







Sacramento Transportation Authority

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2016



Sacramento, California









COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SACRAMENTO TRANSPORTATION AUTHORITY

Sacramento, California

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

PREPARED BY

Timothy Jones, CPA, CPFO Accounting Manager

SACRAMENTO TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Transmittal Letter	i
List of Principal Officials	V
Sacramento Transportation Authority Organization Chart	vi
GFOA Certificate of Achievement	vii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	4.4
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet	15
to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and	10
Changes in Fund Balances of Governmental Funds to the	
Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund	
Balance – Budget and Actual – General Fund	18
Statement of Revenues, Expenditures, and Changes in Fund	
Balance – Budget and Actual – Special Revenue Fund	19
Statement of Fiduciary Net Position – Agency Funds	20
Notes to the Basic Financial Statements	21
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension	
Liability – Miscellaneous Plan (unaudited)	43

SACRAMENTO TRANSPORTATION AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	Page
Supplemental Information	
Agency Funds Combining Statement of Changes in Assets and Liabilities	44
STATISTICAL SECTION	
Net Position by Component Changes in Net Position Fund Balances of Governmental Funds Changes in Fund Balances of Governmental Funds Revenue Capacity – Revenue Base and Revenue Rate Revenue Capacity – Principal Revenue Payers Private Sector Principal Employers Demographic and Economic Statistics Operating Information – Employees Operating Information – Demand for Services Ratios of Outstanding Debt Operating information – Abandoned Vehicle Abatements	48 50 52 54 56 57 58 59 60 61 63 64
OTHER	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	65







Sacramento Transportation Authority

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December 30, 2016

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

We are pleased to present this Comprehensive Annual Financial Report (CAFR) of the Sacramento Transportation Authority (Authority) for the fiscal year ended June 30, 2016. Authority management is responsible for the accuracy, completeness and reliability of the information contained in this report. A comprehensive system of internal controls has been implemented which is designed to protect the Authority's assets from loss, theft or misuse, to identify and record transactions accurately and to compile the necessary information to report the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not exceed anticipated benefit, the objective of the Authority's internal control system is to provide reasonable, but not absolute, assurance that the financial statements are free from any material misstatement.

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

Measure A requires that an Independent Taxpayer Oversight Committee (ITOC) supervise fiscal and performance audits regarding the use of all sales tax funds and perform a periodic independent review to ensure that all Measure A funds are spent in accordance with provisions of the Expenditure Plan and Ordinance as approved by voters in November 2014. Under the supervision of the ITOC, the Authority engages an independent audit firm to perform a financial and compliance audit of all Measure A and Sacramento Abandoned Vehicle Service Authority (SAVSA) funds.

PROFILE OF THE AUTHORITY

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

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

The Authority's Governing Board (Authority Board) consists of sixteen-members – five from the Sacramento County Board of Supervisors, five from the Sacramento City Council, one from the Citrus Heights City Council, two from the Elk Grove City Council, one from the Folsom City Council, one from the Galt City Council, and one from the Rancho Cordova City Council. The Authority is responsible for establishing ordinances, adopting an annual budget, and hiring 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 a Principal Analyst, Accounting Manager, and Freeway Service Patrol Manager.

In addition to the Original and New Measure A programs, the Authority administers the Sacramento Abandoned Vehicle Service Authority (SAVSA), which is considered a component unit of the Authority, and the Freeway Service Patrol (FSP) program. SAVSA was established under California Vehicle Code Section 22710 in September 1991. The code allows participating counties to impose a \$1 surcharge on vehicle registration to be used for abandoned vehicles abatement. Participating jurisdictions include the County of Sacramento and the Cities of Citrus Heights, Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento. Each participating jurisdiction has adopted an ordinance which establishes procedure for the abatement, removal, and disposal of abandoned vehicles.

FSP was established in June 1992 through a Memorandum of Understanding (MOU) with the Department of Transportation (Caltrans), California Highway Patrol (CHP) and the Authority. Beginning in April, 2009, the Authority began administering the FSP program for Yolo County. Funding for the program is provided by a state grant from Caltrans and local matching funds from the Capitol Valley Regional Service Authority for Freeways & Expressways. The FSP program consists of a system of roving tow trucks deployed at peak traffic times in high congestion areas throughout Sacramento and Yolo counties that respond to accidents and remove hazards from roadways. As such, FSP has become one of Sacramento's more successful congestion management tools by eliminating non-recurrent freeway delays caused by minor accidents, stalled vehicles, and in-lane debris. In turn, the FSP program improves highway safety and reduces mobile source emissions by easing highway congestion.

The mission of the Authority is to plan, fund, and oversee expenditures of revenues in a manner that improves the vehicular traffic circulation system and mitigates the environmental impacts of traffic. In 2013, the STA board began exploring additional revenue sources for a new Transportation Expenditure Plan (TEP), developed in coordination with the Professional Advisory Group (PAG). The effort known as Measure B, asked voters to approve an additional 0.5% sales tax to fund transportation maintenance and construction projects. It reflected the County's and voters' long-term priorities, and was estimated to generate \$120 million annually. At the June 2016 meeting, the STA Board adopted the Transportation Expenditure Plan (TEP) and Ordinance, STA 16-001. This Ordinance was enacted pursuant to the provisions of Division 19 (commencing with Section 180000) of the California Public Utilities Code and Section 7252.16 of the California Revenue and Taxation Code.

Measure B prioritized "fix-it-first" projects focused on maintenance. It required that potholes be fixed, streets repaved, bridges strengthened, and roadways brought up to modern standards to better serve all users. These priorities were intended to keep up with the growth of the region, strengthen our

economy, and fix our transportation infrastructure to avoid paying more in the future. This effort included educating residents and stakeholders about successful transportation projects in their communities that were funded by Measure A as well as highlighting the need for additional transportation funding and the importance of Measure B. Poll results from March 2016 showed 69% support, more than the 2/3 requirement. However, in November 2016, the elections results showed Measure B received 65.71% yes votes; just one-percent shy of that requirement. The Authority is currently assessing its future funding options.

This report includes all funds and jurisdictions that are financially accountable to the Authority. Accountability was determined on the basis of budget adoption, taxing authority, and imposition of will. Under this criteria, SAVSA is governed by the Authority, considered a component unit of the Authority, and reported as a Special Revenue Fund in its financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy - The unemployment rate for Sacramento County in June 2016 was 5.6%, a marginal improvement from June 2015. However, unemployment dropped further to 5.4% by October 2016. This compares to an unadjusted unemployment rate of 5.3% for California and 4.7% for the nation. Between October of 2015 and 2016, private educational and health services led year-over-year growth followed by construction and government. As unemployment declines, taxable sales go up which drives the Authority's sales tax revenue receipts.

Year-over-year sales tax revenues increased 4.9% to \$110.7 million, as budgeted. However, the Authority's 2017 adopted budget reflects more conservative growth of 3% or \$114 million in sales tax revenue. Total Measure A sales tax receipts fiscal year-to-date are 4.7% higher than the same period last year. However, revenue is well below expectations established early in the program, in part because of the severe recession experienced during 2008 through 2010.

Long Term Financial Planning - The Authority plans to update its cash flow projections for fiscal year 2017 and beyond. This effort is necessary to align the timing of capital project cash needs with cash resources. In the Fall of 2016, the Authority hired PFM Financial Advisors to assist with this effort which is expected to be completed in the Spring of 2017. Based on the information provided by the analysis, the Authority will identify when and if additional Measure A Sales Tax Revenue Bonds should be issued to address cash flow needs.

Under New Measure A, the Neighborhood Shuttle program receives \$1 million annually. This program is designed to fund the development of additional neighborhood shuttles throughout Sacramento County. The Authority is required to develop a program that will allow local jurisdictions to compete for these funds. This program holds \$7 million in funds as of June 30, 2016 but has not been implemented yet. However, in fiscal year 2017 staff will work with the ITOC and the Authority to identify potential uses for these funds.

Budget Information - Before the beginning of each fiscal year, staff propose an annual budget based on program goals and objectives. This information is presented to the Authority's Board for adoption. The Authority's Board may adjust the budget throughout the fiscal year, and the Executive Director has the authority to transfer authorized budget amounts between expenditure line items. This report includes statements for the General Fund and SAVSA that compare actual results to the final adopted budget.

AWARDS AND ACKNOWLEDGEMENTS

An audit team from Richardson and Company, LLP performed this year's audit. The independent auditor's unmodified opinion is included in the Independent Auditor's Report.

For the 21st consecutive year, the Authority received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015. This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. We believe this report continues to conform to the program's requirements, therefore we plan to submit it to the GFOA for review.

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

Respectfully Submitted,

Jeffrey Spencer, Executive Director

Timothy Jones, Accounting Manager

SACRAMENTO TRANSPORTATION AUTHORITY

LIST OF PRINCIPAL OFFICIALS

June 30, 2016

BOARD MEMBERS

KERRI HOWELL, City of Folsom (Chair) PATRICK KENNEDY, County of Sacramento (Vice-Chair) PHIL SERNA, County of Sacramento SUSAN PETERS, County of Sacramento ROBERTA MACGLASHAN, County of Sacramento DON NOTTOLI, County of Sacramento LARRY CARR, City of Sacramento **ERIC GUERRA City of Sacramento** STEVE HANSEN, City of Sacramento JEFF HARRIS, City of Sacramento JAY SCHENIRER, City of Sacramento MEL TURNER, City of Citrus Heights GARY DAVIS, City of Elk Grove PATRICK HUME, City of Elk Grove CURT CAMPION, City of Galt and Isleton ROBERT J. MCGARVEY, City of Rancho Cordova

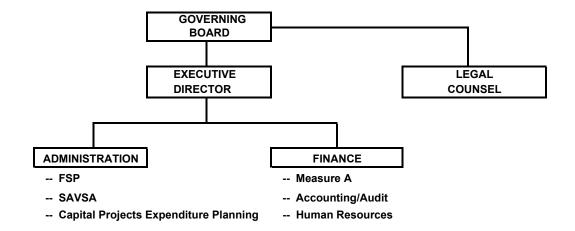
Alternates

NICK AVDIS, County of Sacramento MARK CREWS, City of Galt and Isleton JEFF SLOWEY, City of Citrus Heights ANDY MORIN, City of Folsom TERESA STANLEY, County of Sacramento DONALD TERRY, City of Rancho Cordova

STAFF

JEFFREY L. SPENCER, Executive Director NORMAN HOM, Principal Administrator TIMOTHY JONES, Accounting Manager JENNIFER DOLL, FSP Program Manager BILL BURKE, Legal Counsel

Sacramento Transportation Authority For the Year Ended June 30, 2016 Organization Chart





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Transportation Authority California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO







Telephone: (916) 564-8727 FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Sacramento Transportation Authority Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento Transportation Authority (Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Directors Sacramento Transportation Authority

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority as of June 30, 2016, and the respective changes in financial position and budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note 12 to the financial statements, management has elected to change its method for determining the recognition of sales tax revenue and expenses/expenditures of Measure A funds to the jurisdictions in 2016. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 23, 2016

SACRAMENTO TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2016

As management of the Sacramento Transportation Authority (Authority), we offer readers the Authority's financial statements, this narrative overview, and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the Authority's financial statements, which begin on page 12 of this report.

FINANCIAL HIGHLIGHTS

- Sales tax revenue increased to \$110.7 million or \$5.1 million (4.9%) over the prior year.
 This amount is consistent with the estimated sales tax revenues included in the 2015-16 adopted budget. During the fiscal year, Sacramento's economy continued to improve and sales tax revenue is expected to grow moderately in the coming year.
- The liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources at the close of the most recent fiscal year by \$325.9 million (net position). All of this deficit consists of long-term debt associated with Measure A Sales Tax Revenue Bonds issued to fund capital projects. The assets related to this debt are reported in the financial statements of the jurisdictions building the assets. Over time, bond principal payments will reduce bond debt and the related liabilities.
- A prior year restatement in the amount of \$13 million reduced the General Fund's beginning fund balance. This was the result of recording expenditures associated with revenue earned during the fiscal year but collected within 90 days after the end of the fiscal year. The Authority's past practice was to record revenue earned during the fiscal year but collected afterwards, without recording the associated expenditures. However, to be in compliance with accounting principles generally accepted in the United States of America (GAAP), the expenditures should also be recorded since they are considered passed-through the Authority at the same time revenue is earned, not when it is received.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial Statements* are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

Statement of Net Position - presents information on all of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow 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.

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

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental and fiduciary.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

A budgetary statement has been provided for the General and Special Revenue Funds to demonstrate compliance with the budget. This statement can be found on pages 18-19 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 21-42 of this report.

Required Supplementary Information – The statements are followed by a section of *required supplementary information* (RSI) that further explains and supports information in the financial statements. This information can be found on page 43 of this report.

Other Supplementary Information – In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain *other supplementary information* concerning *agency funds* reported by the Authority. This information can be found on pages 44-46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities and deferred inflow of resources exceeded assets and deferred outflow of resources by \$325.9 million. The entire amount is related to the long-term bonds issued by the Authority. Since assets constructed with bond proceeds are reported in the financial statements of the jurisdictions building them, the Authority reports the liability without any offsetting asset. In October 2016, the Authority started making bond principal payments, which over time, will reduce the deficit net position.

Table A
Statement of Net Postion
Governmental Activities
June 30, 2016

Assets:		2016	2015
Cash and investments		\$ 34,621,999	\$ 25,547,935
Receivables and prepaid items		23,866,562	20,115,418
Restricted cash and investments		24,034,134	45,444,311
	Total assets	82,522,695	91,107,664
Deferred outflow of resources		120,283,826	90,916,865

23,045,643	4,393,482
647,442	259,874
7,461,241	4,033,729
497,534,425	472,255,458
528,688,751	480,942,543
62,979	152,933
13,296,991	9,885,863
6,362,460	-
318,887	121,827
19,978,338	10,007,690
(345,923,547)	(309,078,758)
\$ (325,945,209)	\$ (299,071,068)
	647,442 7,461,241 497,534,425 528,688,751 62,979 13,296,991 6,362,460 318,887 19,978,338 (345,923,547)

^{*} In 2015, approximately \$4.4 million in due to other governments was combined with accounts payable

Changes in Net Position

The net deficit position increased by 9.0% to \$325.9 million from \$299.0 million over the prior year. The net deficit position is comprised of two components - restricted and unrestricted. The restricted portion increased by a positive \$10 million (99.6%), while the negative unrestricted portion increased by \$36.8 million. The increase in the restricted balance is primarily driven by the reclassification of the debt service balance. In prior years, the positive balance associated with debt service was netted against the unrestricted negative balance. To reflect the fact that debt service reserves are maintained in separate accounts, this year the debt service balance of \$6.4 million was reported separately as restricted. Additionally, the restricted amount reported as Sacramento Countywide Transportation Mitigation Fee Program (SCTMFP) increased by \$3.4 million. This increase was caused by the program's revenues exceeding expenditures. However, beginning in July 2017, expenditures are expected to increase significantly as the Authority transitions to paying capital claims with SCTMFP money instead of bond funds, which have been exhausted with exception of required reserves.

As mentioned previously, the unrestricted (deficit) balance increased by \$36.8 million. The primary cause of the increase is that expenditures reported as due to other governments increased by \$18.7 million to \$23 million. The majority of this amount, \$16.4 million, is related to recording expenditures that were not similarly recorded in prior years' financial statements. In July and August each year, the Authority receives an advance on the sales tax revenue collected in May and June. Then in September each year, the Authority receives a final payment for the difference between the total amount of advances for the last quarter of the previous fiscal year and the total sales tax revenue it is due. Most of the sales tax revenue is concurrently allocated to each Measure A jurisdiction per the ordinance. Therefore, the Authority records the expenditures at the same time as the revenue and reports the expenditures related to the sales tax collections after the end of the fiscal year in the due to other governments account.

The remaining variance is attributable, in part, to an \$8.6 million net decrease in assets. This was caused by several factors including spending \$21.4 million in bond proceeds for capital projects offset by a \$12.8 million increase in unrestricted cash and receivables. Roughly \$5 million of the increase in unrestricted cash was related to the accumulation of SCTMFP revenue, while the remainder of the increase was cash that was allocated but unused for debt service payments. This cash is therefore available for capital construction claims. Additionally, as mentioned previously, \$6.4 million related to debt service moved to the restricted classification, which increased the deficit related to the unrestricted classification.

Table C
Statement of Activities
For the Year Ended June 30, 2016

Revenues:	2016*	2015	
Program Revenues:			
Sacramento Countywide Transportation			
Mitigation Fee Program	\$ 4,363,650	\$ 4,624,139	
Freeway Service Patrol Program	1,991,947	2,050,573	
Sacramento Abandoned Vehicle Service			
Authority	1,272,697	1,220,900	
General Revenues:			
Sales Taxes	110,707,633	105,564,247	
Interest, Investment Earnings, and other	956,364	556,829	
Total revenues	119,292,291	114,016,688	
Program Expenses:			
Measure A	112,316,542	104,681,621	
Sacramento Countywide Transportation			
Mitigation Fee Program	1,004,034	6,676	
Freeway Service Patrol Program	2,001,317	2,090,267	
Sacramento Abandoned Vehicle Service			
Authority	1,216,517	1,172,574	
Administration	1,394,221	-	
Interest on Long-Term debt	15,208,203	15,538,373	
Total expenses	133,140,834	123,489,511	
Change in net position	(13,848,543)	(9,472,823)	
Net position - beginning	(299,071,068)	(288,831,950)	
Restatement of beginning net position	(13,025,597)	(766,295)	
Net position - ending	(325,945,209)	(299,071,068)	

^{*} Administration expenses previously reported with Measure A expenses are now reported separately

Changes in the Statement of Activities

The largest change is the \$13 million reduction to net position related to the prior year fund balance restatement. This amount is the prior year's portion of the \$16.4 variance explained within the analysis of net position above. Sales tax revenue increased by \$5.1 million (4.9%) to \$110.7, which is consistent with the adopted budget and supported by the improved economy. Interest and investment earnings increased by 71.8% to \$956,364 from \$556,829 because the Local Agency Investment Fund (LAIF), which is a state managed fund containing a pool of idle funds from state and local agencies, realized improved returns on its investments.

Measure A expenditures increased by \$7.6 million (7.3%) to \$112.3 million. This amount consists of monthly Measure A expenditures supporting ongoing programs and bond proceeds to fund capital projects. Expenditures using bond proceeds make up the majority of the increase. Expenditures in the SCTMFP account increased to \$1 million from \$7,000 in the prior year. Near the end of the fiscal year, bond fund proceeds other than required reserves had been exhausted so the Authority began paying capital claims from the SCTMFP account. As mentioned previously, spending from this account will increase significantly in FY 2016-17.

FUND FINANCIAL ANALYSIS

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

Governmental Funds

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund – As shown on the Balance Sheet, the General Fund ended the year with assets of \$75 million and liabilities of \$23.2 million, leaving the General Fund with a \$51.8 million fund balance, a decrease of approximately \$30 million from the prior year. The fund balance primarily consists of \$38.5 million in restricted bond and Measure A sales tax proceeds and \$13.3 million in restricted SCTMFP fees collected county-wide for certain property improvements. The amount reported as due to other governments increased by approximately \$18.7 million over the prior year. Each year, the Authority accrues two months of Measure A sales tax receipts earned, but uncollected, at the end of the year. However, in years past the expenditures related to those revenues were not accrued but should have been since the Authority is a pass through agency.

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances, Measure A sales tax revenues increased 4.9% to \$110.7 million from \$105.6 million in the prior year. However, Measure A expenditures (intergovernmental) of \$113.3 million were approximately \$10 million more than the prior year. Additionally, because of the accrual issue described in the previous paragraph, a prior year restatement of the beginning fund balance in the amount of \$13 million was necessary.

Special Revenue Fund – As shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Sacramento Abandoned Vehicle Service Authority (SAVSA), presented as a Special Revenue Fund, reported an ending fund balance of \$155,000, a \$33,000 increase over the

prior year. Revenues and expenditures for the current and prior year were approximately \$1.2 million.

Debt Service Fund – As shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances, the Debt Service Fund reported a fund balance of \$6.4 million, an increase of approximately \$2.1 million over the prior year. This increase is directly related to the bond trustee's accumulation of cash during fiscal year 2015-16 to pay the Authority's first 2012 series bond principal payment in October 2016. On a monthly basis, the trustee receives the net Measure A sales tax revenues from the Board of Equalization, withholds up to 20.75% of the proceeds to pay debt service costs as allowed in the ordinance and remits the balance to the Authority's General Fund. The \$18.2 million of transfers out of the General Fund and similar transfers into the Debt Service Fund represent the amount needed to pay the debt service costs.

GENERAL FUND BUDGET HIGHLIGHTS

Actual intergovernmental expenditures were \$12.5 million (12.7%) more than budgeted due to accelerated construction activity in numerous jurisdictions. As a result, intergovernmental expenditures will likely be less than budgeted for FY 2016-17. Actual debt service costs were \$1.5 million (9.2%) more than budgeted due to the accumulation of cash during the fiscal year for the October 2016 principal payment related to the 2012 series bonds. Actual sales tax revenue was \$1.6 million (1.4%) less than budgeted because, on a cash basis, the sales tax growth projection of 5.5% was overly optimistic.

DEBT ADMINISTRATION

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

Long-term Debt June 30, 2016 (in millions)

	Amount		Final Maturity
2009C	\$	106.1	10/1/2038
2012		53.5	10/1/2027
2014A (refunded 2009A)		106.1	10/1/2038
2015A (refunded 2009B)		106.1	10/1/2038
Total Outstanding Bonds		371.8	

The series 2009C bonds are variable-rate with a weekly interest rate reset date. These variable rate bonds are supported by a liquidity facility in the form of a standby bond purchase agreement (SBPA) provided by US Bank. The US Bank SBPA is due to expire in February 2017. The series 2009C bondholders have the right to tender the bonds weekly. Upon the tender, the remarketing agent will attempt to remarket the bonds to a new investor. If the remarketing of the bonds is

unsuccessful, the Trustee will draw upon the SBPA to purchase the bonds and the bonds will enter into a bank bond period in which they accrue interest. These highly-rated bonds have always been remarketable. While the SBPA provider (US Bank) agrees to provide liquidity to the bondholders, they are compensated with commitment fees that are calculated as a percentage of the bank commitment amounts.

In September 2014, the Authority issued \$106.1 million in series 2014A Measure A Sales Tax Revenue Refunding Bonds to refund the same amount of series 2009A bonds. As a result of the refunding, cash held as a reserve in the amount of \$8.2 million was made available to fund projects and other costs. The series 2014A bonds were directly purchased by Wells Fargo and do not require a separate liquidity facility or any credit enhancement. Wells Fargo is paid interest on the bonds based on upon 67% of 1-month London Interbank Offered Rate (LIBOR), plus a fixed spread. The direct purchase agreement is due to expire in September 2017. The interest rate swaps were retained.

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

Additional information on the Authority's long-term debt can be found in Note 8 on pages 37-41 of this report.

ECONOMIC CONDITION AND FUTURE BUDGETS

Sacramento County is home to the California State Capitol and is highly influenced by the public sector with government jobs comprising more that 26% of total wage and salary employment. The largest employment gains were observed in education and healthcare, professional and business services, and government. Population growth, increased employment, and housing starts will continue to fuel total taxable sales, which are estimated to be \$23.6 billion or 4% higher in the coming year.

The adopted budget for FY 2016/17 assumed a 3% increase in sales tax revenue to \$114 million. Measure A allocations and capital projects expenditures are estimated to increase 22% over the prior year to \$120 million. The remaining budgeted amounts are either similar to the prior year amounts or immaterially changed when compared to the overall budget.

REQUESTS FOR INFORMATION

The Authority designed this financial report to provide interested parties with a general overview of the Authority's finances. Address questions concerning the information provided in this report or requests for additional information through email to the Authority's Accounting Manager at tim@sacta.org. This report is also available on the Authority's website at sacta.org.

BASIC FINANCIAL STATEMENTS

SACRAMENTO TRANSPORTATION AUTHORITY STATEMENT OF NET POSITION June 30, 2016

	G	overnmental Activities
ASSETS		
Cash and investments	\$	34,621,999
Receivables:		
Interest		165,161
Due from other governments		23,691,374
Prepaid items		10,027
Restricted cash and investments		24,034,134
Total assets		82,522,695
DEFERRED OUTFLOW OF RESOURCES		
Fair value of hedging derivatives (long-term interest rates)		120,167,420
Pension		116,406
		120,283,826
LIABILITIES		
		647 442
Accounts payable Due to other governments		647,442 23,045,643
Deposits		524,869
Interest payable		3,450,822
Long-term liabilities:		0,400,022
Due within one year		3,485,550
Long-term debt, due in more than one year		496,741,192
Compensated absences, due in more than one year		43,155
Net pension liability		750,078
Total liabilites		528,688,751
DEFERRED INFLOW OF RESOURCES		<u> </u>
Pension		62,979
		32,0.0
NET POSITION		
Restricted for transportation mitigation		13,296,991
Restricted for abandoned vehicles		154,549
Restricted for freeway service patrol		164,338
Restricted for debt service		6,362,460
Unrestricted		(345,923,547)
Total net position	\$	(325,945,209)

SACRAMENTO TRANSPORTATION AUTHORITY STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

		Program Revenues Operating Grants		Net (Expense) and Revenue Governmental
Functions/Programs	Expenses	•	Contributions	Activities
Governmental Activities:				
Measure A	\$ 112,316,542			\$ (112,316,542)
Sacramento Countywide Transportation Mitigation				
Fee Program	1,004,034	\$	4,363,650	3,359,616
Freeway Service Patrol				
Program	2,001,317		1,991,947	(9,370)
Sacramento Abandoned				
Vehicle Service Authority	1,216,517		1,272,697	56,180
Administration	1,387,221			(1,387,221)
Interest on long-term debt	15,215,203			(15,215,203)
Total governmental activities	\$ 133,140,834	\$	7,628,294	(125,512,540)
	General revenues:			
	Sales taxes			110,707,633
	Interest, investme	nt ear	ninas	-, - ,
	and other		J	956,364
	Total general rev	enues	5	111,663,997
	Change in net p	ositio	n	(13,848,543)
	Net position - begin	ning,	as	
	previously reported			(299,071,068)
	Restatement of beginning			
	net position		(13,025,597)	
	Net position - begin	ning,	as restated	(312,096,666)
	Net position - endin	g		\$ (325,945,209)

SACRAMENTO TRANSPORTATION AUTHORITY BALANCE SHEET - GOVERNMENTAL FUNDS June 30, 2016

		Abandoned		
		Vehicle		Total
		Special	Debt	Governmental
	General	Revenue	Service	Funds
ASSETS:				
Cash and investments	\$ 33,906,403	\$ 715,596		\$ 34,621,999
Prepaid items	10,027			10,027
Receivables:				
Interest	161,992	3,169		165,161
Due from other governments	23,342,190	349,184		23,691,374
Due from other funds	26,873			26,873
Restricted cash and investments	17,522,917		\$ 6,511,217	24,034,134
TOTAL ASSETS	\$ 74,970,402	\$ 1,067,949	\$ 6,511,217	\$ 82,549,568
LIABILITIES AND FUND BALANC	ES			
LIABILITIES:				
Accounts payable and other				
accrued liabilities	\$ 127,027	\$ 371,658	\$ 148,757	\$ 647,442
Due to other governments	23,045,643	Ψ 0.1.,000	Ψ ,	23,045,643
Due to other funds		26,873		26,873
Deposits	10,000	514,869		524,869
Total liabilites	23,182,670	913,400	148,757	24,244,827
FUND BALANCES:				
Nonspendable:				
Prepaid items	10,027			10,027
Restricted:	,			,
Measure A projects	38,511,922			38,511,922
Transportation mitigation	13,296,991			13,296,991
Freeway service patrol	164,338			164,338
Debt service	,		6,362,460	6,362,460
Abandoned vehicles		154,549	, ,	154,549
Unassigned:		,		,
General administration	(195,546)			(195,546)
Total fund balances	51,787,732	154,549	6,362,460	58,304,741
TOTAL LIABILITIES AND				
FUND BALANCES	\$ 74,970,402	\$ 1,067,949	\$ 6,511,217	\$ 82,549,568

SACRAMENTO TRANSPORTATION AUTHORITY RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2016

Ending Fund Balances per governmental fund balance sheet (page 14)		\$ 58,304,741
Amounts reported for the governmental activities in the statement of net position are different because:		
Long-term debt, including premium and hedging derivatives, are not due and payable in the current period and therefore are not reported in the fund statements.		
Bonds, including premiums		
and hedging derivatives	\$ (500,191,192)	
Fair value of hedging derivatives	120,167,420	(380,023,772)
Pension liability is not due and payable in the current period and is not reported in the fund statements.		
Deferred outflow of resources	116,406	
Pension liability	(750,078)	
Deferred inflow of resources	(62,979)	(696,651)
Interest payable is not due and payable in the current period and therefore is not reported in the fund statements.		(3,450,822)
Compensated absences are not due and payable in the current period and therefore are not reported in the fund statements.		/70 70E\
in the fund Statements.		(78,705)

\$ (325,945,209)

Net position of governmental activities (page 12)

SACRAMENTO TRANSPORTATION AUTHORITY STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended June 30, 2016

	General	Abandoned Vehicle Special Revenue	Debt Service	Totals Governmental Fund
REVENUES:				
Taxes	\$110,707,633			\$110,707,633
Mitigation fees	4,363,650			4,363,650
Vehicle registration fees		\$1,272,697		1,272,697
State grants for freeway service	1,234,947			1,234,947
SAFE funds	757,000			757,000
Use of money and property	937,988	3,415	\$ 456	941,859
Miscellaneous	14,505			14,505
Total revenues	118,015,723	1,276,112	456	119,292,291
EXPENDITURES: General government: Administrative	1,334,542			1,334,542
Freeway Service Patrol	2,001,317			2,001,317
Intergovernmental	113,320,576	1,216,517		114,537,093
Debt Service:	110,020,010	1,210,317		114,551,055
Interest and other charges			16,023,860	16,023,860
Total expenditures	116,656,435	1,216,517	16,023,860	133,896,812
EXCESS (DEFICIENCY) OF REVENU	ES			
OVER (UNDER) EXPENDITURES	1,359,288	59,595	(16,023,404)	(14,604,521)
OTHER FINANCING SOURCES (USE	S):			
Transfers in	26,873		18,155,503	18,182,376
Transfers out	(18,155,503)	(26,873)		(18,182,376)
Total other financing sources (uses)	(18,128,630)	(26,873)	18,155,503	
CHANGES IN FUND BALANCES	(16,769,342)	32,722	2,132,099	(14,604,521)
FUND BALANCES, JULY 1, 2015 AS PREVIOUSLY REPORTED RESTATEMENT	81,582,672 (13,025,598)	121,827	4,230,361	85,934,860 (13,025,598)
FUND BALANCE, BEGINNING OF THE YEAR, AS RESTATED	68,557,074	121,827	4,230,361	72,909,262
FUND BALANCES, JUNE 30, 2016	\$ 51,787,732	\$ 154,549	\$ 6,362,460	\$ 58,304,741

SACRAMENTO TRANSPORTATION AUTHORITY RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Changes in fund balances - total governmental funds (page 16) \$ (14,	604,521)
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Amounts reported for governmental activities in the statement of activities are different because:

Changes not reported in government funds:

Pension expense	(32,219)
Change in compensated absences	(20,460)
Change in interest payable	53,580
Bond premium amortization	755,077
Change in Net Position of governmental activities (page 13)	\$ (13,848,543)

SACRAMENTO TRANSPORTATION AUTHORITY GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended June 30, 2016

			Actual Amounts	
	Budgeted Amounts		(Budgetary Basis)	
REVENUES:	Original	Final	(See Note 3)	Final Budget
Taxes	\$110,728,905	\$110,728,905	\$ 109,134,683	\$ (1,594,222)
Mitigation fees	4,284,000	4,284,000	4,363,650	79,650
State grant for freeway service	1,162,000	1,162,000	1,234,947	72,947
SAFE funds	757,000	757,000	757,000	
Use of money and property	450,000	450,000	937,988	487,988
Miscellaneous	-	-	14,505	14,505
Total revenues	117,381,905	117,381,905	116,442,773	(939,132)
EXPENDITURES:				
General government:				
Administrative	856,194	856,194	1,334,542	(478,348)
Freeway Service Patrol	2,227,020	2,227,020	2,001,317	225,703
Intergovernmental	98,483,780	98,483,780	111,006,522	(12,522,742)
Total expenditures	101,566,994	101,566,994	114,342,381	(12,775,387)
EXCESS (DEFICIENCY) OF REVENUE	ES			
OVER (UNDER) EXPENDITURES	15,814,911	15,814,911	2,100,392	(13,714,519)
OTHER FINANCING SOURCES (USE:	S):			
Transfers in	34,000	34,000	26,873	(7,127)
Transfers out	(16,620,000)	(16,620,000)	(18,155,503)	(1,535,503)
Total other financing sources (uses)	(16,586,000)	(16,586,000)	(18,128,630)	(1,542,630)
Changes in fund				
balance (budgertary basis)	(771,089)	(771,089)	(16,028,238)	(15,257,149)
FUND BALANCE,				
BEGINNING OF YEAR - RESTATED	68,557,074	68,557,074	68,557,074	
FUND BALANCE,				
END OF YEAR	\$ 67,785,985	\$ 67,785,985	\$ 52,528,836	\$ (15,257,149)

SACRAMENTO TRANSPORTATION AUTHORITY ABANDONED VEHICLE SPECIAL REVENUE FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended June 30, 2016

	Actual Amounts				
	Budgeted Amounts		(Budgetary Basis)	Variance with	
	Original	Final	(See Note 3)	Final Budget	
REVENUES:			<u> </u>		
Vehicle registration fees	\$1,100,000	\$1,100,000	\$ 1,250,513	\$ 150,513	
Use of money and					
property - interest	400	400	3,415	3,015	
Total revenues	1,100,400	1,100,400	1,253,928	153,528	
EXPENDITURES:					
General government:					
Intergovernmental	1,084,060	1,084,060	1,216,517	(132,457)	
Total expenditures	1,084,060	1,084,060	1,216,517	(132,457)	
EXCESS OF REVENUES					
OVER EXPENDITURES	16,340	16,340	37,411	21,071	
OTHER FINANCING USES:					
Transfers out	(34,000)	(34,000)	(26,873)	7,127	
Total other financing uses	(34,000)	(34,000)	(26,873)	7,127	
Changes in fund balance					
(budgetary basis)	(17,660)	(17,660)	10,538	28,198	
FUND BALANCE,					
BEGINNING OF YEAR	121,827	121,827	121,827	-	
FUND BALANCE,					
END OF YEAR	\$ 104,167	\$ 104,167	\$ 132,365	\$ 28,198	

SACRAMENTO TRANSPORTATION AUTHORITY STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS June 30, 2016

Α	SS	E.	TS:

Cash and investments Interest receivable	\$ 31,172,822 93,089
Total assets	\$ 31,265,911
LIABILITIES: Accounts payable Deposits	\$ 1,365,692 29,900,219
Total liabilities	\$ 31,265,911

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ORGANIZATION

In August 1988, the Authority was established under the Local Transportation and Improvement Act, Public Utilities Code Division 19. In November 1988, Sacramento County voters passed an ordinance (Original Measure A) enacted by the Authority's Governing Board (Authority's 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 July 2004, taxpayers approved a 30-year extension of the sales tax beginning in April 2009 (New Measure A).

In September 1991, SAVSA was established as a separate legal entity under California Vehicle Code Section 22710. The code establishes a \$1 vehicle registration fee to be used for the abatement of abandoned vehicles for counties electing to impose the fee. The County Board of Supervisors, by a two-thirds vote, and the City Councils of a majority of the cities within the County having a majority of the incorporated population, adopted resolutions providing for the establishment of SAVSA. SAVSA reimburses the County, and the Cities of Sacramento, Galt, Isleton, Folsom, Elk Grove, and Citrus Heights according to the Sacramento Abandoned Vehicle Abatement Plan.

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

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

BASIS OF PRESENTATION

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

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

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

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

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

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

The Authority reports the following major governmental funds:

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

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

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

The Authority also reports the following fund type:

Fiduciary Funds – Reports the assets and liabilities for unspent Original Measure A funds held by the Authority in a fiduciary capacity, as Agency Funds. The financial activities of these funds are excluded from the government-wide financial statements but are presented in separate Fiduciary Fund financial statements.

BASIS OF ACCOUNTING

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

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority records revenue sources when they are earned or when they are 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, vehicle license fees and interest revenue. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of governmental long-term debt are reported as other financing sources.

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

BASIS OF ACCOUNTING (Continued)

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

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

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

BUDGETARY PRINCIPLES

As required by Public Utilities Code 180105 of the State of California, the Authority prepares and legally adopts an operating budget each fiscal year. Operating budgets are adopted for the governmental fund types on the modified accrual basis of accounting, except that the budget for the General Fund does not include accrued sales tax and the budget for the special revenue fund does not include accrued vehicle registration fees. Budgetary control and the legal level of control are at the program level. Significant amendments, appropriation transfers between programs and transfers from contingencies must be approved by the Authority's Board.

RESTRICTED ASSETS

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

CAPITAL ASSETS

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

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

COMPENSATED ABSENCES

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

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

LONG-TERM DEBT

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

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

PENSIONS

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

FUND BALANCE CLASSIFICATION

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

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

Unrestricted net position – any amount that is not restricted.

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

FUND BALANCE CLASSIFICATION (Continued)

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

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

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

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

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

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

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

INSURANCE

The Authority provides employees with commercial worker's compensation insurance. In addition, the Authority purchases commercial insurance for general liability claims. At June 30, 2016, there were no claims outstanding. There were no reductions in coverage during the year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

RECLASSIFICATIONS

In 2016, certain amounts from 2015 were reclassified to conform to the current presentation. The reclassifications had no effect on total net assets or change in net assets.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 34,621,999
Restricted cash and investments	24,034,134
Agency funds:	
Cash and investments	 31,172,822
Total cash and investments	\$ 89,828,955

As of June 30, 2016, the Authority's cash and investments consisted of the following:

Deposits with financial institutions	\$ 18,881
Total cash and deposits	18,881
	_
County Pool	48,875,940
Local Agency Investment Fund	16,900,000
Investments with fiscal agent	
Money market mutual fund (governmental obligations)	6,511,217
U.S. Treasury securities	10,122,152
Commercial paper	1,722,845
CAMP pool	5,677,920
Total investments	89,810,074
Total cash and investments	\$ 89,828,955

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investment policy - Investments are stated at fair value. California statutes authorize public agencies to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, and Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2016, the Authority's permissible investments included the following instruments:

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

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Investment in Pooled Funds - The Authority's investments in the Sacramento County pooled investment funds are managed by the Sacramento County Treasurer and stated at fair value or amortized cost, which approximates fair value. The total amount invested by all public agencies as of June 30, 2016 was \$3.5 billion. The Authority's share of the pool is stated at market value in the Authority's financial statement. Sacramento County does not invest in any derivative financial products directly. The Sacramento County Treasury Investment Oversight Committee (Committee) oversees the County's cash and investment pool. The Committee consists of ten members as required by State law. The value of pooled shares that may be withdrawn from the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Authority's position in the pool.

Investment in LAIF – Local Agency Investment Fund (LAIF) is stated at amortized cost. The LAIF is a special fund of the California State Treasury through which local governments may invest idle cash. The total fair value amount invested by all public agencies in LAIF is \$75.3 billion. The fund is managed by the State Treasurer. No amounts are invested in derivative financial products. The Local Investment Advisory Board oversees the LAIF. The Board consists of five members as designated by State Statute. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value of the entire pool. There are no restrictions or limitations on withdrawals of Authority funds from LAIF.

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest rate risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2016, the weighted average maturity of the investments contained in LAIF, the County Pool, CAMP, and mutual money market funds is approximately 167, 253, 45, and 38 days, respectively. The maturity dates of the U.S. Treasury Securities are within 15 months and commercial paper within five months.

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

Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The Authority's deposits were covered by federal depository insurance at June 30, 2016.

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Authority reports the following recurring fair value measurements as of June 30, 2016:

		Fair Value Measurements Using		
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level	¢ 0.544.047			
Money market mutual fund U.S. Treasury securities	\$ 6,511,217 10,122,152	\$ 10,122,152		
Commercial paper	1,722,845		\$ 1,722,845	
Total investments by				
fair value level	18,356,214	\$ 10,122,152	\$ 1,722,845	
Investments measured at net asset value				
County pool Local Agency	48,875,940			
Investment Fund	16,900,000			
CAMP pool	5,677,920			
	\$ 89,810,074			

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

NOTE 3 - RECONCILIATION OF THE MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS OF ACCOUNTING

The reconciliation of General Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Modified Accrual Basis	Reversal of Prior Year Accrual	Current Year Accrual	Budgetary Basis
Revenues Expenditures	\$ 118,015,723 116,656,435	\$ 19,765,342 14,468,306	\$ (21,338,292) (16,782,360)	\$ 116,442,773 114,342,381
Excess of revenues over expenditures	\$ 1,359,288	\$ 5,297,036	\$ (4,555,932)	\$ 2,100,392

NOTE 3 - RECONCILIATION OF THE MODIFIED ACCRUAL BASIS TO BUDGETARY BASIS OF ACCOUNTING (Continued)

The reconciliation of SAVSA Fund excess of revenues over expenditures to the budgetary basis of accounting is as follows:

	Mod	lified Accrual Basis	Р	eversal of rior Year Accrual	ırrent Year Accrual	 Budgetary Basis
Revenues Expenditures	\$	1,276,112 1,216,517	\$	327,000	\$ (349,184)	\$ 1,253,928 1,216,517
Excess of revenues over expenditures	\$	59,595	\$	327,000	\$ (349,184)	\$ 37,411

NOTE 4 - PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions

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

- Miscellaneous Plan
- 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 non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 4 - PENSION PLAN (Continued)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	PERPA Miscellaneous
	Prior to	On or after
	January 1,	January 1,
Hire Date	2013	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%	6.25%
Required employer contribution rates	9.067%	6.237%

In addition to the contribution rate above, the Authority was also required to make a payment of \$47,859 towards its unfunded actuarial liability during the fiscal year ended June 30, 2016.

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 \$76,574 for the year ended June 30, 2016.

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

As of June 30, 2016, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$750,078.

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan as of June 30, 2016 is measured as of June 30, 2015 and the total pension liability for the Plan is determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Authority's

NOTE 4 - PENSION PLAN (Continued)

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 for the Miscellaneous Plan as of June 30, 2016 and 2015 is as follows:

	Miscellaneous
Proportion - June 30, 2015	0.024636%
Proportion - June 30, 2016	0.027341%
Change - Increase (Decrease)	0.002705%

For the year ended June 30, 2016, the Authority recorded pension expense of \$101,400. At June 30, 2016, the Authority reported deferred outflow of resources and deferred inflow of resources related to the Plan from the following sources:

	(Deferred Outflow Resources	_	Deferred Inflow Resources
Pension contributions subsequent to measurement date	\$	76,574		
Change in employer's proportion and differences between the employer's contribution and the employer's				
proportionate share of contributions		35,398		
Net differences between projected and actual earnings			Φ	(24,020)
on plan investments			\$	(21,029)
Changes in assumption		4 404		(41,950)
Difference between expected and actual experience	-	4,434		
Total	\$	116,406	\$	(62,979)

The \$76,574 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, 2017. Other amounts reported as deferred inflow and outflow of resources relate to pensions and will be recognized as pension expense as follows:

Year Ended June 30	
2017 2018 2019 2020	\$ (16,776) (16,747) (16,506) 26,882
	\$ (23,147)

NOTE 4 - PENSION PLAN (Continued)

Actuarial Assumptions

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

Valuation Date

Measurement Date

Actuarial Cost Method

Actuarial Assumptions:

Discount Rate

Inflation

Description

Description

Discourt Rate

Payroll Growth

Projected Salary Increase (1)

Mortality

3.0%

3.3% - 14.2%

Derived using CalPERS

Membership data for all funds

(1) Depending on age and service

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2016 were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

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.

NOTE 4 - PENSION PLAN (Continued)

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, 2015. 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.

	New Strategic	Real Return	Real Return
Asset Class	Allocation	Years 1 - 10(a)	Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and			
Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100.00%		

- (a) An expected inflation of 2.5% used for this period.
- (b) An expected inflation of 3.0% used for this period.

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

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

1% Decrease Net Pension Liability	\$ 6.65% 1,257,955				
Current Discount Rate Net Pension Liability	\$ 7.65% 750,078				
1% Increase Net Pension Liability	\$ 8.65% 330,790				

NOTE 4 - PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

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

NOTE 5 - DEFERRED COMPENSATION PLAN

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

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

NOTE 6 - OPERATING LEASES

The Authority leases certain premises under an operating lease through September 30, 2017, at which time the lease expires. An option to extend the lease for two consecutive five-year options is available upon six-months' prior notice. The rental rate for each renewal period would be at the current market rate. Rental expense for the year ended June 30, 2016 was \$58,511.

Future minimum lease payments under operating leases as of June 30, 2016 are as follows:

Fiscal Year Ending June 30	 Amount
2017 2018 *	\$ 59,646 14,939
Total	\$ 74,585

^{*} July through September 2017

NOTE 7 – INTERFUND TRANSACTIONS

Interfund transfers are used to (1) reimburse the General Fund for services to and payments on behalf of the Special Revenue Fund in the amount of \$26,873, and (2) repay interest per the debt agreement in the amount of \$18.2 million.

NOTE 8 – LONG-TERM LIABILITIES

The activity of the Authority's long-term liabilities during the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
2009 Series C Bonds	\$ 106,100,000			\$ 106,100,000	
Fair Value (Loss) of Interest Rate Swap (2009 Series Bonds)	90,819,499	\$ 120,167,420	\$ 90,819,499	120,167,420	
2012 Series Bonds	53,355,000			53,355,000	\$ 3,450,000
Unamortized Bond Premium (2012 Series Bonds)	9,123,849		755,077	8,368,772	
Series 2014A Bonds	106,100,000			106,100,000	
Series 2015A Bonds	106,100,000			106,100,000	
Total debt	471,598,348	120,167,420	91,574,576	500,191,192	3,450,000
Compensated absences	58,245	35,550	15,090	78,705	35,550
Net Pension liability	608,865	141,213		750,078	
Total Long-term liabilities	\$ 472,265,458	\$ 120,344,183	\$ 91,589,666	\$ 501,019,975	\$ 3,485,550

Long-term debt consists of the following at:

June 30, 2016

2009 Series C Bonds - In October 2009, the Authority issued Measure A Sales Tax Revenue Bonds in the amount of \$106.1 million to finance transportation projects approved by voters in 2004. The bond's variable interest rate is fixed through an interest-rate swap, whereby, the Authority pays a fixed interest rate of 3.666% to 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month London Interbank Offered Rate (LIBOR) which is reset on a weekly basis. Principal payments of \$22.3 million begin in 2029 and increase to \$35.4 million in 2038 when they mature. Semi-annual interest payments under the swap range from \$207,778 to \$3.7 million.

\$ 106,100,000

NOTE 8 – LONG-TERM LIABILITIES (Continued)

2012 Series Bonds - In July 2012, the Authority issued fixed rate Measure A Sales Tax Bonds in the amount of \$53.4 million to finance certain transportation projects approved by voters in 2004. The average coupon interest rate is 2.480997%. Principal payments in the amount of \$3.5 million in 2016 and increase to \$5.7 million in 2027, when they mature. Semi-annual interest payments are due in April and October and range from \$143,000 to \$2.4 million.

\$ 53,355,000

2014A Series A Bonds - In September 2014, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding series 2009A bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.736% and in turn, receives a variable interest rate based on 67 percent of the one month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2038, while semi-annual interest payments range from \$207,778 to \$3,7 million during the same period.

\$ 106,100,000

2015A Series B Bonds - In March 2015, the Authority issued Measure A Sales Tax Revenue Refunding Bonds in the amount of \$106.1 million to refund the outstanding Measure A Sales Tax Revenue Series 2009B bonds and finance transportation projects approved by voters in 2004. Interest rate swaps were retained. In the floating-to-fixed rate swap, the Authority pays a fixed interest rate of 3.666% and in turn, receives a variable interest rate based on 67 percent of the three month LIBOR which is reset on a weekly basis. Principal payments range from \$7.4 million in 2029 to \$11.8 million in 2038, while semi-annual interest payments range from \$197,150 to \$3.5 million during the same period.

\$ 106,100,000

The Authority has pledged all of the future sales tax proceeds to cover all debt service requirements. The total principal and interest remaining on the 2009C, 2012, 2014A, and the 2015A bonds is \$618.6 million. For the current year, the interest paid and total incremental sales tax revenues were \$15.9 and \$110.7 million respectively.

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

As of June 30, 2016, the future annual debt service requirements and net payments on associated hedging derivative instruments on the Authority's 2009, 2014A, and 2015A Series Bond obligations are detailed in the schedule below. These amounts assume that current interest rates

NOTE 8 – LONG-TERM LIABILITIES (Continued)

on variable rate bonds will remain the same for their term. As these rates vary, interest payments on variable rate bonds and net payments on the hedging derivatives will vary. Included in the schedule are the future principal and fixed interest obligations on the 2012 Series Bonds.

Fiscal Year Ending June 30,		Principal	_	Estimated and Interest (1)	De	Hedging rivatives, Net (2)	An	cillary Fees (3)	Total
2017	\$	3,450,000	\$	3,254,785	\$	11,018,329	\$	962,318	\$ 18,685,432
2018	-	3,590,000	•	3,113,985	-	11,018,329	·	962,755	18,685,069
2019		3,740,000		2,967,385		11,018,329		962,755	18,688,469
2020		3,890,000		2,814,785		11,018,329		965,248	18,688,362
2021		4,050,000		2,655,985		11,018,329		962,318	18,686,632
2022 - 2026		23,475,000		10,058,050		55,091,645		4,815,831	93,440,526
2027 - 2031		83,260,000		4,502,950		51,455,006		4,498,335	143,716,291
2032 - 2036		144,200,000		2,337,377		30,548,266		2,672,659	179,758,302
2037 - 2039		102,000,000		412,594		5,393,080		471,699	108,277,373
Total	\$	371,655,000	\$	32,117,896	\$	197,579,642	\$	17,273,918	\$ 618,626,456

(1) Estimated at assumed rates as of June 30, 2016 as follows:

Series 2009C -.1169%

Series 2012 (fixed) - 2.480997%

Series 2014A - 0.5631%.

Series 2015A - 0.1147%

(2) Based on fixed rate less variable receive rate at June 30, 2016 as follows:

Series 2009C - 3.5217%.

Series 2014A - 3.5217%.

Series 2015A – 3.3415%.

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

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

Interest Rate Swaps

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

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Interest Rate Swaps (Continued)

Terms - The swap agreement requires that the Authority pay the financial institution monthly fixed-rate payments based on an annual rate; the financial institution, in turn, is required to pay the Authority a series of future variable-rate payments equal to 67% of the 1-month or 3-month LIBOR. The notional amounts and maturity dates of the swaps match the principal amounts and the maturity dates of the Series 2009 bonds. The variable-rate coupons of the hedged bonds closely match the Securities Industry and Financial Markets Association (SIFMA) and percentage of LIBOR rates paid monthly. A summary of the terms are as follows:

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Term Date	Counterparty Credit Rating (1)	Valuation Level
Series 2009C	\$ 106,100,000	October 18, 2006	3.736%	67% USD LIBOR	\$ (40,798,173)	October 1, 2038	A1/A/A+	Level 2
Series 2014A	\$ 106,100,000	October 18, 2006	3.736%	67% 3 month LIBOR	\$ (40,801,113)	October 1, 2038	A1/A-/A	Level 2
Series 2015A	\$ 106,100,000	October 18, 2006	3.666%	67% USD LIBOR	\$ (38,568,134)	October 1, 2038	Aa3/A+/AA	Level 2

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

Fair value - Because long-term interest rates have decreased since execution of the swaps, the swaps had a total negative fair value of \$120.2 million as of June 30, 2016, which is reported as a deferred outflow of resources. The fair values were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2016. The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of the swaps. The fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swaps.

Credit risk - This is the risk that the counterparty will fail to perform under the terms of the agreement. As of June 30, 2016, the Authority was not exposed to credit risk on these swaps because the fair values were negative. However, should interest rates change and the fair values of the swaps become positive, the Authority would be exposed to credit risk in the amount of the swaps' positive fair values. In order to mitigate this risk, the Authority diversified its exposure among three counterparties. The swap agreements contain varying collateral agreements with the counterparties. The swaps require collateralization of the fair value of the swap should the credit rating fall below the applicable thresholds. The Authority's credit rating falls below certain thresholds or is withdrawn, a termination event may result, in which case the Authority could immediately owe (or be owed) the fair market value of the swap.

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

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Interest Rate Swaps (Continued)

duration of any basis risk shortfall, the effective fixed rate on the debt will vary. Based on current and historical experience, the payments received under the agreements are expected to approximate the expected bond payments over the 29-year term of the swaps.

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

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

NOTE 9 – FUND BALANCES

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

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

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

Freeway Service Patrol Program – to reflect funds restricted by the Department of Transportation for urban traffic congestion mitigation.

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

Abandoned Vehicle Service – represents the fund balance of SAVSA to fulfill the program objectives of the Abandoned Vehicles program.

NOTE 10 – GOVERNMENT-WIDE NET POSITION

As of June 30, 2016, the Authority had negative net position of \$325.9 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's management evaluated its financial statements for the period ending June 30, 2016 for subsequent events through December 23, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

NOTE 12 - RESTATEMENTS

The Authority identified certain revenue and expenditures that were not reported in its financial statements for the period ending June 30, 2015. Therefore, an adjustment of the financial statements for the period ending June 30, 2016 is warranted.

Revenue – In July and August each year, the Authority receives an advance on the sales tax revenue collected in May and June. Then in September each year, it receives a final payment for the difference between the total amount of the advances for the last quarter of the previous fiscal year (April through June) and the total sales tax revenue it is due. In the past, the Authority's availability period has been 60 days, which the September payment fell outside of. However, this payment is typically 2-4 million dollars, which is material to the Authority. Therefore, Authority management changed its availability policy to 90 days to allow for the accrual of the September payment into the year it was earned.

Expenditures – The Authority receives monthly advances of Measure A sales tax revenue. Under the Measure A Ordinance, the revenue is allocated and expensed formulaically to specific jurisdictions. The revenue and related expenditures are incurred at the same time – effectively passed through to each jurisdiction. However, the Authority's past practice was to accrue the revenue collected in July and August (see discussion in previous paragraph) in the year it was earned, but not the related expenditures. After a careful review of its past practices, Authority management determined that since expenditures are incurred at the same time revenue is earned, a better practice is to record the expenditures related to the revenue collected subsequent to year-end at the same time. Therefore, a restatement was necessary to shift the expenditures related to the July, August, and September 2015 revenue allocation into the fiscal year ending June 30, 2015.

As a result of these prior period adjustments, the net assets and fund balance reported on the statement of activities and statement of revenues and expenditures as of July 1, 2015 have been restated as follows:

	Governmental Activities	General Fund
Net assets and fund balance as of July 1, 2015, as previously reported	\$ (299,071,068)	\$ 81,582,672
Accrue additional fiscal year 2014/15 sales tax revenue	2,446,743	2,446,743
Accrue Measure A payables to jurisdictions	(15,472,341)	(15,472,341)
Total adjustments	(13,025,598)	(13,025,598)
Net assets and fund balance as of July 1, 2015, as restated	\$ (312,096,666)	\$ 68,557,074

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO TRANSPORTATION AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2016 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED) Last 10 Years

	Jui	ne 30, 2016	Jur	ne 30, 2015
Proportion of the net pension liability		0.02734%		0.02463%
Proportionate share of the net pension liability	\$	750,078	\$	608,865
Covered - employee payroll - measurement period	\$	363,473	\$	366,547
Proportionate share of the net pension liability as a				
percentage of covered payroll		206.36%		166.11%
Plan fiduciary net position as a percentage of the total pension liability		78.40%		79.82%

Notes to Schedule:

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

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

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

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

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

Methods and assumptions used to determine contribution rates:

Actuarial method

Amortization method

Remaining amortization period

Asset valuation method

Inflation

Salary increases

Investment rate of return

Entry age normal

Level percentage of payroll, closed

15 years

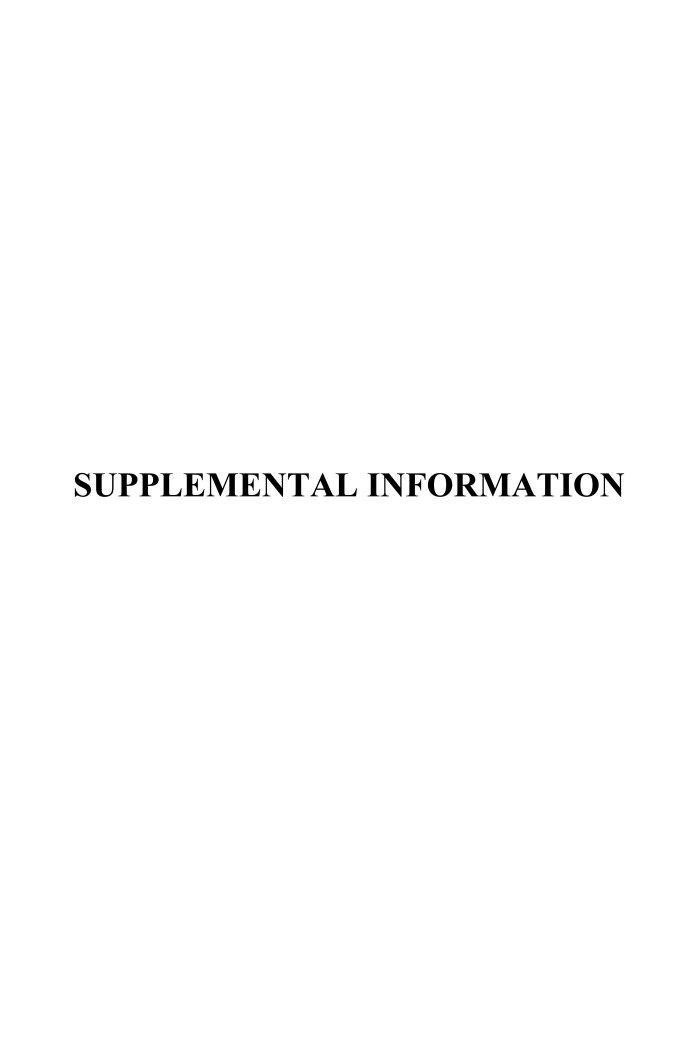
5-year smoothed market

2.75%

3.0%, average, including inflation of 2.75%

7.50% net of pension plan investment expense, including inflation

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



SACRAMENTO TRANSPORTATION AUTHORITY COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	J	luly 1, 2015				June 30, 2016		
		Balance		Additions		Deletions		Balance
CITY OF SACRAMENTO								
Assets:								
Cash and Investments	\$	18,894,976	\$	65,929	\$	1,992,634	\$	16,968,271
Interest receivable	•	14,223	*	23,597	*	14,223	•	23,597
Total Assets	\$	18,909,199	\$	89,526	\$	2,006,857	\$	16,991,868
l iabilitia.								
Liabilities:	Φ	400.000	Φ	4 207 050	Φ	400.000	Φ	4 207 050
Accounts payable	\$	408,983	\$	1,307,852	\$	408,983	\$	1,307,852
Deposits Total Liabilities	ф	18,500,216	Φ.	75,303	Ф.	2,891,503	Φ.	15,684,016
Total Liabilities	\$	18,909,199	\$	1,383,155	\$	3,300,486	\$	16,991,868
CITY OF ISLETON								
Assets:								
Cash and Investments	\$	433,520	\$	2,605	\$	401	\$	435,724
Accounts receivable	Ψ	1,040	Ψ	2,003	Ψ	1,040	Ψ	2,277
Total Assets	\$	434,560	\$	4,882	\$	1,441	\$	438,001
7 (10)	<u></u>	10 1,000	Ψ	1,002	Ψ	.,	Ψ	100,001
Liabilities:								
Deposits	\$	434,560	\$	3,842	\$	401	\$	438,001
Total Liabilities	\$	434,560	\$	3,842	\$	401	\$	438,001
CITY OF CITRUS HEIGHTS								
Assets:	Φ.	400 000	Φ.	705	Φ.	400 500	Φ.	00.004
Cash and Investments	\$	199,802	\$	705	\$	162,506	\$	38,001
Interest receivable	ф	648	Φ.	591	Φ.	648	Φ	591
Total Assets	\$	200,450	\$	1,296	\$	163,154	\$	38,592
Liabilities:								
Accounts payable	\$	38,786	\$	35,271	\$	38,786	\$	35,271
Deposits	Ψ	161,666	Ψ	1,066	Ψ	159,411	4	3,321
Total Liabilities	\$	200,452	\$	36,337	\$	198,197	\$	38,592
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Continued

SACRAMENTO TRANSPORTATION AUTHORITY COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued) ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Jı	ıly 1, 2015				June 30, 2016		
		Balance Additions				Deletions		Balance
CITY OF RANCHO CORDOVA								
Assets:								
Cash and Investments	\$	88,377	\$	433	\$	44,072	\$	44,738
Interest receivable	·	366	·	307	·	366	·	307
Total Assets	\$	88,743	\$	740	\$	44,438	\$	45,045
Liabilities:								
Accounts payable	\$	26,674	\$	9,926	\$	26,674	\$	9,926
Deposits		62,068		375		27,324		35,119
Total Liabilities	\$	88,742	\$	10,301	\$	53,998	\$	45,045
NEIGHBORHOOD SHUTTLE								
Assets:								
Cash and Investments	\$	6,034,165	\$	1,036,528	\$	7,842	\$	7,062,851
Interest receivable		13,252		34,199		13,252		34,199
Total Assets	\$	6,047,417	\$	1,070,727	\$	21,094	\$	7,097,050
Liabilities:								
Deposits	\$	6,047,417	\$	1,057,475	\$	7,842	\$	7,097,050
Total Liabilities	\$	6,047,417	\$	1,057,475	\$	7,842	\$	7,097,050
CTSA SET ASIDE								
Assets:								
Cash and Investments	\$	5,513,642	\$	1,103,457	\$	6,524	\$	6,610,575
Interest receivable		11,956		31,593		11,956		31,593
Total Assets	\$	5,525,598	\$	1,135,050	\$	18,480	\$	6,642,168
Liabilities:								
Deposits	\$	5,525,598	\$	1,123,094	\$	6,524	\$	6,642,168
Total Liabilities	\$	5,525,598	\$	1,123,094	\$	6,524	\$	6,642,168

Continued

SACRAMENTO TRANSPORTATION AUTHORITY COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued) ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	J	uly 1, 2015			Jι	ine 30, 2016
		Balance	Additions	Deletions		Balance
JPA CONNECTOR (Pay Go)						
Assets:						
Cash and Investments	\$	17,052	\$ 175,282	\$ 179,672	\$	12,662
Interest receivable		263	525	263		525
Total Assets	\$	17,315	\$ 175,807	\$ 179,935	\$	13,187
Liabilities:						
Accounts payable	\$	11,153	\$ 12,643	\$ 11,153	\$	12,643
Deposits		6,162	175,525	181,143		544
Total Liabilities	\$	17,315	\$ 188,168	\$ 192,296	\$	13,187
TOTAL AGENCY FUNDS						
Assets:						
Cash and Investments	\$	31,181,534	\$ 2,384,939	\$ 2,393,651	\$	31,172,822
Interest receivable		41,748	93,089	41,748		93,089
Total Assets	\$	31,223,282	\$ 2,478,028	\$ 2,435,399	\$	31,265,911
Liabilities:						
Accounts payable	\$	485,596	\$ 1,365,692	\$ 485,596	\$	1,365,692
Deposits		30,737,687	2,436,680	3,274,148		29,900,219
Total Liabilities	\$	31,223,283	\$ 3,802,372	\$ 3,759,744	\$	31,265,911





STATISTICAL SECTION

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

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

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

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

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

Sources – Unless otherwise noted; the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Authority implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

SACRAMENTO TRANSPORTATION AUTHORITY

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

Fiscal Year

	2007	2008	2009	2010
Governmental activities:				
Restricted: Sacramento Countywide				
Transportation Mitigation Fee				
Program	\$ -	\$ -	\$ -	\$ 3,073,658
Restricted: Sacramento Abandoned				
Vehicle Service Authority	-	-	-	-
Restricted: Freeway Service Patrol	-	-	-	-
Restricted: Debt Service	-	-	-	-
Unrestricted	(16,051,271)	(101,589,627)	(143,010,032)	(197,736,342)
Total governmental activities net position	\$(16,051,272)	\$(101,589,627)	\$(143,010,032)	\$(194,662,684)

Source: Audited Financial Statements Continued

Fiscal Year

1 ISCAL TEAL											
	2011		2012		2013		2014		2015		2016
•	5 4 4 7 0 4 0	•	1 00 1 00 7	•	4 000 440	•	5.054.005	•	0.005.000	•	40.000.004
\$	5,447,348	\$	1,204,207	\$	4,390,110	\$	5,254,385	\$	9,885,863	\$	13,296,991
							107,455		121,827		154 540
	-		-		-		107,433		121,021		154,549
	-		-		-		-		-		164,338
	-		-		-		-		-		6,362,460
((246,561,887)	(2	269,290,732)	(2	283,641,409)	(294,193,790)	(309,078,758)	(345,923,547)
\$ ((241,114,539)	\$ (2	268,086,525)	\$ (2	279,251,299)	\$(288,831,950)	\$(299,071,068)	\$(325,945,209)

SACRAMENTO TRANSPORTATION AUTHORITY

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

Fiscal Year

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
Measure A	\$155,849,100	\$183,888,775	\$124,301,815	\$126,262,982
Sacramento Countywide Transportation	on			
Mitigation Fee Program				
Freeway Service Patrol Program	1,643,363	1,824,305	1,770,438	1,836,329
Sacramento Abandoned Vehicle				
Service Authority	1,199,866	1,135,591	1,092,942	1,057,667
Administration *				
Interest on long-term debt	2,491,557	6,691,245	7,581,219	10,555,136
Total governmental activities expenses	161,183,886	193,539,916	134,746,413	139,712,114
Program Revenues				
Operating grants and contributions	2,856,376	3,065,942	2,964,590	6,008,096
Net (expense) revenue	(158,327,510)	(190,473,974)	(131,781,824)	(133,704,018)
General Revenues and Other				
Changes in Net Position				
Sales taxes	105,366,507	101,155,680	89,395,168	81,413,982
Investment earnings	3,540,796	3,779,938	966,250	637,384
Total general revenues	108,907,303	104,935,618	90,361,418	82,051,366
Change in Net Position	\$ (49,420,206)	\$ (85,538,356)	\$ (41,420,406)	\$ (51,652,652)

Source: Audited Financial Statements Continued

^{*} Amounts for administration expenses prior to 2015 are included in Measure A

Fiscal Year

riscal feat									
2011	2012	2013	2014	2015	2016				
					_				
\$120,337,679	\$107,891,757	\$ 94,224,572	\$ 94,743,971	\$103,968,271	\$112,316,542				
			2,680,549	6,676	1,004,034				
1,880,031	1,729,539	1,765,562	2,164,149	2,090,267	2,001,317				
4 070 070	4 070 500	4 000 740	4 405 607	4 470 574	4 040 547				
1,376,979	1,079,593	1,089,746	1,125,637	1,172,574 713,350	1,216,517 1,387,221				
16,245,290	15,119,256	16,257,749	16,196,388	15,538,373	15,215,203				
139,839,979	125,820,145	113,337,629	116,910,694	123,489,511	133,140,834				
5,327,190	5,966,229	6,221,395	6,835,898	7,895,612	7,628,294				
(134,512,788)	(119,853,916)	(107,116,234)	(110,074,796)	(115,593,899)	(125,512,540)				
,	,	,	,	,	,				
87,299,421	92,239,996	97,390,177	100,063,237	105,564,247	110,707,633				
761,514	641,940	662,384	430,908	556,829	956,364				
88,060,935	92,881,936	98,052,561	100,494,145	106,121,076	111,663,997				
\$ (46,451,853)	\$ (26,971,980)	\$ (9,063,673)	\$ (9,580,651)	\$ (9,472,823)	\$ (13,848,543)				

SACRAMENTO TRANSPORTATION AUTHORITY

Fund Balances of Governmental Funds Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year

	110001 1001						
		2007		2008		2009	2010
General Fund							
Nonspendable							
Restricted	\$	75,060,592	\$	71,904,809	\$	39,077,280	\$ 119,756,036
Unassigned							
Total general fund		75,060,592		71,904,809		39,077,280	119,756,036
All Other Governmental Funds							
Restricted		11,058,768		12,820,431		4,734,070	4,501,393
Total all other governmental funds		11,058,768		12,820,431		4,734,070	4,501,393
Total Governmental Funds	\$	86,119,360	\$	84,725,240	\$	43,811,350	\$ 124,257,429

Source: Audited Financial Statements Continued

Fiscal Year

1.000									
2011		2012	2013		2014		2015		2016
\$ 10,027	\$	10,027	\$ 10,027	\$	10,027	\$	10,027	\$	10,027
73,188,759		46,521,997	101,338,670		91,591,253		81,243,264		51,973,251
589,073		600,000	740,000		427,430		329,381		(195,546)
73,787,859		47,132,024	102,088,697		92,028,710		81,582,672		51,787,732
4,137,869		3,860,118	4,439,725		4,232,983		4,352,188		6,517,009
4,137,869		3,860,118	4,439,725		4,232,983		4,352,188		6,517,009
\$ 77.925.728	\$	50.992.142	\$ 106.528.422	\$	96.261.693	\$	85.934.860	\$	58.304.741

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year					
	2007	2008	2009	2010		
Revenues				_		
Taxes	\$105,366,507	\$101,155,680	\$89,395,168	\$81,413,982		
Development Impact Fees (Mitigation)	-	-	-	3,073,658		
Vehicle registration fees	1,144,870	1,140,257	1,132,447	1,106,169		
State grants	951,204	1,129,892	1,035,852	988,962		
SAFE Funds	640,000	672,525	672,525	706,000		
Use of money and property	3,540,796	3,779,937	966,250	637,426		
Miscellaneous	120,302	123,268	123,766	133,264		
Total Revenues	111,763,679	108,001,558	93,326,008	88,059,461		
Expenditures						
General government:						
Administrative	493,837	554,092	643,936	599,424		
Freeway Service Patrol	1,643,363	1,824,305	1,770,438	1,836,329		
Intergovernmental	156,319,967	183,896,918	123,979,282	126,524,494		
Debt Service:	, ,	, ,	, ,			
Interest and other charges	2,619,565	6,401,511	7,846,244	14,633,134		
Total expenditures	161,076,732	192,676,827	134,239,899	143,593,381		
Excess of Expenditures over Revenue	(49,313,053)	(84,675,269)	(40,913,891)	(55,533,921)		
Other Financing Sources (Uses)						
Transfers in	11,970,833	7,147,055	589,465	12,031,436		
Transfers out	(11,970,833)	(7,147,055)	(589,465)	(12,031,436)		
Refunding of Bonds	-	-	-	(182,320,000)		
Premium from issuance of long term debt	-	-	-	-		
Issuance of Bonds	101,673,487	83,618,050		318,300,000		
Total other financing sources (uses)	101,673,487	83,618,050	-	135,980,000		
Net change in fund balances	\$ 52,360,434	\$ (1,057,219)	\$(40,913,892)	\$ 80,446,079		
Debt Service as a Percentage of						
Noncapital Expenditures	1.63%	3.32%	5.84%	10.19%		

Source: Audited Financial Statements

Continued

Fiscal Year

2011	2012	2013	2014	2015	2016
\$87,299,421	\$92,239,996	\$97,390,177	\$100,063,237	\$105,564,247	\$110,707,633
2,334,437	2,957,362	3,176,382 3,540,542 4,624,139		4,363,650	
1,070,911	1,166,769	1,130,254	1,172,833	1,220,900	1,272,697
1,122,358	1,109,848	1,167,759	1,375,523	1,303,573	1,234,947
706,000	732,250	747,000	747,000	747,000	757,000
761,414	641,940	660,928	430,196	555,414	941,859
93,583	-	1,452	712	1,415	14,505
93,388,125	98,848,165	104,273,952	107,330,043	114,016,688	119,292,291
- 40 000	0=0.004				
542,380	658,391	745,552	1,008,517	805,331	1,334,542
1,880,031	1,729,539	1,765,562	2,164,149	2,090,267	2,001,317
121,087,058	108,225,941	94,103,672	97,543,286	104,405,460	114,537,093
16,210,359	15,167,878	16,804,043	16,880,820	17,042,463	16,023,860
139,719,828	125,781,749	113,418,829	117,596,772	124,343,521	133,896,812
/ / />	(/- / / ·	//	//	
(46,331,703)	(26,933,584)	(9,144,877)	(10,266,729)	(10,326,833)	(14,604,521)
16 015 056	14 960 FE4	16,950,657	16,694,009	16 420 424	10 100 276
16,215,856	14,869,554			16,439,131	18,182,376
(16,215,856)	(14,869,554)	(16,950,657)	(16,694,009)	(16,439,131)	(18,182,376)
-	-	-	-	(212,200,000)	-
-	-	11,326,155	-	-	-
		53,355,000		212,200,000	-
	_	64,681,155	-	-	
\$(46,331,703)	\$(26,933,584)	\$ 55,536,278	\$(10,266,729)	\$(10,326,833)	\$(14,604,521)
	- , , ,				
11.60%	12.06%	14.82%	14.35%	13.71%	11.97%

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

Fiscal Year	Sales Tax Rate	Total Sales Tax Revenue	Total Taxable Sales*
2016	0.5%	\$ 110,708	\$ 22,141,600
2015	0.5%	105,564	21,112,800
2014	0.5%	100,063	21,061,901
2013	0.5%	97,390	20,097,095
2012	0.5%	92,240	19,089,848
2011	0.5%	87,299	18,003,765
2010	0.5%	81,414	16,904,528
2009	0.5%	89,395	16,563,853
2008	0.5%	101,155	19,331,847
2007	0.5%	105,367	20,560,510

Source: Board of Equalization

^{*} Fiscal Year 2015 and 2016 are estimated - actuals not available

SACRAMENTO TRANSPORTATION AUTHORITY Revenue Capacity - Principal Revenue Payers Calendar Years 2014 and 2006

		2014*			2006	
			Percentage of Taxable			Percentage of Taxable
	Rank	Amount	Sales	Rank	Amount	Sales
All Other Outlets	1	\$ 6,412,208	30.4%	1	\$ 5,438,465	25.7%
Automotive	2	2,797,532	13.3%	2	2,636,783	12.5%
General Merchandise Stores	3	2,157,986	10.3%	4	2,454,816	11.6%
All Other Retail Stores	4	2,131,227	10.1%	3	2,852,716	13.5%
Eating and Drinking Places	5	2,071,554	9.8%	6	1,687,711	8.0%
Service Stations	6	1,857,065	8.8%	7	1,442,926	6.8%
Building Materials	7	1,168,008	5.6%	5	1,511,444	7.1%
Food Stores	8	959,756	4.6%	9	920,753	4.4%
Apparel Stores	9	921,913	4.4%	11	652,320	3.1%
Household & Home Furnishings	10	340,187	1.5%	10	653,574	3.1%
Nonstore Retailers	11	 244,464	1.2%	8	888,878	4.2%
Total All Outlets		\$ 21,061,900	100.0%		\$ 21,140,386	100.0%

Source: Board of Equalization *Latest information available

Private Sector Principal Employers Calendar Years 2015 and 2006

		2018	5*	2006			
		Percentage o				Percentage of	
			Total County			Total County	
Employer	Rank	Employees	Employment	Rank	Employees	Employment	
UC Davis Health System	1	9,905	1.57%				
Sutter/California Health Services	2	7,352	1.16%	2	11,284	1.79%	
Dignity/Mercy Healthcare	3	6,212	0.98%				
Intel Corporation	4	6,000	0.95%	5	6,500	1.03%	
Kaiser Permanente	5	5,421	0.86%	1	11,729	1.86%	
Raley's Inc/Belair	6	3,289	0.52%	3	8,203	1.30%	
Apple Inc.	7	2,500	0.40%				
VSP Global	8	2,382	0.38%				
Health Net of California Inc.	9	2,299	0.36%				
Wells Fargo & Co.	10	2,190	0.35%				
University of California, Davis				4	8,000	1.27%	
Hewlett Packard				8	4,500	0.71%	
Wal-Mart				10	3,300	0.52%	
Target Corporations				9	3,693	0.58%	
SBC Communications				6	5,753	0.91%	
CHW / Mercy Health Care				7	5,229	0.83%	
Total		47,550	7.53%		68,191	10.80%	

Source: Sacramento County June 30, 2015 Comprehensive Annual Financial Report *Latest information available

SACRAMENTO TRANSPORTATION AUTHORITY Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	(ir	Personal Income n thousands)	Р	er Capita Personal ncome	Unemployment Rate
2016	1,501,335	\$	69,870,482	\$	46,539	6.0%
2015	1,481,474		65,391,250		44,139	7.3%
2014	1,462,338		61,654,690		42,162	8.9%
2013	1,448,466		59,775,785		41,268	10.5%
2012	1,435,548		57,498,308		40,053	12.1%
2011	1,422,010		54,666,004		38,443	12.6%
2010	1,408,601		53,826,177		38,213	11.0%
2009	1,394,438		54,773,648		39,280	7.2%
2008	1,381,161		52,721,398		38,172	5.4%
2007	1,369,563		50,965,290		37,213	4.8%

Sources: California State Employment Development Department

Operating Information - Employees Last Ten Fiscal Years

Activity	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Measure A/SAVSA	2.65	2.6	2.6	2.45	2.45	2.45	2.45	2.45	2.45	2.45
Freeway Service Patrol	1.15	1.2	1.2	1.35	1.35	1.35	1.35	1.35	1.35	1.35

Source - Adopted Budgets



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

Fiscal Year

Jurisdiction	2016	2015	2014	2013
SMAQMD	\$ 1,604,995	\$ 1,541,388	\$ 1,474,887	\$ 1,407,308
RT South Line	-	-	-	-
City of Folsom	2,105,522	2,018,853	1,978,191	1,905,848
City of Rancho Cordova	2,013,909	1,922,210	1,803,645	1,711,239
City of Galt	1,091,347	1,048,496	1,003,696	958,170
City of Isleton	43,654	41,940	40,150	38,327
Paratransit	3,744,989	3,596,572	3,441,403	3,283,718
Regional Transit	36,914,890	35,451,925	33,922,401	32,368,073
City of Citrus Heights	2,152,319	2,071,744	1,985,463	1,891,987
City of Elk Grove	4,318,918	4,135,491	3,927,291	3,706,060
City of Sacramento	12,539,139	12,037,403	11,534,598	11,011,678
County of Sacramento	16,530,072	15,862,799	15,134,616	14,424,979
Sacramento Regional Parks*	1,000,000	1,000,000	1,000,000	1,000,000
Neighborhood Shuttle Set Aside*	1,000,000	1,000,000	1,000,000	1,000,000
CTSA Set Aside*	1,069,997	1,027,592	983,258	938,205
Debt Service*	22,202,434	21,322,534	20,402,604	19,467,754
Administration*	802,498	770,694	737,444	703,654
Total allocations	109,134,683	104,849,641	100,369,647	95,817,000

* Note: Set Asides / Sacramento Regional Parks began in FY 09/10

Source: Cash Basis Financial Data

Continued

Fiscal Year

			oou	• • •	Ju.				
	2012	2011	2010		2009		2008		2007
5	1,342,830	\$ 1,258,355	\$ 1,203,395	\$	1,210,653	\$	1,520,895	\$	1,786,043
	-	-	-		-		-		5,399,139
	1,816,009	1,667,429	1,627,374		3,962,307		4,954,655		370,298
	1,627,805	1,401,876	1,321,950		2,081,152		2,533,060		2,948,026
	914,734	857,824	820,800		1,312,785		1,639,684		1,946,664
	36,592	34,313	32,835		45,589		58,005		69,539
	3,133,270	2,936,161	2,807,922		1,467,435		1,844,116		2,169,072
	30,885,085	28,942,154	27,678,086		25,680,118		32,272,033		37,888,003
	1,802,800	1,726,097	1,655,413		3,066,507		3,905,241		4,680,394
	3,523,059	3,103,271	2,927,716		4,803,891		5,882,560		6,500,846
	10,506,441	10,004,574	9,498,469		16,469,321		20,564,463		24,214,996
	13,742,240	12,975,067	12,455,087		19,803,338		25,204,338		29,981,516
	1,000,000	1,000,000	1,000,000		-		-		-
	1,000,000	1,000,000	1,000,000		-		-		-
	895,220	838,903	802,264		-		-		-
	18,575,812	17,407,237	16,646,965		-		-		-
	671,415	629,177	601,698						
	91,473,312	85,782,438	82,079,974		79,903,096	-	100,379,049	-	117,954,536

SACRAMENTO TRANSPORTATION AUTHORITY Ratios of Outstanding Debt Last Ten Fiscal Years

Fiscal	Sales Tax	Percentage of	Per	
Year	Revenue Bonds	Personal Income	Capita	
2016	\$ 380,023,772	N/A	N/A	
2015	380,778,849	0.6%	\$ 257	
2014	381,533,926	0.6%	260	
2013	382,289,003	0.6%	264	
2012	318,300,000	0.5%	222	
2011	318,300,000	0.6%	224	
2010	318,300,000	0.6%	226	
2009	182,320,000	0.3%	131	
2008	182,320,000	0.3%	132	
2007	100,090,000	0.2%	73	

Source: Bureau of Economic Analysis

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

Fiscal	
Year	Abatements
2016	8,586
2015	5,037
2014	5,247
2013	6,222
2012	6,239
2011	7,334
2010	8,718
2009	11,575
2008	13,736
2007	14,690

Source: Authority records









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

To the Board of Directors Sacramento Transportation Authority Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Sacramento Transportation Authority (the Authority), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated December 23, 2016.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors Sacramento Transportation Authority

Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Company, LLP

December 23, 2016