2024

SACRAMENTO TRANSPORTATION AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30TH, 2024
PREPARED BY STA STAFF • SACRAMENTO, CA

www.sacta.org

SACRAMENTO TRANSPORTATION AUTHORITY
SACRAMENTO, CALIFORNIA

Financial Statements

For the Year Ended June 30, 2024

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SACRAMENTO TRANSPORTATION AUTHORITY
SACRAMENTO, CALIFORNIA

Financial Statements

For the Year Ended June 30, 2024

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SACRAMENTO, CALIFORNIA

Financial Statements

For the Year Ended June 30, 2024

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Sacramento Transportation Authority

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November 7, 2024

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

Letter of Transmittal

The Annual Comprehensive Financial Report (ACFR) for the Sacramento Transportation Authority (the Authority) for the year ended June 30, 2024, is hereby submitted. State law and bond covenants require that the Authority publish within 210 days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles in the United States (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants.

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

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

The Authority's current audit firm, Lance, Soll & Lunghard, LLP has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2024. The Independent Auditor's Report is located at the front of the financial section of this report.

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

Profile of the Authority

The Authority was established in August 1988 under the Local Transportation Authority and Improvement Act, California Public Utilities Code Division 19. The Governing Board of the Authority (Board) consists of sixteen-members – five from the Sacramento County Board of Supervisors, five from the Sacramento City Council, one from the Citrus Heights City Council, two from the Elk Grove City Council, one from the Folsom City Council, one from the Rancho Cordova City Council, and one shared member from the Galt City Council or Isleton 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 Manager and the Special Programs Manager.

The Authority serves as the taxing and implementation agency for the voter-approved Measure A Ordinance and Transportation Expenditure Plan, which imposes a half-cent sales tax to fund transportation operations and improvements throughout the County. The original 20-year measure (Original Measure A) was approved in 1988 and began in April 1989. In 2004, voters approved a 30-year extension of Original Measure A beginning in April 2009 (Measure A). All sales tax revenue is restricted to transportation related expenses. However, 0.75% of the net sales tax revenue is allocated to the Authority for program administration costs.

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

In addition to the Measure A programs, the Board administers the SacMetro FSP program and acts concurrently as the authority over SAVSA which was established under California Vehicle Code Section 22710 in 1992. The code allows counties to impose a $1 surcharge on vehicle registrations to help fund the abatement of abandoned vehicles. This program expired on April 30, 2022. There is no secured funding for the future of this program. Authority staff are currently evaluating options to close the program once residual vehicle registration revenue stops. Participating jurisdictions include the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento. Each participating jurisdiction has adopted a local ordinance which establishes procedures for the abatement, removal, and disposal of abandoned vehicles.

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

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

Local Economy

As of July 2024, the unemployment rate for Sacramento County increased to 5.3%, up from 4.4% during July of last year. State unemployment stands at 5.8% and the national unemployment rate is 4.3%. Consumer spending has increased slightly, and purchasing has shifted away from purchases of goods to purchases of services. Recent sales tax forecasts by the Authority's consultant indicate a slight increase into the next year.

The population in Sacramento County is more than 1.5 million and has growth has flattened into the 2023-24 fiscal year. Sacramento's employment base is roughly 25% governmental since it is the State's capital where many governmental agencies are headquartered providing a relatively steady employment and tax base.

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

Long Term Financial Planning

Proactive financial planning is a critical element for the success of the Authority as it looks to the future. Regularly projecting and updating revenues and expenditures ensures that the Authority's expectations are realistic and goals achievable. The program is not anticipating additional debt funding, pay-as-you-go funding is the primary source of future funding. Monitoring program objectives and working closely with Measure A partners to meet those objectives will be an ongoing endeavor.

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

Accomplishments

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

- Presented updated revenue projections to the Board to show economic trends and what will be used for the annual budget development.

- Prepared quarterly budget-to-actual summary reports for each of the programs the Authority administers. These documents are reviewed and discussed during regular public meetings held by the Board and ITOC.

- Presented budgetary amendments with detailed explanations for Board approval during the year.

- Reformatted and expanded the budget presentation to provide more information in a user-friendly format. Staff included more visual representations of financial information.

- Received the Government Finance Officers Association of the United States and Canada (GFOA) Distinguished Budget Presentation Award. This award is in recognition that the Authority met the very highest quality standards that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.

- Built trusting relationships with our partner agencies by keeping clear channels of communication open through sharing information early and often.

- Continued supporting the Independent Taxpayer Oversight Committee (ITOC) as it carries out its mission to oversee fiscal and performance audits and ensure that all Measure A funds are spent in accordance with the provisions of the Expenditure Plan and Ordinance.

- Refinanced the 2009C, 2014A & 2015A Series bonds with a fixed rate issuance consolidating the variable rate debt, reducing bank risk, and simplifying the overall debt portfolio.

- Maintained AAA credit ratings with Standard & Poor's and Fitch for the Authority's bond program.

- Established an Investor Relations website that will have the most up to date financial information for stakeholders.

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

Awards and Acknowledgements

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for the fiscal year ended June 30, 2023. This was the 29th consecutive year the Authority achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

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

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

Respectfully Submitted,

Dustin Purinton

DUSTIN PURINTON, CPA
Accounting Manager

Kevin Bewsey

KEVIN BEWSEY, PE
Executive Director

SACRAMENTO TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS

June 30, 2024

GOVERNING BOARD MEMBERS

PATRICK KENNEDY, County of Sacramento
PHIL SERNA, County of Sacramento (Vice Chair)
RICH DESMOND, County of Sacramento
SUE FROST, County of Sacramento
PATRICK HUME, County of Sacramento
ROSARIO RODRIGUEZ, City of Folsom
KATIE VALENZUELA, City of Sacramento
ERIC GUERRA City of Sacramento (Chair)
MAI VANG, City of Sacramento
CAITY MAPLE, City of Sacramento
KARINA TALAMANTES, City of Sacramento
BRET DANIELS, City of Citrus Heights
BOBBIE SINGH-ALLEN, City of Elk Grove
KEVIN SPEASE, City of Elk Grove
PAUL SANDHU, City of Galt and Isleton
DONALD TERRY, City of Rancho Cordova

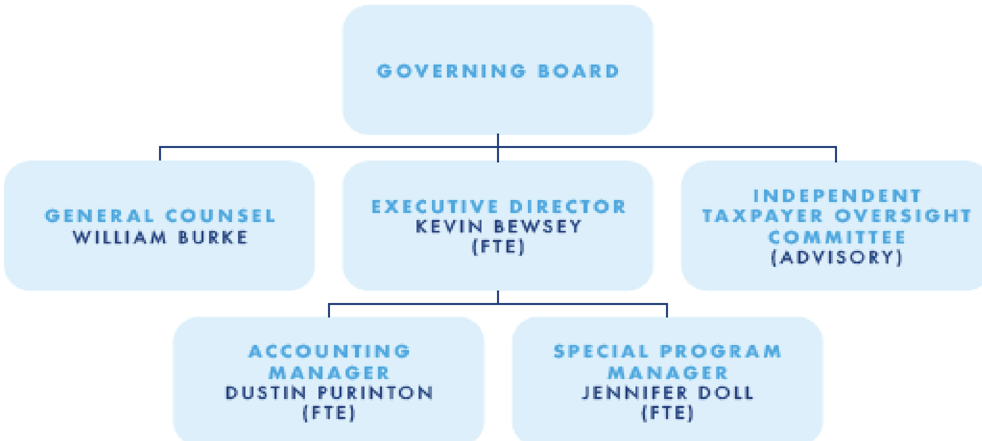
Alternates

NICK AVDIS, County of Sacramento
SHAWN FARMER, City of Galt
JAYNA KARPINSKI COSTA, City of Citrus Heights
MIKE KOZLOWSKI, City of Folsom
SIRI PULIPATI, City of Rancho Cordova
DARREN SUEN, City of Elk Grove
DAVE KENT, City of Isleton

STAFF

KEVIN BEWSEY, Executive Director
DUSTIN PURINTON, Accounting Manager
JENNIFER DOLL, Special Programs Manager
WILLIAM BURKE, Legal Counsel

SACRAMENTO TRANSPORTATION AUTHORITY
For the Year Ended June 30, 2024
Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Transportation Authority
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, general fund and each major fund of the Sacramento Transportation Authority (the "Authority"), as of and for the year ended June 30, 2024, and budgetary information for the general fund and special revenue funds, as listed in the table of contents, the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund and each major fund of the Authority, as of June 30, 2024, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying budgetary and actual schedule of the debt service fund ("supplementary information") is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 7, 2024

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SACRAMENTO TRANSPORTATION AUTHORITY
Management's Discussion and Analysis
For the Year Ended June 30, 2024

As management of the Sacramento Transportation Authority (Authority) and the Sacramento Abandoned Vehicle Service Authority (SAVSA), collectively the Authority, we offer readers the Authority's financial statements and this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information furnished in the transmittal letter and financial statements, which are included in this report.

Financial Highlights

- During fiscal year 2023-24, total revenue increased to $196.0 million from $195.2 million in the prior year, reflecting a 0.4% rise. The primary driver of this growth was a 2.1% increase in sales tax revenue, which rose to $177.8 million from $174.2 million. This increase offset a decline in interest revenue, which fell to $5.6 million from $8.4 million, primarily due to elevated interest rates and the termination of interest rate swap agreements in September 2023, following the refinancing of the 2009C, 2014A, and 2015A Series bonds
.
- In fiscal year 2023-24, overall spending increased by $18.3 million (10.4%), reaching $193.8 million compared to $175.5 million in the previous year. The primary factor behind this rise was a $15.6 million increase associated with the refinancing of the 2009C, 2014A, and 2015A Series bonds, which included the termination of interest rate swaps, resulting in higher expenses for the year. Another significant increase was seen in Transit Services expenses, driven by higher payments to Paratransit and Regional Transit for the Consolidated Transportation Services Agency (CTSA) program. However, this elevated level of spending in the program is not expected to continue into the next fiscal year.

- The net position was a deficit of $274.5 million. This deficit decreased by $2.2 million (0.8%) compared to the prior year. The deficit is expected to persist, as the Authority reports the debt associated with its capital program, while the assets constructed are recorded in the financial statements of the agencies that build them.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported for some items that will only result in cash flows in future fiscal periods.

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

Fund Financial Statements

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

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

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

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

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

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

Government-wide Financial Analysis
Within the *statement of net position,* the most significant change was a $31.1 million (-87.0%) decrease in Deferred outflows of resources attributed primarily to the decrease of $35.1 million (-100.0%) in the fair value of the Authority's interest rate swaps, as mentioned earlier the interest rate swaps were terminated early in the fiscal year.

- Current and other assets increased by $13.6 million (13.2%). This growth was primarily driven by an increase in cash balances, resulting from higher revenues combined with lower overall cash outflows during the year.

- Deferred outflows of resources decreased by $31.3 million (-87.0%). This reduction was primarily due to the termination of the interest rate swap agreements that were terminated with the refinancing of the 2009C, 2014A, and 2015A Series bonds in September 2023.

- Non-current liabilities decreased by $18.6 million (-4.9%). This reduction was primarily due to the termination of interest rate swaps, which are also reported as deferred outflows of resources. Additional changes in long-term liabilities resulted from the refinancing of the debt mentioned previously.

SACRAMENTO TRANSPORTATION AUTHORITY STATEMENT OF NET POSITION			Variance	
	2024	2023	Dollar	Percent
Current and Other Assets	$ 116,481,805	$ 102,889,997	$ 13,591,808	13.2%
Total assets	116,481,805	102,889,997	13,591,808	13.2%
Deferred outflows of resources	4,653,116	35,790,020	(31,136,904)	(87.0%)
Current Liabilities	34,797,802	35,175,893	(378,091)	(1.1%)
Non -Current Liabilities	358,132,295	376,748,428	(18,616,133)	(4.9%)
Total liabilities	392,930,097	411,924,321	(18,994,224)	(4.6%)
Deferred inflows of resources	2,675,914	3,410,328	(734,414)	(21.5%)
Net Position				
Net invested in capital assets	(32,104)	-	(32,104)	(100.0%)
Restricted for Measure A	60,454,530	46,807,299	13,647,231	29.2%
Resticted for transit	1,168,788	6,159,270	(4,990,482)	(81.0%)
Restricted for transportation mit	19,796,669	11,862,462	7,934,207	66.9%
Restricted for debt service	6,872,725	7,498,295	(625,570)	(8.3%)
Restricted for other	152,752	286,860	(134,108)	(46.8%)
Unrestricted	(362,884,450)	(349,268,818)	(13,615,632)	(3.9%)
Total net position (deficit)	$ (274,471,090)	$ (276,654,632)	$ 2,183,542	(0.8%)

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

The Statement of Activities highlighted significant shifts, including a $841,000 increase (0.5%) in general revenue derived from a countywide half-cent sales tax and interest revenue. This year, countywide sales tax revenue rose by approximately $3.6 million, while interest revenue decreased by $2.7 million. As noted in the financial summary, the rise in interest rates initially contributed to higher interest revenue receipts for the Authority.

Total expenses increased by $18.3 million (10.4%), driven primarily by a $15.6 million (86.1%) rise in Debt Service expenses following the termination of interest rate swaps in September 2023. Additionally, Transit Services expenses rose by $4.0 million (182.5%) due to increased spending in the CTSA program. These factors account for the majority of the changes in expenses for the current year.

SACRAMENTO TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES

	2024	2023	Variance Dollar	Variance Percent
Revenues:				
Program Revenue	$ 12,534,572	$ 12,619,443	$ (84,871)	(0.7%)
General Revenue	183,445,691	182,604,763	840,928	0.5%
Total revenues	195,980,263	195,224,206	756,057	0.4%
Expenses:				
Measure A and SCTMFP	149,375,040	149,914,910	(539,870)	(0.4%)
Debt Service	33,722,714	18,120,764	15,601,950	86.1%
Transit Services	6,236,128	2,207,849	4,028,279	182.5%
SAVSA	15,137	25,139	(10,002)	(39.8%)
Other	4,447,702	5,241,228	(793,526)	(15.1%)
Total expenses	193,796,721	175,509,890	18,286,831	10.4%
Change in net position	2,183,542	19,714,316	(17,530,774)	(88.9%)
Net position (deficit) - beginning	(276,654,632)	(296,368,948)	19,714,316	6.7%
Net position (deficit) - ending	$ (274,471,090)	$ (276,654,632)	$ 2,183,542	0.8%

Governmental Funds Financial Analysis

As of June 30, 2024, the aggregate fund balances of the Authority's governmental funds totaled $90.1 million, an increase of $15.9 million (21.4%) from the previous year's balance of $74.2 million. This growth was primarily driven by a $21.5 million (35.6%) increase in the General Fund, largely due to a $5.3 million reduction in debt service transfers out. Consistent revenues and expenditures compared to the prior year also contributed to the surplus, aside from the debt service transfer reduction. Additional details on General Fund activity are provided in the following pages. In contrast, the Transit Service Fund experienced a $5.0 million (81.0%) decline in fund balance, primarily due to increased program spending.

SACRAMENTO TRANSPORTATION AUTHORITY
FUND BALANCE

	2024	2023	Variance Dollar	Variance Percent
General Fund	$ 81,945,394	$ 60,422,279	$ 21,523,115	35.6%
SAVSA*	152,752	143,428	9,324	6.5%
Transit Service	1,168,788	6,159,270	(4,990,482)	(81.0%)
Debt Service	6,872,725	7,498,295	(625,570)	(8.3%)
Total	$ 90,139,659	$ 74,223,272	$ 15,916,387	21.4%

* Sacramento Abandoned Vehicle Service Authority

All fund balances are restricted for specific purposes, except for approximately $1.6 million in the General Fund, which is available for program administration as of June 30, 2024. The General Fund balance was expected to decrease during FY 2023-24 due to anticipated cash usage for capital improvement program (CIP) projects. However, actual CIP spending was lower than projected, resulting in less cash outflow. Additionally, higher-than-expected revenues contributed to increased cash reserves and a growth in the General Fund balance during the fiscal year.

General Fund – This fund reports activity for the Measure A program, the SCTMFP, SacMetro FSP, and general administration. The General Fund ended the year with a fund balance of $60.4 million, or $13.6 million (29.2%) more than the prior year.

- Cash and investments increased by $19.2 million (37.7%), partly due to a $5.3 million reduction in debt service transfers out. Additionally, there was a $2.0 million increase in accounts payable and amounts due to other governments, which will be paid from cash balances at a later date. The remaining increase is attributed to revenues consistently exceeding expenditures throughout the year, similar to prior year.

- Interest receivable increased about $656,000 (67.6%) because the year-end accruals were based on higher cash balances and higher interest rates through the fiscal year end.

- Accounts payable decreased by over $68,000 (32.6%), primarily due to reduced services in the FSP program during the year, which lowered outstanding payments at year-end by approximately $45,000. The remaining decrease is attributed to variations in year-end payables, as the STA contracts for different administrative services from year to year.

- Due to Other Governments decreased by $1.9 million (7.0%). This was primarily due to a decrease in CIP project payables of $1.3 million between years. Variances in Measure A ongoing distributions caused most of the remainder of the difference. Note that CIP project expenditures vary from year to year based on the needs of the projects, they are not predictable.

- The SCTMFP fund balance increased by $7.9 million (66.9%), primarily due to lower CIP program spending during the year, along with an increase in impact fee revenues of approximately $600,000.

- The SacMetro FSP fund balance decreased to zero in the current year, a decline of more than $143,000 (-100.0%). This decrease resulted from program expenditures exceeding revenues. This financial concern was identified during the 2023-24 fiscal year, prompting an evaluation of the program. As a result, operations were adjusted during the year to ensure greater financial sustainability moving forward.

- General Administration fund balance increased approximately $63,000 (4.0%) due to decreased professional services in the amount of $456,000, mainly due to a one-time County of Sacramento Election expense that occurred in the previous year, and an increase in salaries & benefits expense of $241,000 mainly due to increased CalPERS Unfunded Accrued Liability contributions and newly established employee benefits. Additionally, a deficit in FSP has been applied to the Administration fund amounting to a reduction of $78,000. The remaining difference was due to small increases in ITOC, rent and training and conference expenses.

SACRAMENTO TRANSPORTATION AUTHORITY
BALANCE SHEET - GENERAL FUND

			Variance	
	2024	2023	Dollar	Percent
Assets:				
Cash and Investments	$ 70,120,011	$ 50,930,460	$ 19,189,551	37.7%
Prepaid Items	75,338	53,062	22,276	42.0%
Interest Receivable	1,626,355	970,547	655,808	67.6%
Due From Other Governments	36,197,032	36,512,074	(315,042)	(0.9%)
Due From Other Funds	15,137	21,535	(6,398)	(29.7%)
Total assets	$108,033,873	$ 88,487,678	$ 19,546,195	22.1%
Liabilities:				
Accounts Payable	$ 140,910	$ 209,149	$ (68,239)	(32.6%)
Accrued Payroll	23,443	-	23,443	100.0%
Due to Other Governments	25,757,459	27,699,908	(1,942,449)	(7.0%)
Due to Other Funds	166,667	156,342	10,325	6.6%
Total liabilities	26,088,479	28,065,399	(1,976,920)	(7.0%)
Fund Balances:				
Nonspendable				
Prepaid Items	75,338	53,062	22,276	42.0%
Restricted				
Measure A	60,454,530	46,807,299	13,647,231	29.2%
SCTMFP	19,796,669	11,862,462	7,934,207	66.9%
SacMetro FSP	-	143,432	(143,432)	(100.0%)
Unassigned				
General Administration	1,618,857	1,556,024	62,833	4.0%
Total fund balance	81,945,394	60,422,279	21,523,115	35.6%
Total Liabilities and Fund Balances	$108,033,873	$ 88,487,678	$ 19,546,195	22.1%

General Fund Budgetary Highlights

Revenues – Sales tax revenues exceeded projections by $3.8 million (2.1%), primarily due to a one-time sales tax receipt from a single vendor, which is not expected to recur. SCTMFP revenues also surpassed expectations, exceeding estimates by nearly $3.4 million (36.4%). This increase was driven by sustained development activity, although this revenue source has historically been volatile.

Contrary to initial projections, funding for the SacMetro FSP program was adjusted downward during the year, aligning the budget closer to actual spending. Unlike prior years, where a carryover balance provided a financial buffer, no such cushion was available this year. 'Use of money and property' revenues significantly exceeded expectations, rising to $4.8 million (94.4%), largely due to higher interest rates and increased cash balances during the year.

Expenditures – Intergovernmental expenditures decreased significantly compared to the budgeted amount, primarily due to CIP spending coming in under budget. This reduction totaled $27.7 million (271.6%), as local jurisdictions did not fully utilize their budget allocations for the year. The fiscal budget sets a cap on available funds for each jurisdiction, and they adhered to this limit, not exceeding their allocated amounts.

Meanwhile, ongoing intergovernmental expenditures increased by $3.1 million (2.2%), driven by higher-than-expected sales tax revenues.

SACRAMENTO TRANSPORTATION AUTHORITY BUDGET TO ACTUAL ANALYSIS GENERAL FUND	Budgeted Amounts			Variance	
	Original	Final	Actual	Dollar	Percent
Revenues:					
Taxes	$ 174,000,000	$ 174,000,000	$ 177,812,690	$ 3,812,690	2.1%
SCTMFP	6,022,951	6,022,951	9,465,384	3,442,433	36.4%
Grants for SacMetro FSP	3,403,755	3,049,666	3,056,404	6,738	0.2%
Use of Money and Property	250,050	285,000	5,121,846	4,836,846	94.4%
Miscellaneous	-	-	3,093	3,093	100.0%
Total Revenues	183,676,756	183,357,617	195,459,417	12,101,800	6.2%
Expenditures:					
General Government:					
Administrative	1,611,136	1,494,884	1,209,588	285,296	23.6%
SacMetro FSP	3,556,379	3,039,303	3,278,329	(239,026)	(7.3%)
Intergovernmental:					
Ongoing	136,060,234	136,060,234	139,174,457	(3,114,223)	(2.2%)
Capital Outlay	32,900,898	37,900,898	10,200,583	27,700,315	271.6%
Debt Service:					
Principal	41,603	41,603	54,233	(12,630)	(23.3%)
Interest and other charges	-	-	8,982	(8,982)	(100.0%)
Total Expenditures	174,170,250	178,536,922	153,926,172	24,610,750	16.0%
Excess (deficiency) of revenues over (under) expenditures	9,506,506	4,820,695	41,533,245	36,712,550	88.4%
Other Financing Sources (Uses):					
Transfers out	(23,500,000)	(23,500,000)	(20,010,130)	3,489,870	(17.4%)
Total Other Financing Sources (Uses)	(23,500,000)	(23,500,000)	(20,010,130)	3,489,870	(17.4%)
Changes in Fund Balance	$ (13,993,494)	$ (18,679,305)	21,523,115	$ 40,202,420	186.8%
Fund Balance Beginning of Year			60,422,279		
Fund Balance End of Year			$ 81,945,394		

Other Financing Sources (Uses) – Actual expenditures related to debt service were nearly $3.5 million (17.4%) lower than the budgeted amount. This variance was primarily due to budgeting for additional expenses associated with the refinancing of the 2009C, 2014A, and 2015A Series debt. Market conditions on the day of sale and the use of cash on hand for expenses or debt reduction also contributed to variations from budget estimates.

Long-term Debt

In October 2009, the Authority issued $318.3 million in variable rate sales tax revenue bonds. The bonds issued were in three Series – 2009A, B, and C. Subsequently, Series 2014A and 2015A bonds refunded Series 2009A and 2009B bonds, respectively. In July 2012, the Authority issued an additional $53.4 million in fixed-rate sales tax revenue bonds to accelerate transportation construction projects. The Authority began making principal payments on the Series 2012 bonds in FY 2016-17. In September 2022, the Authority refinanced the Series 2012 bonds with the Series 2022 bonds at a more favorable interest rate over the maturity of the debt. In September 2023, the Authority refinanced the Series 2009C, 2014A, and 2015A bonds at a fixed rate of interest over the maturity of the debt, terminating the related interest rate swap agreements. Below is a summary of the Authority's bond portfolio as of June 30, 2024. For more detailed information on long-term debt, please refer to note 8.

SACRAMENTO TRANSPORTATION AUTHORITY LONG-TERM DEBT					
		Amount	Type	Interest Rate	Maturity
Series 2023	$	296,415,000	Fixed	5.0%	October 2038
Series 2022		19,865,000	Fixed	5.0%	October 2027
Total	$	316,280,000			

Economic Indicators

As of July 2024, Sacramento County had an unemployment rate of 5.3%, a rise from 4.4% in July of the previous year. This is higher than the national unemployment rate of 4.3% and lower than California's unemployment rate of 5.8%. Sacramento County has fared relatively better than the state, attributed in part to its status as the state capital and a hub for government employment. According to July 2024 employment data from the U.S. Bureau of Labor Statistics Economy at a Glance, government jobs accounted for 25.5% of the nonfarm labor force in Sacramento County. Total nonfarm employment increased by 21,400 (2.0%) over the past year, reaching 1,096,700. The sectors experiencing the largest employment gains were private education and health services (8.2%) and government (3.8%). Nationally, inflation has been trending downward and the Federal Reserve's has begun reducing the Federal Funds Rate. There is significant investment in infrastructure from both the State and Federal level that is improving the economic outlook for the County as a whole.

Contacting the Authority's Management

This financial report provides a general overview of the Authority's finances by showing the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Accounting Manager at 801 12th Street Floor 5, Sacramento, California 95814-2947. This report is available on the Authority's website at www.sacta.org.

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 1,590,413
Receivables:	
Accrued interest	1,722,302
Due from other governments	36,199,113
Restricted assets:	
Cash and investments	76,691,368
Prepaid items	75,338
Lease assets, net	203,271
Total assets	**116,481,805**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount on refunding	3,871,183
Pension-related	777,221
OPEB-related	4,712
Total deferred outflows of resources	**4,653,116**
LIABILITIES	
Accounts payable	165,816
Due to other governments	25,973,059
Interest payable	3,953,500
Long-term liabilities	
Due within one year	4,705,427
Bonds payable, due in more than one year	356,523,632
Compensated absences, due in more than one year	9,804
Leases, due in more than one year	174,948
Net pension liability, due in more than one year	1,330,145
Net OPEB liability, due in more than one year	93,766
Total liabilities	**392,930,097**
DEFERRED INFLOWS OF RESOURCES	
Deferred amount on refunding	2,494,900
Pension-related	127,969
OPEB-related	53,045
Total deferred inflows of resources	**2,675,914**
NET POSITION	
Net invested in capital assets	(32,104)
Restricted:	
Measure A projects	60,454,530
Transit services	1,168,788
Transportation mitigation	19,796,669
Debt service	6,872,725
Abandoned vehicles	152,752
Unrestricted	(362,884,450)
Total net position	**$(274,471,090)**

See Notes to Financial Statements.

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SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues: Operating Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Functions/Programs:			
Primary government:			
Governmental activities:			
Measure A	$ 147,136,775	$ -	$ (147,136,775)
Sacramento countywide transportation mitigation fee program	2,238,265	9,465,384	7,227,119
Transit services	6,236,128	-	(6,236,128)
Freeway sevice patrol program	3,278,329	3,056,404	(221,925)
Sacramento abandoned vehicle service authority	15,137	12,784	(2,353)
Administration	1,169,373	-	(1,169,373)
Interest and fiscal charges	33,722,714	-	(33,722,714)
Total primary government	**$ 193,796,721**	**$ 12,534,572**	**(181,262,149)**
General revenues and transfers:			
General revenues:			
Sales taxes			177,812,690
Use of money and property			5,633,001
Total general revenues and transfers			**183,445,691**
Change in net position			**2,183,542**
Net position-beginning			(276,654,632)
Net position-ending			**$ (274,471,090)**

See Notes to Financial Statements.

SACRAMENTO TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2024

		Special Revenue Funds			
	General	Abandoned Vehicle Special Revenue	Transit Services Special Revenue	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,590,413	$ -	$ -	$ -	$ 1,590,413
Receivables:					
Interest	1,626,355	5,246	90,701	-	1,722,302
Due from other governments	36,197,032	2,081	-	-	36,199,113
Due from other funds	15,137	-	166,667	-	181,804
Prepaid items	75,338	-	-	-	75,338
Restricted assets:					
Cash and cash equivalents, restricted	68,529,598	160,562	1,127,020	6,874,188	76,691,368
Total assets	**$ 108,033,873**	**$ 167,889**	**$ 1,384,388**	**$ 6,874,188**	**$ 116,460,338**
LIABILITIES					
Accounts payable	$ 140,910	$ -	$ -	$ 1,463	$ 142,373
Accrued payroll	23,443	-	-	-	23,443
Due to other governments	25,757,459	-	215,600	-	25,973,059
Due to other funds	166,667	15,137	-	-	181,804
Total liabilities	**26,088,479**	**15,137**	**215,600**	**1,463**	**26,320,679**
FUND BALANCES (DEFICITS)					
Nonspendable	75,338	-	-	-	75,338
Restricted					
Measure A	60,454,530	-	-	-	60,454,530
Transit services	-	-	1,168,788	-	1,168,788
Transportation mitigation	19,796,669	-	-	-	19,796,669
Debt service	-	-	-	6,872,725	6,872,725
Abandoned vehicles	-	152,752	-	-	152,752
Unassigned	1,618,857	-	-	-	1,618,857
Total fund balances (deficits)	**81,945,394**	**152,752**	**1,168,788**	**6,872,725**	**90,139,659**
Total liabilities and fund balances (deficits)	**$ 108,033,873**	**$ 167,889**	**$ 1,384,388**	**$ 6,874,188**	**$ 116,460,338**

See Notes to Financial Statements.

SACRAMENTO TRANSPORTATION AUTHORITY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds		$ 90,139,659
Lease liability, and related right of use asset, is not due and payable in the current period and therefore are not reported in the funds.		
Lease assets, net	203,271	
Lease liability	(235,375)	
Total lease items		(32,104)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.		
Deferred outflows-pension related	777,221	
Deferred outflows-OPEB related	4,712	
Deferred inflows-pension related	(127,969)	
Deferred inflows-OPEB related	(53,045)	
Total deferred outflows and inflows related to postemployment benefits		600,919
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or not reported in the funds.		
Net pension liability	(1,330,145)	
Net OPEB liability	(93,766)	
Total other long-term assets		(1,423,911)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds payable, including premiums	(361,123,632)	
Compensated absences	(54,804)	
Accrued interest payable on long-term debt	(3,953,500)	
Total long-term liabilities		(365,131,936)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		
Deferred gain on refunding	(2,494,900)	
Deferred loss on refunding	3,871,183	
Total premiums, discounts, and deferred items		1,376,283
Net position of governmental activities		**$(274,471,090)**

See Notes to Financial Statements.

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

		Special Revenue Funds			
	General	Abandoned Vehicle Special Revenue	Transit Services Special Revenue	Debt Service	Total Governmental Funds
REVENUES					
Taxes	$ 177,812,690	$ -	$ -	$ -	$ 177,812,690
Mitigation fees	9,465,384	-	-	-	9,465,384
Vehicle registration fees	-	12,784	-	-	12,784
Grants for freeway services	3,056,404	-	-	-	3,056,404
Use of money and property	5,121,846	11,677	245,646	250,741	5,629,910
Miscellaneous	3,093	-	-	-	3,093
Total revenues	**195,459,417**	**24,461**	**245,646**	**250,741**	**195,980,265**
EXPENDITURES					
General government:					
Administrative	1,209,588	15,137	-	-	1,224,725
Freeway service patrol	3,278,329	-	-	-	3,278,329
Intergovernmental:					
Ongoing	139,174,457	-	6,236,128	-	145,410,585
Capital	10,200,583	-	-	-	10,200,583
Debt service:					
Principal	54,233	-	-	4,380,000	4,434,233
Interest and fiscal charges	8,982	-	-	39,672,394	39,681,376
Total expenditures	**153,926,172**	**15,137**	**6,236,128**	**44,052,394**	**204,229,831**
Excess (deficiency) of revenues over (under) expenditures	**41,533,245**	**9,324**	**(5,990,482)**	**(43,801,653)**	**(8,249,566)**
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,000,000	19,010,130	20,010,130
Transfers out	(20,010,130)	-	-	-	(20,010,130)
Debt issuance proceeds	-	-	-	296,415,000	296,415,000
Premium on refunding bonds issued	-	-	-	46,050,953	46,050,953
Debt refunding payment to escrow	-	-	-	(318,300,000)	(318,300,000)
Total other financing sources (uses)	**(20,010,130)**	**-**	**1,000,000**	**43,176,083**	**24,165,953**
Net change in fund balances	**21,523,115**	**9,324**	**(4,990,482)**	**(625,570)**	**15,916,387**
Fund balances -beginning	60,422,279	143,428	6,159,270	7,498,295	74,223,272
Fund balances -ending	**$ 81,945,394**	**$ 152,752**	**$ 1,168,788**	**$ 6,872,725**	**$ 90,139,659**

SACRAMENTO TRANSPORTATION AUTHORITY
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds:		$ 15,916,387
Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.		
Amortization expense	$ (59,494)	
Total adjustment		(59,494)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Issuance of bonds	(342,465,953)	
Payment to escrow agent to defease bonds	322,680,000	
Deferred amount on new refunding	4,163,348	
Amortization of bond premiums and discounts	2,955,617	
Amortization of deferred amounts on refunding	475,497	
Principal payments on leases	54,233	
Total adjustment		(12,137,258)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	(1,635,801)	
Compensated absences	(21,049)	
Changes in pension liabilities and related deferred outflows and inflows of resources	110,140	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	10,617	
Total adjustment		(1,536,093)
Change in net position of governmental activities		**$ 2,183,542**

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
General Fund
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 174,000,000	$ 174,000,000	$ 177,812,690	$ 3,812,690
Mitigation fees	6,022,951	6,022,951	9,465,384	3,442,433
Grants for freeway services	3,403,755	3,049,666	3,056,404	6,738
Use of money and property	250,050	285,000	5,121,846	4,836,846
Miscellaneous	-	-	3,093	3,093
Total revenues	**183,676,756**	**183,357,617**	**195,459,417**	**12,101,800**
EXPENDITURES				
General Government:				
Administrative	1,611,136	1,494,884	1,209,588	285,296
Freeway service patrol	3,556,379	3,039,303	3,278,329	(239,026)
Intergovernmental				
Ongoing	136,060,234	136,060,234	139,174,457	(3,114,223)
Capital	32,900,898	37,900,898	10,200,583	27,700,315
Debt service:				
Principal	41,603	41,603	54,233	(12,630)
Interest and fiscal charges	-	-	8,982	(8,982)
Total expenditures	**174,170,250**	**178,536,922**	**153,926,172**	**24,610,750**
Excess (deficiency) of revenues over (under) expenditures	**9,506,506**	**4,820,695**	**41,533,245**	**36,712,550**
OTHER FINANCING SOURCES (USES)				
Transfers out	(23,500,000)	(23,500,000)	(20,010,130)	3,489,870
Total other financing sources (uses)	**(23,500,000)**	**(23,500,000)**	**(20,010,130)**	**3,489,870**
Net change in fund balances	**$ (13,993,494)**	**$ (18,679,305)**	**21,523,115**	**$ 40,202,420**
Fund balances (deficit)-beginning			60,422,279	
Fund balances (deficit)-ending			**$ 81,945,394**	

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Abandoned Vehicle Special Revenue
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Vehicle registration fees	$ 351,405	$ 351,405	$ 12,784	$ (338,621)
Use of money and property	500	500	11,677	11,177
Total revenues	**351,905**	**351,905**	**24,461**	**(327,444)**
EXPENDITURES				
General Government:				
Administrative	351,421	351,421	15,137	336,284
Total expenditures	**351,421**	**351,421**	**15,137**	**336,284**
Net change in fund balances	**$ 484**	**$ 484**	**9,324**	**$ 8,840**
Fund balances (deficit)-beginning			143,428	
Fund balances (deficit)-ending			**$ 152,752**	

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Transit Services Special Revenue
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 111,831	$ 111,831	$ 245,646	$ 133,815
Total revenues	**111,831**	**111,831**	**245,646**	**133,815**
EXPENDITURES				
Intergovernmental				
Intergovernmental - ongoing	4,500,000	6,236,128	6,236,128	-
Total expenditures	**4,500,000**	**6,236,128**	**6,236,128**	**-**
Excess (deficiency) of revenues over (under) expenditures	**(4,388,169)**	**(6,124,297)**	**(5,990,482)**	**133,815**
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Total other financing sources (uses)	**1,000,000**	**1,000,000**	**1,000,000**	**-**
Net change in fund balances	**$ (3,388,169)**	**$ (5,124,297)**	**(4,990,482)**	**$ 133,815**
Fund balances (deficit)-beginning			6,159,270	
Fund balances (deficit)-ending			**$ 1,168,788**	

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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 Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento according to the Sacramento Abandoned Vehicle Abatement Plan. SAVSA is considered a blended component unit of the Authority as the board and management of the Authority are also the board and management of SAVSA. SAVSA is presented as the Abandoned Vehicle Special Revenue Fund. SAVSA sunset in April 2022.

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

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

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

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

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

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.

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

Transit Services Special Revenue Fund – Reports unspent Measure A funds allocated for Consolidated Transportation Services Agency (CTSA) services and Neighborhood Shuttle Program Transit Services.

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

<u>Basis of Accounting</u>: 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.

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, FSP grants and interest revenue. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of governmental long-term debt are reported as other financing sources.

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

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.

<u>Budgetary Principles</u>: 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.

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

Restricted Assets: Restricted cash includes the reserve accounts used to report resources set aside to make up potential future deficiencies in the bond's debt service.

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 leases, subscriptions, furniture and equipment exceeding $5,000.

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 pension liability is liquidated by the Authority's General Fund.

Other Postemployment Benefits (OPEB): For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The OPEB liability is liquidated by the General Fund.

Deferred Outflows and Inflows of Resources: In addition to liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the Authority's pension and OPEB plan as described in Notes 3 and 5.

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

A. FUND BALANCE CLASSIFICATION:

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

Net Investment in capital assets – represents the net amount invested in capital assets (original cost, net of accumulated depreciation and amortization and net of capital-related debt). The Authority's net investment of capital assets related to the right-of-use lease asset and lease liability is $(32,104).

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.

2. ***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. As of June 30, 2024, the Authority had $75,338 of prepaid items classified as nonspendable.

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. As of June 30, 2024, the Authority had no committed fund balances.

Assigned fund balances are amounts constrained by the Authority's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Authority's Board or management and may be changed at their discretion. As of June 30, 2024, the Authority had no assigned fund balances.

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.

<u>Insurance</u>: The Authority provides employees with commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30, 2024, there were no claims outstanding. There were no reductions in coverage during the year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	$ 1,590,413
Restricted:	
Cash and investments	76,691,368
Total cash and investments	$ 78,281,781
Cash on hand	
Deposits with financial institutions	$ 173,009
Total cash and deposits	173,009
Pooled Funds	
County Treasury	71,234,584
Investments with fiscal agent	
Money Market Mutual Fund	6,874,188
Total Investments	78,108,772
Total cash and investments	$ 78,281,781

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code and the Authority's investment policy. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

Investment Types Authorized by State Law	Maximum Maturity *	Maximum Percentage of Portfolio *
U.S. Treasury obligations	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%
Certificates of deposit (negotiable)	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	20%
California Assets Management Program (CAMP)	None	None
County Pool	None	None
LAIF	None	None

* Based on state law requirements or Authority investment policy requirements, whichever is more restrictive.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than general provisions of the California Government Code or the Authority's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agenncy 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 Funds	None	None	None
Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase agreements	None	None	None
Mutual Funds	None	None	None
LAIF	None	None	None

C. Disclosures Relating to 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. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

D. 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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair 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 Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2024, none of the Authority's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

E. Fair Value Hierarchy

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 utilized by the Authority to determine fair market value include: matrix pricing, market corroborated pricing, and other inputs such as yield curves and indices. Level 3 inputs are significant unobservable inputs. At June 30, 2024, all of the Authority's investments are valued as follows:

		Input Category
Investment Type	Total	Level 2
Money market mutual funds	$ 6,874,188	$ 6,874,188
Total	$ 6,874,188	$ 6,874,188
Investments Measured at Net Asset Value:		
County Pool	71,234,584	
	$ 78,108,772	

NOTE 3: PENSION PLANS

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 a single plan and within that plan has the following cost-sharing rate plans:

Miscellaneous Plan
PEPRA 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.

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 nonduty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 3, 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.

NOTE 3: PENSION PLANS (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
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%	7.75%
Required employer contribution rates	13.34%	7.68%

In addition to the contribution rate above, the Authority was also required to make payments of $87,729 towards its unfunded actuarial liability during the fiscal year ended June 30, 2024.

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 $392,507 for the year ended June 30, 2024.

Pension Liabilities, Pension Expenses and Deferred Outflow/Inflow of Resources Related to Pensions: As of June 30, 2024, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of $1,330,145. 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, 2024 is measured as of June 30, 2023 and the total pension liability is determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2024 and 2023 is as follows:

	Miscellaneous
Proportion - June 30, 2024	0.02469%
Proportion - June 30, 2023	0.02853%
Change - Increase (Decrease)	-0.00384%

NOTE 3: PENSION PLANS (CONTINUED)

For the year ended June 30, 2024, the Authority recorded pension expense of $284,374. At June 30, 2024, the Authority reported deferred outflow of resources and deferred inflow of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 394,513	$ -
Changes of assumptions	80,307	-
Differences between expected and actual experience	67,951	10,541
Net difference between projected and actual earnings on pension plan investments	215,362	71,207
Change in Employer's Proportion	19,088	46,221
Total	$ 777,221	$ 127,969

The $394,513 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, 2025. Other amounts reported as deferred inflow and outflow of resources relate to pensions and will be recognized as pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 65,800
2026	41,077
2027	141,682
2028	6,180
2029	-
Thereafter	-
Total	$ 254,739

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase (1)	Varies
Mortality	Derived using CalPERS membership data for all funds

(1) Depending on age and service

NOTE 3: PENSION PLANS (CONTINUED)

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2024 were based on the results of a December 2021 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90%. 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.

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, 2023. 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	Assumed Asset Allocation	Real Return [1, 2]
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management study

NOTE 3: PENSION PLANS (CONTINUED)

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:

	Discount Rate -1 Percent (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 Percent (7.90%)
Plan's net pension liability/(asset)	$ 2,087,924	$ 1,330,145	$ 706,427

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. Employees contributed 4% to 11% of their pay to the plan, limited to $23,000 for 2024 and an additional $7,500 for those over age 50. The Authority provides matching for employees up to 4% and an additional 2% for employees participating in the PEPRA plan. 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.

The Authority participate in a Retiree Health Savings Account, a section 115 trust fund, and contributes $100 per month and employees are required to contribute 1%.

NOTE 5: OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

A. Plan Description

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

B. Plan Membership

At June 30, 2024, membership consisted of

Inactive members currently receiving benefits	1
Inactive members entitled to but not yet receiving benefits	6
Active members	3
Total	10

C. Benefits Provided

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

NOTE 5: OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

D. Total OPEB Liability

At June 30, 2024, the Sacramento Transportation Authority reported a OPEB liability for the PEMHCA of $93,766. The OPEB liability for the PEMHCA was measured as of June 30, 2023, and the total OPEB liability for the PEMHCA used to calculate the OPEB liability was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The total OPEB liability for the PEMHCA, after considering the sharing of benefit-related costs with inactive PEMHCA members, based on the established pattern of practice, was determined by an actuarial valuation performed as of June 30, 2023, using the following actuarial methods and assumptions.

Actuarial Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal
Asset Valuation Method	Market Value
Assumptions	
Inflation	2.50%
Salary increases	3.00%
Retirement age	50 to 75
Healthcare Cost Trend Rates	6.5% in 2025, fluctuates to ultimate rate of 3.9% in 2075

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study dated November 2021. Mortality rates were based on the MacLeod Watts Scale 2022.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%, which is an increase from the 4.09% used at the June 30, 2023 measurement date. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index rate for tax-exempt general obligations bonds with an average rating of AA/Aa or higher at June 30, 2023 as published by the Federal Reserve.

K. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023 (measured June 30, 2022)	$ 140,196
Changes recognized for the measurement period:	
Service cost	5,679
Interest on total OPEB liability	5,509
Changes of assumptions	677
Differences between expected and actual experience	(35,919)
Benefit payments, including refunds of employee contributions	(22,376)
Net changes	(46,430)
Balance at June 30, 2024 (measured June 30, 2023)	$ 93,766

NOTE 5: OTHER POST-EMPLOYMENT BENEFIT (OPEB) OBLIGATIONS (CONTINUED)

L. Discount Rate and Healthcare Rate Sensitivity Analysis

The following is a sensitive analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the OPEB liability calculated using the discount rate of 4.13% as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Discount Rate -1 Percent 3.13%	Current Discount Rate 4.13%	Discount Rate +1 Percent 5.13%
Plan's net OPEB liability/(asset)	$ 110,415	$ 93,766	$ 80,391

The table below presents the OPEB liability of the Authority calculated using the healthcare rate of 6.50% as well as what the OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate:

	1 Percent Decrease	Current Heathcare Trend Rate	1 Percent Increase
Plan's net OPEB liability/(asset)	$ 79,545	$ 93,766	$ 111,675

M. OPEB Expense and Deferred Items Summary

For the year ended June 30, 2024, the Authority recognized PEMHCA OPEB expense of $10,617. At June 30, 2024, the Sacramento Transportation Authority reported deferred outflows of resources and deferred inflows of resources related to the PEMHCA from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 1,848	$ -
Changes of assumptions	2,864	18,792
Differences between expected and actual experience	-	34,253
Total	$ 4,712	$ 53,045

The $1,848 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (18,556)
2026	(12,598)
2027	(5,405)
2028	(5,405)
2029	(5,405)
Thereafter	(2,812)
Total	$ (50,181)

NOTE 6: LEASE ARRANGEMENTS

A. Lessee

The Sacramento Transportation Authority has entered into a lease agreement as lessee for the acquisition and use of the Authority's offices. The term of the leasing arrangement is 120 months. As of June 30, 2024, the total value of the lease liability was $235,375. The Sacramento Transportation Authority is required to make monthly principal and interest payments ranging from $33,600 to $78,180. The lease has an implied interest rates of 2.85%. Information on the lease assets as of June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Leased building	$ 381,753	$ -	$ -	$ 381,753
Leased building - accumulated amortization	(118,988)	(59,494)	-	(178,482)
Lease assets, net of amortization	$ 262,765	$ (59,494)	$ -	$ 203,271

The Authority recognized $8,982 for variable and other payments. The future principal and interest lease payments as of June 30, 2024, were as follows:

	Governmental Activities	
June 30	Principal	Interest
2025	$ 60,427	$ 7,181
2026	67,312	5,254
2027	74,994	3,186
2028	32,642	958
Totals	$ 235,375	$ 16,578

NOTE 7: INTERFUND ACTIVITIES

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2024, is as follows:

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
Transit	General fund	$ 166,667
General fund	Abandoned Vehicles	15,137
	Total	$ 181,804

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds, which the general fund expects to collect in the subsequent year.

NOTE 7: INTERFUND ACTIVITIES (CONTINUED)

B. Interfund Transfers

Interfund transfers from the General Fund to the Debt Service Fund were used to repay principal and interest per the debt agreement in the amount of $19,010,130. Interfund transfers from the General Fund to the Transit Services Fund of $1,000,000 represents the Neighborhood Shuttle annual Measure A allocation.

NOTE 8: LONG-TERM LIABILITIES

A. Bonds Payable

The Sacramento Transportation Authority issues bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the Sacramento Transportation Authority. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 6 to 30 years. Bonds payable outstanding at June 30, 2024, are as follows:

Bonds payable	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-End
Series 2022A	$ 24,245,000	5%	2027	$ 19,865,000
Series 2023A	296,415,000	5%	2038	296,415,000
Total bonds payable				$ 316,280,000

B. Advance Refunding

In the current fiscal year, the Authority issued $296,415,000 in Sales Tax Revenue refunding bonds with interest rates at 5%. The proceeds were used to advance refund $318,300,000 of outstanding 2009 Series C, 2014A Series A, and 2015A Series A Sales Tax Revenue refunding bonds which had interest rates ranging from 3.66% to 6.37%. The net proceeds of $342,465,953 (including a $46,050,953 premium and after payment of $865,785 in underwriting fees and other issuance costs, SWAP termination payments of $27,045,000 and additional funds of $3,954,090 contributed by the Authority) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2009 Series C, 2014A, and 2015A Sales Tax Revenue refunding bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $4,163,348. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding increased its total debt service payments by $353,410,831 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $4,163,348. The net carrying amount of the deferred loss on refunding is $3,871,183 at June 30, 2024, net of accumulated amortization.

In August 2022, the Authority issued the 2022 Measure A Sales Tax Revenue Refunding Bonds in the amount of $24,245,000 with an interest rate of 5.00%, to refund $30,400,000 of the 2012 Revenue with an interest rate of 5.00%. The District completed the advance refunding to release $5,660,000 from debt service reserves. The net economic gain (difference between the present value of the old and new debt service payments) of the 2022 Refunding Bonds is $1,829,981. The advance refunding resulted in differences between the reacquisition price and the net carrying amount of the outstanding debt of $2,494,900 at June 30, 2024, net of accumulated amortization. The deferred amount on refunding, reported in the accompanying financial statements as a deferred inflow, is being credited to operations over 5 years using the straight-line method.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

C. Change in Long-Term Liabilities

Changes in the Authority's long-term liabilities for the year ended June 30, 2024, are as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amount Due Within One Year
Governmental activities					
Bonds payable					
2009C bonds	$ 106,100,000	$ -	$ 106,100,000	$ -	$ -
2014A bonds	106,100,000	-	106,100,000	-	-
2015A bonds	106,100,000	-	106,100,000	-	-
2022 bonds	24,245,000	-	4,380,000	19,865,000	4,600,000
2023 bonds	-	296,415,000	-	296,415,000	-
Fair Value of Interest Rate Swap	35,110,831	-	35,110,831	-	-
Premium	1,748,294	46,050,953	2,955,615	44,843,632	-
Total bonds payable	379,404,125	342,465,953	360,746,446	361,123,632	4,600,000
Leases	289,608	-	54,233	235,375	60,427
Compensated absences	33,755	68,850	47,801	54,804	45,000
Total governmental activities	$ 379,727,488	$ 342,534,803	$ 360,848,480	$ 361,413,811	$ 4,705,427

Long-term debt consists of the following at June 30, 2024:

2022 Series Bonds - In September 2022, the Authority issued fixed rate Measure A Sales Tax Bonds in the amount of $24.4 million to finance transportation projects approved by voters in 2004, at an interest rate of 5%. Principal payments range from $4.4 million to $5.3 million. These Bonds were issued to refund the Series 2012 Bonds in 2023.

2023 Series Bonds - In September 2023, the Authority issued fixed rate Measure A Sales Tax Bonds in the amount of $296.4 million to refinance 2009C, 2014A, and 2015A Sales Tax Bonds at an interest rate of 5%. Principal payments range from $19.6 million to $34.5 million.

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 2022 and the 2023 bonds is $466.9 million. For the current year, the principal and interest paid and total incremental sales tax revenues were $333.9 million and $177 million, respectively. The 2022 Series Bonds were issued to refund the 2012 Series Bonds. The 2023 Series Bonds were issued to refund the 2009C, 2014A and 2015A Series Bonds. As of June 30, 2024, the future annual debt service requirements on the Authority's 2022 and 2023 Series Bond obligations are detailed in the schedule below.

NOTE 8: LONG-TERM LIABILITIES (CONTINUED)

The debt service requirements for the Sacramento Transportation Authority's bonds, loans, and notes are as follows:

	Bonds payable	
June 30	Principal	Interest
2025	$ 4,600,000	$ 15,699,000
2026	4,835,000	15,463,125
2027	5,085,000	15,215,125
2028	5,345,000	14,954,375
2029	19,565,000	14,331,625
2030-2034	120,775,000	54,729,125
2035-2039	156,075,000	20,305,375
Totals	$ 316,280,000	$ 150,697,750

D. Events on default

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

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

E. 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.

NOTE 9: FUND BALANCE

A. Fund Balance Classifications

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.

Sacramento Countywide Mitigation Fee Program – 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. Sacramento Abandoned Vehicle Service Authority – represents the fund balance of SAVSA to fulfill the program objectives of the Abandoned Vehicles program.

Transit Services – represents the unspent Measure A funds allocated to CTSA and Neighborhood Shuttle.

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

NOTE 9: FUND BALANCE (CONTINUED)

B. Restricted Cash and Investments to Restricted Fund Balance/Net Position

Comparison of restricted cash and investments to fund balances/net position conveys a larger restricted fund balance/net position than available restricted cash and investments by $11,754,096 as of June 30, 2024. The Authority recognizes that the shortfall in restricted cash and investments is offset by current due from other governments receivable in the amount of $36,199,113 as of June 30, 2024.

NOTE 10: GOVERNMENT-WIDE NET POSITION

As of June 30, 2024, the Authority had negative net position of $274.5 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.

NOTE 11: SUBSEQUENT EVENTS

The Authority evaluated subsequent events for recognition and disclosure through November 7, 2024, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024, that required recognition or disclosure in these financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY
Schedules of Proportationate Share of Net Pension Liability
As of June 30, for the Last Ten Fiscal Years

Reporting Date [1] as of June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability
2024	0.0266%	$ 1,330,145	472,847	281.3%	78.0%
2023	0.0285%	1,334,975	434,779	307.0%	75.4%
2022	0.0304%	576,412	451,405	127.7%	88.9%
2021	0.0272%	1,147,819	388,487	295.5%	76.0%
2020	0.0269%	1,076,426	348,630	308.8%	74.5%
2019	0.0266%	1,002,151	352,622	284.2%	75.4%
2018	0.0265%	1,044,537	451,635	231.3%	72.5%
2017	0.0262%	908,590	351,909	258.2%	75.6%
2016	0.0273%	750,078	363,473	206.4%	78.4%
2015	0.0246%	608,865	366,547	166.1%	79.8%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes:

In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool's differences between expected and actual experience.

Changes of Assumptions :

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

1 The proportions and proportionate share of the net pension liability are measured as of one year behind the reporting date. Refer to notes to basic financial statements.

SACRAMENTO TRANSPORTATION AUTHORITY
Schedule of Changes in Net OPEB Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years [1]

	2024	2023	2022	2021
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020
TOTAL OPEB LIABILITY				
Service cost	$ 5,679	$ 8,098	$ 6,406	$ 6,042
Interest on total pension liability	5,509	4,090	5,369	5,614
Changes of assumptions	677	(41,990)	12,166	3,687
Difference between expected and actual experience	(35,919)	-	(22,446)	-
Benefit payments, including refunds of employee contributions	(22,376)	(19,012)	(15,842)	(14,302)
Net change in total OPEB liability	**(46,430)**	**(48,814)**	**(14,347)**	**1,041**
Total OPEB liability-beginning	140,196	189,010	203,357	202,316
Total OPEB liability-ending (a)	**$ 93,766**	**$ 140,196**	**$ 189,010**	**$ 203,357**
Covered-employee payroll	$ 521,836	$ 378,335	$ 367,149	$ 345,777
Plan net OPEB liability/(asset) as a percentage of covered-employee payroll	**18.0%**	**37.1%**	**51.5%**	**58.8%**

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios:

Benefit Changes : None

Changes of Assumptions :
Discount Rate - Changed from 4.09% as of June 30, 2022, to 4.13% as of June 30, 2023, based on the published change in return for the applicable municipal bond index.

Demographic Assumptions - Updated demographic assumptions from those in the 2017 CalPERS experience study to those recommended in the CalPERS 2021 Experience Study report issued November 2021.

The mortality improvement scale was updated from MacLeod Watts Scale 2020 to MacLeod Watts Scale 2022, reflecting continued updates in available information.

Healthcare Trend - Updated the base healthcare trend scale from Getzen Model 2021_b to Getzen Model 2023, as published by the Society of Actuaries

[1] *Fiscal year 2018 was the first year of GASB Statement No. 75 implementation; therefore only seven years are shown.*

2020		2019		2018	
6/30/2019		6/30/2018		6/30/2017	
$	11,244	$	10,559	$	11,232
	5,427		5,308		4,497
	18,668		3,160		(9,257)
	-		-		-
	(7,808)		(6,521)		(1,518)
	27,531		**12,506**		**4,954**
	174,785		162,279		157,325
$	**202,316**	**$**	**174,785**	**$**	**162,279**
$	405,975	$	352,622	$	348,630
	49.8%		**49.6%**		**46.5%**

SACRAMENTO TRANSPORTATION AUTHORITY
Schedules of Plan Contributions
As of June 30, for the Last Ten Fiscal Years [1]

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2024	$ 142,270	$ 394,513	$ (252,243)	$ 521,836	75.6%
2023	135,030	135,030	-	472,847	28.6%
2022	139,206	139,206	-	434,779	32.0%
2021	126,347	126,347	-	451,405	28.0%
2020	115,317	115,317	-	388,487	29.7%
2019	108,775	108,775	-	348,630	31.2%
2018	91,285	91,285	-	352,622	25.9%
2017	89,707	89,707	-	451,635	19.9%
2016	76,574	76,574	-	351,909	21.8%
2015	69,181	69,181	-	363,473	19.0%

SACRAMENTO TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Debt Service
For the Year Ended June 30, 2024

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 2,400	$ 2,400	$ 250,741	$ 248,341
Total revenues	**2,400**	**2,400**	**250,741**	**248,341**
EXPENDITURES				
Debt service:				
Principal	4,380,000	4,380,000	4,380,000	-
Interest and fiscal charges	50,919,399	50,919,399	39,672,394	11,247,005
Total expenditures	**55,299,399**	**55,299,399**	**44,052,394**	**11,247,005**
Excess (deficiency) of revenues over (under) expenditures	**(55,296,999)**	**(55,296,999)**	**(43,801,653)**	**11,495,346**
OTHER FINANCING SOURCES (USES)				
Transfers in	22,500,000	22,500,000	19,010,130	(3,489,870)
Transfers out	-	-	-	-
Debt issuance proceeds	353,733,663	353,733,663	296,415,000	(57,318,663)
Total other financing sources (uses)	**53,553,663**	**53,553,663**	**43,176,083**	**(10,377,580)**
Net change in fund balances	**$ (1,743,336)**	**$ (1,743,336)**	**(625,570)**	**$ 1,117,766**
Fund balances (deficit)-beginning			7,498,295	
Fund balances (deficit)-ending			**$ 6,872,725**	

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

	Fiscal Year			
	2015	**2016**	**2017**	**2018**
Governmental activities:				
Net invested in capital assets***	$ -	$ -	$ -	$ -
Restricted: Measure A*	-	-	42,991,554	23,381,713
Restricted: Transit Services**	-	-	-	-
Restricted: transportation mitigation	9,885,863	13,296,991	4,692,718	23,315,012
Restricted: freeway service patrol	-	164,338	-	331,181
Restricted: for abandoned vehicles	121,827	154,549	-	160,919
Restricted: debt service	-	6,362,460	6,588,099	6,923,116
Unrestricted	(309,078,758)	(365,923,547)	(379,947,580)	(374,969,271)
Total governmental activities net position	$ (299,071,068)	$ (345,945,209)	$ (325,675,209)	$ (320,857,330)

Source: Audited Financial Statements

* Amounts for Measure A prior to 2017 were reported as unrestricted
** New fund added as a result of implementing GASB 84
*** New line item added as a result of implementing GASB 87

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ -	$ -	$ -	$ -	$ -	$ (32,104)
31,053,300	30,876,253	32,366,900	38,547,188	46,807,299	60,454,530
-	-	12,916,670	7,108,570	6,159,270	1,168,788
21,083,317	17,303,331	10,708,825	5,563,502	11,862,462	19,796,669
388,196	433,052	279,056	232,776	143,432	-
167,490	159,226	162,960	134,606	143,428	152,752
6,919,991	6,884,105	6,714,470	6,714,471	7,498,295	6,872,725
(370,198,612)	(366,110,626)	(360,830,258)	(354,670,061)	(349,268,818)	(362,884,450)
$ (310,586,318)	$ (310,454,659)	$ (297,681,377)	$ (296,368,948)	$ (276,654,632)	$ (274,471,090)

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

	Fiscal Year			
	2015	**2016**	**2017**	**2018**
Expenses				
Governmental Activities:				
Measure A	$ 103,968,271	$ 112,324,300	$ 92,332,335	$ 105,146,632
Transportation mitigation	6,676	1,004,034	16,547,233	2,126,292
Transit Services*	-	-	-	-
Freeway Service Patrol	2,090,267	2,000,559	2,271,606	2,126,051
Abandoned Vehicle Service Authority	1,172,574	1,216,517	1,400,871	1,118,297
Administration**	713,350	1,387,221	979,254	633,150
Interest on long-term debt	15,538,373	15,208,203	16,227,155	17,662,386
Total governmental activities expenses	123,489,511	133,140,834	129,758,454	128,812,808
Program Revenues				
Operating grants and contributions	7,895,612	7,628,294	11,196,129	11,396,632
Net (expense) revenue	(115,593,899)	(125,512,540)	(118,562,325)	(117,416,176)
General Revenues and Other Changes in Net Position				
Sales taxes	105,564,247	110,707,633	116,877,996	119,187,748
Investment earnings	556,829	956,364	1,954,329	3,202,114
Total general revenues	106,121,076	111,663,997	118,832,325	122,389,862
Change in Net Position	$ (9,472,823)	$ (13,848,543)	$ 270,000	$ 4,973,686

Source: Audited Financial Statements

* New fund added as a result of implementing GASB 84

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 110,900,345	$ 112,506,367	$ 130,680,444	$ 144,610,202	$ 147,289,159	$ 147,136,775
3,727,641	11,712,770	15,503,665	13,373,784	2,625,751	2,238,265
-	-	6,140,147	6,753,289	2,207,849	6,236,128
1,986,738	2,658,784	3,305,277	3,680,165	3,792,562	3,278,329
1,316,666	1,333,747	1,338,699	1,082,042	25,139	15,137
813,062	1,144,831	698,336	830,473	1,448,668	1,169,373
18,570,877	18,124,579	14,881,164	14,626,531	18,120,762	33,722,714
137,315,329	147,481,078	172,547,732	184,956,486	175,509,890	193,796,721
10,044,457	11,574,361	13,472,954	13,148,712	12,619,443	12,534,572
(127,270,872)	(135,906,717)	(159,074,778)	(171,807,774)	(162,890,447)	(181,262,149)
131,757,081	131,591,165	153,560,355	172,916,487	174,233,661	177,812,690
5,784,803	4,447,211	161,520	203,716	8,371,102	5,633,001
137,541,884	136,038,376	153,721,875	173,120,203	182,604,763	183,445,691
$ 10,271,012	$ 131,659	$ (5,352,903)	$ 1,312,429	$ 19,714,316	$ 2,183,542

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

	Fiscal Year			
	2015	**2016**	**2017**	**2018**
General Fund				
Nonspendable	$ 10,027	$ 10,027	$ 4,763	$ -
Restricted	81,243,264	51,973,251	47,684,272	47,027,906
Unassigned	329,381	(195,546)	(38,522)	664,031
Total general fund	81,582,672	51,787,732	47,650,513	47,691,937
All Other Governmental Funds				
Restricted	4,352,188	6,517,009	6,588,099	7,084,035
Total all other governmental funds	4,352,188	6,517,009	6,588,099	7,084,035
Total Governmental Funds	$ 85,934,860	$ 58,304,741	$ 54,238,612	$ 54,775,972

Source: Audited Financial Statements

Fiscal Year 2019	2020	2021	2022	2023	2024
$ -	$ -	$ -	$ -	$ 53,062	$ 75,338
52,524,813	48,612,636	43,354,781	44,343,466	58,813,193	80,251,199
861,894	722,530	1,261,987	1,871,973	1,556,024	1,618,857
53,386,707	49,335,166	44,616,768	46,215,439	60,422,279	81,945,394
7,087,481	7,043,331	19,794,101	14,223,277	13,800,993	8,194,265
7,087,481	7,043,331	19,794,101	14,223,277	13,800,993	8,194,265
$ 60,474,188	$ 56,378,497	$ 64,410,869	$ 60,438,716	$ 74,223,272	$ 90,139,659

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

	Fiscal Year			
	2015	**2016**	**2017**	**2018**
Revenues				
Taxes	$ 105,564,247	$ 110,707,633	$ 116,877,996	$ 119,187,748
Mitigation fees	4,624,139	4,363,650	7,848,175	7,621,753
Vehicle registration fees	1,220,900	1,272,697	1,282,433	1,275,901
State grant	2,050,573	1,991,947	2,065,521	2,498,978
Use of money and property	555,414	941,859	1,795,119	3,081,259
Miscellaneous	1,415	14,505	159,210	120,855
Total Revenues	114,016,688	119,292,291	130,028,454	133,786,494
Expenditures				
General government:				
Administrative	805,331	1,342,300	977,515	542,737
Freeway service patrol	2,090,267	2,000,559	2,271,606	2,126,051
Intergovernmental:				
Ongoing	84,573,836	88,688,421	93,578,879	95,096,646
Capital**	19,831,624	25,848,672	16,701,560	13,250,240
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	3,450,000	3,590,000
Interest and other charges	17,042,463	16,016,860	17,115,023	18,643,460
Total expenditures	124,343,521	133,896,812	134,094,583	133,249,134
Excess of Expenditures over Revenue	(10,326,833)	(14,604,521)	(4,066,129)	537,360
Other Financing Sources (Uses)				
Issuance of Bonds	212,200,000	-	-	-
Transfers in	16,439,131	18,182,376	20,823,804	22,520,621
Transfers out	(16,439,131)	(18,182,376)	(20,823,804)	(22,520,621)
Refunding Bonds	(212,200,000)	-	-	-
Bond Premium	-	-	-	-
Proceeds from lease asset	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	$ (10,326,833)	$ (14,604,521)	$ (4,066,129)	$ 537,360
Debt Service as a Percentage of Noncapital Expenditures*	15.88%	13.59%	18.11%	20.03%

Source: Audited Financial Statements

* Principal and interest/other charges, administrative, freeway service patrol, and ongoing/capital intergovernmental expenditures
** Intergovernmental capital expenditures are not capital outlay of the Authority.

Fiscal Year					
2019	2020	2021	2022	2023	2024
$ 131,757,081	$ 131,591,165	$ 153,560,355	$ 172,916,487	$ 174,233,661	$ 177,812,690
6,684,039	7,551,556	8,956,992	8,237,424	8,856,243	9,465,384
1,316,666	1,319,166	1,364,680	1,277,403	59,982	12,784
2,043,752	2,703,639	3,151,282	3,633,885	3,703,218	3,056,404
5,784,803	4,447,211	161,520	203,716	8,368,587	5,629,910
				2,515	3,093
147,586,341	147,612,737	167,194,829	186,268,915	195,224,206	195,980,265
794,117	1,133,643	615,219	833,685	1,576,619	1,224,725
1,986,738	2,658,784	3,305,277	3,680,165	3,792,562	3,278,329
105,217,067	105,116,994	127,582,088	143,176,416	138,516,326	145,410,585
10,705,881	20,410,835	26,080,868	22,642,901	13,631,572	10,200,583
-	-	-	381,753	-	-
3,740,000	3,890,000	4,050,000	4,278,519	48,626	4,434,233
19,444,322	18,498,171	15,655,190	15,629,382	19,775,761	39,681,376
141,888,125	151,708,427	177,288,642	190,622,821	177,341,466	204,229,831
5,698,216	(4,095,690)	(10,093,813)	(4,353,906)	17,882,740	(8,249,566)
-	-	-	-	24,245,000	296,415,000
23,096,608	22,290,456	20,534,968	21,116,140	25,296,978	20,010,130
(23,096,608)	(22,290,456)	(20,534,968)	(21,116,140)	(25,296,978)	(20,010,130)
-	-	-	-	(30,400,000)	(318,300,000)
-	-	-	-	2,056,816	46,050,953
-	-	-	381,753	-	-
-	-	-	381,753	(4,098,184)	24,165,953
$ 5,698,216	$ (4,095,690)	$ (10,093,813)	$ (3,972,153)	$ 13,784,556	$ 15,916,387
19.53%	17.31%	12.50%	11.66%	12.59%	27.55%

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

Fiscal Year	Sales Tax Rate	Total Sales Tax Revenue (000's)	Total Taxable Sales (000's)
2023*	0.5%	$ 174,234	$ 35,778,877
2022	0.5%	172,916	36,511,261
2021	0.5%	153,560	33,918,019
2020	0.5%	131,591	27,173,405
2019	0.5%	131,757	26,351,416
2018	0.5%	119,188	25,443,669
2017	0.5%	116,878	24,610,617
2016	0.5%	110,708	23,368,174
2015	0.5%	105,564	22,218,348
2014	0.5%	100,063	21,061,901

Source: California Department of Tax and Fee Administration

*Latest information available

SACRAMENTO TRANSPORTATION AUTHORITY
Revenue Capacity - Principal Revenue Payers
Calendar Years 2023 and 2014

	2023*			2014		
Business Type:	Rank	Amount (000's)	Percentage of Taxable Sales	Rank	Amount (000's)	Percentage of Taxable Sales
All Other Outlets	1	$ 11,489,720	32.1%	1	$ 6,412,208	30.4%
All Other Retail Stores	2	5,592,659	15.6%	4	2,131,227	10.1%
Automotive	3	4,538,617	12.7%	2	2,797,532	13.3%
Eating and Drinking Places	4	3,594,344	10.0%	5	2,071,554	9.8%
General Merchandise Stores	5	2,875,639	8.0%	3	2,157,986	10.2%
Service Stations	6	2,146,048	6.0%	6	1,857,065	8.8%
Building Materials	7	1,949,722	5.4%	7	1,168,008	5.5%
Food Stores	8	1,229,971	3.4%	8	959,756	4.6%
Apparel Stores	9	1,219,867	3.4%	9	921,913	4.4%
Household & Home Furnishings	10	1,142,290	3.2%	10	340,187	1.6%
Nonstore Retailers	11	-	0.0%	11	244,464	1.2%
Total All Outlets		$ 35,778,877	100.0%		$ 21,061,900	100.0%

Source: California Department of Tax and Fee Administration
*Latest information available

SACRAMENTO TRANSPORTATION AUTHORITY
Private Sector Principal Employers
June 30, 2023 and 2014

	2023*			2014		
Employer:	Rank	Employees	Percentage of Total County Employment	Rank	Employees	Percentage of Total County Employment
UC Davis Health System	1	16,075	2.3%			
Kaiser Permanente	2	10,934	1.6%	2	9,109	1.5%
Sutter/California Health Services	3	9,350	1.3%	1	9,494	1.5%
Dignity/Mercy Healthcare	4	7,353	1.1%	3	7,397	1.2%
Intel Corporation	5	5,000	0.7%	5	6,000	1.0%
Raley's Inc/Bel Air	6	2,756	0.4%	4	6,240	1.0%
Siemens Mobility Inc.	7	2,500	0.4%			
Safeway	8	1,874	0.3%			
Golden 1 Credit Union	9	1,776	0.3%			
Pacific Gas and Electric	10	1,370	0.2%			
Wells Fargo & Co.				6	3,249	0.5%
Hewlett-Packard				7	3,200	0.5%
Cache Creek Casino Resort				8	2,400	0.4%
Health Net of California				9	2,358	0.4%
VSP Global				10	2,223	0.4%
Total		58,988	8.4%		51,670	8.3%

Source: Sacramento County June 30, 2023 Annual Comprehensive Financial Report (ACFR)

*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
2023	1,588,000	$ 98,105,641	$ 61,775	3.9%
2022	1,589,000	98,241,828	61,829	7.0%
2021	1,559,000	90,908,707	58,307	9.3%
2020	1,552,000	85,775,621	55,266	3.7%
2019	1,541,000	80,969,087	52,544	3.8%
2018	1,531,000	76,832,120	50,197	4.6%
2017	1,514,000	72,878,458	48,122	5.4%
2016	1,497,000	70,110,138	46,845	6.0%
2015	1,478,000	65,486,553	44,303	7.3%
2014	1,460,000	61,654,690	42,229	8.9%

Source: Sacramento County June 30, 2023 Annual Comprehensive Financial Report (ACFR)

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SACRAMENTO TRANSPORTATION AUTHORITY
Operating Information - Employees
Last Ten Fiscal Years

Activity:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measure A/SAVSA	2.38	2.18	2.12	2.07	2.07	2.07	1.95	2.95	2.65	2.60
Freeway Service Patrol	0.62	0.82	0.88	0.93	0.93	0.93	1.05	1.05	1.15	1.20

Source - Payroll Allocation

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

Jurisdiction	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021
City of Citrus Heights	$ 3,402,895	$ 3,411,859	$ 3,397,512	$ 3,017,591
County of Sacramento	26,775,567	26,048,852	26,033,861	23,142,052
CTSA Set Aside*	-	-	-	-
City of Elk Grove	7,261,506	7,218,305	7,125,601	6,275,989
City of Folsom	3,675,936	3,467,694	3,430,713	3,081,437
City of Galt	1,777,859	1,741,134	1,729,165	1,535,604
City of Isleton	71,114	69,645	69,167	61,424
Neighborhood Shuttle	1,000,000	1,000,000	1,000,000	1,000,000
Paratransit	2,361,648	2,312,585	2,296,595	2,038,005
Sacramento Regional Parks	1,000,000	1,000,000	1,000,000	1,000,000
City of Rancho Cordova	3,506,626	3,446,223	3,390,744	2,904,098
Regional Transit	65,863,751	64,495,437	64,049,486	56,837,693
City of Sacramento	20,853,500	20,502,062	20,266,469	17,944,897
SMAQMD	2,624,054	2,569,539	2,551,772	2,264,450
Debt Service	39,672,394	19,765,089	19,852,119	19,705,190
Administration	1,312,027	1,284,770	1,040,770	1,132,225
Total allocations	$ 181,158,877	$ 158,333,193	$ 157,233,974	$ 141,940,655

Source: Authority accounting records
* Per Authority Ordinance, allocations to this fund were discontinued June 30, 2019

Fiscal Year					
2020	2019	2018	2017	2016	2015
$ 2,589,796	$ 2,594,616	$ 2,347,540	$ 2,302,514	$ 2,152,319	$ 2,071,744
19,780,254	19,824,716	17,951,156	17,620,170	16,530,072	15,862,799
-	1,078,447	1,168,157	1,146,027	1,069,997	1,027,592
5,356,571	5,367,420	4,780,559	4,739,611	4,318,918	4,135,491
2,600,243	2,603,896	2,335,123	2,294,486	2,105,522	2,018,853
1,315,912	1,317,357	1,191,381	1,168,176	1,091,347	1,048,496
52,636	52,694	47,656	46,727	43,654	41,940
1,000,000	1,000,000	1,083,334	1,000,000	1,000,000	1,000,000
5,815,018	4,743,008	4,088,549	4,011,094	3,744,989	3,596,572
1,000,000	1,000,000	1,083,334	1,000,000	1,000,000	1,000,000
2,492,262	2,497,862	2,239,524	2,201,648	2,013,909	1,922,210
44,581,803	44,631,157	40,301,412	39,537,925	36,914,890	35,451,925
15,285,468	15,270,445	13,652,724	13,390,589	12,539,139	12,037,403
1,938,339	1,940,485	1,752,235	1,719,040	1,604,995	1,541,388
22,388,171	23,184,323	22,233,460	20,565,023	22,202,434	21,322,534
969,170	970,243	1,033,546	899,939	802,498	770,694
$ 127,165,643	$ 128,076,669	$ 117,289,690	$ 113,642,969	$ 109,134,683	$ 104,849,641

SACRAMENTO TRANSPORTATION AUTHORITY
Ratios of Outstanding Debt
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Bonds	Percentage of Personal Income	Per Capita
2023*	$ 316,280,000	0.3%	$ 199
2022	348,700,000	0.4%	219
2021	352,935,000	0.4%	226
2020	356,985,000	0.4%	230
2019	360,875,000	0.4%	234
2018	364,615,000	0.5%	238
2017	368,205,000	0.5%	243
2016	371,655,000	0.5%	248
2015	371,655,000	0.6%	251
2014	371,655,000	0.6%	255

Source: Sacramento County June 30, 2023 Annual Comprehensive Financial Report (ACFR) and Audited Financial Statements
* Latest information available

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

Fiscal Year	Abatements
2024	-
2023	6,176
2022	21,413
2021	19,790
2020	22,518
2019	18,877
2018	14,670
2017	13,019
2016	8,586
2015	5,037

Source: Authority records

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INDEPENDENT AUDITORS' 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Sacramento Transportation Authority (the "Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 7, 2024

To the Board of Directors
Sacramento Transportation Authority
Sacramento, California

SCHEDULE OF FINDINGS AND RESPONSES

Reference Number
2024-001

Evaluation of Finding
Significant Deficiency

Condition:
Through the process of understanding the Authority's internal control we noted there is no explicit review and approval of manual journal entries prepared by the Accounting Manager resulting in a lack of appropriately documented segregation of duties. While there were no errors identified in our financial statement audit process, the potential impact due to these risk factors could result in a material misstatement to the financial statements.

Criteria:
Management is responsible for the design and implementation of internal controls. Segregation of duties is a fundamental principle in internal controls that aims to prevent and detect errors and irregularities. According to COSO's Internal Control—Integrated Framework, duties should be divided among different individuals to reduce the risk of error or inappropriate actions. Specifically, the responsibilities for recording, reviewing and authorizing manual journal entries.

Cause of Condition:
The primary issue stems from the common limitations of the workflow process in QuickBooks used by the Authority for financial reporting.

Effect or Potential Effect of Condition:
The lack of segregation of duties in the journal entry process can lead to significant risks, including:

- Increased likelihood of undetected errors and misstatements in the financial statements.
- Heightened risk of fraudulent activities, such as unauthorized transactions, manipulation of financial records, and misappropriation of assets.
- Compromised integrity and reliability of financial reporting, which could adversely affect stakeholder trust and decision-making.

Recommendation:
We recommend that the Authority implement mitigating control measures to counter the limitations of QuickBooks. For instance, the Authority could utilize the QuickBooks' "Audit Log" feature monthly and provide the report to the Executive Director. The "Audit Log" can be reviewed by the Executive Director monthly in conjunction with the review and approval of the bank reconciliations and journal entries prepared by the Accounting Manager.

Management's Response and Corrective Action:
The Authority agrees with the finding described by the Auditor. The Authority will implement controls and resolve this matter.

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