Regional Transit

STAFF REPORT

DATE:	December 12, 2022
TO:	Sacramento Regional Transit Board of Directors
FROM:	Lawrence Chiu, VP, Finance/CFO
SUBJ:	RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT AND DESIGNATE THE OPERATING SURPLUS AND WORKING CAPITAL RESERVE FOR FISCAL YEAR ENDED JUNE 30, 2022

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Receive and File the Annual Comprehensive Financial Report (ACFR);Reports on Compliance and Internal Controls as Required by Uniform Guidance and the Transportation Development Act (TDA); Report to the Board of Directors for the Fiscal Year (FY) ended June 30, 2022; and designate the $6,222,654 FY 2022 Operating Surplus as well as $5,053,586 of Working Capital Reserve to SacRT's Operating Reserve.

These actions will result in an increase of $11,276,240 in the Operating Reserve from $23,450,910 as of June 30, 2021 to $34,727,150 as of June 30, 2022 and a decrease of $5,053,586 in the Working Capital Reserve from $13,100,000 as of June 30, 2021 to $8,046,414 as of June 30, 2022.

FISCAL IMPACT

As of June 30, 2022, Revenue from Operations of $221,399,296 exceeded Expenses from Operations of $215,176,642 thereby creating a Surplus from Operations of $6,222,654 (as shown on page 11 of the ACFR).

Upon approval of the FY 2022 operating results and the recommended actions noted above, the final June 30, 2022, combined balances of $34,727,150 of Operating Reserves and $8,046,414 of Working Capital Reserves, total $42,773,564.

DISCUSSION

Each fiscal year, SacRT prepares an ACFR 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 ACFR and Uniform Guidance from its auditors, Crowe LLP, for the fiscal year ended June 30, 2022. Moreover, no material weaknesses involving SacRT's financial reporting, internal control processes, or issues of non-compliance were identified.

Financial Results Summary

The ACFR presentation and classifications are intended to provide an overall picture of SacRT's year-end position, as well as the results of operations. Overall, and as reflected in the Financial Section to the ACFR (see Attachment 1 – Statement of Revenue and expenses), SacRT's net position increased by $59.5 million as of June 30, 2022.

The increase in net position is due primarily to capital activity which includes progress payments for the light rail modernization program and the surplus generated from operating activities. For additional analysis, please refer to the Management Discussion and Analysis (MD&A) section found within the ACFR document starting on page 4.

Summary of Actual Results

The ACFR presentation differs from SacRT's Operating and Capital budgets in that the ACFR combines both Operating and Capital activities. To evaluate the FY 2022 operating results, Attachment 1 and page 11 of the ACFR shows SacRT's Operating and Capital funds separately. As of June 30, 2022, SacRT's operating results were as follows: $14.3 million in fare revenues, $215.2 million in operating expenses, and a combined $207.1 million in non-operating revenues and expenses.

Summary of Budget to Actual Results

The amended Budget to actual highlights includes a favorable variance in fare revenues of $1.7 million, net favorable variance in operating expenses of $2.8 million, and a net favorable variance in non-operating revenues of $1.7 million (see Attachment 2).

Operating Revenues

SacRT's FY 2022 fare revenue totaled $14.3 million. The favorable variance of $1.7 million is attributed to an increase in ridership due to the easing of COVID restrictions and opening school campuses.

Operating Expenses

Operating expenses totaled $215.2 million, a net favorable variance of $2.8 million from the budget of $218.2 million. Salaries and fringe benefits were over budget by $0.9 million, as a result of higher than expected overtime costs due to the ongoing nationwide labor shortage, which was mostly offset by fringe benefits savings from vacant positions. Professional and Other Services were under budget by $4.4 million, due to a delay of several information technology projects primarily due to staff shortages and workload, timing of implementation of new purchased transportation contract, and a vacancy savings on the police services department contracts. Casualty and Liability expenses were over budget by $2.7 million primarily due to excess liability, property, and cyber liability insurance premiums coming in higher than expected. Other expenses were under budget by $1.7 million primarily due to unused contingency budget and lease cost realignment due to implementation of GASB 87 in Fiscal Year 2022.

Non-Operating Revenues and Expenses

Non-operating revenue and expenses totaled $207.1 million, a net favorable variance of $1.7 million from the budget of $205.4 million. The net favorable variance is due to higher than expected sales tax receipts which was partially mitigated by Federal Job Access and Reverse Commute program funds not awarded, management's reduction of Federal Coronavirus Response and Relief Supplemental Appropriations Act funds due to higher tax receipts and savings in operating expenses, and lower carbon tax credit sales due to decreased demand for carbon credits.

Operating Results

SacRT concluded FY 2022 with an operating surplus of $6,222,654 which will be designated to SacRT's Operating Reserve.

Comprehensive Reserve Policy

The Comprehensive Reserve Policy adopted by the Board of Directors on November 9, 2015, and revised on December 13, 2022, has four categories of reserves: Operating, Self-Insurance, Capital, and Grant/Project Specific. The table below illustrates the target requirements of each, and the current balance held by SacRT. Note, the target Operating Reserve for FY 2022 is 60 days of the of the annual operating budget less current year self-insurance expense, which is approximately $34.7M. The actual reserve balance for FY 2022 is $42.8M, which meets the target amount.

The Government Finance Officers Association best practice recommendation operating reserve balance is 60 days of operating expense.

Reserve Type	Policy Target	FY 2022 Policy Target Amount	Actual Reserve Balance	Target Reserve Shortfall
Operating Reserve Working Capital Total	60 day of operation expenses. (Initial FY 2022 budget of $218M less current year self-insurance expense)	$34.7 million* N/A	$34.7 million** $8.1 million** $42.8 million	- -
Self-Insurance	Current year actuarially determined claim expense at a minimum	$4.9 million	$3.4 million	$1.5
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 final FY 22 operating budget **Includes FY 22 increase in net position

In the past seven fiscal years, SacRT has made a significant financial turn-around by building the operating reserve and working capital balance to $42.8 million, as of June 30, 2022 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 invested operating reserve target presented above is the minimum requirement per the Comprehensive Reserve Policy; however, SacRT currently has a $20 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 2022 Statement of Revenue and Expense per Funding Designations – Attachment 1
- Fiscal Year 2022 Statement of Revenue and Expenses, Operating Budget to Actual Expenses – Attachment 2
- The Annual Comprehensive Financial Report (ACFR) – 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 2022
Statement of Revenues and Expenses
Per Funding Designation

Statement of Revenues and Expenses	FY 2022 Funding Designation: Operations	GASB	Capital Improvement Program	Total
OPERATING REVENUES (Fares)	**$ 14,308,769**	**$ -**	**$ -**	**$ 14,308,769**
OPERATING EXPENSES				
Labor and Fringe Benefits	153,004,351	(9,480,288)	-	143,524,063
Professional and Other Services	17,084,120	-	457,614	17,541,734
Spare Parts and Supplies	14,863,098	-	1,113,620	15,976,718
Utilities	7,424,682	-	-	7,424,682
Casualty and Liability Costs	19,783,495	-	-	19,783,495
Depreciation and Amortization	499,022	-	46,124,415	46,623,437
Other	2,517,874	-		2,517,874
Total Operating Expenses	**$ 215,176,642**	**$ (9,480,288)**	**$ 47,695,649**	**$ 253,392,003**
Loss from Operations	**(200,867,873)**	**9,480,288**	**(47,695,649)**	**(239,083,234)**
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	144,507,608	-	-	144,507,608
Federal	56,675,722	-	2,822,608	59,498,330
Investment Income	2,308,327	-	3,018	2,311,345
Interest Expense	(2,711,177)	-	(1,961,084)	(4,672,261)
Pass Through to Subrecipients	-	-	(2,742,607)	(2,742,607)
Professional and Other Services Funded by Others	-	-	(276,970)	(276,970)
Contract Services	825,900	-	-	825,900
Alternative Fuel and Carbon Tax Credits	1,844,520		1,085,129	2,929,649
Other	3,639,627	-	5,981,223	9,620,850
Total Non-operating Revenues (Expense)	**$ 207,090,527**	**$ -**	**$ 4,911,317**	**$ 212,001,844**
Increase (Decrease) in Net Position Before Capital Contributions and Special Item	**6,222,654**	**9,480,288**	**(42,784,332)**	**(27,081,390)**
Capital Contributions				
State and Local	-	-	41,351,937	41,351,937
Federal	-	-	29,408,366	29,408,366
Increase in Net Position Before Special item	6,222,654	9,480,288	27,975,971	43,678,913
Special Item: Transfer of Operations	-	-	15,781,405	15,781,405
Increase in Net Position	**$ 6,222,654**	**$ 9,480,288**	**$ 43,757,376**	**$ 59,460,318**

Reserve

Operating Reserve Balance June 30, 2021	**$ 23,450,910**
FY2022 Surplus Designation to Operating Reserve	6,222,654
Working Capital Designated to Operating Reserve	5,053,586
Operating Reserve Balance June 30, 2022	**$ 34,727,150**
Working Capital Balance June 30, 2021	**$ 13,100,000**
FY2022 Designation of Working Capital to Operating Reserve	(5,053,586)
Working Capital Balance June 30, 2022	**$ 8,046,414**

Attachment 2

Fiscal Year 2022
Statement of Revenues and Expenses
Operating Budget to Actual Expenses

Statement of Revenues and Expenses	FY 2022 Budget to Actual Expenses: Approved Budget	Adjusted Operating Results	Variance (Unfavorable)/ Favorable	Percent Variance
OPERATING REVENUES				
Fares	**$ 12,547,000**	**$ 14,308,769**	**$ 1,761,769**	**14.0%**
OPERATING EXPENSES				
Labor and Fringe Benefits	152,165,312	153,004,351	(839,039)	-0.6%
Professional and Other Services	21,509,275	17,084,120	4,425,155	20.6%
Spare Parts and Supplies	15,008,750	14,863,098	145,652	1.0%
Utilities	8,038,000	7,424,682	613,318	7.6%
Casualty and Liability Costs	17,036,033	19,783,495	(2,747,462)	-16.1%
Depreciation and Amortization	-	499,022	(499,022)	-
Other	4,204,863	2,517,874	1,686,989	40.1%
Total Operating Expenses	**$ 217,962,233**	**$ 215,176,642**	**$ 2,785,591**	**1.3%**
(Loss) Income from Operations	**(205,415,233)**	**(200,867,873)**	**4,547,360**	**-2.2%**
NON-OPERATING REVENUES (EXPENSES)				
Operating Assistance				
State and Local	139,348,541	144,507,608	5,159,067	3.7%
Federal	60,076,962	56,675,722	(3,401,240)	-5.7%
Investment Income	2,711,177	2,308,327	(402,850)	-14.9%
Interest Expense	(2,711,177)	(2,711,177)	-	0.0%
Contracted Services	649,730	825,900	176,170	27.1%
Alternative Fuel and Carbon Tax Credits	2,387,320	1,844,520	(542,800)	-22.7%
Other	2,952,680	3,639,627	686,947	23.3%
Total Non-operating Revenues (Expense)	**$ 205,415,233**	**$ 207,090,527**	**$ 1,675,294**	**0.8%**
Increase in Net Position	**$ -**	**$ 6,222,654**	**$ 6,222,654**	**-**

Attachment 3

Sacramento Regional Transit District

ANNUAL
COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

1400 29th Street
P.O. Box 2110
Sacramento, CA 95812-2110
916-321-2800 • sacrt.com

Sacramento Regional Transit

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Sacramento Regional Transit

Prepared by the Finance Division

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Sacramento Regional Transit District
A Public Transit Agency
and Equal Opportunity Employer

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Public Transit Since 1973

www.sacrt.com

December 12, 2022

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

The Sacramento Regional Transit District (SacRT) 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 six months of the close of each fiscal year. Pursuant to that requirement, SacRT hereby issues the Annual Comprehensive Financial Report (ACFR) of SacRT for the fiscal year ended June 30, 2022.

This report consists of management's representations concerning the finances of SacRT. 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 SacRT 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 SacRT assets and to compile sufficient reliable information for the preparation of SacRT's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, SacRT'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.

SacRT'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 SacRT's financial statements for the fiscal year ended June 30, 2022, 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 SacRT's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP.

The independent audit of the financial statements of SacRT 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 SacRT'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. SacRT's MD&A can be found immediately following the independent auditor's report of Crowe LLP.

Profile of SacRT

SacRT began operation on April 1, 1973, with the acquisition of the Sacramento Transit Authority. SacRT is the largest transit provider carrying over 90% of riders in the 6-county mega-region that serves the heart of California's capital, serving a metropolitan population of over 1.4 million with a service area of approximately 440 square miles. In 1971, California legislation allocated sales tax money for local and statewide transit service and created the organizational framework for SacRT pursuant to the Sacramento Regional Transit District Act.

An 11-member Board of Directors is responsible for governing the SacRT. 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 SacRT's General Manager/Chief Executive Officer (GM/CEO). SacRT's GM/CEO is responsible for carrying out the policies and ordinances of the Board for overseeing the day-to-day operations of SacRT, and for appointing the executive management of the various divisions.

SacRT provides bus and light rail service 365 days a year covering a 440 square-mile service area. Annual ridership was approximately 22 million pre-pandemic and was on a steadfast ridership growth trajectory of 15% on fixed-route bus, 7% on light rail and 127% growth in student ridership - almost unheard of during a time of downward ridership trends nationwide. During the first three months of the pandemic, SacRT experienced ridership losses of 70-80%. However, ridership has shown signs of a strong return with SacRT experiencing the highest ridership ever on the service nearly 50% higher than at any point prior to the pandemic and more than double what ridership was at the beginning of the pandemic. It's now approximately at 65% of pre-pandemic levels on all services. So far in Fiscal Year 2023, ridership has recovered the strongest on bus services, both fixed route and demand response. Fixed route ridership is at approximately 70% of the pre-COVID pace in September 2022 with light rail ridership rebounding just slightly behind bus.

SacRT's entire bus and light rail system is accessible in accordance with the American Disabilities Act (ADA). Additionally, SacRT 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.

SacRT'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 SacRT'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.

SacRT'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, SacRT 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 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 SacRT operates bus and light rail service.

COVID-19

As the Sacramento region and the rest of the nation responded to COVID-19, SacRT temporarily reduced service in March 2020 in response to the local shelter-in-place order and quickly shifted to rear door boarding among many other COVID related precautions. Staff continued to monitor ridership and make adjustments by adding extra buses to popular routes during peak commute hours, bringing back approximately 100% of service levels by September 2020 to help essential employees get to work, reduce transportation barriers, and ensure equitable transit for disadvantaged and underserved communities. SacRT has been an important partner in supporting the Sacramento region's recovery.

Additional information on COVID-19 and its impact on SacRT can be found in Footnote 1 to the financial statements.

Local Economy

SacRT operates service in the capitol city of the fifth largest economy in the world. The mega-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 2022 was 4%, an encouraging gain from the 2021 rate of 7.4%. The Sacramento region continues to trend below the statewide annual unemployment averages, which demonstrates the need for robust transit in the Sacramento region.

Recognizing that Sacramento is one of the most diverse cities in the nation, SacRT has taken a very thoughtful approach in ensuring that our disadvantaged community members have equitable access to jobs, education, resources, and economic opportunity to keep the region moving forward. SacRT's service area is 53% minority and 28% low-income with many living in food deserts and with limited broadband access. Communities of color make up 60% of transit riders, and 15% of all passengers speak a primary language other than English.

A significant portion of SacRT's operating funds is derived from sales tax revenues. In Fiscal Year 2022, taxable sales in the Sacramento region rose resulting in an increase of 17.9% in Measure A Revenue. It is estimated that the taxable sales in the region will increase in Fiscal Year 2023. SacRT adopted the Fiscal Year 2023 Operating Budget with an increase of approximately 2.8% in Measure A sales tax-based revenues compared to Fiscal Year 2022 actuals and a 5.0% increase in Local Transportation Funds due to the estimated taxable sales.

District-Wide Improvement Initiatives

While the ongoing Covid-19 pandemic may have impacted some of SacRT's original Fiscal Year 2021 goals, it provided SacRT with an opportunity to live its mission, vision, and values. This was truly a year of providing community value in the Sacramento region and staff continues to pride itself on not only maintaining service levels but delivering a variety of innovative solutions throughout the year. The result of staff successfully pivoting to address rapidly changing priorities is seen in a recent rider survey, which reported high levels of customer satisfaction. SacRT's transformation was recognized through a multitude of local and national awards, including the national American Public Transportation Association's 2021 Outstanding Public Transportation System of the Year Award for
accomplishment and innovations in public transportation. SacRT was also ranked #1 in customer satisfaction among cities, special districts, and county in a 2019 and 2021 regional poll.

SacRT continues to pursue opportunities for coordination and consolidation to provide a more cost-effective and coordinated transit service for the entire region. In recent years, SacRT successfully negotiated the annexation of the transit services of the cities of Folsom and Citrus Heights followed by Elk Grove on July 1, 2021. These consolidation efforts, made possible because of a renewed trust in SacRT by the jurisdictions, provided economies of scale, and a true integrated regional system and the opportunity to compete and win additional grant funding that may have been lost to larger transit agencies in other regions – bringing additional funding to the region.

SacRT will not be deterred from continuing to improve and implement innovative mobility solutions that will benefit the Sacramento region and push for additional funding at the federal, state, and local levels.

Major Initiatives Moving Forward

SacRT's FY 2021-2025 Strategic Plan

The disruptive impact of the COVID-19 pandemic precisely demonstrated the need for a strategic plan – especially for organizations that are publicly funded like SacRT. The pandemic was a major hurdle; however, it was also an opportunity for the transit industry to show the vital role public transit plays in keeping the Sacramento region moving. Adopted in October 2021, SacRT's Strategic Plan for Fiscal Years 2021-2025, drives SacRT's strategic priorities: Operational Excellence, Customer Satisfaction, Employee Community Value, and Employee Engagement.

Goals and tactics have been thoughtfully developed and measured on a quarterly basis to align directly with one of the four strategic priorities that have successfully guided our work over the last fiscal year. The new strategic plan introduced SacRT's performance scorecard, with quarterly metrics, tactics and milestones for achieving SacRT's goals and will continue to serve as the guiding vision for post-pandemic strategic success. SacRT strives to balance the delivery of high-quality customer experience with value to taxpayers, and the Strategic Plan offers a platform from which the agency takes aim at these two high level aspirations. Here is the breakdown of the four guiding principles:

- Customer Satisfaction: Ensuring that SacRT customers have access to high quality mobility options that they actively and increasingly use is a priority for SacRT. SacRT wants to ensure that the system provides customers with mobility options that get them where they want to go, when they want to go there.

- Operational Excellence: SacRT is dedicated to providing innovative mobility solutions and developing and implementing programs that provide best in class service that puts customers first. As public transportation service continues to evolve, SacRT is committed to providing the highest standards in transportation by implementing industry best practices and ensuring clean, safe, reliable and convenient service for our customers.

- Community Value: SacRT is committed to expanding regional partnerships and providing excellent public transit service to promote SacRT as our region's premier public transit agency. SacRT will continue to promote programs and incentive options that will encourage more people to try transit, build our ridership, demonstrate our value and economic impact as a community partner, and educate the public about the benefits of transit and how local funding is important to create a world-class public transit system.

- Employee Engagement: SacRT is dedicated to providing a positive and collaborative workplace that enables us to build a strong workforce of highly satisfied and performing individuals. SacRT recognizes that the work employees do every day, in every single position, has a potentially significant impact on the quality of life in the Sacramento region. SacRT employees are foundational to the success and SacRT is committed to hiring the best people and supporting them throughout their careers at SacRT.

Light Rail Modernization Project

As part of SacRT's $610 million Light Rail Modernization Project that includes new vehicles, station enhancements and additional track to improve headways and reliability, SacRT has awarded a contract to Siemens Mobility in Sacramento to manufacture up to 76 new low-floor light rail vehicles. After securing $265 million in state and federal funds. In December 2021, SacRT and Siemens Mobility executed a contract for the purchase of an additional eight vehicles, on top of the 20 currently being manufactured.

As the agency continues to leverage federal and state funding sources, SacRT plans to transition to an entirely new low-floor light rail fleet. The new low-floor vehicles will have low level boarding at every doorway. They will feature improved accessibility with wider aisles and areas providing more access to passengers with disabilities and others boarding with strollers, bicycles and other mobility devices.

In December 2020, SacRT was awarded state grants by the California Transportation Commission (CTC), including over $33.8 million to SacRT to assist with the Light Rail Modernization Project from the Solutions for Congested Corridors Program (SCCP), which will improve access, reliability, and capacity on SacRT's Blue Line.

In April 2021, SacRT was awarded over $33.1 million in project funding from SACOG's 2021 Regional Funding Round to assist with the Light Rail Modernization Project, to support CNG tank and bus replacements, to further Sacramento Valley Station Loop Stations Project, and to complete the funding needed to reimagine the Watt/I-80 Transit Center Improvements. This

funding includes $22 million towards the purchase of 16 additional new low-floor light rail vehicles, bringing the total to 36 new vehicles by Fiscal Year 2022.
In July 2022, SacRT was awarded $30 million in state grants through the Transit and Intercity Rail Capital Program (TIRCP) to assist with the major improvements to the light rail system in an effort to reduce greenhouse gas emissions, and support jobs. The California State Transportation Agency (CalSTA) awarded SacRT grants to help fund three major projects: $23.6 million as part of the nearly $600 million Light Rail Modernization and Expansion of Low-Floor Fleet Project, which includes the funding for eight additional new low-floor trains; $5 million to support connectivity and planning at Sacramento Valley Station (SVS) to prepare for future development at the Railyards; and $1.5 million to expand contactless fare payment devices on transit.

SacRT'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; however, double tracking will allow for 15-minute service. Construction work will start in winter 2022 and is expected to be completed by spring 2024.

Tap to Pay Onboard Light Rail

SacRT was the first transit agency in California to offer a contactless fare payment option onboard light rail trains. SacRT riders can now simply tap their contactless credit, debit, prepaid card or payment-enabled device (mobile phone, smartwatch or other) on readers installed onboard all SacRT light rail trains for an easy and secure way to ride transit. SacRT will continue to accept all current forms of fare payment. Riders who are eligible for a discount fare can still pay the discount fare with cash, Connect Card or ZipPass.

Zero Emission Vehicle Plan

In accordance with the California Air Resource Board's Innovative Clean Transit regulation (CARB ICT), SacRT adopted a Rollout Plan to transition its bus fleet to 100 percent zero-emission vehicles (ZEV) by 2040. The CARB's ICT regulation requires all public transit agencies in the State of California to transition from conventional buses (compressed natural gas, diesel, etc.) to zero-emission buses (battery-electric or fuel cell electric) by 2040. The regulation requires a progressive increase of an agency's new bus purchases to be zero-emission buses (ZEBs) based on their fleet size.

In March 2021, the Board approved a Zero-Emission Bus Rollout Plan, which will transition SacRT's fleet to 100 percent zero-emission by 2040. In their letter of support, SMUD reiterated its commitment to a true regional partnership to help SacRT fulfill this ambitious ZEB plan through close coordination and infrastructure that will be vital with this fleet transition,

In June 2021, SacRT along with the Sacramento Municipal Utility District (SMUD), and GiddyUp EV, Inc., held a "plug-in" ceremony to celebrate an innovative public-private partnership that will bring a new high-speed electric vehicle charging hub to the Power Inn light rail, which will include the installation of passenger electric vehicle chargers, a solar system (including electrical equipment) on top of canopies acting as covered carports, and an ATM. The new charging hub is anticipated to go live in 2023 and be one of the largest charging hubs in the state when built out. This public-private partnership will deliver a state-of-the-art charging solution for Sacramento's growing electric vehicle market, meet the region and state's sustainability goals, and provide a revenue sharing model for SacRT.

In August 2021, SacRT relaunched the Airport Express Bus service between downtown Sacramento and the Sacramento International Airport using 100 percent zero-emission electric vehicles, which is part of SacRT's Zero Emission Vehicle Plan.

Rolling Library Train

SacRT teamed up with the Sacramento Public Library to launch Sacramento's first Rolling Library Train. The brightly decorated train promotes riding and reading with an immersive introduction to library services in the digital age. This is also the first time the interior of a SacRT light rail train has been completely reimagined.

When customers step onboard the library light rail train, the train walls and seatbacks resemble books on shelves. Riders can find hidden gems on those bookshelves featuring QR codes to free downloadable materials from the Sacramento Public Library.

The rolling library train is an engaging way to advertise the services provided by an important community partner. The program reflects SacRT's ongoing efforts to expand the role it plays in the greater community by bringing the library system to meet people where they are. Especially for the 320,000 students and youth that are eligible to ride SacRT fare-free.

SacRT GO Paratransit Services

In August 2021, Folsom Dial-a-Ride was fully transitioned to SmaRT ride and SacRT GO. Accessible services completely transitioned all riders to SacRT Go eligibility and grandfathered everyone from the Folsom system into SacRT GO, fully reconciling application and eligibility process differences. With the economy opening up and as more people get vaccinated, SacRT has experienced a sharp increase in ADA paratransit trips with SacRT GO, carrying nearly as many riders daily as we were pre-pandemic.

In April 2022, SacRT contracted with a Transportation Network Company (TNC), UZURVE, to provide a small percentage of SacRT GO trips in order to meet the increased demand and realize efficiencies in the service, as our labor contract allows. More than half of our paratransit riders are ambulatory, and these brokered services will allow SacRT to meet increased mobility demands.

SmaRT Ride

Staff continues to implement innovative projects to better serve the communities we serve. In July 2021, SmaRT ride service expanded to better serve residents in south Sacramento along Florin-Gerber, Elk Grove, Folsom, Rancho Cordova, and downtown Sacramento.

SacRT was one of the first transit agencies in the nation to implement microtransit on-demand service. With a total of nine active SmaRT Ride service zones today, SacRT is one of the largest microtransit providers in the country, operating with 45 shuttles, nine of which are zero emission electric vehicles. SacRT's SmaRT Ride service is provided through Measure A funding. SmaRT Ride microtransit initially experienced a 15% decline in ridership at the start of the pandemic; however, SacRT experienced the highest ridership ever on the service nearly 50% higher than at any point prior to the pandemic and more than double what ridership was at the beginning of the pandemic.

Fare-Free for Youth

In 2019 SacRT was also the first transit agency in the nation to implement unrestricted system-wide fare-free transit program, called RydeFreeRT, for over 220,000 eligible students in grades kindergarten through 12th, including foster and homeless youth. Now in the fourth year of the program, that number has significantly grown.

In September 2022, SacRT estimates nearly 320,000 student boardings. This is on pace for over 3.5 million student rides this year. Prior to the pandemic, SacRT was carrying approximately 1.7 million students meaning that total student ridership has doubled since the onset of the free ride program. Through fare-free program, SacRT is not only increasing ridership today, but are creating life-long transit riders and advocates while supporting families and working parents. SacRT's school district partners often speak to the direct impact of the program in combatting school absenteeism.

Real Estate

SacRT continues to develop our relationships with transit-oriented development partners and examine various surplus properties to determine if they qualify for projects that would encourage transit use and potentially increase our ridership. SacRT continued to progress TOD investments, property dispositions, revenue licenses and easements. 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.

In November 2022 a new housing transit-oriented development (TOD) project located adjacent to SacRT's University/65th Street Transit Center opened. SacRT sold the property in November 2019, marking SacRT's first TOD property sale and the first student housing TOD in the Sacramento region. The project also reconstructed the SacRT bus stops on 67th and Q Street to improve the connection to the light rail Station. SacRT received $2 million from the sale proceeds, to reinvest into the system.

In fiscal year 2022 SacRT closed on the following properties, Riverside Boulevard for $600 thousand and Calvine-Auberry parcels for $1.3 million. In fiscal year 2023 SacRT released the Power Inn Parcel for sale. Staff continues to analyze and identify opportunities for utilization of excess property. Project evaluation has included the Evergreen site for operational uses.

Secured Additional Funding

SacRT received a federal grant for approximately $95 million in CARES Act stimulus funds, which will offset revenue decline and additional expenses related to the COVID-19 pandemic. SacRT used $57.5 million of CARES Act funding in Fiscal Year 2021 and the balance in Fiscal Year 2022.

SacRT received a federal grant for approximately $38 million in funding from the Federal Transit Administration Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). CRRSAA is a federal formula grant program in which SacRT used approximately $19 million for operations in Fiscal Year 2022 and is expected to use the balance in fiscal year 2023.

Approximately $104 million in American Relief Plan (ARP) funds was allocated to SacRT. SacRT will use approximately $35M in fiscal year 2023, approximately $65M in fiscal year 2024 and the balance in fiscal year 2025.

Due to the uncertainly with COVID-19, the STA decided not to move forward with a transportation ballot measure in Fiscal Year 2021, referred to as Measure A, and in November 2022, a Citizens' Initiative placed Measure A on the ballot. And, while we are still awaiting final results at the writing of this letter, it is likely that Measure A, the countywide transportation initiative, will be narrowly defeated. Although the news is initially disappointing, SacRT sees this opportunity to move forward with a more ambitious transit funding plan in the next couple of years. One that puts a more heavy emphasis on public transit funding to address our region's climate, equity, and social justice goals.

Balanced Funding Concepts

While SacRT 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 SacRT receives are generated by the Section 5307/5309/5337 federal transit funds, the state transportation account and COVID relief funds.

SacRT has specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2021A Refunding Bonds. The required continuing disclosure items and their locations within the ACFR are presented on page 98.

SacRT 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 AFSCME, AEA/OE3, and MCEG. Each year, an independent actuary engaged by the respective Retirement Boards calculates the amount of the annual contribution that SacRT 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.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SacRT for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. 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 22nd consecutive year that SacRT has received this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Financial Report. 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 Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The 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; Lynda Volk, Accountant II; Nadia Mokhov, Senior Financial Analyst; Elizabeth Her, Accountant I; and Maria Whitworth, Program Analyst.

Henry Li
General Manager/CEO

Lawrence Chiu
Vice President, Finance/CFO

SACRAMENTO REGIONAL TRANSIT DISTRICT
CERTIFICATE OF ACHIEVEMENT
FISCAL YEAR ENDED JUNE 30, 2022

Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Sacramento Regional Transit District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

SACRAMENTO REGIONAL TRANSIT DISTRICT
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2022

Board of Directors

Steve Miller, City of Citrus Heights, **Chair**
Patrick Kennedy, County 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
Don Nottoli, County of Sacramento
Jay Schenirer, City of Sacramento
Phil Serna, County of Sacramento
Katie Valenzuela, City of Sacramento

Board of Directors Alternates

Mike Kozlowski, City of Folsom
Stephanie Nguyen, City of Elk Grove
David Sander, City of Rancho Cordova
Tim Schaefer, City of Citrus Heights

General Manager/CEO

Henry Li

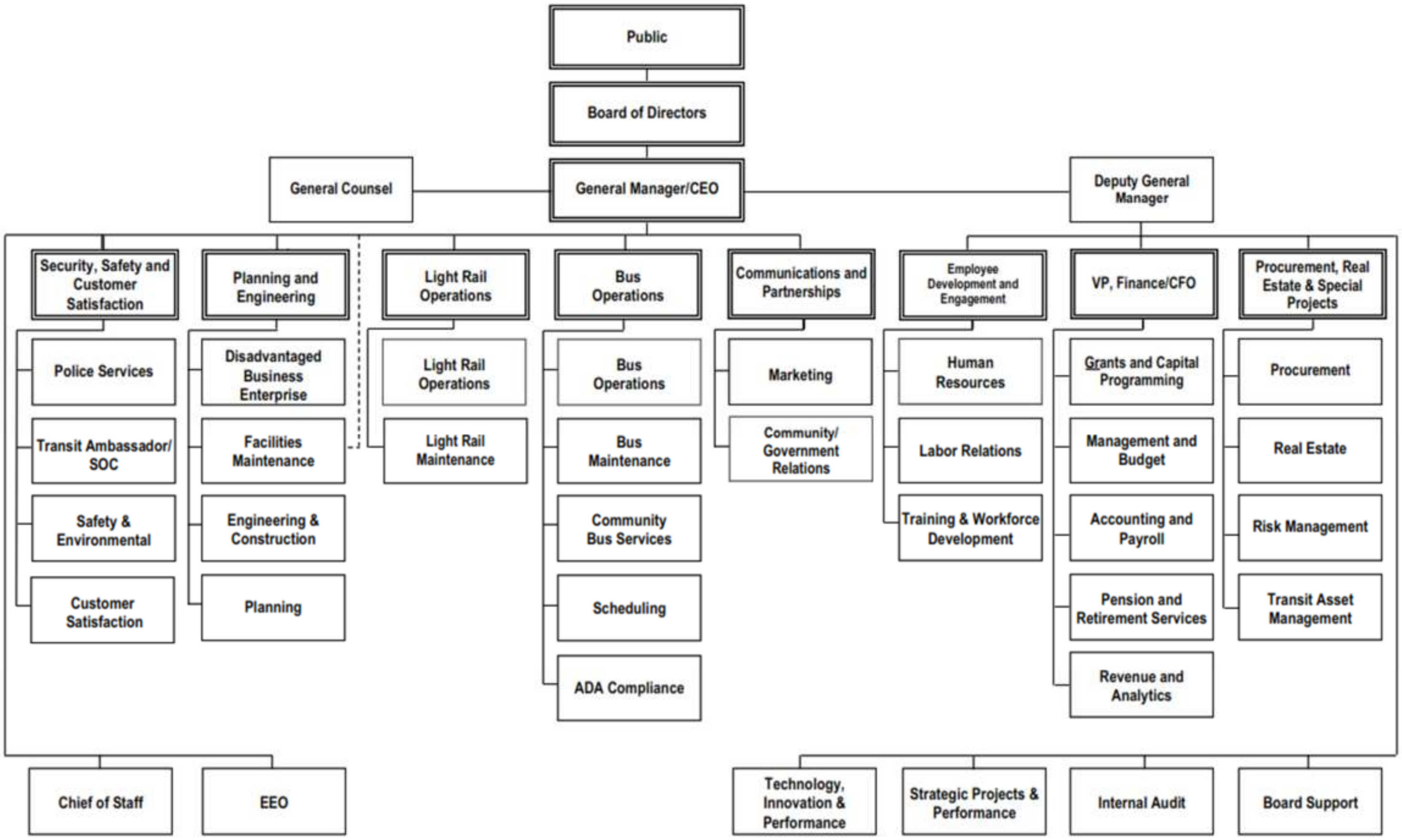
Deputy General Manager/CEO

Shelly Valenton

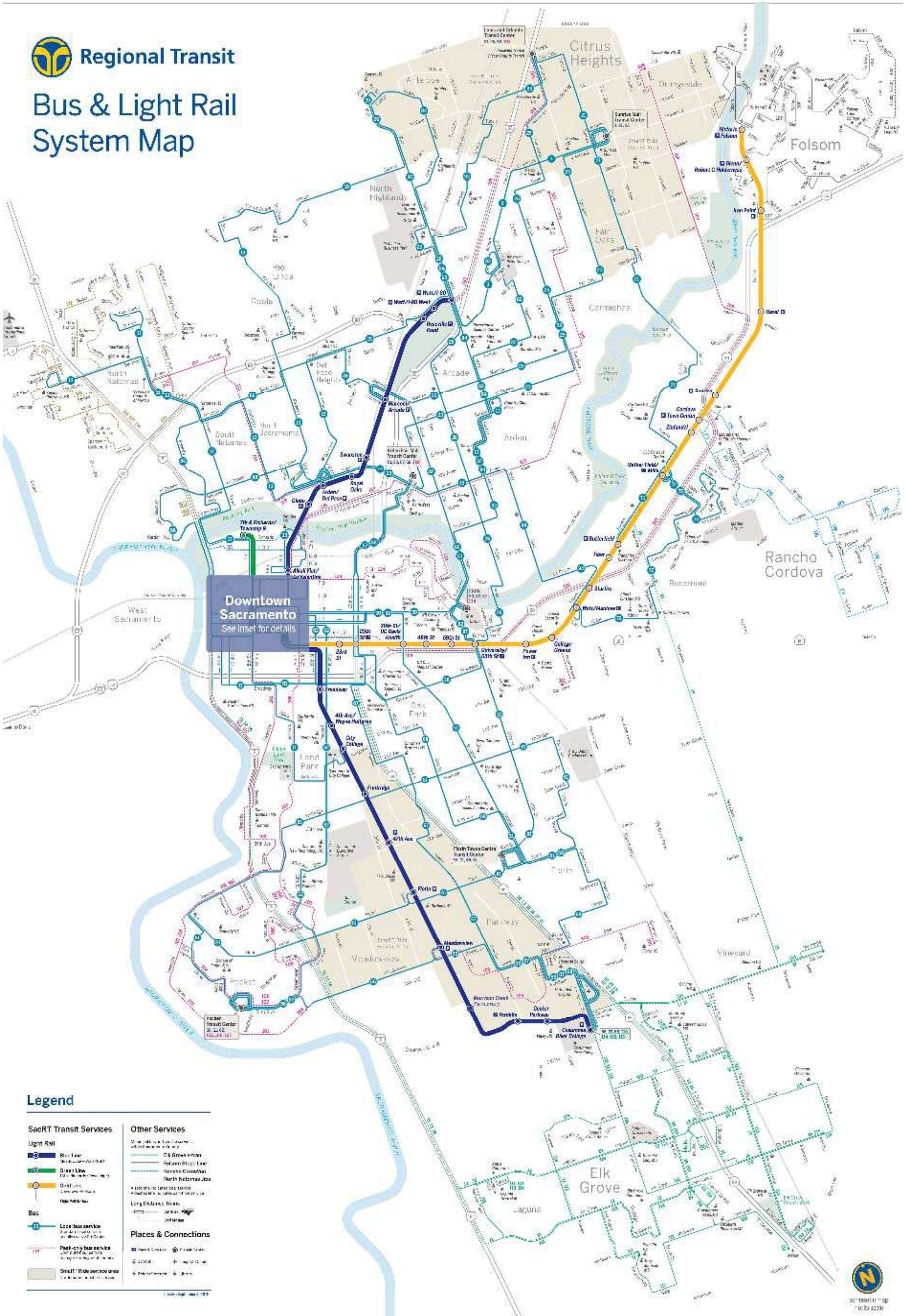
Executive Management Team

Carmen Alba, Vice President, Bus Operations
Jamie Adelman, Vice President, Procurement, Real Estate & Special Projects
Lawrence Chiu, Vice President, Finance/CFO
Ron Forrest, Vice President, Light Rail Operations
Laura Ham, Vice President, Planning and Engineering
Lisa Hinz, Vice President, Security, Safety and Customer Satisfaction
Devra Selenis, Vice President, Communications and Partnerships
David Topaz, Vice President, Employee Develoment and Engagement

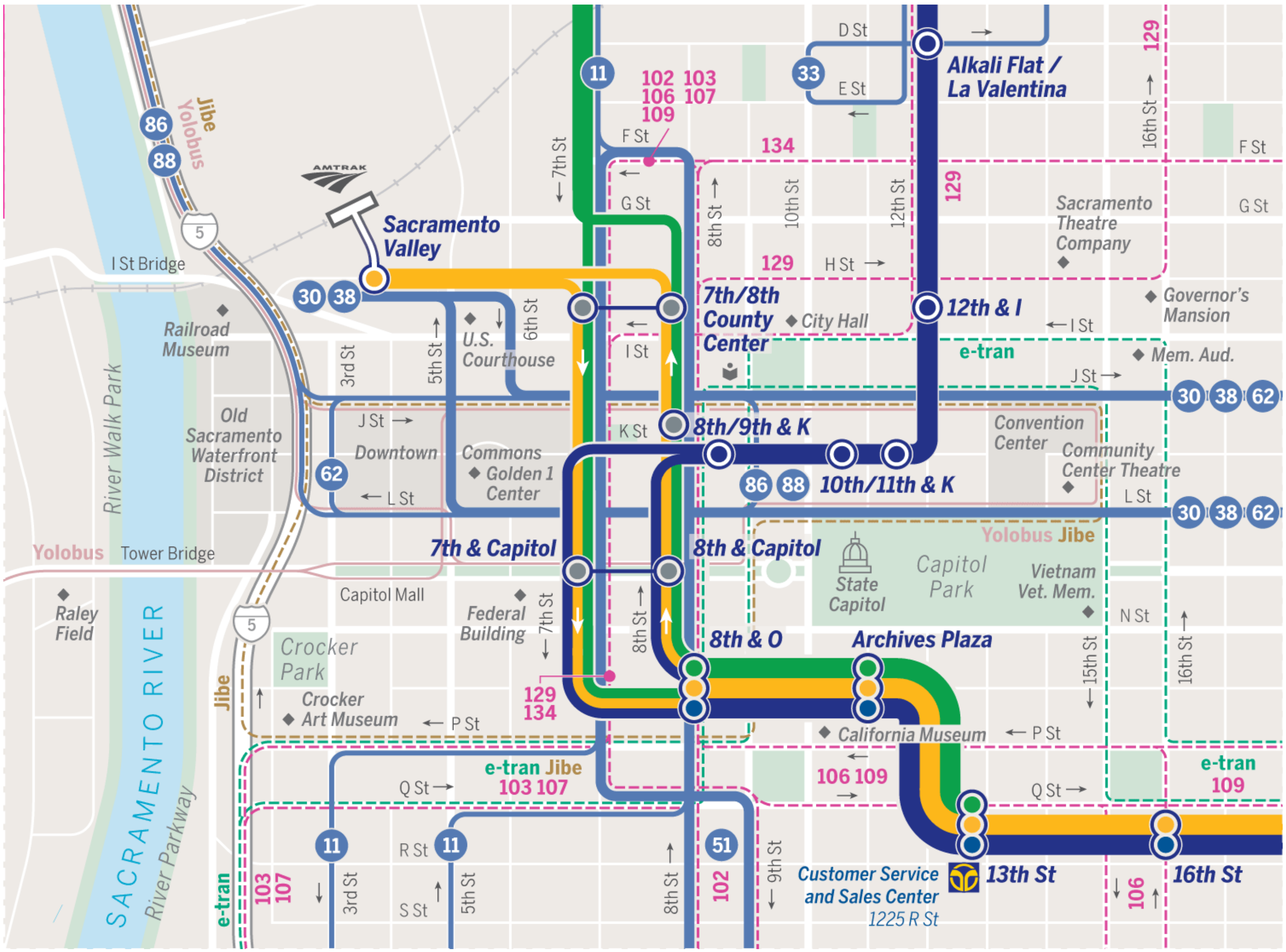
SACRAMENTO REGIONAL TRANSIT DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR ENDED JUNE 30, 2022



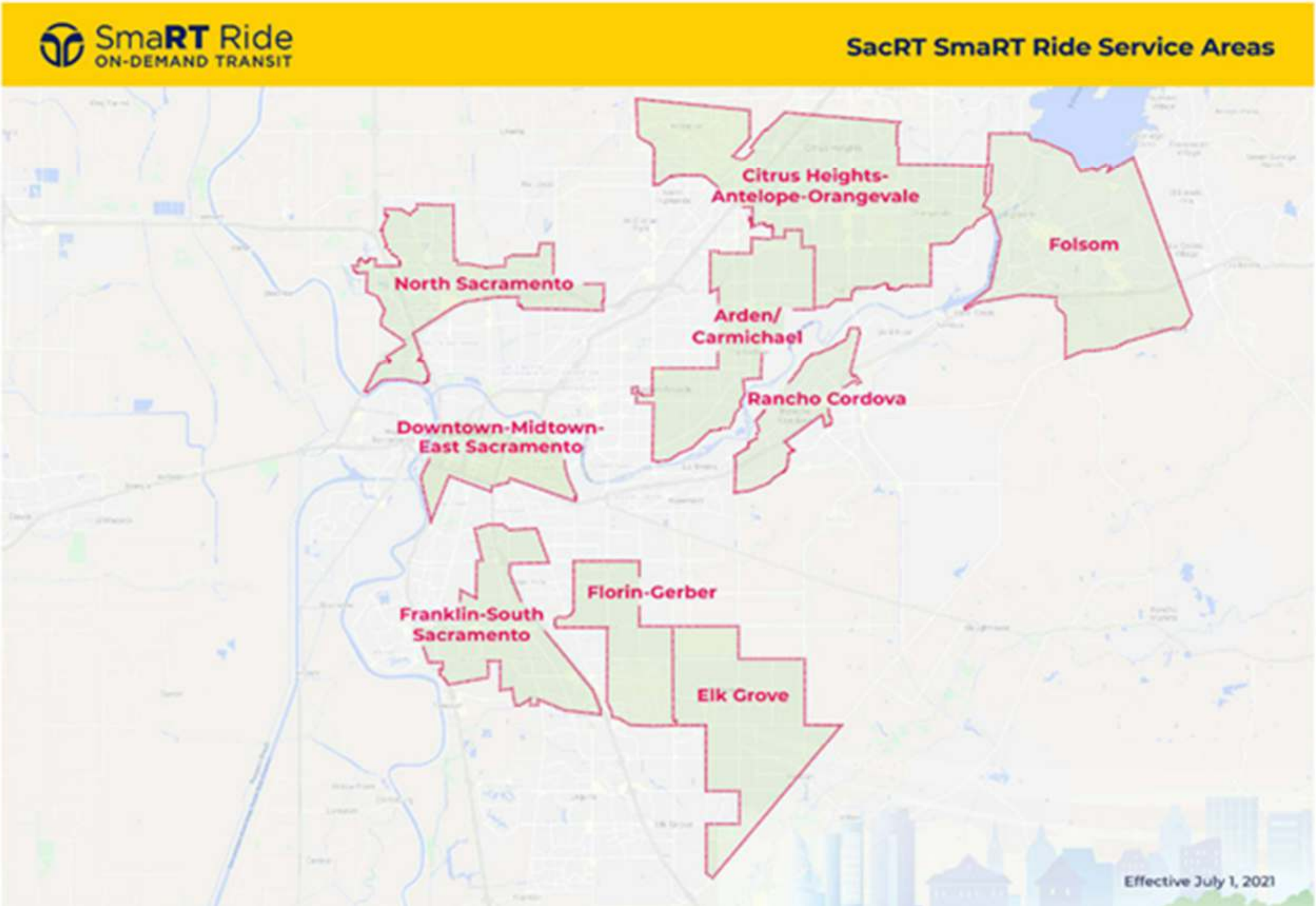
SACRAMENTO REGIONAL TRANSIT DISTRICT
SERVICE AREA MAP



SACRAMENTO REGIONAL TRANSIT DISTRICT
SERVICE AREA MAP



SACRAMENTO REGIONAL TRANSIT DISTRICT
SERVICE AREA MAP



Financial Section

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Sacramento Regional Transit District (SacRT), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of SacRT, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SacRT, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 4 to the financial statements, during the year ended June 30, 2022, SacRT adopted new accounting guidance, GASB Statement No. 87, *Leases*. The adoption resulted in recording lease payables and right-of-use lease assets. There was no impact to net position as of July 1, 2021 as a result of adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the SacRT's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SacRT's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SacRT's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SacRT's basic financial statements. The combining statement of fiduciary net position and combining statement of changes in fiduciary net position are presented for purposes of additional analysis and are 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of fiduciary net position and combining statement of changes in fiduciary net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 18, 2022 on our consideration of SacRT'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 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 SacRT's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SacRT's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 18, 2022

Management Discussion & Analysis

As management of the Sacramento Regional Transit District (SacRT), we offer the readers of SacRT's financial statements this narrative overview and analysis of the financial activities for SacRT for the fiscal year ended June 30, 2022. 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 SacRT exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $804,724,096 (net position). Of this amount $806,700,457 is net investment in capital assets, $3,382,532 is restricted for debt service, $5,780,515 is restricted for Folsom and Elk Grove from Annexations, $5,816,891 is restricted for capital projects, and $(16,956,299) is unrestricted. SacRT'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.

- SacRT's total net position Increased for the year ended June 30, 2022 by $59,460,318 or 8.0 percent compared to the year ended June 30, 2021. This Increase is due primarily to capital activity which includes progress payments for the light rail modernization program and the purchase of 30 new 40' Gillig buses, transfer of operations to SacRT from the City of Elk Grove and the surplus generated from operating activites.

- SacRT's total liabilities and deferred inflows of resources increased by $15,889,671 or 3.4 percent for the fiscal year ended June 30, 2022. The net increase is primarily attributed to payments due for SacRT's light rail vehicle expansion and the adoption of GASB 87 whereby SacRT recognized lease liabilites for existing leases in fiscal year 2022.

- During the fiscal year ended June 30, 2022, fare revenue increased by $2,307,497 or 19.2 percent from the fiscal year ended June 30, 2021. This is attributed to an increase in ridership due to school campuses opening and the easing of COVID restrictions. Non-operating revenue decrease by $(4,812,129) or (2.1) percent in fiscal year 2022 as Federal Preventative Maintenance grant funds were allocated to SacRT's capital program in fiscal year 2022. The decrease was largely mitigaged by increases in sales tax generated Transportation Developement Act funds and Measure A funds.

- Total operating costs increased by $9,780,384 or 4.0 percent for the fiscal year ended June 30, 2022. This increase is primarily due to increases in Casualty and Liability insurance premiums and labor and fringe benefits costs due to a rise in labor costs resulting from contractual pay rate escalation. This increase was partially mitagated by a decrease in SacRT's actuarily determined pension and other post retirment benefits costs.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to SacRT'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 SacRT's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all SacRT'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 SacRT's financial position is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how SacRT's net position changed during the fiscal year ended June 30, 2022. 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, SacRT reports expenses and revenues on an accrual basis rather than a cash basis. Since SacRT'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. SacRT serves in a fiduciary capacity for the Pension Trust Funds and the Connect Card Custodial Fund. 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 SacRT 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 SacRT's overall financial condition. This analysis addresses the financial statements of SacRT 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 SacRT, assets and deferred outflows exceeded liabilities and deferred inflows by $804,724,096.

The vast majority of SacRT's total net position reflects investment in capital assets, less any related debt unused bond proceeds and funds from annexations 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 SacRT'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.

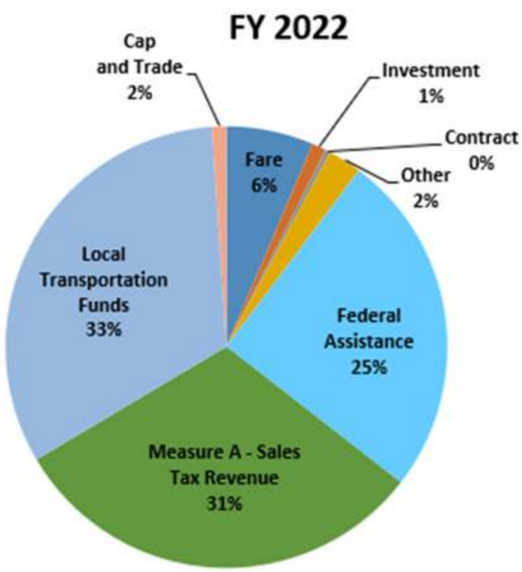
SACRAMENTO REGIONAL TRANSIT DISTRICT
NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

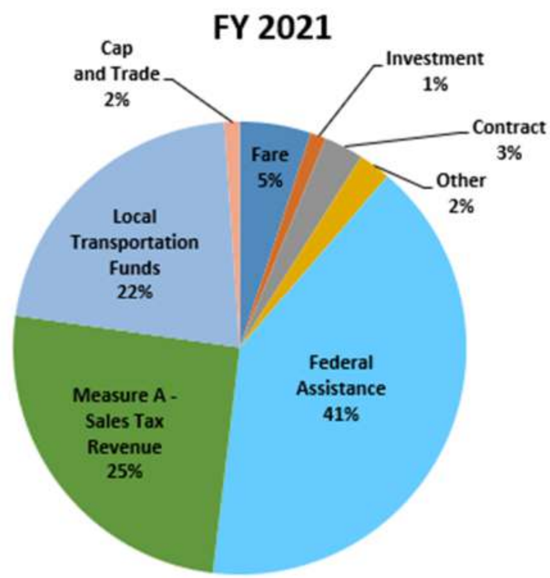
	June 30, 2022	June 30, 2021	Increase or (Decrease) Dollar	Increase or (Decrease) Percent
Current and Other Assets	$ 225,902,727	$ 186,195,926	$ 39,706,801	21.3%
Capital Assets	860,497,406	832,000,405	28,497,001	3.4%
Total Assets	1,086,400,133	1,018,196,331	68,203,802	6.7%
Deferred Outflows of Resources	64,429,744	57,283,557	7,146,187	12.5%
Current Liabilities	43,907,726	34,189,512	9,718,214	28.4%
Non-Current Liabilities	241,005,384	284,761,626	(43,756,242)	(15.4)%
Total Liabilities	284,913,110	318,951,138	(34,038,028)	(10.7)%
Deferred Inflows of Resources	61,192,671	11,264,972	49,927,699	443.2%
Net Position				
Net Investment in Capital Assets	806,700,457	788,415,069	18,285,388	2.3%
Restricted for:				
Debt Service	3,382,532	3,438,602	(56,070)	(1.6)%
Annexations	5,780,515	3,419,838	2,360,677	69.0%
Capital Projects	5,816,891	5,522,252	294,639	5.3%
Unrestricted	(16,956,299)	(55,531,983)	38,575,684	(69.5)%
Total Net Position	$ 804,724,096	$ 745,263,778	$ 59,460,318	8.0%

SACRAMENTO REGIONAL TRANSIT DISTRICT
REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	Increase or (Decrease) Dollar	Percent
Operating Revenue				
Fares	$ 14,308,769	$ 12,001,272	$ 2,307,497	19.2%
Non-Operating Revenues				
Operating Assistance	204,005,938	209,643,548	(5,637,610)	(2.7)%
Investment Income	2,311,345	2,650,569	(339,224)	(12.8)%
Other Revenue	13,099,429	11,934,724	1,164,705	9.8%
Total Operating and Non-Operating Revenue	233,725,481	236,230,113	(2,504,632)	(1.1)%
Operating and Non-Operating Expenses				
Labor & Fringe Benefits	143,524,063	146,509,144	(2,985,081)	(2.0)%
Professional & Other Services	17,656,676	16,454,793	1,201,883	7.3%
Spare Parts & Supplies	15,861,776	14,835,775	1,026,001	6.9%
Utilities	7,424,682	7,271,754	152,928	2.1%
Casualty & Liability Costs	19,783,494	12,335,695	7,447,799	60.4%
Depreciation	46,623,437	44,060,094	2,563,343	5.8%
Insurance Proceeds and Other	2,517,875	2,144,364	373,511	17.4%
Interest Expense	4,672,261	4,880,508	(208,247)	(4.3)%
Pass through to Subrecipients	2,742,607	4,259,523	(1,516,916)	(35.6)%
Total Operating and Non-Operating Expenses	260,806,871	252,751,650	8,055,221	3.2%
Loss Before Capital Contributions	(27,081,390)	(16,521,537)	(10,559,853)	63.9%
Capital Contributions				
State and Local	41,351,937	$ 42,669,140	(1,317,203)	(3.1)%
Federal	29,408,366	4,848,116	24,560,250	506.6%
Total Capital Contributions	70,760,303	47,517,256	23,243,047	48.9%
Increase in Net Position Before Special Item	43,678,913	30,995,719	12,683,194	(40.9)%
Special Item: Transfer of Operations	15,781,405	-	15,781,405	-
Increase in Net Position	59,460,318	30,995,719	28,464,599	91.8%
Net Position, beginning of year	745,263,778	714,268,059	30,995,719	4.3%
Net Position, end of year	$ 804,724,096	$ 745,263,778	$ 59,460,318	8.0%

Operating and Non-operating Revenue by Source



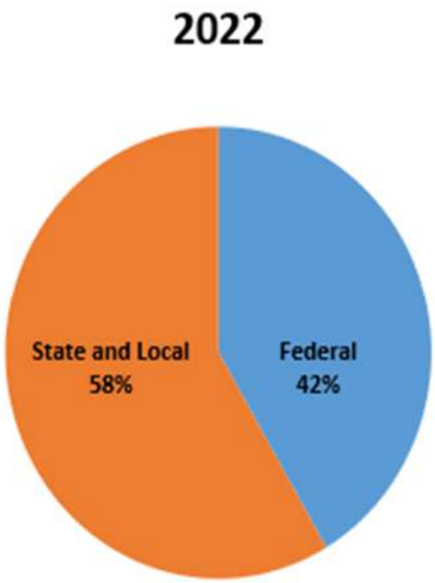


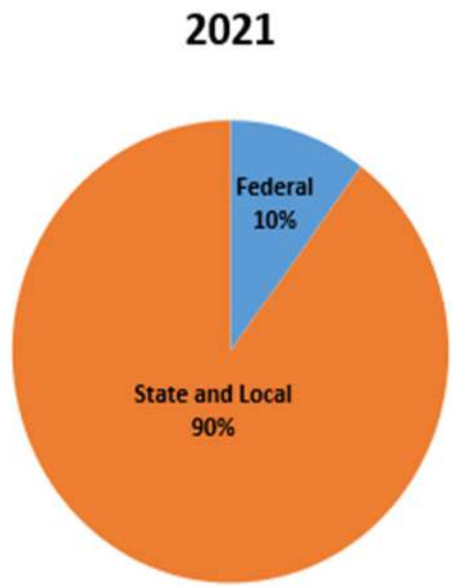
The significant changes in Operating and Non-operating Revenue by Source are described below:

Fares, investment income, contracted services, alternative fuel and carbon tax credits and other revenue Increased by a combined $3,132,978 for the fiscal year ended June 30, 2022 or 11.8 percent. The increase is primarily attibuted to higher fare revenue which is attributed to an increase in ridership due to school campuses opening and the easing of COVID restrictions, insurance proceeds from a damaged light rail vehicle and the prior year donation of land to the City of Sacramento for the Del Rio Trail. This increase was largely mitigated by lower contracted services due to the transfer of operations from the City of Elk Grove and lower carbon credit prices.

Operating assistance decreased by $(5,637,610) or (2.7) percent for the fiscal year ended June 30, 2022 as Federal Preventative Maintenace grant funds were allocated to SacRT's capital program in fiscal year 2022. The decrease was largely mitigated by increases in sales tax generated Transportation Developement Act funds and Measure A funds.

Capital Contributions by Source

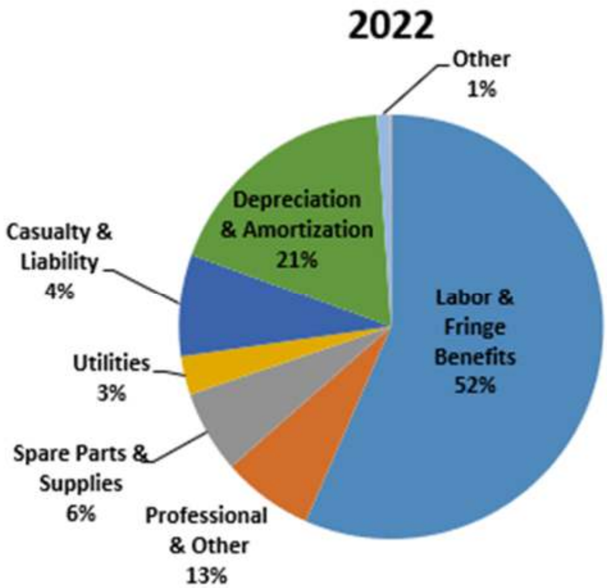


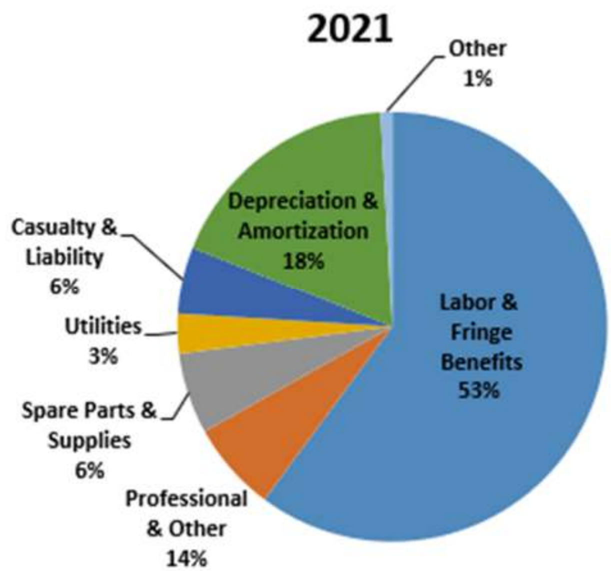


The significant changes in Capital Contributions by Source are described below:

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 $23,243,047 million or 48.9 percent during the fiscal year ended June 30, 2022. The increase is primarily due to progress payments for the light rail modernization program and the purchase of 30 new 40' Gillig buses.

Operating Expenses





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

Total operating costs decreased by $9,780,384 or 4.0 percent for the fiscal year ended June 30, 2022. This increase is primarily due to increases in Casualty and Liability insurance premiums and labor and fringe benefits costs due to a rise in labor costs resulting from contractual pay rate escalation. This increase was partially mitigated by a decrease in SacRT's actuarily determined pension and other post retirement benefits costs.

SACRAMENTO REGIONAL TRANSIT DISTRICT
FISCAL YEAR 2022
STATEMENT OF REVENUES AND EXPENSES BY FUNDING DESIGNATION

Statement of Revenues and Expenses	FY 2022 Funding Designation: Operations	Capital Improvement Program, GASB 68 & 75, 78	Total
OPERATING REVENUES (Fares)	**$ 14,308,769**	**$ -**	**$ 14,308,769**
OPERATING EXPENSES			
Labor and Fringe Benefits	153,004,351	(9,480,288)	143,524,063
Professional and Other Services	17,084,120	457,614	17,541,734
Spare Parts and Supplies	14,863,098	1,113,620	15,976,718
Utilities	7,424,682	-	7,424,682
Casualty and Liability Costs	19,783,494	-	19,783,494
Depreciation	499,022	46,124,415	46,623,437
Other	2,517,875	-	2,517,875
Total Operating Expenses	**215,176,642**	**38,215,361**	**253,392,003**
Loss from Operations	**(200,867,873)**	**(38,215,361)**	**(239,083,234)**
NON-OPERATING REVENUES (EXPENSES)			
Operating Assistance			
State and Local	144,507,608	-	144,507,608
Federal	56,675,722	2,822,608	59,498,330
Investment Income	2,308,327	3,018	2,311,345
Interest Expense	(2,711,177)	(1,961,084)	(4,672,261)
Pass Through to Subrecipients	-	(2,742,607)	(2,742,607)
Professional and Other Services Funded by Others	-	(276,970)	(276,970)
Contract Services	825,900	-	825,900
Alternative Fuel and Carbon Tax Credits	1,844,520	1,085,129	2,929,649
Insurance Proceeds and Other	3,639,627	5,981,223	9,620,850
Total Non-operating Revenues (Expense)	**207,090,527**	**4,911,317**	**212,001,844**
Gain (Loss) Before Capital Contributions and Special Item	**6,222,654**	**(33,304,044)**	**(27,081,390)**
Capital Contributions			
State and Local	-	41,351,937	41,351,937
Federal	-	29,408,366	29,408,366
Total Capital Contributions	**-**	**70,760,303**	**70,760,303**
Gain Before Special Item	**$ 6,222,654**	**$ 37,456,259**	**$ 43,678,913**
Special Item: Transfer of Operations	**$ -**	**$ 15,781,405**	**$ 15,781,405**
Change in Net Position	**$ 6,222,654**	**$ 53,237,664**	**$ 59,460,318**

The Annual Comprehensive Financial Report (ACFR) presentation differs from SacRT’s operating and capital budgets in that the ACFR combines both operating and capital activities. To assist SacRT's Board and readers in their review, a Statement of Revenues and Expenses By Funding Designation is provided to show SacRT's operating and capital funds separately. As of June 30, 2022, SacRT's operating results were as follows: $14,308,769 in fare revenues, $215,176,642 in operating expenses, and $207,090,527 in non-operating revenues, resulting in a $6,222,654 operating surplus. Additional information regarding the Statement of Revenues by Funding Designation can be found in SacRT's 2022 ACFR Staff Report to the Board of Directors.

Analysis of SacRT’s Financial Position

SacRT's net position provides information on near term inflows, outflows, and balances of spendable resources. SacRT is reporting net position as of June 30, 2022 of $804,724,096 and operating and capital activity increase of $59,460,318 or 8.0 percent.

Capital Asset and Long-Term Debt Activity

As of June 30, 2022, SacRT’s investment in various capital assets, such as bus and light rail vehicles, facilities, land, buildings and equipment increased to $860,497,406 from $832,000,405 representing a (3.4) percent increase as capital acquisition exceeded depreciation. Additional information on capital assets can be found in Footnote 3 to the financial statements.

In August 2021 SacRT issued $35,475,000 of Refunding Bonds, Series 2021A, at a premium of $9,165,477 to current refund and defease all the outstanding Farbox Revenue Bonds, Series 2012. The $44,252,933 balance represents what remains of the $35,475,00 of Refunding Bonds, Series 2021A and the unamortized premium. The Farebox Revenue Bonds, Series 2012, issued in the fiscal year 2013 were used to primarily fund construction on the South Line Phase 2 light rail extension. SacRT recorded a liability and a corresponding asset of $52,320,775 as of June 30, 2022, 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.

Current Economic Factors and Conditions

SacRT received a federal grant for approximately $95 million in CARES Act stimulus funds, which has offset revenue decline and additional expenses related to the COVID-19 pandemic. It was determined that SacRT did not require the use of CARES Act funding in fiscal year 2020 however, it used approximately $57 million in fiscal year 2021 and the balance of $38 million in fiscal year 2022.

SacRT received a federal grant for approximately $37.8 million in funding from the Federal Transit Administration-Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). CRRSAA is a federal formula grant program in which SacRT used approximately $18.7 million for operations in fiscal year 2022 and will use the remainder in fiscal year 2023.

Approximately $104 million in American Relief Plan (ARP) funds was allocated to SacRT. SacRT will use approximately $35M in fiscal year 2023, approximately $65M in fiscal year 2024 and the balance in fiscal year 2025.

SacRT has plans for future expansion and improvement of light rail and bus services. As of June 30, 2022, SacRT has construction contracts and property acquisition commitments of approximately $138,140,256.

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, P.O. Box 2001, Sacramento CA 95812-2110.

Financial Statements

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2022

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	47,237,435
Restricted Cash and Cash Equivalents		1,984,259
Investments		23,744,826
Restricted Investments		150,000
Receivables:		
State and Local Government		11,133,609
Federal Government		18,017,473
Other		3,312,555
Spare Parts and Supplies Inventory		24,386,356
Other Current Assets		961,504
Total Current Assets		130,928,017
Non-Current Assets:		
Restricted Cash and Cash Equivalents		16,744,119
Investments		4,777,434
Restricted Investments		21,132,382
Deposits for Lease/Leaseback Payable		52,320,775
Non-Depreciated Capital Assets		177,161,098
Depreciated Capital Assets, Net		683,336,308
Total Non-Current Assets		955,472,116
Total Assets		1,086,400,133
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows from Pension		53,207,955
Deferred Outflows from Other Post Employment Benefits		5,175,430
Deferred Outflows: Loss on Refunding		6,046,359
Total Deferred Outflows of Resources		64,429,744
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	1,150,829,877

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF NET POSITION - BUSINESS TYPE ACTIVITIES
ENTERPRISE FUND
JUNE 30, 2022

LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 19,191,306
Other Accrued Liabilities	5,742,759
Compensated Absences	9,021,507
Interest Payable	521,550
Unearned Revenue	2,034,471
Advances from Other Governments	888,930
Claims Payable	6,014,284
Lease Payable	492,919
Total Current Liabilities	43,907,726
Long-Term Liabilities:	
Compensated Absences	1,966,860
Advances from Other Governments	18,578,305
Claims Payable	15,301,696
Refunding Bonds	44,252,933
Lease Payable	2,627,349
Lease/Leaseback Payable	52,320,775
Net Pension Liability	100,295,736
Net Other Post Employment Benefits Liability	5,661,730
Total Long-Term Liabilities	241,005,384
Total Liabilities	284,913,110
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows from Other Post Employment Benefits	14,542,242
Deferred Gain on Lease/Leaseback	5,247,035
Deferred Inflows: Gain on Refunding	3,452,336
Deferred Inflows from Pension	37,951,058
Total Deferred Inflows of Resources	61,192,671
NET POSITION	
Net Investment in Capital Assets	806,700,457
Restricted for:	
Debt Service	3,382,532
Annexations	5,780,515
Capital Projects	5,816,891
Unrestricted	(16,956,299)
Total Net Position	804,724,096
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 1,150,829,877

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, 2022

OPERATING REVENUES	
Fares	$ 14,308,769
OPERATING EXPENSES	
Labor and Fringe Benefits	143,524,063
Professional and Other Services	17,656,676
Spare Parts and Supplies	15,861,776
Utilities	7,424,682
Casualty and Liability Costs	19,783,494
Depreciation	46,623,437
Other	2,517,875
Total Operating Expenses	253,392,003
Operating Loss	(239,083,234)
NON-OPERATING REVENUES (EXPENSES)	
Operating Assistance:	
State and Local	144,507,608
Federal	59,498,330
Investment Income	2,311,345
Interest Expense	(4,672,261)
Pass-Through to Subrecipients	(2,742,607)
Contract Services	825,900
Alternative Fuel and Carbon Tax Credits	2,929,649
Insurance Proceeds and Other	9,343,880
Total Non-Operating Revenues	212,001,844
Loss Before Capital Contributions	(27,081,390)
Capital Contributions:	
State and Local	41,351,937
Federal	29,408,366
Total Capital Contributions	70,760,303
Increase in Net Position Before Special Item	43,678,913
Special Item: Transfer of Operations	15,781,405
Increase in Net Position	59,460,318
Net Position, beginning of year	745,263,778
Net Position, end of year	$ 804,724,096

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 19,067,931
Cash Received from Contract Sources	825,900
Cash Paid to Suppliers	(60,617,752)
Cash Paid to Employees and Employee Benefits	(153,286,831)
Cash Received from Other Sources	10,586,321
Cash Received from Transfer of Operations	4,473,276
Net Cash Used in Operating Activities	(178,951,155)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Local Receipts	139,009,879
Federal Receipts	60,287,562
Payments Pass-Through to Subrecipients	(2,742,607)
Net Cash Provided by Noncapital Financing Activities	196,554,834
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(53,248,799)
Payment/Receipt on Refunding	25,477
Bond Issuance Costs Paid	(449,680)
Interest Paid	(1,954,132)
Proceeds from Sale of Capital Assets Receipts	2,225,085
State and Local Capital Grants Receipts	45,736,177
Federal Capital Grants	20,052,432
Principal Payments on Leases	(468,204)
Net Cash Provided by Capital and Related Financing Activities	11,918,356
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,267,501
Purchases of Investments	(10,995,002)
Investment Income	311,458
Net Cash Provided by Investing Activities	(9,416,043)
Net Increase in Cash and Cash Equivalents	20,105,992
Cash and Cash Equivalents, July 1	45,859,821
Cash and Cash Equivalents, June 30	$ 65,965,813
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and Cash Equivalents	$ 47,237,435
Restricted Cash and Cash Equivalents, Current	1,984,259
Restricted Cash and Cash Equivalents, Non-Current	16,744,119
Total Cash and Cash Equivalents	$ 65,965,813

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, 2022

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

Operating Loss	$ (239,083,234)
Adjustments to Reconcile Net Loss from Operations to Net Cash Used in Operating Activities:	
Depreciation	46,623,437
Contract Services- Nonoperating Income	825,900
Miscellaneous Nonoperating Income	10,586,321
Transfer of Operations	4,473,276
Effect of Changes in:	
Other Receivables	3,322,406
Spare Parts and Supplies Inventory	(467,374)
Other Current Assets	68,397
Accounts Payable and Accrued Liabilities	1,417,530
Compensated Absences	116,653
Unearned Revenue	1,436,757
Claims Payable	1,226,002
Deferred Outflows from Pension	(8,535,129)
Net Pension Liability	(33,864,620)
Deferred Inflows from Pension	35,786,975
Deferred Outflows from Other Post Employment Benefits	1,081,742
Net Other Post Employment Benefit Liabillty	(15,074,345)
Deferred Inflows from Other Post Employment Benefits	11,108,151
Net Cash Used in Operating Activities	$ (178,951,155)

NON-CASH INVESTING AND FINANCING ACTIVITIES

Interest Income from Investments Held to Pay Lease/Leaseback	$ 2,616,864
Interest Expense on Capital Lease/Leaseback	(2,616,864)
Capital Assets Included in Accounts Payable	9,541,656
Capital Contributions Included in Receivables	15,884,556

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Pension Trust Funds	Connect Card Custodial Fund
ASSETS		
Cash and Cash Equivalents	$ 11,990,488	$ 660,165
Receivables:		
Securities Sold	10,561,485	-
Invoiced Receivables	-	70,714
Interest and Dividends	625,240	-
Other Receivables and Prepaids	125,660	26,128
Total Receivables	11,312,385	96,842
Investments:		
Equity Securities	221,227,069	-
Fixed Income Securities	92,822,007	-
Real Estate	38,960,438	-
Total Investments	353,009,514	-
Total Assets	376,312,387	757,007
LIABILITIES		
Securities Purchased Payable	28,540,071	-
Accounts Payable	749,128	-
Due to Connect Card Consortium Members	-	225,691
Total Liabilities	29,289,199	225,691
NET POSITION		
Restricted for Pension Benefits	347,023,188	-
Restricted for Connect Card Consortium Members	-	531,316
Total Net Position	$ 347,023,188	$ 531,316

See accompanying notes to the financial statements.

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Pension Trust Funds	Connect Card Custodial Fund
ADDITIONS		
Contributions:		
Employer	$ 25,575,022	$ -
Member	2,385,092	-
Change in Bargaining Group	667,990	-
Total Contributions	28,628,104	-
Investment Income (Loss):		
Net Depreciation in Fair Value of Investments	(30,955,907)	-
Interest, Dividends, and Other Income	5,222,355	-
Investment Expenses	(1,858,653)	-
Net Investment Loss	(27,592,205)	-
Connect Card Fare Collections for Consortium Members	-	1,547,592
Total Additions	1,035,899	1,547,592
DEDUCTIONS		
Benefits Paid to Participants	29,407,690	-
Change in Bargaining Group	667,990	-
Distribution to Consortium Members	-	925,324
Administrative Expenses	765,714	90,952
Total Deductions	30,841,394	1,016,276
Increase (Decrease) in Net Position	(29,805,495)	531,316
Net Position - Beginning of Year	376,828,683	-
Net Position - End of Year	$ 347,023,188	$ 531,316

See accompanying notes to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

THE REPORTING ENTITY

The Sacramento Regional Transit District (SacRT) was established in 1973 pursuant to the Sacramento Regional Transit District Act. SacRT has the responsibility to develop, maintain, and operate a public mass transit transportation system for the benefit of the residents of the Sacramento area. SacRT 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, SacRT has reviewed the criteria to determine whether other entities with activities that benefit SacRT 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 SacRT.

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

BASIS OF PRESENTATION

The accounts of SacRT 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 SacRT. 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. SacRT’s statements are organized into the following fund types:

Proprietary Fund Type

The ***Enterprise Fund*** distinguishes operating revenues and expenses from non-operating items. SacRT'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 Types

The ***Pension Trust Funds*** are used to account for assets held by SacRT in a trustee capacity. The SacRT 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 SacRT's salaried employees.

The ***Connect Card Custodial Fund*** is used to account for assets held by SacRT for the benefit of the transit agencies who are members of the Connect Card Consortium. Connect Card is the Sacramento region's electronic transit fare payment system and the Connect Card Consortium's participating agencies include SacRT, El Dorado Transit, Etran, Placer County Transit, Roseville Transit, SCT/Link, Yolobus and Yuba-Sutter Transit. Any balances or transactions related to SacRT are not recorded in the fund and instead are recorded in SacRT's enterprise fund.

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 fiduciary 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 fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. SacRT 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, SacRT 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 SacRT 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 consist 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, 2022, 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 (except for intangible right-to-use lease assets, the measurement of which is discussed in leases below). 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 and right-to-use leased assets are amortized over the shorter of their estimated useful life or the remaining lease term. Depreciable/amortized lives are as follows:

Buildings and improvements	30 to 50 years
Right-to use leased buildings	2 to 51 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
Right-to use leased equipment	2 to 5 years

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

No depreciation is provided on construction in progress until construction is completed and the asset is placed in service. It is SacRT's policy to capitalize all capital assets with an individual cost of more than than $5,000 or a group of smiliar items amounting to $100,000 or more with and individual cost of at least $500 and a useful life in excess of one year.

<u>Impairment of Capital Assets</u>: In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, management evaluates events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, other changes in environmental factors, technology changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will continue to be used are written down to reflect the decline in service utility of the capital asset. Impaired capital asset that will no longer be used are reported at the lower of carrying value or fair value.

LEASES

SacRT is a lessee for noncancellable leases of buildings and equipment. SacRT recognizes lease liabilities and intangible right-to-use lease assets in the enterprise fund's financial statements. SacRT recognizes lease liabilities with an initial, individual value of $5,000 or more or a group of similar items amounting to $100,000 or more with and individual value of at least $500.

At the commencement of the lease, SacRT initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the term of the lease.

Key estimates and judgments related to leases include how SacRT determines the discount rate it uses to discount the expected lease payments to present value and the lease term. SacRT use the interest rate charged by the lessor if known, the implicit rate in the lease if calculable, or more commonly SacRT's incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelllable period of the lease including extensions that SacRT is reasonably certain to exercise. SacRT monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

COMPENSATED ABSENCES

SacRT's policy allows employees to accumulate earned unused vacation and sick leave which can be paid to employees upon separation from SacRT. 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, SacRT uses restricted resources first.

SELF-INSURANCE AND CLAIMS PAYABLE

SacRT is self-insured up to specified limits for workers' compensation claims, general liability claims, and major property damage. SacRT 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 Elk Grove (City) and SacRT, the City agreed to combine its public transit service with SacRT. The transfer of operations included the assets and deferred revenue of the City's transit fund. These assets included cash, rolling stock and equipment and was exclusive of certain City infrastructure assets within the fund. The acquisition value of the net position transferred as of the transfer date was determined to be $15,781,405.

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.

2. CASH AND INVESTMENTS

The total cash and investments as of June 30, 2022, are reported in the accompanying basic financial statements as follows:

	Enterprise Fund	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	$ 47,123,084	$ -	$ 47,123,084
Cash on hand	114,351	-	114,351
Investments	28,522,260	-	28,522,260
Total unrestricted	75,759,695	-	75,759,695
Restricted:			
Cash and cash equivalents	18,728,378	12,650,653	31,379,031
Investments	21,282,382	353,009,514	374,291,896
Total restricted	40,010,760	365,660,167	405,670,927
Total cash and investments	$ 115,770,455	$ 365,660,167	$ 481,430,622

INVESTMENTS

SacRT 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%
Other Equity Securities (7)	N/A	N/A	25% (2)	5%
Real Estate	None	N/A	None	None

(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 Bloomberg Aggregate Index 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.
(7) Other Equity Securities include: rights and warrants.

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, 2022:

Enterprise Fund

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Total
Collateralized Mortgage Obligations	$ 6,860	$ 182,955	$ -	$ -	$ 189,815
Corporate Bonds	-	896,598	-	-	896,598
Municipals	-	39,209	-	-	39,209
U.S. Government Agency Obligations	19,574	894,044	-	-	913,618
U.S. Government Issued Obligations	-	854,900	-	-	854,900
Asset-Backed Securities	-	372,721	-	-	372,721
CalTRUST	46,537,781	-	-	-	46,537,781
Total Enterprise Fund	$ 46,564,215	$ 3,240,427	$ -	$ -	$ 49,804,642

Fiduciary Funds

	Maturities in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Total
Collateralized Mortgage Obligations	$ -	$ 180,483	$ 171,235	$ 4,394,013	$ 4,745,731
Corporate Bonds	1,295,966	10,212,828	7,734,985	7,526,670	26,770,449
Municipal Bonds	-	-	83,774	392,394	476,168
U.S. Government Agency Obligations	-	1,409,809	355,282	27,745,575	29,510,666
U.S. Government Issued Obligations	-	18,450,790	-	6,253,400	24,704,190
Asset-Backed Securities	81,326	627,913	589,038	5,316,526	6,614,803
Total Fiduciary Fund	$ 1,377,292	$ 30,881,823	$ 8,934,314	$ 51,628,578	$ 92,822,007

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. SacRT 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, 2022, SacRT held callable bonds in the amount of $451,214. The Pension Trust Funds held callable bonds in the amount of $24,571,250.

INVESTMENT IN STATE INVESTMENT POOL AND CALTRUST

SacRT 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 SacRT’s investment in this pool is reported in the accompanying financial statements at amounts based upon the SacRT’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. SacRT's total investment in the LAIF at June 30, 2022, was $59,219,061.

SacRT 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. SacRT's investments in CalTRUST are measured at net asset value (NAV), as described on page 35. As of June 30, 2022, SacRT's investments in CalTRUST were $46,537,781, 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. SacRT's investments in LAIF and CalTRUST external investment pools are not rated.

For the fiscal year ending June 30, 2022, 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, 2022:

Moody's Ratings	Enterprise Fund Amount	Percentage of Portfolio
Not Applicable	$ 46,537,781	93.44%
Not rated	282,375	0.57%
Aaa/Aaa-mf/P1	2,067,509	4.15%
Aa2	86,084	0.17%
Aa3	33,828	0.07%
A1	291,272	0.58%
A2	357,463	0.72%
A3	148,330	0.30%
	$ 49,804,642	100.00%

Moody's Ratings	Fiduciary Funds Amount	Percentage of Portfolio
Not Applicable	$ 260,187,507	73.71%
Not rated	32,064,062	9.08%
Aaa	30,673,215	8.69%
Aa1	316,588	0.09%
Aa2	888,069	0.25%
Aa3	772,347	0.22%
A1	2,342,221	0.66%
A2	4,628,736	1.31%
A3	3,084,067	0.87%
Baa1	3,966,502	1.12%
Baa2	3,817,228	1.08%
Baa3	3,680,981	1.04%
Ba1	2,033,695	0.58%
Ba2	362,957	0.10%
Ba3	1,149,617	0.33%
B1	504,841	0.14%
B2	766,474	0.22%
B3	854,342	0.24%
Caa1	231,863	0.07%
Caa2	32,500	0.01%
C	3,953	0.00%
WR	647,749	0.19%
Total	$ 353,009,514	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 SacRT contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2022, SacRT did not hold more than 5% of total investments in a single issuer.

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, 2022, the Plans had the following investments in one issuer that comprised more than 5% of Plan investments.

Federal National Mortgage Association $20,039,312

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, 2022, $3,795,004 of SacRT's deposits and $654,752 of the Custodial Fund'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.

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 SacRT'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, 2022, SacRT 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 SacRT's name.

2. CASH AND INVESTMENTS (Continued)

FOREIGN CURRENCY RISK

The current SacRT 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, 2022, SacRT 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, 2022, the Pension Trust Funds do not have any deposits or investments in a foreign currency.

FAIR VALUE MEASUREMENTS

SacRT 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. SacRT had the following recurring fair value measurements as of June 30, 2022:

2. CASH AND INVESTMENTS (Continued)

Investments measured at fair value

	6/30/2022	Level 1	Level 2	Level 3
Enterprise fund				
Debt securities				
Collateralized mortgage obligations	$ 189,815	$ -	$ 189,815	$ -
Corporate bonds	896,598	-	896,598	-
Municipals	39,209	-	39,209	-
U.S. Government Agency obligations	913,618	-	913,618	-
U.S. Government issued obligations	854,900	854,900	-	-
Asset backed securities	372,721	-	372,721	-
Carbon credits (LCFS/RIN)*	1,317,514	1,317,514	-	-
Total enterprise fund	4,584,375	2,172,414	2,411,961	-
Fiduciary funds				
Debt securities				
Collateralized mortgage obligations	4,745,731	-	4,745,731	-
Corporate bonds	26,770,449	-	26,770,449	-
Municipals	476,168	-	476,168	-
U.S. Government Agency obligations	29,510,666	-	29,510,666	-
U.S. Government issued obligations	24,704,190	-	24,704,190	-
Asset backed obligations	6,614,803	-	6,614,803	-
Equity securities				
Common stock	84,098,213	84,038,323	-	59,890
Depository receipts	686,911	686,911	-	-
Rights/Warrants	1,796	-	-	1,796
Total fiduciary funds	177,608,927	84,725,234	92,822,007	61,686
Total investments measured at fair value	$ 182,193,302	$ 86,897,648	$ 95,233,968	$ 61,686

Investments measured at the net asset value (NAV)

Enterprise fund	
CalTRUST	$ 46,537,781
Fiduciary funds	
S&P 500 Index Fund	51,991,316
MSCI EAFE Index Fund	14,978,131
International Equity Fund	31,868,369
International Small Capital Equity Fund	16,804,721
International Emerging Markets Fund	20,797,612
Real Estate Funds	38,960,438
Total fiduciary funds	175,400,587
Total investments measured at NAV	$ 221,938,368

*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)	$ 46,537,781	$ -	Daily	1 day
Fiduciary funds				
S&P 500 Index Fund (2)	51,991,316	-	Daily	1 day
MSCI EAFE Index Fund (3)	14,978,131	-	Semi-monthly	6-8 days
International Equity Fund (4)	31,868,369	-	Monthly	7 days
International Small Capital Equity Fund (5)	16,804,721	-	Monthly	2 days
International Emerging Markets Fund (6)	20,797,612	-	Daily	1 day
Real Estate Funds (7)	38,960,438	-	Daily, Quarterly	90 days, 1 quarter
Total fiduciary fund	175,400,587			
Total investments measured at NAV	$ 221,938,368			

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.

2. CASH AND INVESTMENTS (Continued)

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 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.

2. CASH AND INVESTMENTS (Continued)

7. Real estate funds. Real estate investments are held in Clarion Lion Properties Fund, LP and Prime Property Fund, LLC. The funds are core-style, open-end commingled real estate investment funds diversified by property type and location. The primary performance objective is to combine an attractive income yield with long-term capital growth. The fair value of the investments have been determined using the NAV per share of the respective fund. The ability to redeem funds is subject to the availability of liquid assets. To the extent that liquid assets of the funds are insufficient to satisfy redemption requests, redemptions will be redeemed on a pro rata basis as liquid assets become available. Prime Property Fund, LLC had a redemption queue of $440 million at June 30, 2022. Prime Property Fund, LLC is unable to provide an estimate on when the restriction on redemptions will be removed. The current redemption queue has been in effect since June 30, 2022. Clarion Lion Properties Fund, LP had no redemption queue at June 30, 2022.

RESTRICTED CASH AND INVESTMENTS

Enterprise Fund

At June 30, 2022, cash and investments include restricted amounts of $40,010,760. Amounts represent monies restricted for debt reserve requirements of $3,906,417 developer fee projects of $15,637,608, and grantor-approved projects of $20,466,735.

Fiduciary Funds

At June 30, 2022, restricted cash and investments of the Fiduciary Funds totaled $365,660,167. Amounts represent funds restricted for employees' retirement of $365,000,002 and Connect Card consortium members of $660,165.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Transfers	Deletions	Balance June 30, 2022
Non-Depreciated Capital Assets					
Land*	$ 84,673,268	$ -	$ 259,062	$ (157,547)	$ 84,774,783
Construction in Progress	51,363,202	45,896,349	(4,492,976)	(380,260)	92,386,315
Total Non-Depreciated Capital Assets	136,036,470	45,896,349	(4,233,914)	(537,807)	177,161,098
Depreciated Capital Assets					
Buildings and Improvements*	977,688,513	134,034	(27,175,717)	(239,257)	950,407,573
Rolling Stock and Other Equipment	374,909,314	26,459,152	616,199	(4,934,406)	397,050,259
Total Depreciated Capital Assets	1,352,597,827	26,593,186	(26,559,518)	(5,173,663)	1,347,457,832
Accumulated Depreciation					
Buildings and Improvements	(413,185,768)	(23,969,349)	-	239,257	(436,915,860)
Rolling Stock and Other Equipment	(238,862,005)	(21,996,548)	-	4,934,406	(255,924,147)
Total Accumulated Depreciation	(652,047,773)	(45,965,897)	-	5,173,663	(692,840,007)
Capital Assets Being Depreciated, Net	700,550,054	(19,372,711)	(26,559,518)	-	654,617,825
Amortized Right-to-use Assets					
Right-to-use Leased Buildings**	3,507,097	67,753	30,793,432	-	34,368,282
Right-to-use Leased Equipment	13,622	-	-	-	13,622
Total Amortized Right-to-usel Assets	3,520,719	67,753	30,793,432	-	34,381,904
Accumulated Amortization					
Right-to-use Leased Buildings	-	(1,068,699)	(4,586,119)	-	(5,654,818)
Right-to-use Leased Equipment	-	(8,603)	-	-	(8,603)
Total Accumulated Amortization	-	(1,077,302)	(4,586,119)	-	(5,663,421)
Right-to-use Assets Being Amortized, Net	3,520,719	(1,009,549)	26,207,313	-	28,718,483
Capital Assets, Net	$ 840,107,243	$ 25,514,089	$ (4,586,119)	$ (537,807)	$ 860,497,406

*Land and Building – the values of the land and buildings at McClellan Park, approximately $3.7 million and $6.7 million, respectively, are included as a capital assets in anticipation of SacRT receiving Fee Simple title to the property. On January 5, 2007, a net lease and purchase agreement was recorded, giving SacRT a 94-year land and building leasehold. Pursuant to such transaction, SacRT 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). As the United States Air Force has completed its Hazardous Materials clean-up and Fee Simple Title has been transfered from the United States Air Force to McClellan, SacRT believes Fee Simple title will pass from McClellan to SacRT next year. All payments to acquire the land and building have been made upfront.

**Right-to-use Leased Building – amounts transferred between Buildings and Improvements and Right-to-use Leased Building represents $30.8 million of assets previously reported as part of a capital lease obligation pursuant to a Lease and Joint Use Agreement for the construction of a parking structure at Cosumnes River College with Los Rios Community College District (Los Rios). SacRT and Los Rios have agreed to make joint use of the parking structure and adjacent surface parking. SacRT's lease payments are the cost of construction and have been

3. CAPITAL ASSETS (Continued)

paid in full, so there is no associated lease payable. 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.

4. LEASES

LEASE PAYABLE

SacRT adopted GASB Statement No. 87, *Leases*, on July 1, 2021 and recognized intangible right-to-use assets and lease liabilities of $3,520,719 for existing leases at that time. There was no impact to net position as a result tof implementing the Statement.These leases include a bus maintenance facility servicing Elk Grove, CA, office space and bus parking for SacRT GO operations, and an office trailer used by bus operations to service Folsom, CA. These leases had remaining terms of eight years, two years inclusive of a one year extension, and nineteen months, respectively. During fiscal year 2022, SacRT entered into a three-year lease agreement as lessee for office space used by SacRT's Security Operations Center. Additionally, SacRT leases a parking garage at Consumnes River College as noted in Note 3. This was previously accounted for as a capital lease. When the Statement was implemented, approximately $30.8 million of building improvements were transferred from Building and Improvements to Right-to-use Lease Buildings.

If the lease's interest rate is not explicity stated in the lease agreement and if SacRT is unable to determine the rate implicit in the lease, the discount rate used to calculate lease liabilities will be SacRT's incremental borrowing rate. This estimated rate is based on BBB General Obilgation Municipal Markets Data tax exempt index plus 100 basis points for a term similiar to the lease. SacRT establishes these rates at the commencement of the fiscal year and applies them to all new leases during the year. Discount rates applied during the fiscal year and the initial lease liabilities are as follows:

Lease	Discount Rate	Initial Lease Liability
Bus Maintenance Facility	1.95%	$ 3,383,402
Office Space and Bus Parking	1.51%	123,695
Office Trailer	1.51%	13,622
Office Space	1.51%	67,753
		$ 3,588,472

As of June 30, 2022, the value of the lease liabilities, right-to-use assets and related accumulated amortization are as follows:

Lease	Lease Liability	Right-to-use Asset	Accumulated Amortization
Consumnes River College Parking Garage	$ -	$ 30,793,432	$ 5,164,399
Bus Maintenance Facility	2,988,750	3,383,402	422,925
Office Space and Bus Parking	64,443	123,695	61,848
Office Space	62,500	67,753	5,646
Right-to-use Lease Buildings	3,115,693	34,368,282	5,654,818
Office Trailer	4,575	13,622	8,603
Right-to-use Leased Equipment	4,575	13,622	8,603
Leased Assets	$ 3,120,268	$ 34,381,904	$ 5,663,421

4. LEASES (Continued)

The future principal and interest lease payments excluding lease/leaseback obligations as of June 30, 2022 are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ 492,919	$ 55,185	$ 548,104
2024	433,268	46,471	479,739
2025	436,491	38,055	474,546
2026	426,640	29,732	456,372
2027	435,035	21,337	456,372
2028-2032	895,915	16,828	912,743
Total	$ 3,120,268	$ 207,608	$ 3,327,876

LEASE/LEASEBACK PAYABLES

In December 2005, January 2006, and September 2007, SacRT 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 SacRT (the “Sublease”). Under the Sublease agreements, SacRT retains the right to use the light rail vehicles and is also responsible for their continued maintenance and insurance. Each Sublease Agreement provides SacRT 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. SacRT received an aggregate of $223,880,000 from the equity investor in full prepayment of the Head Leases. SacRT deposited a portion of the prepaid Head Lease payments with debt payment undertakers whose repayment obligations were guaranteed by American International Group Inc. (“AIG”). SacRT 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 SacRT's obligations under the Subleases, management believes that these transactions were structured in such a way that it was not probable that SacRT would need to access other monies to make Sublease payments.

In addition, SacRT 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.

4. LEASES (Continued)

The lease/leaseback transactions resulted in a net cash gain to SacRT of $11,820,731, which was deferred and is being amortized over the lives of the Subleases. In the fiscal year ending June 30, 2022, SacRT amortized $419,763 of such deferred gain. At June 30, 2022, SacRT had a balance of $5,247,035 as deferred gain on the lease/leaseback transactions. SacRT's lease/leaseback transactions have been recorded similar to 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 SacRT 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 SacRT’s remaining replacement obligations to one year. No payments under the debt payment undertaking agreements remain.

Under the terms of the July 2011 restructuring, SacRT 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, SacRT 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, SacRT 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, SacRT 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, 2022, the balance of this deposit was $52,320,775.

4. LEASES (Continued)

The following table sets forth the aggregate amounts due under the sublease agreements, which is recorded as lease/leaseback payables on the statement of net position:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ (2,684,408)	$ 2,684,408	$ -
2024	(2,822,152)	2,822,152	-
2025	(2,966,964)	2,966,964	-
2026	(3,119,209)	3,119,209	-
2027	(3,279,267)	3,279,267	-
2028-2032	(3,561,395)	17,814,030	14,252,635
2033-2036	70,754,170	12,925,285	83,679,455
Total	$ 52,320,775	$ 45,611,315	$ 97,932,090

5. DIRECT BORROWINGS

LINE OF CREDIT

For the purpose of short-term borrowing needs, SacRT has an unsecured line of credit (LOC) agreement with U.S. Bank National Association. The purpose of the line of credit is to meet SacRT's liquidity needs stemming from the timing of cash receipts from Federal and State awards. The line is subject to a $20,000,000 limit and matured on September 30, 2022. The interest rate for the LOC with U.S. Bank for the used portion of the LOC was at Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.35% and the unused portion was a fixed 0.45% for the fiscal year ending June 30, 2022.

The LOC was subsequently extended to September 30, 2023; see subsequent event note 14 for additional information.

As of June 30, 2022, SacRT 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 SacRT is unable to make payment; SacRT's farebox recovery ratio falls below the California Transportation Development Act requirements; SacRT does not maintain a net operating ratio for the most recently ended four consecutive fiscal quarters equal to at least 0.95:1; SacRT does not maintain a fixed charge coverage ratio for the most recently ended fiscal year equal to at least 1.15:1; SacRT 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 Revenue Bond rating is withdrawn or suspended or fall below "BBB" by S&P, "Baa2" by Moody's or "BBB" by Finch.

SacRT'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.

Short-term debt activity for the fiscal year ended June 30, 2022, was as follows:

	7/1/2021	Draws	Repayments	6/30/2022
Line of Credit	$ -	$ -	$ -	$ -

The unused LOC balance at June 30, 2022 was $20,000,000.

6. LONG-TERM DEBT

REVENUE REFUNDING BONDS (Refunding Bonds), SERIES 2021A

In August 2021, SacRT issued Refunding Bonds totaling $35,475,000 with interest rates ranging from 4% to 5%. The Refunding Bonds were issued to (a) current refund and defease all of the outstanding Sacramento Regional Transit District Farebox Revenue Bonds, Series 2012, (b) fund the Bond Reserve Fund and (c) pay the costs of issuance of the Series 2021A Refunding Bonds. The Refunding Bonds are a special limited obligation of SacRT and are secured solely by a pledge of Revenues, consisting of certain fare revenues collected by SacRT in connection with the operation of its transit system, the "Local Transportation Fund" revenues (subject to the parity lien thereon granted to the Line of Credit Bank) received by SacRT pursuant to the California Transportation Development Act of 1971, as amended, which consist of a portion of the sales tax revenues generated in Sacramento County from the one-fourth of 1% California statewide sales tax, and certain other moneys. Revenues are pledged thorough 2042.

Annual principal and interest payments on the bonds are expected to require approximately 2% of farebox and Local Transportation Fund revenue. The total principal and interest remaining to be paid on the bonds is $56,919,900. Principal and interest paid for the current year and total farebox and Local Transportation Fund revenues were $822,880 and $89,649,513, respectively.

The Series 2021A Bonds maturing on or before March 1, 2031, are not subject to redemption prior to maturity. The Series 2021A Bonds maturing on and after March 1, 2032 are subject to redemption prior to their respective stated maturities, at the option of SacRT, from any source of available funds, as a whole or in part on any date (and if in part, in such amount and such order of maturity as SacRT specifies and within a maturity by lot), on or after March, 1 2031, at the principal amount thereof, plus accrued interest to the date fixed for redemption, without premium.

As of June 30, 2022, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2023	$ -	$ 1,542,900	$ 1,542,900
2024	-	1,542,900	1,542,900
2025	-	1,542,900	1,542,900
2026	-	1,542,900	1,542,900
2027	-	1,542,900	1,542,900
2028-2032	7,730,000	7,184,500	14,914,500
2033-2037	12,475,000	4,665,300	17,140,300
2038-2042	15,270,000	1,880,600	17,150,600
Total	$ 35,475,000	$ 21,444,900	$ 56,919,900

As of June 30, 2022, the unamortized premium associated with the Refunding Bonds was $8,777,933. The amortization of the premium for fiscal year ended June 30, 2022, was $387,544 and was amortized to interest expense.

6. LONG-TERM DEBT (Continued)

The debt indenture contains financial covenants including requirements for punctual payments to sinking funds, minimum amounts to be maintained in sinking funds, an annual balanced budget and submission of audited financial statements to the trustee within 210 days after the end of each fiscal year. As of June 30, 2022, SacRT was in compliance with all financial covenants of the Refunding Bonds.

CURRENT YEAR REFUNDING

During the fiscal year ended June 30, 2022, SacRT utilized proceeds of the 2021A Revenue Refunding Bonds to current refund $44,615,000 of outstanding 2012 Revenue Bonds which had interest rates ranging from 3% to 5%.

The net carrying amount of the old debt exceeded the reacquisition price by $3,604,546. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt, which was equal to the remaining life than the refunded debt. SacRT completed the current refunding to reduce its total debt service payments by $12,877,795 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $12,219,325.

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due within One Year
Other Debt					
2021A Refunding Bonds	$ -	$ 35,475,000	$ -	$ 35,475,000	$ -
2012 Revenue Bonds	44,615,000	-	(44,615,000)	-	-
Issuance Premium	3,627,667	9,165,477	(4,015,211)	8,777,933	-
Total Bonds	48,242,667	44,640,477	(48,630,211)	44,252,933	-
Other Long-Term Liabilities					
Compensated Absences	10,871,714	9,031,641	(8,914,988)	10,988,367	9,021,507
Advances from Other Governments	17,379,271	5,117,926	(3,029,962)	19,467,235	888,930
Claims Payable	20,089,978	8,638,262	(7,412,260)	21,315,980	6,014,284
Leases Payable	-	3,588,472	(468,204)	3,120,268	492,919
Lease/Leaseback Payable	49,767,388	2,553,387	-	52,320,775	-
Long-Term Liabilities	$ 146,351,018	$ 73,570,165	$ (68,455,625)	$ 151,465,558	$ 16,417,640

7. FUNDING SOURCES

SacRT 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, 2022, is comprised of the following:

Operating assistance grants:	
FTA Section 5307	$ 59,383,137
FTA Section 5304	35,192
Dept of Homeland Security	80,001
Total Federal operating assistance grants	59,498,330
Capital grants:	
FTA Section 5307	24,349,714
FTA Section 5337	4,454,602
FTA Section 5339	394,391
FTA Section 5304	131,177
FTA Section 5309	49,519
Federal Highway Planning & Construction	28,963
Total Federal capital grants	29,408,366
Total Federal operating and capital grants	$ 88,906,696

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, including operating activities defined as capital projects, must be matched 20% with local contributions.

7. FUNDING SOURCES (Continued)

STATE AND LOCAL GRANTS

SacRT 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, 2022, is comprised of the following:

Operating assistance grants:	
Local Transportation Funds	$ 72,783,913
Measure A Sales Tax Revenue	69,381,797
Low Carbon Transit Operations Program	2,341,898
Total state and local operating assistance grants	144,507,608
Capital grants:	
State Transit Assistance	17,914,820
Transit and Intercity Rail Program	10,040,593
Proposition 1A	3,704,880
Local Transportation Funds	2,900,000
Senate Bill 1 - Local Partnership Program	2,591,000
Affordable Housing and Sustainable Communities Program	1,331,158
Proposition 1B	1,205,095
Senate Bill 1 - State of Good Repair	546,419
California Department of Transportation	427,911
Traffic Congestion Relief Program	348,048
City of West Sacramento	276,970
Other	65,043
Total state and local capital grants	41,351,937
Total state and local grants	$ 185,859,545

7. FUNDING SOURCES (Continued)

ADVANCES FROM OTHER GOVERNMENTS

Advances from other governments at June 30, 2022, consisted of the following:

Developer Fees	$ 15,674,644
Low Carbon Operations Transit Program	1,877,065
Sacramento County	1,208,113
Proposition 1B	576,129
Other	131,284
Total advances from other governments	$ 19,467,235

The advances from other governments is restricted cash from grants and fees from area developers designated specifically for transit improvements, 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, 2022, was as follows:

Revenues	$ 1,076,062
Expenditures:	
Purchase Wheel Truing Machine	(778,654)
Replace Non-Revenue Vehicles	(286,220)
Bus Stop Improvements	(11,188)
Net Activity	$ -

8. FARE RECOVERY RATIO

SacRT 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, SacRT 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 SacRT is calculated as follows for the fiscal year ended June 30, 2022:

Fare Revenues	$	14,308,769
Local Fund Supplementation (Measure A)		33,248,001
Total Revenues	$	47,556,770
Operating Expenses	$	253,392,003
Less Allowable Exclusions:		
Depreciation		(46,623,437)
Net Operating Expenses	$	206,768,566
Fare Revenue Ratio		23.00%

9. PENSION PLANS

DESCRIPTION OF PLANS

SacRT contributes to three single-employer defined benefit pension plans:

- The Retirement Plan for Sacramento Regional Transit District employees who are members of ATU, Local 256 (ATU Plan),
- The Retirement Plan for Sacramento Regional Transit District employees who are members of International Brotherhood of Electrical Workers Local Union 1245, AFL-CIO (IBEW Plan), and
- The Sacramento Regional Transit District Retirement Plan for AFSCME, AEA, and Non-Represented Employees (Salaried Plan) who are members of the:
  - Operating Engineers Local 3 which remain under 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 SacRT 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. SacRT'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; SacRT Management by a member from SacRT'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 SacRT and the related bargaining group's retirement board. During the year ending June 30, 2022 assets were moved from the ATU Plan to the Salaried Plan in the amount of $667,990. The effects of the change can be seen on the Statement of Changes in Fiduciary 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 from January 1, 2015 to December 31, 2015.

- AEA, MCEG, and AFSCME-Supervisors – 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.

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 a Plan is terminated with the consent of SacRT and the affected bargaining unit(s), 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 SacRT'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 the normal form of payment (single life annuity) or an optional form of payment 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 SacRT, cannot be transferred to another job with SacRT, 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 an optional form of payment 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 on June 30, 2022, consisted of:

Retirees and beneficiaries currently receiving benefits	1,027
Terminated members entitled to but not yet collecting benefits	93
Current active members	1,018
	2,138

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 as of the fiscal year ended June 30, 2022.

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%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 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 as of the fiscal year ended June 30, 2022.

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 1% 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, ranging from 1% at age 52 to 2.5% at age 67 and older. There were no changes to benefits during the year ended June 30, 2022.

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, 2022, SacRT made contributions to the ATU, IBEW, and Salaried Plan of $10,417,845, $4,163,949, and $10,993,228 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, 2022:

Table 3

	Tier 1		Tier 3	
Employee Group	**Employer**	**Employee**	**Employer**	**Employee**
ATU	30.65%	-	30.65%	3.00%
IBEW	32.36%	-	-	-
AEA, MCEG and AFSCME	43.17%	-	-	-

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, 2022:

Table 4

	Tier 2	
Employee Group	**Employer**	**Employee**
ATU	22.46%	7.25%
IBEW	23.75%	7.00%
AEA, MCEG and AFSCME	30.08%	6.50%

The employee contributions to the ATU, IBEW, and Salaried Plan for the fiscal year ended June 30, 2022, were $1,191,796, $488,243, and $705,053, respectively.

The employee contribution rates calculated in compliance with PEPRA, for June 30, 2022, were actuarially determined as part of the valuations dated July 1, 2020. 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

SacRT's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, and projected to June 30, 2021 for the ATU, IBEW and Salaried Plans. Update procedures were used to roll forward the total pension liability to the measurement date.

Actuarial Assumptions

The total pension liability measured as of June 30, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement for the ATU, IBEW, and Salaried Plans.

Inflation	2.50%
Amortization growth rate	2.50%
Salary Increases	2.75%, plus merit component
Investment Rate of Return	6.75%, net of investment expense
Discount Rate	6.75%

Mortality rates were based on the Cheiron ATU Healthy Annuitant Mortality, adjusted by 95% for males and 105% for females, with generational improvements using Scale MP-2020 from 2016 for the ATU and IBEW Plans, and the Private Retirement (Pri) 2012 Bottom Quartile Tables for Healthy Annuitants Mortality Tables projected with Scale MP-2020 published by the Society of Actuaries, with the base tables adjusted by 105% for females for the Salaried Plan.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

Actuarial assumptions used in the prior year measurement were as follows:

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 Plans, and the RP-2014 Retired Pensioners Mortality, adjusted by 130% for females, with generational projection using Scale MP-2015 for the Salaried Plan.

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%	7.85%
Domestic Equity Small Cap	8.00%	8.75%
International Equity Developed	19.00%	8.25%
International Equity Emerging Markets	6.00%	9.80%
Domestic Fixed Income	25.00%	1.80%
Real Estate	10.00%	6.60%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 6.75%. 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 SacRT 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, 2022:

Table 5

	ATU Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2021	$ 188,721,035	$ 137,424,052	$ 51,296,983
Changes for the year:			
Service cost	5,457,843	-	5,457,843
Interest	13,411,008	-	13,411,008
Differences between expected and actual experience	1,531,462	-	1,531,462
Changes of assumptions	10,690,055	-	10,690,055
Contributions - employer	-	9,579,205	(9,579,205)
Contributions - member	-	1,041,899	(1,041,899)
Net investment income	-	36,857,731	(36,857,731)
Benefit payments, including refunds of employee contributions	(13,074,333)	(13,074,333)	-
Administrative expense	-	(283,989)	283,989
Net Changes	18,016,035	34,120,513	(16,104,478)
Balances at 6/30/2022	$ 206,737,070	$ 171,544,565	$ 35,192,505

9. PENSION PLANS (Continued)

Table 6 below presents the changes in the net pension liability for the IBEW Plan as of June 30, 2022:

Table 6

	IBEW Plan		
	Increase (Decreases)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2021	$ 84,200,710	$ 60,379,125	$ 23,821,585
Changes for the year:			
Service cost	1,935,920	-	1,935,920
Interest	6,010,122	-	6,010,122
Differences between expected and actual experience	(149,316)	-	(149,316)
Changes of assumptions	7,111,874	-	7,111,874
Contributions - employer	-	3,578,685	(3,578,685)
Contributions - member	-	342,404	(342,404)
Net investment income	-	16,461,248	(16,461,248)
Benefit payments, including refunds of employee contributions	(4,587,268)	(4,587,268)	-
Administrative expense	-	(256,797)	256,797
Net Changes	10,321,332	15,538,272	(5,216,940)
Balances at 6/30/2022	$ 94,522,042	$ 75,917,397	$ 18,604,645

9. PENSION PLANS (Continued)

Table 7 below presents the changes in net pension liability for the Salaried Plan as of June 30, 2022:

Table 7

	Salaried Plan Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 7/1/2021	$ 159,593,959	$ 100,552,171	$ 59,041,788
Changes for the year:			
Service Cost	4,265,105	-	4,265,105
Interest	11,359,811	-	11,359,811
Differences between expected and actual experience	1,861,545	-	1,861,545
Changes of assumptions	8,967,358	-	8,967,358
Contributions - employer	-	9,807,539	(9,807,539)
Contributions - member	-	466,141	(466,141)
Net investment income	-	28,976,644	(28,976,644)
Benefit payments, including refunds of employee contributions	(10,182,471)	(10,182,471)	-
Administrative expense	-	(253,303)	253,303
Net Changes	16,271,348	28,814,550	(12,543,202)
Balances at 6/30/2022	$ 175,865,307	$ 129,366,721	$ 46,498,586

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, 2022:

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 7/1/2021	$ 432,515,704	$ 298,355,348	134,160,356
Changes for the year:			
Service Cost	11,658,868	-	11,658,868
Interest	30,780,941	-	30,780,941
Differences between expected and actual experience	3,243,691	-	3,243,691
Changes of assumptions	26,769,287	-	26,769,287
Contributions - employer	-	22,965,429	(22,965,429)
Contributions - member	-	1,850,444	(1,850,444)
Net investment income	-	82,295,623	(82,295,623)
Benefit payments, including refunds of employee contributions	(27,844,072)	(27,844,072)	-
Administrative expense	-	(794,089)	794,089
Net Changes	44,608,715	78,473,335	(33,864,620)
Balances at 6/30/2022	$ 477,124,419	$ 376,828,683	$ 100,295,736

There are no special funding situations for the ATU, IBEW or Salaried Plans for the fiscal year ending June 30, 2022.

9. PENSION PLANS (Continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of SacRT, calculated using the discount rate of 6.75%, as well as what SacRT's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
SacRT's net pension liability:			
ATU Plan	$ 56,785,231	$ 35,192,505	$ 16,773,987
IBEW Plan	29,046,509	18,604,645	9,729,469
Salaried Plan	66,204,493	46,498,586	29,738,278
Total	$ 152,036,233	$ 100,295,736	$ 56,241,734

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 SacRT for the ATU, IBEW and Salaried Plans for the fiscal year ended June 30, 2022, was $5,618,162, $3,504,016 and $9,840,070 respectively, totaling $18,962,248. At June 30, 2022, SacRT 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	$ -	$ 16,356,493
IBEW Plan	-	7,405,657
Salaried Plan	-	13,443,762
Differences between expected and actual experience:		
ATU Plan	1,225,170	312,324
IBEW Plan	1,110,247	320,101
Salaried Plan	3,034,664	-
Changes of assumptions:		
ATU Plan	9,284,751	69,178
IBEW Plan	6,252,583	39,220
Salaried Plan	6,725,518	4,323
Total of deferred outflows and inflows of resources before employer contributions	27,632,933	37,951,058
Employer contributions subsequent to the measurement date of the net pension liability:		
ATU Plan	10,417,845	-
IBEW Plan	4,163,949	-
Salaried Plan	10,993,228	-
Total employer contributions	25,575,022	-
Total deferred outflows and inflows of resources	$ 53,207,955	$ 37,951,058

9. PENSION PLANS (Continued)

Deferred outflows of resources resulting from contributions made subsequent to the measurement date in the amount of $25,575,022 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year ended June 30:	ATU Plan	IBEW Plan	Salaried Plan	Total
2022	$ (450,192)	$ 379,866	$ 761,041	$ 690,715
2023	(1,326,823)	(235,198)	388,957	(1,173,064)
2024	(1,496,969)	(444,344)	(499,424)	(2,440,737)
2025	(2,954,090)	(1,262,900)	(4,338,477)	(8,555,467)
2026	-	1,160,428	-	1,160,428
Total	$ (6,228,074)	$ (402,148)	$ (3,687,903)	$ (10,318,125)

PAYABLE TO THE PENSION PLAN

At June 30, 2022, there is no payable to the Plans as SacRT paid all contributions required for the fiscal year ended June 30, 2022.

10. OTHER POST-EMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description - SacRT's defined benefit OPEB plan provides OPEB under provisions of SacRT's Personnel Policy Manual, Collective Bargaining Agreements and certain California Public Employees' Retirement System (CalPERS) requirements for active and retired members of OE3, AFSCME, MCEG, ATU, and IBEW. SacRT 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 SacRT'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 SacRT labor agreements which are approved by the Board of Directors.

Benefits Provided - SacRT provides medical care benefits for active and retired members of OE3, AFSCME, MCEG, ATU, and IBEW. SacRT also provides dental care and life insurance benefits to active as well as to retired members hired before 2015 of the OE3, AFSCME, and MCEG. The benefits are mandated by contracted agreements between SacRT 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 SacRT. 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.

SacRT contributes between the unequal minimum required contribution set under the Public Employees' Medical & Hospital Care Act (PEMHCA) and 90% the cost for retired members of OE3, AFSCME, and MCEG hired after 2014, 90% or 92% for plan members hired after 1993 and before 2014, and 100% for plan members hired prior to 1994. SacRT 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, 2022 the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	688
Terminated members entitled to but not yet collecting benefits	93
Current active members	1,091
	1,872

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Contributions - The obligation of SacRT to contribute to the plan is established by the Board of Directors. SacRT currently prefunds the OPEB plan at 100% of the actuarially determined contribution. For the year ended June 30, 2022, SacRT's contribution was $3,294,153. Employees are not required to contribute to the plan.

NET OPEB LIABILITY

SacRT's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods in the measurement.

General Inflation Rate	2.5 percent
Salary increases	3.0 percent
Investment rate of return	6.75 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	*Medical: Society of Actuaries Long Term Healthcare Cost Trends Model* using baseline assumptions Dental and required PEMHCA minimum employer contribution: 4.0% per year

Mortality rates were based on the Society of Actuaries' RP-2014 Employee and Annuitant Headcount weighted Mortality Tables with base rates adjusted to 130% for females and unadjusted for males for salaried and the RP-2014 Blue Collar Employee and Annuitant Headcount weighted Mortality Tables with base rates adjusted to 115% for males and 130% for females for union. The mortality tables were projected generationally using scale MP-2021.

Demographic actuarial assumptions used in the June 30, 2021 valuation were based on the July 1, 2015 valuations of the retirement plans covering SacRT employees and are based on the 2016 actuarial experience study of SacRT's retirement plans using data from 2011 to 2015.

The long-term expected rate of return on OPEB 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 OPEB 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

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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%	

* Based on 2018 Capital Market Assumptions per CalPERS CERBT Program

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that SacRT 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 7/1/2021	$ 53,563,176	$ 32,827,101	$ 20,736,075
Changes for the year:			
Service cost	1,681,694	-	1,681,694
Interest	3,640,504	-	3,640,504
Differences between expected and actual experience	(8,266,030)		(8,266,030)
Changes of Assumptions	111,008		111,008
Contributions - employer	-	3,207,854	(3,207,854)
Net investment income	-	9,037,648	(9,037,648)
Benefit payments	(2,623,016)	(2,623,016)	-
Administrative expense	-	(18,514)	18,514
Other changes	-	14,533	(14,533)
Net Changes	(5,455,840)	9,618,505	(15,074,345)
Balances at 6/30/2022	$ 48,107,336	$ 42,445,606	$ 5,661,730

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 SacRT, as well as what SacRT's net OPEB liability would be if it were calculated used a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	5.75%	6.75%	7.75%
Net OPEB liability	$ 11,456,991	$ 5,661,730	$ 802,876

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of SacRT, as well as what SacRT'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	Current Trend	Current Trend
	-1.0%		+1.0%
Net OPEB liability	$ 540,761	$ 5,661,730	$ 11,884,914

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 ACFR. Copies of the CalPERS ACFR 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, 2022, SacRT recognized OPEB expense of $409,701. At June 30, 2022, SacRT 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
Changes of assumptions	$ 1,881,277	$ (639,359)
Differences between expected and actual experience	-	(9,101,055)
Net difference between projected and actual earnings on OPEB Plan Investments	-	(4,801,828)
Contributions Made Subsequent to the measurement date	3,294,153	-
	$ 5,175,430	$ (14,542,242)

10. OTHER POST-EMPLOYMENT BENEFITS (Continued)

The $3,294,153 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, 2023. 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		Net Deferred Inflows of Resources
2023	$	(2,542,860)
2024		(2,496,451)
2025		(2,547,150)
2026		(3,007,351)
2027		(1,341,289)
Thereafter		(725,864)
Total	$	(12,660,965)

11. SELF-INSURANCE

SacRT 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, 2022:

Type of Coverage	Self-insurance (per occurrence)	Excess Commercial Insurance Coverage (per occurrence)
Workers' Compensation	Up to $2,000,000	Statutory Limits
Commercial General Liability		
Bus	Up to $2,000,000	$2,000,000 to $100,000,000
Light Rail	Up to $2,000,000	$2,000,000 to $323,000,000
*Property:		
Buildings/Perils	Up to $250,000	$250,000 to $83,440,000
Collision Bus	Up to $500,000	$500,000 to $10,000,000
Collision Rail	Up to $1,000,000	$1,000,000 to $100,000,000
Flood	Up to $500,000	$250,000 to $10,000,000
Cyber Security	Up to $250,000	$250,000 to $5,000,000

* includes revenue and non-revenue vehicles

SacRT 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 $21,315,980 reported at June 30, 2022, 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, 2022, the Public Liability and Property Damage (PLPD) liability is discounted using a discount factor of 1.0% as SacRT holds in a reserve fund of $3,374,366 at June 30, 2022. 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 SacRT's claims liability amount during the fiscal years ended June 30, 2022 and 2021, 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, 2022	$ 20,089,978	$ 8,638,262	$ (7,412,260)	$ 21,315,980
June 30, 2021	$ 21,126,262	$ 5,155,547	$ (6,191,831)	$ 20,089,978

12. CONTINGENT LIABILITIES AND COMMITMENTS

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

SacRT 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.

SacRT has construction contracts and property acquisition commitments of $138,140,256 at June 30, 2022. Federal, state, and local grant funds have been approved for such construction.

SacRT has entererd into non-cancelable lease agreements for office space at 1102 Q St, Sacramento, CA and warehouse space at 2710 R St., Sacramento, CA that have not yet commenced of $5,279,665 and $1,154,654, respectively. These leases will commence in fiscal year 2023 with initial leases terms of 7 to 9 years.

13. TRANSFER OF OPERATIONS

Under an annexation agreement between the City of Elk Grove (City) and SacRT, the City agreed to combine its public transit service with SacRT for the purpose of safeguarding equivalent or better public transit service levels in the City, enhanced competitiveness for regional, state, and federal funding to achieve regionally beneficial projects, increased transit service frequency and coverage, the progression of light rail service from Consumnes River College into Elk Grove, and the elimination of transfers between e-van and SacRT GO paratransit services for regional paratransit trips. On July 1, 2021, the City transferred the assets and liabilities comprising its public transit fund to SacRT, exclusive of certain City infrastructure assets. The transfer included the cash, rolling stock, equipment, and deferred revenue. The acquisition value of the net position transferred as of the transfer date was determined to be $15,781,405.

Assets	
Cash	$ 4,473,276
Capital Assets	12,279,356
Total Assets	16,752,632
Liabilities	
Deferred Revenue	971,227
Total Liabilities	971,227
Net Assets	$ 15,781,405

14. SUBSEQUENT EVENTS

LINE OF CREDIT

On September 28, 2022 the credit agreement with U.S. Bank was amended. Per the amended agreement, the line is subject to a $20,000,000 limit and matures on September 30, 2023. The interest rate for the LOC with U.S. Bank for the used portion of the LOC is at Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.35% and the unused portion is a fixed 0.40%.

Required Supplementary Information (Other than MD&A)

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

ATU Plan

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	$ 5,457,843	$ 5,197,253	$ 5,084,840	$ 4,765,696	$ 4,835,944
Interest	13,411,008	13,012,883	12,664,533	12,761,359	12,885,195
Changes of benefit terms	-	-	-	-	(11,268)
Difference between expected and actual returns	1,531,462	(87,109)	(519,304)	(261,689)	(5,577,742)
Change of assumptions	10,690,055	-	(172,948)	3,663,543	-
Change in bargaining group	-	-	(314,880)	(5,129,398)	(2,713,007)
Benefit payments, including refunds of member contributions	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
Net change in total pension liability	18,016,035	5,667,205	5,196,869	4,495,399	(1,357,864)
Total pension liability - beginning	188,721,035	183,053,830	177,856,961	173,361,562	174,719,426
Total pension liability - ending	$ 206,737,070	$ 188,721,035	$ 183,053,830	$ 177,856,961	$ 173,361,562
Plan fiduciary net position					
Contributions - employer	$ 9,579,205	$ 8,783,426	$ 8,533,307	$ 7,863,420	$ 7,987,367
Contributions - member	1,041,899	766,861	493,597	337,009	168,463
Change in bargaining group	-	-	(343,707)	(2,638,467)	(3,851,827)
Net investment income	36,857,731	2,523,724	8,012,792	8,591,810	14,419,708
Benefit payments, including refunds of member contributions	(13,074,333)	(12,455,822)	(11,545,372)	(11,304,112)	(10,776,986)
Administrative expense	(283,989)	(243,847)	(279,016)	(260,006)	(306,539)
Net change in plan fiduciary net position	34,120,513	(625,658)	4,871,601	2,589,654	7,640,186
Plan fiduciary net position - beginning	137,424,052	138,049,710	133,178,109	130,588,455	122,948,269
Plan fiduciary net position - ending	$ 171,544,565	$ 137,424,052	$ 138,049,710	$ 133,178,109	$ 130,588,455
Net pension liability - beginning	$ 51,296,983	$ 45,004,120	$ 44,678,852	$ 42,773,107	$ 51,771,157
Net pension liability - ending	$ 35,192,505	$ 51,296,983	$ 45,004,120	$ 44,678,852	$ 42,773,107
Plan fiduciary net position as a percentage of the total pension liability	82.98%	72.82%	75.41%	74.88%	75.33%
Covered payroll	$ 35,334,877	$ 34,174,428	$ 30,125,788	$ 31,575,118	$ 30,212,311
Net pension liability as a percentage of covered payroll	99.60%	150.10%	149.39%	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.

2018: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. The ATU and IBEW Plans were separated as of 7/1/16; previous years not available.
2019: 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%.
2020: amounts reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.
2022: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.25%, lowering wage inflation rate from 3.00% to 2.75%, lowering the inflation rate from 3.00% to 2.50%, and updated demographic and economic assumptions that were adopted following an experience study.

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

IBEW Plan

	2022	2021	2020	2019	2018
Total pension liability					
Service cost	$ 1,935,920	$ 1,806,472	$ 1,792,845	$ 1,596,227	$ 1,640,651
Interest	6,010,122	5,716,051	5,449,300	5,338,451	4,742,855
Changes of benefit terms	-	-	-	-	(105,378)
Difference between expected and actual returns	(149,316)	845,009	499,642	(978,363)	2,420,299
Change of assumptions	7,111,874	-	(98,047)	1,630,101	-
Change in bargaining group	-	-	-	-	2,713,007
Benefit payments, including refunds of member contributions	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
Net change in total pension liability	10,321,332	4,197,553	3,864,664	3,964,731	8,130,267
Total pension liability - beginning	84,200,710	80,003,157	76,138,493	72,173,762	64,043,495
Total pension liability - ending	$ 94,522,042	$ 84,200,710	$ 80,003,157	$ 76,138,493	$ 72,173,762
Plan fiduciary net position					
Contributions - employer	$ 3,578,685	$ 3,230,879	$ 3,299,013	$ 3,195,912	$ 3,315,379
Contributions - member	342,404	304,593	209,531	103,415	39,287
Change in bargaining group	-	-	-	-	3,851,827
Net investment income	16,461,248	1,082,659	3,482,632	3,629,569	5,332,230
Benefit payments, including refunds of member contributions	(4,587,268)	(4,169,979)	(3,779,076)	(3,621,685)	(3,281,167)
Administrative expense	(256,797)	(218,135)	(229,569)	(225,752)	(239,189)
Net change in plan fiduciary net position	15,538,272	230,017	2,982,531	3,081,459	9,018,367
Plan fiduciary net position - beginning	60,379,125	60,149,108	57,166,577	54,085,118	45,066,751
Plan fiduciary net position - ending	$ 75,917,397	$ 60,379,125	$ 60,149,108	$ 57,166,577	$ 54,085,118
Net pension liability - beginning	$ 23,821,585	$ 19,854,049	$ 18,971,916	$ 18,088,644	$ 18,976,744
Net pension liability - ending	$ 18,604,645	$ 23,821,585	$ 19,854,049	$ 18,971,916	$ 18,088,644
Plan fiduciary net position as a percentage of the total pension liability	80.32%	71.71%	75.18%	75.08%	74.94%
Covered payroll	$ 13,777,698	$ 14,166,689	$ 13,300,633	$ 13,137,945	$ 12,473,480
Net pension liability as a percentage of covered payroll	135.03%	168.15%	149.27%	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.

2018: Changes in benefit terms are due to *changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit.* The ATU and IBEW Plans were separated as of 7/1/16; previous years not available.
2019: 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%.
2020: amounts reported as changes of assumptions resulted from a normal cost load of 2.62% for PEPRA members to account for missed pay periods.
2022: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.25%, lowering wage inflation rate from 3.00% to 2.75%, lowering the inflation rate from 3.00% to 2.50%, and updated demographic and economic assumptions that were adopted following an experience study.

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 2017.

Changes of assumptions – the investment rate of return and discount rate was reduced from 7.65% to 7.50%, during the fiscal 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

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 4,265,105	$ 4,024,291	$ 3,831,831	$ 3,647,115	$ 3,873,148	$ 3,594,919	$ 3,476,103	$ 3,321,337
Interest (includes interest on service cost)	11,359,811	10,794,658	10,288,390	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	1,861,545	2,669,480	1,215,057	1,856,563	2,062,482	(852,040)	(753,076)	-
Changes of assumptions	8,967,358	-	(17,295)	3,291,931	-	(680,161)	930,863	-
Change in bargaining group	-	-	474,438	5,129,398	-	-	-	174,166
Benefit payments, including refunds of member contributions	(10,182,471)	(9,453,326)	(8,373,494)	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Net change in total pension liability	16,271,348	8,035,103	7,418,927	15,631,607	7,417,880	4,679,690	6,586,111	5,809,778
Total pension liability - beginning	159,593,959	151,558,856	144,139,929	128,508,322	121,090,442	116,410,752	109,824,641	104,014,863
Total pension liability - ending	$ 175,865,307	$ 159,593,959	$ 151,558,856	$ 144,139,929	$ 128,508,322	$ 121,090,442	$ 116,410,752	$ 109,824,641
Plan fiduciary net position								
Contributions - employer	$ 9,807,539	$ 9,159,513	$ 8,503,815	$ 7,669,178	$ 7,321,138	$ 7,576,866	$ 7,335,308	$ 6,609,083
Contributions - member	466,141	360,051	193,293	143,094	53,706	21,014	261	1,678
Change in bargaining group	-	-	343,707	2,638,467	-	-	-	174,166
Net investment income	28,976,644	1,526,151	5,649,123	6,073,483	9,388,876	(396,556)	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(10,182,471)	(9,453,326)	(8,373,494)	(7,779,366)	(7,179,362)	(6,190,981)	(5,502,144)	(5,664,400)
Administrative expense	(253,303)	(226,310)	(260,441)	(247,077)	(289,067)	(269,624)	(194,209)	(176,367)
Net change in plan fiduciary net position	28,814,550	1,366,079	6,056,003	8,497,779	9,295,291	740,719	3,771,352	10,241,804
Plan fiduciary net position - beginning	100,552,171	99,186,092	93,130,089	84,632,310	75,337,019	74,596,300	70,824,948	60,583,144
Plan fiduciary net position - ending	$ 129,366,721	$ 100,552,171	$ 99,186,092	$ 93,130,089	$ 84,632,310	$ 75,337,019	$ 74,596,300	$ 70,824,948
Net pension liability - beginning	$ 59,041,788	$ 52,372,764	$ 51,009,840	$ 43,876,012	$ 45,753,423	$ 41,814,452	$ 38,999,693	$ 43,431,719
Net pension liability - ending	$ 46,498,586	$ 59,041,788	$ 52,372,764	$ 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	73.56%	63.00%	65.44%	64.61%	65.86%	62.22%	64.08%	64.49%
Covered payroll	$ 27,147,142	$ 26,295,215	$ 22,220,418	$ 24,283,580	$ 23,435,642	$ 24,341,878	$ 23,022,281	$ 22,008,809
Net pension liability as a percentage of covered payroll	171.28%	224.53%	235.70%	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.

Beginning in FYE 2015, payroll amounts are based on actual pensionable compensation from the employer. In prior years, payroll amounts are projected payroll from the actuarial valuation reports, which can be updated with actual amounts by Plan for the final disclosure.

2017: The investment rate of return and discount rate was reduced from 7.75% to 7.65%.
2018: Changes in benefit terms are due to changes to the basis used for calculating actuarial equivalence for the Pre-Retirement Death Benefit. 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.
2019: 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%.
2020: amounts reported as changes of assumptions resulted from a normal cost load of 0.57% for PEPRA members to account for missed pay periods.
2022: amounts reported as changes of assumptions resulted from lowering the discount rate from 7.25% to 6.25%, lowering wage inflation rate from 3.00% to 2.75%, lowering the inflation rate from 3.00% to 2.50%, and updated demographic and economic assumptions that were adopted following an experience study.

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

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

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 10,418	$ 9,579	$ 8,783	$ 8,533	$ 7,863	$ 7,987
Contributions in relation to the actuarially determined contribution	10,418	9,579	8,783	8,533	7,863	7,987
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 38,050	$ 35,335	$ 34,174	$ 30,126	$ 31,575	$ 30,212
Contributions as a percentage of covered payroll	27.38%	27.11%	25.70%	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	7/1/2020 (to determine FY21-22 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	The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers
Asset valuation method	5-year smoothed market
Discount Rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.50%
Salary Increases	2.75%, plus merit component on employee classification and years of service
Mortality	Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016. Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016.

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 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.

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

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

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 4,164	$ 3,579	$ 3,231	$ 3,299	$ 3,196	$ 3,315
Contributions in relation to the actuarially determined contribution	4,164	3,579	3,231	3,299	3,196	3,315
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 14,720	$ 13,778	$ 14,167	$ 13,301	$ 13,138	$ 12,473
Contributions as a percentage of covered payroll	28.29%	25.98%	22.81%	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	7/1/2020 (to determine FY21-22 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	The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers
Asset valuation method	5-year smoothed market
Discount Rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.50%
Salary Increases	2.75%, plus merit component on employee classification and years of service
Mortality	Healthy annuitants: Cheiron ATU Healthy Annuitant Mortality base tables adjusted 95% for males and 105% for females w/ Scale MP-2020 from 2016. Disabled annuitants: Cheiron ATU Disabled Annuitant Mortality w/ Scale MP-2020 from 2016.

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 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
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

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

	2016	2015	2014	2013
Actuarially determined contribution	$ 10,447	$ 10,343	$ 9,711	$ 8,694
Contributions in relation to the actuarially determined contribution	10,447	10,343	9,711	8,694
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 39,996	$ 37,950	$ 38,858	$ 37,110
Contributions as a percentage of covered payroll	26.12%	27.25%	24.99%	23.43%

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
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 10,993	$ 9,808	$ 9,160	$ 8,504	$ 7,669	$ 7,321	$ 7,577	$ 7,335	$ 6,609	$ 5,800
Contributions in relation to the actuarially determined contribution	10,993	9,808	9,160	8,504	7,669	7,321	7,577	7,335	6,609	5,800
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 28,436	$ 27,147	$ 26,295	$ 22,220	$ 24,284	$ 23,436	$ 24,342	$ 23,022	$ 22,009	$ 19,627
Contributions as a percentage of covered payroll	38.66%	36.13%	34.84%	38.27%	31.58%	31.24%	31.13%	31.86%	30.03%	29.55%

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	7/1/2020 (to determine FY21-22 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	The unfunded liability as of 6/30/2019 is being amortized as a level percentage of payroll over a 12-year closed period as of 6/30/2020. Effective 7/1/2020, changes in the unfunded liability are amortized over 20-year layers
Asset valuation method	5-year smoothed market
Discount Rate	6.75%
Amortization growth rate	2.75%
Price inflation	2.50%
Salary Increases	2.75%, plus merit component on employee classification and years of service
Mortality	Healthy annuitants: Pri-2012 Bottom Quartile Table for Healthy Annuitants projected with Scale MP-2020, base tables adjusted 105% for females. Disabled annuitants: RP 2014 Disabled Retiree Mortality w/ Scale MP-2020, base tables adjusted 130% for males and 115% for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2022, can be found in the July 1, 2020 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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 1,681,694	$ 1,632,712	$ 1,556,281	$ 1,507,294	$ 1,459,848
Interest	3,640,504	3,469,020	3,514,022	3,345,560	3,196,439
Changes of benefit terms		-	-	-	-
Differences between expected and actual experience	(8,266,030)	-	(3,752,353)	-	-
Changes in assumptions	111,008	-	2,376,944	-	-
Benefit payments	(2,623,016)	(2,597,450)	(2,560,076)	(2,430,417)	(2,716,420)
Net change in total OPEB liability	(5,455,840)	2,504,282	1,134,818	2,422,437	1,939,867
Total OPEB liability - beginning	53,563,176	51,058,894	49,924,076	47,501,639	45,561,772
Total OPEB liability - ending	$ 48,107,336	$ 53,563,176	$ 51,058,894	$ 49,924,076	$ 47,501,639
Plan fiduciary net position					
Contributions - employer	$ 3,207,854	$ 3,134,146	$ 3,292,735	$ 3,182,371	$ 5,817,444
Net investment income	9,037,648	1,129,669	1,778,876	2,069,510	2,299,759
Benefit payments	(2,623,016)	(2,597,450)	(2,560,076)	(2,430,417)	(2,716,420)
Other expense	14,533	-	-	(34,264)	-
Administrative expense	(18,514)	(15,264)	(6,158)	(13,849)	(11,457)
Net change in plan fiduciary net position	9,618,505	1,651,101	2,505,377	2,773,351	5,389,326
Plan fiduciary net position - beginning	32,827,101	31,176,000	28,670,623	25,897,272	20,507,946
Plan fiduciary net position - ending	$ 42,445,606	$ 32,827,101	$ 31,176,000	$ 28,670,623	$ 25,897,272
Net OPEB liability - beginning	$ 20,736,075	$ 19,882,894	$ 21,253,453	$ 21,604,367	$ 25,053,826
					-
Net OPEB liability - ending	$ 5,661,730	$ 20,736,075	$ 19,882,894	$ 21,253,453	$ 21,604,367
Plan fiduciary net position as a percentage of the total OPEB liability	88.23%	61.29%	61.06%	57.43%	54.52%
Covered employee payroll	$ 81,204,926	$ 78,109,160	$ 73,751,153	$ 68,996,643	$ 67,347,993
Net OPEB liability as a percentage of covered employee payroll	6.97%	26.55%	26.96%	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.
Notes to Schedule (Continued):

FY2022: Amounts reported as changes in assumptions resulted from the change in the healthcare cost trend from the Getzen model to the *Society of Actuaries Long Term Healthcare Cost Trends Model.*
FY2020: Amounts reported as changes in assumptions resulted from the lowering of the discount rate from 7.00% to 6.75%, the inflation rate from 2.75% to 2.50%, salary increases from 3.25% to 3.00%, PEMHCA minimum and dental premium from 4.50% to 4.00% as well as the change to the Getzen model for medical cost trend rates.

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

(Dollar amounts in thousands)

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 3,277	$ 3,189	$ 3,112	$ 3,278	$ 3,179
Contributions in relation to the actuarially determined contribution	3,294	3,208	3,134	3,293	3,182
Contribution deficiency (excess)	$ (17)	$ (19)	$ (22)	$ (15)	$ (3)
Covered employee payroll	$ 87,460	$ 81,025	$ 78,109	$ 73,751	$ 68,997
Contributions as a percentage of covered employee payroll	3.77%	3.96%	4.01%	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	6/30/2019 (to determine FY20-21 and FY21-22 contributions)
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	6.75%
Amortization growth rate	2.50%
General inflation	2.50%
Salary Increases	3.00%
Mortality	2016 SacRT Experience Study; Improvement using MacLeod Watts Scale 2018

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2022

	ATU	IBEW	Salaried	Total
ASSETS				
Cash and Cash Equivalents	$ 5,497,964	$ 2,439,037	$ 4,053,487	$ 11,990,488
Receivables:				
Securities Sold	4,933,062	2,163,946	3,464,477	10,561,485
Interest and Dividends	291,546	128,007	205,687	625,240
Other Receivables and Prepaids	17,052	14,411	94,197	125,660
Total receivables	5,241,660	2,306,364	3,764,361	11,312,385
Investments:				
Equity Securities	98,005,587	44,079,624	79,141,858	221,227,069
Fixed Income Securities	43,364,902	19,020,151	30,436,954	92,822,007
Real Estate	18,267,094	8,007,847	12,685,497	38,960,438
Total investments	159,637,583	71,107,622	122,264,309	353,009,514
Total assets	170,377,207	75,853,023	130,082,157	376,312,387
LIABILITIES				
Securities Purchased Payable	13,333,448	5,848,144	9,358,479	28,540,071
Accounts Payable	412,104	196,447	140,577	749,128
Total liablities	13,745,552	6,044,591	9,499,056	29,289,199
NET POSITION RESTRICTED FOR PENSION BENEFITS	$ 156,631,655	$ 69,808,432	$ 120,583,101	$ 347,023,188

SACRAMENTO REGIONAL TRANSIT DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

	ATU	IBEW	Salaried	Total
ADDITIONS				
Contributions:				
Employer	$ 10,417,845	$ 4,163,949	$ 10,993,228	$ 25,575,022
Member	1,191,796	488,243	705,053	2,385,092
Change in Bargaining Group	-	-	667,990	667,990
Total contributions	11,609,641	4,652,192	12,366,271	28,628,104
Investment income:				
Net Depreciation in Fair Value of Investments	(13,877,207)	(6,117,959)	(10,960,741)	(30,955,907)
Interest, Dividends, and Other Income	2,382,349	1,049,036	1,790,970	5,222,355
Investment Expenses	(850,920)	(375,902)	(631,831)	(1,858,653)
Net investment loss	(12,345,778)	(5,444,825)	(9,801,602)	(27,592,205)
Total additions	(736,137)	(792,633)	2,564,669	1,035,899
DEDUCTIONS				
Benefits Paid to Participants	13,239,168	5,082,251	11,086,271	29,407,690
Change in Bargaining Group	667,990	-	-	667,990
Administrative Expenses	269,615	234,081	262,018	765,714
Total deductions	14,176,773	5,316,332	11,348,289	30,841,394
Net decrease in plan net position	(14,912,910)	(6,108,965)	(8,783,620)	(29,805,495)
Net position restricted for pension benefits - Beginning of fiscal year	171,544,565	75,917,397	129,366,721	376,828,683
Net position restricted for pension benefits - End of fiscal year	$ 156,631,655	$ 69,808,432	$ 120,583,101	$ 347,023,188

Statistical Section
(Unaudited)

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

This part of the Sacramento Regional Transit District's (SacRT) 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 SacRT's overall financial health.

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Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant year. SacRT 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Position										
Net Investment in Capital Assets	$ 799,650	$ 798,019	$ 864,160	$ 878,849	$ 889,347	$ 852,174	$ 821,610	$ 779,273	$ 788,415	$ 806,700
Restricted for:										
Capital Projects	2,845	1,211	1,751	-	-	-	-	2,280	5,522	5,817
Debt Service	2,278	2,279	1,829	1,831	-	3,484	3,435	3,472	3,439	3,383
Annexations								3,694	3,420	5,780
Unrestricted	1,689	31,723	(48,259) [1]	(50,474)	(48,012)	(61,136)	(49,001)	(74,451)	(55,532)	(16,956)
Total Net Position	$ 806,462	$ 833,232	$ 819,481	$ 830,206	$ 841,335	$ 794,522	$ 776,044	$ 714,268	$ 745,264	$ 804,724

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 that funded the District South Line Phase 2 extension project and the delivery of 30 new Gillig 40’ buses

2 The fiscal year 2020 decrease is due the change in federal grant revenue recognition per GASB Implementation Guide 2019-1

Source: Comprehensive Annual Financial Report

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(expressed in thousands)

Fiscal Year

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Revenues										
Fares	$ 29,759	$ 29,157	$ 28,396	$ 28,056	$ 30,487	$ 27,276	$ 25,428	$ 20,999	$ 12,001	$ 14,309
Operating Expenses										
Labor and Fringe Benefits	88,064	94,755	93,182	99,692	108,886	110,545	116,997	133,144	146,708	143,524
Professional and Other Services	24,996	26,130	27,533	29,332	30,342	27,119	27,348	27,923	16,455	17,657
Spare Parts and Supplies	10,517	11,996	10,549	8,526	11,996	10,841	12,139	14,550	14,836	15,862
Utilities	5,639	5,646	5,816	6,288	6,619	6,995	6,761	6,821	7,272	7,425
Casualty and Liability Costs	7,910	8,343	7,906	7,160	9,317	9,300	14,011	9,931	12,336	19,783
Depreciation	31,380	33,982	34,128	39,925	43,959	43,126	43,359	42,739	44,060	46,623
Indirect Costs Allocated to Capital Programs	(763)	(887)	(1,204)	(1,038)	(538)	(459)	(309)	(230)	(199)	-
Other	1,396	1,460	1,541	1,434	1,702	2,355	2,847	2,745	2,144	2,518
Impairment Loss	-	-	-	-	-	-	15,375	15,375	-	-
Total Operating Expenses	169,139	181,425	179,451	191,319	212,283	209,822	223,153	237,623	243,612	253,392
Operating Loss	(139,380)	(152,268)	(151,055)	(163,263)	(181,796)	(182,546)	(197,725)	(216,624)	(231,611)	(239,083)
Non-Operating Revenues (Expenses)										
Operating Assistance:										
State and Local	72,723	78,318	80,350	81,518	86,911	93,339	104,031	114,880	113,657	144,508
Federal	31,007	32,620	32,764	36,156	35,611	41,746	38,668	36,719	95,986	59,498
Investment Income	1,755	1,941	1,996	2,129	2,124	2,223	2,753	3,105	2,651	2,311
Interest Expense	(2,522)	(3,223)	(2,982)	(3,675)	(2,353)	(2,707)	(2,745)	(5,010)	(4,881)	(4,672)
Pass Through to Subrecipients	(1,672)	(3,401)	(2,933)	(2,030)	(1,075)	(4,645)	(2,838)	(301)	(4,260)	(2,743)
Professional and Other Services-Funded	-	-	-	-	(6,162)	(7,325)	(4,448)	(74)	-	-
Alternative Fuel and Carbon Tax Credits										2,930
Contract Services	5,607	5,530	5,810	6,110	6,260	6,420	3,731	7,125	6,634	826
Insurance Proceeds and Other	3,414	2,863	4,193	5,325	4,353	4,981	8,027	9,601	716	9,344
Total Non-Operating Revenues	110,312	114,648	119,198	125,533	125,669	134,032	147,179	166,045	210,503	212,002
Loss Before Capital Contributions	(29,068)	(37,620)	(31,857)	(37,730)	(56,127)	(48,514)	(50,546)	(50,579)	(21,108)	(27,081)
Capital Contributions										
State and Local	34,389	15,878	25,635	18,376	18,376	16,804	24,307	27,812	42,669	41,352
Federal	9,331	48,512	74,926	30,078	30,078	4,133	2,371	4,558	4,848	29,408
Increase (Decrease) in Net Position before Special Item	14,650	26,769	68,704	10,724	10,724	(27,577)	(23,868)	(26,531)	30,996	43,679
Extraordinary (Loss) Gain on Early Extinguishment of Debt	155	-	-	-	-	-	-	-	-	-
Special Items	-	-	-	-	-	-	5,390	-	-	15,781
Increase (Decrease) in Net Position after Special and Extraordinary Items	$ 14,805	$ 26,769	$ 68,704	$ 10,724	$ 10,724	$(27,577)	$(18,478)	$(26,531)	$ 30,996	$ 59,460

Source: Comprehensive Annual Financial Report

OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Farebox	Fare Prepayment/ Outlet Sales	Special/ Contracted	Other	Total
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
2020	10,773,484	5,998,126	4,225,036	2,231	20,998,877
2021	5,394,475	3,815,707	2,791,090	-	12,001,272
2022	6,544,999	4,043,805	3,719,345	620	14,308,769

Source: Comprehensive Annual Financial Report

PRINCIPAL FARE REVENUE PAYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2022 Sales		Fiscal Year 2013 Sales	
Customers	Amount	%	Amount	%
Department of Human Assistance	$ 2,040,000	14.26%	$ 2,043,900	6.87%
Los Rios Community College District	1,642,340	11.48%	999,338	3.36%
RydeFree Program K-12 Student	976,945	6.83%	-	0.00%
California State University Sacramento	933,207		677,655	
Department of Child, Family and Adult Services	217,500	1.52%	-	0.00%
Alta Pass	140,955	0.99%	-	0.00%
Francis House Center	123,570	0.86%	-	0.00%
Highlands Community Charter School	118,375		-	
Alta California Regional Center	93,850	0.66%	725,300	2.44%
WageWorks	39,250	0.27%	-	0.00%
Raleys Family of Fine Stores	-	0.00%	1,218,320	4.09%
Department of Transportation	-	0.00%	990,615	3.33%
Employment Development Department	-	0.00%	898,570	3.02%
California Environmental Protection Agency	-	0.00%	741,965	2.49%
Health and Human Services	-	0.00%	793,375	2.67%
Franchise Tax Board	-	0.00%	740,820	2.49%
Subtotal (10 Largest)	6,325,992	44.21%	9,829,858	33.03%
Health and Human Services				
Balance from other customers	7,982,777	55.79%	19,928,821	66.97%
Grand Total	$ 14,308,769	100.00%	$ 29,758,679	100.00%

Grand Total Source: Comprehensive Annual Financial Report

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Farebox Revenue Bonds Series 2012	Refunding Bonds Series 2021A	Lease/ Leaseback Payable	Loan Payable	Total Debt	Six-County Region Percentage of Personal Income	Six-County Region Per Capita
2013	95,000,484	-	33,351,437	8,642,509	136,994,430	0.12%	39.52
2014	92,006,633	-	35,062,503	13,988,074	141,057,210	0.11%	38.27
2015	88,927,782	-	36,861,364	13,988,074	139,777,220	0.10%	36.11
2016	87,113,931	-	38,752,526	13,988,074	139,854,531	0.10%	35.37
2017	51,017,296	-	40,740,724	13,988,074	105,746,094	0.07%	20.46
2018	50,841,764	-	42,830,939	13,988,074	107,660,777	0.07%	20.20
2019	50,666,232	-	45,028,404	13,988,074	109,682,710	0.07%	19.95
2020	49,628,200	-	47,338,625	13,988,074	110,954,899	0.07%	19.45
2021	48,242,667	-	49,767,388	-	98,010,055	Not available	18.72
2022	-	44,252,933	52,320,775	-	96,573,708	Not available	17.16

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

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

Source: Comprehensive Annual Financial Report

SACRAMENTO REGIONAL TRANSIT DISTRICT
STATISTICAL INFORMATION (UNAUDITED)

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
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	151,586,987	177,015,419	173,778,795	3,236,624	175,532	-	18.44
2020	20,998,877	173,098,872	194,097,749	181,407,884	12,689,865	862,500	1,711,575	4.93
2021	12,001,272	185,269,071	197,270,343	191,326,773	5,943,570	1,210,000	2,224,600	1.73
2022	14,308,769	207,090,527	221,399,296	215,176,642	6,222,654	44,615,000	1,812,080	0.13

Notes: Details regarding SacRT'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
A refunding of the 2012 Revenue Bonds occured in Fiscal Year 2022
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 Income [1]		Unemployment Rate [3]	
	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region	Sacramento County	Six-County Region
2013	1,457,283	2,378,033	61,376,100	105,890,790	42,117	44,529	9.0%	9.1%
2014	1,474,828	2,403,842	65,113,434	112,025,807	44,150	46,603	7.4%	7.5%
2015	1,493,547	2,432,305	69,709,757	119,800,171	46,674	49,254	6.0%	6.2%
2016	1,511,401	2,462,732	72,128,370	124,576,444	47,723	50,585	5.4%	5.6%
2017	1,527,984	2,493,331	75,062,017	129,518,764	49,125	51,946	4.7%	4.8%
2018	1,539,550	2,517,058	78,804,776	135,774,580	51,187	53,942	3.9%	4.0%
2019	1,551,660	2,539,113	82,669,864	142,378,150	53,278	56,074	3.8%	3.9%
2020	1,559,146	2,551,294	90,908,707	155,488,663	53,307	60,945	9.5%	9.1%
2021	1,580,624	2,577,328	Not available	Not available	Not available	Not available	7.0%	6.6%
2022	1,576,618	2,578,693	Not available	Not available	Not available	Not available	4.0%	3.9%

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

1. 2013-2020 U.S. Department of Commerce, Bureau of Economic Analysis, *CAINC1 Personal income population, per capital personal income.*
2. 2021-2022 State of California, Department of Finance, E-1 City, County and State Population Estimates, 2021–2022.
3. State of California, Employment Development Department, Labor Force & Employment Data

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	Fiscal Year 2022			Fiscal Year 2013		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
State of California	82,894	1	11.93%	69,469	1	11.23%
UC Davis Health	16,075	2	2.31%	9,985	3	1.61%
Kaiser Permanente	12,301	3	1.77%	5,696	8	0.92%
U.S. Government	10,698	4	1.54%	5,750	7	0.93%
Sutter Health	9,595	5	1.38%	6,507	4	1.05%
Dignity Health	7,488	6	1.08%	5,756	6	0.93%
Intel	5,300	7	0.76%	6,000	5	0.97%
San Juan Unified School District	5,126	8	0.74%	4,700	10	0.76%
Los Rios Community College District	2,833	9	0.41%			
California State University Sacramento	2,535	10	0.36%			
Sacramento County				10,634	2	1.72%
Elk Grove Unified School District				5,535	9	0.89%
Total	154,845		22.28%	130,032		21.01%

Source: Sacramento Business Journal

CONTINUING DISCLOSURE REQUIREMENTS

SEC Rule 15c2-12

The following summary provides SacRT's specific and continuing Securities and Exchange Commission (SEC) disclosure requirements (Rule 15c2-12) in connection with the 2021A Refunding Bonds. All Disclosure requirements can be found in SacRT's Annual Comprehensive Financial Report (ACFR) and SacRT's Adopted Budget.

	2022 ACFR Page No.
Management Discussion and Analysis, Audited Financial Statements and Statistical Information	4-108
Tabular or numerical information of the types contained in the Official Statement relating to the 2021A Refunding Bonds Bonds under the following subscriptions:	
(i) Total bus passengers, total light rail passengers, total ridership and amount of total Farebox Revenues	16,102-105
(ii) SacRT Farebox Recovery Ratio	51,102
(iii) LTF Revenues claimed and expended	49,101
(iv) Measure A Sales Taxes, STA Funds and federal grants used for operating expenses	49,101
(v) Measure A Sales Taxes allocated to SacRT	49,101
(vi) STA Funds claimed and expended by SacRT	49,101
(vii) Federal grant funds expended by SacRT	48,100

Covenants of the Issuer

The following summary provides SacRT's specific and continuing covenants of the issuer in connection with the 2021A Refunding Bonds. All Disclosure requirements can be found in the 2021A Official Statement, SacRT's Annual Comprehensive Financial Report (ACFR).

	2021A Official Statement	FY 2022 ACFR Page No.
Punctual Payments	C-31	46
Application of Farebox Revenues	C-32	15

DISTRICT PROFILE
As of June 30, 2022

Date the Authority began Operations	April 1, 1973
Form of Governance	Board of Directors, with General Manager
Metropolitan Population	1.4 million
Total Employees	1,267
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	82
Number of Rail Lines	3
Miles of Rail	42.9
Weekday Bus Revenue Service Miles	32,118
Weekday Rail Revenue Service Miles	10,627
Average Weekday Bus and Rail Riders	37,067
Number of Vehicles in Service	186 40' CNG Buses 180 - Electric, Gasoline Shuttles and Diesel Small Buses
Paratransit	101
Park and Ride Lots	22
Bus and Light Rail Transfer Stations	32
Bus Stops	3,100+
Rail Stations	53

TEN YEAR FUNDING HISTORY

The following table shows available funding that SacRT as 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
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
2020	27,616,695	-	-	-	211,902	2,073	13,098,402		348,132
2021	82,360,152					1,355,747	12,220,975		49,262
2022	59,383,137	-	-	-	-	-	-	-	115,193

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 5307 Funds: Coronavirus Aid, Relief, and Ecomonic Security Act (CARES) stimulus funds to offset revenue decline and additional expenses related to COVID-19.

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 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 SacRT 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			
	Transit Capital Improvement	Measure A	Local Transportation Fund	State Transit Assistance	Other
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
2020	30,362,695	46,714,046	51,729,305	12,778,564	1,107,351
2021	42,669,140	59,903,826	51,158,504	10,004,038	2,595,082
2022	41,351,937	69,381,797	72,783,913	-	2,341,898

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.

Transit Capital Improvement funds for projects include, Proposition 1B funds, 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. SacRT 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.

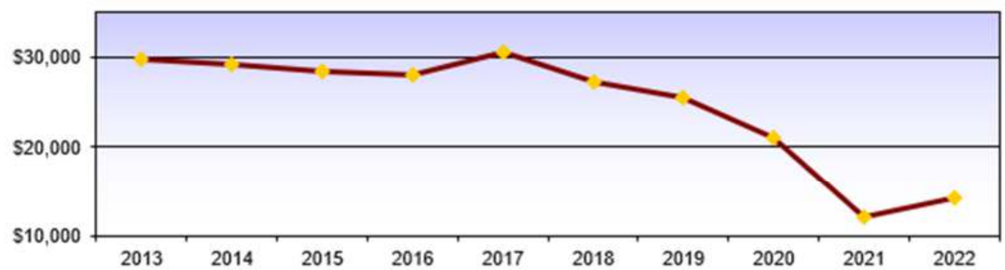
State Transit Assistance Funds: Funds generated by the sales tax on gasoline and diesel fuel sales. These funds are disbursed to transit agencies for a variety of transit capital and operating support needs. SB1 funds, the Road Repair and Accountability Act of 2017, are included in STA funds beginning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

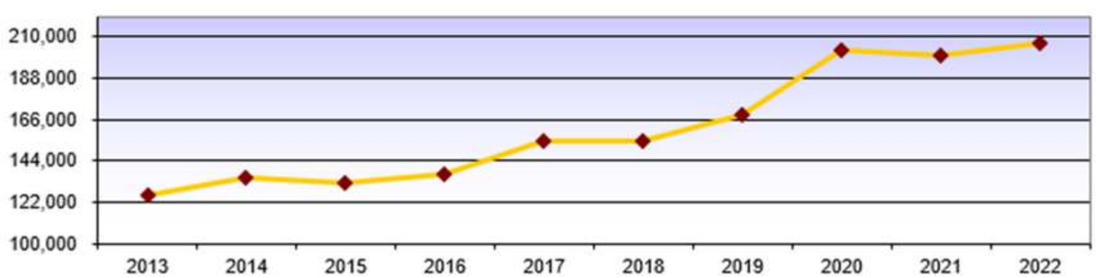
FARE RECOVERY
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fare Revenue	$29,759	$29,156	$28,396	$28,056	$30,487	$27,276	$25,428	$20,999	$12,001	$14,309
Local Fund Supplementation	2,201	5,322	5,208	3,436	4,948	8,321	13,256	25,615	33,896	33,248
Total Operating Expenses	125,332	135,094	131,779	136,920	154,067	154,770	168,194	202,667	199,552	206,769
Fare Recovery Ratio	25.5%	25.5%	25.5%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%

FARE REVENUE



TOTAL OPERATING EXPENSES



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

Source: Annual Comprehensive Financial Report

RIDERSHIP
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ridership	27,298	26,368	25,768	24,330	22,050	20,890	19,989	17,564	8,108	11,315
% change	3.64%	(3.41%)	(2.28%)	(5.58%)	(9.37%)	(5.26%)	(4.31%)	(12.13%)	(53.84%)	(35.58%)

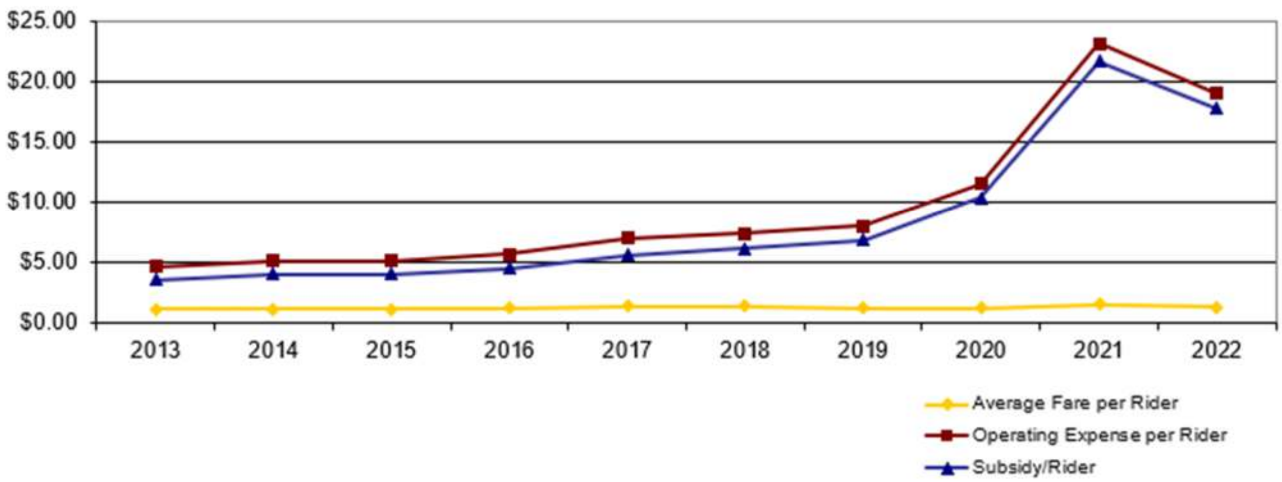
Source: SacRT Planning Department
NTD Statistics

OPERATING SUBSIDY
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Average Fare per Rider	$1.09	$1.11	$1.10	$1.15	$1.38	$1.31	$1.21	$1.20	$1.48	$1.26
Operating Expense per Rider [1]	$4.60	$5.12	$5.11	$5.63	$6.99	$7.41	$8.01	$11.54	$23.15	$19.02
Subsidy/Rider	$3.51	$4.02	$4.01	$4.47	$5.60	$6.10	$6.80	$10.34	$21.66	$17.75

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

OPERATING EXPENSE & SUBSIDY PER RIDER



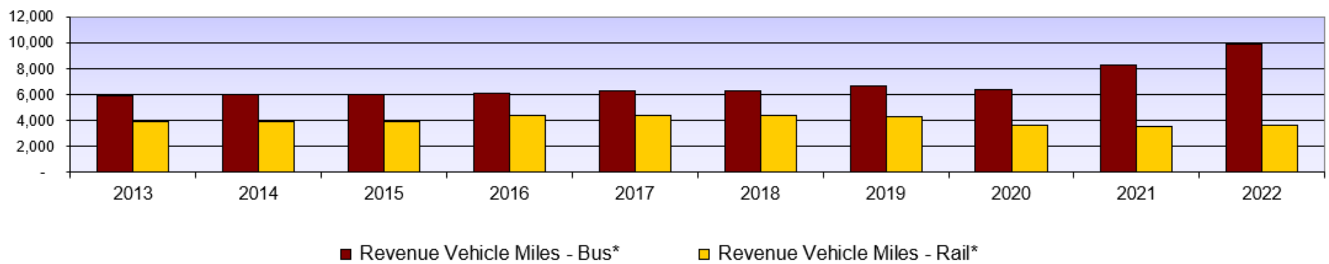
Source: Annual Comprehensive Financial Report
SacRT Planning Department
NTD Statistics

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

SERVICE PROVIDED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BUS										
Revenue Vehicle Miles - Bus*	5,893	6,002	6,023	6,152	6,269	6,288	6,646	6,439	8,307	9,949
Revenue Vehicle Hours*	532.0	548.0	549.8	558.0	558.5	559.2	580.9	564.1	689.7	796.0
# Vehicles	232	232	232	223	223	225	237	237	249	366
RAIL										
Revenue Vehicle Miles - Rail*	3,921	3,947	3,936	4,370	4,422	4,418	4,344	3,610	3,559	3,606
Revenue Vehicle Hours*	217.2	218.6	218.1	245.2	248.9	248.7	243.2	207.0	199.5	200.7
Train Revenue Hours*	82.0	83.2	83.2	93.0	94.9	94.7	99.9	98.1	100.9	101.7
# of Vehicles	76	76	76	87	96	97	97	95	95	95

SERVICE PROVIDED



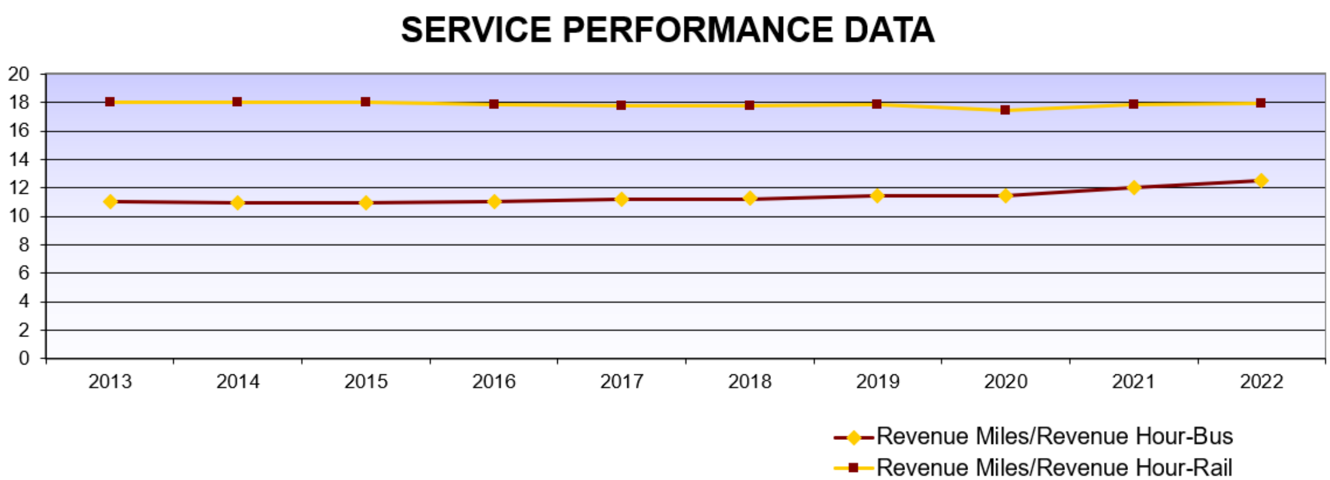
SERVICE CONSUMED

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
BUS										
Passengers*	13,784	13,658	13,706	12,114	10,608	10,517	10,008	8,575	4,241	6,683
Passenger Miles*	49,440	53,133	52,346	43,911	39,468	37,925	35,382	31,008	31,008	25,781
RAIL										
Passengers*	13,513	12,710	12,062	12,216	11,442	10,373	9,981	8,989	3,847	4,632
Passenger Miles*	75,797	74,580	68,717	69,171	68,760	65,531	63,074	53,131	22,217	26,610
TOTAL										
Passengers*	27,298	26,368	25,768	24,330	22,050	20,890	19,989	17,564	8,088	11,315
Passenger Miles*	125,237	127,713	121,063	113,082	108,228	103,456	98,456	84,139	53,225	52,391
FLEET										
Bus	232	232	232	223	223	225	237	237	249	366
Rail	76	76	76	87	96	97	97	95	95	95
TOTAL EMPLOYEES	940	933	937	982	974	997	1036	1228	1450	1267

Source: SacRT Planning Department
NTD Statistics

SERVICE PERFORMANCE DATA (Continued)
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue Miles/Revenue Hour-Bus	11	11	11	11	11	11	11	11	12	12
Revenue Miles/Revenue Hour-Rail	18	18	18	18	18	18	18	17	18	18



Source: SacRT Planning Department
NTD Statistics

FARES
As of June 30, 2022

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

*Many students, in grades K through 12, are eligible for free transit passes. Students need to check with their school district for details or visit www.RydreFreeRT.com

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

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 ticketsare valid for 90 minutes from time of validation on light rail only,or pay the 25 cents transfer fee when boarding a bus.

PERFORMANCE MEASURES

Performance Measures in Sacramento's Peer Transit Agencies												
			2020 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)**	**$ 10.62**	**(3)**	**$ 15.19**	**(6)**	**$ 172.08**	**(6)**	**$ 9.45**	**(3)**	**11.1%**	**(4)**
Los Angeles, CA	12,150,996	(2)	5.48	(5)	18.69	(4)	194.84	(5)	4.88	(5)	11.0%	(5)
Oakland, CA	3,281,212	(13)	10.09	(4)	23.80	(2)	238.88	(2)	8.82	(4)	12.6%	(3)
San Carlos, CA	3,281,212	(13)	16.24	(1)	21.10	(3)	220.45	(3)	15.01	(1)	7.6%	(7)
San Diego, CA	2,956,746	(15)	4.62	(6)	8.88	(7)	97.27	(7)	3.59	(7)	22.4%	(1)
San Francisco, CA	3,281,212	(13)	4.58	(7)	30.49	(1)	240.02	(1)	3.76	(6)	17.9%	(2)
San Jose, CA	1,664,496	(29)	11.76	(2)	17.92	(5)	206.22	(4)	10.79	(2)	8.2%	(6)
Average for Bus Peers	**4,048,501**		**9.06**		**19.44**		**195.68**		**8.04**		**13.0%**	
RAIL PEERS												
Sacramento, CA	**1,723,634**	**(28)**	**8.63**	**(3)**	**21.49**	**(4)**	**374.86**	**(4)**	**7.42**	**(3)**	**14.1%**	**(3)**
Los Angeles, CA	12,150,996	(2)	10.30	(2)	27.90	(3)	573.54	(2)	9.66	(2)	6.1%	(4)
San Diego, CA	2,956,746	(15)	2.99	(5)	10.39	(5)	188.21	(5)	1.85	(5)	38.1%	(1)
San Francisco, CA	3,281,212	(13)	5.59	(4)	45.12	(1)	428.49	(3)	4.77	(4)	14.7%	(2)
San Jose, CA	1,664,496	(29)	19.30	(1)	41.99	(2)	616.68	(1)	18.32	(1)	5.0%	(5)
Average for Rail Peers	**4,355,417**		**9.36**		**29.38**		**436.36**		**8.40**		**16.0%**	
Source: National Transit Database, 2020 Transit Profiles - All Agencies												

In 2010, the Sacramento urban area ranked 28th in the US based on population. Table 1 compares SacRT's 2020 performance to 6 other bus peer transit properties and 4 other rail peer transit properties. This table indicates the following:

Bus
SacRT ranks 3rd in Cost per Passenger and Subsidy per Passenger and ranks 4th in Farebox Recovery Ratio among its bus peer transit agencies.
SacRT ranks 6th in Cost per Revenue Mile and Cost per Revenue Hour among its bus peer transit agencies.

Rail
SacRT ranks 3rd in Cost per Passenger, Subsidy per Passenger and Farebox Recovery Ratio among its rail peer transit agencies.
SacRT ranks 4th in Cost per Revenue Mile and Cost per Revenue Hour among its rail peer transit agencies.

Sacramento

Regional
Transit

Finance Division
1400 29th Street
P.O. Box 2110
Sacramento, CA 95812-2110
916-321-2800
sacrt.com

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

REPORTS REQUIRED BY UNIFORM GUIDANCE AND TRANSPORTATION DEVELOPMENT ACT
Year ended June 30, 2022

SACRAMENTO REGIONAL TRANSIT DISTRICT
Sacramento, California

Year ended June 30, 2022

CONTENTS

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 (SacRT) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

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

(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP
Crowe LLP

Sacramento, California
November 18, 2022

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 Major Federal Program

Opinion on Major Federal Program

We have audited Sacramento Regional Transit District's (SacRT) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on SacRT's major federal program for the year ended June 30, 2022. SacRT's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SacRT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SacRT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of SacRT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SacRT's federal programs.

(Continued)

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SacRT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SacRT's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SacRT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of SacRT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 SacRT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 SacRT as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SacRT's basic financial statements. We issued our report thereon dated November 18, 2022, 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 18, 2022

SACRAMENTO REGIONAL TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through / Grant Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation:				
Highway Planning & Construction Cluster				
Passed through Sacramento Area Council of Governments				
Highway Planning and Construction	20.205	SA1819115	$ 28,963	$ -
Federal Transit Cluster				
Direct Programs				
Federal Transit Capital Investment Grants	20.500	N/A	49,519	-
Federal Transit Formula Grants	20.507	N/A	25,359,237	707,414
COVID-19 - Federal Transit Formula Grants (CARES Act)	20.507	N/A	39,646,434	2,000,001
COVID-19 - Federal Transit Formula Grants (CRRSAA Act)	20.507	N/A	18,727,179	-
State of Good Repair Grants Program	20.525	N/A	4,454,602	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	N/A	394,391	-
Total Federal Transit Cluster			88,631,362	2,707,415
Passed through State of California Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A1060	16,607	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	74A1127	149,763	35,192
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			166,370	35,192
Total U.S. Department of Transportation			88,826,695	2,742,607
U.S. Department of Homeland Security:				
Direct Program				
Rail and Transit Security Grant Program	97.075	N/A	80,001	-
Total Expenditures of Federal Awards			**$ 88,906,696**	**$ 2,742,607**

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of SacRT, for the year ended June 30, 2022. 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. SacRT has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Expenditures are recognized following 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.

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: Assistance Listing Numbers 20.500 / 20.507 / 20.525 / 20.526	Federal Transit Cluster
Dollar threshold used to distinguish between type A and type B programs:	$ 2,667,201
Auditee qualified as low-risk auditee?	__X__ Yes ______ No

Crowe LLP
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

Opinion on Transportation Development Act

We have audited Sacramento Regional Transit District's (SacRT) 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 SacRT's compliance with the Transportation Development Act for the year ended June 30, 2022.

In our opinion, SacRT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on SacRT's compliance with the Transportation Development Act for the year ended June 30, 2022.

Basis for Opinion on Transportation Development Act

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Transportation Development Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SacRT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Transportation Development Act program. Our audit does not provide a legal determination of SacRT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transportation Development Act.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SacRT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SacRT's compliance with the requirements the Transportation Development Act program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Transportation Development Act, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SacRT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of SacRT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 SacRT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Transportation Development Act. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
November 18, 2022

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

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 Sacramento Regional Transit District (SacRT) 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 SacRT's financial statements are free of material misstatement, we performed tests of SacRT'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.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM SACRT

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to SacRT under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with SacRT that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

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.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- 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 between the entity and 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
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 SacRT'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 SacRT'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.

- *Adjustment to recognize the revenue from insurance proceeds related to the claim for totaled LRV 217. Total revenue recognized is reduced by the net of the stipulated loss and investments in trust, related to the removal of the vehicle as collateral in the 2007 lease lease-back*

Advances from Other Governments	4,953,794	
Accrued Liabilities		659,849
Other Operating Revenues		4,293,945

- *Adjustment to reclassify gain on refunding to deferred inflows of resources rather than netted with the loss on refunding*

Deferred Outflows: Gain on Refunding	3,452,336	
Deferred Inflows: Loss on Refunding		3,452,336

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 Included in an Annual Report Information may be prepared by management that accompanies or includes 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 a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We understand that management has not prepared other 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.

Communication Item	Results
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 SacRT's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.
Consultations with Other Accountants If 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.
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 or Issues We are to communicate to you significant findings or issues arising during the audit in connection with SacRT'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 during 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 SacRT 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 18, 2022

Attachment 6

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 ("SacRT") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Company'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 Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 SacRT'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 SacRT'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 18, 2022

RESOLUTION NO. 2022-12-147

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

December 12, 2022

RECEIVE AND FILE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, REPORTS ON COMPLIANCE AND INTERNAL CONTROLS AS REQUIRED BY UNIFORM GUIDANCE, AND THE TRANSPORTATION DEVELOPMENT ACT REPORT TO THE BOARD OF DIRECTORS FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND DESIGNATE $6,222,654 TO SACRT'S OPERATING SURPLUS AND $5,053,586 OF WORKING CAPITAL RESERVE TO SACRT'S OPERATING RESERVE

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 Annual Financial Report (ACFR), Reports on Compliance and Internal Controls for the Fiscal Year Ended June 30, 2022, as required by the Uniform Guidance and the Transportation Development Act; and

THAT, the Board hereby directs the General Manager/CEO to designate $6,222,654 to SacRT's Operating Reserve, which funds may only be used as governed by the Board adopted Comprehensive Reserve Policy of 2022 ,; and

THAT, the Board hereby directs the General Manager/CEO to designate $5,053,586 of Working Capital Reserve to SacRT's Operating Reserve, which funds may only be used as governed by the Board adopted Comprehensive Reserve Policy of 2022.

____
STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By:______________________________
Tabetha Smith, Assistant Secretary