pension Trust Funds:

The Amalgamated Transit Union (ATU) Local 256 Retirement Plan Fund (ATU Plan) accounts for the retirement funds of members of ATU Local 256.

The International Brotherhood of Electrical Workers (IBEW) Local 1245 Member Retirement Plan Fund (IBEW Plan) accounts for the retirement funds of members of IBEW Local 1245.

The Salaried Employees Retirement Plan Fund (Salaried Plan) accounts for the retirement funds of the District's salaried employees.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund and the pension trust funds are accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of increased/decreased net position. The accrual basis of accounting is used for the enterprise fund and the pension trust funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. District contributions to the pension trust funds are recognized in the period in which contributions are due, while benefits and refunds are recognized when due and payable in accordance with the pension trust funds plan agreements.

BUDGETARY INFORMATION

State law requires the adoption of an annual budget for the enterprise fund, which must be approved by the Board of Directors. The budget is prepared on an accrual basis. Budgetary control is maintained at several levels. The legal level of control is at the fund level. The Board of Directors authorizes budget amendments to the fund level. Line item reclassification amendments to the budget must be authorized by the responsible manager. Operating expenses are monitored by department managers who are assigned responsibility for controlling their budgets. Emphasis is placed on the total budget for the division. Capital expenses operate under the control of a project-to-date budget.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

INVESTMENTS

Investments consist of securities or other assets that the District holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. Investments are recorded at fair value.

RESTRICTED ASSETS

Restricted assets consists of monies and other resources, the use of which is legally restricted for capital projects and debt service.

RECEIVABLES

Receivables are reported at present value less the estimated portion that is estimated to be uncollectible. As of June 30, 2019, management has estimated that no allowance for uncollectible accounts is needed.

INVENTORIES

Inventories are stated at average cost and charged to expense at the time individual items are withdrawn from inventory (consumption method). Inventory consists primarily of parts and supplies relating to transportation vehicles and facilities.

CAPITAL ASSETS

Capital assets are stated at historical cost. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs is charged to operations as incurred. Infrastructure, which includes light rail vehicle tracks, has been capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related properties. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings and improvements	30 to 50 years
Buses and maintenance vehicles	4 to 12 years
Light-rail structures and light rail vehicles	25 to 45 years
Other operating equipment	5 to 15 years

No depreciation is provided on construction in progress until construction is completed and the asset is placed in service. It is the District's policy to capitalize all capital assets with an individual cost of more than $5,000 and a useful life in excess of one year.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

The District's policy allows employees to accumulate earned unused vacation and sick leave which can be paid to employees upon separation from the District. These compensated absences are reported and accrued as a liability in the period incurred.

The current portion of the compensated absences is estimated by applying a percentage to the end of the year compensated absences liability. The percentage is calculated by dividing the vacation and sick leave that was liquidated (used/cashed out) during the year by the beginning vacation and sick leave balance.

FEDERAL, STATE, AND LOCAL GRANT FUNDS

Grants are accounted for in accordance with the purpose for which the funds are intended. Approved grants for the acquisition of land, buildings, and equipment are recorded as capital contributions as the related grant conditions are met. Approved grants for operating assistance are recorded as revenues in the year in which the related grant conditions are met.

Advances received on grants are recorded as a liability until related grant conditions are met. The Transportation Development Act (TDA) provides that any funds not earned and not used may be required to be returned to their source.

When both restricted and unrestricted resources are available for the same purpose, the District uses restricted resources first.

SELF-INSURANCE AND CLAIMS PAYABLE

The District is self-insured up to specified limits for workers' compensation claims, general liability claims, and major property damage. The District accrues the estimated costs of the self-insured portion of claims in the period in which the amount of the estimated loss is incurred.

PENSION

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the ATU Plan, IBEW Plan and Salaried Plan (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds to employee contributions) are recognized when due and payable in accordance with the benefit terms.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the California Employers' Retiree Benefit Trust Program (CERBT) and additions to/deductions from CERBT's fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

SPECIAL ITEM - TRANSFER OF OPERATIONS

Under an annexation agreement between the City of Folsom (City) and the District, the City agreed to combine its public transit service with the District. The transfer of operations included all the assets of the City's transit fund consisting of cash, state grant revenue receivables, and rolling stock. The carrying value of the net position transferred as of the transfer date was determined to be $5,390,442.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEW PRONOUNCEMENTS

In 2019, the District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This primary objective of this statement is to improve the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities the District should include when disclosing information related to debt.

2. CASH AND INVESTMENTS

The total cash and investments as of June 30, 2019, are reported in the accompanying basic financial statements as follows:

	Enterprise Fund	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	$ 13,807,036	$ -	$ 13,807,036
Cash on hand	185,197	-	185,197
Investments	3,305,208	-	3,305,208
Total unrestricted	17,297,441	-	17,297,441
Restricted:			
Cash and cash equivalents	22,133,088	10,781,293	32,914,381
Investments	-	291,622,933	291,622,933
Total restricted	22,133,088	302,404,226	324,537,314
Total cash and investments	$ 39,430,529	$ 302,404,226	$ 341,834,755

INVESTMENTS

The District pursues a program of safety, liquidity, and yield in its cash management and investment program in order to achieve maximum return on the Enterprise Fund's available funds. The Enterprise Fund's investment policy (pertaining to investment of surplus funds) is governed by an annual Board adopted policy, which is in compliance with the provisions of Articles 1 and 2 of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code.

2. CASH AND INVESTMENTS (Continued)

The following table identifies the investment types that are authorized by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Rating	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	N/A	None	None
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	None	None
Bankers' Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1/P1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	None
Reverse Repurchase Agreements	92 days	N/A	20% of base value	None
Medium-Term Notes	5 years	A	30%	None
Mutual Funds Investing in Eligible Securities	N/A	AAA	20%	10%
Mortgage Pass-Through Securities	5 years	AA	20%	None
Local Agency Investment Fund	N/A	N/A	None	None
JPA Pools (other investment pools)	N/A	N/A	None	None

A Retirement Board-adopted policy, the "Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Pension Plans" governs the Pension Trust Funds' investments. This policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions.

The following table identifies the investment types that are authorized by the Retirement Board. The table also identifies certain provisions of the Investment Objectives and Policy that address interest risk, credit risk and concentration of credit risk.

2. CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity (1)	Minimum Rating (3)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Cash	None	N/A	None	None
U.S. Treasury Bills	None	N/A	None	None
Agency Discount Notes	None	N/A	None	None
Certificates of Deposit	None	N/A	None	None
Bankers Acceptances	None	N/A	None	None
Commercial Paper	None	A2/P2	None	None
Asset-Backed Commercial Paper	None	A2/P2	None	None
Money Market Funds and Bank Short-Term Investment Funds (STIF)	None	N/A	None	None
Repurchase Agreements	None	N/A	None	None
U.S. Government and Agency Securities	None	N/A	None	None
Credit Securities/Corporate Debt (4)	None	N/A	None	None
Securitized Investments (5)	None	N/A	None	None
Emerging Markets	None	N/A	None	None
International Fixed Income Securities	None	N/A	None	None
Other Fixed Income Securities (6)	None	N/A	None	None
Mutual Funds	N/A	N/A	25% (2)	5%
Real Estate Investment Trust	N/A	N/A	25% (2)	5%
Depository Receipt	N/A	N/A	25% (2)	5%
Stocks	N/A	N/A	25% (2)	5%

(1) The fixed income portion of the ATU Plan, IBEW Plan and Salaried Plan shall be limited in duration to between 75 % and 125% of the benchmark.
(2) No more than 25% of the fair value on the purchase cost basis of the total common stock portfolio (equity securities) shall be invested in a single industry at the time of purchase.
(3) The investment managers shall maintain a minimum overall portfolio quality rating of “A” equivalent or better at all times (based on market-weighted portfolio average). Minimum quality (at purchase) must be at least 80% Baa or above.
(4) Credit Securities and Corporate Debt include: debentures, medium-term notes, capital securities, trust preferred securities, Yankee bonds, Eurodollar securities, floating rate notes and perpetual floaters, structured notes, municipal bonds, preferred stock, private placements (bank loans and 144(a) securities), and EETCs.
(5) Securitized investments includes: agency and non-agency mortgage-backed securities, asset-backed securities (144(a) securities), and commercial mortgage-backed securities.
(6) Other Fixed Income Securities includes: fixed income commingled and mutual funds, futures and options, swap agreements, and reverse repurchase agreements.

INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments such as: interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. These types of risks may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

2. CASH AND INVESTMENTS (Continued)

INTEREST RATE RISK

Interest rate risk is the risk that the value of fixed income securities will decline because of rising interest rates. The prices of fixed income securities with a longer time to maturity, measured by duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with a shorter duration.

The following table provides information about the interest rate risks associated with applicable investments as of June 30, 2019:

Enterprise Fund

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Total
Collateralized Mortgage Obligations	$ -	$ 235,424	$ -	$ -	$ 235,424
Corporate Bonds	139,776	597,978	-	-	737,754
Foreign Corporate	-	86,600	-	-	86,600
Asset-Backed Securities	75	145,764	-	-	145,839
U.S. Government Agency Obligations	119,580	1,087,715	-	-	1,207,295
U.S. Government Issued Obligations	64,624	827,672	-	-	892,296
Total Enterprise Fund	$ 324,055	$ 2,981,153	$ -	$ -	$ 3,305,208

Fiduciary Fund

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Total
Collateralized Mortgage Obligations	$ -	$ 566,076	$ 365,560	$ 6,183,537	$ 7,115,173
Corporate Bonds	1,662,113	10,886,361	9,260,826	6,898,510	28,707,810
Municipal Bonds	-	-	131,153	460,597	591,750
U.S. Government Agency Obligations	-	24,034	1,134,174	28,669,525	29,827,733
U.S. Government Issued Obligations	-	15,945,332	3,134,353	7,627,936	26,707,621
Asset-Backed Securities	-	681,023	1,473,513	7,584,764	9,739,300
Total Fiduciary Fund	$ 1,662,113	$ 28,102,826	$ 15,499,579	$ 57,424,869	$ 102,689,387

MORTGAGE PASS-THROUGH SECURITIES

These securities, disclosed as U.S. Government Agency Obligations in the interest rate risk table above, are issued by Government Sponsored Enterprises (GSEs), which are a group of financial services corporations created by the United States Congress. The GSEs include: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac), and the Federal Home Loan Banks. Another institution that issues these securities is the Government National Mortgage Association (Ginnie Mae). These securities are highly sensitive to interest rate fluctuations because they are subject to early payment. In a period of declining interest rate, the resulting reduction in expected total cash flows affects the value of these securities.

2. CASH AND INVESTMENTS (Continued)

COLLATERALIZED MORTGAGE OBLIGATIONS

Collateralized mortgage obligations (CMOs) are bonds that represent claims to specific cash flow from large pools of home mortgages. The streams of principal and interest payments on the mortgages are distributed to the different classes of CMO interests.

CMOs are often highly sensitive to changes in interest rates and any resulting change in the rate at which homeowners sell their properties, refinance, or otherwise pre-pay their loans. Investors in these securities may not only be subjected to such prepayment risk, but also exposed to significant market and liquidity risks.

ASSET-BACKED SECURITIES

Asset-backed securities generate a return based upon either the payment of interest or principal on obligations in an underlying pool. The relationship between interest rates and prepayments make the fair value highly sensitive to changes in interest rates.

CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The District or the Pension Trust Funds must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the value to be highly sensitive to changes in interest rates. As of June 30, 2019, the District held callable bonds in the amount of $296,316. The Pension Trust Funds held callable bonds in the amount of $18,843,046.

INVESTMENT IN STATE INVESTMENT POOL AND CALTRUST

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Local Investment Advisory Board (LIAB). The LIAB consists of five members as designated by State statute. The value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District's total investment in the LAIF at June 30, 2019, was $6,513,870.

The District is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. The District's investments in CalTRUST are measured at net asset value (NAV), as described on page 35. As of June 30, 2019, the District's investments in CalTRUST were $22,092,583, all of which is invested in the Short Term fund.

2. CASH AND INVESTMENTS (Continued)

CREDIT RISK

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Services (Moody's). The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk. The District's investments in LAIF and CalTRUST external investment pools are not rated.

For the fiscal year ending June 30, 2019, management has reported that the Pension Trust Funds are in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines.

The following tables provide information on the credit ratings associated with investments as of June 30, 2019:

Moody's Ratings	Enterprise Fund Amount	Percentage of Portfolio
Not rated	$ 141,918	4.29%
Aaa/Aaa-mf/P1	2,428,799	73.48%
Aa1	30,297	0.92%
Aa2	65,168	1.97%
Aa3	106,729	3.23%
A1	152,711	4.62%
A2	339,569	10.27%
A3	40,017	1.21%
	$ 3,305,208	100.00%

Moody's Ratings	Fiduciary Fund Amount	Percentage of Portfolio
Not Applicable	$ 188,933,546	64.79%
Not rated	36,322,327	12.46%
Aaa	32,669,840	11.20%
Aa1	560,557	0.19%
Aa2	350,208	0.12%
Aa3	899,535	0.31%
A1	1,515,666	0.52%
A2	3,674,563	1.26%
A3	2,755,701	0.94%
Baa1	6,029,078	2.07%
Baa2	6,067,103	2.08%
Baa3	5,610,597	1.92%
Ba1	1,768,389	0.61%
Ba2	399,263	0.14%
Ba3	932,031	0.32%
B1	559,465	0.19%
B2	288,266	0.10%
B3	765,767	0.26%
Caa1	169,120	0.06%
Caa2	168,353	0.06%
WR	1,183,558	0.41%
Total	$ 291,622,933	100.00%

2. CASH AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal year 2019, the District had the following investments in one issuer that comprised more than 5% of total investments in a single issuer:

Federal National Mortgage Association	$	629,203
Federal Home Loan Mortgage Corporation		477,445
Federal Home Loan Bank		336,071

The investment policy of the Pension Trust Funds states that an investment in domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the company's total outstanding shares. As of June 30, 2019, the Plans had the following investments in one issuer that comprised more than 5% of Plan investments:

Federal Home Loan Mortgage Corporation	$	16,680,482

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.

As of June 30, 2019, $3,823,229 of the District's deposits were in excess of federal depository insurance (FDIC) limits and were held in collateralized accounts with securities collateralized in the financial institutions' name.

2. CASH AND INVESTMENTS (Continued)

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 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.

As of June 30, 2019, the District had no investment securities exposed to custodial credit risk. The Pension Trust Funds' investment securities are not exposed to custodial credit risk because all securities are held by the Pension Trust Funds' custodian bank in the District's name.

FOREIGN CURRENCY RISK

The current District investment policy does not address foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. As of June 30, 2019, the District does not have any deposits or investments in a foreign currency.

The Pension Trust Funds' investment policy states that international equity shall be comprised of American Depository Receipts (ADR) of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents. As of June 30, 2019, the Pension Trust Funds do not have any deposits or investments in a foreign currency.

FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had the following recurring fair value measurements as of June 30, 2019:

2. CASH AND INVESTMENTS (Continued)

Investments measured at fair value

	6/30/2019	Level 1	Level 2	Level 3
Enterprise fund				
Debt securities				
Collateralized mortgage obligations	$ 235,424	$ -	$ 235,424	$ -
Corporate bonds	737,754	-	737,754	-
Foreign corporate	86,600	-	86,600	-
Asset backed securities	145,839	-	145,839	-
U.S. Government Agency obligations	1,207,295	-	1,207,295	-
U.S. Government issued obligations	892,296	-	892,296	-
Carbon credits (LCFS/RIN)*	1,273,929	1,273,929	-	-
Total enterprise fund	4,579,137	1,273,929	3,305,208	-
Fiduciary fund				
Debt securities				
Collateralized mortgage obligations	7,115,173	-	7,115,173	-
Corporate bonds	28,707,810	-	28,707,810	-
Municipals	591,750	-	591,750	-
U.S. Government Agency obligations	29,827,733	-	29,827,733	-
U.S. Government issued obligations	26,707,621	-	26,707,621	-
Asset backed obligations	9,739,300	-	9,739,300	-
Equity securities				
Common stock	68,132,659	68,132,659	-	-
Depository receipts	504,111	504,111	-	-
Real estate investment trust	1,191,964	1,191,964	-	-
Total fiduciary fund	172,518,121	69,828,734	102,689,387	-
Total investments measured at fair value	$ 177,097,258	$ 71,102,663	$ 105,994,595	$ -

Investments measured at the net asset value (NAV)

Enterprise fund	
CalTRUST	$ 22,092,583
Fiduciary fund	
S&P 500 Index Fund	50,461,404
MSCI EAFE Index Fund	11,402,909
International Equity Fund	27,795,829
International Small Capital Equity Fund	12,987,509
International Emerging Markets Fund	16,457,161
Total fiduciary fund	119,104,812
Total investments measured at NAV	141,197,395
Total Investments	$ 318,294,653

*Balance included in Receivables Other on the Statement of Net Position

2. CASH AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Net asset value (NAV) securities are valued based on the net asset value of the pooled investments. The NAV is determined by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund.

	Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Enterprise fund				
CalTRUST (1)	$ 22,092,583	-	Daily	1 day
Fiduciary fund				
S&P 500 Index Fund (2)	50,461,404	-	Daily	1 day
MSCI EAFE Index Fund (3)	11,402,909	-	Semi-monthly	6-8 days
International Equity Fund (4)	27,795,829	-	Monthly	7 days
International Small Capital Equity Fund (5)	12,987,509	-	Monthly	2 days
International Emerging Markets Fund (6)	16,457,161	-	Daily	1 day
Total fiduciary fund	119,104,812			
Total investments measured at NAV	$ 141,197,395			

1. CalTRUST. This type includes an investment in an external investment pool that is governed by the California Government Investment Code. CalTRUST is benchmarked against LAIF and the Barclays Short-Term Government/Corporate Index. The fair value of the investment in this type has been determined using the NAV. The NAV is calculated daily by dividing the total value of the securities and other assets, less any liabilities, by the total outstanding shares of the fund.

2. S&P 500 Index Fund. This type includes an investment in an S&P 500 index fund that invests to match the S&P 500 Index. The S&P 500 is made up of primarily U.S. common stocks. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The NAV per unit of the investment are determined each business day. Issuances and redemptions of fund units may be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.

3. MSCI EAFE Index Fund. This type includes an investment in the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE) Index fund that invest to approximate as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term. The MSCI EAFE Index is made up of primarily International stocks. The per-unit NAV of the fund is determined as of the last business day of each month and at least one other business day during the month. Issuances and redemptions of fund units may

2. CASH AND INVESTMENTS (Continued)

be made on such days, based upon the closing market value on the valuation date of the investments bought or sold and the NAV per unit of the fund.

4. International Equity Fund. This type includes an investment in an International Equity Fund that seeks total return from long-term capital growth and income, while attempting to outperform the MSCI EAFE Index over a market cycle, gross of fees. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The Trust has one dealing day per month, which is the first business day, and units are issued based upon a valuation on the last business day of the preceding month.

5. International Small Capital Equity Fund. The fund intends to utilize a set of valuation, momentum and economic factors to generate an investment portfolio based on security selection procedures geared to assist the fund in meeting its investment objectives. The fund generally will be managed by underweighting and overweighting securities relative to the benchmark. The investment objective is to outperform the MSCI EAFE Small Cap Index over a full market cycle. The fair value of the investment in this type has been determined using the NAV per unit of the investment. The fund has one dealing day per month, which is the first business day, and notification is required at least two business days in advance of a subscription or withdrawal.

6. International Emerging Markets Fund. This type invests substantially all of its assets in the Emerging Market Series. The Emerging Market Series purchases a broad market coverage of larger companies associated with emerging markets, which may include frontier markets (emerging market countries in an earlier stage of development), authorized for investment by the Advisor’s Investment Committee. As a non-fundamental policy, under normal circumstances, the Emerging Markets Series will invest at least 80% of its net assets in emerging markets investments that are defined in the Prospectus as Approved Market securities. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investors may purchase or redeem shares of the fund on any business day.

RESTRICTED CASH AND INVESTMENTS

Enterprise Fund

At June 30, 2019, cash and investments include restricted amounts of $22,133,088. Amounts represent monies restricted for debt reserve requirements and capital projects of $4,510,215, developer fee projects of $11,380,016, and grantor-approved projects of $6,242,857.

Fiduciary Funds

At June 30, 2019, restricted cash and investments of the Pension Trust Funds totaled $302,404,226. Amounts represent funds restricted for employees’ retirement.

3. CAPITAL ASSETS

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

	Balance July 1, 2018	Additions	Transfers	Deletions	Balance June 30, 2019
Non-Depreciated Capital Assets					
Land*	$ 91,191,560	$ 229,482	$ (1,555,938)	$ (444,790)	$ 89,420,314
Construction in Progress	31,200,632	9,627,468	(6,549,361)	-	34,278,739
Total Non-Depreciated Capital Assets	122,392,192	9,856,950	(8,105,299)	(444,790)	123,699,053
Depreciated Capital Assets					
Buildings and Improvements*	976,134,460	58,954	2,221,691	(666,847)	977,748,258
Buses and Other Equipment	340,451,601	4,068,041	5,883,608	(1,872,382)	348,530,868
Total Depreciated Capital Assets	1,316,586,061	4,126,995	8,105,299	(2,539,229)	1,326,279,126
Accumulated Depreciation:					
Buildings and Improvements	(343,574,911)	(25,488,615)	-	201,166	(368,862,360)
Buses and Other Equipment	(185,303,896)	(18,290,409)	-	1,859,761	(201,734,544)
Total Accumulated Depreciation	(528,878,807)	(43,779,024)	-	2,060,927	(570,596,904)
Capital Assets Being Depreciated, Net	787,707,254	(39,652,029)	8,105,299	(478,302)	755,682,222
Capital Assets, Net	$ 910,099,446	$ (29,795,079)	$ -	$ (923,092)	$ 879,381,275

*Land and Building – the values of the land and buildings at McClellan Park, approximately $3.7 million and $6.7 million, respectively, are included in these figures in anticipation of the District receiving future Fee Simple title. On January 5, 2007, a net lease and purchase agreement was recorded, giving the District a 94-year land and building leasehold and providing for a future transfer of Fee Simple title upon completion of Hazardous Materials clean-up by the United States Air Force.

Pursuant to such transaction, the District acquired a leasehold interest in multiple buildings and some exterior parking and the right to use certain common areas at McClellan Park (formerly McClellan Air Force Base). Fee Simple title to the property is projected to be transferred to the District within the next two years to five years. Therefore, the current lease in furtherance of conveyance is being reported as a fee simple ownership of the property.

Building – the value of buildings and improvements includes $30.8 million of progress payments made pursuant to a Lease and Joint Use Agreement with Los Rios Community College District (Los Rios) that provides for the construction of a parking structure at Cosumnes River College. The District and Los Rios have agreed to make joint use of the parking structure and adjacent surface parking. The District's lease payments are the cost of construction, which have already been paid in full, and there are no future payments due. It is the responsibility of Los Rios to maintain, repair, and pay all taxes and utilities associated with the structures' operations. The term of the lease, which commenced in August 2015 with the opening of the South Sacramento Corridor Phase II light rail extension, is for a period of 51 years with the option to extend for two consecutive 5-year terms. The lease meets the conditions of a capital lease since the lease term exceeds the useful life of the asset. Los Rios commenced use of the parking garage in June 2013.

4. LEASES

OPERATING LEASES

The District leases buildings, parking lots, and office facilities under non-cancelable operating leases. Total cost for such leases was $201,506 for the fiscal year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending June 30		Amount
2020	$	232,968
2021		231,531
2022		223,019
2023		159,600
2024		159,600
Thereafter		784,700
Total	$	1,791,418

CAPITAL LEASES

FINANCE OBLIGATIONS UNDER CAPITAL LEASE/LEASEBACK

In December 2005, January 2006, and September 2007, the District entered into separate leveraged lease/leaseback transactions over a total of 50 light rail vehicles (the “Equipment”). Each transaction was structured as a head lease of the Equipment (the “Head Lease”) to a special purpose trust created by an equity investor and a simultaneous sublease of the Equipment back to the District (the “Sublease”). Under the Sublease agreements, the District retains the right to use the light rail vehicles and is also responsible for their continued maintenance and insurance. Each Sublease Agreement provides the District with an option to purchase the Equipment at the end of the applicable Sublease term on specified dates between June 2030 and September 2035 for an aggregate purchase price of $97,932,090.

At the closing of the lease/leaseback transactions the light rail vehicles had a fair value of approximately $223,880,000 and a net book value of $94,822,528. The District received an aggregate of $223,880,000 from the equity investor in full prepayment of the Head Leases. The District deposited a portion of the prepaid Head Lease payments with debt payment undertakers whose repayment obligations were guaranteed by American International Group Inc. (“AIG”). The District also deposited a portion of the prepaid Head Lease payments with an equity payment undertaker whose obligations, which were collateralized with U.S. agency securities and guaranteed by AIG, matured at such times and in such amounts that correspond to the purchase option payment dates and amounts for the Equipment under each Sublease. Although these escrows do not represent a legal defeasance of the District’s obligations under the Subleases, management believes that these transactions were structured in such a way that it was not probable that the District would need to access other monies to make Sublease payments.

4. LEASES (Continued)

In addition, the District purchased surety bonds from Ambac Assurance Corporation ("Ambac"), a bond insurance company, to guarantee certain termination payments that are in the nature of stipulated damages, in the event the lease/leaseback transactions were terminated, in whole or in part, prior to each Sublease expiration payment date.

The lease/leaseback transactions resulted in a net cash gain to the District of $11,820,731, which was deferred and is being amortized over the lives of the Subleases. In the fiscal year ending June 30, 2019, the District amortized $419,763 of such deferred gain. At June 30, 2019, the District had a balance of $6,506,324 as deferred gain on the lease/leaseback transactions. The District's lease/leaseback transactions have been recorded similar to capital leases in that the present value of the future lease payments has been recognized on the Statement of Net Position as a Lease/Leaseback payable.

The original terms of the lease/leaseback transactions required the District to replace (1) AIG as debt payment undertaker if its ratings were to fall below "A3" from Moody's Investor Services ("Moody's") or "A-" from Standard & Poor's Rating Group ("S&P"), (2) AIG as equity payment surety provider if its ratings were to fall below "Aa3" from Moody's or "AA-" from S&P, in each case within a specified period of time following demand by the equity investor.

In July 2011, the lease/leaseback transactions were restructured to (1) eliminate any minimum rating requirements applicable to Ambac, (2) reduce the minimum rating requirement applicable to AIG as debt payment undertaker guarantor to "Baa3" from Moody's and "BBB-" from S&P, (3) replace AIG as equity payment undertaker and guarantor with U.S. Treasury Obligations that matured by such dates and in such amounts that correspond to the purchase option dates and amounts for the Equipment under each Sublease and (4) extend the time periods for any of the District's remaining replacement obligations to one year. No payments under the debt payment undertaking agreements remain.

Under the terms of the July 2011 restructuring, the District was required to replace the U.S. Treasury Obligations if the rating fell below "Aaa" from Moody's or "AAA" from S&P. In August 2011, S&P downgraded the U.S. Treasury Obligation to "AA+". On October 16, 2013, the equity investor, District and Ambac agreed to amend the minimum rating requirements for the U.S. Treasury Obligations to "Aa2" from Moody's and "AA" from S&P (the "October Amendment").

As a result of the October Amendment, the District is in full compliance with the terms of the lease/leaseback transactions.

As U.S. Treasury Obligations, held in trust, will mature to satisfy the purchase option for the Equipment under each Sublease, the District has recorded the amounts held by the trustee, US Bank, as Deposits for Lease/Leaseback Payables on the Statements of Net Position. The obligation under the lease agreements and the investments held to pay the lease/leaseback obligation are adjusted annually to reflect the change in the net present value of the related sublease and buy-out options. At June 30, 2019, the balance of this deposit was $45,028,404.

4. LEASES (Continued)

The following table sets forth the aggregate amounts due under the sublease agreements:

Future minimum payments due in fiscal years ending June 30:	Amount
2020	$ -
2021	-
2022	-
2023	-
2024	-
2025-2029	-
2030-2034	14,252,635
2035-2036	83,679,455
Total future minimum payments	97,932,090
Less: imputed interest	(52,903,686)
Present value of minimum lease payments	$ 45,028,404

5. DIRECT BORROWINGS

LINE OF CREDIT

For the purpose of short-term borrowing needs, the District has an unsecured line of credit (LOC) agreement with U.S. Bank National Association. The purpose of the line of credit is to meet the District's liquidity needs stemming from the timing of cash receipts from Federal and State awards. The line is subject to a $27,000,000 limit and matures on September 30, 2020. The interest rate for the LOC with U.S. Bank for the used portion of the LOC was at LIBOR plus 1.40% and the unused portion was a fixed 0.525% for the fiscal year ending June 30, 2019.

As of June 30, 2019, the District reported compliance with the short-term borrowing requirements stated under the California Government Code and with the financial covenants required by U.S. Bank.

The LOC direct borrowing contains (1) a provision that in event insolvency the LOC is automatically terminated and (2) a provision that in an event of default, the LOC can be immediately terminated or the timing of repayment of outstanding amounts become immediately due if the District is unable to make payment; the District's farebox recovery ratio falls below the California Transportation Development Act requirements; the District does not maintain a net operating ratio for the most recently ended four consecutive fiscal quarters equal to at least 0.95:1; the District does not maintain a fixed charge coverage ratio for the most recently ended fiscal year equal to at least 1.15:1; the District does not maintain unrestricted liquidity in an amount at least equal to $9,000,000, consisting of at least $4,500,000 in cash on hand and the balance of the $9,000,000 in cash and/or LOC availability; or any senior Farebox Obligation rating is withdrawn or suspended or fall below "BBB" by S&P, "Baa2" by Moody's or "BBB" by Finch.

The District's LOC contains a subjective acceleration clause that allows the lender to immediately terminate the LOC or accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

The unused LOC balance at June 30, 2019 was $20,800,000.

LOANS PAYABLE

Loans payable at June 30, 2019, include $13,988,074 received in November 2013 from the Public Transportation account (PTA) in the State Transportation Fund pursuant to Section 2 of Chapter 527, Statutes of 2013 (AB 1222). The loan was extended by the State to temporarily replace a Federal Transit Administration (FTA) grant that lapsed due to the application of the Federal Transit Act's "13(c)" provision to the California Public Employee Pension Reform Act of 2013 (PEPRA). The litigation has been concluded and the District submitted a grant amendment to the FTA to enable the District to draw down the grant funds needed to repay the loan. The FTA approved the amendment, but will only provide a portion, approximately 90 percent, of the amount requested to repay the loan because the underlying project for which the grant was awarded is not yet been completed.

5. DIRECT BORROWINGS (Continued)

Under the terms of the loan agreement, once the District receives the funds, it must repay the loan on or before 60 days after it receives the grant funds, but, in any case, no later than January 1, 2021. The District intends to re-pay approximately 90 percent of the outstanding loan balance utilizing the portion of the grant funds available to draw down in fiscal year 2020, and will defer repayment of the remaining balance until completion of the Morrison Creek Light Rail Station in approximately 18 months. The District is working with the State to determine how repayment will occur since the District will only receive a portion of the grant amount at this time.

The PTA loan accrues interest at the rate earned by the State Pooled Money Investment Account at the time of the loan which was 0.266%. As of June 30, 2019, the principal balance of the PTA loan was $13,988,074 and accrued interest was $213,224

As of June 30, 2019, direct borrowings debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2020	$ 18,938,074	$ 281,161	$ 19,219,235
2021	625,000	1,685	626,685
2022	625,000	1,685	626,685
Total	$ 20,188,074	$ 284,531	$ 20,472,605

6. LONG-TERM DEBT

FAREBOX REVENUE BONDS (Revenue Bonds), SERIES 2012

In November 2012, the District issued Revenue Bonds totaling $86,865,000 with interest rates ranging from 3% to 5%. The Revenue Bonds were issued to (i) finance a portion of the costs of an extension to the District's light rail system and related improvements and acquisition of certain buses and other vehicles and other capital projects, and to (ii) refund all of the outstanding Farebox Revenue Certificates of Participation (COP), 2003 Series-C. The Revenue Bonds are a special obligation of the District and are secured solely by a pledge of farebox revenues through 2042.

The Series 2012 Bonds maturing on and after March 1, 2021, shall be subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds. The Bonds maturing on March 1, 2036, will be subject to redemption in part, by lot, from mandatory sinking account payments required by the Indenture on each March 1 on or after March 1, 2033, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any. The Series 2012 Bonds maturing on March 1, 2042, will be subject to redemption in part, by lot, from mandatory sinking account payments required by the indenture on each March 1 on or after March 1, 2037, at the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest, if any.

As of June 30, 2019, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2020	$ 862,500	$ 1,711,575	$ 2,574,075
2021	1,210,000	2,224,600	3,434,600
2022	1,270,000	2,164,100	3,434,100
2023	1,330,000	2,100,600	3,430,600
2024	1,400,000	2,034,100	3,434,100
2025-2029	8,110,000	9,049,500	17,159,500
2030-2034	10,300,000	6,861,550	17,161,550
2035-2040	12,860,000	4,290,750	17,150,750
2040-2042	9,345,000	950,000	10,295,000
Total	$ 46,687,500	$ 31,386,775	$ 78,074,275

As of June 30, 2019, the unamortized premium associated with the Revenue Bonds was $3,978,732. The amortization of the premium for fiscal year ended June 30, 2019, was $175,532 and was amortized to interest expense.

As of June 30, 2019, the Districted reported compliance with all financial covenants of the Farebox Revenue Bonds.

6. LONG-TERM DEBT (Continued)

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within One Year
Other Debt					
2012 Revenue Bonds	$ 46,687,500	$ -	$ -	$ 46,687,500	$ 862,500
Issuance Premium	4,154,264	-	(175,532)	3,978,732	175,532
Total 2012 Revenue Bonds	50,841,764	-	(175,532)	50,666,232	1,038,032
Direct Borrowings					
Line of Credit	14,500,000	77,600,000	(85,900,000)	6,200,000	6,200,000
Loans Payable	13,988,074	-	-	13,988,074	12,738,074
Total Direct Borrowings	28,488,074	77,600,000	(85,900,000)	20,188,074	18,938,074
Other Long-Term Liabilities					
Compensated Absences	10,488,887	7,886,386	(8,118,197)	10,257,076	7,970,734
Claims Payable	17,992,627	11,357,784	(4,237,052)	25,113,359	9,532,357
Lease/Leaseback Payable	42,830,939	2,197,465	-	45,028,404	-
Long-Term Liabilities	$ 150,642,291	$ 99,041,635	$ (98,430,781)	$ 151,253,145	$ 37,479,197

7. FUNDING SOURCES

The District is dependent upon funds from several sources to meet its operating, maintenance, and capital requirements. The receipt of such funds is controlled by statutes, the provisions of various grant contracts, regulatory approvals, and, in some instances, is dependent on the availability of grantor and local matching funds.

FEDERAL GRANTS

Federal grant funding is obtained from the Federal Transit Administration (FTA) and Department of Homeland Security. Federal funding for the fiscal year ended June 30, 2019, is comprised of the following:

Operating assistance grants:	
FTA Section 5307	$ 24,049,524
FTA Section 5337	13,064,129
FTA Section 5339	1,355,094
FTA Section 5309	119,324
Dept of Homeland Security	79,976
Total Federal operating assistance grants	38,668,047
Capital grants:	
FTA Section 5307	1,071,858
FTA Section 5339	762,309
FTA Section 5309	536,961
Total Federal capital grants	2,371,128
Total Federal operating and capital grants	$ 41,039,175

The FTA retains its interest in assets acquired with Federal funds should they be disposed of before the end of their economic lives or not used for public transit.

Under provisions of Section 5307 of the Urban Mass Transportation Act of 1964, as amended, Federal resources are made available for planning, capital, and operating assistance, subject to certain limitations. Funds are apportioned annually based on a statutory formula and are available for a period of five years following the close of the fiscal year for which they were apportioned. Any unobligated funds at the end of such period revert to the federal government. In general, funds received for operations must, at a minimum, be matched 50% with local contributions and funds for capital projects must be matched 20% with local contributions.

7. FUNDING SOURCES (Continued)

STATE AND LOCAL GRANTS

The District qualifies for and receives distributions from Local Transportation Funds, State Transit Assistance and Senate Bill 1 State of Good Repair under claims approved by the Sacramento Area Council of Governments (SACOG) in accordance with provisions of the Transportation Development Act (TDA).

State and local grant funding for the fiscal year ended June 30, 2019, is comprised of the following:

Operating assistance grants:	
Local Transportation Funds	$ 47,175,047
Measure A Sales Tax Revenue	44,949,579
State Transit Assistance	7,236,617
Senate Bill 1 - State of Good Repair	2,370,112
Low Carbon Transit Operations Program	2,299,431
Total state and local operating assistance grants	104,030,786
Capital grants:	
State Transit Assistance	8,105,780
Proposition 1B	5,541,511
Traffic Congestion Relief Program	3,931,640
City of West Sacramento	2,464,307
City of Sacramento	1,957,660
Measure A Sales Tax Revenue	669,771
Developer Fees	627,868
Senate Bill 1 - Local Partnership Program	473,882
California Department of Transportation	271,848
North Natomas JIBE	192,000
Other	70,516
Total state and local capital grants	24,306,783
Total state and local grants	$ 128,337,569

7. FUNDING SOURCES (Continued)

ADVANCES FROM OTHER GOVERNMENTS

Advances from other governments at June 30, 2019, consisted of the following:

Developer Fees	$	11,470,005
Proposition 1B		2,809,427
Environmental Council of Sacramento (ECOS)		1,034,860
Sacramento County		1,209,637
Sacramento Municipal Utility District		262,855
Low Carbon Operations Transit Program		104,439
Sacramento Emergency Clean Air & Transportation (SECAT)		49,572
Other		6,791
Total advances from other governments	$	16,947,586

The advances from other governments is restricted cash from grants, fees from area developers designated specifically for transit improvements, and lawsuit settlement proceeds received, but not yet spent; utilized principally for capital projects. Management makes an estimate of the amount that will be recognized in the next fiscal year and classifies this amount as current.

PUBLIC TRANSPORTATION MODERNIZATION IMPROVEMENT AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the $19.925 billion of state general obligation bonds authorized, $4.000 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement. PTMISEA revenues are included as part of Proposition 1B state and local capital contributions on the Statement of Revenues, Expenses, and Changes in Net Position. PTMISEA activity for the fiscal year ended June 30, 2019, was as follows:

Revenues	$	3,704,664
Expenditures:		
Paratransit Vehicles		(3,135,647)
Replace Non-Revenue Vehicles		(355,729)
UTDC Retrofit		(141,005)
Bus Maintenance Facility		(35,331)
LRT Crossing Enhancements		(19,169)
Light Rail Vehicle Midlife Overhaul		(17,451)
Fulton Ave. Bus Shelter		(332)
Net Activity	$	-

8. FARE RECOVERY RATIO

The District is required to maintain a fare revenue-to-operating expense ratio of 23% in accordance with the Transportation Development Act. To demonstrate compliance with this Fare Recovery Ratio, the District has supplemented, per California Public Utilities Code Section 99268.19, a portion of its Local Measure A funds in order to meet the required ratio. The fare revenue-to-operating expense ratio for the District is calculated as follows for the fiscal year ended June 30, 2019:

Fare Revenues	$	25,428,432
Local Fund Supplementation		
(Measure A)		13,256,212
Total Revenues	$	38,684,644
Operating Expenses	$	223,153,364
Less Allowable Exclusions:		
Depreciation		(43,359,261)
Paratransit Operations		(11,599,999)
Net Operating Expenses	$	168,194,104
Fare Revenue Ratio		23.00%

9. PENSION PLANS

DESCRIPTION OF PLANS

The District contributes to three single-employer defined benefit pension plans:

- The Sacramento Regional Transit District Retirement Plan for members of ATU, Local 256 (ATU Plan),
- The Sacramento Regional Transit District Retirement Plan for members of IBEW Local 1245 (IBEW Plan), and
- The Sacramento Regional Transit District Retirement Plan for Salaried Employees (Salaried Plan) who are members of the:
  - Administrative Employees' Association (AEA),
  - Management and Confidential Employees Group (MCEG), and
  - American Federation of State, County and Municipal Employees (AFSCME), which is further broken down into the following groups for bargaining and contract purposes:
    - AFSCME-Technical
    - AFSCME-Supervisors

The plans are administered by the District under the direction of five separate Retirement Boards of Directors, each representing one of the aforementioned bargaining and employee groups of ATU, IBEW, AEA, AFSCME and MCEG. The District's administrative functions include: payments to retirees, accounting, financial management, Plan document management, correspondence with retirees, pension calculations, and other administrative tasks. The Retirement Boards of Directors are responsible for investment decisions, approving the annual actuarial valuation and annual contributions, approving the annual audited financial statements, approving retirements, and other tasks. All expenses incurred in the administration of the plans are paid by the plans.

9. PENSION PLANS (Continued)

Each Retirement Board is comprised of equal representation; District Management by a member from the District's Board of Directors and General Manager, and two members from the represented group. Each Board member serves a four year term, with no limit on the amount of terms that can be served. The ATU, IBEW and Salaried Plans issue a publicly available combined financial report that includes audited financial statements and required supplementary information. The report may be obtained by writing to Sacramento Regional Transit District, Attention: Chief Financial Officer, P.O. Box 2110, Sacramento, CA 95812, or online at www.sacrt.com.

Change in Bargaining Group – Changes in bargaining groups occur when an active employee of any Plan accepts a new position with a bargaining unit that participates in another Plan. When a change in bargaining group occurs contributions made on behalf of that employee must be assessed to determine if the assets need to be moved to the new Plan. Amounts related to a change in bargaining group are recorded upon final verification and approval of calculated amounts by the District and the related bargaining group's retirement board. During the year ending June 30, 2019 assets were moved from the ATU Plan to the Salaried Plan in the amount of $343,707. The effects of the change can be seen on the Statement of Changes in Net Position as Change in Bargaining Group within the additions and deductions categories.

Plan Tier Definition – As a result of labor negotiations and the court ruling on the Public Employees' Pension Reform Act (PEPRA), Tier 2 was created in the ATU, IBEW and Salaried Plans, as well as a Tier 3 for the ATU only. The Tier effective date was directly affected by labor negotiations and whether the union/employee group was under a current Memorandum of Understanding (MOU). As of December 30, 2014, the ATU, IBEW, and AFSCME-Technical unions were bound by a current MOU. Whereas, the AEA, MCEG, and AFSCME-Supervisors had not settled negotiations and were not bound by a current MOU; therefore, PEPRA was required to be implemented for these groups.

- IBEW and AFSCME-Technical – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.
- ATU – Tier 1 consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2016, Tier 3 consists of all employees hired during the time period January 1, 2015 to December 31, 2015.
- AEA, MCEG, and AFSCME-Supervisors – Tier 1 consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.

Tier 1 and Tier 3 are closed to new entrants as all newly hired employees will be placed into the respective Tier 2 plans.

9. PENSION PLANS (Continued)

Plan Termination – If the ATU, IBEW or Salaried Plans are terminated, the Plan's net position will first be applied to provide for retirement benefits to retired members. Any remaining net position will be allocated to other members, oldest first both active and inactive, on the basis of the actuarial present value of their benefits.

BENEFITS PROVIDED

Contributions to the ATU, IBEW and Salaried Plans are authorized or amended by the Retirement Boards based on an actuarial basis. The authority under which benefit provisions are established and amended rests with the District's Board of Directors as a result of labor negotiations.

The ATU, IBEW and Salaried Plans provide defined pension, disability, and death benefits to employees who are members of the ATU, IBEW, AEA, MCEG, AFSCME-Technical, and AFSCME-Supervisors bargaining units.

The benefits for Tier 1, Tier 2, and Tier 3 members begin at retirement and continue for the participant's life with no cost of living adjustment. The participant can elect to receive reduced benefits with continuing benefits to a beneficiary after death.

Disability Benefits – A participant is eligible for a disability benefit if the participant is unable to perform the duties of his or her job with the District, cannot be transferred to another job with the District, and has submitted satisfactory medical evidence of permanent disqualification from his or her job. Members are required to be vested in their respective union or employee group to qualify for disability retirement. The disability benefit is equal to the retirement allowance, as defined by the ATU, IBEW or Salaried Plan, multiplied by service accrued through the date of disability. The disability benefit cannot exceed the retirement benefit. The benefit begins at disability and continues until recovery or for the participant's life unless the participant elects to receive reduced benefits with continuing benefits to a beneficiary after death.

Pre-Retirement Death Benefit – A participant's surviving spouse is eligible for a pre-retirement death benefit if the participant is vested, based on the respective bargaining agreements. The pre-retirement death benefit is the actuarial equivalent of the normal retirement benefit, as if the participant retired on the date of death. The death benefit begins when the participant dies and continues for the life of the surviving spouse.

ATU, IBEW and Salaried Plan membership for Tier 1, Tier 2 and Tier 3 at June 30, 2019, consisted of:

Retirees and beneficiaries currently receiving benefits	923
Terminated members entitled to but not yet collecting benefits	89
Current active members	956
	1,968

9. PENSION PLANS (Continued)

Table 1 below presents a summary of the retirement benefits for Tier 1 and Tier 3 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans for fiscal year ending June 30, 2019.

Table 1

TIER 1 & TIER 3	**ATU Plan**	**IBEW Plan**	**Salaries Plan**			
Employee Union/ Groups	**ATU**	**IBEW**	**AFSCME - Technical**	**AFSCME - Supervisors**	**AEA**	**MCEG**
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
Wages used in pension calculation	Ranges from 48 to 60 months depending on date of separation. See Plan documents for specific provisions.					
Vacation and sick leave sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

9. PENSION PLANS (Continued)

Table 2 below presents a summary of the retirement benefits for Tier 2 employees for each of the employee groups represented by the ATU, IBEW and Salaried Plans effective for fiscal year ending June 30, 2019.

Table 2

TIER 2	**ATU Plan**	**IBEW Plan**	**Salaried Plan**			
Employee Unions/Groups	**ATU**	**IBEW**	**AFSCME - Technical**	**AFSCME - Supervisors**	**AEA**	**MCEG**
Plan Terms	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%	5 - 100%
Wages used in pension calculation	Highest consecutive 48 months					
Vacation and sick leave sell back towards pension calculation	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable	Not Allowable
Disability Retirement Multiplier	If allowable, equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required.					

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. The multipliers and years of service range from 2% at age 55 or 25 years of service to 2.5% at age 60 or 30 or more years of service for Tier 1 and Tier 3. Tier 2 retirement ages and multipliers are mandated by PEPRA as follows, 2% at age 62 and 2.5% at age 67. There were no changes to benefits during the year ended June 30, 2019.

Contributions

The ATU, IBEW and Salaried Plans' funding policies provide for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method and are approved by the Retirement Boards of Directors annually. During the fiscal year ended June 30, 2019, the District made 100% of the actuarially determined contributions. Contributions to the ATU, IBEW, and Salaried Plan for fiscal year ended June 30, 2019, were $8,533,307, $3,299,013, and $8,503,815, respectively.

9. PENSION PLANS (Continued)

Table 3 presents the employer and employee contribution rates and for Tier 1 and Tier 3 employees as of June 30, 2019:

Table 3

	Tier 1		Tier 3	
Employee Group	**Employer**	**Employee**	**Employer**	**Employee**
ATU	28.15%	-	25.15%	3.00%
IBEW	25.03%	-	-	-
AEA, MCEG and AFSCME	34.30%	-	-	-

As of January 1, 2015, all new employees were required to contribute to their pension based upon the terms of the bargaining groups MOU or based on PEPRA. Table 4 presents the employer and employee contribution rates for Tier 2 employees as of June 30, 2019:

Table 4

	Tier 2	
Employee Group	**Employer**	**Employee**
ATU	21.65%	6.50%
IBEW	19.78%	5.25%
AEA, MCEG and AFSCME	29.05%	5.25%

The employee contributions to the ATU, IBEW, and Salaried Plan for the fiscal year ended June 30, 2019, were $493,597, $209,531, and $193,293, respectively.

The employee contribution rates calculated in compliance with PEPRA, for June 30, 2019, were actuarially determined as part of the valuations dated July 1, 2017. Employer contribution rates are calculated and change annually for all tiers. The employee contribution rates for Tier 2 employees is also calculated annually but only changes if the total normal cost changes by more than 1 percent of payroll.

9. PENSION PLANS (Continued)

NET PENSION LIABILITY

The District's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, and projected to June 30, 2018 for the ATU, IBEW and Salaried Plans. Update procedures were used to roll forward the total pension liability to the measurement date. The reporting date is June 30, 2019, for all Plans.

Actuarial Assumptions – The total pension liability measured as of June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement for the ATU, IBEW, and Salaried Plans. The following changes to actuarial assumptions were made between the fiscal year ending June 30, 2018 and 2019 for the ATU, IBEW, and Salaried Plans: the inflation rate decreased from 3.15% to 3.00%, the amortization growth rate decreased from 3.15% to 3.00%, the salary increases growth rate decreased from 3.15% to 3.00%, and the investment rate of return and discount rate was reduced from 7.50% to 7.25%.

Inflation	3.00%
Amortization growth rate	3.00%
Salary Increases	3.00% plus merit component
Investment Rate of Return	7.25% net of investment expense
Discount Rate	7.25%

Mortality rates were based on the RP-2014 Combined Blue Collar Mortality, adjusted by 115% for males and 130% for females, with generational projection using Scale MP-2015 for the ATU and IBEW Plan, and the RP-2014 Retired Pensioners Mortality, adjusted by 130% for females, with generational projection using Scale MP-2015 for the Salaried Plan.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2015, except for the economic assumptions, which were updated by the Retirement Boards for the July 1, 2017 valuation as a result of an analysis completed in 2018.

9. PENSION PLANS (Continued)

For the ATU, IBEW, and Salaried Plans, 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	32.00%	8.25%
Domestic Equity Small Cap	8.00%	9.55%
International Equity Developed	19.00%	8.70%
International Equity Emerging Markets	6.00%	10.70%
Domestic Fixed Income	35.00%	3.75%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. PENSION PLANS (Continued)

CHANGES IN THE NET PENSION LIABILITY

Table 5 below presents the changes in the net pension liability for the ATU Plan as of June 30, 2019:

Table 5

	ATU Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2018	$ 173,361,562	$ 130,588,455	$ 42,773,107
Changes for the year:			
Service cost	4,765,696	-	4,765,696
Interest	12,761,359	-	12,761,359
Differences between expected and actual experience	(261,689)	-	(261,689)
Changes of assumptions	3,663,543	-	3,663,543
Contributions - employer	-	7,863,420	(7,863,420)
Contributions - member	-	337,009	(337,009)
Change in bargaining group	(5,129,398)	(2,638,467)	(2,490,931)
Net investment income	-	8,591,810	(8,591,810)
Benefit payments, including refunds of employee contributions	(11,304,112)	(11,304,112)	-
Administrative expense	-	(260,006)	260,006
Net Changes	4,495,399	2,589,654	1,905,745
Balances at 6/30/2019	$ 177,856,961	$ 133,178,109	$ 44,678,852

9. PENSION PLANS (Continued)

Table 6 below presents the changes in the net pension liability for the IBEW Plan as of June 30, 2019:

Table 6

	IBEW Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2018	$ 72,173,762	$ 54,085,118	$ 18,088,644
Changes for the year:			
Service cost	1,596,227	-	1,596,227
Interest	5,338,451	-	5,338,451
Differences between expected and actual experience	(978,363)	-	(978,363)
Changes of assumptions	1,630,101	-	1,630,101
Contributions - employer	-	3,195,912	(3,195,912)
Contributions - member	-	103,415	(103,415)
Net investment income	-	3,629,569	(3,629,569)
Benefit payments, including refunds of employee contributions	(3,621,685)	(3,621,685)	-
Administrative expense	-	(225,752)	225,752
Net Changes	3,964,731	3,081,459	883,272
Balances at 6/30/2019	$ 76,138,493	$ 57,166,577	$ 18,971,916

9. PENSION PLANS (Continued)

Table 7 below presents the changes in net pension liability for the Salaried Plan as of June 30, 2019:

Table 7

	Salaried Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2018	$ 128,508,322	$ 84,632,310	$ 43,876,012
Changes for the year:			
Service Cost	3,647,115	-	3,647,115
Interest	9,485,966	-	9,485,966
Differences between expected		-	
and actual experience	1,856,563	-	1,856,563
Changes of assumptions	3,291,931	-	3,291,931
Contributions - employer	-	7,669,178	(7,669,178)
Contributions - member	-	143,094	(143,094)
Change in bargaining group	5,129,398	2,638,467	2,490,931
Net investment income	-	6,073,483	(6,073,483)
Benefit payments, including refunds of employee contributions	(7,779,366)	(7,779,366)	-
Administrative expense	-	(247,077)	247,077
Net Changes	15,631,607	8,497,779	7,133,828
Balances at 6/30/2019	$ 144,139,929	$ 93,130,089	$ 51,009,840

9. PENSION PLANS (Continued)

Table 8 below presents the changes in net pension liability combined for the ATU, IBEW and Salaried Plans as of June 30, 2019:

Table 8

	ATU, IBEW and Salaried Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2018	$ 374,043,646	$ 269,305,883	104,737,763
Changes for the year:			
Service Cost	10,009,038	-	10,009,038
Interest	27,585,776	-	27,585,776
Changes of benefits	-	-	-
Differences between expected and actual experience	616,511	-	616,511
Changes of assumptions	8,585,575	-	8,585,575
Contributions - employer	-	18,728,510	(18,728,510)
Contributions - member	-	583,518	(583,518)
Net investment income	-	18,294,862	(18,294,862)
Benefit payments, including refunds of employee contributions	(22,705,163)	(22,705,163)	-
Administrative expense	-	(732,835)	732,835
Net Changes	24,091,737	14,168,892	9,922,845
Balances at 6/30/2019	$ 398,135,383	$ 283,474,775	$ 114,660,608

There are no special funding situations for the ATU, IBEW or Salaried Plans for the fiscal year ending June 30, 2019.

9. PENSION PLANS (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the District, calculated using the discount rate of 7.25%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's net pension liability:			
ATU Plan	$ 62,842,216	$ 44,678,852	$ 29,158,657
IBEW Plan	27,288,248	18,971,916	11,895,211
Salaried Plan	67,776,158	51,009,840	36,794,075
Total	$ 157,906,622	$ 114,660,608	$ 77,847,943

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plans for the Sacramento Regional Transit District Employees financial report. The Plan assets, for investing purposes, have been comingled to reduce investment expenses.

9. PENSION PLANS (Continued)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The total pension expense recognized by the District for the ATU, IBEW and Salaried Plans for the fiscal year ended June 30, 2019, was $6,505,677, $4,131,209 and $11,073,081, respectively, totaling $21,709,967. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments:		
ATU Plan	$ 2,968,443	$ -
IBEW Plan	1,117,672	-
Salaried Plan	1,173,193	-
Differences between expected and actual experience:		
ATU Plan	-	3,982,366
IBEW Plan	1,613,533	938,976
Salaried Plan	2,629,912	340,816
Changes of assumptions:		
ATU Plan	5,324,159	-
IBEW Plan	2,181,356	-
Salaried Plan	2,468,948	272,065
Total of inflows and outflows before employer contributions	19,477,216	5,534,223
Employer contributions subsequent to the measurement date of the net pension liability:		
ATU Plan	8,533,307	-
IBEW Plan	3,299,013	-
Salaried Plan	8,503,815	-
Total employer contributions	20,336,135	-
Total deferred inflows and outflows	$ 39,813,351	$ 5,534,223

9. PENSION PLANS (Continued)

Deferred outflows of resources resulting from contributions made subsequent to the measurement date in the amount of $20,336,135 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	ATU Plan	IBEW Plan	Salaried Plan	Total
2020	$ 2,975,796	$ 1,790,757	$ 2,616,092	$ 7,382,645
2021	1,758,003	1,344,376	1,946,588	5,048,967
2022	(1,300,197)	223,391	1,023,852	(52,954)
2023	876,634	615,061	72,640	1,564,335
Total	$ 4,310,236	$ 3,973,585	$ 5,659,172	$ 13,942,993

PAYABLE TO THE PENSION PLAN

At June 30, 2019, the District reported a net receivable from the ATU and IBEW Plans of $336,261 and $74,527, respectively. At June 30, 2019 the District reported a net payable to the Salaried Plan of $6,616. The net receivables and net payable to and from the Plans are the differences between required contributions and payments to vendors made by the District on behalf of the Plans.

10. OTHER POST-EMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description - The District's defined benefit OPEB plan provides OPEB under provisions of District Personnel Rules and Procedures, Collective Bargaining Agreements and certain California Public Employees' Retirement System (CalPERS) requirements for active and retired members of AEA, AFSCME, MCEG, ATU, and IBEW. The District established an IRC Section 115 irrevocable trust under the California Employers' Retiree Benefit Trust Program (CERBT) for the purpose of (i) receiving employer contributions to prefund OPEB for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for OPEB in accordance with the terms of the District's plan. The funds in the CERBT are administered by CalPERS as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Directors.

Benefits Provided - The District provides medical care benefits for active and retired members of AEA, AFSCME, MCEG, ATU, and IBEW. The District also provides dental care and life insurance benefits to active and retired members of the AEA, AFSCME, and MCEG. The benefits are mandated by contracted agreements between the District and the respective employee groups and may be amended at any time. Employees and their dependents may become eligible for such benefits if the employees reach normal retirement age while working for the District. Medical, dental, and life insurance benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year.

The District contributes 90% or 92% of the cost for retired members of AEA, AFSCME, and MCEG hired after 1993, and 100% for plan members hired prior to 1994. The District is required to contribute the unequal minimum required contribution set under the Public Employees' Medical & Hospital Care Act (PEMHCA) for retired members of the ATU and IBEW.

Employees Covered by Benefit Terms - At June 30, 2019 the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	923
Terminated members entitled to but not yet collecting benefits	89
Current active members	956
	1,968

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions - The obligation of the District to contribute to the plan is established by the Board of Directors. The District currently prefunds the OPEB plan at 100% of the actuarially determined contribution. For the year ended June 30, 2019, the District's contribution was $3,292,735. Employees are not required to contribute to the plan.

NET OPEB LIABILITY

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined an actuarial valuation dated July 1, 2017. There were no changes in benefits or assumptions since the prior measurement period.

Actuarial Assumptions - The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

General Inflation Rate	2.75 percent
Wage Inflation	3.0 percent
Salary increases	3.25 percent
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Medical: 7.0 percent for 2018, decreasing 0.5 percent per year to an ultimate rate of 4.5% for 2023 and later years Dental and required PEMHCA minimum employer contribution: 4.5% per year

Mortality rates were based on the MacLeod Watts Scale 2017 which was developed by the District's actuary from a blending of data and methodologies found in two published sources: (i) the Society of Actuaries Mortality Improvement Scale MP-2016 Report, published in October 2016 and (ii) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.

Demographic actuarial assumptions used in the July 1, 2017 valuation were based on the July 1, 2015 valuations of the retirement plans covering District employees and are based on the 2016 actuarial experience study of the District's retirement plans using data from 2011 to 2015, except for a different basis (MacLeod Watts Scale 2017) used to project future mortality improvements.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of exected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combind to produce the long-term expected rate of return

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Global Equity	59%	5.98%
Fixed Income	25%	2.62%
REITs	8%	5.00%
Treasury Inflation Protected Securities	5%	1.46%
Commodities	3%	2.87%
	100%	

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decreases)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances at 7/1/2018	$ 47,501,639	$ 25,897,272	$ 21,604,367
Changes for the year:			
Service cost	1,507,294	-	1,507,294
Interest	3,345,560	-	3,345,560
Contributions - employer	-	3,182,371	(3,182,371)
Net investment income	-	2,069,510	(2,069,510)
Benefit payments	(2,430,417)	(2,430,417)	-
Other expense	-	(34,264)	34,264
Administrative expense	-	(13,849)	13,849
Net Changes	2,422,437	2,773,351	(350,914)
Balances at 6/30/2019	$ 49,924,076	$ 28,670,623	$ 21,253,453

* Based on 2018 Capital Market Assumptions per CalPERS CERBT Program

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated used a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current discount rate:

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Net OPEB liability	$ 27,175,203	$ 21,253,453	$ 16,271,072

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated used a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Current Trend -1.0%	Current Trend 7.0% Medical / 4.5% Dental	Current Trend +1.0%
Net OPEB liability	$ 15,420,442	$ 21,253,453	$ 28,708,327

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB financial statements that will be included in the CalPERS CAFR. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of $2,865,896. At June 30, 2019, the District 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
Net difference between projected and actual earnings on OPEB Plan Investments	$ -	$ 639,295
Contributions Made Subsequent to the measurement date	3,292,735	-
	$ 3,292,735	$ 639,295

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The $3,292,735 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending on June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the future years as follows:

Year Ending June 30		Deferred Inflows of Resources
2020	$	(197,627)
2021		(197,627)
2022		(197,631)
2023		(46,410)
Total	$	(639,295)

11. SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Coverage provided by self-insured and excess coverage is generally as follows as of June 30, 2019:

Type of Coverage	Self-insurance (per occurrence)	Excess Commercial Insurance Coverage (per occurrence)
Workers' Compensation	Up to $2,000,000	$2,000,000 to $25,000,000
Commercial General Liability		
Bus	Up to $3,000,000	$3,000,000 to $50,000,000
Light Rail	Up to $3,000,000	$3,000,000 to $292,000,000
*Property:		
Perils	Up to $100,000	$100,000 to $250,000,000
Collision	Up to $500,000	$500,000 to $250,000,000
Flood	Up to $250,000	$250,000 to $10,000,000

* includes revenue and non-revenue vehicles

The District purchases commercial insurance for claims in excess of self-insured amounts and for all other risks of loss to a stated maximum amount. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the previous year.

The claims liability of $25,113,359 reported at June 30, 2019, is based on estimates of the amounts needed to pay prior and current year claims and to allow accrual of estimated incurred but not reported claims. Non-incremental claims adjustment expenses have been included as part of the liability. As of June 30, 2019, the Public Liability and Property Damage (PLPD) liability is discounted using a discount factor of 1.0% as the District holds in a reserve fund of $3,312,926 at June 30, 2019. The Workers' Compensation liability is not discounted.

These claim estimates are actuarially determined and based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the District's claims liability amount during the fiscal years ended June 30, 2019 and 2018, were as follows:

Fiscal Year Ended	Beginning of the Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	End of the Year Liability
June 30, 2019	$ 17,992,627	$ 11,357,784	$ (4,237,052)	$ 25,113,359
June 30, 2018	$ 22,497,838	$ 6,596,226	$ (11,101,437)	$ 17,992,627

12. CONTINGENT LIABILITIES AND COMMITMENTS

The District is involved in various claims and litigation arising from its operations. District management, after consultation with the District's general counsel, believes that the resolution of such matters will not have a material adverse effect on the District's financial position or results of operations.

The District receives funding for specific purposes that is subject to review and audit by the granting agencies or funding source. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

The District has construction contracts and property acquisition commitments of $30,102,835 at June 30, 2019. Federal, state, and local grant funds have been approved for such construction.

13. TRANSFER OF OPERATIONS

Under an annexation agreement between the City of Folsom (City) and the District, the City agreed to combine its public transit service with the District for the purpose of improving mobility for its citizens by seeking new service opportunities, increasing operational efficiencies, and improving transportation and fare options. On January 1, 2019, the City transferred the assets and liabilities comprising its public transit service to the District. The transfer included all the assets of the City's transit fund consisting of cash, state grant revenue receivables, and rolling stock. The carrying value of the net position transferred as of the transfer date was determined to be $5,390,442.

Transfered Assets	**Carrying Value**
Cash	$ 892,627
State and Local Government Receivable	2,810,219
Capital Assets	1,687,596
Total Assets	$ 5,390,442

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

ATU Plan

	2019	2018
Total pension liability		
Service cost	$ 4,765,696	$ 4,835,944
Interest	12,761,359	12,885,195
Changes of benefit terms	-	(11,268)
Difference between expected and actual returns	(261,689)	(5,577,742)
Change of assumptions	3,663,543	-
Change in bargaining group	(5,129,398)	(2,713,007)
Benefit payments, including refunds of member contributions	(11,304,112)	(10,776,986)
Net change in total pension liability	4,495,399	(1,357,864)
Total pension liability - beginning	173,361,562	174,719,426
Total pension liability - ending	$ 177,856,961	$ 173,361,562
Plan fiduciary net position		
Contributions - employer	$ 7,863,420	$ 7,987,367
Contributions - member	337,009	168,463
Change in bargaining group	(2,638,467)	(3,851,827)
Net investment income	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(11,304,112)	(10,776,986)
Administrative expense	(260,006)	(306,539)
Net change in plan fiduciary net position	2,589,654	7,640,186
Plan fiduciary net position - beginning	130,588,455	122,948,269
Plan fiduciary net position - ending	$ 133,178,109	$ 130,588,455
Net pension liability - beginning	42,773,107	51,771,157
Net pension liability - ending	$ 44,678,852	$ 42,773,107
Plan fiduciary net position as a percentage of the total pension liability	74.88%	75.33%
Covered payroll	$ 31,575,118	$ 30,212,311
Net pension liability as a percentage of covered payroll	141.50%	141.58%

Notes to Schedule:
Payroll amounts are based on actual pensionable compensation from the employer.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively.
The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.
FY2018: the ATU and IBEW Plans were separated as of 7/1/16; previous years not available.
FY2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

IBEW Plan

	2019	2018
Total pension liability		
Service cost	$ 1,596,227	$ 1,640,651
Interest	5,338,451	4,742,855
Changes of benefit terms	-	(105,378)
Difference between expected and actual returns	(978,363)	2,420,299
Change of assumptions	1,630,101	-
Change in bargaining group	-	2,713,007
Benefit payments, including refunds of member contributions	(3,621,685)	(3,281,167)
Net change in total pension liability	3,964,731	8,130,267
Total pension liability - beginning	72,173,762	64,043,495
Total pension liability - ending	$ 76,138,493	$ 72,173,762
Plan fiduciary net position		
Contributions - employer	$ 3,195,912	$ 3,315,379
Contributions - member	103,415	39,287
Change in bargaining group	-	3,851,827
Net investment income	3,629,569	5,332,230
Benefit payments, including refunds of member contributions	(3,621,685)	(3,281,167)
Administrative expense	(225,752)	(239,189)
Net change in plan fiduciary net position	3,081,459	9,018,367
Plan fiduciary net position - beginning	54,085,118	45,066,751
Plan fiduciary net position - ending	$ 57,166,577	$ 54,085,118
Net pension liability - beginning	18,088,644	18,976,744
Net pension liability - ending	$ 18,971,916	$ 18,088,644
Plan fiduciary net position as a percentage of the total pension liability	75.08%	74.94%
Covered payroll	$ 13,137,945	$ 12,473,480
Net pension liability as a percentage of covered payroll	144.41%	145.02%

Notes to Schedule:
Payroll amounts are based on actual pensionable compensation from the employer.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively.
The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.
FY2018: the ATU and IBEW Plans were separated as of 7/1/16; previous years not available.
FY2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

ATU/IBEW PLAN

	2017	2016	2015
Total pension liability			
Service cost	$ 5,760,060	$ 5,753,143	$ 5,599,479
Interest	16,758,356	16,384,487	15,740,342
Difference between expected and actual returns	(1,456,639)	(2,941,777)	-
Changes of assumptions	8,176,501	1,621,574	-
Transfers out - Salaried Plan	-	-	(174,166)
Benefit payments, including refunds of member contributions	(13,180,874)	(13,157,985)	(12,877,177)
Net change in total pension liability	16,057,404	7,659,442	8,288,478
Total pension liability - beginning	222,705,517	215,046,075	206,757,597
Total pension liability - ending	$ 238,762,921	$ 222,705,517	$ 215,046,075
Plan fiduciary net position			
Contributions - employer	$ 10,447,190	$ 10,343,620	$ 9,711,107
Contributions - member	54,714	3,682	22,425
Net investment income	(1,121,417)	4,609,506	22,631,819
Transfers out - salaried plan	-	-	(174,166)
Benefit payments, including refunds of member contributions	(13,180,874)	(13,157,985)	(12,877,177)
Administrative expense	(290,647)	(190,442)	(230,365)
Net change in plan fiduciary net position	(4,091,034)	1,608,381	19,083,643
Plan fiduciary net position - beginning	172,106,054	170,497,673	151,414,030
Plan fiduciary net position - ending	$ 168,015,020	$ 172,106,054	$ 170,497,673
Net pension liability - beginning	50,599,463	44,548,402	$ 55,343,567
Net pension liability - ending	$ 70,747,901	$ 50,599,463	$ 44,548,402
Plan fiduciary net position as a percentage of the total pension liability	70.37%	77.28%	79.28%
Covered payroll	$ 39,996,326	$ 37,950,269	$ 38,857,668
Net pension liability as a percentage of covered payroll	176.89%	133.33%	114.65%

Notes to Schedule:

Benefit changes – There were no substantial changes to the benefits in FY2017.

Changes of assumptions – the investment rate of return and discount rate was reduced from 7.65% to 7.50%, during the year ended June 30, 2016, which is the measurement year for reporting. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. ATU and IBEW are reported as stand-alone plans beginning 7/1/16.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

SALARIED PLAN

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 3,647,115	$ 3,873,148	$ 3,594,919	$ 3,476,103	$ 3,321,337
Interest (includes interest on service cost)	9,485,966	8,960,042	8,807,953	8,434,365	7,978,675
Changes in benefit terms	-	(298,430)	-	-	-
Difference between expected and actual returns	1,856,563	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	3,291,931	-	(680,161)	930,863	-
Change in bargaining group	5,129,398	-	-	-	174,166
Benefit payments, including refunds of member contributions	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Net change in total pension liability	15,631,607	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	128,508,322	121,090,442	116,410,752	109,824,641	104,014,863
Total pension liability - ending	$ 144,139,929	$ 128,508,322	$ 121,090,442	$ 116,410,752	$ 109,824,641
Plan fiduciary net position					
Contributions - employer	$ 7,669,178	$ 7,321,138	$ 7,576,866	$ 7,335,308	$ 6,609,083
Contributions - member	143,094	53,706	21,014	261	1,678
Change in bargaining group	2,638,467	-	-	-	174,166
Net investment income	6,073,483	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	(247,077)	(289,067)	(269,624)	(194,209)	(176,367)
Net change in plan fiduciary net position	8,497,779	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	84,632,310	75,337,019	74,596,300	70,824,948	60,583,144
Plan fiduciary net position - ending	$ 93,130,089	$ 84,632,310	$ 75,337,019	$ 74,596,300	$ 70,824,948
Net pension liability - beginning	43,876,012	45,753,423	41,814,452	38,999,693	43,431,719
Net pension liability - ending	$ 51,009,840	$ 43,876,012	$ 45,753,423	$ 41,814,452	$ 38,999,693
Plan fiduciary net position as a percentage of the total pension liability	64.61%	65.86%	62.22%	64.08%	64.49%
Covered payroll	$ 24,283,580	$ 23,435,642	$ 24,341,878	$ 23,022,281	$ 22,008,809
Net pension liability as a percentage of covered payroll	210.06%	187.22%	187.96%	181.63%	177.20%

SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

Notes to Schedule:
This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

FY2017: The investment rate of return and discount rate was reduced from 7.75% to 7.65%.
FY2018: The investment rate of return and discount rate was reduced from 7.65% to 7.50% and updated demographic and economic assumptions that were adopted following an experience study.
FY2019: amounts are reported as changes of assumptions resulted from lowering the discount rate from 7.50% to 7.25% and inflation rate from 3.15% to 3.00%.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

EMPLOYEES WHO ARE MEMBERS OF
ATU Plan
(Dollar amounts in thousands)

	2019	2018	2017
Actuarially determined contribution	$ 8,533	$ 7,863	$ 7,987
Contributions in relation to the actuarially determined contribution	8,533	7,863	7,987
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	30,126	31,575	30,212
Contributions as a percentage of covered payroll	28.33%	24.90%	26.44%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2017 (to determine FY18-19 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

<u>Key methods and assumptions used to determine contribution rates:</u>

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 15 year period as of 7/1/2017
Asset valuation method	5-year smoothed market
Discount Rate	7.25% (reduced from 7.50% in the July 1, 2016 valuation)
Amortization growth rate	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Price inflation	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019, can be found in the July 1, 2017 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information for the ATU Plan is not available.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

EMPLOYEES WHO ARE MEMBERS OF IBEW Plan (Dollar amounts in thousands)

	2019	2018	2017
Actuarially determined contribution	$ 3,299	$ 3,196	$ 3,315
Contributions in relation to the actuarially determined contribution	3,299	3,196	3,315
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	13,301	13,138	12,474
Contributions as a percentage of covered payroll	24.80%	24.33%	26.58%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2017 (to determine FY18-19 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 15 year period as of 7/1/2017
Asset valuation method	5-year smoothed market
Discount Rate	7.25% (reduced from 7.50% in the July 1, 2016 valuation)
Amortization growth rate	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Price inflation	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 115% for males and 130% for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019, can be found in the July 1, 2017 actuarial valuation report. The financial reporting for the ATU and IBEW Plans' was split during FY2017, previous years information for the IBEW Plan is not available.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

EMPLOYEES WHO ARE MEMBERS OF
ATU/IBEW Plan
(Dollar amounts in thousands)

	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 10,447	$ 10,343	$ 9,711	$ 8,694	$ 7,885	$ 6,809	$ 7,426
Contributions in relation to the actuarially determined contribution	10,447	10,343	9,711	8,694	7,885	6,809	7,426
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	39,996	37,950	38,858	37,110	38,558	38,343	43,626
Contributions as a percentage of covered payroll	26.12%	27.25%	24.99%	23.43%	20.45%	17.76%	17.02%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2014 (to determine FY15-16 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 17 year period as of 7/1/2015
Asset valuation method	5-year smoothed market
Discount Rate	7.65%
Amortization growth rate	3.15%
Price inflation	3.15%
Salary Increases	3.15%, plus merit component on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined White Collar Mortality, 3 year setback for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2016, can be found in the July 1, 2014 actuarial valuation report. ATU and IBEW are reported as stand alone plans beginning 7/1/16.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

EMPLOYEES WHO ARE MEMBERS OF SALARIED PLAN
(Dollar amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 8,504	$ 7,669	$ 7,321	$ 7,577	$ 7,335	$ 6,609	$ 5,800	$ 4,580	$ 3,718	$ 4,269
Contributions in relation to the actuarially determined contribution	8,504	7,669	7,321	7,577	7,335	6,609	5,800	4,580	3,718	4,269
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	22,220	24,284	23,436	24,342	23,022	22,009	19,627	19,105	19,466	22,602
Contributions as a percentage of covered payroll	38.27%	31.58%	31.24%	31.13%	31.86%	30.03%	29.55%	23.97%	19.10%	18.89%

Note: This schedule uses covered payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2017 (to determine FY18-19 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

<u>Key methods and assumptions used to determine contribution rates:</u>

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 15 year period as of 7/1/2017
Asset valuation method	5-year smoothed market
Discount Rate	7.25% (reduced from 7.50% in the July 1, 2016 valuation)
Amortization growth rate	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Price inflation	3.00% (reduced from 3.15% in the July 1, 2016 valuation)
Salary Increases	3.00%, plus merit component on employee classification and years of service
Mortality	RP 2014 w/ Scale MP-2015, base tables adjusted 130% for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2019, can be found in the July 1, 2017 actuarial valuation report.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2019	2018
Total OPEB liability		
Service cost	$ 1,507,294	$ 1,459,848
Interest	3,345,560	3,196,439
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments	(2,430,417)	(2,716,420)
Net change in total OPEB liability	2,422,437	1,939,867
Total OPEB liability - beginning	47,501,639	45,561,772
Total OPEB liability - ending	$ 49,924,076	$ 47,501,639
Plan fiduciary net position		
Contributions - employer	$ 3,182,371	$ 5,817,444
Net investment income	2,069,510	2,299,759
Benefit payments	(2,430,417)	(2,716,420)
Other expense	(34,264)	-
Administrative expense	(13,849)	(11,457)
Net change in plan fiduciary net position	2,773,351	5,389,326
Plan fiduciary net position - beginning	25,897,272	20,507,946
Plan fiduciary net position - ending	$ 28,670,623	$ 25,897,272
Net OPEB liability - beginning	$ 21,604,367	$ 25,053,826
Net OPEB liability - ending	$ 21,253,453	$ 21,604,367
Plan fiduciary net position as a percentage of the total OPEB liability	57.43%	54.52%
Covered employee payroll	$ 68,996,643	$ 67,347,993
Net OPEB liability as a percentage of covered employee payroll	30.80%	32.08%

Notes to Schedule:
The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively.

SACRAMENTO REGIONAL TRANSIT DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
LAST 10 FISCAL YEARS

(Dollar amounts in thousands)

	2019	2018
Actuarially determined contribution	$ 3,278	$ 3,179
Contributions in relation to the actuarially determined contribution	3,293	3,182
Contribution deficiency (excess)	$ (15)	$ (3)
Covered employee payroll	$ 73,751	$ 68,997
Contributions as a percentage of covered employee payroll	4.46%	4.61%

Note: This schedule uses covered employee payroll which is different than actual payroll and therefore the contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule:

Valuation Date	7/1/2017 (to determine FY17-18 and FY18-19 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation no more than 30 months plus 1 day prior to the close of the fiscal year end per GASB 75

<u>Key methods and assumptions used to determine contribution rates:</u>

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market value of assets
Discount Rate	7.00%
Amortization growth rate	3.00%
General inflation	2.75%
Salary Increases	3.25%
Mortality	2016 SacRT Experience Study; Improvement using McLeod Watts Scale 2017

This is a 10 year schedule; however, the information in this schedule is not required to be presented retroactively.

SACRAMENTO REGIONAL TRANSIT DISTRICT
SCHEDULE OF CONNECT CARD CONSORTIUM BALANCES
JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	1,621,107
Invoiced Receivables		615,210
Accrued Receivables		367,302
Total Current Assets		2,603,619
Long-Term Assets:		
Restricted Cash and Cash Equivalents		233,122
Total Assets		2,836,741
LIABILITIES		
Due to Connect Card Consortium Members		1,447,229
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Fare Sales		1,156,390
NET POSITION		
Restricted for Connect Card Consortium Members	$	233,122

SACRAMENTO REGIONAL TRANSIT DISTRICT
SCHEDULE OF CONNECT CARD CONSORTIUM ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ADDITIONS		
Fares	$	11,551,547
Interest Income		21,900
Other Revenue		25
Total Additions		11,573,472
DEDUCTIONS		
Distribution to Consortium Members		11,555,108
Expense Allocation		(895,447)
Reserve for Capital Assets		(155,591)
Net Distribution to Consortium Members		10,504,070
Administrative Expense		723,461
Information Technology		119,266
Bank Fees		93,977
Other Expense		55,167
Total Deductions		11,495,941
Increase/(Decrease) in Net Position		77,531
Net Position, Restricted for Connect Card Consortium Members-Beginning of Year		155,591
Net Position, Restricted for Connect Card Consortium Members-End of Year	$	233,122

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

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

CONTENTS **Page**

Financial Trends **77**

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

Revenue Capacity **79**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its fares.

Debt Capacity **81**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information **83**

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

Operating Information **86**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. The District implemented GASB Statements No. 63 and 65 in the fiscal year ended June 30, 2013, GASB Statement No. 68 in the fiscal year ended June 30, 2015 and GASB Statement No. 75 in the fiscal year ended June 30, 2018. Schedules comparative results are retroactively presented.*

Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Position										
Net Investment in Capital Assets	$ 770,304	$ 778,152	$ 787,711	$ 799,650	$ 798,019	$ 864,160	$ 878,849	$ 889,347	$ 852,174	$ 821,610
Restricted for:										
Capital Projects	1,841	1,840	4,474	2,845	1,211	1,751	-	-	-	-
Debt Service	-	-	-	2,278	2,279	1,829	1,831	-	3,484	3,435
Unrestricted	(2,093)	(4,287)	(526)	1,689	31,723	(48,259) [1]	(50,474)	(48,012)	(61,136)	(49,001)
Total Net Position	$ 770,052	$ 775,705	$ 791,659	$ 806,462	$ 833,232	$ 819,481	$ 830,206	$ 841,335	$ 794,522	$ 776,044

[1] The fiscal year 2015 decrease is due to the implementation of GASB Statement No. 68 which reduced net position by $82,455,095 offset by an increase in net position of $68,704,438 that is primarily the result of capital contributions of the District South Line Phase 2 extension project and the delivery of 30 new Gillig 40' buses

Source: Comprehensive Annual Financial Report

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(expressed in thousands)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Fares	$ 30,864	$ 28,967	$ 28,964	$ 29,759	$ 29,157	$ 28,396	$ 28,056	$ 30,487	$ 27,276	$ 25,428
Operating Expenses										
Labor and Fringe Benefits	91,203	79,366	82,209	88,064	94,755	93,182	99,692	108,886	110,545	116,997
Professional and Other Services	24,797	20,720	21,417	24,996	26,130	27,533	29,332	30,342	27,119	27,348
Spare Parts and Supplies	11,044	8,524	9,785	10,517	11,996	10,549	8,526	11,996	10,841	12,139
Utilities	5,531	5,741	5,587	5,639	5,646	5,816	6,288	6,619	6,995	6,761
Casualty and Liability Costs	2,286	6,540	6,353	7,910	8,343	7,906	7,160	9,317	9,300	14,011
Depreciation	30,870	31,238	31,392	31,380	33,982	34,128	39,925	43,959	43,126	43,359
Indirect Costs Allocated to Capital Programs	(863)	(881)	(824)	(763)	(887)	(1,204)	(1,038)	(538)	(459)	(309)
Other	1,402	1,547	1,492	1,396	1,460	1,541	1,434	1,702	2,355	2,847
Total Operating Expenses	166,270	152,795	157,411	169,139	181,425	179,451	191,319	212,283	209,822	223,153
Operating Loss	(135,406)	(123,828)	(128,447)	(139,380)	(152,268)	(151,055)	(163,263)	(181,796)	(182,546)	(197,725)
Non-Operating Revenues (Expenses)										
Operating Assistance:										
State and Local	58,135	58,109	69,132	72,723	78,318	80,350	81,518	86,911	93,339	104,031
Federal	34,552	27,374	28,670	31,007	32,620	32,764	36,156	35,611	41,746	38,668
Investment Income	6,439	4,113	2,456	1,755	1,941	1,996	2,129	2,124	2,223	2,753
Interest Expense	(6,792)	(4,401)	(2,722)	(2,522)	(3,223)	(2,982)	(3,675)	(2,353)	(2,707)	(2,745)
Pass Through to Subrecipients	(3,638)	(4,043)	(4,216)	(1,672)	(3,401)	(2,933)	(2,030)	(1,075)	(4,645)	(2,838)
Professional and Other Services-Funded	-	-	-	-	-	-	-	(6,162)	(7,325)	(4,448)
Contract Services	4,599	4,362	5,245	5,607	5,530	5,810	6,110	6,260	6,420	3,731
Other	2,758	3,946	2,485	3,414	2,863	4,193	5,325	4,353	4,981	8,027
Total Non-Operating Revenues	96,053	89,460	101,050	110,312	114,648	119,198	125,533	125,669	134,032	147,179
Loss Before Capital Contributions	(39,353)	(34,368)	(27,397)	(29,068)	(37,620)	(31,857)	(37,730)	(56,127)	(48,514)	(50,546)
Capital Contributions										
State and Local	29,381	36,482	33,474	34,389	15,878	25,635	18,376	18,376	16,804	24,307
Federal	4,955	3,538	10,016	9,331	48,512	74,926	30,078	30,078	4,133	2,371
Increase (Decrease) in Net Position before Special Item	(5,019)	5,653	16,092	14,650	26,769	68,704	10,724	10,724	(27,577)	(23,868)
Extraordinary (Loss) Gain on Early Extinguishment of Debt	-	-	-	155	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	-	-	-	5,390
Increase (Decrease) in Net Position after Special and Extraordinary Items	$(5,019)	$ 5,653	$ 16,092	$ 14,805	$ 26,769	$ 68,704	$ 10,724	$ 10,724	$(27,577)	$(18,478)

Source: Comprehensive Annual Financial Report

Operating Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Farebox	Fare Prepayment/ Outlet Sales	Special/ Contracted	Other	Total
2010	8,219,357	20,876,281	1,747,750	20,313	$ 30,863,701
2011	7,572,658	19,550,718	1,823,577	20,275	28,967,228
2012	7,846,435	19,385,804	1,713,635	18,274	28,964,148
2013	7,971,366	19,311,009	2,462,865	13,439	29,758,679
2014	8,069,001	19,305,312	1,771,265	11,342	29,156,920
2015	8,047,861	18,514,485	1,822,565	11,191	28,396,102
2016	7,423,668	18,304,088	2,320,645	7,403	28,055,804
2017	8,028,861	18,729,711	3,719,407	9,119	30,487,098
2018	9,826,478	14,243,595	3,193,550	12,608	27,276,231
2019	11,948,401	10,102,175	3,367,622	10,234	25,428,432

Source: Comprehensive Annual Financial Report

Principal Fare Revenue Payers
Current Year and Nine Years Ago

	Fiscal Year 2019 Sales		Fiscal Year 2010 Sales	
Customers	Amount	%	Amount	%
Los Rios Community College District	$ 2,464,926	9.69%	$ 1,093,680	3.54%
Department of Human Assistance	2,122,700	8.35%	2,072,296	6.71%
California State University Sacramento	854,017	3.36%	527,307	1.71%
Department of Child, Family and Adult Services	806,125	3.17%	1,076,725	3.49%
Franchise Tax Board	664,840	2.61%	703,179	2.28%
Department of Education	211,560	0.83%	-	0.00%
Francis House Center	210,444	0.83%	-	0.00%
UC Davis Health Systems	198,730	0.78%	-	0.00%
Assembly Rules Committee	173,725	0.68%	-	0.00%
California Energy Commission	154,085	0.61%	-	0.00%
Raley's Family of Fine Stores	-	0.00%	1,227,565	3.98%
Department of Transportation	-	0.00%	1,070,475	3.47%
Employment Development Department	-	0.00%	974,907	3.16%
California Environmental Protection Agency	-	0.00%	872,307	2.83%
Alta California Regional Center	-	0.00%	857,128	2.78%
Department of Child, Family and Adult Services	-	0.00%	-	0.00%
Subtotal (10 Largest)	7,861,152	30.91%	10,475,569	33.94%
Balance from other customers	17,567,280	69.09%	20,388,132	66.06%
Grand Total	$ 25,428,432	100.00%	$ 30,863,701	100.00%

Grand Total Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Farebox Revenue Bonds Series 2012	Lease/ Leaseback Payable	Certificates of Participation 2003	Loan Payable	Total Debt	Six-County Region Percentage of Personal Income	Six-County Region Per Capita
2010	$ -	$ 100,681,155	$ 9,554,590	$ -	$ 110,235,745	0.01%	4.12
2011	-	57,411,268	7,788,606	-	65,199,874	0.01%	3.33
2012	-	35,482,912	5,942,622	8,230,039	49,655,573	0.01%	2.52
2013	95,000,484	33,351,437	-	8,642,509	136,994,430	0.09%	39.89
2014	92,006,633	35,062,503	-	13,988,074	141,057,210	0.08%	38.21
2015	88,927,782	36,861,364	-	13,988,074	139,777,220	0.07%	36.50
2016	87,113,931	38,752,526	-	13,988,074	139,854,531	0.07%	35.32
2017	51,017,296	40,740,724	-	13,988,074	105,746,094	0.04%	20.42
2018	50,841,764	42,830,939	-	13,988,074	107,660,777	Not available	20.30
2019	50,666,232	45,028,404	-	12,738,074	108,432,710	Not available	20.00

Lease/Leaseback is not included in Percentage of Personal Income or Per Capital as the there is an equal and offsetting deposit on the District's Statement of Net Position

Loan Payable is not in ncluded in Percentage of Personal Income or Per Capital as the there is an equal and offsetting receivable accrual on the District's Statement of Net Position

Source: Comprehensive Annual Financial Report

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Fare Revenue	Non-Fare Revenues	Total Revenue	Less Operating Expense	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	$ 32,571,459	$ 108,754,008	$ 141,325,467	$ 139,829,027	$ 1,496,440	$ 1,530,000	$ 549,033	0.72
2010	30,863,701	96,360,868	127,224,569	131,552,128	(4,327,559)	1,605,000	472,533	(2.08)
2011	28,967,228	89,726,163	118,693,391	120,627,827	(1,934,436)	1,690,000	392,282	(0.93)
2012	28,964,148	101,258,250	130,222,398	124,598,383	5,624,015	1,770,000	307,783	2.71
2013	29,758,679	109,004,025	138,762,704	136,103,794	2,658,910	5,740,000	2,347,098	0.33
2014	29,156,920	115,299,629	144,456,549	144,777,141	(320,592)	2,710,000	4,123,100	(0.05)
2015	28,396,102	119,886,619	148,282,721	146,515,212	1,767,509	2,795,000	4,041,800	0.26
2016	28,055,804	126,809,242	154,865,046	152,830,940	2,034,106	1,530,000	3,957,950	0.37
2017	30,487,098	131,596,154	162,083,252	157,379,743	4,703,509	33,142,500	-	0.14
2018	27,276,231	141,379,634	168,655,865	159,444,596	9,211,269	175,532	-	52.48
2019	25,428,432	151,856,987	177,285,419	173,786,041	3,499,378	175,532	-	19.94

Notes: Details regarding the District's debt can be found in the notes to the financial statements. Operating expenses do not include depreciation and capital funded expenses.

A portion of the 2012 Revenue Bond interest is funded with Federal Capital Revenue

Capital revenue has been excluded from this schedule.

Demographic and Economic Indicators
Last Ten Fiscal Years

	Population 1,2		Personal Income 1,2 (In Thousands)		Per Capital Personal [1] Income		Unemployment Rate [3]	
	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region
2010	1,421,651	2,321,050	55,125,588	94,147,479	38,776	40,562	12.6%	12.7%
2011	1,434,506	2,341,079	57,945,529	99,323,499	40,394	42,426	12.1%	12.2%
2012	1,446,585	2,359,898	60,264,004	103,585,438	41,659	43,894	10.5%	10.7%
2013	1,459,474	2,381,425	62,592,345	107,467,589	42,887	45,127	8.9%	9.0%
2014	1,477,522	2,408,080	66,707,690	114,460,254	45,148	47,532	7.3%	7.4%
2015	1,496,130	2,436,617	71,532,171	122,427,074	47,811	50,245	6.0%	6.1%
2016	1,513,260	2,466,476	73,922,295	126,936,415	48,850	51,465	5.4%	5.5%
2017	1,530,615	2,498,563	76,832,120	132,276,827	50,197	52,941	4.7%	4.8%
2018	1,530,242	2,504,901	Not available	Not available	Not available	Not available	3.8%	3.9%
2019	1,546,174	2,532,700	Not available	Not available	Not available	Not available	3.9%	4.1%

Source: Six-county region includes Sacramento, Placer, Yolo, El Dorado, Yuba and Sutter counties.

1. 2010-2017 U.S. Department of Commerce, Bureau of Economic Analysis, *CAINC1 Personal income population, per capital personal income.*
2. 2018-2019 State of California, Department of Finance, E-1 City, County and State Population Estimates, 2018–2019.
3. State of California, Employment Development Department, Labor Force & Employment Data

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

Principal Employers
Current Year and Nine Years Ago

Apple Inc.

	Fiscal Year 2019			Fiscal Year 2010		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of California	76,131	1	11.07%	73,243	1	12.22%
UC Davis Health	12,674	2	1.84%	8,500	4	1.42%
Kaiser Permanente	11,404	3	1.66%	6,414	6	1.07%
Sacramento County	11,330	4	1.65%	11,620	2	1.94%
U.S. Government	10,227	5	1.49%			
Sutter Health	8,809	6	1.28%	8,702	3	1.45%
Dignity Health	7,000	7	1.02%	6,976	5	1.16%
Elk Grove Unified School District	6,381	8	0.93%	6,391	7	1.07%
Intel Corporation	6,200	9	0.90%	6,000	8	1.00%
San Juan Unified School District	5,289	10	0.77%	4,900	10	0.82%
Sacramento Municipal Utility District				5,057	9	0.84%
Total	155,445		22.60%	137,803		22.99%

Source: Sacramento Business Journal

CONTINUING DISCLOSURE REQUIREMENTS

SEC Rule 15c2-12

The following summary provides the District's specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in the District's Comprehensive Annual Financial Report (CAFR) and the District's Adopted Budget.

	FY 2019 CAFR Page No.	FY 2019 Adopted Budget Page No.
Management Discussion and Analysis, Audited Financial Statements and Statistical Information	3-103	
Tabular or numerical information of the types contained in the Official Statement relating to the 2012 Series Revenue Bonds under the following subscriptions:		
Ridership and Farebox Revenues (i)	96-99	
Historical Operating Results	6,85,86	
Farebox Recovery Ratios (ii)	46,96	
Historical Nonoperating Revenues – 10 year funds (iii)	94,95	
Measure A Sales Tax Funding Trends (iv)	44,95	
LTF Revenues claimed and expended by the District (v)	44,95	
STA Funds Claimed and Utilized by the District (vi)	44,95	
Federal Grant Funds Utilized by the District (v)	43,94	
Adopted Operating Budget (vi)		56
Capital Project Expediture Plan		164

Covenants of the Issuer

The following summary provides the District's specific and continuing covenants of the issuer in connection with the 2012 Series Revenue Bonds. All Disclosure requirements can be found in the Official Statement, the District's Comprehensive Annual Financial Report (CAFR).

	2012 Official Statement	FY 2019 CAFR Page No.
Punctual Payments	43	41
Application of Farebox Revenues	44	14

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

DISTRICT PROFILE
As of June 30, 2019

Date the Authority began Operations	April 1, 1973
Form of Governance	Board of Directors, with General Manager
Metropolitan Population	1.4 million
Total Employees	1091
Service Area	All of Sacramento County, with services to Citrus Heights, Carmichael, Fair Oaks, Elk Grove, Folsom and Rancho Cordova
Population of Service Area	Approximately 1.7 million
Local Financial Support	Local Transportation Funds Measure A Sales Tax Revenue
Number of Bus Routes	70
Number of Rail Lines	3
Miles of Rail	42.9
Weekday Bus Revenue Service Miles	21,299
Weekday Rail Revenue Service Miles	14,087
Average Weekday Bus and Rail Riders	69,085
Number of Vehicles in Service	237 CNG Buses 97 Rail Vehicles 48 Shuttle Vans
Paratransit	101 Paratransit Vehicles
Park and Ride Lots	22
Bus and Light Rail Transfer Stations	32
Bus Stops	3,100+
Rail Stations	52

TEN YEAR FUNDING HISTORY

The following table shows available funding that the District has been awarded over the last ten years from our major federal funding sources, followed by a brief description of each source.

	FEDERAL FUNDS								
	Federal Transit Funds								
	Section 5307	Section 5309 Fixed Guideway	Section 5309 Bus	Section 5316/5317 JARC/NF	Federal Highway Discretionary Funds	Section 5339	Section 5337	ARRA	Other
2010	$ 22,214,778	$ 4,638,430	$ -	$ 38,000,000	$ 3,593,021	$ -	$ -	$ 8,146,312	$ -
2011	18,893,200	5,582,436	-	-	1,450,783	-	-	1,616,250	-
2012	19,787,623	6,003,331	5,000,000	-	2,875,497	-	-	808,590	-
2013	20,687,210	-	-	40,000,000	164,891	-	8,872,128	2,814,815	364,001
2014	20,420,103	-	-	45,660,000	663,603	-	9,764,225	3,034,209	241,696
2015	21,159,005	-	-	-	10,345,160	1,792,567	10,239,772	-	171,557
2016	34,542,554	-	-	-	3,060,284	1,858,949	11,499,470	-	35,193
2017	25,131,975	-	-	-	3,154,867	745,539	11,580,302	-	68,161
2018	24,458,274	-	-	-	1,479,789	2,544,715	13,804,359	-	101,912
2019	24,616,326	-	-	-	505,056	2,117,403	13,064,129	-	79,976

Federal Funds

Section 5307 Funds: Funds distributed by formula to large and small urban areas for a variety of transit planning, capital and preventive maintenance needs.

Section 5309 Fixed Guideway Funds: Funds distributed by formula to urban rail transit operators for repair and rehabilitation of commuter and light rail systems.

Section 5309 Bus Funds: Funds for bus purchases and bus support facility projects. These funds are specifically earmarked by Congress each year.

Section 5309 New Starts Funds: Funds for fixed guideway (i.e. light rail, commuter rail, etc.) projects. New Start projects are recommended by the Federal Transit Administration and based on rigorous criteria and selected for funding by Congress.

Section 5316 Jobs Access & Reverse Commute (JARC): Funds for operating new service that provides increased access to job opportunities, either through new service routes or expansions of existing routes into non-traditional service hours.

Section *5317 New Freedom* (NF): Funds to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) of 1990.

Federal Highway Discretionary Funds: Funds distributed for a variety of transportation planning, construction, and equipment acquisition needs. Projects are approved for funding by local agencies and forwarded to appropriate state and federal agencies for funding authorization.

Section 5339 Bus and Facilities Funds: A portion of the funds distributed by formula and a portion of the funds are distributed through a competitive process. Funds are used for bus renovations, purchases and bus support facility projects.

Section 5337 State of Good Repair Funds: Funds distributed for formula to repair and upgrade rail transit systems along with high-density motor bus systems that use high occupancy vehicle (HOV) lanes including bus rapid transit (BRT).

ARRA Funds: On February 17, 2009 the President signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The Act provides direct funding from the federal government for infrastructure, fiscal stabilization and other programs over the next several years. ARRA is designed to create or save jobs, and invest in science, health care, transportation, education, and energy efficiency.

TEN YEAR FUNDING HISTORY (Continued)

The following table shows available funding that the District has been awarded over the last ten years from our major state and local funding sources, followed by a brief description of each source.

	STATE FUNDS		LOCAL FUNDS			
	State Transportation Improvement Program	Other	Measure A	Local Transportation Fund	State Transit Assistance	Other
2010	$ -	$ 12,104,730	$ 43,383,451	$ 24,698,724	$ 5,757,829	$ 1,570,844
2011	10,128,000	9,647,270	50,898,736	27,382,646	5,304,891	1,357,192
2012	-	14,304,061	43,336,777	33,554,746	9,596,963	1,813,196
2013	-	29,026,829	36,316,894	30,043,310	9,752,972	1,971,931
2014	-	15,649,388	34,063,375	34,608,256	9,787,039	87,174
2015	-	22,299,682	36,889,447	36,098,557	8,869,049	1,828,749
2016	-	16,609,064	37,244,297	36,950,479	7,049,646	2,040,730
2017	-	63,558,519	39,263,496	38,731,878	7,156,739	(3,556,168)
2018		5,001,678	41,460,448	40,966,707	12,603,839	10,110,006
2019	-	21,293,864	44,949,578	47,175,047	9,606,729	5,312,351

State Funds

State Transportation Improvement Program: Funds distributed by the State for projects, including transit construction projects that relieve traffic congestion on state and local roads and highways.

Other: These funds include Transit Capital Improvement funds for projects approved for funding in FY 1997 and earlier (the last year that TCI funds were made available by the State), Traffic Congestion Relief Program funds approved in the FY2000 State Budget for specific District capital projects, Proposition 1B funds approved for funding in FY2007, and Cap-and-Trade Program funds.

Local Funds

Measure A is a ½ cent sales tax ordinance that supports road and public transportation improvements in Sacramento County. Passed by voters in 1998, it expired in April 2009. The District received approximately 1/3 of the tax (1/6 cent). In November 2004, voters approved an extension of the Measure A ordinance until 2039 with transit receiving 38.25% of the ½-cent tax.

Local Transportation Fund: Funds generated by the state sales tax, and used for transit operating support purposes. The Transportation Development Act (TDA) allocates a portion of the state sales tax for transportation purposes.

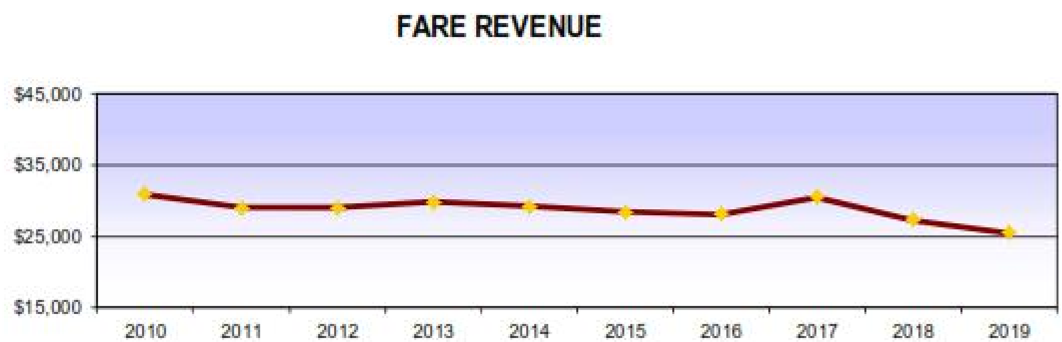
State Transit Assistance Funds: Funds generated by the sales tax on gasoline and diesel fuel sales. These funds are disbursed to transit agencies for a variety of transit capital and operating support needs. SB1 funds, the Road Repair and Accountability Act of 2017, are included in STA funds beginning FY2018.

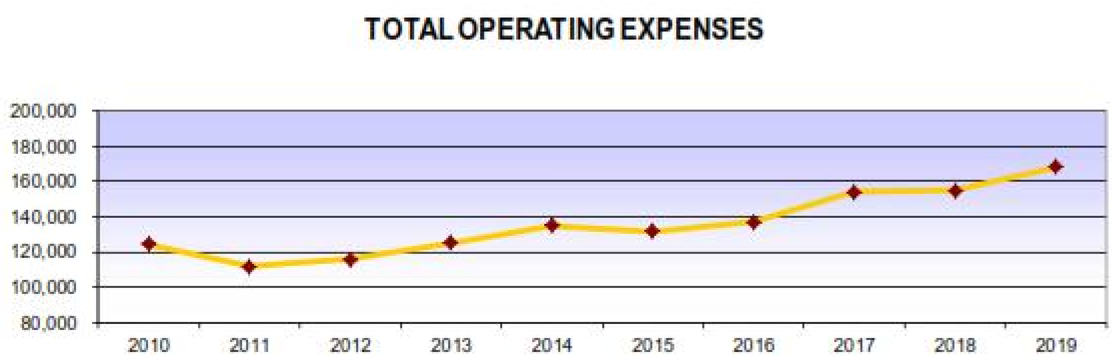
Other: This funding is from City of Sacramento, City of Rancho Cordova, County of Sacramento, City of Roseville, Sacramento Area Council of Governments (SACOG) and Sacramento Housing, Redevelopment Agency (SHRA), Bus Fire Insurance Proceeds, and cost reimbursement agreements with local agencies.

FARE RECOVERY
LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fare Revenue	$30,864	$28,967	$28,964	$29,759	$29,156	$28,396	$28,056	$30,487	$27,276	$25,428
Local Fund Supplementation	818	-	535	2,201	5,322	5,208	3,436	4,948	8,321	13,258
Total Operating Expenses	124,242	111,946	115,684	125,332	135,094	131,779	136,920	154,067	154,770	168,201
Fare Recovery Ratio	25.5%	25.9%	25.5%	25.5%	25.5%	25.5%	23.0%	23.0%	23.0%	23.0%



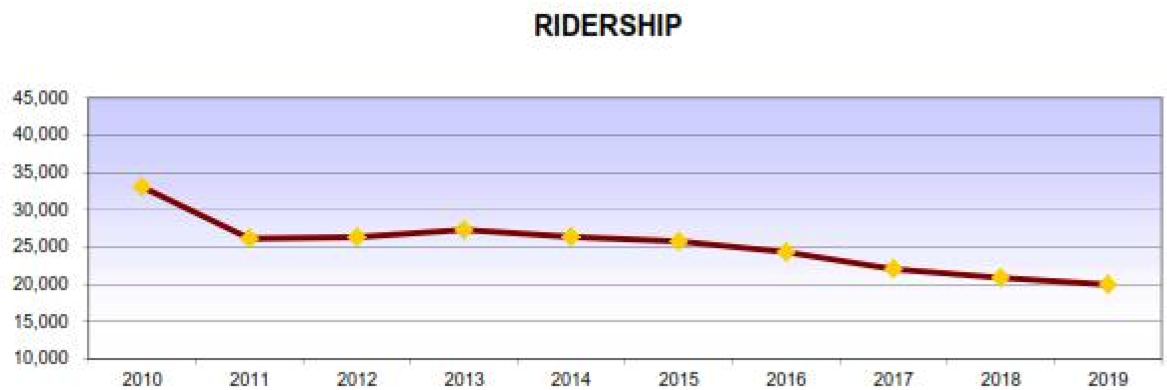


Notes: Operating expenses do not include depreciation and Paratransit operations.

Source: Comprehensive Annual Financial Report

RIDERSHIP
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Ridership	33,060	26,161	26,338	27,298	26,368	25,768	24,330	22,050	20,890	19,989
% change	(5.68%)	(20.87%)	0.68%	3.64%	(3.41%)	(2.28%)	(5.58%)	(9.37%)	(5.26%)	(4.31%)



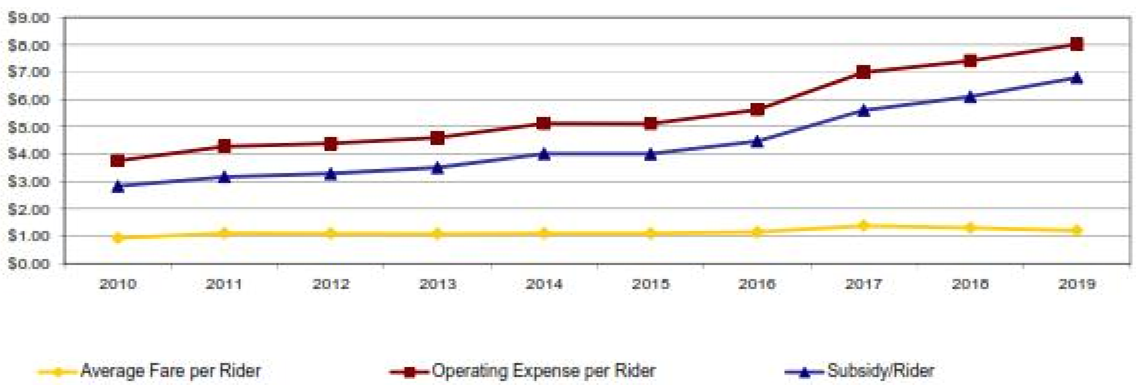
Source: District Planning Department
NTD Statistics

OPERATING SUBSIDY
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average Fare per Rider	$0.93	$1.11	$1.10	$1.09	$1.11	$1.10	$1.15	$1.38	$1.31	$1.21
Operating Expense per Rider [1]	$3.76	$4.28	$4.39	$4.60	$5.12	$5.11	$5.63	$6.99	$7.41	$8.01
Subsidy/Rider	$2.83	$3.17	$3.29	$3.51	$4.02	$4.01	$4.47	$5.60	$6.10	$6.80

[1] Operating expense per rider excludes Paratransit and depreciation costs.

OPERATING EXPENSE & SUBSIDY PER RIDER



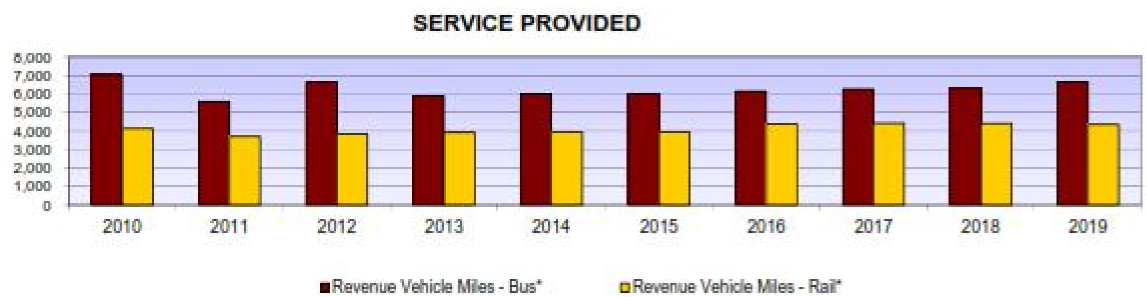
Source: Comprehensive Annual Financial Report
District Planning Department
NTD Statistics

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

SERVICE PERFORMANCE DATA
LAST TEN FISCAL YEARS
(* amounts expressed in thousands)

SERVICE PROVIDED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BUS										
Revenue Vehicle Miles - Bus*	7,032	5,590	6,632	5,893	6,002	6,023	6,152	6,269	6,288	6,646
Revenue Vehicle Hours*	628.2	501.2	506.0	532.0	548.0	549.8	558.0	558.5	559.2	580.9
# Vehicles	271	229	229	232	232	232	223	223	225	237
RAIL										
Revenue Vehicle Miles - Rail*	4,120	3,697	3,823	3,921	3,947	3,936	4,370	4,422	4,418	4,344
Revenue Vehicle Hours*	208.6	191.1	203.3	217.2	218.6	218.1	245.2	248.9	248.7	243.2
Train Revenue Hours*	81.4	69.3	70.0	82.0	83.2	83.2	93.0	94.9	94.7	99.9
# of Vehicles	76	76	76	76	76	76	87	96	97	97



SERVICE CONSUMED

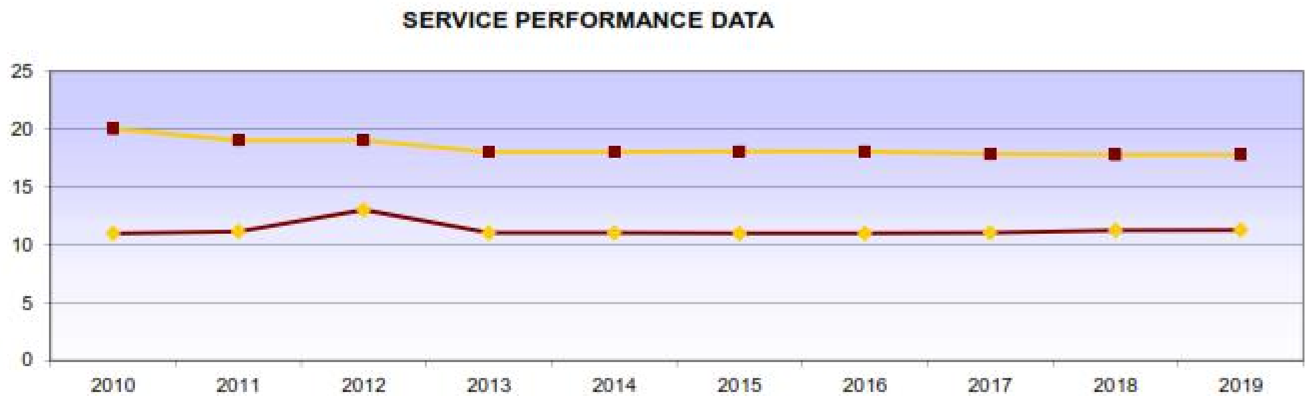
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BUS										
Passengers*	17,579	13,617	13,146	13,784	13,658	13,706	12,114	10,608	10,517	10,008
Passenger Miles*	61,417	47,525	46,521	49,440	53,133	52,346	43,911	39,468	37,925	35,382
RAIL										
Passengers*	15,481	12,544	13,192	13,513	12,710	12,062	12,216	11,442	10,373	9,981
Passenger Miles*	83,409	72,860	74,706	75,797	74,580	68,717	69,171	68,760	65,531	63,074
TOTAL										
Passengers*	33,060	26,161	26,338	27,298	26,368	25,768	24,330	22,050	20,890	19,989
Passenger Miles*	144,826	120,385	121,227	125,237	127,713	121,063	113,082	108,228	103,456	98,456
FLEET										
Bus	233	229	229	232	232	232	223	223	225	237
Rail	76	76	76	76	76	76	87	96	97	97
TOTAL EMPLOYEES	907	901	901	940	933	937	982	974	997	1091

Source: District Planning Department
NTD Statistics

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

SERVICE PERFORMANCE DATA (Continued)
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue Miles/Revenue Hour-Bus	11	11	13	11	11	11	11	11	11	11
Revenue Miles/Revenue Hour-Rail	20	19	19	18	18	18	18	18	18	18



Source: District Planning Department
NTD Statistics

FARES
As of June 30, 2019

Single and Daily Pass Fares

Rider Type	Fare Type	Single Ride	Daily Pass
Age 19-61	Basic	$ 2.50	$ 7.00
Senior (62 & older)	Discount	$ 1.25	$ 3.50
Individuals with Disabilities	Discount	$ 1.25	$ 3.50
Medicare Cardholder	Discount	$ 1.25	$ 3.50
Student (grades K-12)	Discount	$ 1.25	$ 3.50

Bus: Passengers are required to pay a basic or discount single fare for each trip or may purchase a daily pass valid for unlimited rides on that day.

Light Rail: Single ride tickets are valid for 90 minutes from time of validation on light rail only, or pay the 25 cent transfer fee when boarding a bus. Passengers who purchase a basic or discount single ride fare may purchase a transfer for $0.25 or may purchase a daily pass valid for unlimited rides on that day.

Pre-Paid Ticket Books

Fare Book Type	Fare Type	# of Tickets	Book Price
Single Fare	Basic	10	$ 25.00
Single Fare	Discount	10	$ 12.50
Daily Fare	Basic	10	$ 70.00
Daily Fare	Discount	10	$ 35.00

Monthly Passes and Stickers

Fare/Rider Type	Price
Basic Monthly Pass	$ 100.00
Basic Semi-Monthly Pass	$ 50.00
Senior/Disabled Monthly Sticker	$ 50.00
Senior/Disabled Semi-Monthly Sticker	$ 25.00
Super Senior Monthly Sticker (age 75+)	$ 40.00
Student Monthly Sticker	$ 20.00
Student Semi-Monthly Sticker	$ 10.00
Yolobus Express Sticker*	$ 27.50

**Yolobus Express stickers are available for transferring between SacRT and Yolobus Express buses to Davis,Winters, and Woodland. Requires a SacRT Monthly Pass.*

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

PERFORMANCE MEASURES

Performance Measures in Sacramento's Peer Transit Agencies												
			2017 Statistics									
City State	**2010 Urban Area Population**		**Cost per passenger**		**Cost per Revenue Mile**		**Cost per Revenue Hour**		**Subsidy per Passenger**		**Farebox Recovery Ratio**	
	(UZA Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)		(Peer Rank)	
BUS PEERS												
Sacramento, CA	**1,723,634**	**(28)**	**$ 7.96**	**(3)**	**$ 13.06**	**(6)**	**$ 146.68**	**(6)**	**$ 6.43**	**(3)**	**19.3%**	**(3)**
Los Angeles, CA	12,150,996	(2)	4.13	(5)	16.16	(4)	171.20	(5)	3.33	(5)	19.3%	(3)
Oakland, CA	3,281,212	(13)	7.17	(4)	19.15	(2)	194.54	(1)	5.81	(4)	19.0%	(5)
San Carlos, CA	3,281,212	(13)	9.32	(1)	16.90	(3)	174.75	(3)	8.00	(1)	14.2%	(6)
San Diego, CA	2,956,746	(15)	3.31	(6)	8.36	(7)	90.60	(7)	2.29	(6)	30.6%	(1)
San Francisco, CA	3,281,212	(13)	3.05	(7)	22.07	(1)	172.40	(4)	2.29	(6)	25.2%	(2)
San Jose, CA	1,664,496	(29)	8.49	(2)	15.73	(5)	182.65	(2)	7.62	(2)	10.3%	(7)
Average for Bus Peers	**4,048,501**		**6.20**		**15.92**		**161.83**		**5.11**		**19.7%**	
RAIL PEERS												
Sacramento, CA	**1,723,634**	**(28)**	**5.93**	**(2)**	**15.34**	**(4)**	**272.55**	**(4)**	**4.64**	**(2)**	**21.8%**	**(2)**
Los Angeles, CA	12,150,996	(2)	5.41	(3)	21.94	(3)	464.03	(2)	4.63	(3)	14.3%	(4)
San Diego, CA	2,956,746	(15)	2.19	(5)	9.45	(5)	168.24	(5)	1.16	(5)	47.2%	(1)
San Francisco, CA	3,281,212	(13)	4.19	(4)	37.72	(1)	368.95	(3)	3.42	(4)	18.3%	(3)
San Jose, CA	1,664,496	(29)	11.61	(1)	31.65	(2)	487.58	(1)	10.73	(1)	7.6%	(5)
Average for Rail Peers	**4,355,417**		**5.87**		**23.22**		**352.27**		**4.92**		**21.8%**	
Source: National Transit Database, 2017 Transit Profiles - All Agencies												

In 2010, the Sacramento urban area ranked 28th in the US based on population. Table 1 compares the District's 2017 performance to 6 other bus peer transit properties and 4 other rail peer transit properties. This table indicates the following:

<u>Bus</u>
The District ranks 3rd in Cost per Passenger, Subsidey per Passenger, and Farebox Recovery Ratio among its Bus peer transit agencies.
The District ranks 6th in Cost per Revenue Mile and Cost per Revenue Hour among its Bus peer transit agencies.

<u>Rail</u>
The District ranks 2nd in Cost per Passenger, Susidy per Passenger and Farebox Recovery Ratio among its Rail peer transit agencies.

Attachment 4

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

REPORTS REQUIRED BY UNIFORM GUIDANCE
AND TRANSPORTATION DEVELOPMENT ACT
Year ended June 30, 2019

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

Year ended June 30, 2019

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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* 1

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Crowe

Crowe LLP
Independent Member Crowe Global

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*

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
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 business-type activities and the fiduciary activities of Sacramento Regional Transit District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The District's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control over Financial Reporting

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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

Crowe LLP

Sacramento, California
November 15, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Sacramento Regional Transit District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

(Continued)

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the fiduciary activities of the District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The District's basic financial statements. We issued our report thereon dated November 15, 2019 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Sacramento, California
November 15, 2019

SACRAMENTO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

Federal Grantor/ Program or Cluster Title	CFDA Number	Grant Pass-Through Number	Federal Expenditures	Passed Through to Subrecipients
Department of Transportation				
Federal Transit Administration				
Federal Transit Cluster:				
Direct Programs:				
Federal Transit – Capital Investment Grants	20.500	n/a	$ 656,284	$ 119,324
State of Good Repair Grants Program	20.525	n/a	13,064,129	-
Bus and Bus Facilities Formula Program	20.526	n/a	2,117,403	1,355,094
Federal Transit – Formula Grants	20.507	n/a	24,562,597	1,363,402
Passed through Sacramento Area Council of Governments				
Federal Transit – Formula Grants	20.507	CA-95-X275	53,730	-
Federal Transit – Formula Grants	20.507	not provided	505,056	-
Subtotal CFDA 20.507			25,121,383	1,363,402
Total Federal Transit Cluster			40,959,199	2,837,820
Total Department of Transportation			40,959,199	2,837,820
Department of Homeland Security				
Direct Programs:				
Rail and Transit Security Grant Program	97.075	EMW-2014-RA-00009	79,976	-
Total Expenditures of Federal Awards			$ 41,039,175	$ 2,837,820

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - MATCHING COSTS

Matching costs, i.e., the nonfederal share of program costs, are not included in the accompanying Schedule of Expenditures of Federal Awards.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiency(ies) identified?	_____ Yes __X__ None reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	_____ Yes __X__ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes __X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes __X__ No
Identification of major federal programs: CFDA Numbers 20.500 / 20.507 / 20.525 / 20.526	Federal Transit Cluster
Dollar threshold used to distinguish between type A and type B programs:	$ 1,231,175
Auditee qualified as low-risk auditee?	__X__ Yes _____ No

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Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

Report on Compliance with Transportation Development Act

We have audited Sacramento Regional Transit District's (the District) compliance with the types of compliance requirements described in the Transportation Development Act (TDA) Guidebook, the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) Guidelines, and the Low Carbon Transit Operations Program (LCTOP) Final Guidelines published by the State of California Department of Transportation (collectively "Transportation Development Act") that could have a direct and material effect on the District's compliance with the Transportation Development Act for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's Transportation Development Act program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Transportation Development Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Transportation Development Act program. However, our audit does not provide a legal determination of the District's compliance.

(Continued)

Opinion on the Transportation Development Act Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Transportation Development Act program for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Transportation Development Act program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the Transportation Development Act program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Transportation Development Act program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Crowe LLP

Crowe LLP

Sacramento, California
November 15, 2019

Crowe

Crowe LLP
Independent Member Crowe Global

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, CA

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, CA

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the District for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. 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.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.

- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications with regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" This Statement was issued to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as the date the contractual obligation is established. Required debt disclosures include unused lines of credit, assets pledged as collateral for debt, and terms specified in debt agreements (e.g., events of default, termination events, and subjective acceleration clauses). Disclosure requirements also include existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.	Adoption of this Statement did not have a material impact on the District's financial position or results of operations.
Significant Unusual Transactions	No such matters noted.
Significant Accounting Policies in Controversial or Emerging Areas	No such matters noted.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the District's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the District's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.	We understand that management has not prepared such information to accompany the audited financial statements.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the District's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Consultations With Other Accountants Management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.

Communication Item	Results
Representations The Auditor Is Requesting From Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed or subject to correspondence with management.
Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with the District's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve the District as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Sacramento, California
November 15, 2019

Crowe LLP
Independent Member Crowe Global

Members of the Board of Directors
Sacramento Regional Transit District
Sacramento, California

Members of the Board of Directors
Sacramento Area Council of Governments
Sacramento, California

In planning and performing our audit of the financial statements of Sacramento Regional Transit District ("District") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the District's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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

Crowe LLP

Crowe LLP

Sacramento, California
November 15, 2019

RESOLUTION NO. 19-12-0141

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 9, 2019

RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND DESIGNATE THE RESERVE FOR FISCAL YEAR JUNE 30, 2019

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby receives and files the Comprehensive Financial Report (CAFR), Reports on Compliance and Internal Controls for the Fiscal Year Ended June 30, 2019, as required by the Uniform Guidance and the Transportation Development Act;

THAT, the Board hereby directs the General Manager/CEO to designate $3,296,647 to SacRT's Operating Reserve, which funds may only be used as governed by the Board adopted Comprehensive Reserve Policy of 2015.

____
PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: __________________________________
Cindy Brooks, Assistant Secretary