

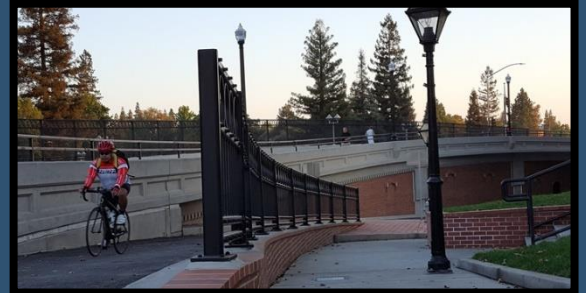
# Sacramento Transportation Authority



## Comprehensive Annual Financial Report • 2017



For the Fiscal Year Ended June 30, 2017



Sacramento, California

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*OF THE*

**SACRAMENTO TRANSPORTATION AUTHORITY**

*Sacramento, California*

*FOR THE*

*FISCAL YEAR ENDED JUNE 30, 2017*

***PREPARED BY***

**Timothy Jones, CPA, CPFO**  
*Accounting/Finance Manager*

**SACRAMENTO TRANSPORTATION AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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# **INTRODUCTORY SECTION**





December 18, 2017

**Honorable Members of the Sacramento Transportation Authority Governing Board  
and the Citizens of Sacramento County, CA**

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of the Sacramento Transportation Authority (Authority) for the fiscal year ended June 30, 2017. Authority management is responsible for the accuracy, completeness and reliability of the information contained in this report. A comprehensive system of internal controls has been implemented which is designed to protect the Authority's assets from loss, theft or misuse, to identify and record transactions accurately and to compile the necessary information to report financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not exceed anticipated benefit, the objective of the Authority's internal control system is to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

The Management's Discussion and Analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any significant events or decisions that affect the financial condition of the Authority. MD&A complements this letter of transmittal and should be read in conjunction with it.

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

**PROFILE OF THE AUTHORITY**

The Authority was established in August 1988 under the Local Transportation and Improvement Act, California Public Utilities Code Division 19. Sacramento County voters passed the Measure A ordinance enacted by the Authority (Original Measure A) imposing a 0.5% sales tax to fund transportation improvements throughout Sacramento County for a period of 20 years. In 2004, voters approved a 30-year extension of Original Measure A beginning in 2009 (New Measure A). All sales tax revenue is restricted for public road improvements and maintenance, public transit, air quality, and elderly and handicapped transportation programs. However, 0.75% of the net sales tax revenue is allocated to the Authority for program administration costs.

New Measure A also created the Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP). The goal of this program is to implement and administer a uniform transportation mitigation fee on certain new development in Sacramento County to assist in funding road and transit system improvements needed to accommodate projected growth and development.

The Governing Board of the Authority (Board) consists of sixteen-members – five from the Sacramento County Board of Supervisors, five from the Sacramento City Council, one from the Citrus Heights City Council, two from the Elk Grove City Council, one from the Folsom City Council, one from the Galt City Council, and one from the Rancho Cordova City Council. The Board is responsible for establishing ordinances, adopting an annual budget, and hiring and overseeing the Executive Director. The Executive Director is responsible for carrying out the policies and ordinances of the Authority as well as overseeing

day-to-day operations and Authority staff consisting of the Accounting/Finance Manager and the Special Programs Manager.

In addition to the Original and New Measure A programs, the Board administers the SAVSA and Sacramento Metropolitan (SacMetro) Freeway Service Patrol (FSP) programs. SAVSA was established under California Vehicle Code Section 22710 in 1992. The code allows counties to impose a \$1 surcharge on vehicle registration to fund the abatement of abandoned vehicles. Participating jurisdictions include the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento. Each participating jurisdiction has adopted an ordinance which establishes procedures for the abatement, removal, and disposal of abandoned vehicles.

The FSP program was established in 1992 through a Memorandum of Understanding (MOU) with the Department of Transportation (Caltrans), California Highway Patrol (CHP) and the Authority. Additionally, in 2009 the Authority began administering the FSP program for Yolo County. Funding for the program is provided by Caltrans and local match funds from the Capitol Valley Regional Service Authority for Freeways & Expressways. The program consists of a system of roving tow trucks deployed at peak traffic times on the most congested freeways in Sacramento and Yolo Counties that quickly respond to remove stalled vehicles and related hazards from the roadway. As such, FSP has become one of California's most successful congestion management tools by drastically reducing nonrecurring freeway delays caused by minor accidents, stalled vehicles, and in-lane debris. In turn, the FSP program improves highway safety and reduces mobile source emissions by easing highway congestion.

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

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy** - The unemployment rate for Sacramento County in June 2017 was 5%, a marginal improvement from June 2016. However, unemployment dropped further to 4.7% by September 2017. This compares to an unemployment rate of 5.1% for California and 4.2% for the nation. Over the last year, construction, leisure and hospitality, wholesale and retail trade, and financial services led year-over-year growth. As unemployment declines, taxable sales go up which drives the Authority's sales tax revenue receipts.

Year-over-year sales tax revenues increased 5.6% to \$116.9 million from \$110.7 million. However, the Authority's FY 2018 adopted budget reflects more conservative growth of 3.6% or \$121 million in sales tax revenue. Total Measure A sales tax receipts fiscal year-to-date are 5% higher than the same period last year. However, revenue is well below expectations established early in the program, in part because of the severe recession experienced during 2008 through 2010.

**Long Term Financial Planning** - The Authority updated its long-term cash flow projections in the fall of 2017 and is using the projections to reevaluate its Capital Allocation Plan for the capital projects contained in the Measure A Transportation Expenditure Plan (TEP). This is the beginning of a process that will lead to recommendations to change the TEP in 2019. Under the New Measure A Ordinance, beginning in 2019 and every ten years thereafter, the Authority will review and, where necessary, propose amendments to the TEP to meet changing transportation needs. This review will consider recommendations from local governments, transportation agencies and interest groups, and the general public.

**Budget Information** - Before the beginning of each fiscal year, staff propose an annual budget based on program goals and objectives. This information is presented to the Authority for adoption in June each year. The Authority may adopt an amended budget during the fiscal year, and the Executive Director may transfer authorized budget amounts between expenditure line items. This report includes statements for the General Fund and SAVSA that compare actual results to the final adopted budgets.

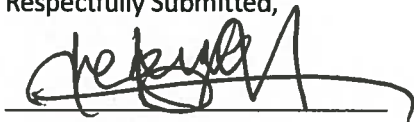
**AWARDS AND ACKNOWLEDGEMENTS**

A team of professional auditors from Richardson and Company, LLP performed this year’s audit. The independent auditor’s unmodified opinion has been included in the Independent Auditor’s Report.

For the 22nd consecutive year, the Authority received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2016. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. We believe this report continues to conform to the program’s requirements; therefore we plan to submit it to the GFOA for review.

We want to thank the members of the Board for continued interest and support regarding the financial operations of the Authority.

Respectfully Submitted,



Executive Director



Accounting/Finance Manager

# **SACRAMENTO TRANSPORTATION AUTHORITY**

## **LIST OF PRINCIPAL OFFICIALS**

**June 30, 2017**

### **BOARD MEMBERS**

PATRICK KENNEDY, County of Sacramento (Chair)  
PHIL SERNA, County of Sacramento  
SUSAN PETERS, County of Sacramento  
SUE FROST, County of Sacramento  
DON NOTTOLI, County of Sacramento  
KERRI HOWELL, City of Folsom  
LARRY CARR, City of Sacramento  
ERIC GUERRA, City of Sacramento  
STEVE HANSEN, City of Sacramento  
JEFF HARRIS, City of Sacramento (Vice-Chair)  
JAY SCHENIRER, City of Sacramento  
ALBERT J. FOX, City of Citrus Heights  
DARREN SUEN, City of Elk Grove  
PATRICK HUME, City of Elk Grove  
CURT CAMPION, City of Galt and Isleton  
GARRETT GATEWOOD, City of Rancho Cordova

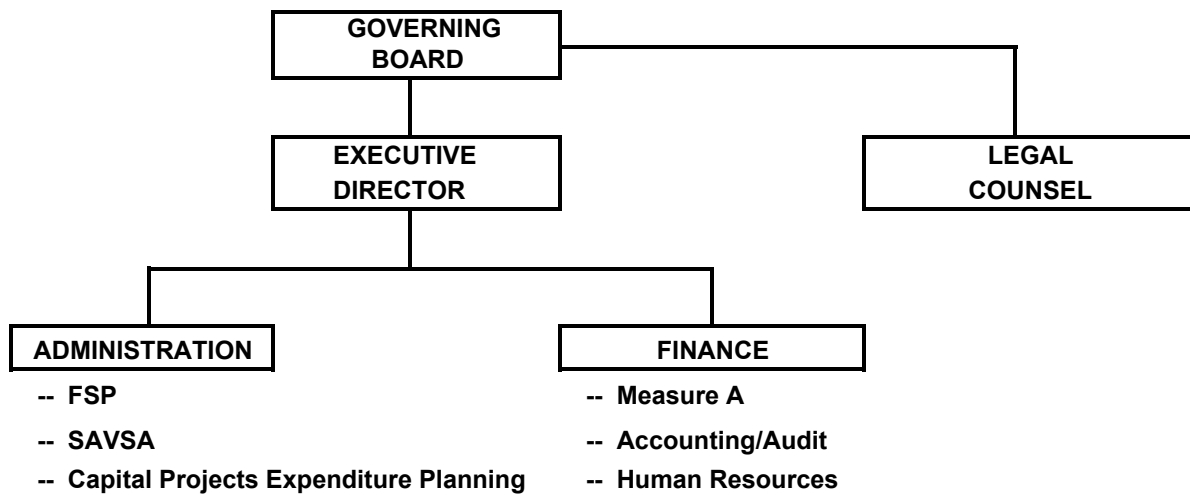
### Alternates

NICK AVDIS, County of Sacramento  
MARK CREWS, City of Galt and Isleton  
BRET DANIELS, City of Citrus Heights  
ANDY MORIN, City of Folsom  
DONALD TERRY, City of Rancho Cordova  
STEVE DETRICK, City of Elk Grove

### **STAFF**

NORMAN HOM, Executive Director  
TIMOTHY JONES, Accounting/Finance Manager  
JENNIFER DOLL, Special Programs Manager  
WILLIAM BURKE, Legal Counsel

# Sacramento Transportation Authority For the Year Ended June 30, 2017 Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Sacramento Transportation Authority  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# **FINANCIAL SECTION**







550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sacramento Transportation Authority  
Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Transportation Authority (Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

To the Board of Directors  
Sacramento Transportation Authority

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2017, and the respective changes in financial position and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions to Pension Plan as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, Combining Statement of Changes in Assets and Liabilities – All Agency Funds and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

To the Board of Directors  
Sacramento Transportation Authority

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

December 18, 2017

**SACRAMENTO TRANSPORTATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

As management of the Sacramento Transportation Authority (Authority), we offer readers the Authority's financial statements, this narrative overview, and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the Authority's financial statements, which begin on page 12 of this report.

**FINANCIAL HIGHLIGHTS**

- Sales tax revenue increased to \$116.9 million from \$110.7 million (5.6%) over the prior year. Decreasing unemployment and significant construction activity are the primary reasons for the increased sales tax. See page 7 for more detail.
- Liabilities exceed assets by \$325.7 million, leaving the Authority with a negative net position. The deficit is consistent with the prior year and expected since the Authority issues debt to fund the construction of capital assets reported in the financial statements of the agencies constructing them. However, over time, bond principal payments will reduce the liability. See page 12 for more detail.
- General administration fund balance increased to \$3,224 from a deficit of \$(195,546). The improved fund balance is attributed to the Authority working diligently to constrain costs and increased allocations of sales tax revenue. In addition, the Authority received about \$159,000 from local agencies as reimbursement for outreach and education expenditures related to Measure B.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components (1) **Government-wide** financial statements; (2) **Fund** financial statements and (3) **Notes** to the basic financial statements.

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

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

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

The government-wide financial statements are on pages 12-13 of this report.

**Fund Financial Statements** are groupings of related accounts used to maintain control over resources segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to demonstrate finance-related legal compliance. The Authority only reports governmental and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains three individual governmental funds organized according to their type: *general, special revenue, and debt service*. This information is separately reported in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Special Revenue Fund, and Debt Service Fund.

The governmental funds financial statements are on pages 14 and 16 of this report.

**Fiduciary funds** account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Authority's own programs. Accounting methods for fiduciary and proprietary funds are similar, except for agency funds, which have more limited accounting and financial statements because of their purely custodial nature.

The fiduciary fund financial statements are on page 20 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are on pages 21-41 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

In fiscal year ending June 30, 2017, the most significant change in the government-wide *statement of net position* is a \$31.8 million decrease in the Authority's hedging derivatives' fair value – reported as a *deferred outflow of resources* and included in long-term liabilities. The Authority entered into three forward interest rate swaps (fixed rate) to hedge the variable interest rate risk associated with its Series 2009 Measure A Sales Tax Revenue Bonds issued in

2009. The fair value of the interest rate swaps is estimated each year by an independent third party based on market conditions on the date of our financial statements. As future interest rates change so does the value of the hedging derivatives.

Additionally, cash and investments decreased by \$3.6 million as the cash outflows funding capital projects exceeded the cash inflows for them. Similarly, restricted cash and investments decreased by \$5 million as the Authority used the remainder of the available bond proceeds to reimburse agencies for capital project claims.

**Table A**  
**Statement of Net Position**  
**For the Year Ended June 30, 2017**

Assets:	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 30,973,774	34,621,999
Receivables and prepaid items	26,278,765	23,866,562
Restricted cash and investments	18,964,267	24,034,134
Total assets	<u>76,216,806</u>	<u>82,522,695</u>
 Deferred outflows of resources	 <u>88,439,763</u>	 <u>120,283,826</u>
 Liabilities:		
Due to other governments	21,820,818	23,045,643
Accounts payable	157,376	647,442
Other current liabilities	6,937,031	7,461,241
Long-term liabilities	461,379,607	497,534,425
Total liabilities	<u>490,294,832</u>	<u>528,688,751</u>
 Deferred inflows of resources	 <u>36,946</u>	 <u>62,979</u>
 Net position:		
Restricted for Measure A projects	42,991,554	38,511,922
Restricted for transportation mitigation	4,692,718	13,296,991
Restricted for debt service	6,588,099	6,362,460
Restricted for abandoned vehicles	-	154,549
Restricted for freeway service patrol	-	164,338
Unrestricted*	<u>(379,947,580)</u>	<u>(384,435,469)</u>
Total net position (deficit)	<u><u>\$(325,675,209)</u></u>	<u><u>(325,945,209)</u></u>

\* In our FY 2016 financial statements, unrestricted fund balance included amounts restricted for Measure A projects. This table shows those amounts separately.

Bond program liabilities totaling \$464 million (see page 36) are the cause for all of the Authority's negative net position. Unlike most agencies, the Authority provides funding for capital projects throughout the region, but does not record any of the capital assets constructed with Measure A funding; the assets are reported by the entities constructing them.

The most significant changes in the government-wide *statement of activities* are increases in sales tax and transportation mitigation revenues. In addition, Measure A expenditures decreased while transportation mitigation expenditures increased.

Sales tax revenue increased by \$6.2 million (5.6%) as the local economy continued to improve. During the course of the year, unemployment dropped to a post-recession low of 4.3% in May 2017 as compared to 6% at the same time the prior year. Construction activity remains robust throughout the region, creating jobs and generating sales tax revenue. The Sacramento Countywide Transportation Mitigation Fee Program (transportation mitigation) revenue increased by about \$3.5 million (80%) because of increased building activity; primarily commercial construction in the City of Sacramento.

**Table B**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Revenues:	2017	2016
Program Revenues:		
Transportation Mitigation	\$ 7,848,175	4,363,650
Freeway Service Patrol	2,065,521	1,991,947
Abandoned Vehicle Service Authority	1,282,433	1,272,697
General Revenues:		
Sales Taxes	116,877,996	110,707,633
Interest, Investment Earnings, and other	1,954,329	956,364
Total revenues	130,028,454	119,292,291
Expenses:		
Measure A	92,332,335	112,316,542
Transportation Mitigation	16,547,233	1,004,034
Freeway Service Patrol	2,271,606	2,001,317
Abandoned Vehicle Service Authority	1,400,871	1,216,517
Administration	979,254	1,387,221
Interest on Long-Term debt	16,227,155	15,215,203
Total expenses	129,758,454	133,140,834
Change in net position	270,000	(13,848,543)
Net position (deficit) - beginning	(325,945,209)	(299,071,068)
Restatement of beginning net position	-	(13,025,597)
Net position (deficit) - ending	\$(325,675,209)	(325,945,209)

Measure A expenses decreased by about \$20 million (17.8%) to \$92.3 million, while transportation mitigation expenses increased by \$15.5 million. Most of the change in expenses in both expense categories can be explained by using transportation mitigation funds to reimburse capital claims instead of Measure A bond funds. Bond funds were used in the prior year to pay capital claims; however, those funds were exhausted in the first quarter of 2017 at which time the Authority transitioned to using transportation mitigation funds to pay them. In addition, Measure A funds are formulaically passed through to participating agencies on a

monthly basis, so as revenue increases, 5.6% in fiscal year 2017, so do the related pass through payments.

## **FUND FINANCIAL ANALYSIS**

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

**Governmental funds.** Governmental funds are comprised of general, special revenue, and debt service funds. Included in these funds is the Sacramento Abandoned Vehicle Service Authority – a special revenue fund - which is governed by the Authority’s Board. The focus of the Authority’s governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority’s financing requirements. In particular, *total fund balance less the nonspendable fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At June 30, 2017, the Authority’s governmental funds reported combined fund balances of \$54.2 million, a decrease of about \$4 million in comparison to the prior year’s total ending fund balance of \$58.3 million. See pages 14 and 16 for more detail. The components of the fund balance are as follows:

- *Nonspendable fund balance* - \$4,763 is not legally spendable because it is the prepayment amount for the Authority’s last month’s rent for office space under a lease agreement expiring September 2017.
- *Restricted fund balance* - \$54.3 million, consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations or enabling legislation. Examples of restrictions on funds are those imposed by the Measure A Ordinance in the amount of \$30.9 million for capital projects and \$12.1 million (total \$43 million) held in reserve by creditors underwriting the Authority’s bond program. Additionally, transportation mitigation fund balance is \$4.7 million, which is restricted for mitigation projects under the Measure A Ordinance. Finally, \$6.6 million is restricted for debt service by external creditors.
- *Unassigned fund balance* - \$3,224 represents the amount available for program administration and a deficit of \$(41,746) for the Freeway Service Patrol Program.

All fund balance with exception of the nonspendable and unassigned portions is available for appropriation for restricted purposes.

*General Fund* – this fund reports all retail sales tax, transportation mitigation, Freeway Service Patrol, and general administration revenues and expenditures. The general fund ended the year with a fund balance of \$47.6 million, a \$4.1 million (8%) decrease from the prior year. Assets decreased by \$5.8 million, caused by a decrease in cash and investments (both unrestricted and restricted) offset by an increase in funds due from other governments. The most significant change is reported in restricted cash and investments which decreased by \$5.2 million to \$12.3 million from \$17.5 million in the prior year. The 2017 account balance of \$12.3 million consists of funds held in reserve by bond program underwriters. The \$5.2 million decrease is related to spending down available bond proceeds on capital projects. The cash and investments account



decreased by \$3.2 million to \$30.7 million from \$33.9 million as the Authority used Measure A proceeds to reimburse capital project claims.

**Table C**  
**Balance Sheet - General Fund**  
**For the Year Ended June 30, 2017**

	2017	2016
<b>Assets:</b>		
Cash and Investments	\$30,727,277	33,906,403
Prepaid Items	4,763	10,027
Interest Receivable	185,075	161,992
Due From Other Governments	25,752,781	23,342,190
Due From Other Funds	157,604	26,873
Restricted Cash and Investments	12,349,716	17,522,917
Total assets	69,177,216	74,970,402
<b>Liabilities:</b>		
Accounts Payable	130,924	127,027
Due to Other Governments	21,395,779	23,045,643
Deposits	-	10,000
Total liabilities	21,526,703	23,182,670
<b>Fund Balances:</b>		
Nonspendable	4,763	10,027
<b>Restricted:</b>		
Measure A Projects	42,991,554	38,511,922
Transportation Mitigation	4,692,718	13,296,991
Freeway Service Patrol	-	164,338
<b>Unassigned:</b>		
General Administration	3,224	(195,546)
Freeway Service Patrol	(41,746)	-
Total fund balance	\$47,650,513	51,787,732

As shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 16, Measure A sales tax revenues increased to \$116.9 million from \$110.7 million (5.6%) in the prior year. As mentioned earlier, lower unemployment and robust construction activity throughout the region is driving up sales tax revenue. Measure A expenditures (intergovernmental) of \$108.9 million decreased approximately \$4.4 million from the prior year as capital project expenditures were lower than agencies originally estimated.

*Special Revenue Fund* – As shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances found on page 16, the Sacramento Abandoned Vehicle Service Authority (SAVSA) presented in the financial statements as the “Abandoned Vehicle Special Revenue” reported \$0 ending fund balance as compared to \$154,549 in the prior year. This is a break-even program where the revenue received is passed through to program entities to reimburse claims they submitted or accrued as a liability – resulting in a zero fund balance.

*Debt Service Fund* – As shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances on page 14, the “Debt Service” fund reported a fund balance of \$6.6 million, a slight increase from the prior year. Transfers in from the general fund increased by \$2.6 million to \$20.8 million from \$18.2 million in the prior year to pay for increased debt service expenditures. Debt service expenditures increased over \$4 million to \$20.6 million because the Authority made its first principal payment to the bond program of \$3.4 million in October 2016.

## GENERAL FUND BUDGET HIGHLIGHTS

*Revenue* - Actual sales tax revenue was \$2.8 million (2.5%) higher than budgeted because of decreased unemployment and increased construction activity throughout the county. Mitigation fees were \$2.8 million (57%) higher than budgeted because of a significant increase in construction activity – primarily in the City of Sacramento. Interest revenue (use of money and property) was \$1.2 million higher than budgeted because interest rate swap revenue increased with rising interest rates. In addition, interest on fund balance accumulated for bond program principal payments was new this year.

*Expenditures* - Intergovernmental expenditures were \$10.8 million (9%) less than budgeted because several large capital projects required less funding than the agencies building them originally projected.

## DEBT ADMINISTRATION

In October 2009, the Authority issued \$318.3 million of Measure A Sales Tax Revenue Bonds to pay-off the 2006 and 2007 Sales Tax Revenue Notes and accelerate new transportation construction projects. The 2009 bonds were issued in three series – A, B, and C, of which the series A and B were subsequently refunded in 2014 and 2015 respectively. In July 2012, the Authority issued an additional \$53.4 million in fixed-rate Measure A Sales Tax Revenue Bonds to accelerate transportation construction projects.

Long-term Debt			
June 30, 2017			
(in millions)			
	Amount	Bond Type	Final Maturity
Series 2009C	\$106.1	VRDB*	10/1/2038
Series 2012	49.9	Fixed-Rate	10/1/2027
Series 2014A (refunded Series 2009A)	106.1	FRN**	10/1/2038
Series 2015A (refunded Series 2009B)	106.1	VRDB	10/1/2038
Total Outstanding Bonds	<u>368.2</u>		

\* Variable Rate Demand Bond

\*\* Floating Rate Note

The series 2009C bonds are variable-rate with a weekly interest rate reset. These variable rate bonds are supported by a liquidity facility in the form of a standby bond purchase agreement (SBPA) provided by US Bank. The US Bank SBPA is due to expire in January 2018. The series 2009C bondholders have the right to tender the bonds weekly. Upon the tender, the remarketing agent will attempt to remarket the bonds to a new investor. If the remarketing of

the bonds is unsuccessful, the Trustee will draw upon the SBPA to purchase the bonds and the bonds will enter into a bank bond period in which they accrue interest. These highly rated bonds have always been remarketable. US Bank agrees to provide liquidity to the bondholders in exchange for a commitment fee calculated as a percentage of the bank commitment amounts.

In September 2014, the Authority refunded the series 2009A bonds with series 2014A variable rate Measure A Sales Tax Revenue Refunding bonds in the amount of \$106.1 million. The refunding freed up \$8.2 million in cash held in reserve. This money funded capital projects and paid for issuance costs. The series 2014A bonds were directly purchased by Wells Fargo and do not require a separate liquidity facility or any credit enhancement. Wells Fargo is paid interest on the bonds based on upon 67% of 1-month London Interbank Offered Rate (LIBOR), plus a fixed spread. The direct purchase agreement is due to expire in September 2017. The interest rate swaps were retained.

In March 2015, the Authority issued \$106.1 million in series 2015A variable rate Measure A Sales Tax Revenue Refunding bonds to refund the same amount of series 2009B bonds. After the refunding, cash held as a reserve in the amount of \$10.3 million was made available to fund projects and pay issuance costs. Similar to the series 2009C bonds described above, these bonds require a liquidity facility in the form of an SBPA. Mizuho Bank holds the SBPA which is due to expire in March 2018. These bonds have always been remarketable. The interest rate swaps were retained.

Additional information on the Authority's long-term debt is in Note 8 on pages 36-40 of this report.

## **ECONOMIC CONDITION AND FUTURE BUDGETS**

Sacramento County is home to the California State Capitol and is highly influenced by the public sector with government jobs comprising more that 26% of total wage and salary employment. The largest employment gains were observed in construction, leisure and hospitality, wholesale and retail trade, and financial services. Losses were not observed in any major sector. Increases in total employment, population, and housing starts will continue to fuel total taxable sales, which are estimated to be \$24.4 billion or 5% higher in the coming year.

The adopted budget for FY 2017-18 assumes \$121 million in sales tax revenue, which is 3.6% higher than the actual prior year revenue. Monthly Measure A allocations and capital projects expenditures are projected to decrease 9.6% from the prior year to \$108.9 million. The remaining budgeted amounts are either similar to the prior year or the variances are immaterial when compared to the overall budget.

## **REQUESTS FOR INFORMATION**

The Authority designed this financial report to provide a general overview of the Authority's finances. Questions about the information in this report or requests for additional information should be requested from Authority's Accounting/Finance Manager at [tim@sacta.org](mailto:tim@sacta.org). This report is also available on the Authority's website at [sacta.org](http://sacta.org).

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**BASIC**  
**FINANCIAL STATEMENTS**



**SACRAMENTO TRANSPORTATION AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

	Governmental Activities
<b>ASSETS:</b>	
Cash and investments	\$ 30,973,774
Receivables:	
Interest	186,958
Due from other governments	26,087,044
Prepaid items	4,763
Restricted cash and investments	18,964,267
Total assets	76,216,806
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
Fair value of hedging derivatives (long-term interest rates)	88,172,331
Pension	267,432
	88,439,763
 <b>LIABILITIES:</b>	
Accounts payable	157,376
Due to other governments	21,820,818
Interest payable	3,318,031
Long-term liabilities:	
Due within one year	3,619,000
Long-term debt, due in more than one year	460,401,026
Compensated absences, due in more than one year	69,991
Net pension liability	908,590
Total liabilities	490,294,832
 <b>DEFERRED INFLOW OF RESOURCES</b>	
Pension	36,946
 <b>NET POSITION:</b>	
Restricted for Measure A projects	42,991,554
Restricted for transportation mitigation	4,692,718
Restricted for debt service	6,588,099
Unrestricted	(379,947,580)
Total net position	\$ (325,675,209)

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

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2017

<b>Functions/Programs</b>	<u><b>Expenses</b></u>	<u><b>Program Revenues Operating Grants and Contributions</b></u>	<u><b>Net (Expense) and Revenue Governmental Activities</b></u>
Governmental Activities:			
Measure A	\$ 92,332,335		\$ (92,332,335)
Sacramento Countywide			
Transportation Mitigation			
Fee Program	16,547,233	\$ 7,848,175	(8,699,058)
Freeway Service Patrol			
Program	2,271,606	2,065,521	(206,085)
Sacramento Abandoned			
Vehicle Service Authority	1,400,871	1,282,433	(118,438)
Administration	979,254		(979,254)
Interest on long-term debt	16,227,155		(16,227,155)
Total governmental activities	<u>\$ 129,758,454</u>	<u>\$ 11,196,129</u>	(118,562,325)
General revenues:			
Sales taxes			116,877,996
Interest, investment earnings			
and other			1,954,329
Total general revenues			<u>118,832,325</u>
Change in net position			270,000
Net position - beginning			<u>(325,945,209)</u>
Net position - ending			<u>\$ (325,675,209)</u>

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



**SACRAMENTO TRANSPORTATION AUTHORITY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General	Abandoned Vehicle Special Revenue	Debt Service	Total Governmental Funds
<b>ASSETS:</b>				
Cash and investments	\$ 30,727,277	\$ 246,497		\$ 30,973,774
Prepaid items	4,763			4,763
Receivables:				
Interest	185,075	1,883		186,958
Due from other governments	25,752,781	334,263		26,087,044
Due from other funds	157,604			157,604
Restricted cash and investments	12,349,716		\$ 6,614,551	18,964,267
<b>TOTAL ASSETS</b>	<b>\$ 69,177,216</b>	<b>\$ 582,643</b>	<b>\$ 6,614,551</b>	<b>\$ 76,374,410</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable and other accrued liabilities	\$ 130,924		\$ 26,452	\$ 157,376
Due to other governments	21,395,779	\$ 425,039		21,820,818
Due to other funds	157,604	157,604		157,604
Total liabilities	21,526,703	582,643	26,452	22,135,798
 <b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid items	4,763			4,763
Restricted:				
Measure A projects	42,991,554			42,991,554
Transportation mitigation	4,692,718			4,692,718
Debt service			6,588,099	6,588,099
Unassigned:				
General administration	3,224			3,224
Freeway service patrol	(41,746)			(41,746)
Total fund balances	47,650,513	-	6,588,099	54,238,612
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 69,177,216</b>	<b>\$ 582,643</b>	<b>\$ 6,614,551</b>	<b>\$ 76,374,410</b>

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

**SACRAMENTO TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2017**

Ending Fund Balances per governmental fund balance sheet (page 14)	\$	54,238,612
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Amounts reported for the governmental activities in the statement of net position are different because:

Long-term debt, including premium and hedging derivatives, are not due and payable in the current period and therefore are not reported in the fund statements.

Bonds, including premiums and hedging derivatives	(463,991,026)	
Fair value of hedging derivatives	<u>88,172,331</u>	(375,818,695)

Pension liability is not due and payable in the current period and is not reported in the fund statements.

Deferred outflow of resources	267,432	
Pension liability	(908,590)	
Deferred inflow of resources	<u>(36,946)</u>	(678,104)

Interest payable is not due and payable in the current period and therefore is not reported in the fund statements.	(3,318,031)
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Compensated absences are not due and payable in the current period and therefore are not reported in the fund statements.	<u>(98,991)</u>
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Net position of governmental activities (page 12)	<u><u>\$ (325,675,209)</u></u>
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**SACRAMENTO TRANSPORTATION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2017**

	General	Abandoned Vehicle Special Revenue	Debt Service	Totals Governmental Fund
<b>REVENUES:</b>				
Taxes	\$ 116,877,996			\$ 116,877,996
Mitigation fees	7,848,175			7,848,175
Vehicle registration fees		\$ 1,282,433		1,282,433
Grants for freeway services	2,065,521			2,065,521
Use of money and property	1,783,534	4,308	\$ 7,277	1,795,119
Miscellaneous	159,210			159,210
Total revenues	<u>128,734,436</u>	<u>1,286,741</u>	<u>7,277</u>	<u>130,028,454</u>
<b>EXPENDITURES:</b>				
General government:				
Administrative	977,515			977,515
Freeway Service Patrol	2,271,606			2,271,606
Intergovernmental	108,879,568	1,400,871		110,280,439
Debt Service:				
Principal			3,450,000	3,450,000
Interest and other charges			17,115,023	17,115,023
Total expenditures	<u>112,128,689</u>	<u>1,400,871</u>	<u>20,565,023</u>	<u>134,094,583</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,605,747</u>	<u>(114,130)</u>	<u>(20,557,746)</u>	<u>(4,066,129)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	40,419		20,783,385	20,823,804
Transfers out	<u>(20,783,385)</u>	<u>(40,419)</u>		<u>(20,823,804)</u>
Total other financing sources (uses)	<u>(20,742,966)</u>	<u>(40,419)</u>	<u>20,783,385</u>	<u>-</u>
<b>CHANGES IN FUND BALANCES</b>	(4,137,219)	(154,549)	225,639	(4,066,129)
<b>FUND BALANCE, BEGINNING OF THE YEAR</b>	<u>51,787,732</u>	<u>154,549</u>	<u>6,362,460</u>	<u>58,304,741</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 47,650,513</u>	<u>\$ -</u>	<u>\$ 6,588,099</u>	<u>\$ 54,238,612</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

Changes in fund balances - total governmental funds (page 16) \$ (4,066,129)

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

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

Principal payments 3,450,000

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

Pension expense	18,547
Change in compensated absences	(20,286)
Change in interest payable	132,791
Bond premium amortization	755,077
	755,077

Change in Net Position of governmental activities (page 13)	\$ 270,000
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The notes to the basic financial statements are an integral part of this statement.

**SACRAMENTO TRANSPORTATION AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$114,061,319	\$114,061,319	\$ 116,877,996	\$ 2,816,677
Mitigation fees	5,000,000	5,000,000	7,848,175	2,848,175
Grants for freeway services	1,927,000	1,927,000	2,065,521	138,521
Use of money and property	600,000	600,000	1,783,534	1,183,534
Miscellaneous	-	-	159,210	159,210
Total revenues	<u>121,588,319</u>	<u>121,588,319</u>	<u>128,734,436</u>	<u>7,146,117</u>
<b>EXPENDITURES:</b>				
General government:				
Administrative	1,080,460	1,080,460	977,515	102,945
Freeway Service Patrol	2,228,520	2,228,520	2,271,606	(43,086)
Intergovernmental	119,721,176	119,721,176	108,879,568	10,841,608
Total expenditures	<u>123,030,156</u>	<u>123,030,156</u>	<u>112,128,689</u>	<u>10,901,467</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,441,837)</u>	<u>(1,441,837)</u>	<u>16,605,747</u>	<u>18,047,584</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	75,000	75,000	40,419	(34,581)
Transfers out	<u>(16,400,000)</u>	<u>(16,400,000)</u>	<u>(20,783,385)</u>	<u>(4,383,385)</u>
Total other financing sources (uses)	<u>(16,325,000)</u>	<u>(16,325,000)</u>	<u>(20,742,966)</u>	<u>(4,417,966)</u>
Changes in fund balance (budgetary basis)	(17,766,837)	(17,766,837)	(4,137,219)	13,629,618
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>51,787,732</u>	<u>51,787,732</u>	<u>51,787,732</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 34,020,895</u>	<u>\$ 34,020,895</u>	<u>\$ 47,650,513</u>	<u>\$ 13,629,618</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY  
ABANDONED VEHICLE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2017**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Vehicle registration fees	\$ 1,100,000	\$ 1,100,000	\$ 1,282,433	\$ 182,433
Use of money and property - interest	400	400	4,308	3,908
Total revenues	<u>1,100,400</u>	<u>1,100,400</u>	<u>1,286,741</u>	<u>186,341</u>
<b>EXPENDITURES:</b>				
General government:				
Intergovernmental	1,027,000	1,027,000	1,400,871	(373,871)
Total expenditures	<u>1,027,000</u>	<u>1,027,000</u>	<u>1,400,871</u>	<u>(373,871)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>73,400</u>	<u>73,400</u>	<u>(114,130)</u>	<u>(187,530)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(75,000)	(75,000)	(40,419)	34,581
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(40,419)</u>	<u>34,581</u>
Changes in fund balance (budgetary basis)	(1,600)	(1,600)	(154,549)	(152,949)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>154,549</u>	<u>154,549</u>	<u>154,549</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 152,949</u>	<u>\$ 152,949</u>	<u>\$ -</u>	<u>\$ (152,949)</u>

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

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2017**

<b>ASSETS:</b>	
Cash and investments	\$ 31,113,069
Interest receivable	74,185
Due from other governments	<u>305,016</u>
Total assets	<u><u>\$ 31,492,270</u></u>
 <b>LIABILITIES:</b>	
Due to other governments	\$ 3,422,000
Deposits	<u>28,070,270</u>
Total liabilities	<u><u>\$ 31,492,270</u></u>

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

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

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

**ORGANIZATION**

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

In 1992, SAVSA was established as a separate legal entity under California Vehicle Code Section 22710. The code establishes a \$1 vehicle registration fee to be used for the abatement of abandoned vehicles for counties electing to impose the fee. The County Board of Supervisors, by a two-thirds vote, and the City Councils of a majority of the cities within the County having a majority of the incorporated population, adopted resolutions providing for the establishment of SAVSA. SAVSA reimburses the County, and the Cities of Sacramento, Galt, Folsom, Elk Grove, Citrus Heights, and Rancho Cordova according to the Sacramento Abandoned Vehicle Abatement Plan.

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

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

**BASIS OF PRESENTATION**

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

The Statement of Net Position reports all financial resources of the Authority as a whole in a format in which assets and deferred outflow of resources equal liabilities and deferred inflow of resources, plus net position. The Statement of Activities demonstrates the degree to which the expenses of a given function are offset by program revenues. Sales tax and interest earnings are not program related, but reported as general revenues. Fund financial statements are provided for governmental



SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

and fiduciary funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

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

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

The Authority reports the following major governmental funds:

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

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

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

The Authority also reports the following fund type:

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

**BASIS OF ACCOUNTING**

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

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

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**BASIS OF ACCOUNTING (Continued)**

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

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

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

**BUDGETARY PRINCIPLES**

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

**RESTRICTED ASSETS**

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

**CAPITAL ASSETS**

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. It is the Authority's policy to capitalize furniture and equipment exceeding \$5,000. The Authority has no capital assets that exceed the capitalization threshold.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**COMPENSATED ABSENCES**

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

All vacation pay is accrued when earned by the employee in the government-wide financial statements. A liability for these amounts is recorded in the government funds only if they have matured, for example, as a result of employee resignations and retirements and is currently payable. The General Fund is used to liquidate compensated absences.

**LONG-TERM DEBT**

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

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

**PENSIONS**

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

**FUND BALANCE CLASSIFICATION**

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

**Restricted net position** - This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** – any amount that is not restricted.

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

**FUND BALANCE CLASSIFICATION (Continued)**

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

**Nonspendable** fund balances are not expected to be converted to cash within the next operating cycle and are typically comprised of prepaid items.

**Restricted** fund balances are subject to external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

**Committed** fund balances are subject to constraints imposed by formal action of the Authority's Board which may be altered only by formal action of the Authority's Board consisting of an ordinance or resolution.

**Assigned** fund balances are amounts constrained by the Authority's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Authority's Board or management and may be changed at their discretion.

**Unassigned** is the residual amount of the General Fund not included in the four classifications described above. In other governmental funds in which expenditures incurred for specific purposes exceeded amounts restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

The Authority typically spends resources in the following order when an expenditure is incurred: restricted, committed, assigned, and unassigned.

**INSURANCE**

The Authority provides employees with commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30, 2017, there were no claims outstanding. There were no reductions in coverage during the year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

**RECLASSIFICATIONS**

In 2017, certain amounts from 2016 were reclassified to conform to the current presentation. The reclassifications had no effect on total net assets or change in net assets.

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 30,973,774
Restricted cash and investments	18,964,267
Agency funds:	
Cash and investments	<u>31,113,069</u>
Total cash and investments	<u><u>\$ 81,051,110</u></u>

As of June 30, 2017, the Authority's cash and investments consisted of the following:

Deposits with financial institutions	<u>\$ 608,058</u>
Total cash and deposits	<u>608,058</u>
County Pool	47,094,039
Local Agency Investment Fund	14,384,746
Investments with fiscal agent	
Money market mutual fund (governmental obligations)	6,614,551
U.S. Treasury securities	2,214,234
CAMP pool	<u>10,135,482</u>
Total investments	<u>80,443,052</u>
Total cash and investments	<u><u>\$ 81,051,110</u></u>

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**Investment policy** - Investments are stated at fair value. California statutes authorize public agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, and Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2017, the Authority's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum % or Amount of the Portfolio
US Treasury Bonds/Notes/Bills	5 years	100%
Bonds issued by local agencies	5 years	80%
Registered State Warrants and Municipal Notes	5 years	80%
Bankers Acceptances	180 days	40%
Commercial Paper	270 days	40%
Negotiable Certificate of Deposit	180 days	30%
CRA Bank Deposit/Certificate of Deposit	1 year	30%
Repurchase Agreements	1 year	30%
Reverse Repurchase Agreements	92 days	20%
Medium Term Corporate Notes	180 days	30%
Shares of Money Market Mutual Fund	90 days	20%
Collateralized Mortgage Obligations	180 days	20%
California Assets Management Program (CAMP)	none	none
County Pool	none	none
LAIF	none	none

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

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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

**Investment in Pooled Funds** - The Authority's investments in the Sacramento County pooled investment funds are managed by the Sacramento County Treasurer and stated at fair value or amortized cost, which approximates fair value. The total amount invested by all public agencies as of June 30, 2017 was \$3.9 billion. The Authority's share of the pool is stated at market value in the Authority's financial statement. Sacramento County does not invest in any derivative financial products directly. The Sacramento County Treasury Investment Oversight Committee (Committee) oversees the County's cash and investment pool. The Committee consists of ten members as required by State law. The value of pooled shares that may be withdrawn from the County is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool.

**Investment in LAIF** – Local Agency Investment Fund (LAIF) is stated at amortized cost. The LAIF is a special fund of the California State Treasury through which local governments may invest idle cash. The total fair value amount invested by all public agencies in LAIF is \$77.6 billion. The fund is managed by the State Treasurer. No amounts are invested in derivative financial products. The Local Investment Advisory Board oversees the LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value of the entire pool. There are no restrictions or limitations on withdrawals of Authority funds from LAIF.

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

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**Interest rate risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2017, the weighted average maturity of the investments contained in LAIF, the County Pool, CAMP, and mutual money market funds is approximately 194, 277, 49, and 34 days, respectively. The maturity dates of the U.S. Treasury Securities are within 15 months and commercial paper within five months.

**Credit Risk** - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Neither LAIF or the County Pool is rated by a nationally recognized statistical rating organization. The Money Market Mutual Fund is rated AAAM by Standard and Poor's. The U.S. Treasury Securities are rated AA+ and commercial paper A-1 or A-1+ by Standard and Poor's.

**Custodial credit risk** - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2017, the carrying amount of the Authority's deposits and the balance in financial institutions was \$608,058, of which \$250,000 was covered by federal depository insurance and \$358,058 was covered by the pledging financial institution with assets held in a common-pool for the Authority and other governmental agencies.

**Fair Value Measurement** - The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.



SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

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

The Authority reports the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Money market mutual fund	\$ 6,614,551		\$ 6,614,551	
U.S. Treasury securities	2,214,234	\$ 2,214,234		
Total investments by fair value level	8,828,785	\$ 2,214,234	\$ 6,614,551	
Investments measured at net asset value				
County pool	47,094,039			
Local Agency Investment Fund	14,384,746			
CAMP pool	10,135,482			
	\$ 80,443,052			

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, which include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

**NOTE 3 - PENSION PLAN**

**A. General Information about the Pension Plans**

**Plan Descriptions**

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

- Miscellaneous Plan
- PEPRM Miscellaneous Plan

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

SACRAMENTO TRANSPORTATION AUTHORITY  
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**NOTE 3 - PENSION PLAN (Continued)**

**Benefits Provided**

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

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<b>Miscellaneous</b>	<b>PERPA Miscellaneous</b>
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	9.498%	6.555%

In addition to the contribution rate above, the Authority was also required to make a payment of \$52,902 towards its unfunded actuarial liability during the fiscal year ended June 30, 2017.

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

**Contributions**

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

The contributions to the Plan were \$89,707 for the year ended June 30, 2017.

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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

**B. Pension Liabilities, Pension Expenses and Deferred Outflow/Inflow of Resources Related to Pensions**

As of June 30, 2017, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$908,590.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2017 is measured as of June 30, 2016 and the total pension liability is determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The Authority's proportion of the net pension liability is based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2017 and 2016 is as follows:

	<b>Miscellaneous</b>
Proportion - June 30, 2017	0.026155%
Proportion - June 30, 2016	0.027341%
Change - Increase (Decrease)	-0.001186%

For the year ended June 30, 2017, the Authority recorded pension expense of \$71,160. At June 30, 2017, the Authority reported deferred outflow of resources and deferred inflow of resources related to the Plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 89,707	
Change in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	40,417	\$ (4,451)
Net differences between projected and actual earnings on plan investments	134,575	
Changes in assumption		(25,856)
Difference between expected and actual experience	2,733	(626)
Difference between actual and allocated contributions		(6,013)
Total	\$ 267,432	\$ (36,946)

The \$89,707 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred inflow and outflow of resources relate to pensions and will be recognized as pension expense as follows:

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2017

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

Year Ended June 30		
2018	\$	24,949
2019		23,180
2020		57,791
2021		<u>34,859</u>
	\$	<u>140,779</u>

**Actuarial Assumptions**

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

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase (1)	Varies
Mortality	Derived using CalPERS Membership data for all funds

(1) Depending on age and service

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2017 were based on the results of a April 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

SACRAMENTO TRANSPORTATION AUTHORITY  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - PENSION PLAN (Continued)**

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

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2016. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55)%	(1.05)%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$ 1,337,542
Current Discount Rate	7.65%
Net Pension Liability	\$ 908,590
1% Increase	8.65%
Net Pension Liability	\$ 554,081

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

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 4 – DEFERRED COMPENSATION PLAN**

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

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

**NOTE 5 - OPERATING LEASES**

The Authority leases certain premises under an operating lease through November 30, 2027, at which time the lease expires. The rental rate increases \$100 per month each year of the lease beginning every December 1. In addition, as a condition of the Authority executing this new lease certain tenant improvements were made by the landlord, the cost of which plus interest (\$159,264) is to be repaid as part of the rental payments beginning December 1, 2020 through the remainder of the lease term. Rental expense for the year ended June 30, 2017 was \$65,415.

Future minimum lease payments under operating leases as of June 30, 2017 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 26,722
2019	36,700
2020	37,900
2021	47,416
2022	55,781
2023-2027	340,687
2028	<u>33,600</u>
	<u>\$ 578,806</u>

**NOTE 6 – INTERFUND TRANSACTIONS**

Interfund transfers are used to (1) reimburse the General Fund for services to and payments on behalf of the Special Revenue Fund in the amount of \$40,419, and (2) repay principal and interest per the debt agreement in the amount of \$20,783,385.

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 – LONG-TERM LIABILITIES**

The activity of the Authority’s long-term liabilities during the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
2009 Series C Bonds	\$106,100,000			\$ 106,100,000	
Fair Value (Loss) of Interest Rate Swap (2009 Series Bonds)	120,167,420	\$ 88,172,331	\$ 120,167,420	88,172,331	
2012 Series Bonds	53,355,000		3,450,000	49,905,000	\$3,590,000
Unamortized Bond Premium (2012 Series Bonds)	8,368,772		755,077	7,613,695	
Series 2014A Bonds	106,100,000			106,100,000	
Series 2015A Bonds	106,100,000			106,100,000	
Total debt	500,191,192	88,172,331	124,372,497	463,991,026	3,590,000
Compensated absences	78,705	49,664	29,378	98,991	29,000
Net Pension liability	750,078	158,512		908,590	
Total Long-term liabilities	<u>\$501,019,975</u>	<u>\$ 88,380,507</u>	<u>\$ 124,401,875</u>	<u>\$ 464,998,607</u>	<u>\$3,619,000</u>

Long-term debt consists of the following at:

	June 30, 2017
<b>2009 Series C Bonds</b> - In October 2009, the Authority issued Measure A Sales Tax Revenue Bonds in the amount of \$106.1 million to finance transportation projects approved by voters in 2004. The bond's variable interest rate is fixed through an interest-rate swap, whereby, the Authority pays a fixed interest rate of 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. Principal payments of \$7.5 million begin in 2029 and increase to \$11.8 million in 2038 when they mature. Interest payments under the swap range from \$192,114 to \$3.5 million per year.	\$ 106,100,000
<b>2012 Series Bonds</b> - In July 2012, the Authority issued fixed rate Measure A Sales Tax Bonds in the amount of \$53.4 million to finance certain transportation projects approved by voters in 2004. The average coupon interest rate is 2.480997%. Principal payments in the amount of \$3.5 million begin in 2017 and increase to \$5.7 million in 2027, when they mature. Interest payments range from \$143,000 to \$2.3 million per year.	\$ 49,905,000

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**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**2014A Series A Bonds** - In September 2014, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding series 2009A bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2038, while interest payments under the swap range from \$192,114 to \$3.5 million per year. \$ 106,100,000

**2015A Series B Bonds** - In March 2015, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding Measure A Sales Tax Revenue Series 2009B bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.666% and in turn, receives a variable interest rate based on 67 percent of the three month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2038, while interest payments under the swap range from \$178,101 to \$3.2 million per year. \$ 106,100,000

The Authority has pledged all of the future sales tax proceeds to cover all debt service requirements. The total principal and interest remaining on the 2009C, 2012, 2014A, and the 2015A bonds is \$608.4 million. For the current year, the interest paid and total incremental sales tax revenues were \$17.1 and \$116.9 million respectively.

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

As of June 30, 2017, the future annual debt service requirements and net payments on associated hedging derivative instruments on the Authority's 2009, 2014A, and 2015A Series Bond obligations are detailed in the schedule below. These amounts assume that current interest rates on variable rate bonds will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net payments on the hedging derivatives will vary. Included in the schedule are the future principal and fixed interest obligations on the 2012 Series Bonds.



SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

Fiscal Year Ending June 30,	Principal	Estimated Bond Interest (1)	Hedging Derivatives, Net (2)	Ancillary Fees (3)	Total
2018	\$ 3,590,000	\$ 4,519,121	\$ 10,112,379	\$ 962,755	\$ 19,184,255
2019	3,740,000	4,372,521	10,112,379	962,755	19,187,655
2020	3,890,000	4,219,921	10,112,379	965,248	19,187,548
2021	4,050,000	4,061,121	10,112,379	962,318	19,185,818
2022	4,235,000	3,874,246	10,112,379	962,755	19,184,380
2023 - 2027	24,680,000	15,879,857	50,561,896	4,815,831	95,937,584
2028 - 2032	104,320,000	10,039,957	44,512,499	4,242,014	163,114,470
2033 - 2037	150,300,000	5,193,336	23,358,232	2,225,528	181,077,096
2038 - 2039	69,400,000	495,135	2,226,995	212,396	72,334,526
<b>Total</b>	<b>\$ 368,205,000</b>	<b>\$ 52,655,215</b>	<b>\$ 171,221,517</b>	<b>\$ 16,311,600</b>	<b>\$ 608,393,332</b>

(1) Estimated at assumed rates as of June 30, 2017 as follows:

Series 2009C – 0.6484%

Series 2012 (fixed) – 2.480997%

Series 2014A – 0.8241%.

Series 2015A – 0.6466%

(2) Based on fixed rate less variable receive rate at June 30, 2017 as follows:

Series 2009C – 3.2562%.

Series 2014A – 3.2562%.

Series 2015A – 3.0187%.

(3) Includes liquidity and remarketing fees ranging from .35% to .45%

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

**Interest Rate Swaps**

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

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**Interest Rate Swaps (Continued)**

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

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Term Date	Counterparty Credit Rating (1)	Valuation Level
Series 2009C	\$ 106,100,000	October 18, 2006	3.736%	67% USD LIBOR	\$ (29,957,115)	October 1, 2038	A1/A+/A+	Level 2
Series 2014A	\$ 106,100,000	October 18, 2006	3.736%	67% 3 month LIBOR	\$ (29,959,411)	October 1, 2038	A1/A+/A	Level 2
Series 2015A	\$ 106,100,000	October 18, 2006	3.666%	67% USD LIBOR	\$ (28,255,805) \$ (88,172,331)	October 1, 2038	Aa3/A+/AA-	Level 2

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

**Fair value** - The swaps had a total fair value of negative \$88.2 million as of June 30, 2017, which is reported as a deferred outflow of resources. The fair values were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2017. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

**Credit risk** - This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2017, the Authority was not exposed to credit risk on these swaps because the fair values were negative. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' positive fair values. In order to mitigate this risk, the Authority diversified its exposure among three counterparties. The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the credit rating fall below the applicable thresholds. If the Authority's credit rating falls below certain thresholds or is withdrawn, a termination event may result, in which case the Authority could immediately owe (or be owed) the fair market value of the swap.

**Basis risk** -. This is the risk of a mismatch between the variable rate received from the counterparty and the variable rate paid on the variable rate debt that was issued in October 2009. The Authority is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Authority pays on the bonds. Depending on the magnitude and

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**Interest Rate Swaps (Continued)**

duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, the payments received under the agreements are expected to approximate the expected bond payments over the life of the swaps.

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

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

**NOTE 8 – FUND BALANCES**

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

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

Transportation Mitigation – represents the fund balance of the SCTMFP to assist with funding road and transit system improvements needed to accommodate projected growth and development.

Freeway Service Patrol Program – to reflect funds restricted by the Department of Transportation for urban traffic congestion mitigation. There was no restricted balance as of June 30, 2017.

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

Abandoned Vehicle Service – represents the fund balance of SAVSA to fulfill the program objectives of the Abandoned Vehicles program. There was no restricted balance as of June 30, 2017.

**NOTE 9 – GOVERNMENT-WIDE NET POSITION**

As of June 30, 2017, the Authority had negative net position of \$325.7 million. Under a typical bond financing arrangement, the public entity issues debt and expends the funds on capital projects that are reported on the statement of net position as capital assets. The capital assets generally offset the bonded debt. However, the Authority issues bonds that pay for assets reported in other jurisdictions' financial statements, resulting in a deficit net position. Therefore, the deficit will continue, but decrease over time as the Authority makes bond principal payments.

SACRAMENTO TRANSPORTATION AUTHORITY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017

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**NOTE 10 – SUBSEQUENT EVENTS**

The Authority's management evaluated its financial statements for the period ending June 30, 2017 for subsequent events through December 18, 2017, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**SACRAMENTO TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2017  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)  
Last 10 Years**

	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.02616%	0.02734%	0.02463%
Proportionate share of the net pension liability	\$ 908,590	\$ 750,078	\$ 608,865
Covered - employee payroll - measurement period	\$ 351,909	\$ 363,473	\$ 366,547
Proportionate share of the net pension liability as a percentage of covered payroll	258.19%	206.36%	166.11%
Plan fiduciary net position as a percentage of the total pension liability	75.57%	78.40%	79.82%

Notes to Schedule:

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

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017.

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

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)  
Last 10 Years**

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution (actuarially determined)	\$ 89,707	\$ 76,574	\$ 69,181	\$ 63,722
Contributions in relation to the actuarially determined contributions	(89,707)	(76,574)	(69,181)	(63,722)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 451,635	\$ 351,909	\$ 363,473	\$ 366,547
Contributions as a percentage of covered - employee payroll	19.86%	21.76%	19.03%	17.38%
Valuation date:	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50% net of pension plan investment expense, including inflation

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

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# **SUPPLEMENTAL INFORMATION**



**SACRAMENTO TRANSPORTATION AUTHORITY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	July 1, 2016			June 30, 2017
	Balance	Additions	Deletions	Balance
<b>CITY OF SACRAMENTO</b>				
Assets:				
Cash and Investments	\$ 16,968,271		\$ (2,214,711)	\$ 14,753,560
Interest receivable	23,597		(22,031)	1,566
<b>Total Assets</b>	<b>\$ 16,991,868</b>	<b>\$ -</b>	<b>\$ (2,236,742)</b>	<b>\$ 14,755,126</b>
Liabilities:				
Due to other governments	\$ 1,307,852	\$ 2,110,825		\$ 3,418,677
Deposits	15,684,016		\$ (4,347,567)	11,336,449
<b>Total Liabilities</b>	<b>\$ 16,991,868</b>	<b>\$ 2,110,825</b>	<b>\$ (4,347,567)</b>	<b>\$ 14,755,126</b>
<b>CITY OF ISLETON</b>				
Assets:				
Cash and Investments	\$ 435,724	\$ 3,559		\$ 439,283
Interest receivable	2,277		\$ (228)	2,049
<b>Total Assets</b>	<b>\$ 438,001</b>	<b>\$ 3,559</b>	<b>\$ (228)</b>	<b>\$ 441,332</b>
Liabilities:				
Deposits	\$ 438,001	\$ 3,331		\$ 441,332
<b>Total Liabilities</b>	<b>\$ 438,001</b>	<b>\$ 3,331</b>	<b>\$ -</b>	<b>\$ 441,332</b>
<b>CITY OF CITRUS HEIGHTS</b>				
Assets:				
Cash and Investments	\$ 38,001		\$ (34,703)	\$ 3,298
Interest receivable	591		(566)	25
<b>Total Assets</b>	<b>\$ 38,592</b>	<b>\$ -</b>	<b>\$ (35,269)</b>	<b>\$ 3,323</b>
Liabilities:				
Due to other governments	\$ 35,271		\$ (31,948)	\$ 3,323
Deposits	3,321		(3,321)	-
<b>Total Liabilities</b>	<b>\$ 38,592</b>	<b>\$ -</b>	<b>\$ (35,269)</b>	<b>\$ 3,323</b>

Continued

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	July 1, 2016		June 30, 2017	
	Balance	Additions	Deletions	Balance
<b>CITY OF RANCHO CORDOVA</b>				
Assets:				
Cash and Investments	\$ 44,738		\$ (44,640)	\$ 98
Interest receivable	307		(221)	86
<b>Total Assets</b>	<b>\$ 45,045</b>	<b>\$ -</b>	<b>\$ (44,861)</b>	<b>\$ 184</b>
Liabilities:				
Due to other governments	\$ 9,926		\$ (9,926)	\$ -
Deposits	35,119		(34,935)	184
<b>Total Liabilities</b>	<b>\$ 45,045</b>	<b>\$ -</b>	<b>\$ (44,861)</b>	<b>\$ 184</b>
<b>NEIGHBORHOOD SHUTTLE</b>				
Assets:				
Cash and Investments	\$ 7,062,851	\$ 1,056,480		\$ 8,119,331
Interest receivable	34,199	1,806		36,005
Due from other governments	-	83,333		83,333
<b>Total Assets</b>	<b>\$ 7,097,050</b>	<b>\$ 1,141,619</b>	<b>\$ -</b>	<b>\$ 8,238,669</b>
Liabilities:				
Deposits	\$ 7,097,050	\$ 1,141,619		\$ 8,238,669
<b>Total Liabilities</b>	<b>\$ 7,097,050</b>	<b>\$ 1,141,619</b>	<b>\$ -</b>	<b>\$ 8,238,669</b>
<b>CTSA SET ASIDE</b>				
Assets:				
Cash and Investments	\$ 6,610,575	\$ 1,186,924		\$ 7,797,499
Interest receivable	31,593	2,599		34,192
Due from other governments	-	221,683		221,683
<b>Total Assets</b>	<b>\$ 6,642,168</b>	<b>\$ 1,411,206</b>	<b>\$ -</b>	<b>\$ 8,053,374</b>
Liabilities:				
Deposits	\$ 6,642,168	\$ 1,411,206		\$ 8,053,374
<b>Total Liabilities</b>	<b>\$ 6,642,168</b>	<b>\$ 1,411,206</b>	<b>\$ -</b>	<b>\$ 8,053,374</b>

Continued

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	July 1, 2016		June 30, 2017	
	Balance	Additions	Deletions	Balance
<b>JPA CONNECTOR (Pay Go)</b>				
Assets:				
Cash and Investments	\$ 12,662		\$ (12,662)	\$ -
Interest receivable	525		(263)	262
<b>Total Assets</b>	<b>\$ 13,187</b>	<b>\$ -</b>	<b>\$ (12,925)</b>	<b>\$ 262</b>
Liabilities:				
Due to other governments	\$ 12,643		\$ (12,643)	\$ -
Deposits	544		(282)	262
<b>Total Liabilities</b>	<b>\$ 13,187</b>	<b>\$ -</b>	<b>\$ (12,925)</b>	<b>\$ 262</b>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Investments	\$ 31,172,822	\$ 2,246,963	\$ (2,306,716)	\$ 31,113,069
Interest receivable	93,089	4,405	(23,309)	74,185
Due from other governments	-	305,016	-	305,016
<b>Total Assets</b>	<b>\$ 31,265,911</b>	<b>\$ 2,556,384</b>	<b>\$ (2,330,025)</b>	<b>\$ 31,492,270</b>
Liabilities:				
Due to other governments	\$ 1,365,692	\$ 2,110,825	\$ (54,517)	\$ 3,422,000
Deposits	29,900,219	2,556,156	(4,386,105)	28,070,270
<b>Total Liabilities</b>	<b>\$ 31,265,911</b>	<b>\$ 4,666,981</b>	<b>\$ (4,440,622)</b>	<b>\$ 31,492,270</b>

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# **STATISTICAL SECTION**





## STATISTICAL SECTION

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

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

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

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

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

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

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Restricted: Measure A*	-	-	-	-
Restricted: transportation mitigation	-	-	\$ 3,073,658	\$ 5,447,348
Restricted: for abandoned vehicles	-	-	-	-
Restricted: freeway service patrol	-	-	-	-
Restricted: debt service	-	-	-	-
Unrestricted	\$ (101,589,627)	\$ (143,010,032)	(197,736,342)	(246,561,887)
Total governmental activities net position	<u>\$ (101,589,627)</u>	<u>\$ (143,010,032)</u>	<u>\$ (194,662,684)</u>	<u>\$ (241,114,539)</u>

Continued

Source: Audited Financial Statements

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

**Fiscal Year**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
-	-	-	-	-	\$ 42,991,554
\$ 1,204,207	\$ 4,390,110	\$ 5,254,385	\$ 9,885,863	\$ 13,296,991	4,692,718
-	-	107,455	121,827	154,549	-
-	-	-	-	164,338	-
-	-	-	-	6,362,460	6,588,099
(269,290,732)	(283,641,409)	(294,193,790)	(309,078,758)	(365,923,547)	(379,947,580)
<b>\$ (268,086,525)</b>	<b>\$ (279,251,299)</b>	<b>\$ (288,831,950)</b>	<b>\$ (299,071,068)</b>	<b>\$ (345,945,209)</b>	<b>\$ (325,675,209)</b>

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental Activities:				
Measure A	\$ 183,888,775	\$ 124,301,815	\$ 126,262,982	\$ 120,337,680
Transportation mitigation*	-	-	-	-
Freeway Service Patrol	1,824,305	1,770,438	1,836,329	1,880,031
Abandoned Vehicle Service Authority	1,135,591	1,092,942	1,057,667	1,376,979
Administration**	-	-	-	-
Interest on long-term debt	6,691,245	7,581,219	10,555,136	16,245,290
Total governmental activities expenses	<u>193,539,916</u>	<u>134,746,413</u>	<u>139,712,114</u>	<u>139,839,979</u>
<b>Program Revenues</b>				
Operating grants and contributions	3,065,942	2,964,590	6,008,096	5,327,190
<b>Net (expense) revenue</b>	<u>(190,473,974)</u>	<u>(131,781,823)</u>	<u>(133,704,017)</u>	<u>(134,512,789)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Sales taxes	101,155,680	89,395,168	81,413,982	87,299,421
Investment earnings	3,779,938	966,250	637,384	761,514
Total general revenues	<u>104,935,617</u>	<u>90,361,418</u>	<u>82,051,366</u>	<u>88,060,935</u>
<b>Change in Net Position</b>	<u>\$ (85,538,357)</u>	<u>\$ (41,420,406)</u>	<u>\$ (51,652,651)</u>	<u>\$ (46,451,854)</u>

Continued

Source: Audited Financial Statements

\* Amounts for transportation mitigation expenses prior to 2014 are included in Measure A

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

**Fiscal Year**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 107,891,760	\$ 94,224,572	\$ 94,743,971	\$ 103,968,271	\$ 112,324,300	\$ 92,332,335
-	-	2,680,549	6,676	1,004,034	16,547,233
1,729,539	1,765,562	2,164,149	2,090,267	2,000,559	2,271,606
1,079,593	1,089,746	1,125,637	1,172,574	1,216,517	1,400,871
-	-	-	713,350	1,387,221	979,254
15,119,256	16,257,749	16,196,388	15,538,373	15,208,203	16,227,155
<b>125,820,148</b>	<b>113,337,629</b>	<b>116,910,694</b>	<b>123,489,511</b>	<b>133,140,834</b>	<b>129,758,454</b>
5,966,229	6,221,395	6,835,898	7,895,612	7,628,294	11,196,129
(119,853,919)	(107,116,234)	(110,074,796)	(115,593,899)	(125,512,540)	(118,562,325)
92,239,996	97,390,177	100,063,237	105,564,247	110,707,633	116,877,996
641,940	662,384	430,908	556,829	956,364	1,954,329
<b>92,881,936</b>	<b>98,052,561</b>	<b>100,494,145</b>	<b>106,121,076</b>	<b>111,663,997</b>	<b>118,832,325</b>
<b>\$ (26,971,983)</b>	<b>\$ (9,063,673)</b>	<b>\$ (9,580,651)</b>	<b>\$ (9,472,823)</b>	<b>\$ (13,848,543)</b>	<b>\$ 270,000</b>

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ 10,027
Restricted	71,904,809	39,077,280	119,756,036	73,188,759
Unassigned	-	-	-	589,073
Total general fund	<u>71,904,809</u>	<u>39,077,280</u>	<u>119,756,036</u>	<u>73,787,859</u>
<b>All Other Governmental Funds</b>				
Restricted	12,820,431	4,734,070	4,501,393	4,137,869
Total all other governmental funds	<u>12,820,431</u>	<u>4,734,070</u>	<u>4,501,393</u>	<u>4,137,869</u>
Total Governmental Funds	<u>\$ 84,725,240</u>	<u>\$ 43,811,350</u>	<u>\$ 124,257,429</u>	<u>\$ 77,925,728</u>

Continued

Source: Audited Financial Statements

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027	\$ 10,027	\$ 4,763
46,521,997	101,338,670	91,591,253	81,243,264	51,973,251	47,684,272
600,000	740,000	427,430	329,381	(195,546)	(38,522)
<u>47,132,024</u>	<u>102,088,697</u>	<u>92,028,710</u>	<u>81,582,672</u>	<u>51,787,732</u>	<u>47,650,513</u>
3,860,118	4,439,725	4,232,983	4,352,188	6,517,009	6,588,099
<u>3,860,118</u>	<u>4,439,725</u>	<u>4,232,983</u>	<u>4,352,188</u>	<u>6,517,009</u>	<u>6,588,099</u>
<u>\$ 50,992,142</u>	<u>\$ 106,528,422</u>	<u>\$ 96,261,693</u>	<u>\$ 85,934,860</u>	<u>\$ 58,304,741</u>	<u>\$ 54,238,612</u>

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 101,155,680	\$ 89,395,168	\$ 81,413,982	\$ 87,299,421
Development Impact Fees (Mitigation)	-	-	3,073,658	2,334,437
Vehicle registration fees	1,140,257	1,132,447	1,106,169	1,070,911
State grant	1,129,892	1,035,852	988,962	1,122,358
SAFE Funds	672,525	672,525	706,000	706,000
Use of money and property	3,779,937	966,250	637,426	761,414
Miscellaneous	123,268	123,766	133,264	93,583
<b>Total Revenues</b>	<b>108,001,558</b>	<b>93,326,008</b>	<b>88,059,461</b>	<b>93,388,125</b>
<b>Expenditures</b>				
General government:				
Administrative	554,092	643,936	599,424	542,380
Freeway service patrol	1,824,305	1,770,438	1,836,329	1,880,031
Intergovernmental	183,896,918	123,979,282	126,524,494	121,087,058
Debt Service:				
Principal	-	-	-	-
Interest and other charges	6,401,511	7,846,244	14,633,134	16,210,359
<b>Total expenditures</b>	<b>192,676,827</b>	<b>134,239,899</b>	<b>143,593,381</b>	<b>139,719,828</b>
<b>Excess of Expenditures over Revenue</b>	<b>(84,675,269)</b>	<b>(40,913,891)</b>	<b>(55,533,921)</b>	<b>(46,331,703)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,147,055	589,465	12,031,436	16,215,856
Transfers out	(7,147,055)	(589,465)	(12,031,436)	(16,215,856)
Refunding 2009A and 2009B Series Bonds	-	-	(182,320,000)	-
Premium from issuance of long term debt	-	-	-	-
Issuance of 2014A and 2015 Series Bonds	83,618,050	-	318,300,000	-
<b>Total other financing sources (uses)</b>	<b>83,618,050</b>	<b>-</b>	<b>135,980,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1,057,219)</b>	<b>\$ (40,913,891)</b>	<b>\$ 80,446,079</b>	<b>\$ (46,331,703)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>3.32%</b>	<b>5.84%</b>	<b>10.19%</b>	<b>11.60%</b>

Continued

Source: Audited Financial Statements



**Fiscal Year**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	92,239,996	\$ 97,390,177	\$ 100,063,237	\$ 105,564,247	\$ 110,707,633	\$ 116,877,996
	2,957,362	3,176,382	3,540,542	4,624,139	4,363,650	7,848,175
	1,166,769	1,130,254	1,172,833	1,220,900	1,272,697	1,282,433
	1,109,848	1,167,759	1,375,523	1,303,573	1,234,947	1,238,521
	732,250	747,000	747,000	747,000	757,000	827,000
	641,940	660,928	430,196	555,414	941,859	1,795,119
	-	1,452	712	1,415	14,505	159,210
	<u>98,848,165</u>	<u>104,273,952</u>	<u>107,330,043</u>	<u>114,016,688</u>	<u>119,292,291</u>	<u>130,028,454</u>
	658,391	745,552	1,008,517	805,331	1,342,300	977,515
	1,729,539	1,765,562	2,164,149	2,090,267	2,000,559	2,271,606
	108,225,941	94,103,672	97,543,286	104,405,460	114,537,093	110,280,439
	-	-	-	-	-	3,450,000
	<u>15,167,878</u>	<u>16,804,043</u>	<u>16,880,820</u>	<u>17,042,463</u>	<u>16,016,860</u>	<u>17,115,023</u>
	<u>125,781,749</u>	<u>113,418,829</u>	<u>117,596,772</u>	<u>124,343,521</u>	<u>133,896,812</u>	<u>134,094,583</u>
	<u>(26,933,584)</u>	<u>(9,144,877)</u>	<u>(10,266,729)</u>	<u>(10,326,833)</u>	<u>(14,604,521)</u>	<u>(4,066,129)</u>
	14,869,554	16,950,657	16,694,009	16,439,131	18,182,376	20,823,804
	(14,869,554)	(16,950,657)	(16,694,009)	(16,439,131)	(18,182,376)	(20,823,804)
	-	-	-	(212,200,000)	-	-
	-	11,326,155	-	-	-	-
	-	<u>53,355,000</u>	-	<u>212,200,000</u>	-	-
	-	<u>64,681,155</u>	-	-	-	-
\$	<u>(26,933,584)</u>	<u>\$ 55,536,278</u>	<u>\$ (10,266,729)</u>	<u>\$ (10,326,833)</u>	<u>\$ (14,604,521)</u>	<u>\$ (4,066,129)</u>
	<u>12.06%</u>	<u>14.82%</u>	<u>14.35%</u>	<u>13.71%</u>	<u>11.96%</u>	<u>12.76%</u>

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Revenue Capacity - Revenue Base and Revenue Rate**  
**Last Ten Fiscal Years**

Fiscal Year	Sales Tax Rate	Total Sales Tax Revenue	Total Taxable Sales*
2017	0.5%	\$ 116,878	\$ 23,375,600
2016	0.5%	110,708	22,141,600
2015	0.5%	105,564	22,043,196
2014	0.5%	100,063	21,061,901
2013	0.5%	97,390	20,097,095
2012	0.5%	92,240	19,089,848
2011	0.5%	87,299	18,003,765
2010	0.5%	81,414	16,904,528
2009	0.5%	89,395	16,563,853
2008	0.5%	101,155	19,331,847

Source: Board of Equalization

\* Fiscal Years 2016 and 2017 are estimated - actuals not available

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Revenue Capacity - Principal Revenue Payers**  
**Calendar Years 2015 and 2007**

Business Type:	2015*			2007		
	Rank	Amount	Percentage of Taxable Sales	Rank	Amount	Percentage of Taxable Sales
All Other Outlets	1	\$ 6,821,972	30.9%	1	\$ 6,306,643	30.7%
Motor Vehicle and Parts Dealers	2	3,201,485	14.5%	2	2,567,020	12.4%
Food Services and Drinking Places	3	2,273,722	10.3%	5	1,717,772	8.4%
General Merchandise Stores	4	2,003,553	9.1%	4	2,447,216	11.9%
Other Retail Group	5	1,825,439	8.3%	3	2,544,502	12.3%
Gasoline Stations	6	1,575,528	7.1%	6	1,563,668	7.6%
Building Material and Garden Equipment and Supplies Dealers	7	1,275,705	5.9%	7	1,290,861	6.3%
Home Furnishings and Appliance Stores	8	1,116,793	5.0%	10	548,536	2.7%
Food and Beverage Stores	9	989,546	4.5%	8	920,698	4.5%
Clothing and Clothing Accessories Stores	10	959,454	4.4%	9	653,594	3.2%
<b>Total All Outlets</b>		<b>\$ 22,043,197</b>	<b>100.0%</b>		<b>\$ 20,560,510</b>	<b>100.0%</b>

Source: Board of Equalization  
\*Latest information available

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Principal Employers**  
**June 30, 2016 and 2007**

Employer:	2016*			2007		
	Rank	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment
UC Davis Health System	1	9,905	1.57%			
Sutter/California Health Services	2	7,352	1.16%	2	11,284	1.79%
Dignity/Mercy Healthcare	3	6,212	0.98%			
Intel Corporation	4	6,000	0.95%	5	6,500	1.03%
Kaiser Permanente	5	5,421	0.86%	1	11,729	1.86%
Raley's Inc/Belair	6	3,289	0.52%	3	8,203	1.30%
Apple Inc.	7	2,500	0.40%			
VSP Global	8	2,382	0.38%			
Health Net of California Inc.	9	2,299	0.36%			
Wells Fargo & Co.	10	2,190	0.35%			
University of California, Davis				4	8,000	1.27%
Hewlett Packard				8	4,500	0.71%
Wal-Mart				10	3,300	0.52%
Target Corporations				9	3,693	0.58%
SBC Communications				6	5,753	0.91%
CHW / Mercy Health Care				7	5,229	0.83%
Total		<u>47,550</u>	<u>7.53%</u>		<u>68,191</u>	<u>10.80%</u>

Source: Sacramento County June 30, 2016 Comprehensive Annual Financial Report

\*Latest information available

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	Unemployment Rate
2017	1,514,460	\$72,878,458	\$48,122	5.4%
2016	1,496,644	70,110,138	46,845	6.0%
2015	1,478,137	65,486,553	44,303	7.3%
2014	1,460,023	61,654,690	42,229	8.9%
2013	1,447,236	59,775,785	41,303	10.5%
2012	1,435,002	57,498,308	40,068	12.1%
2011	1,422,018	54,666,004	38,443	12.6%
2010	1,408,601	53,826,177	38,213	11.0%
2009	1,394,438	54,773,648	39,280	7.2%
2008	1,381,161	52,721,398	38,172	5.4%

Sources: Bureau of Economic Analysis and California Employment Development Department

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Operating Information - Employees**  
**Last Ten Fiscal Years**

Activity:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Measure A/SAVSA	2.95	2.65	2.6	2.6	2.45	2.45	2.45	2.45	2.45	2.45
Freeway Service Patrol	1.05	1.15	1.2	1.2	1.35	1.35	1.35	1.35	1.35	1.35

Source - Adopted Budget

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**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Operating Information - Demand for Services**  
**Measure A - By Jurisdiction**  
**Last Ten Fiscal Years**

<b>Jurisdiction</b>	<b>Fiscal Year</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
City of Citrus Heights	\$ 2,302,514	\$ 2,152,319	\$ 2,071,744	\$ 1,985,463
County of Sacramento	17,620,170	16,530,072	15,862,799	15,134,616
CTSA Set Aside*	1,146,027	1,069,997	1,027,592	983,258
City of Elk Grove	4,739,611	4,318,918	4,135,491	3,927,291
City of Folsom	2,294,486	2,105,522	2,018,853	1,978,191
City of Galt	1,168,176	1,091,347	1,048,496	1,003,696
City of Isleton	46,727	43,654	41,940	40,150
Neighborhood Shuttle*	1,000,000	1,000,000	1,000,000	1,000,000
Paratransit	4,011,094	3,744,989	3,596,572	3,441,403
Sacramento Regional Parks*	1,000,000	1,000,000	1,000,000	1,000,000
City of Rancho Cordova	2,201,648	2,013,909	1,922,210	1,803,645
Regional Transit	39,537,925	36,914,890	35,451,925	33,922,401
City of Sacramento	13,390,589	12,539,139	12,037,403	11,534,598
SMAQMD	1,719,040	1,604,995	1,541,388	1,474,887
Debt Service*	20,565,023	22,202,434	21,322,534	20,402,604
Administration*	899,939	802,498	770,694	737,444
<b>Total allocations</b>	<b>\$ 113,642,969</b>	<b>\$ 109,134,683</b>	<b>\$ 104,849,641</b>	<b>\$ 100,369,647</b>

Continued

\* New Measure A program began in FY 2010  
Source: Authority accounting records



<b>Fiscal Year</b>					
<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 1,891,987	\$ 1,802,800	\$ 1,726,097	\$ 1,655,413	\$ 3,066,507	\$ 3,905,241
14,424,979	13,742,240	12,975,067	12,455,087	19,803,338	25,204,338
938,205	895,220	838,903	802,263	-	-
3,706,060	3,523,059	3,103,271	2,927,716	4,803,891	5,882,560
1,905,848	1,816,009	1,667,429	1,627,374	3,962,307	4,954,655
958,170	914,734	857,824	820,800	1,312,785	1,639,684
38,327	36,592	34,313	32,835	45,589	58,005
1,000,000	1,000,000	1,000,000	1,000,000	-	-
3,283,718	3,133,270	2,936,161	2,807,922	1,467,435	1,844,116
1,000,000	1,000,000	1,000,000	1,000,000	-	-
1,711,239	1,627,805	1,401,876	1,321,950	2,081,152	2,533,060
32,368,073	30,885,085	28,942,154	27,678,086	25,680,118	32,272,033
11,011,678	10,506,441	10,004,574	9,498,469	16,469,321	20,564,463
1,407,308	1,342,830	1,258,355	1,203,395	1,210,653	1,520,895
19,467,754	18,575,812	17,407,237	16,646,965	-	-
703,654	671,415	629,177	601,698	-	-
<b>\$ 95,817,000</b>	<b>\$ 91,473,312</b>	<b>\$ 85,782,438</b>	<b>\$ 82,079,973</b>	<b>\$ 79,903,096</b>	<b>\$ 100,379,049</b>

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Sales Tax Revenue Bonds</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
2017	\$ 375,818,695	N/A	N/A
2016	380,023,772	0.5%	\$ 253
2015	380,778,849	0.6%	257
2014	381,533,926	0.6%	260
2013	382,289,003	0.6%	264
2012	318,300,000	0.5%	222
2011	318,300,000	0.6%	224
2010	318,300,000	0.6%	226
2009	182,320,000	0.3%	131
2008	182,320,000	0.3%	132

Source: Bureau of Economic Analysis

**SACRAMENTO TRANSPORTATION AUTHORITY**  
**Operating Information - Abandoned Vehicle Abatements**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Abatements</u>
2017	13,019
2016	8,586
2015	5,037
2014	5,247
2013	6,222
2012	6,239
2011	7,334
2010	8,718
2009	11,575
2008	13,736

Source: Authority records

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**OTHER**



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

To the Board of Directors  
Sacramento Transportation Authority  
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sacramento Transportation Authority (the Authority), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated December 18, 2017.

**Internal Control Over Financial Reporting**

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

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

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

To the Board of Directors  
Sacramento Transportation Authority

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control 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.

*Richardson & Company, LLP*

December 18, 2017