RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

RETIREMENT PLANS FOR
SACRAMENTO REGIONAL TRANSIT
DISTRICT EMPLOYEES

TABLE OF CONTENTS

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES MEMBERS OF THE RETIREMENT BOARD AND ADMINISTRATIVE STAFF

Amalgamated Transit Union Local 256
Ralph Niz, Chairperson
Corina De La Torre, Member
Steve Muniz, Alternate

International Brotherhood of Electrical Workers Local 1245
Eric Ohlson, Chairperson
Lorrin Burdick, Member
Stevie Gallow, Alternate

Administrative Employees Association
James Drake, Chairperson
Mark Bennett, Member
Russel Devorak, Alternate

American Federation of State, County & Municipal Employees, Local 146, AFL-CIO
Charles Mallonee, Chairperson
Rob Hoslett, Member
Tim Kent, Alternate

Management and Confidential Employees
Mike Mattos, Chairperson
Alane Masui, Member
Roger Thorn, Alternate

Sacramento Regional Transit District
Andy Morin, Common Chairperson
Michael R. Wiley, Member
Steve Hansen, Alternate

Assistant Secretary, Acting
Donna Bonnel, Director of Human Resources

Legal Counsel
Shayna M. van Hoften, Partner
Anne C. Hydorn, Partner
Hanson Bridgett

Finance Department
Les Tyler, Chief Financial Officer, Acting
Brent Bernegger, Director of Finance/Treasury
Jamie Adelman, Senior Accountant

Human Resources Department
Valerie Weekly, Pension and Retiree Services Administrator

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the ATU/IBEW Plan and Salaried Plan for the Sacramento Regional Transit District Employees, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the ATU/IBEW Plan's and Salaried Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the ATU/IBEW Plan and the Salaried Plan for the Sacramento Regional Transit District Employees as of June 30, 2015, and the respective changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The basic financial statements of the ATU/IBEW Plan and the Salaried Plan as of June 30, 2014, were audited by other auditors whose report dated November 7, 2014, expressed an unmodified opinion on those financial statements.

(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of District Contributions, and the Schedule of Investment Returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Management has omitted the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ATU/IBEW Plan and the Salaried Plan basic financial statements. The accompanying supplemental Schedules of Investment and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying 2015 Schedules of Investment and Administrative Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2015 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2015 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 2015 basic financial statements or to the 2015 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 Schedules of Investment and Administrative Expenses are fairly stated, in all material respects, in relation to the 2015 basic financial statements as a whole.

The accompanying 2014 Schedules of Investment and Administrative Expenses are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. Such information has been subjected to the auditing procedures applied by other auditors in the audit of the 2014 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 2014 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and whose report dated November 7, 2014 expressed an opinion that such information was fairly stated in all material respects in relation to the 2014 basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 30, 2015

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

STATEMENTS OF PLAN NET POSITION
JUNE 30, 2015

	ATU/IBEW	Salaried	Total
Assets			
Investments, at fair value:			
Equity securities	$ 110,296,011	$ 49,875,031	$ 160,171,042
Fixed income securities	67,050,762	26,496,478	93,547,240
Total investments	177,346,773	76,371,509	253,718,282
Cash and short-term investments	2,888,256	1,209,251	4,097,507
Receivables			
Securities sold	447,809	197,273	645,082
Interest and dividends	166,280	68,825	235,105
Other receivables and prepaids	58,825	165,256	224,081
Total receivables	672,914	431,354	1,104,268
Total assets	180,907,943	78,012,114	258,920,057
Liabilities			
Securities purchased payable	8,391,320	3,339,493	11,730,813
Accounts payable	410,569	76,321	486,890
Total liabilities	8,801,889	3,415,814	12,217,703
Net position restricted for pension benefits	$ 172,106,054	$ 74,596,300	$ 246,702,354

(Schedules of Changes in Net Pension Liability and Related Ratios for the Plans are presented on pages 26 and 27.)

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

STATEMENTS OF PLAN NET POSITION
JUNE 30, 2014

	ATU/IBEW	Salaried	Total
Assets			
Investments, at fair value:			
Equity securities	$ 102,436,610	$ 43,662,164	$ 146,098,774
Fixed income securities	67,330,781	26,610,171	93,940,952
Total investments	169,767,391	70,272,335	240,039,726
Cash and short-term investments	9,766,996	3,926,522	13,693,518
Receivables			
Securities sold	1,412,085	563,042	1,975,127
Interest and dividends	290,759	116,727	407,486
Other receivables and prepaids	36,492	92,712	129,204
Total receivables	1,739,336	772,481	2,511,817
Total assets	181,273,723	74,971,338	256,245,061
Liabilities			
Securities purchased payable	10,226,692	4,041,748	14,268,440
Accounts payable	549,358	104,642	654,000
Total liabilities	10,776,050	4,146,390	14,922,440
Net position restricted for pension benefits	$ 170,497,673	$ 70,824,948	$ 241,322,621

(Schedules of Changes in Net Pension Liability and Related Ratios for the Plans are presented on pages 26 and 27.)

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLANS FOR
SACRAMENTO REGIONAL TRANSIT
DISTRICT EMPLOYEES

STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

	ATU/IBEW	Salaried	Total
Additions			
Contributions:			
Employer	$ 10,343,620	$ 7,335,308	$ 17,678,928
Member	3,682	261	3,943
Total contributions	10,347,302	7,335,569	17,682,871
Investment Income:			
Net appreciation in fair value of investments	3,147,172	1,523,789	4,670,961
Interest, dividends, and other income	2,208,131	925,197	3,133,328
Investment expenses	(745,797)	(316,850)	(1,062,647)
Net investment income	4,609,506	2,132,136	6,741,642
Total additions	14,956,808	9,467,705	24,424,513
Deductions			
Benefits paid to participants	13,157,985	5,502,144	18,660,129
Administrative expenses	190,442	194,209	384,651
Total deductions	13,348,427	5,696,353	19,044,780
Net increase in plan net position	1,608,381	3,771,352	5,379,733
Net position restricted for pension benefits - Beginning of fiscal year	170,497,673	70,824,948	241,322,621
Net position restricted for pension benefits - End of fiscal year	$ 172,106,054	$ 74,596,300	$ 246,702,354

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLANS FOR
SACRAMENTO REGIONAL TRANSIT
DISTRICT EMPLOYEES

STATEMENTS OF CHANGES IN PLAN NET POSITION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014

	ATU/IBEW	Salaried	Total
Additions			
Contributions:			
Employer	$ 9,711,107	$ 6,609,083	$ 16,320,190
Member	22,425	1,678	24,103
Total contributions	9,733,532	6,610,761	16,344,293
Investment Income:			
Net appreciation in fair value of investments	20,970,171	8,631,373	29,601,544
Interest, dividends, and other income	2,394,445	964,719	3,359,164
Investment expenses	(732,797)	(298,448)	(1,031,245)
Net investment income	22,631,819	9,297,644	31,929,463
Total additions	32,365,351	15,908,405	48,273,756
Deductions			
Benefits paid to participants	12,877,177	5,664,400	18,541,577
Administrative expenses	230,365	176,367	406,732
Total deductions	13,107,542	5,840,767	18,948,309
Transfers in/(out) of plans	(174,166)	174,166	-
Net increase in plan net position	19,083,643	10,241,804	29,325,447
Net position restricted for pension benefits - Beginning of fiscal year	151,414,030	60,583,144	211,997,174
Net position restricted for pension benefits - End of fiscal year	$ 170,497,673	$ 70,824,948	$ 241,322,621

The accompanying notes are an integral part of these financial statements.

1. DESCRIPTION OF THE PLANS

ATU/IBEW Plan

The Retirement Plan for Sacramento Regional Transit District Employees who are Members of Amalgamated Transit Union (ATU) Local 256 and International Brotherhood of Electrical Workers (IBEW) Local 1245 (the ATU/IBEW Plan) is a single employer defined benefit pension plan covering contract employees of Sacramento Regional Transit District (the District). Participants should refer to their respective ATU/IBEW Plan agreements for more complete information. The ATU Plan and the IBEW Plan are accounted for by the District as one Plan (collectively, the "ATU/IBEW Plan"). The ATU/IBEW Plan is reported as a pension trust fund in the District's financial statements.

Salaried Plan

The Retirement Plan for Sacramento Regional Transit District Salaried Employees (the Salaried Plan) is a single employer defined benefit pension plan covering full or part-time employees in the following employee groups: Administrative Employees' Association (AEA), Management and Confidential Employees' Group (MCEG), and Members of the American Federation of State, County & Municipal Employees, Local 146, AFL-CIO (AFSCME). AFSCME is further split into two groups AFSCME-Technical and AFSCME-Supervisors. Participants should refer to the Salaried Plan agreement for more complete information. The Salaried Plan is reported as a pension trust fund in the District's financial statements.

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

- ATU, IBEW, and AFSCME – Technical - Tier 1 for the ATU/IBEW Plan and AFSCME – Technical union consists of all employees hired on or before December 31, 2014, Tier 2 consists of all employees hired on or after January 1, 2015.

- AEA, MCEG, and AFSCME – Supervisors - Tier 1 for the AEA, MCEG, and AFSCME – Supervisors consists of all employees hired on or before December 30, 2014, Tier 2 consists of all employees hired on or after December 31, 2014.

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

1. DESCRIPTION OF THE PLANS (Continued)

PEPRA Employees

The Public Employees' Pension Reform Act (PEPRA) of 2013 created new pension rules for employees hired after January 1, 2013. 'PEPRA employees' were hired under both the ATU/IBEW Plan and the Salaried Plan and the employees are required to contribute 50% of the normal cost of their plan. The benefits under PEPRA were reduced in an effort to reduce the pension liability of local agencies in the state of California.

On October 4, 2013 Assembly Bill 1222 provided a temporary exemption to the January 1, 2013 PEPRA law for employees of Transit Agencies. Along with changes to employee retirement benefits, this exemption eliminated employee contributions through January 1, 2015. Therefore all contributions received were refunded in November 2013 and the employees hired between January 1, 2013 and October 4, 2013 were included in the Tier 1 Plans. On September 28, 2014 Assembly Bill 1783 was signed by Governor Brown which extended the Districts PEPRA exemption to January 1, 2016.

On December 30, 2014 a court ruling was released in which PEPRA became a requirement for Transit Agencies in the state of California. The ruling indicated that if a bargaining group was within a current MOU, PEPRA would not apply until the expiration of said MOU. As of December 30, 2014 the ATU, IBEW, and AFSCME – Technical groups were under a current MOU. For all other employee groups not under current contract (MCEG, AEA, and AFSCME – Supervisors), PEPRA applies to all new hires as of December 30, 2014.

General Provisions ATU/IBEW and Salaried Plans

Contributions to the ATU/IBEW and Salaried Plans are authorized or amended by the Retirement Board based on an actuarial basis. The authority under which benefit provisions are established and amended rests with the District's Board of Directors as a result of labor negotiations. Assembly Bill 1064, effective January 1, 2004, mandates that the Retirement Boards be comprised of equal representation of management and Bargaining Group employees. The Retirement Board shall consist of not more than 4 members and 2 alternates. Two (2) voting members and one (1) alternate shall be appointed by the District's Board of Directors and two (2) voting members and one (1) alternate shall be appointed by the ATU, IBEW, AEA, AFSCME, and MCEG member groups.

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

ATU/IBEW Plan membership for both Tier 1 and Tier 2, at June 30, consisted of:

	2015	**2014**
Retirees and beneficiaries currently receiving benefits	507	493
Terminated members entitled to but not yet collecting benefits	42	39
Current active members	696	708
	1,245	1,240

1. DESCRIPTION OF THE PLANS (Continued)

Salaried Plan membership for both Tier 1 and Tier 2, as of June 30, consisted of:

	2015	2014
Retirees and beneficiaries currently receiving benefits	227	221
Terminated members entitled to but not yet collecting benefits	45	47
Current active members	250	252
	522	520

RETIREMENT BENEFITS

Table 1 below presents a summary of the retirement benefits for Tier 1 employees for each of the employee groups represented by the ATU/IBEW and Salaried Plans.

Table 1

TIER 1	ATU/IBEW Plan		Salaried Plan			
Employee Unions/Groups	**ATU**	**IBEW**	**AFSCME - Technical**	**AFSCME - Supervisors**	**AEA**	**MCEG**
Plan Terms	MOU	MOU	MOU	MOU	MOU	MOU
Vesting Period: Years of Service - % Vested	10 - 100%	5 - 100%	5 - 20% 6 - 40% 7 - 60% 8 - 80% 9 - 100%	9 - 100%	5 - 100%	5 - 100%
Employer Contribution	27.55%	27.55%	32.04%	32.04%	32.04%	32.04%
Employee Contribution	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Vacation sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Sick leave sell back towards pension calculation	Allowable	Allowable	Allowable	Allowable	Allowable	Allowable
Retirement Age Eligible and Multiplier	See Table 3	See Table 3	See Table 3	See Table 3	See Table 3	See Table 3
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

1. DESCRIPTION OF THE PLANS (Continued)

Table 2 below presents a summary of the retirement benefits for Tier 2 employees for each of the employee groups represented by the ATU/IBEW and Salaried Plans.

Table 2

TIER 2	**ATU/IBEW Plan**		**Salaried Plan**			
Employee Unions/Groups	**ATU**	**IBEW**	**AFSCME - Technical**	**AFSCME - Supervisors**	**AEA**	**MCEG**
Plan Terms	MOU	MOU	MOU	PEPRA	PEPRA	PEPRA
Vesting Period: Years of Service - % Vested	10 - 100%	10 - 100%	5 - 10% 6 - 30% 7 - 50% 8 - 70% 9 - 90% 10 - 100%	5 - 100%	5 - 100%	5 - 100%
Employer Contribution	24.55%	26.05%	30.54%	26.29%	26.29%	26.29%
Employee Contribution	3.0%	1.5% to 4.5%	1.5% to 4.5%	1/2 Normal Cost	1/2 Normal Cost	1/2 Normal Cost
Vacation sell back towards pension calculation	Allowable	Allowable	Allowable	Not Allowable	Not Allowable	Not Allowable
Sick sell back towards pension calculation	Allowable	Allowable	Allowable	Not Allowable	Not Allowable	Not Allowable
Retirement Age Eligible and Multiplier	See Table 4	See Table 4	See Table 4	See Table 4	See Table 4	See Table 4
Disability Retirement Multiplier	Equal to applicable retirement age multiplier or 2% if age and service are not met. Vesting required					

1. DESCRIPTION OF THE PLANS (Continued)

The retirement ages, years of service and pension calculation multipliers vary by employee union/group. The specific benefits for the ATU/IBEW and Salaried Plan Tier 1 and Tier 2 employees are outlined below in Table 3 and Table 4, respectively:

Table 3

Tier 1

Employee Unions/ Groups	Age	Years of Service	Multiplier
ATU	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
IBEW	55-59	25-29 or more	2.00%
	60	30 or more	2.50%
Salaried	55	25	2.00%
(AEA, MCEG,	56	26	2.10%
and AFSCME)	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%

Table 4

Tier 2

Employee Unions/ Groups	Age	Years of Service	Multiplier
ATU	55	25	2.00%
	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
IBEW	55-62	N/A	2.00%
	63	N/A	2.10%
	64	N/A	2.20%
	65	N/A	2.30%
	66	N/A	2.40%
	67	N/A	2.50%
AFSCME-	55	25	2.00%
Technical	56	26	2.10%
	57	27	2.20%
	58	28	2.30%
	59	29	2.40%
	60	30 or more	2.50%
AEA, MCEG,	55	N/A	1.30%
and AFSCME -	56	N/A	1.40%
Supervisors	57	N/A	1.50%
	58	N/A	1.60%
	59	N/A	1.70%
	60	N/A	1.80%
	61	N/A	1.90%
	62	N/A	2.00%
	63	N/A	2.10%
	64	N/A	2.20%
	65	N/A	2.30%
	66	N/A	2.40%
	67	N/A	2.50%

1. DESCRIPTION OF THE PLANS (Continued)

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

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

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

Administration – The ATU/IBEW Plan is administered by the ATU/IBEW Plan's Retirement Board. All expenses incurred in the administration of the ATU/IBEW Plan are paid by the ATU/IBEW Plan. The Salaried Plan is administered by the Salaried Plan's Retirement Boards. All expenses incurred in the administration of the Salaried Plan are paid by the Salaried Plan.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The ATU/IBEW and Salaried Plans are reported as pension trust funds which report resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plans. The ATU/IBEW and Salaried Plans are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting.

The ATU/IBEW and Salaried Plans have adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, as their source of accounting and reporting principles. The District's contributions to the ATU/IBEW and Salaried Plans are recognized in the period in which the contributions are due pursuant to formal commitments or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the ATU/IBEW and Salaried Plans' agreements.

Cash and Short-Term Investments – The ATU/IBEW and Salaried Plans consider all highly liquid investments with a maturity of three months or less to be short-term investments.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments – Investments are stated at fair value based on quoted market prices (or, if not available, at estimated fair value determined by third-party pricing services). Realized gains or losses on the sale of investments are recorded on the trade date as the difference between proceeds received and the fair value at the beginning of the year, or cost if acquired during the year. Net appreciation (depreciation) in fair value of investments includes net unrealized market appreciation and depreciation of investments and net realized gains and losses on the sale of investments during the period. Interest income includes dividends and interest paid on the ATU/IBEW and Salaried Plans' investments. The investment assets for the ATU/IBEW and the Salaried Plans are combined into one commingled investment portfolio. The balances of investments owned by the plans are calculated based on a percentage of ownership as determined by the Plans' custodian, State Street.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the ATU/IBEW and Salaried Plans administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

New Pronouncements – For the fiscal year ended June 30, 2015, the ATU/IBEW and Salaried Plans did not implement new GASB pronouncements as they did not apply to the ATU/IBEW and Salaried Plans' financial activity or were immaterial.

For the fiscal year ended June 30, 2014, the ATU/IBEW and Salaried Plans implemented GASB pronouncement 67, Financial Reporting for Pension Plans, an amendment of GASB 25. This statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans", and No. 50, "Pension Disclosures", as they relate to pension plans that are administered through trusts or equivalent arrangements. For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. The implementation of the GASB statement resulted in certain changes in presentation but did not have a material impact on the Plans' financial Statements.

There are currently no future pronouncements that will be applicable to the ATU/IBEW and Salaried Retirement Plans financial statements.

3. CONTRIBUTION REQUIREMENTS

EMPLOYER CONTRIBUTIONS

The ATU/IBEW and Salaried Plans' funding policy provides for actuarially determined periodic contributions. Contribution rates for retirement benefits are determined using the entry age normal cost method. During the fiscal years ended June 30, 2015 and June 30, 2014, the District made 100% of the actuarially determined contributions to the ATU/IBEW and Salaried Plans of $17,678,928 and $16,320,190, respectively, for all employees.

TIER 1 EMPLOYEES

For the fiscal year ended June 30, 2015 and 2014, the actuarially determined rate for the ATU/IBEW Plan was 27.55% and 26.27%, respectively, of covered payroll. For the fiscal year ended June 30, 2015 and 2014, the actuarially determined rate for the Salaried Plan was 32.04% and 29.95%, respectively, of covered payroll. No contributions are required by the ATU/IBEW and Salaried Plans' members pursuant to each respective bargaining agreement for employees hired before January 1, 2015.

3. CONTRIBUTION REQUIREMENTS (Continued)

TIER 2 EMPLOYEES

As of January 1, 2015, all new employees were required to contribute to their pension based upon the terms of the bargaining groups MOU or based on PEPRA.

ATU employees are required to contribute 3.00% of their annual salary. The employer portion of the actuarially determined rate for the ATU members was 24.55% of covered payroll for the fiscal year ending June 30, 2015. IBEW employees are required to contribute 1.5% the first year of service increasing to 4.5% in the third year of service and beyond. The employer portion of the actuarially determined rate for the IBEW members was 26.05% of covered payroll for the fiscal year ending June 30, 2015. The total contribution by Tier 2 employees of the ATU/IBEW Plan as of June 30, 2015 was $3,682.

AFSCME – Technical employees are required to contribute 1.5% the first year of service increasing to 4.5% in the third year of service and beyond. The employer portion of the actuarially determined rate for the AFSCME - Technical members was 30.54% of covered payroll for the fiscal year ending June 30, 2015. Members of AEA, MCEG, and AFSCME – Supervisors are required to contribute 50% of normal cost which is currently 5.75% of their annual salary. The employer portion of the actuarially determined rate for the AEA, MCEG, and AFSCME - Supervisors members was 26.29% of covered payroll for the fiscal year ending June 30, 2015. The total contribution by Tier 2 employees of the Salaried Plan as of June 30, 2015 was $260.

For the fiscal year ended June 30, 2014 all new employees were required to contribute 50% of the normal cost of the pension benefit under the terms of PEPRA. The employee contributions for the fiscal year ending June 30, 2014 were 5.75% or $22,425 and 4.75% or $1,678, for the ATU/IBEW Plan and the Salaried Plan, respectively. The employer portion of the actuarially determined rate for the ATU/IBEW Plan and Salaried Plan was 18.18% and 21.61%, respectively, of covered payroll for the fiscal year ended June 30, 2014.

The PEPRA related contribution rates for June 30, 2015 and 2014 were actuarially determined on April 20, 2015 and July 9, 2013, respectively, using the member data from actuarial valuations of the Plans as of June 30, 2014 and 2012, respectively.

4. CASH AND INVESTMENTS

CASH AND SHORT-TERM INVESTMENTS

At June 30, 2015 and 2014, the reported amount of cash and short-term investments of the ATU/IBEW and Salaried Plans was $4,097,507 and $13,693,518, respectively. The amount was collateralized with securities held by the counterparty's trust department or agent in the District's name on behalf of the Retirement Plan.

4. CASH AND INVESTMENTS (Continued)

INVESTMENTS

An annual Board-adopted policy, the Statement of Investment Objectives and Policy Guidelines for the Sacramento Regional Transit District Retirement Plans (Policy), governs the ATU/IBEW and Salaried Plans' investments. This Policy focuses on the continued feasibility of achieving, and the appropriateness of, the Asset Allocation Policy, the Investment Objectives, the Investment Policies and Guidelines, and the Investment Restrictions. The Retirement Boards have the authority to amend the asset allocation targets as well as establish and amend investment policies. The following was the Plans adopted asset allocation policy as of June 30:

	Target Allocation	
Asset Class	2015	2014
Domestic Equity Large Cap	32%	30%
Domestic Equity Small Cap	8%	7%
International Equity Developed	19%	18%
International Equity Emerging Markets	6%	5%
Domestic Fixed Income	35%	40%

All of the ATU/IBEW and Salaried Plans' investments are reported at fair value measured by quoted market prices.

For the years ended June 30, 2015 and 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 3.25% and 15.64%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

4. CASH AND INVESTMENTS (Continued)

The following table identifies the investment types that are authorized by the ATU/IBEW and Salaried Plans' Retirement Boards. The table also identifies certain provisions of the Investment Objectives and Policy that address interest rate risk, credit risk and concentration of credit risk.

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

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

4. CASH AND INVESTMENTS (Continued)

INVESTMENT RISK FACTORS

There are many factors that can affect the value of investments. Such factors as interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed income securities.

INTEREST RATE RISK

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

The following table provides information about the interest rate risks associated with the ATU/IBEW and Salaried Plans' investments at June 30, 2015.

	Maturity in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Fair Value
Collateralized Mortgage Obligations	$ -	$ 934,271	$ 3,333,281	$ 6,468,937	$ 10,736,489
Corporate Bonds	295,879	6,661,195	3,725,380	4,714,205	15,396,659
Municipal Bonds	-	-	476,583	246,142	722,725
U.S. Government Agency Obligations	-	254,983	2,199,814	19,363,859	21,818,656
U.S. Government Issued Obligations	9,188,966	11,542,035	6,288,225	4,259,693	31,278,919
Asset-Backed Securities	-	-	2,123,916	11,469,876	13,593,792
Total	$ 9,484,845	$ 19,392,484	$ 18,147,199	$ 46,522,712	$ 93,547,240

The following table provides information about the interest rate risks associated with the ATU/IBEW and Salaried Plan's investments at June 30, 2014.

	Maturity in Years				
	Less than 1	1 – 5	6 – 10	More than 10	Fair Value
Collateralized Mortgage Obligations	$ -	$ 363,661	$ 2,977,041	$ 7,637,213	$ 10,977,915
Corporate Bonds	1,139,096	6,470,913	3,527,154	3,763,174	14,900,337
Municipal Bonds	-	-	438,356	681,598	1,119,954
U.S. Government Agency Obligations	-	2,735	2,311,794	20,467,290	22,781,819
U.S. Government Issued Obligations	6,980,614	14,397,839	8,803,837	3,399,803	33,582,093
Asset-Backed Securities	-	-	1,513,343	9,065,491	10,578,834
Total	$ 8,119,710	$ 21,235,148	$ 19,571,525	$ 45,014,569	$ 93,940,952

In accordance with the ATU/IBEW and Salaried Plans' investment policy, investments may include mortgage pass-through securities, collateralized mortgage obligations, asset-backed securities, callable bonds and corporate debts that are considered to be highly sensitive to changes in interest rates.

4. CASH AND INVESTMENTS (Continued)

COLLATERALIZED MORTGAGE OBLIGATIONS

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

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

CORPORATE DEBT – RANGE NOTES

Range notes are securities which pay two different interest rates depending on whether or not a benchmark index falls within a pre-determined range as structured per the note. If the benchmark index rate does not fall within the pre-determined range, the note will not earn the coupon rate for that time period. With this pre-determined range feature, range notes are highly sensitive to changes in interest rates. As of June 30, 2015, the ATU/IBEW and Salaried Plans held range notes with a fair value of $422,100. As of June 30, 2014, the ATU/IBEW and Salaried Plans held range notes with a fair value of $446,243.

MORTGAGE PASS-THROUGH SECURITIES

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

ASSET-BACKED SECURITIES

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

CALLABLE BONDS

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The Plans must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the fair value to be highly sensitive to changes in interest rates. As of June 30, 2015, the ATU/IBEW and Salaried Plans held callable bonds with a fair value of $4,008,874. As of June 30, 2014, the ATU/IBEW Plan and the Salaried Plan held callable bonds with a fair value of $3,450,766.

CREDIT RISK

Fixed income securities are subject to credit risk, which is the risk that a bond issuer or other counterparty to a debt instrument will not fulfill its obligation to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

4. CASH AND INVESTMENTS (Continued)

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

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

For the fiscal years ending June 30, 2015 and 2014, the ATU/IBEW and Salaried Plans were in adherence with the credit risk provisions of the Statement of Investment Objectives and Policy Guidelines which require a minimum overall portfolio quality rating and a minimum credit rating at the time of purchase.

The following table provides information on the credit ratings and fair value associated with the ATU/IBEW and Salaried Plans' investments as of June 30, 2015.

Investment Rating	Fair Value	Percentage of Portfolio
Not Applicable	$ 164,268,550	63.72%
Not Rated	56,033,893	21.73%
Aaa	16,157,305	6.27%
Aa1	458,580	0.18%
Aa2	1,216,262	0.47%
Aa3	351,245	0.14%
A1	1,384,654	0.54%
A2	2,328,805	0.90%
A3	3,630,204	1.41%
Baa1	3,776,868	1.46%
Baa2	2,901,380	1.13%
Baa3	2,492,310	0.97%
Ba1	807,401	0.31%
Ba2	671,768	0.26%
Ba3	98,024	0.04%
B1	127,875	0.05%
B2	610,069	0.24%
Caa3	441,415	0.17%
Ca	9,043	0.00%
WR	50,138	0.02%
	$ 257,815,789	100.00%

4. CASH AND INVESTMENTS (Continued)

The following table provides information on the credit ratings and fair value associated with the ATU/IBEW and Salaried Plans' investments as of June 30, 2014.

Investment Rating	Fair Value	Percentage of Portfolio
Not applicable	$ 159,792,291	62.98%
Not rated	57,905,099	22.82%
Aaa	14,259,652	5.62%
Aa1	977,535	0.39%
Aa2	1,771,440	0.70%
Aa3	354,555	0.14%
A1	1,448,258	0.57%
A2	1,520,943	0.60%
A3	2,409,478	0.95%
Baa1	4,660,839	1.84%
Baa2	4,642,177	1.83%
Baa3	1,235,670	0.49%
Ba1	116,350	0.05%
Ba2	161,895	0.06%
Ba3	827,823	0.33%
B1	616,190	0.24%
B2	132,728	0.05%
Caa1	503,608	0.20%
Caa3	386,167	0.15%
Ca	10,546	0.00%
Total Cash & Investments	$ 253,733,244	100.00%

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer.

The investment policies of the ATU/IBEW and Salaried Plans state that an investment in each domestic or international equity fund managers' securities of a single issuer shall not exceed 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2015 and 2014, the ATU/IBEW and Salaried Plans did not have domestic or international equity fund managers' investments in a single issuer that exceeded 5% (at cost) of the value of the portfolios and/or of the total outstanding shares. As of June 30, 2015 and 2014, the Plans held more than 5% of the Plans' investments and more than 5% of the Plans' fiduciary net position in the following fixed-income securities investment.

	2015	2014
Federal National Morgtage Association	$ 16,273,430	$ 21,236,745
Federal Home Loan Bank	12,907,787	13,963,182
US Treasury	17,046,158	22,002,362

4. CASH AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The ATU/IBEW and Salaried Plans' investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. The ATU/IBEW and Salaried Plans' investment securities are not exposed to custodial credit risk because all securities are held by the ATU/IBEW and Salaried Plans' custodian bank in the District's name.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The ATU/IBEW and Salaried Plans' investment policy states international equity securities shall be comprised of American Depository Receipts (ADR) of non-U.S. companies, common stocks of non-U.S. companies, preferred stocks of non-U.S. companies, foreign convertible securities including debentures convertible to common stocks, and cash equivalents.

The following table provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The ATU/IBEW and Salaried Plans do have foreign currency deposits and investments which may be used for hedging purposes.

At June 30, 2015 and 2014, the U.S. dollar balances organized by investment type and currency denominations for the ATU/IBEW and Salaried Plans are as follows:

Asset Class	Foreign Currency	2015 U.S. Dollars	2014 U.S. Dollars
Cash			
	EURO	$ 430	$ 528
	Japanese Yen	87	-
	Swiss Franc	6,367	-
	Total	$ 6,884	$ 528

5. NET PENSION LIABILITY

ATU/IBEW Plan

The components of the net pension liability of the ATU/IBEW Plan at June 30, 2015, were as follows:

Total pension liability	$	222,705,517
Plan fiduciary net position		(172,106,054)
ATU/IBEW net pension liability	$	50,599,463
Plan fiduciary net position as a percentage of the total pension liability		77.28%

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.25%
Salary increases	3.25%, plus merit component
Investment Rate of Return	7.65%, net of investment expense
Post-retirement mortality	Sex distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	8.90%
Domestic Equity Small Cap	10.15%
International Equity Developed	9.80%
International Equity Emerging	11.45%
Domestic Fixed Income	3.05%

5. NET PENSION LIABILITY (continued)

The discount rate used to measure the Total Pension Liability was 7.65%. The discount rate was decreased during the fiscal year ended June 30, 2015 to 7.65% from 7.75% as of June 30, 2014. The reduction is due to a review of potential investment returns over the next ten to twenty year horizon. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (18 years remaining as of the June 30, 2014 actuarial valuation).

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the ATU/IBEW Plan, calculated using the discount rate of 7.65 percent, as well as what the ATU/IBEW Plans net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
Total pension liability	$ 244,369,554	$ 222,705,517	$ 204,025,934
Plan fiduciary net position	(172,106,054)	(172,106,054)	(172,106,054)
Net pension liability	$ 72,263,500	$ 50,599,463	$ 31,919,880
Plan fiduciary net position as a percentage of the total pension liability	70.43%	77.28%	84.35%

5. NET PENSION LIABILITY (continued)

Salaried Plan

The components of the net pension liability of the Salaried Plan at June 30, 2015, were as follows:

Total pension liability	$	116,410,752
Plan fiduciary net position		(74,596,300)
Salaried net pension liability	$	41,814,452
Plan fiduciary net position as a percentage of the total pension liability		64.08%

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement, and using update procedures to roll forward the total pension liability to the pension plan's fiscal year-end:

Inflation	3.15%
Amortization growth rate	3.25%
Salary increases	3.25%, plus merit component
Investment Rate of Return	7.65%, net of investment expense
Post-retirement mortality	Sex distinct RP-2000 Combined White Collar Mortality, 3 year setback for females

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity Large Cap	8.90%
Domestic Equity Small Cap	10.15%
International Equity Developed	9.80%
International Equity Emerging	11.45%
Domestic Fixed Income	3.05%

5. NET PENSION LIABILITY (continued)

The discount rate used to measure the Total Pension Liability was 7.65%. The discount rate was decreased during the fiscal year ended June 30, 2015 to 7.65% from 7.75% as of June 30, 2014. The reduction is due to a review of potential investment returns over the next ten to twenty year horizon. The projection of cash flows used to determine the discount rate assumed that the District will continue to contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability as a level percentage of payroll over a closed period (18 years remaining as of the June 30, 2014 actuarial valuation)

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the Salaried Plan, calculated using the discount rate of 7.65 percent, as well as what the Salaried Plans net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
Total pension liability	$ 129,004,006	$ 116,410,752	$ 105,681,770
Plan fiduciary net position	(74,596,300)	(74,596,300)	(74,596,300)
Net pension liability	$ 54,407,706	$ 41,814,452	$ 31,085,470
Plan fiduciary net position as a percentage of the total pension liability	57.82%	64.08%	70.59%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation. Actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
Total pension Liability		
Service Cost	$ 5,753,143	$ 5,599,479
Intrest	16,384,487	15,740,342
Difference between expected and actual returns	(2,941,777)	-
Changes of assumptions	1,621,574	-
Transfers out - Salaried Plan	-	(174,166)
Benefit payments, including refunds of member contributions	(13,157,985)	(12,877,177)
Net change in total pension liability	7,659,442	8,288,478
Total pension liability - beginning	215,046,075	206,757,597
Total pension liability - ending	$ 222,705,517	$ 215,046,075
Plan fiduciary net position		
Contributions - employer	$ 10,343,620	$ 9,711,107
Contributions - member	3,682	22,425
Net investment income	4,609,506	22,631,819
Transfers out - Salaried Plan	-	(174,166)
Benefit payments, including refunds of member contributions	(13,157,985)	(12,877,177)
Administrative expense	(190,442)	(230,365)
Net change in plan fiduciary net position	1,608,381	19,083,643
Plan fiduciary net position - beginning	170,497,673	151,414,030
Plan fiduciary net position - ending	$ 172,106,054	$ 170,497,673
Net pension liability - ending	$ 50,599,463	$ 44,548,402
Plan fiduciary net position as a percentage of the total pension liability	77.28%	79.28%
Covered employee payroll	$ 37,950,269	$ 38,857,668
Net pension liability as a percentage of covered employee payroll	133.33%	114.65%

Notes to schedule: In fiscal year 2015, amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND 2014

	2015	2014
Total pension Liability		
Service Cost	$ 3,476,103	$ 3,321,337
Transfers In - ATU/IBEW Plan	-	174,166
Interest (includes interest on service cost)	8,434,365	7,978,675
Difference between expected and actual returns	(753,076)	-
Changes of assumptions	930,863	-
Benefit payments, including refunds of member contributions	(5,502,144)	(5,664,400)
Net change in total pension liability	6,586,111	5,809,778
Total pension liability - beginning	109,824,641	104,014,863
Total pension liability - ending	$ 116,410,752	$ 109,824,641
Plan fiduciary net position		
Contributions - employer	$ 7,335,308	$ 6,609,083
Contributions - member	261	1,678
Transfers in - ATU/IBEW Plan	-	174,166
Net investment income	2,132,136	9,297,644
Benefit payments, including refunds of member contributions	(5,502,144)	(5,664,400)
Administrative expense	(194,209)	(176,367)
Net change in plan fiduciary net position	3,771,352	10,241,804
Plan fiduciary net position - beginning	70,824,948	60,583,144
Plan fiduciary net position - ending	$ 74,596,300	$ 70,824,948
Net pension liability - ending	$ 41,814,452	$ 38,999,693
Plan fiduciary net position as a percentage of the total pension liability	64.08%	64.49%
Covered employee payroll	$ 23,022,281	$ 22,008,809
Net pension liability as a percentage of covered employee payroll	181.63%	177.20%

Notes to schedule: In fiscal year 2015, amounts reported as changes of assumptions resulted from lowering the discount rate from 7.75% to 7.65%

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULE OF DISTRICT CONTRIBUTIONS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 10,344	$ 9,711	$ 8,694	$ 7,885	$ 6,809	$ 7,426	$ 6,937	$ 7,681	$ 7,088	$ 6,227
Contributions in relation to the actuarially determined contribution	10,344	9,711	8,694	7,885	6,809	7,426	6,937	7,681	7,088	6,227
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	37,950	38,858	37,110	38,558	38,343	43,626	44,916	44,718	42,897	41,284
Contributions as a percentage of covered-employee payroll	27.26%	24.99%	23.43%	20.45%	17.76%	17.02%	15.44%	17.18%	16.52%	15.08%

Note: Beginning in FYE2015, payroll amounts are based on actual total payroll of the District. In previous years the schedule used covered payroll which is different than actual payroll and there contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule

Valuation Date	7/1/2013 (to determine FY14-15 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 19 year period as of 6/30/2013
Asset valuation method	5-year smoothed market
Discount Rate	7.75%
Amortization growth rate	3.25%
Price inflation	3.25%
Salary Increases	3.25%, plus merit component on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined Blue Collar Mortality, 3 year setback for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2015, can be found in the July 1, 2013 actuarial valuation report.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULE OF DISTRICT CONTRIBUTIONS
SALARIED EMPLOYEES
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 7,335	$ 6,609	$ 5,800	$ 4,580	$ 3,718	$ 4,269	$ 3,820	$ 4,132	$ 3,694	$ 2,564
Contributions in relation to the actuarially determined contribution	7,335	6,609	5,800	4,580	3,718	4,269	3,820	4,132	3,694	2,564
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	23,022	22,009	19,627	19,105	19,466	22,602	21,115	21,929	21,363	21,217
Contributions as a percentage of covered-employee payroll	31.86%	30.03%	29.55%	23.97%	19.10%	18.89%	18.09%	18.84%	17.29%	12.08%

Note: Beginning in FYE2015, payroll amounts are based on actual total payroll of the District. In previous years the schedule used covered payroll which is different than actual payroll and there contributions as a percentage of covered payroll will differ from what was actually contributed.

Notes to Schedule

Valuation Date	7/1/2013(to determine FY14-15 contribution)
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year

Key methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed 19 year period as of 6/30/2013
Asset valuation method	5-year smoothed market
Discount Rate	7.75%
Amortization growth rate	3.25%
Price inflation	3.25%
Salary Increases	3.25%, plus merit component on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined White Collar Mortality, 3 year setback for females

Other information:
A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2015, can be found in the July 1, 2013 actuarial valuation report.

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULE OF INVESTMENT RETURNS
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
AND SALARIED EMPLOYEES
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)

	2015	2014
Annual money-weighted rate of return, net of investment expense	3.25%	15.64%

Note: Information prior to 2014 was not available.

SUPPLEMENTAL SCHEDULES

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
EMPLOYEES WHO ARE MEMBERS OF
ATU LOCAL 256 AND IBEW LOCAL 1245
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

Investment Expenses:

Vendor Names	Type of Services	2015	2014
Metropolitan West Asset Management, L.L.C.	Asset Management	$ 180,559	$ 169,601
Boston Partners Investment Management	Asset Management	147,872	146,791
Atlanta Capital Management Co.	Asset Management	108,578	113,462
JP Morgan Investment Management, Inc.	Asset Management	110,147	108,346
SSgA S&P 500	Asset Management	13,553	13,583
SSgA MSCI EAFE	Asset Management	14,749	13,472
Callan Associates, Inc.	Investment Advisor	80,658	78,529
State Street Bank and Trust Company	Custodian Services	89,681	89,013
Total		$ 745,797	$ 732,797

Administrative Expenses:

Vendor Names	Type of Services	2015	2014
Hanson Bridgett	Consulting Services	$ 87,848	$ 151,242
Sacramento Regional Transit District	Plan Administration	37,744	-
Cheiron EFI	Actuarial Services	34,805	44,649
AON Risk Services, Inc.	Fiduciary Insurance	29,126	23,603
Information Services	Technical Support	408	375
CALAPRS	Dues & Training Course	300	5,250
United Parcel Service	Shipping	13	18
Sacramento Occupational Medical Group	Medical Evaluation	-	3,010
Callan Associates	Training Workshop	-	1,081
Other	Misc	198	1,137
Total		$ 190,442	$ 230,365

RETIREMENT PLANS FOR SACRAMENTO REGIONAL TRANSIT DISTRICT EMPLOYEES

SCHEDULES OF INVESTMENT AND ADMINISTRATIVE EXPENSES
SALARIED EMPLOYEES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 AND 2014

Investment Expenses:

Vendor Names	Type of Services	2015	2014
Metropolitan West Asset Management, L.L.C.	Asset Management	$ 76,740	$ 69,461
Boston Partners Investment Management	Asset Management	62,886	60,081
Atlanta Capital Management Co.	Asset Management	46,215	46,407
JP Morgan Investment Management, Inc.	Asset Management	46,848	44,327
SSgA S&P 500	Asset Management	5,759	5,560
SSgA MSCI EAFE	Asset Management	6,275	5,517
Callan Associates, Inc.	Investment Advisor	34,142	31,871
State Street Bank and Trust Company	Custodian Services	37,985	35,224
Total		$ 316,850	$ 298,448

Administrative Expenses:

Vendor Names	Type of Services	2015	2014
Hanson Bridgett	Consulting Services	$ 107,517	$ 117,416
Sacramento Regional Transit District	Pension Administration	37,744	-
AON Risk Services, Inc.	Fiduciary Insurance	29,013	23,603
Cheiron EFI	Actuarial Services	18,920	30,276
Information Services	Technical Support	406	-
CALAPRS	Dues & Training Course	300	2,750
United Parcel Service	Shipping	2	18
Callan Associates, Inc.	Training Workshop	-	1,081
Other	Miscellaneous	307	1,223
Total		$ 194,209	$ 176,367